



SURINAME

March 2022

FIRST REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR SURINAME

In the context of the First Review under the Extended Arrangement under the Extended Fund Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on March 23, 2022, following discussions that ended on February 11, 2022, with the officials of Suriname on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on March 9, 2022.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Executive Director** for Suriname.

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IMF Executive Board Completes First Review of the Extended Fund Facility Arrangement for Suriname

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the first review of the extended arrangement under the Extended Fund Facility (EFF) for Suriname, allowing for an immediate disbursement equivalent to SDR 39.4 million (about US\$55 million).
- Suriname's homegrown economic recovery program remains on track. Economic stabilization is underway and both fiscal and external balances are improving.
- The authorities have continued to advance their reform agenda in key areas. These include building on fiscal consolidation efforts while enhancing social spending, advancing debt restructuring discussions with creditors, further strengthening the new monetary policy framework, addressing banking sector vulnerabilities, and continuing to tackle money laundering, corruption and other governance shortcomings.

Washington, DC – March 23, 2022: The Executive Board of the International Monetary Fund (IMF) completed the first review of the extended arrangement under the Extended Fund Facility (EFF) for Suriname. The Board's decision allows for an immediate disbursement equivalent to SDR 39.4 million (about US\$55 million).

Suriname's 36-month EFF arrangement was approved by the Executive Board on December 22, 2021 (see [Press Release No. 21/400](#)), in an amount equivalent to SDR472.8 million (366.8 percent of quota). The program aims to support Suriname's authorities' homegrown recovery plan to restore fiscal sustainability through a discretionary fiscal consolidation of 10 percent of GDP during 2021-24, protect the vulnerable by expanding social safety net programs, bring public debt down to sustainable levels, upgrade the monetary and exchange rate policy framework, stabilize the financial system, and strengthen institutional capacity to tackle corruption and money laundering and improve governance.

Following the Executive Board discussion on Suriname, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, issued the following statement:

"The authorities' recovery program is on track despite difficult social and economic conditions. The economy is showing signs of a nascent recovery, on the back of comprehensive reforms to address systemic fiscal and external imbalances.

"The authorities remain committed to fiscal consolidation while further strengthening the social safety net. Planned revenue and expenditure measures, including on social spending programs, will be crucial to strengthen public finances while protecting the most vulnerable. The authorities are also advancing debt restructuring negotiations with private and official bilateral creditors. The envisaged debt relief, together with fiscal consolidation, are important for Suriname to restore debt sustainability.

“The Central Bank of Suriname is committed to achieving a downward path for inflation and maintaining a market-determined exchange rate. Together with the program’s catalytic effect on external financing, this will help address external imbalances and build up foreign reserves. Proactive steps have also been taken to address vulnerabilities in the banking system.

“Structural reforms to strengthen capacity, governance, and data quality are key priorities. The authorities are taking important measures to strengthen central bank governance and the anti-corruption and AML/CFT frameworks. Technical assistance provided by the IMF and other development partners plays a critical role in developing institutional capacity.

“The IMF-supported program continues to face considerable risks, both domestic and external. Strong ownership and steadfast implement of the economic program, together with continued support from the international community, will be essential for its success.”

Suriname: Selected Economic and Social Indicators

	Est.	Proj.	
	2020	2021	2022
(Annual percentage change, unless otherwise indicated)			
Real sector			
Real GDP Growth	-15.9	-3.5	1.8
Nominal GDP Growth	21.8	46.6	38.4
Consumer prices (end of period)	60.7	60.6	25.8
Consumer prices (period average)	34.9	59.1	38.9
Money and credit			
Broad money	65.0	45.3	37.0
Private sector credit	27.1	18.5	26.9
(In percent of GDP, unless otherwise indicated)			
Central government			
Revenue and grants	18.4	27.1	27.3
<i>Of which:</i> Mineral revenue	6.5	13.1	13.3
Total expenditure	31.8	34.4	31.0
Overall Balance (Net lending/borrowing)	-13.4	-7.3	-3.7
Primary Balance	-9.7	-1.3	1.7
Central government debt	147.7	125.3	132.2
Domestic	53.4	43.2	42.5
External	94.3	82.1	89.7
External sector			
Current account balance	9.1	5.2	-0.9
Capital and financial account	6.6	0.3	8.2
Memorandum Items			
Gross international reserves (US\$ millions)	585	992	1,260
In months of imports	3.6	6.2	6.8
Usable gross international reserves (US\$ millions) 1/	129	512	934
In months of imports	0.8	3.2	5.0
Official exchange rate (SRD per US\$, (Average)	9.3	18.4	...

Sources: Suriname authorities and IMF staff estimates and projections.

1/ Excluding the PBOC swap and ring-fenced banks' FX required reserves.



SURINAME

March 9, 2022

FIRST REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. On December 22, 2021, the IMF Executive Board approved a 36-month arrangement under the Extended Fund Facility (EFF) with access of 366.8 percent of quota (SDR 472.8 million or USD 673 million). The Surinamese authorities' homegrown economic recovery plan aims to address systemic fiscal and external imbalances and chart a course toward debt sustainability, declining inflation, and economic recovery while maintaining social stability. In the first few months of the program, the authorities have made good progress but important risks remain.

Program performance. All end-December 2021 quantitative performance criteria were met. Spending on social transfer programs fell modestly short of the indicative target but corrective measures are underway. The structural benchmarks to establish competitive FX auctions, publish a plan to streamline treasury functions through the Treasury Single Account (TSA), and develop a terms of reference for hiring specialists to audit outstanding supplier arrears were completed on time. The structural benchmark on publication of the 2016-18 audited financial reports of the Central Bank of Suriname (CBvS) was not met but implemented with a delay. The structural benchmarks on the National Assembly adopting amendments to the CBvS law, submitting to the State Council the Credit Institutions Resolution Act and the revised Banking and Credit Supervision Act, and operationalizing the Financial Stability Committee and a Bank Resolution Unit were not met and are expected to be implemented with a delay. The government is expected to submit to the National Assembly a supplemental 2022 budget that is aligned with the program (prior action for completion of this review). Other key reforms—notably introducing a VAT, strengthening central bank governance and undertaking banking sector asset quality reviews—are on track.

Policy priorities. The authorities' economic policies aim to (i) continue fiscal consolidation while further enhancing social assistance; (ii) advance debt restructuring discussions with creditors; (iii) further strengthen the new monetary policy framework; (iv) address banking system vulnerabilities; and (v) tackle money laundering, corruption and other governance shortcomings. Staff support the authorities' request to add new structural benchmarks to: (i) publish a plan to scale back a range of tax exemptions by

March, (ii) publish a comprehensive financial assessment of the state electricity company by May, and (iii) review the social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social assistance programs by September. Staff also supports the authorities' request to: (i) remove the structural benchmark on raising the royalty on large-scale gold exporter; and (ii) delay the benchmark to publish the CBvS's FY 2020–2021 audited financial statements from end-June to end-November 2022.

Approved By
**Nigel Chalk and Wes
 McGrew**

Virtual meetings were held during February 7–11. The team consisted of D. Ding (mission chief), A. Ho, B. Shukurov (all WHD), V. Balasundharam (FAD), R. van Greuning (FIN), F. Fernando, H. Weenink (all LEG), M. Gort, C. Lopez-Quiles, S. Mulema (all MCM), and T. Asonuma (SPR). M. Park and G. Ramos provided research and editorial assistance for the preparation of this report.

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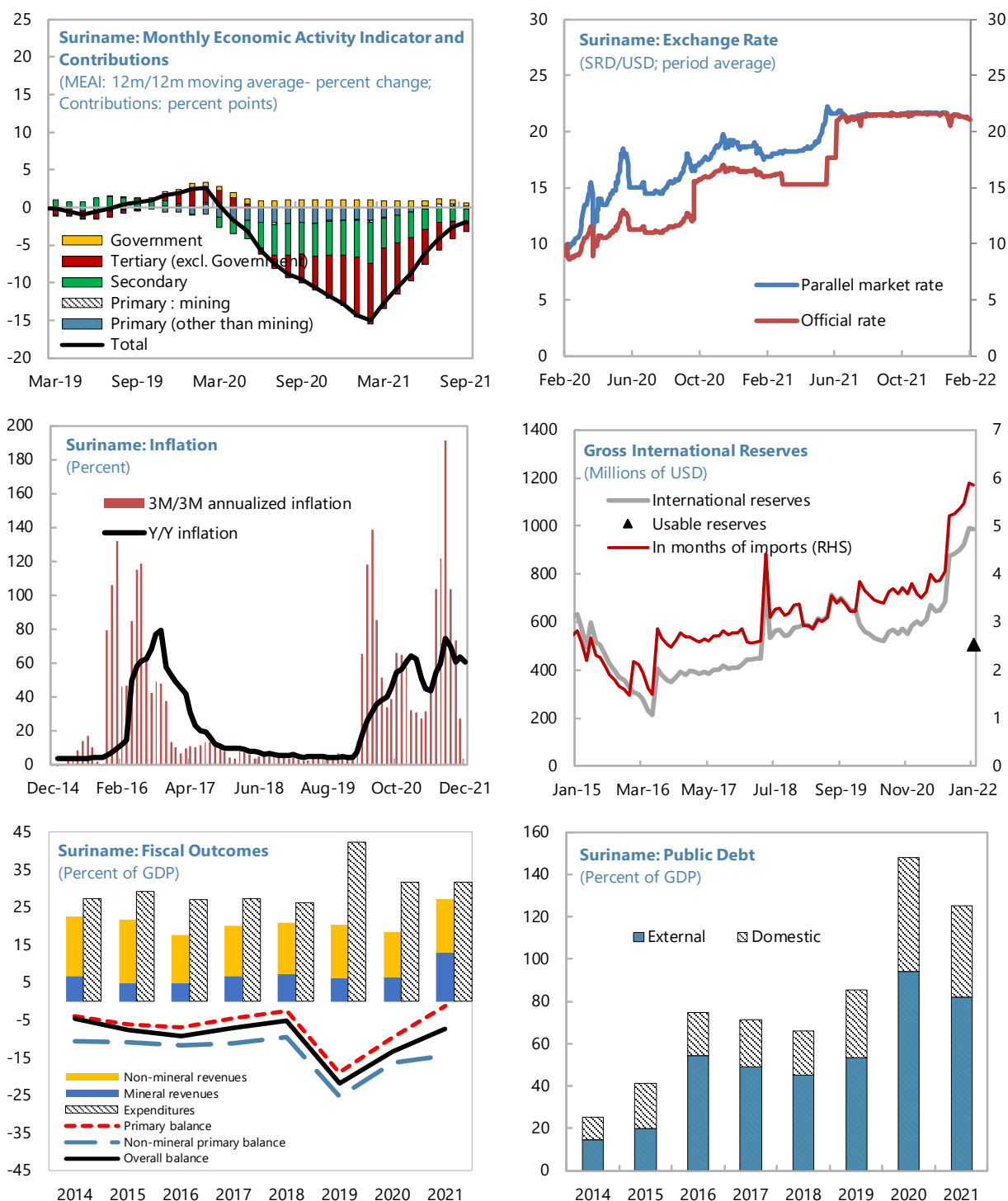
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RECENT DEVELOPMENTS AND OUTLOOK

1. The recovery of the Surinamese economy is underway and both fiscal and external balances are improving in recent data.

- The monthly economic activity indicator (12-month moving average) continues to improve (from -15 percent in early 2021 to -2 percent in September 2021) in line with the GDP forecasts in the EFF request.
- Headline inflation remains high (at 61.5 percent y/y in January) although exchange rate stability and efforts to drain liquidity have led sequential, month-on-month inflation to fall substantially since August. The y/y inflation index stripping out food and utility items has declined from a peak of around 70 percent in August to 45 percent in December.
- The 2021 primary balance was 3.5 percent of GDP on a cash basis but estimated to be around -1.3 percent of GDP on an accrual basis. There were significant cuts in real government spending and a solid revenue performance but significant arrears are believed to have been accrued to domestic suppliers (although the data reporting on expenditure commitments and arrears is weak). Arrears to domestic debt holders and suppliers are estimated to be around 11 percent of GDP in 2021.
- The stock of arrears to external creditors at end-2021 is estimated to be around 10 percent of GDP (one-third to bilateral official creditors, mostly China, and the remainder to private creditors).
- Public debt fell from 148 percent of GDP at end-2020 to an estimated 125 percent of GDP at end-2021 due to both the ongoing fiscal adjustment and an appreciation of the real exchange rate.
- The current account surplus is expected to be around 5 percent of GDP in 2021 with a sharp contraction in imports. Usable international reserves were USD 505 million in January 2022 bolstered by the SDR allocation and the initial disbursement under the EFF. The authorities have refrained from undertaking FX sales and purchases in the market since November 16 and December 15, respectively.
- Capital adequacy rose to 13.3 percent (from 12.4 percent in September) although weak supervisory enforcement and provisioning practices, combined with banks' transitioning to IFRS9, suggest the true level of capital may be lower. The capital position of the three weakest banks (which make up around 7.8 percent of system assets) remains below regulatory requirements.
- As of mid-February 2022, about 45 percent of the population has received at least one dose of the COVID-19 vaccine and about 40 percent were fully vaccinated. Public health and COVID-19 containment measures remain in place.

Figure 1. Suriname: Recent Economic Developments



Source: Central Bank of Suriname, General Bureau of Statistics, Ministry of Finance and Planning; SDMO, and IMF staff calculations.

2. The economic recovery is expected to be gradual. Real GDP growth is expected to remain sluggish in the next couple of years as imbalances are unwound and the macro situation stabilizes. Over the medium term, growth is forecast to reach 3 percent, supported by growing private demand and public investment (with potential sizable upsides depending on the future development of Suriname's natural resource wealth). Inflation is forecast to decline to 26 percent (y/y) by end-2022 and to 12 percent by end-2024. On an accrual basis, the primary fiscal balance is expected to increase to 1.7 percent of GDP in 2022 as a result of lower goods and services spending and a decline in public sector wages and benefits in real terms. The government's economic plan targets a primary surplus of 4.5 percent of GDP by end-2024 which, when combined with a restructuring of official and private debt, should reduce debt below 100 percent of GDP by 2026.

PROGRAM PERFORMANCE AND POLICY DISCUSSIONS

A. Fiscal Consolidation While Further Enhancing Social Assistance

3. The end-December fiscal performance criteria were met. The primary surplus (cash basis) was SRD 1.9 billion (about 3.5 percent of GDP) in 2021, compared to SRD 740 million deficit anticipated at the time of the EFF request.¹ The primary balance on an accrual basis is estimated to be -1.3 percent GDP in 2021, due to a sizeable net accumulation of supplier arrears during the year.² Spending on cash-transfer programs for lower income households fell short of the December indicative target by 0.3 percent of GDP as a result of logistical difficulties in delivering cash transfers during the pandemic and a slower-than-intended expansion of coverage to needy households. The end-January structural benchmarks in the fiscal area—to develop a term of reference to hire specialists to audit outstanding supplier arrears and to publish a time-bound plan to streamline treasury functions through a Treasury Single Account (TSA)—were met.

4. A supplemental 2022 budget with a primary surplus of 1.7 percent of GDP is expected to be submitted to the National Assembly, a prior action for this review.³ The authorities expect the budget and supplementary budget to be approved by end-March. The composition of the envisaged fiscal adjustment is in line with the program: Total civil servant compensation is capped at level in line with the government's commitments in their request of the EFF; Revenue enhancing measures include scaling back tax exemptions, improving revenue efficiency including by introducing withholding taxes on interest payments, royalty and services fee, and replacing the sales tax by a VAT.

¹ Based on government financing data from the CBvS and the debt office (SDMO). See the TMU for details.

² Based on preliminary estimates of the level of arrears. The completion of the supplier arrear audit later this year will provide much-needed clarity on the stock of arrears.

³ The primary balance targeted in the 2022 draft budget was consistent with the program macroeconomic framework at the time of the budget preparation. The program macroeconomic framework was subsequently revised to reflect economic and policy developments.

5. The authorities are on-track to replace the sales tax with a VAT by July 1, 2022. The government has set up a full-time Implementation Team (including Tax, Customs, and IT officials), appointed a Ministry of Finance and Planning (MoFP)-led Steering Committee to supervise implementation, developed a detailed action plan for the transition, and established a time-bound communications strategy. The government is working to develop regulations, build necessary IT systems, deploy a Taxpayer Advisory Team, and produce manuals for taxpayers. The remaining legislation needed to implement the VAT is expected to be passed by the National Assembly by end-March 2022 (structural benchmark).

6. The government proposes to replace the planned increase in the royalty on large-scale gold exporters with a reduction in tax exemptions. After analyzing the contracts with the large-scale gold exporters, the government has concluded that the contracts contain fiscal stability clauses that preclude an increase in the royalty rate without the consent from the exporters and the parliament. The government has, therefore, decided to generate the same 0.4 percent of GDP in revenues by scaling back a range of exemptions (a new structural benchmark for March 2022), starting from exemptions for imported goods (including capital goods and raw materials) that were granted by ministerial decisions. The exact scope of the exemptions to be reduced and the implementation plan will be published by end March 2022. The royalty rate for small-scale gold exporters was increased from 2.75 percent to 4.5 percent in January 2022 with further phased increases to reach 7.5 percent by July 2022. A multi-departmental government task force has been commissioned to review the effectiveness of the revenue collection process from small-scale gold exporters (and will publish their recommendations to strengthen compliance by April 2022).

7. The government plans to lower the public sector wage bill below 7 percent of GDP by 2024 by: (i) capping the nominal growth of an individual's compensation at below the projected inflation rate, (ii) streamlining workforce (including not renewing temporary contracts) and (iii) eliminating ghost workers. The authorities expect to partially reverse the 14 percent increase in the size of the public workforce that took place in 2020. They have also established a public sector reform task force to develop a plan to reorganize the civil service (including improving the registry of civil servants and developing an early retirement program).

8. The government will raise average electricity tariffs by 25 percent by May 2022, followed by further periodic increases to reach full cost recovery by end-2024.⁴ The government currently provides a lump-sum subsidy to all households and businesses as part of their monthly electricity bill to mitigate the impact of tariff increases on poorer households and small businesses. Over time, these lump-sum subsidies will be better targeted through a low social tariff for vulnerable groups (identified by means testing of income and assets). To better understand the financial situation and operational inefficiencies of the EBS and to prepare for its eventual

⁴ Staff estimates average tariffs would be increased by around 50 percent annually from 2022 to 2024 percent to achieve full-cost recovery. These estimates are based on the program projections of inflation, exchange rate and oil prices, and assumes no efficiency improvements.

restructuring, the government is preparing a comprehensive financial assessment of the company with technical support from the IDB (a new end-May structural benchmark).

Text Table 1. Suriname: Contributions to Fiscal Adjustment

(Percent of GDP)

	2021	2022	2023	2024	Total
Annual change of Primary Balance	8.4	3.1	1.7	1.0	14.2
Adjustment from Policy Changes	1.8	5.0	3.0	2.6	12.3
Revenue measures	1.6	2.1	1.6	0.3	5.6
VAT implementation	0.0	0.4	1.0	0.0	1.4
Sales tax increase on G&S	1.2	0.4	0.0	0.0	1.6
Royalties increase for gold miners	0.0	0.7	0.3	0.0	1.1
Income tax administration improvements	0.1	0.1	0.1	0.1	0.4
Corporate tax administration improvements	0.0	0.1	0.1	0.1	0.3
Customs duties administration improvements	0.3	0.0	0.0	0.0	0.5
Scaling back a range of exemptions	0.0	0.4	0.0	0.0	0.4
Expenditure measures	0.1	2.9	1.4	2.3	6.7
Wage bill restraint	2.2	0.8	0.5	0.4	3.9
Other transfer and subsidies restraint	-0.7	1.9	-0.1	0.1	1.3
Phased electricity subsidy elimination	-1.8	0.1	1.3	1.9	1.5
Goods and services expenditure restraint	-0.5	1.1	0.0	0.0	0.5
Social programs spending	0.0	-0.3	0.0	0.0	-0.3
Capital spending	1.0	-0.7	-0.4	0.0	-0.1
	6.6	-1.9	-1.2	-1.6	1.9
Adjustment Contributed by Non-Policy Factors Affecting					
Revenue	7.1	-1.9	-1.2	-1.6	2.4
Expenditure	-0.5	0.0	0.0	0.0	-0.5
Memo					
Primary Balance	-1.3	1.7	3.5	4.5	

Sources: Authorities and IMF staff calculations.

9. Institutional reforms to improve the framework for fiscal policy are underway (see Annex I) and include:

- *Strengthening the budget framework and process.* The existing Medium Term Economic Framework (MTEF) is not linked to the annual budget. Recent assessment by the Caribbean Regional Technical Assistance Centre (CARTAC) pointed out that forward year estimates in the current framework are very optimistic, while current year spending ceilings are not observed. The government is developing a medium-term fiscal strategy (with technical assistance from IFIs) that establishes clear expenditure and debt targets consistent with the program. The strategy will be published on the website of the MoFP after receiving approval from the Council of Ministers, the State Council and the National Assembly.

- *Strengthening cash and liquidity management.* The MoFP will adopt the recommendations provided by the recent CARTAC technical assistance on incorporating all treasury functions into a Treasury Single Account. The MoFP will continue to work with CARTAC to implement the recommendations and request additional follow up support, as needed.
- *Improving revenue administration.* The authorities are working to establish a large taxpayer unit by June (structural benchmark) and, with support from development partners, are undertaking a comprehensive review of existing work processes and the legal framework for tax administration to identify areas for improvement. They will publish a time-bound plan to help monitor the implementation of the government's reform priorities in this area. A similar review of the customs administration is planned that focuses on risk management, post-clearance audit, and the monitoring and verification of duty concessions, waivers, and exemptions. The MoFP is working with CARTAC and FAD to develop a capacity development plan in the area of revenue administration.
- *Strengthening the management and accountability framework for state-owned enterprises (SOE).* The 2019 PFM Act (Comptabiliteitswet) requires a strengthening of SOE oversight including through better monitoring, reporting, and quantification of fiscal risks. To implement these requirements, the government will publish audited financial reports for FY2017-FY2021 for the ten largest state-owned enterprises, identify the main fiscal risks arising from these enterprises, and outline the steps being taken to mitigate these risks (December 2022 structural benchmark).

10. The authorities are committed to strengthening fiscal data reporting and monitoring.

The monthly publication of the central government's liabilities on the website of the debt management office has resumed. Monthly publication of the full scope of public sector obligations will be in place by December 2022. The authorities intend to pass legislation to expand the legal mandate of the debt management office to include monitoring and reporting of all liabilities of the nonfinancial public sector (including suppliers' arrears, guarantees provided by public sector entities, and contingent liabilities; June structural benchmark). The MoFP will publish the audited annual central government financial statements for FY2017-FY2021 by June 2022 and is preparing to commence an audit of domestic arrears to ensure the accuracy of supplier claims (structural benchmark, April 2022). The latter is an important step toward reducing the discrepancy between cash- and accrual-based fiscal balances and obtain a more accurate assessment of the fiscal policy stance. Finally, the government is seeking technical assistance to improve the quality of fiscal and public debt data and to strengthen commitment control which should allow the government to avoid the future accumulation of supplier arrears.

11. The government remains committed to expanding its social safety net. As a first step, by March 2022, the government will disburse the social spending that was delayed in 2021 due to logistical difficulties in delivering cash transfers to households in the country's interior during the pandemic. They will increase the size of cash transfer to individual recipients under many of the

existing programs by at least 25 percent in March 2022.⁵ They are also in the process of digitalizing records to better identify eligible recipients and to eliminate duplication. To reduce the transaction costs and ensure timely transfers, the government is undertaking a financial inclusion drive that would expand digital payment capabilities for cash transfer programs. They will also review all social protection expenditures and publish a time-bound, strategic plan to improve the efficiency and effectiveness of social assistance programs (new September 2022 structural benchmark).

B. Bringing Debt to Sustainable Levels

12. The authorities have met program targets on debt and external arrears and intend to gradually reduce the accumulated domestic arrears. The government has not provided debt guarantees or contracted new debt that is collateralized by natural resource revenues. Similarly, the CBvS has not issued new FX-linked or FX-denominated debt. The government is estimated to have accumulated domestic debt arrears of SRD 530 million and supplier arrears of SRD 2.7 billion as of end-2021. SRD 2.6 billion of domestic debt (loans and T-notes held by banks and private sector including arrears) was restructured by extending the maturity of the loans to between 2 to 8 years, slightly reducing gross financing needs. An audit of supplier arrears is scheduled to be completed by August 2022, after which the authorities will design a plan to clear these arrears.

13. The government has continued its good faith engagement with official and private creditors to secure a timely restructuring of its external debt, consistent with program parameters. The government has shared relevant information with all of its creditors and has presented debt restructuring proposals in line with program parameters to both private and official creditors. Paris Club creditors have provided specific and credible financing assurances indicating that they will provide debt relief in line with program parameters. China and India continue to consent to the use of Fund resources despite Suriname running arrears on their official debt. Conditional on the expected implementation of debt treatments on both official and private debt, Suriname's debt is sustainable on a forward-looking basis (Annex II).

C. Monetary and Exchange Rate Policy

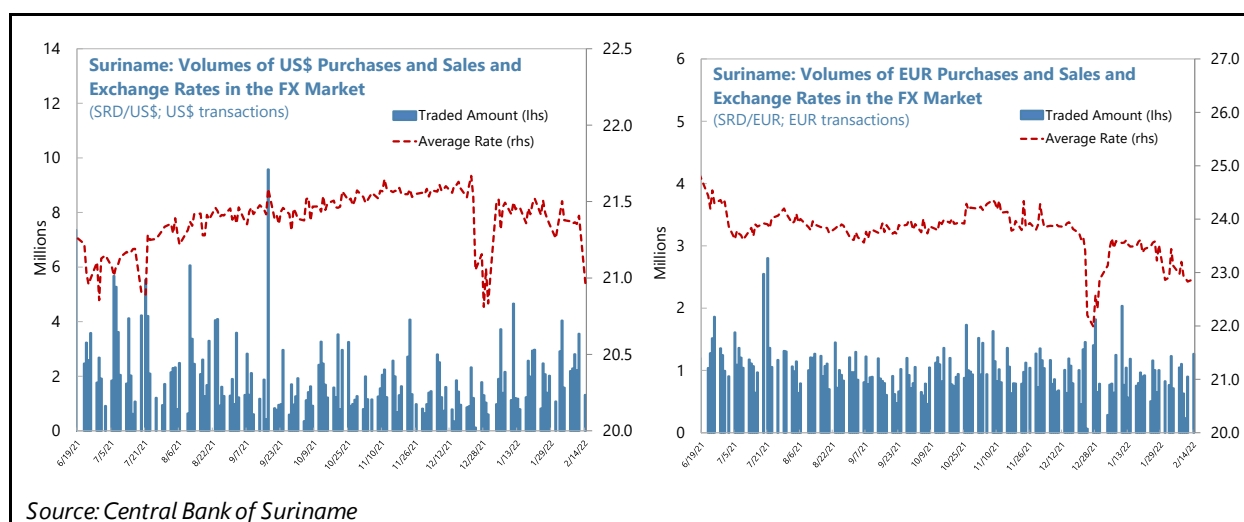
14. The CBvS has made important progress in implementing the reserve money targeting framework. The CBvS met the NDA and NIR targets under the program although reserve money grew at a faster-than-targeted rate at end-2021 due to a larger-than-expected build-up of NIR and only partial sterilization. Inflation in December turned out to be modestly above the levels forecasted in the program. The CBvS remains committed to achieving the downward path for inflation targeted in the authorities economic program, and has met all monetary indicative targets under the program as well as its targets on reserve money in local currency set for end-January 2022. The central bank continues to actively drain liquidity from the banking system. Commercial

⁵ Only the four major cash transfer programs with the highest coverage of vulnerable groups (the elderly, children, disabled and economically weak households) are monitored under program conditionality. Beyond these programs, Suriname has an extensive set of social protection programs including a state health insurance fee waiver scheme for vulnerable groups and in-kind food assistance.

banks are adjusting to the new monetary framework and have increased their investment in central bank short-term paper. As a result, the 7-day interest rates have declined from around 80 percent at end-2021 to 57 percent by mid-February. These higher money market rates are, however, not yet feeding into deposit and lending rates suggesting the system still has not re-equilibrated to the shift in monetary policies. The CBvS will expand its auctions of certificates of deposits and term deposits to qualifying nonbanks to strengthen monetary transmission and improve its ability to achieve its reserve money goals. Efforts are underway to improve coordination with the MoFP to improve liquidity forecasting and better calibrate open market operations.

15. The CBvS remains committed to a free-floating, market-determined exchange rate.

The authorities have not intervened in foreign currency markets and the continuous PC of zero purchases/sales of FX from/to SOEs and the private sector has been met. The nominal exchange rate has traded in a narrow range. In late December, there was a brief period of modest appreciation which unwound during January. The parallel market continues to trade close to the official rate. The government remains committed to sell its net FX receipts to the CBvS to rebuild foreign reserves. The CBvS is committed to undertaking FX sales only during episodes of disorderly market conditions. The level of usable international reserves is expected to rise steadily to 175 percent of the ARA reserve adequacy metric (or around 8.5 months of imports) by end-2024. It will then gradually fall to 139 percent of the ARA reserve adequacy metric by 2034 as restructured public external debt service payments resume.



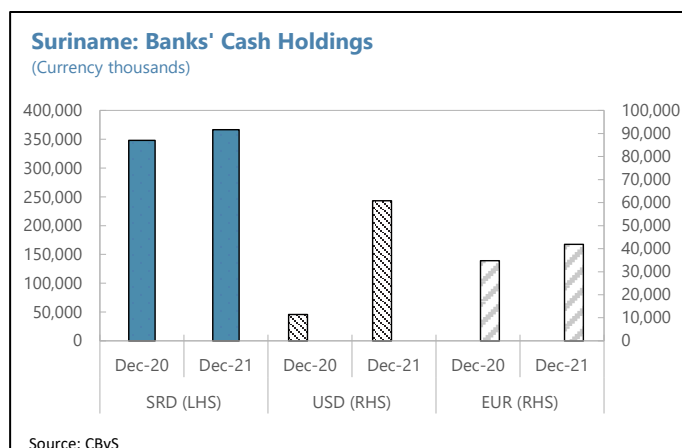
Text Table 2. Suriname: FX Cash Flow Projections (Millions of USD)					
	2021	2022	2023	2024	Total
Inflow of FX	650	566	564	522	2,302
Public sector	541	566	564	522	2,193
Govt mineral and other FX revenues	193	193	163	177	727
SDR allocation	176	0	0	0	176
IFI financing (budget support)	0	150	175	175	500
IMF financing	55	223	225	170	673
Commercial banks' transfers (net) 1/	35	0	0	0	35
Other	82	0	0	0	82
Private sector	109	0	0	0	109
FX purchases by CBvS	109	0	0	0	109
Use of FX by CBvS/CG	243	298	203	173	917
Public sector	173	298	203	173	847
Debt service	130	104	159	128	520
Transfers to CG units	43	44	45	45	177
PBOC swap reversal	0	150	0	0	150
Private sector	70	0	0	0	70
FX sales by CBvS/CG	70	0	0	0	70
Change in Foreign Reserves of CBvS (+: Increase)	407	268	360	349	1,385
Private sector	39	0	0	0	39
Public sector	368	268	360	349	1,346

1/ Commercial banks' transfers to/from their working account at the CBvS from/to their Nostro account abroad.

16. The CBvS continues to work to develop the foreign exchange market. An electronic trading platform for interbank foreign exchange trading (open to both commercial banks and cambios) is expected to be established by June 2022 (structural benchmark). FX surrender requirements for exporters and cambios to sell part of their FX proceeds to the CBvS were suspended in mid-December 2021 and the authorities will amend the FX surrender regulations to redirect these FX inflows from exporters to banks and cambios and to remove the FX surrender requirements for cambios.

17. Banks are easing their self-imposed withdrawal restrictions and some are imposing restrictions to deal with inflows of FX deposits. Five of the nine commercial banks no longer apply withdrawal restrictions on any currency. The remainder have kept some form of restrictions to deal with potential volatility in demand for currency and their liquidity position (through maximum withdrawal amounts which are applied flexibly and likely to be loosened over time as liquidity

pressures abate). In recent months, around half of the banking sector (predominantly the larger banks) are placing limits or fees on the depositing of FX cash (since banks have limited opportunities for FX lending and are experiencing difficulties to convert it into electronic cash). Aggregate bank

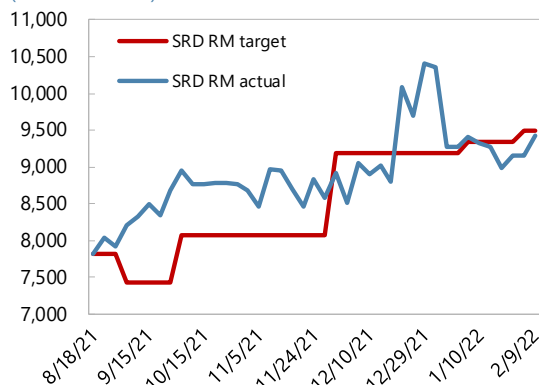


holdings of USD cash have increased fivefold since December 2020, reflecting banks taking an increased role in the FX market following the unification of the exchange rate.

Suriname: Monetary Developments

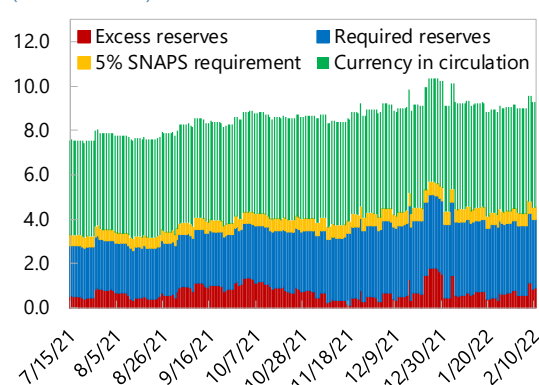
SRD Reserve Money: Target and Actual

(Millions of SRD)



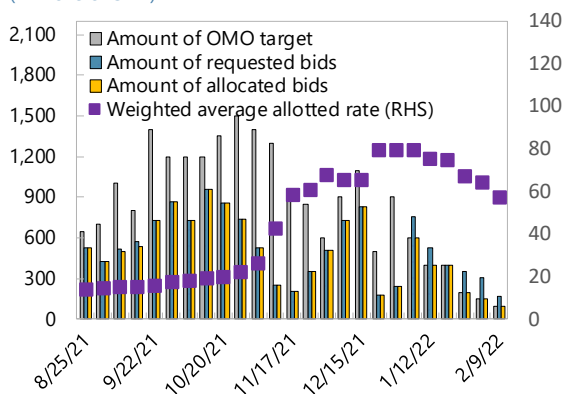
SRD Required/Excess Reserves and Currency in Circulation

(Billions of SRD)



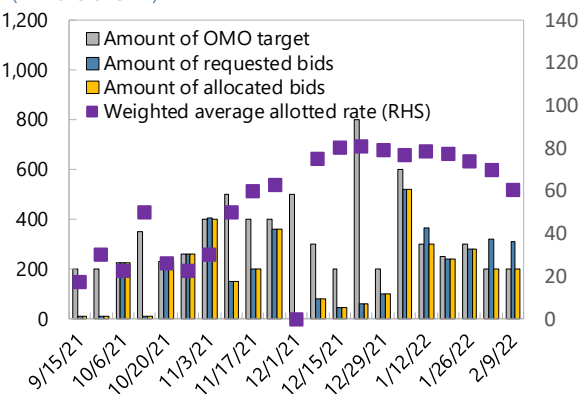
OMO Targets and Bids Volumes, 7-day

(Millions of SRD)



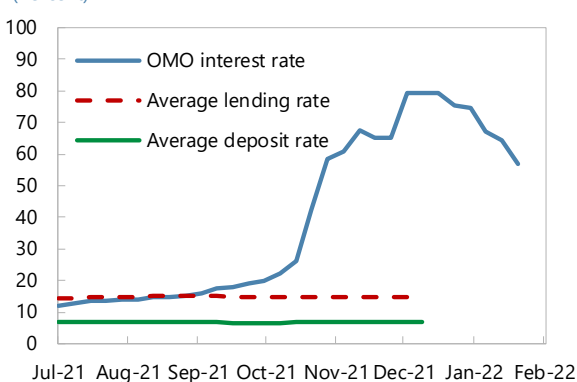
OMO Targets and Bids Volumes, 30-day

(Millions of SRD)



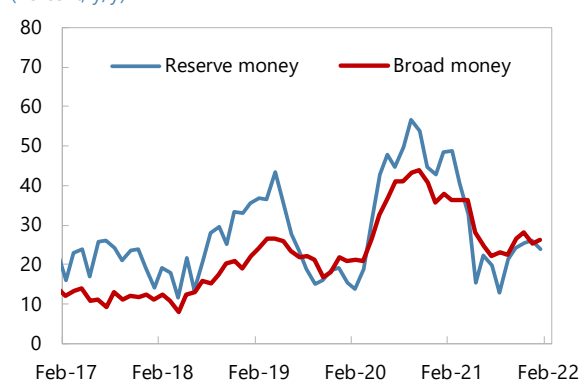
OMO and Bank Deposit/Lending Rates

(Percent)



Reserve and Broad Money Growth (SRD portion)

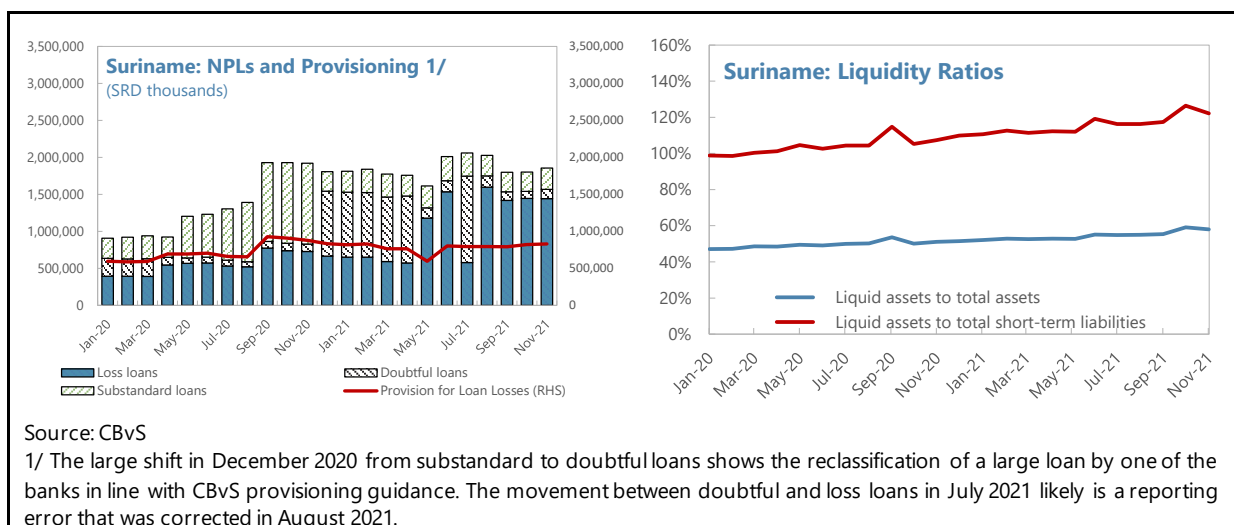
(Percent, y/y)



Source: Central Bank of Suriname and IMF staff calculations.

D. Stabilizing the Financial System

18. Vulnerabilities in the banking system have intensified. The solvency situation of the three banks that were already undercapitalized has deteriorated; two of them are now reporting negative capital. Together these banks represent 7.8 percent of the banking system assets (7.5 percent of GDP). In addition, a systemically large bank remains close to breaching the regulatory capital requirement. NPLs remain high at around 12 percent of total loans and are likely to understate credit quality problems. Furthermore, capital shortfalls are likely to worsen when banks shift to IFRS9. Banks are, however, highly liquid (liquid assets for the system are 58 percent of total assets) and the net open FX position of the system as a whole has been rising⁶.



19. The CBvS is taking steps to bring the system back into compliance with the regulatory framework. The independent advisor appointed by CBvS has started working on the asset quality review (AQR) for the largest two banks (structural benchmark, September 2022) and AQRs for the remainder of the banking system will start in the second quarter (structural benchmark, December 2022). Following the asset quality reviews, the CBvS will require the submission of time-bound recapitalization and restructuring plans for all banks that are not in full compliance with the regulatory requirements. These plans will be reviewed to verify their credibility and the CBvS will oversee their implementation. A roadmap is being developed that will outline the CBvS' plans to triage banks based on the outcome of the asset quality reviews, determine conditions for the use of public funds, and outline the steps to unwind regulatory forbearance (structural benchmark, May 2022). Governance reforms will be developed for the government-owned banks to ensure they are run on a fully commercial basis. In the meantime, the CBvS has intensified its supervision activities

⁶ Net Open Position (NOP) limits are a maximum exposure of 10 percent of Tier 1 capital per currency and of 20 percent Tier 1 capital in total for all currencies. However, only 4 of the 9 commercial banks meet the NOP requirement at end-November 2021. Given the relatively high dollarization of bank exposures (50-60 percent), the banking system has historically maintained high NOP as a strategy to absorb FX-related shocks in situations where the central bank may lack capacity to defend the currency. This strategy reduces the impact of these shocks on banks' balance sheets, contributing to the stability of the banking sector.

and stands ready to take appropriate action, including imposing prompt corrective actions, for banks experiencing difficulties.

20. The CBvS is working to strengthen its crisis management capabilities. The end-January structural benchmarks to submit to the State Council the Credit Institutions Resolution Act (which will increase the CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions) and the revised Banking and Credit Supervision Act (to facilitate the risk-based supervision of banks) were not met due to the extra time needed to finalize technical discussions to ensure that the Acts are fit for purpose and closely aligned with international standards. Nonetheless, they are expected to be implemented in March 2022, and the authorities will work to ensure their passage by the National Assembly. The benchmarks to operationalize the Financial Stability Committee and a Bank Resolution Unit within CBvS were not met but are expected to be implemented with a delay in March 2022 for the same reason. In anticipation of eventual legislative approval, the CBvS will start working on regulations to implement these Acts and to operationalize the resolution framework. CBvS will work with technical assistance providers to operationalize the resolution framework.

E. Improving Central Bank Governance

21. The CBvS has made good progress toward strengthening its overall institutional framework. The CBvS continues to be committed to the Governance Reform Implementation Plan (GRIP) adopted in response to the 2021 safeguards assessment. The end-January 2022 structural benchmark to adopt amendments to the CBvS's Act to strengthen the CBvS' mandate, autonomy, and decision-making structures was not met but is expected to be implemented with a delay. The government submitted the amendments to the national assembly in February and expects passage not later than end-April. It will be essential that the amendments are adopted before conclusion of the second review of the arrangement. Progress is also being made on restoring transparency through the publication of audited financial statements. The end-December 2021 structural benchmark to publish the CBvS's FY 2016–18 external audit results was not met but implemented with a delay in February. The CBvS will publish the FY 2019 audit results in March 2022 and asked to delay the structural benchmark to publish the FY 2020–21 audited financial statements based on International Financial Reporting Standards to end-November 2022 (from June 2022). To reduce the risk of misreporting, a special audit of program monetary data (i.e., Net International Reserves and Net Domestic Assets) has been completed and confirms the data underlying the measurement of the program performance criteria for the first review. Other aspects of the CBvS's operations are being strengthened, including beginning internal audit activities with the help of an external consultant.

22. The government and CBvS are committed to reviewing and amending the Foreign Exchange Regulation (FER). Under the FER currently in force, the Foreign Exchange Commission (FEC), whose members are appointed by the President, has a mandate to implement this Regulation including the issuance of licenses for a range of foreign exchange transactions and activities. The government and the CBvS will review the FER with a view to documenting any license requirements

under the FER currently in place and determining whether its provisions: (i) are still appropriate, (ii) in line with Suriname's obligations under Article VIII and (iii) in view of the amended Central Bank Act need to be amended to enable the CBvS to effectively and independently manage the official reserves and conduct foreign exchange policy. This review and amendments of the FER will be undertaken in consultation with Fund staff and concluded by end-June 2022.

23. The MoFP and the CBvS are jointly developing a plan to recapitalize the CBvS. The authorities will undertake an assessment of the CBvS' policy solvency and capital adequacy to establish the size of the capital shortfall (MEFP ¶29, June 2022). Following the results of this assessment, the authorities will prepare a plan to recapitalize the CBvS (structural benchmark, September 2022) that will include a clear target level of capital, a trigger point for recapitalization, and a binding time frame to complete the recapitalization.

F. Tackling Corruption, Improving Governance, and Strengthening the AML/CFT Framework

24. The end-January 2022 structural benchmark to ratify the United Nations Convention Against Corruption (UNCAC) was met. This will support Suriname's technical compliance with the FATF AML/CFT Requirements (which requires countries to become a party to the UNCAC). The authorities are now working to bring their anti-corruption framework in line with the requirements of the UNCAC and to support cooperation in these areas with other countries. A working committee has been established to help set up the Anti-Corruption Commission (as envisioned by the 2017 Anti-Corruption Act) by March 2022 (structural benchmark). The government will amend the 2017 Anti-Corruption Act to ensure criminalization of all relevant corruption acts (in line with the requirements of the UNCAC) and to ensure routine verification of income and asset declarations by high-level and high-risk public officials (structural benchmark, June 2022). Information on income and asset declarations will be published and proportionate sanctions will be introduced for non-compliance.

25. The authorities will enhance transparency and accountability in public procurement processes. A new procurement law is expected to be adopted by the National Assembly by end-June 2022 (structural benchmark) to expand the existing Integrated Financial Management Information System to cover procurement, audits, and controls. A state decree will be established by August to require the mandatory publication on a government website of all public procurement tenders and contracts, including the names of the awarded entities and their beneficial owners, the names of the public officials awarding the contracts, and an ex-post validation of delivery of the contracted services (structural benchmark).

26. The authorities are working with international bodies to address shortcomings in the AML/CFT framework. Suriname is currently being assessed by the Caribbean Financial Action Task

Force.⁷ To address AML/CFT technical compliance gaps, the authorities are taking steps (with technical assistance from the Fund) to amend the AML/CFT law (and other relevant laws and regulations), to bring them in line with international standards. There is a particular focus on the treatment of politically exposed persons and beneficial ownership requirements (structural benchmark, August 2022).

27. The authorities are committed to ensuring there are strong safeguards in place to protect the extractive industries sector and guard against corruption risks. In addition to ongoing improvements to the anti-corruption framework, the authorities will address Extractive Industry Transparency Initiative (EITI)'s recommendations with respect to improvements to the mining law to reduce room for discretion in investor incentives, strengthen the framework for mining titles, and ensure the publication of beneficial ownership information.

28. Suriname needs to adopt a uniform approach to beneficial ownership. The disclosure of beneficial ownership information is relevant for a number of structural benchmarks, including with respect to improving the management of public investment, public procurement contracts, and as part of the EITI requirements. To ensure a consistent understanding of the transparency of beneficial ownership information, the authorities intend to define their approach clearly in the AML/CFT law, in line with the FATF international standards.

PROGRAM MODALITIES

29. Program conditionality has been updated as follows:

- **Quantitative targets.** The PCs and the IT remain unchanged (Table 12). Staff will work with the authorities to improve the quality and timeliness of data on domestic arrears. As improved data on arrears become available, the authorities and staff will consider changing the primary balance PC from a cash to an accrual basis (or adding separate conditionality to ensure a steady reduction in the stock of such arrears).
- **Prior actions.** Submitting to the National Assembly a 2022 supplemental budget consistent with the program is a prior action for completion of the first review.
- **Structural benchmarks.** Three new benchmarks have been established to (i) publish a plan to scale back a range of tax exemptions (including an assessment of existing tax exemptions, the list of exemptions to be discontinued starting April 1, 2022, and the expected revenue impact) by March 2022, aimed at raising additional revenue of 0.4 percent of GDP; (ii) publish a comprehensive financial assessment of the EBS (May 2022); and (iii) review social protection programs and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits (September 2022). The existing structural benchmark on raising the royalty on large-scale gold exporter (March 2022) is proposed to be removed. To accommodate delays in

⁷ An on-site visit for Suriname will take place in February-March 2022 and the AML/CFT assessment report is expected to be discussed by the CFATF Plenary in Q4 2022.

the preparation of their financial accounts, the authorities have requested to delay the benchmark to publish the CBvS's FY 2020-2021 audited financial statements from end-June to end-November 2022 (Table 13).

30. Access and capacity to Repay. Access of SDR 472.8 million (366.8 percent of quota or USD 673 million) continues to be justified by Suriname's large balance of payments needs, the vulnerabilities it will face in the course of the program, and the strength of the program. Out of the SDR 39.4 million scheduled for the first review, SDR 14.5 million would be made available for budget support as a direct disbursement to the Treasury. Capacity to repay continues to be assessed as adequate under the program scenario, but is subject to significant risks. The access of 366.8 percent of quota would mean that Fund credit outstanding would reach a maximum of around 26 percent of exports of goods and services, 41 percent of usable reserves, and 21 percent of GDP in 2024 (Table 11). Debt service to the Fund would average 2.5 percent of exports of goods and services or about 6 percent of usable reserves during 2025-2034 (peaking at around 4 percent of exports of goods and services in 2029 and around 10 percent of usable reserves in 2031).

31. Lending Into Arrears and progress with debt restructuring:

- The stock of external arrears is estimated at 10 percent of GDP at end-2021 (including USD 61 million to China; USD 7 million to India, and USD 22 million to Paris Club creditors). The authorities have been in regular contact with official bilateral creditors to regularize the arrears in line with the program parameters. They have been discussing with the Paris Club creditors specific terms of treatment, and are expected to reach an agreement with the Paris Club on a rescheduling of Suriname's debts in the coming months.
- The authorities have presented debt restructuring options to China and India, who have provided consent to proceeding with Fund financing despite official arrears. The authorities have reiterated their commitment to maintaining comparable treatment between official creditors and intend not to make payments to official creditors until a debt treatment has been finalized.⁸
- Arrears to private external creditors (commercial loans and bonds) were USD 181 million at end-2021. Staff continue to judge that the authorities are making good faith efforts in their debt restructuring discussions and meet the requirements of the Fund's Lending Into Arrears policy. Since the approval of the program, the authorities' financial advisors have provided data as requested by creditors. In January 2022, the authorities made a revised restructuring proposal to

⁸ In February 2022, China EXIM withdrew US\$1.4 million from a US\$2.9 million repayment reserve account that was set up offshore as a credit enhancement for a US\$94 million loan to Suriname (which was on-lent to the state-owned telecommunications company, Telesur), as per the original 2017 contract. The Surinamese authorities have confirmed that other than the China EXIM loan to Telesur, there are no outstanding collateral or quasi-collateral arrangements where Suriname has provided security to its official or commercial lenders. Payment from the repayment reserve account for the Telesur loan will be reflected in the eventual debt restructuring with China EXIM to ensure there is comparability of treatment with other official creditors.

bondholders including: (i) a nominal haircut on fixed income instruments in line with program parameters and (ii) a value recovery mechanism linked to future oil revenue.

32. Financing assurances. Access under the EFF is helping Suriname meet its sizable balance of payments and budget financing needs. Suriname's program remains fully financed, with firm commitments of financing for the first 12 months and good prospects for adequate financing for the remaining program period. Staff will continue to assess progress in debt restructuring as part of the regular financing assurances reviews at each program review.

Text Table 3. Suriname: Proposed Program Financing					
In millions of US\$					
	2021	2022	2023	2024	Total
Financing gap	238	540	517	454	1,749
Official financing	34	373	400	345	1,152
O/w: IMF	34	223	225	170	652
Purchases	55	223	225	170	673
O/w: for budget support	55	82	59	0	195
Repurchases	21	0	0	0	21
O/w: IFIs	0	150	175	175	500
Financing from external arrears accumulation (net)	203	167	-37	0	333
Financing from external debt restructuring 1/	0	0	154	109	263

Source: IMF staff calculations

1/ Calculated as a difference between the debt restructuring scenario and a scenario without debt restructuring.

33. There are two-sided risks to the program.

- The main downside risks include: (i) key reforms to restore fiscal sustainability are not completed due to either capacity or political constraints – including reduction in the public wage bill, scaling back of exemptions, higher gold royalties, and reduced electricity subsidies; (ii) debt relief by official or private creditors falls short of the amount needed to restore debt sustainability; (iii) possible exchange volatility under the floating exchange rate regime, rising non-performing exposures for the financial sector and the sovereign-bank nexus leads to the manifestation of risks to financial stability; (iv) Covid-19 leads to a rise in hospitalizations and mortality and the need for renewed public health restrictions; and (v) weakness in data reporting and capacity impact policy formulation and/or lead to misreporting during the program period. For a detailed discussion of these risks, see the EFF Request staff report.
- A sharp increase in international energy prices represents another major downside risk. Staff's preliminary estimations suggest that a 20 percent increase in oil prices from the current baseline assumption could lead to an increase in the end-2022 inflation by 4.8 percentage points and a deterioration of the current account (as percent of GDP) by 0.9 percentage point in 2022. The impact on growth will depend on how the energy price shock affects the global economy and the commodity sector in Suriname. The direct fiscal impact may be limited as the increase in electricity subsidies can be offset by higher revenues from the state oil company, but the

second-round impact can be larger if fiscal measures are needed to mitigate the adverse effect of higher energy prices on households' cost of living and firms' input costs. The Suriname government is actively exploring contingency measures to limit the overall fiscal impact in the event that the risk materializes.

- On the other hand, there is a potential for significant new oil developments in the coming years which constitutes a meaningful upside risk to economic outcomes and the country's payment capacity. In the event that significant new oil developments materialize, the macro framework would be modified and these resources would be incorporated into program design and the envelope for the future debt restructuring. At this stage, the government does not expect any Final Investment Decision on Suriname's oil reserves to be taken before the end of 2022.

STAFF APPRAISAL

34. The Surinamese authorities have shown strong ownership of the reform program.

Despite difficult social and economic conditions, which have been exacerbated by the COVID-19 pandemic, Suriname's homegrown economic recovery program is on track. The authorities have been pressing ahead with ambitious reforms which have started to stabilize the economy and set the stage for its recovery.

35. The authorities remain committed to fiscal consolidation based on realistic revenue and expenditure measures, while further strengthening the social safety net. The government is expected to submit to the National Assembly a revised 2022 budget in line with program parameters before the conclusion of this review. The planned fiscal consolidation over the medium term, supported by revenue measures and prudent expenditure policies, will place public finances on a sustainable path. It will be crucial to steadily phase-out electricity subsidies and to expand targeted social support programs to protect the most vulnerable members of the society.

36. The authorities are advancing debt restructuring negotiations. Paris Club creditors have provided financing assurances. China and India have consented to Fund financing notwithstanding Suriname's arrears to them. The authorities are pursuing appropriate policies and are making a good faith effort to reach a collaborative agreement with their private creditors by presenting a revised restructuring proposal. This expected debt restructuring, in combination with fiscal consolidation, are expected to restore debt sustainability. It will, though, be essential to ensure comparability of treatment among official creditors. Progress on the restructuring private and official claims will be re-examined at each program review in the context of a financing assurances review.

37. The CBvS's adherence to its reserve money targeting framework is critical to bring down inflation; and reducing vulnerabilities in the banking system is also key. Staff expect monetary transmission to the real economy to strengthen as the financial system adapts to the new monetary policy framework. The CBvS remains committed to further tightening monetary conditions in the event that the outlook for inflation appears not to be declining at the targeted pace. The authorities are also taking proactive steps to bring the banking system back into compliance with prudential regulations while strengthening the CBvS's crisis management capabilities.

38. It is essential for the CBvS to maintain a free-floating currency. A market-determined exchange rate is gradually strengthening commercial banks' role in FX intermediation and increasing FX market liquidity. A flexible exchange rate will help the country adjust to external shocks while preserving scarce international reserves. In this regard, it is important to continue the authorities' parsimonious approach, limiting foreign currency intervention only to periods of disorderly market conditions.

39. Strengthening capacity, enhancing governance, and improving data quality are critical. Significant efforts should be made to improve data quality and develop institutional capacity. Recognizing the need for improved transparency and accountability, the authorities are working towards strengthening their anti-corruption and AML/CFT framework. Technical support provided by the Fund and other partners is being deployed to build capacity in the areas of fiscal statistics, public financial management, debt management, monetary policy, financial sector surveillance, AML/CFT, and governance.

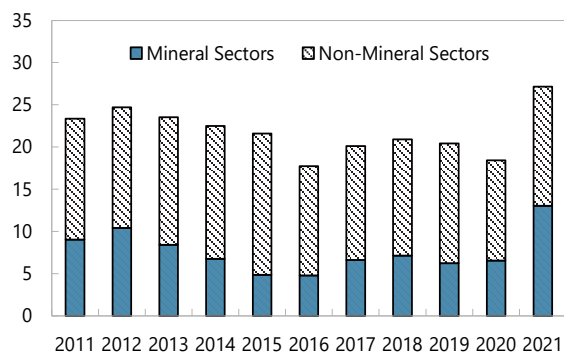
40. The program faces large risks but these should diminish over time with steadfast implementation of the authorities' ambitious economic plan. Delays in key fiscal reforms or debt restructuring could disrupt the restoration of debt sustainability. An intensification of banking system risks—particularly as deposit restrictions are unwound—could have unpredictable consequences for capital flows, the fiscal position and domestic output. Further outbreaks of Covid-19 may result in renewed public health restrictions and headwinds to growth. On the positive side, Suriname has the potential to undertake significant new oil developments in the coming years which will strengthen growth, investment, and the balance of payments.

41. Steadfast implementation of the authorities' economic program is starting the process of restoring macroeconomic stability. The authorities' homegrown economic plan provides a framework for policy reform that will institutionalize macroeconomic stability and accelerate economic recovery. Staff supports the authorities' request for completion of the first review under the EFF, and the completion of the financing assurances review.

Figure 2. Suriname: Fiscal Developments, 2011–21
(Percent of GDP)

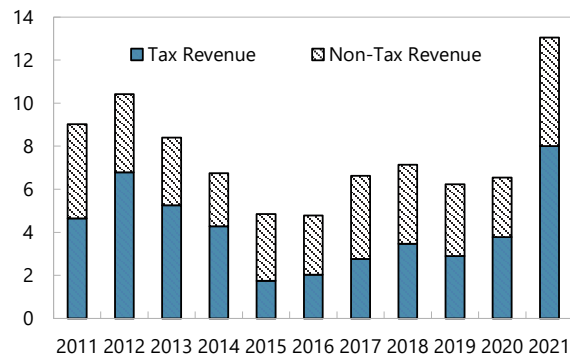
Total revenues have improved markedly in 2021, due to the marked increase from mining revenue....

Revenues



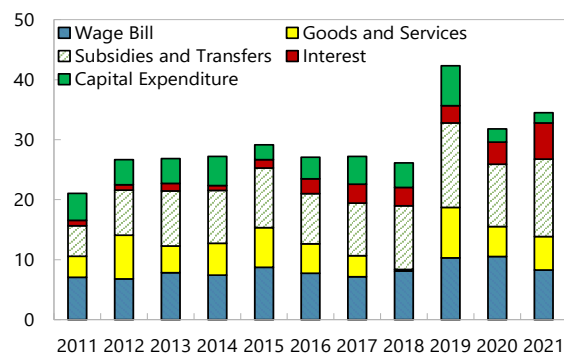
...contributed by the stepped-up collection effort on tax revenue.

Revenues from the Mining Sectors



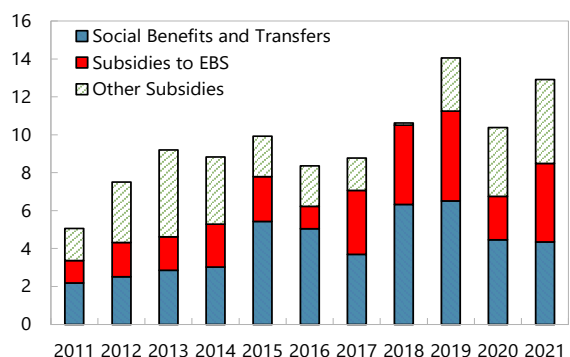
The government continues to exercise restraint to limit the growth of government expenditure...

Expenditures



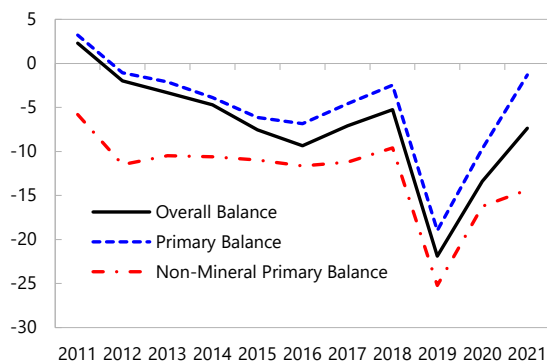
...nevertheless, subsidies to the electricity sector have increased due to very low tariffs and rising costs of generation, on the back of the surge in international oil price in 2021.

Subsidies and Transfers



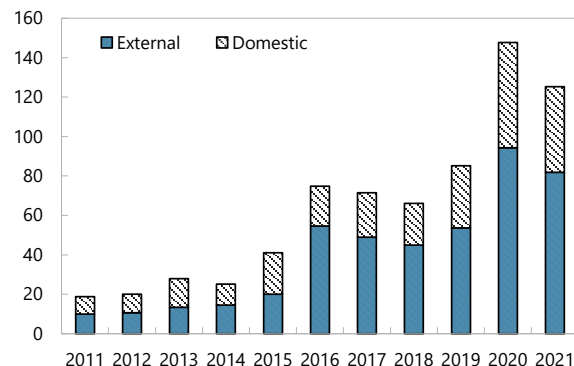
Overall, fiscal positions are on track to improve further in 2021...

Fiscal Outcomes



...while public debt is estimated to have declined.

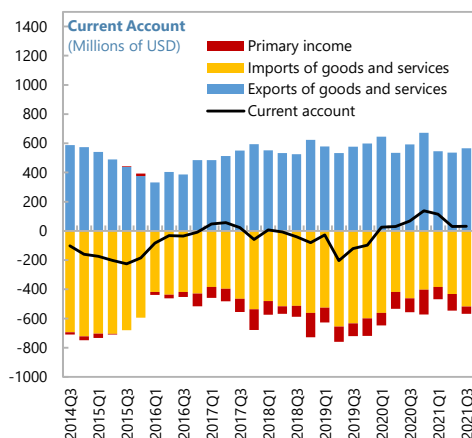
Public Debt



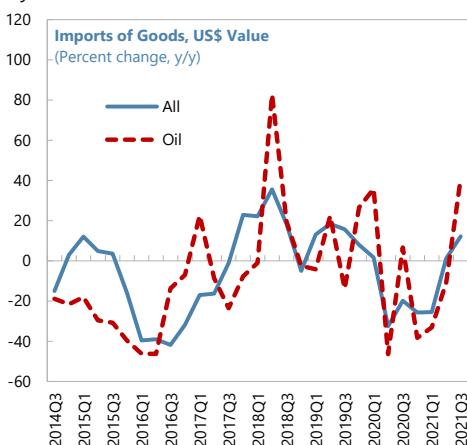
Sources: Ministry of Finance; and IMF staff calculations and projections.

Figure 3. Suriname: External Sector Developments

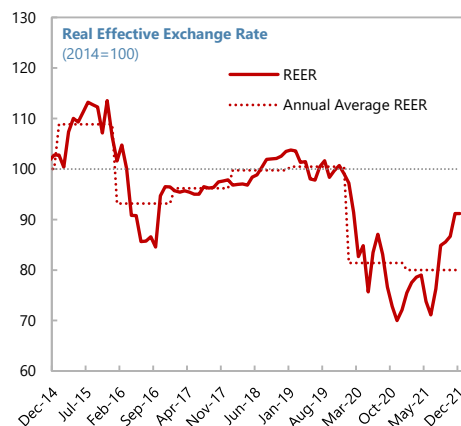
Suriname has undergone a substantial current account correction, following the deterioration in 2019.



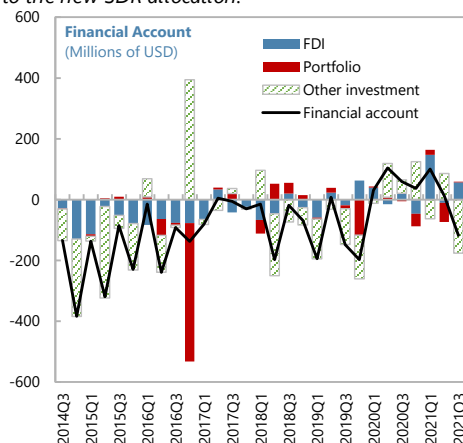
A significant part of the current account adjustment was born by compression in imports, which have started to increase recently.



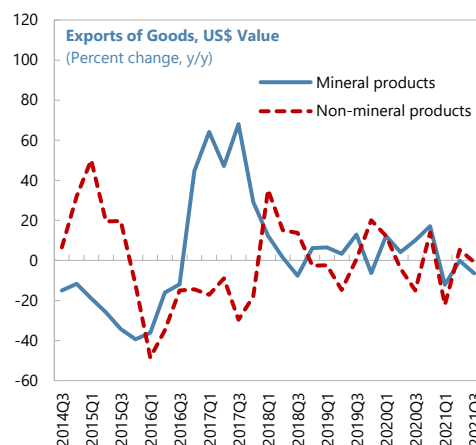
After significant depreciation, REER has started to appreciate recently.



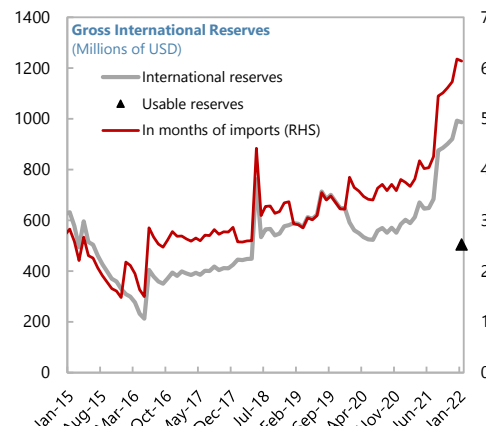
However, the financial account weakened in 2020, largely due to other investment outflows, before strengthening in 2021 due to the new SDR allocation.



Exports that also contributed to the current account adjustment, have started to moderate recently.



International reserves have increased recently, partly due to SDR allocation and EFF disbursement, but usable reserves remain at lower than three months of imports.



Sources: International Financial Statistics (IFS); Central Bank of Suriname; and IMF staff calculations.

Table 1. Suriname: Selected Economic Indicators

	2017	2018	2019	2020	2021	2021	2022	2022	Proj.	2023	2024	2025	2026	2027
					EFF	EFF								
					request	request								
Real sector (percent change)														
Real GDP	1.6	4.9	1.1	-15.9	-3.5	-3.5	1.8	1.8	2.1	2.7	3.0	3.0	3.0	
Nominal GDP	30.2	10.9	5.6	21.8	46.7	46.6	38.6	38.4	24.2	15.5	12.5	11.1	8.2	
GDP deflator	28.1	5.7	4.4	44.9	52.1	52.0	36.1	35.9	21.6	12.5	9.3	7.8	5.0	
Consumer prices (period average)	22.0	6.9	4.4	34.9	58.6	59.1	37.9	38.9	22.6	13.9	10.7	7.8	4.9	
Consumer prices (end of period)	9.3	5.4	4.2	60.7	58.3	60.6	25.8	25.8	17.6	12.1	9.6	5.9	5.0	
Labor market (percent)														
Unemployment rate	7.0	9.0	8.8	11.1	11.2	11.2	10.9	10.9	10.6	10.3	10.0	9.9	9.1	
Labor force participation rate	59.9	60.5	60.7	58.8	57.9	57.9	58.3	58.3	58.6	58.9	59.3	59.8	60.2	
Money and credit (percent change)														
Broad money	9.0	8.1	4.7	65.0	49.6	45.3	28.0	37.0	11.2	19.1	10.8	11.6	11.3	
Broad money (percent of GDP)	63.3	61.7	61.2	82.9	84.5	82.1	78.1	81.3	72.8	75.1	73.9	74.2	76.4	
Reserve money	22.3	35.4	92.8	33.6	42.7	48.0	26.8	32.1	14.2	20.8	14.4	16.4	14.9	
Reserve money (percent of GDP)	13.7	16.7	30.5	33.4	32.5	33.7	29.7	32.2	29.6	31.0	31.5	33.0	35.0	
Private sector credit	1.2	-4.5	0.4	27.1	38.5	18.5	26.9	26.9	24.9	20.9	19.3	16.1	14.8	
Private sector credit (in real terms)	-7.4	-9.4	-3.6	-20.9	-12.5	-26.2	0.9	0.9	6.2	7.9	8.8	9.7	9.3	
Private sector credit (percent of GDP)	28.3	24.4	23.2	24.2	22.9	19.6	20.9	18.0	18.1	18.9	20.0	21.0	22.2	
Central government (percent of GDP)														
Revenue and grants	20.1	20.9	20.4	18.4	24.1	27.1	26.6	27.3	27.7	26.4	25.6	25.0	24.8	
Total expenditure	27.2	26.2	42.3	31.8	32.0	34.4	30.8	31.0	27.3	24.8	24.1	23.7	24.0	
Of which: Primary expenditure	24.0	23.1	39.4	28.1	25.4	28.5	24.9	25.6	24.2	21.9	21.7	21.5	21.3	
Statistical discrepancy	-4.5	-0.8	3.5	-3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Overall balance (net lending/borrowing) 1/	-7.1	-5.2	-21.9	-13.4	-7.9	-7.3	-4.1	-3.7	0.4	1.6	1.5	1.3	0.8	
Primary balance	-4.6	-2.5	-19.0	-9.7	-1.3	-1.3	1.7	1.7	3.5	4.5	4.0	3.5	3.5	
Non-resource primary balance	-11.2	-9.6	-25.2	-16.2	-12.5	-14.4	-10.9	-11.5	-9.8	-8.3	-7.9	-7.5	-7.3	
Net acquisition of financial assets 2/	0.3	-3.0	-2.8	2.3	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net incurrence of liabilities	11.8	3.0	15.6	19.1	7.9	6.8	4.1	3.7	-0.4	-1.6	-1.5	-1.3	-0.8	
Net domestic financing	5.2	1.9	10.7	17.2	3.8	2.2	-7.0	-6.3	-6.3	-7.0	-1.7	0.8	3.0	
Net external financing	6.6	1.2	5.0	0.3	-2.6	-2.1	5.0	4.4	7.1	5.4	0.2	-2.0	-2.8	
External arrears (net)	0.0	0.0	0.0	1.6	6.7	6.6	6.1	5.6	-1.2	0.0	0.0	0.0	-1.0	
Central government debt 3/ (percent of GDP)	71.5	66.1	85.2	147.7	128.9	125.3	128.5	132.2	116.2	119.5	105.0	99.0	91.6	
Domestic	22.5	21.2	31.6	53.4	40.6	43.2	38.8	42.5	28.2	19.8	15.6	14.7	17.0	
o/w: change due to GDP deflator movement	-4.4	-1.2	-0.9	-9.8	-18.3	-18.3	-10.8	-11.4	-7.5	-3.1	-1.7	-1.1	-0.7	
External	48.9	45.0	53.6	94.3	88.2	82.1	89.7	89.7	88.0	99.8	89.4	84.3	74.6	
o/w: change due to exchange rates movement	0.2	0.0	5.1	48.5	19.7	...	21.7	...	...	...	...	...	...
o/w: change due to face value reduction	0.0	0.0	0.0	0.0	0.0	0.0	-13.9	-14.0	0.0	0.0	0.0	0.0	0.0	
o/w: change due to GDP deflator movement	-12.0	-2.6	-1.9	-16.6	-32.3	-32.2	-23.4	-21.7	-15.9	-9.8	-8.5	-6.5	-4.0	
External sector (percent of GDP)														
Current account balance	1.9	-3.0	-11.3	9.1	4.1	5.2	-0.9	-0.9	0.3	0.0	-0.3	-0.4	-1.1	
Capital and financial account	-6.0	-7.5	-12.8	6.6	-1.0	0.3	3.1	8.2	0.4	-0.2	-2.5	0.2	-0.6	
Overall balance	0.6	3.7	-4.7	-1.5	5.1	5.9	-4.1	-9.1	-0.1	0.1	2.3	-0.7	-0.5	
Financing	-0.6	-3.7	4.7	1.5	-5.1	-5.9	4.1	9.1	0.1	-0.1	-2.3	0.7	0.5	
Change in reserves (- = increase)	-0.6	-3.7	5.2	2.9	-13.6	-14.3	-15.6	-9.0	-11.6	-10.8	-2.3	1.2	3.0	
Official financing	0.0	0.0	-0.5	-1.4	1.3	1.2	13.6	12.5	12.8	10.6	0.0	-0.5	-1.5	
External arrears (net)					7.2	7.1	6.1	5.6	-1.2	0.0	0.0	0.0	-1.0	
Memorandum items														
GDP at current prices (SRD billions)	26.9	29.8	31.5	38.4	56.3	56.2	78.0	77.8	96.6	111.6	125.5	139.5	150.8	
Terms of trade (percent change)	-3.0	-3.4	7.6	28.9	-10.0	-11.4	-2.5	-6.4	-2.2	-2.0	-2.2	-1.4	-0.9	
Gross international reserves (USD millions)	424	581	648	585	968	992	1,421	1,260	1,620	1,970	2,046	2,003	1,888	
In percent of Reserve adequacy (risk-weighted measure) 4/	58	72	77	73	110	113	162	147	180	210	216	216	208	
Usable gross international reserves (USD millions) 5/	279	436	505	129	501	512	955	934	1,295	1,644	1,720	1,677	1,562	
In percent of Reserve adequacy (risk-weighted measure) 5/	38	54	60	16	57	58	109	109	144	175	182	181	172	
REER based on weighted average ER (percent change, + = appreciation) 6/	-1.0	4.6	0.0	-19.2	4.1	3.8	...	...	...	...	...	...	...
Nominal effective exchange rate (percent change, + = appreciation)	-6.7	-0.9	-1.5	-37.0	-33.3	-32.5	...	...	...	...	...	...	...
Inflation differential	19.7	5.5	1.5	32.5	56.1	53.7	...	...	...	...	...	...	...
REER based on official ER (percent change, + = appreciation) 6/	-3.4	4.9	4.5	12.4	-21.7	-22.0	...	...	...	...	...	...	...
Official exchange rate (SRD per USD, eop)	7.5	7.5	7.5	14.2	22.6	20.8	...	...	...	...	...	...	...
Official exchange rate (SRD per USD, period average)	7.5	7.5	7.5	9.3	18.6	18.4	...	...	...	...	...	...	...
Weighted average exchange rate (SRD per USD, eop)	7.5	7.5	8.3	17.3	22.6	20.8	...	...	...	...	...	...	...
Weighted average exchange rate (SRD per USD, period average) 6/	7.5	7.5	7.9	13.3	19.9	19.7	...	...	...	...	...	...	...
Gold production (growth rate)	52.7	1.4	-2.7	-13.7	2.6	2.6	4.0	4.0	3.2	1.8	1.4	1.2	1.2	
Gold price (USD per troy ounce)	1,257	1,269	1,392	1,770	1,747	1,747	1,708	1,708	1,671	1,637	1,604	1,588	1,588	
Growth Rate	0.7	1.0	9.7	27.1	-1.3	-1.3	-2.2	-2.2	-2.2	-2.0	-2.0	-1.0	0.0	
Oil price (USD per barrel)	52.8	68.3	61.4	41.3	65.7	69.1	64.5	82.4	75.3	70.9	68.1	66.3	65.5	
Growth Rate	23.3	29.4	-10.2	-32.7	59.1	67.3	-1.8	19.4	-8.6	-5.9	-4.0	-2.6	-1.2	

Sources: Surinamese authorities and Fund staff calculations and projections.

1/ The overall balance is computed using net financial transactions, and therefore, includes statistical discrepancy.

2/ Includes acquisition of stake in gold mine and loans to state-owned enterprises.

3/ The debt-to-GDP ratio is different when computed using the definition in the Government Debt Act of Suriname. Staff's definition also includes Suriname's debt to IMF.

4/ Based on IMF, 2015, "Assessing Reserve Adequacy."

5/ Excluding the PBOC swap and ring-fenced reserves.

6/ The weight of the official exchange rate is 30 percent and that of the parallel market exchange rate is 70 percent in this measure. Fiscal and monetary sectors in this macro-framework use the official rate (except for public debt which uses the weighted average exchange rate), and real and BOP sectors use the weighted average exchange rate. The official and parallel market exchange rates converged in June 2021.

Table 2. Suriname: Real Sector, by Expenditures 1/
(Percent change, unless otherwise indicated)

	Proj						
	2021	2022	2023	2024	2025	2026	2027
Growth rates (constant prices)							
Real GDP	-3.5	1.8	2.1	2.7	3.0	3.0	3.0
Private Absorption	-1.7	1.1	2.1	3.5	3.7	3.8	3.5
Public Consumption	-20.6	-14.6	-9.4	-5.8	-3.4	-1.5	1.3
Public Gross Investment	-25.5	44.4	19.1	4.1	15.6	3.0	4.6
Exports	-10.8	12.1	3.1	3.0	2.2	2.5	2.5
Imports	-13.3	7.1	1.2	3.1	3.5	3.5	3.5
Contributions (constant prices)							
Real GDP growth	-3.5	1.8	2.1	2.7	3.0	3.0	3.0
Private Absorption	-1.5	1.0	1.8	3.0	3.3	3.4	3.2
Public Consumption	-2.8	-1.6	-0.9	-0.5	-0.3	-0.1	0.1
Public Gross Investment	-0.6	0.8	0.5	0.1	0.4	0.1	0.1
Net Exports	1.3	1.7	0.8	0.0	-0.5	-0.4	-0.4
Growth rates (current prices)							
Nominal GDP	46.6	38.4	24.2	15.5	12.5	11.1	8.2
Private Absorption	68.0	41.4	25.7	19.0	16.8	14.3	10.3
Public Consumption	30.7	19.7	19.0	11.5	8.7	7.9	6.4
Public Gross Investment	13.3	96.2	44.8	17.1	26.4	11.1	9.9
Exports	41.2	49.2	19.1	11.9	8.0	6.7	4.7
Imports	54.8	52.2	19.6	14.2	11.8	9.3	6.7
Contributions (current prices)							
Nominal GDP growth	46.6	38.4	24.2	15.5	12.5	11.1	8.2
Private Absorption	41.7	29.1	18.5	13.8	12.6	11.2	8.3
Public Consumption	4.8	2.7	2.3	1.3	1.0	0.8	0.7
Public Gross Investment	0.3	1.6	1.1	0.5	0.8	0.4	0.3
Net Exports	-0.2	4.9	2.3	-0.2	-1.8	-1.3	-1.1
Deflators (Growth Rates)							
GDP	52.0	35.9	21.6	12.5	9.3	7.8	5.0
Private Absorption	70.9	39.8	23.2	15.0	12.6	10.2	6.6
Public Consumption	64.7	40.1	31.4	18.3	12.5	9.6	5.0
Public Gross Investment	52.0	35.9	21.6	12.5	9.3	7.8	5.0
Exports of goods and services	58.2	33.0	15.6	8.6	5.7	4.1	2.2
Imports of goods and services	78.6	42.1	18.1	10.8	8.1	5.6	3.1
CPI	59.1	38.9	22.6	13.9	10.7	7.8	4.9
GDP (current prices, USD billions)							
	2.9	3.0	3.1	3.2	3.4	3.6	3.8
GDP (current prices, SRD billions)							
	56.2	77.8	96.6	111.6	125.5	139.5	150.8
GDP deflator (Index = 100 in 2015)							
	386	525	638	717	784	845	888

Sources: IMF staff calculations and projections.

1/ Historical values are not shown due to lack of official GDP estimates by expenditure.

Table 3. Suriname: Central Government Operations
(Millions of SRD)

	2017	2018	2019	2020	2021	2021	2022	2022	Proj. 2023	2024	2025	2026	2027
					EFF request	EFF request							
Revenues	5,411	6,234	6,434	7,066	13,560	15,269	20,778	21,261	26,769	29,416	32,199	34,869	37,406
Taxes	3,580	4,365	4,717	5,133	9,260	11,089	13,710	14,987	19,710	21,249	23,399	25,659	27,207
Direct taxes	2,074	2,381	2,543	2,924	5,425	7,396	7,659	9,132	11,594	12,323	13,334	14,353	14,904
Of which: mineral taxes	743	1,033	910	1,452	3,264	4,502	4,503	5,905	7,136	7,613	7,908	8,144	8,294
Indirect taxes	1,507	1,984	2,173	2,209	3,835	3,693	6,051	5,855	8,116	8,925	10,065	11,306	12,303
Grants	0	0	0	0	0	140	0	547	0	0	0	0	0
Non-tax revenues	1,831	1,868	1,718	1,934	4,300	4,039	7,068	5,727	7,059	8,167	8,800	9,210	10,199
Of which:													
Mineral resource revenues	1,040	1,098	1,054	1,058	3,043	2,839	5,327	4,418	5,723	6,625	7,002	7,282	8,038
Interest receipts	180	90	0	0	0	0	0	0	0	0	0	0	0
Expenditures	7,315	7,799	13,325	12,197	18,025	19,365	23,999	24,139	26,388	27,644	30,263	33,112	36,182
Primary expenditures	6,463	6,879	12,412	10,786	14,278	16,009	19,452	19,910	23,408	24,430	27,189	29,931	32,113
Compensation of employees	1,923	2,414	3,251	4,035	5,044	4,664	5,952	5,845	6,780	7,390	7,908	8,303	8,718
Other primary current expenditure	3,303	3,244	7,069	5,906	8,597	10,389	12,122	12,189	13,911	13,859	15,263	17,165	18,491
Of which: cash transfer programs				604	1,070	892	1,483	1,478	1,838	2,125	2,377	2,641	2,856
Net acquisition of nonfinancial assets	1,238	1,221	2,092	845	637	957	1,378	1,876	2,716	3,180	4,018	4,463	4,904
Interest	852	920	913	1,411	3,747	3,356	4,547	4,229	2,980	3,214	3,075	3,181	4,069
Overall balance (net lending/borrowing) 1/	-1,904	-1,565	-6,891	-5,131	-4,465	-4,096	-3,221	-2,878	381	1,772	1,935	1,757	1,224
Of which: primary balance	-1,232	-735	-5,977	-3,720	-719	-740	1,326	1,351	3,361	4,986	5,010	4,938	5,293
Net financial transactions	-3,111	-1,808	-5,788	-6,468	-4,465	-4,096	-3,221	-2,878	381	1,772	1,935	1,757	1,224
Net acquisition of financial assets 2/	71	-900	-869	869	0	-267	0	0	0	0	0	0	0
Net incurrence of liabilities	3,182	908	4,918	7,337	4,465	3,829	3,221	2,878	-381	-1,772	-1,935	-1,757	-1,224
Domestic (Net)	1,399	559	1,947	6,000	2,617	-2,009	-4,940	-4,929	-4,485	-6,165	-485	2,774	4,542
Amortizations	-327	-485	-1,257	-1,076	-3,333	-1,416	-2,703	-2,236	-6,042	-5,821	-2,614	-1,821	-2,145
Central bank	-85	-7	0	0	0	0	0	0	-4,028	-1,445	0	0	0
Commercial banks	-91	-363	-1,204	0	-2,444	-1,072	-2,214	-1,400	-1,410	-3,604	-744	-1,271	-2,098
Suppliers credit	-137	-115	0	0	0	0	0	0	0	0	0	0	0
Other domestic 3/	-15	0	-53	-1,076	-889	-344	-490	-836	-604	-772	-1,869	-549	-47
Disbursements	1,727	1,044	3,205	7,075	5,950	-593	-2,237	-2,692	1,557	-344	2,129	4,594	6,687
Central bank	511	-150	1,451	4,986	2,406	-670	-2,917	-3,026	1,140	-840	1,000	1,000	0
Claims on government	-77	-7	1,391	6,232	250	296	0	0	0	0	0	0	0
Liabilities to government	-588	143	-60	1,247	-2,156	966	2,917	3,026	-1,140	840	-1,000	-1,000	0
Commercial banks	869	964	1,261	862	3,544	-252	680	333	418	496	1,129	3,594	6,687
Suppliers credit	219	229	439	152	0	0	0	0	0	0	0	0	0
Other domestic 3/	127	0	53	1,076	0	330	0	0	0	0	0	0	0
Domestic arrears	0	0	1,410	603	-461	3,264	-493	0	-1,604	-1,638	-1,664	-1,682	0
Accumulation of arrears	0	0	1,410	603	0	3,743	0	0	0	0	0	0	0
Payment of arrears	0	0	0	0	-461	-479	-493	0	-1,604	-1,638	-1,664	-1,682	0
Foreign (Net)	1,783	349	1,561	107	-1,470	-1,159	3,923	3,455	6,858	6,030	213	-2,848	-4,286
Amortizations	-402	-1,039	-722	-431	-3,081	-2,929	-3,768	-3,490	-1,522	-1,647	-1,775	-6,094	-6,357
IFIs	-150	-371	-353	-349	-1,098	-1,084	-1,314	-1,274	-1,522	-1,647	-1,775	-1,872	-1,840
Official bilateral	-158	-176	-212	-47	-373	-253	-731	-546	0	0	0	0	0
Commercial	-95	-493	-157	-35	-1,611	-1,591	-1,723	-1,671	0	0	0	-4,222	-4,518
Disbursements	2,185	1,388	2,432	914	732	970	940	911	1,140	1,655	1,988	3,995	4,380
IFIs	194	243	303	530	732	962	940	911	1,140	1,655	1,858	2,032	0
Official bilateral	631	749	1,059	200	0	8	0	0	0	0	0	0	0
Commercial	1,360	397	1,070	184	0	0	0	0	0	0	130	1,963	4,380
Official financing	0	0	-149	-376	879	799	6,751	6,034	7,240	6,022	0	-749	-2,308
O/w IMF	0	0	-149	-376	879	799	2,245	2,128	1,818	0	0	-749	-2,308
Purchases	0	0	0	0	1,264	1,181	2,245	2,128	1,818	0	0	0	0
Repurchases	0	0	-149	-376	-386	-382	0	0	0	0	0	-749	-2,308
O/w IFIs	0	0	0	0	0	0	4,505	3,906	5,422	6,022	0	0	0
External arrears (net)	0	0	0	628	3,779	3,733	4,732	4,352	-1,150	0	0	0	-1,480
Privatizations	0	0	0	0	0	0	0	0	0	0	0	0	0
Statistical discrepancy	-1,207	-243	1,103	-1,337	0	0	0	0	0	0	0	0	0
Memorandum items:													
Primary cash balance 4/	0	0	0	0	-719	1,950	1,326	1,345	2,152	3,771	3,792	3,717	5,293
Gross financing needs (incl. IMF debt service)	...	...	9,019	7,014	11,993	9,565	10,186	8,604	9,937	7,333	4,117	8,589	11,067
Electricity subsidy financed through the budget	906	1,244	1,492	881	1,887	2,326	2,747	3,118	2,600	910	0	0	0
Non-resource balance	-3,686	-3,696	-8,854	-7,641	-10,773	-11,339	-13,052	-12,924	-12,181	-12,270	-12,743	-13,409	-14,867
Non-resource primary balance	-3,015	-2,865	-7,941	-6,229	-7,026	-8,081	-8,505	-8,972	-9,498	-9,252	-9,900	-10,488	-11,039
Public (central government) debt 5/	19,216	19,725	26,835	56,649	72,524	70,478	100,189	102,848	112,258	133,329	131,874	138,064	138,216
Official exchange rate (SRD per USD, period average)	7.5	7.5	7.5	9.3	18.6	18.4	...	...	...	...	...	...	...
Official exchange rate (SRD per USD, eop)	7.5	7.5	7.5	14.2	22.6	20.8	...	...	...	...	...	...	...
Total central government debt interest rate (effective)	4.4	4.7	3.4	2.5	2.5	2.0	2.7	2.5	2.8	2.5	2.4	2.3	2.9
Domestic central government debt interest rate (effective)	4.1	5.5	2.4	4.8	6.3	4.7	6.3	5.0	6.9	6.4	5.4	4.5	3.7
External central government debt interest rate (effective)	3.3	4.4	4.2	1.5	1.4	1.4	1.5	1.9	2.1	2.0	1.9	2.0	2.8

Sources: Surinamese authorities; and IMF staff calculations and projections.

1/ The overall balance is computed using net financial transactions, and therefore, includes statistical discrepancy.

2/ Includes acquisition of stake in gold mine and loans to state owned enterprises.

3/ Comprised of holding of T-bills and notes by non-bank financial institutions.

4/ Defined as net financial transactions (cash-basis) plus net interest payment.

5/ The debt-to-GDP ratio is different when computed using the definition in the Government Debt Act of Suriname.

Table 4. Suriname: Central Government Operations
(Percent of GDP)

	2017	2018	2019	2020	2021	2021	2022	2022	Proj. 2023	2024	2025	2026	2027
					EFF request	EFF request							
Revenues	20.1	20.9	20.4	18.4	24.1	27.1	26.6	27.3	27.7	26.4	25.6	25.0	24.8
Taxes	13.3	14.6	15.0	13.4	16.5	19.7	17.6	19.3	20.4	19.0	18.6	18.4	18.0
Direct taxes	7.7	8.0	8.1	7.6	9.6	13.2	9.8	11.7	12.0	11.0	10.6	10.3	9.9
Of which: mineral taxes	2.8	3.5	2.9	3.8	5.8	8.0	5.8	7.6	7.4	6.8	6.3	5.8	5.5
Indirect taxes	5.6	6.7	6.9	5.8	6.8	6.6	7.8	7.5	8.4	8.0	8.0	8.1	8.2
Grants	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Non-tax revenues	6.8	6.3	5.5	5.0	7.6	7.2	9.1	7.4	7.3	7.3	7.0	6.6	6.8
Of which:													
Mineral resource revenues	3.9	3.7	3.3	2.8	5.4	5.0	6.8	5.7	5.9	5.9	5.6	5.2	5.3
Interest receipts	0.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditures	27.2	26.2	42.3	31.8	32.0	34.4	30.8	31.0	27.3	24.8	24.1	23.7	24.0
Primary expenditures	24.0	23.1	39.4	28.1	25.4	28.5	24.9	25.6	24.2	21.9	21.7	21.5	21.3
Compensation of employees	7.1	8.1	10.3	10.5	9.0	8.3	7.6	7.5	7.0	6.6	6.3	6.0	5.8
Other primary current expenditure	12.3	10.9	22.5	15.4	15.3	18.5	15.5	15.7	14.4	12.4	12.2	12.3	12.3
Of which: cash transfer programs				1.6	1.9	1.6	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Net acquisition of nonfinancial assets	4.6	4.1	6.6	2.2	1.1	1.7	1.8	2.4	2.8	2.9	3.2	3.2	3.3
Interest	3.2	3.1	2.9	3.7	6.7	6.0	5.8	5.4	3.1	2.9	2.4	2.3	2.7
Overall balance (net lending/borrowing) 1/	-7.1	-5.2	-21.9	-13.4	-7.9	-7.3	-4.1	-3.7	0.4	1.6	1.5	1.3	0.8
Of which: primary balance	-4.6	-2.5	-19.0	-9.7	-1.3	-1.3	1.7	1.7	3.5	4.5	4.0	3.5	3.5
Net financial transactions	-11.6	-6.1	-18.4	-16.9	-7.9	-7.3	-4.1	-3.7	0.4	1.6	1.5	1.3	0.8
Net acquisition of financial assets 2/	0.3	-3.0	-2.8	2.3	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	11.8	3.0	15.6	19.1	7.9	6.8	4.1	3.7	-0.4	-1.6	-1.5	-1.3	-0.8
Domestic (Net)	5.2	1.9	6.2	15.6	4.7	-3.6	-6.3	-6.3	-4.6	-5.5	-0.4	2.0	3.0
Amortizations	-1.2	-1.6	-4.0	-2.8	-5.9	-2.5	-3.5	-2.9	-6.3	-5.2	-2.1	-1.3	-1.4
Central bank	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.2	-1.3	0.0	0.0	0.0
Commercial banks	-0.3	-1.2	-3.8	0.0	-4.3	-1.9	-2.8	-1.8	-1.5	-3.2	-0.6	-0.9	-1.4
Suppliers credit	-0.5	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other domestic 3/	-0.1	0.0	-0.2	-2.8	-1.6	-0.6	-0.6	-1.1	-0.6	-0.7	-1.5	-0.4	0.0
Disbursements	6.4	3.5	10.2	18.4	10.6	-1.1	-2.9	-3.5	1.6	-0.3	1.7	3.3	4.4
Central bank	1.9	-0.5	4.6	13.0	4.3	-1.2	-3.7	-3.9	1.2	-0.8	0.8	0.7	0.0
Claims on government	-0.3	0.0	4.4	16.2	0.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to government	-2.2	0.5	-0.2	3.3	-3.8	1.7	3.7	3.9	-1.2	0.8	-0.8	-0.7	0.0
Commercial banks	3.2	3.2	4.0	2.2	6.3	-0.4	0.9	0.4	0.4	0.4	0.9	2.6	4.4
Suppliers credit	0.8	0.8	1.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other domestic 3/	0.5	0.0	0.2	2.8	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic arrears	0.0	0.0	4.5	1.6	-0.8	5.8	-0.6	0.0	-1.7	-1.5	-1.3	-1.2	0.0
Accumulation of arrears	0.0	0.0	4.5	1.6	0.0	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment of arrears	0.0	0.0	0.0	0.0	-0.8	-0.9	-0.6	0.0	-1.7	-1.5	-1.3	-1.2	0.0
Foreign (Net)	6.6	1.2	5.0	0.3	-2.6	-2.1	5.0	4.4	7.1	5.4	0.2	-2.0	-2.8
Amortizations	-1.5	-3.5	-2.3	-1.1	-5.5	-5.2	-4.8	-4.5	-1.6	-1.5	-1.4	-4.4	-4.2
IFIs	-0.6	-1.2	-1.1	-0.9	-2.0	-1.9	-1.7	-1.6	-1.6	-1.5	-1.4	-1.3	-1.2
Official bilateral	-0.6	-0.6	-0.7	-0.1	-0.7	-0.5	-0.9	-0.7	0.0	0.0	0.0	0.0	0.0
Commercial	-0.4	-1.7	-0.5	-0.1	-2.9	-2.8	-2.2	-2.1	0.0	0.0	0.0	-3.0	-3.0
Disbursements	8.1	4.7	7.7	2.4	1.3	1.7	1.2	1.2	1.2	1.5	1.6	2.9	2.9
IFIs	0.7	0.8	1.0	1.4	1.3	1.7	1.2	1.2	1.2	1.5	1.5	1.5	0.0
Official bilateral	2.3	2.5	3.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	5.1	1.3	3.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.4	2.9
Official financing	0.0	0.0	-0.5	-1.0	1.6	1.4	8.7	7.8	7.5	5.4	0.0	-0.5	-1.5
O/w: IMF	0.0	0.0	-0.5	-1.0	1.6	1.4	2.9	2.7	1.9	0.0	0.0	-0.5	-1.5
Purchases	0.0	0.0	0.0	0.0	2.2	2.1	2.9	2.7	1.9	0.0	0.0	0.0	0.0
Repurchases	0.0	0.0	-0.5	-1.0	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0	-0.5	-1.5
O/w: IFIs	0.0	0.0	0.0	0.0	0.0	0.0	5.8	5.0	5.6	5.4	0.0	0.0	0.0
External arrears (net)	0.0	0.0	0.0	1.6	6.7	6.6	6.1	5.6	-1.2	0.0	0.0	0.0	-1.0
Privatizations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statistical discrepancy	-4.5	-0.8	3.5	-3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:													
Primary cash balance 4/	0.0	0.0	0.0	0.0	-1.3	3.5	1.7	1.7	2.2	3.4	3.0	2.7	3.5
Gross financing needs (incl. IMF debt service)	...	...	28.6	18.3	21.3	17.0	13.1	11.1	10.3	6.6	3.3	6.2	7.3
Electricity subsidy financed through the budget	3.4	4.2	4.7	2.3	3.4	4.1	3.5	4.0	2.7	0.8	0.0	0.0	0.0
Non-resource balance	-13.7	-12.4	-28.1	-19.9	-19.1	-20.2	-16.7	-16.6	-12.6	-11.0	-10.2	-9.6	-9.9
Non-resource primary balance	-11.2	-9.6	-25.2	-16.2	-12.5	-14.4	-10.9	-11.5	-9.8	-8.3	-7.9	-7.5	-7.3
Public (central government) debt 5/	71.5	66.1	85.2	147.7	128.9	125.3	128.5	132.2	116.2	119.5	105.0	99.0	91.6
Official exchange rate (SRD per USD, period average)	7.5	7.5	7.5	9.3	18.6	18.4	...	...	...	...	...	...	...
Official exchange rate (SRD per USD, eop)	7.5	7.5	7.5	14.2	22.6	20.8	...	...	...	...	...	...	...
Domestic debt interest rate (effective)	4.1	5.5	2.4	4.8	6.3	4.7	6.3	5.0	6.9	6.4	5.4	4.5	3.7
External debt interest rate (effective)	3.3	4.4	4.2	1.5	1.4	1.4	1.5	1.9	2.1	2.0	1.9	2.0	2.8

Sources: Surinamese authorities; and IMF staff calculations and projections.

1/ The overall balance is computed using net financial transactions, and therefore, includes statistical discrepancy.

2/ Includes acquisition of stake in gold mine and loans to state owned enterprises.

3/ Comprised of holding of T-bills and notes by non-bank financial institutions.

4/ Defined as net financial transactions (cash-basis) plus net interest payments.

5/ The debt-to-GDP ratio is different when computed using the definition in the Government Debt Act of Suriname.

Table 5. Suriname: Balance of Payments
(Millions of U.S. dollars unless otherwise indicated)

	2017	2018	2019	2020	2021	2021	2022	2022	2023	2024	2025	2026	2027
					Proj.								
					EFF request	EFF request							
Current account	69	-119	-448	261	115	149	-27	-27	9	-1	-9	-16	-42
Exports of goods and services	2,143	2,236	2,287	2,447	2,550	2,330	2,647	2,631	2,634	2,653	2,658	2,697	2,761
Imports of goods and services	1,780	2,070	2,413	1,845	2,019	1,928	2,201	2,220	2,230	2,294	2,379	2,473	2,580
Trade balance, goods	775	662	532	1,061	942	836	887	824	820	768	700	642	608
Exports, f.o.b.	1,985	2,065	2,129	2,344	2,382	2,232	2,445	2,438	2,433	2,421	2,409	2,414	2,454
Of which: gold, petroleum	1,787	1,838	1,903	2,115	2,073	2,000	2,106	2,136	2,134	2,118	2,099	2,098	2,119
Imports, f.o.b.	1,211	1,403	1,598	1,282	1,440	1,396	1,558	1,614	1,613	1,652	1,709	1,772	1,846
Trade balance, services	-411	-496	-658	-460	-411	-433	-441	-413	-416	-410	-421	-418	-427
Exports	158	171	157	103	168	98	202	193	201	232	249	283	307
Imports	569	667	815	563	579	532	643	606	617	642	671	701	734
Income, net	-394	-388	-412	-464	-536	-398	-596	-583	-516	-481	-411	-365	-352
Credit	27	36	21	8	8	8	8	8	9	9	9	9	9
Debit	422	423	433	472	545	406	605	592	525	490	420	374	361
Current transfers, net	100	103	90	124	120	144	123	146	122	121	122	125	128
Capital and financial account	-217	-299	-508	189	-29	8	91	245	11	-6	-85	8	-22
Capital account	0	-1	-3	0	0	0	0	0	0	0	0	0	0
Financial account	-217	-298	-505	189	-29	8	91	245	11	-6	-85	8	-22
Foreign direct investment	-98	-119	8	0	-104	160	-115	-104	-101	-105	-105	-96	-97
Portfolio investment	27	59	-117	-35	0	-78	0	0	0	0	0	0	0
Central government	0	0	125	0	0	0	0	0	0	0	0	0	1
Other investment	-146	-238	-397	225	75	-74	205	350	112	100	19	104	75
Net Acquisition of Assets	14	104	-244	168	25	-105	0	0	0	0	0	0	0
Net Incurrence of Liabilities	160	341	152	-57	-51	-31	-205	-350	-112	-100	-19	-104	-75
Central government	238	47	104	52	-126	-107	-105	-99	-12	0	6	-54	-50
Disbursements	292	186	201	98	39	53	35	35	37	48	54	102	110
IFIs	26	33	41	57	39	52	35	35	37	48	50	52	0
Official bilateral	84	100	142	21	0	0	0	0	0	0	0	0	0
Commercial	182	53	19	20	0	0	0	0	0	0	4	50	110
Amortization	54	139	97	46	166	160	140	134	49	48	48	156	159
IFIs	20	50	47	37	59	59	49	49	49	48	48	48	46
Official bilateral	21	24	28	5	20	14	27	21	0	0	0	0	0
Commercial	13	66	21	4	87	87	64	64	0	0	0	108	113
Other Sectors (including SOE)	-78	294	48	-109	76	76	-100	-250	-100	-100	-25	-50	-25
Errors and omissions	-265	-31	-242	-115	0	29	0	0	0	0	0	0	0
Overall balance	22	148	-187	-43	144	169	-118	-272	-3	4	76	-24	-20
Financing	-22	-148	187	43	-144	-169	118	272	3	-4	-76	24	20
Change in reserves (- = increase) 1/	-22	-148	208	83	-383	-407	-454	-268	-360	-349	-76	43	115
Official financing	0	0	-20	-40	36	34	395	373	400	345	0	-19	-58
O/w: IMF	0	0	-20	-40	36	34	228	223	225	170	0	-19	-58
Purchases	0	0	0	0	56	55	228	223	225	170	0	0	0
O/w: for budget support	0	0	0	0	56	55	84	82	59	0	0	0	0
Repurchases	0	0	20	40	21	21	0	0	0	0	0	19	58
O/w: IFIs	0	0	0	0	0	0	168	150	175	175	0	0	0
External arrears (net) 2/					203	203	176	167	-37	0	0	0	-37
Financing from external debt restructuring 3/									154	109	105	544	-78
Memorandum items:													
Gross international reserves	424	581	648	585	968	992	1,421	1,260	1,620	1,970	2,046	2,003	1,888
In months of imports of goods and services	2.5	2.9	4.2	3.6	5.8	6.2	7.7	6.8	8.7	10.3	10.3	9.7	8.8
In percent of Reserve adequacy (risk-weighted measure) 4/	58	72	77	73	110	113	162	147	180	210	216	216	208
Usable gross international reserves 5/	279	436	505	129	501	512	955	934	1,295	1,644	1,720	1,677	1,562
In months of imports of goods and services	1.6	2.2	3.3	0.8	3.0	3.2	5.2	5.0	7.0	8.6	8.7	8.1	7.3
In percent of Reserve adequacy (risk-weighted measure) 4/	38	54	60	16	57	58	109	109	144	175	182	181	172
Reserve adequacy (risk-weighted measure), USD millions 4/	736	803	843	804	878	881	877	859	900	938	946	928	906
In months of imports	4.3	4.0	5.5	5.0	4.8	4.8	4.8	4.6	4.7	4.7	4.6	4.3	4.0
GDP (in millions of USD)	3,592	3,996	3,984	2,884	2,824	2,854	...	...	...	...	...	...	...
Gold price (USD per troy ounce)	1,257	1,269	1,392	1,770	1,747	1,747	1,708	1,708	1,671	1,637	1,604	1,588	1,588
Oil price (USD per barrel)	53	68	61	41	66	69	65	82	75	71	68	66	65
Weighted average exchange rate (SRD per USD, period average)	7.5	7.5	7.9	13.3	19.9	19.7	...	...	...	...	...	...	...
Weighted average exchange rate (SRD per USD, eop)	7.5	7.5	8.3	17.3	22.6	20.8	...	...	...	...	...	...	...
Real Effective Exchange Rate Change (+ = appreciation; percent change; period average)	-1.0	4.6	0.0	-19.2	4.1	3.8	...	...	...	...	...	...	...
External Debt 6/	3,164	3,519	3,779	3,638	4,033	4,057	4,051	3,899	4,153	4,403	4,389	4,239	4,043
External debt (Percent of GDP)	87.7	88.0	99.7	164.4	161.9	150.3	156.8	151.4	137.2	145.8	129.8	120.9	107.2
o/w: Change in external debt due to exchange rate movements	0.4	0.0	9.9	87.4	35.9	23.5	...	...	...	...	...	...	...

Sources: Surinamese authorities; and IMF staff calculations and projections.

1/ Includes valuation changes.

2/ External arrears in 2020 are implicitly covered in errors and omissions.

3/ Calculated as a difference between the debt restructuring scenario and a scenario without debt restructuring.

4/ Based on IMF, 2015, "Assessing Reserve Adequacy."

5/ Excluding the PBOC swap and ring-fenced reserves.

6/ Includes both private and public sector debt.

Table 6. Suriname: Balance of Payments
(Percent of GDP)

	2017	2018	2019	2020	2021	2021	2022	2022	2023	2024	2025	2026	2027
					Proj.								
					EFF request	EFF request							
Current account	1.9	-3.0	-11.3	9.1	4.1	5.2	-0.9	-0.9	0.3	0.0	-0.3	-0.4	-1.1
Exports of goods and services	59.7	56.0	57.4	84.8	90.3	81.6	91.2	88.0	84.5	81.8	78.6	75.4	73.0
Imports of goods and services	49.6	51.8	60.6	64.0	71.5	67.5	75.8	74.3	71.5	70.8	70.3	69.2	68.2
Trade balance, goods	21.6	16.6	13.3	36.8	33.4	29.3	30.5	27.6	26.3	23.7	20.7	18.0	16.1
Exports, f.o.b.	55.3	51.7	53.4	81.3	84.4	78.2	84.2	81.6	78.0	74.7	71.2	67.5	64.9
Of which: gold, petroleum	49.7	46.0	47.8	73.3	73.4	70.1	72.5	71.5	68.4	65.3	62.0	58.7	56.0
Imports, f.o.b.	33.7	35.1	40.1	44.5	51.0	48.9	53.7	54.0	51.7	51.0	50.5	49.6	48.8
Trade balance, services	-11.4	-12.4	-16.5	-15.9	-14.6	-15.2	-15.2	-13.8	-13.3	-12.6	-12.4	-11.7	-11.3
Exports	4.4	4.3	4.0	3.6	6.0	3.4	7.0	6.4	6.4	7.2	7.4	7.9	8.1
Imports	15.8	16.7	20.5	19.5	20.5	18.6	22.1	20.3	19.8	19.8	19.8	19.6	19.4
Income, net	-11.0	-9.7	-10.3	-16.1	-19.0	-14.0	-20.5	-19.5	-16.6	-14.9	-12.1	-10.2	-9.3
Credit	0.8	0.9	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Debit	11.7	10.6	10.9	16.4	19.3	14.2	20.8	19.8	16.8	15.1	12.4	10.5	9.5
Current transfers, net	2.8	2.6	2.3	4.3	4.3	5.0	4.2	4.9	3.9	3.7	3.6	3.5	3.4
Capital and financial account	-6.0	-7.5	-12.8	6.6	-1.0	0.3	3.1	8.2	0.4	-0.2	-2.5	0.2	-0.6
Capital account	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-6.0	-7.5	-12.7	6.6	-1.0	0.3	3.1	8.2	0.4	-0.2	-2.5	0.2	-0.6
Foreign direct investment	-2.7	-3.0	0.2	0.0	-3.7	5.6	-3.9	-3.5	-3.2	-3.3	-3.1	-2.7	-2.6
Portfolio investment	0.7	1.5	-2.9	-1.2	0.0	-2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government	0.0	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	-4.1	-5.9	-10.0	7.8	2.7	-2.6	7.1	11.7	3.6	3.1	0.6	2.9	2.0
Net Acquisition of Assets	0.4	2.6	-6.1	5.8	0.9	-3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	4.5	8.5	3.8	-2.0	-1.8	-1.1	-7.1	-11.7	-3.6	-3.1	-0.6	-2.9	-2.0
Central government	6.6	1.2	2.6	1.8	-4.5	-3.7	-3.6	-3.3	-0.4	0.0	0.2	-1.5	-1.3
Disbursements	8.1	4.7	5.0	3.4	1.4	1.9	1.2	1.2	1.2	1.5	1.6	2.9	2.9
IFIs	0.7	0.8	1.0	2.0	1.4	1.8	1.2	1.2	1.2	1.5	1.5	1.5	0.0
Official bilateral	2.3	2.5	3.6	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	5.1	1.3	0.5	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.4	2.9
Amortization	1.5	3.5	2.4	1.6	5.9	5.6	4.8	4.5	1.6	1.5	1.4	4.4	4.2
IFIs	0.6	1.2	1.2	1.3	2.1	2.1	1.7	1.6	1.6	1.5	1.4	1.3	1.2
Official bilateral	0.6	0.6	0.7	0.2	0.7	0.5	0.9	0.7	0.0	0.0	0.0	0.0	0.0
Commercial	0.4	1.7	0.5	0.1	3.1	3.0	2.2	2.1	0.0	0.0	0.0	3.0	3.0
Other Sectors (including SOE)	-2.2	7.4	1.2	-3.8	2.7	2.7	-3.4	-8.4	-3.2	-3.1	-0.7	-1.4	-0.7
Errors and omissions	-7.4	-0.8	-6.1	-4.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	0.6	3.7	-4.7	-1.5	5.1	5.9	-4.1	-9.1	-0.1	0.1	2.3	-0.7	-0.5
Financing	-0.6	-3.7	4.7	1.5	-5.1	-5.9	4.1	9.1	0.1	-0.1	-2.3	0.7	0.5
Change in reserves (- = increase) 1/	-0.6	-3.7	5.2	2.9	-13.6	-14.3	-15.6	-9.0	-11.6	-10.8	-2.3	1.2	3.0
Official financing	0.0	0.0	-0.5	-1.4	1.3	1.2	13.6	12.5	12.8	10.6	0.0	-0.5	-1.5
O/w: IMF	0.0	0.0	-0.5	-1.4	1.3	1.2	7.8	7.5	7.2	5.2	0.0	-0.5	-1.5
Purchases	0.0	0.0	0.0	0.0	2.0	1.9	7.8	7.5	7.2	5.2	0.0	0.0	0.0
O/w: for budget support	0.0	0.0	0.0	0.0	2.0	1.9	2.9	2.7	1.9	0.0	0.0	0.0	0.0
Repurchases	0.0	0.0	0.5	1.4	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.5	1.5
O/w: IFIs	0.0	0.0	0.0	0.0	0.0	0.0	5.8	5.0	5.6	5.4	0.0	0.0	0.0
External arrears (net) 2/					7.2	7.1	6.1	5.6	-1.2	0.0	0.0	0.0	-1.0
Financing from external debt restructuring 3/									4.9	3.4	3.1	15.2	-2.0
Memorandum items:													
Gross international reserves	424	581	648	585	968	992	1,421	1,260	1,620	1,970	2,046	2,003	1,888
In months of imports of goods and services	2.5	2.9	4.2	3.6	5.8	6.2	7.7	6.8	8.7	10.3	10.3	9.7	8.8
In percent of Reserve adequacy (risk-weighted measure) 4/	58	72	77	73	110	113	162	147	180	210	216	216	208
Usable gross international reserves 5/	279	436	505	129	501	512	955	934	1,295	1,644	1,720	1,677	1,562
In months of imports of goods and services	1.6	2.2	3.3	0.8	3.0	3.2	5.2	5.0	7.0	8.6	8.7	8.1	7.3
In percent of Reserve adequacy (risk-weighted measure) 4/	38	54	60	16	57	58	109	109	144	175	182	181	172
Reserve adequacy (risk-weighted measure), USD millions 4/	736	803	843	804	878	881	877	859	900	938	946	928	906
In months of imports	4.3	4.0	5.5	5.0	4.8	4.8	4.8	4.6	4.7	4.7	4.6	4.3	4.0
GDP (in millions of USD)	3,592	3,996	3,984	2,884	2,824	2,854	...	...	...	...	...	...	...
Gold price (USD per troy ounce)	1,257	1,269	1,392	1,770	1,747	1,747	1,708	1,708	1,671	1,637	1,604	1,588	1,588
Oil price (USD per barrel)	53	68	61	41	66	69	65	82	75	71	68	66	65
Weighted average exchange rate (SRD per USD, period average)	7.5	7.5	7.9	13.3	19.9	19.7	...	...	...	...	...	...	...
Weighted average exchange rate (SRD per USD, eop)	7.5	7.5	8.3	17.3	22.6	20.8	...	...	...	...	...	...	...
Real Effective Exchange Rate Change (+ = appreciation; percent change; period)	-1.0	4.6	0.0	-19.2	4.1	3.8	...	...	...	...	...	...	...
External Debt 6/	3,164	3,519	3,779	3,638	4,033	4,057	4,051	3,899	4,153	4,403	4,389	4,239	4,043
External debt (Percent of GDP)	87.7	88.0	99.7	164.4	161.9	150.3	156.8	151.4	137.2	145.8	129.8	120.9	107.2
o/w: Change in external debt due to exchange rate movements	0.4	0.0	9.9	87.4	35.9	23.5	...	...	...	...	...	...	...

Sources: Surinamese authorities; and IMF staff calculations and projections.

1/ Includes valuation changes.

2/ External arrears in 2020 are implicitly covered in errors and omissions.

3/ Calculated as a difference between the debt restructuring scenario and a scenario without debt restructuring.

4/ Based on IMF, 2015, "Assessing Reserve Adequacy".

5/ Excluding the PBOC swap and ring-fenced reserves.

6/ Includes both private and public sector debt.

Table 7. Suriname: Gross External Financing Requirements

	Table 7: Summary of External Financing Requirements											
	2018				Est.				Proj.			
	2018	2019	2020	2021	2021	2022	2022	2023	2024	2025	2026	2027
	EFF request			EFF request								
	(In millions of US dollars)											
1. Gross external financing requirements	535	557	-120	151	111	268	261	140	149	82	222	227
A. Current account deficit	119	448	-261	-115	-149	27	27	-9	1	9	16	42
B. Public sector debt amortization	411	122	146	266	260	240	234	149	148	73	206	184
(i) Central government	139	97	46	166	160	140	134	49	48	48	156	159
(ii) CBvS	0	0	0	0	0	0	0	0	0	0	0	0
(iii) SOEs	272	25	100	100	100	100	100	100	100	25	50	25
C. Other outflows	5	-13	-5	0	0	0	0	0	0	0	0	0
2. Sources of financing	714	611	-48	295	251	150	-11	-16	44	53	-346	284
A. Asset sales (net) (Other investment account)	-104	244	-168	-25	105	0	0	0	0	0	0	0
B. Foreign direct investment (net)	119	-8	0	104	-160	115	104	101	105	105	96	97
C. Portfolio flows (net)	-59	117	35	0	78	0	0	0	0	0	0	0
(i) Central government	0	125	0	0	0	0	0	0	0	0	0	0
(ii) SOEs	0	0	51	0	0	0	0	0	0	0	0	0
(iii) Other	-59	-9	-16	0	78	0	0	0	0	0	0	0
D. Public sector debt financing	477	201	98	39	53	35	35	37	48	54	102	110
(i) Central government	186	201	98	39	53	35	35	37	48	54	102	110
(ii) SOEs	291	0	0	0	0	0	0	0	0	0	0	0
E. Other inflows (net)	280	57	-14	176	176	0	-150	-154	-109	-105	-544	78
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	179	54	72	144	140	-118	-272	-156	-105	-29	-568	58
3. Expected change in gross reserves of the CBvS; accumulation (-)	-148	208	83	-383	-407	-454	-268	-360	-349	-76	43	115
4. Errors and omissions	-31	-242	-115	0	29	0	0	0	0	0	0	0
5. Financing needs -(2-1+3+4)	0	-20	-40	239	238	572	540	517	454	105	525	-172
Allocation by:												
(i) Official financing	0	-20	-40	36	34	395	373	400	345	0	-19	-58
a. IMF	0	-20	-40	36	34	228	223	225	170	0	-19	-58
Purchases	0	0	0	56	55	228	223	225	170	0	0	0
O/w. for budget support	0	0	0	56	55	84	82	59	0	0	0	0
Repurchases	0	20	40	21	21	0	0	0	0	0	19	58
b. IFIs	0	0	0	0	0	168	150	175	175	0	0	0
(ii) External arrears (net)				203	203	176	167	-37	0	0	0	-37
(iii) Financing from external debt restructuring 1/								154	109	105	544	-78
	(In percent of GDP)											
1. Gross external financing requirements	13.4	14.0	-4.2	5.2	3.9	9.3	8.7	4.5	4.6	2.4	6.2	6.0
A. Current account deficit	3.0	11.3	-9.1	-4.0	-5.2	0.9	0.9	-0.3	0.0	0.3	0.4	1.1
B. Public sector debt amortization	10.3	3.1	5.1	9.2	9.1	8.3	7.8	4.8	4.6	2.2	5.8	4.9
(i) Central government	3.5	2.4	1.6	5.7	5.6	4.9	4.5	1.6	1.5	1.4	4.4	4.2
(ii) CBvS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii) SOEs	6.8	0.6	3.5	3.5	3.5	3.5	3.3	3.2	3.1	0.7	1.4	0.7
C. Other outflows	0.1	-0.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Sources of financing	17.9	15.3	-1.7	10.2	8.8	5.2	-0.4	-0.5	1.4	1.6	-9.7	7.5
A. Asset sales (net) (Other investment account)	-2.6	6.1	-5.8	-0.9	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Foreign direct investment (net)	3.0	-0.2	0.0	3.6	-5.6	4.0	3.5	3.2	3.3	3.1	2.7	2.6
C. Portfolio flows (net)	-1.5	2.9	1.2	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Central government	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) SOEs	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii) Other	-1.5	-0.2	-0.5	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Public sector debt financing	11.9	5.0	3.4	1.4	1.9	1.2	1.2	1.2	1.5	1.6	2.9	2.9
(i) Central government	4.7	5.0	3.4	1.4	1.9	1.2	1.2	1.2	1.5	1.6	2.9	2.9
(ii) SOEs	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E. Other inflows (net)	7.0	1.4	-0.5	6.1	6.2	0.0	-5.0	-4.9	-3.4	-3.1	-15.2	2.0
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	4.5	1.4	2.5	5.0	4.9	-4.1	-9.1	-5.0	-3.2	-0.9	-15.9	1.5
3. Expected change in gross reserves of the CBvS; accumulation (-)	-3.7	5.2	2.9	-13.3	-14.3	-15.7	-9.0	-11.6	-10.8	-2.3	1.2	3.0
4. Errors and omissions	-0.8	-6.1	-4.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Financing needs -(2-1+3+4)	0.0	-0.5	-1.4	8.3	8.3	19.8	18.1	16.6	14.0	3.1	14.7	-4.6
Allocation by:												
(i) Official financing	0.0	-0.5	-1.4	1.2	1.2	13.7	12.5	12.8	10.6	0.0	-0.5	-1.5
a. IMF	0.0	-0.5	-1.4	1.2	1.2	7.9	7.5	7.2	5.2	0.0	-0.5	-1.5
Purchases	0.0	0.0	0.0	2.0	1.9	7.9	7.5	7.2	5.2	0.0	0.0	0.0
O/w. for budget support	0.0	0.0	0.0	2.0	1.9	2.9	2.7	1.9	0.0	0.0	0.0	0.0
Repurchases	0.0	0.5	1.4	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.5	1.5
b. IFIs	0.0	0.0	0.0	0.0	0.0	5.8	5.0	5.6	5.4	0.0	0.0	0.0
(ii) External arrears (net)				7.1	7.1	6.1	5.6	-1.2	0.0	0.0	0.0	-1.0
(iii) Financing from external debt restructuring 1/								4.9	3.4	3.1	15.2	-2.0
Sources: Fund staff estimates and projections.												
1/ Calculated as a difference between the debt restructuring scenario and a scenario without debt restructuring.												

Sources: Fund staff estimates and projections.

1/ Calculated as a difference between the debt restructuring scenario and a scenario without debt restructuring.

Table 8. Suriname: Depository Corporations Survey and Central Bank Accounts
(Millions of SRD)

	2016	2017	2018	2019	2020	2021	2021	2022	2022	2023	2024
						EFF request	EFF request				
Monetary Survey											
Net foreign assets	6,447	6,365	8,430	5,867	11,674	24,773	24,088	42,322	43,168	51,701	66,364
Net international reserves (Held by the CBvS)	2,216	2,515	3,685	4,345	7,905	21,859	20,727	38,554	33,807	41,897	55,115
Net other foreign assets	4,231	3,850	4,745	1,522	3,769	2,914	3,361	3,768	9,361	9,803	11,249
Net domestic assets	9,178	10,669	9,977	13,431	20,119	22,796	22,096	18,568	20,096	18,667	17,442
Net claims on the public sector	2,153	3,726	3,462	4,787	11,310	15,707	10,389	11,888	6,463	2,548	-3,257
Of which: on central government	2,373	3,912	3,612	5,055	11,360	15,493	10,209	11,515	6,179	2,245	-3,615
From CBvS	1,436	1,947	1,797	3,248	8,234	10,216	6,877	6,988	2,637	-472	-3,410
From Commercial Banks	937	1,964	1,815	1,807	3,126	5,277	3,332	4,527	3,541	2,717	-205
Net claims LC	473	1,186	1,053	78	985	2,655	358	2,347	283	366	495
Net claims FC	464	779	762	1,729	2,141	2,622	2,974	2,180	3,258	2,351	-700
(In USD millions)	63	105	103	234	153	116	142	72	108	74	-19
Credit to the private sector	7,525	7,618	7,278	7,310	9,288	12,866	11,007	16,333	13,972	17,448	21,098
Other items, net	-500	-675	-764	1,335	-479	-5,778	700	-9,653	-339	-1,329	-399
Broad money 1/	15,621	17,030	18,403	19,269	31,793	47,568	46,184	60,890	63,264	70,367	83,806
Currency in circulation	1,184	1,288	1,504	1,973	3,498	4,329	4,397	4,753	5,046	5,949	7,024
Local currency deposits	4,218	4,783	5,731	6,842	8,473	11,291	10,622	13,448	13,144	16,810	21,684
Foreign currency deposits	10,218	10,959	11,168	10,454	19,823	31,949	31,165	42,689	45,074	47,608	55,098
Central Bank (CBvS)											
Net foreign assets	1,137	512	1,992	2,394	4,039	11,680	11,266	24,828	24,625	32,114	43,697
Net international reserves	2,216	2,515	3,685	4,345	7,905	21,859	20,727	38,554	33,807	41,897	55,115
Of which:											
Gross International Reserves	2,802	3,140	4,296	4,790	8,199	21,862	20,730	42,902	38,073	51,716	72,761
(In USD millions)	381	424	581	648	585	968	992	1,421	1,260	1,620	1,970
Liabilities	-586	-625	-611	-445	-294	-3	-3	-4,348	-4,266	-9,819	-17,646
Net other foreign assets	-1,078	-398	-1,694	-1,951	-3,866	-10,179	-9,461	-13,725	-9,182	-9,783	-11,418
Gross Other foreign assets	673	360	256	21	44	65	63	86	90	95	110
(In USD millions)	91	49	35	3	3	3	3	3	3	3	3
Gross other foreign liabilities	-1,953	-1,944	-1,950	-1,971	-3,910	-10,243	-9,524	-13,812	-9,272	-9,878	-11,528
(In USD millions)	-264	-263	-264	-267	-279	-453	-456	-458	-307	-309	-312
SDR allocations	-909	-900	-906	-901	-1,779	-6,846	-6,189	-9,272	-9,084	-9,679	-11,297
(In USD millions)	-123	-122	-123	-122	-127	-303	-296	-307	-301	-303	-306
RMB Swap with PBoC	-1,043	-1,043	-1,043	-1,070	-2,131	-3,398	-3,335	-4,540	-189	-199	-231
(In USD millions)	-141	-141	-141	-145	-152	-150	-160	-150	-6	-6	-6
Net domestic assets	1,867	3,162	2,984	7,198	8,777	6,614	7,701	-1,637	422	-3,510	-9,156
Net claims on public sector	1,436	1,947	1,797	3,248	8,234	10,216	6,877	6,988	2,637	-472	-3,410
Of which: central government	1,436	1,947	1,797	3,248	8,234	10,216	6,877	6,988	2,637	-472	-3,410
Net claims on commercial banks	-140	186	39	264	-2,496	-8,616	-4,731	-13,087	-6,627	-7,705	-9,852
Other items, net	570	1,030	1,147	3,686	3,038	5,013	5,555	4,462	4,411	4,667	4,106
Reserve money	3,004	3,674	4,975	9,593	12,817	18,294	18,967	23,191	25,047	28,605	34,540
Currency in circulation	1,384	1,550	1,757	2,263	3,861	4,720	4,792	5,182	5,500	6,485	7,656
Bankers deposits	1,557	2,007	3,109	7,211	8,869	13,406	14,054	17,805	19,382	21,947	26,688
Other demand deposits in national currency	25	74	68	90	19	61	23	61	24	24	24
Gold certificates	38	43	42	28	67	107	97	143	141	148	172
Memorandum items: (12-month percent change, unless otherwise indicated)											
Monetary survey											
Velocity (GDP/broad money; end of period)	1.3	1.6	1.6	1.6	1.2	1.2	1.2	1.3	1.2	1.4	1.3
Broad money	53.8	9.0	8.1	4.7	65.0	49.6	45.3	28.0	37.0	11.2	19.1
Broad money (constant exchange rate)	6.6	8.6	8.1	4.7	16.4	16.2	16.1	9.9	12.2	15.6	17.6
Broad money (local currency portion only)	12.6	12.4	19.2	21.8	35.8	30.5	25.5	16.5	21.1	25.1	26.1
Broad money (in real terms)	0.9	-0.3	2.5	0.5	2.6	-5.5	-9.6	1.7	8.9	-5.4	6.2
Broad money (Percent of GDP)	75.6	63.3	61.7	61.2	82.9	84.5	82.1	78.1	81.3	72.8	75.1
FX deposits	3.7	6.6	1.9	-6.4	0.0	0.0	5.5	0.0	0.0	0.0	0.0
Credit to the private sector	25.3	1.2	-4.5	0.4	27.1	38.5	18.5	26.9	26.9	24.9	20.9
Credit to private sector (in real terms)	-17.8	-7.4	-9.4	-3.6	-20.9	-12.5	-26.2	0.9	0.9	6.2	7.9
Credit to private sector (Percent of GDP)	36.4	28.3	24.4	23.2	24.2	22.9	19.6	20.9	18.0	18.1	18.9
Central bank											
Reserve money	15.5	22.3	35.4	92.8	33.6	42.7	48.0	26.8	32.1	14.2	20.8
Reserve money (constant exchange rate)	4.7	24.4	37.1	144.1	-5.6	15.8	23.1	12.4	11.1	15.8	17.8
Reserve money (local currency portion only)	13.5	19.3	33.1	19.1	42.7	25.1	26.3	20.0	18.9	25.1	26.1
Reserve money (in real terms)	-24.2	11.9	28.4	85.0	-16.9	-9.8	-7.9	0.8	5.0	-2.9	7.7
Reserve money (Percent of GDP)	14.5	13.7	16.7	30.5	33.4	32.5	33.7	29.7	32.2	29.6	31.0
Money multiplier (SRD broad money/reserve money)	2.0	1.9	1.7	1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.7

Sources: Central Bank of Suriname; and IMF staff calculations and projections.

1/ The definition of broad money excludes deposits of public nonfinancial corporations (which are included in net claims on the public sector).

Table 9. Suriname: Financial Soundness Indicators
(Percent)

	2016	2017	2018	2019	2020	2021
	Dec.	Dec.	Dec.	Dec.	Dec.	Nov*
Capital Adequacy						
Regulatory capital to risk-weighted assets	5.5	9.3	9.6	11.4	11.8	13.3
Regulatory Tier 1 capital to risk-weighted assets	5.5	8.7	9.0	10.8	10.5	11.9
Tier 1 capital to total assets (leverage ratio)	3.3	5.0	4.9	4.9	4.3	5.3
Asset Quality						
NPL to gross loans	10.8	13.0	12.0	10.6	14.6	12.0
NPL net of provisions to Tier 1 capital	76.8	52.1	39.0	34.9	68.1	39.8
Provisions to total NPLs	43.4	53.2	61.6	60.5	46.0	44.7
Large exposures to capital	609.3	335.4	272.5	228.7	306.5	209.8
Foreign currency loans to total loans	68.4	66.8	62.8	59.2	49.1	56.2
Earnings and Profitability						
Return on assets (ROA, annualized)	-0.7	0.9	0.1	1.0	2.0	1.2
Return on equity (ROE, annualized)	-11.9	16.2	1.9	16.7	34.8	22.3
Net interest income to gross income	67.0	67.4	70.6	69.2	47.7	53.3
Spread between lending and deposit rates (ppts)	7.7	8.0	8.0	7.4	7.4	NA
Liquidity						
Liquid assets to total assets	32.7	37.9	40.2	46.8	51.5	58.0
Liquid assets to short-term liabilities	69.2	82.3	82.1	93.4	101.3	122.2
Total loans to total deposits	52.4	53.7	44.6	47.9	40.2	34.1
Sensitivity to market risk						
Net open positions in foreign currency to capital 1/	51.6	7.1	22.2	11.5	20.8	43.8
Foreign currency deposits to total deposits	71.1	70.1	66.5	60.9	69.2	NA

Source: Central Bank of Suriname

* IMF staff calculations based on individual bank data.

1/ The increase in net asset position in 2016, 2020 and 2021 includes a valuation effect attributable to significant depreciation.

Table 10. Suriname: Schedule of Reviews and Available Purchases

Availability Date	Millions of SDR	Percent of Quota	Conditions
12/22/2021	39.4	30.6	Board Approval of the Extended Arrangement
3/15/2022	39.4	30.6	First review and continuous and end-December 2021 performance criteria
6/15/2022	39.4	30.6	Second review and continuous and end-March 2022 performance criteria
9/15/2022	39.4	30.6	Third review and continuous and end-June 2022 performance criteria
12/15/2022	39.4	30.6	Fourth review and continuous and end-September 2022 performance criteria
3/15/2023	39.4	30.6	Fifth review and continuous and end-December 2022 performance criteria
6/15/2023	39.4	30.6	Sixth review and continuous and end-March 2023 performance criteria
9/15/2023	39.4	30.6	Seventh review and continuous and end-June 2023 performance criteria
12/15/2023	39.4	30.6	Eighth review and continuous and end-September 2023 performance criteria
3/15/2024	39.4	30.6	Ninth review and continuous and end-December 2023 performance criteria
6/15/2024	39.4	30.6	Tenth review and continuous and end-March 2024 performance criteria
9/15/2024	39.4	30.6	Eleventh and final review and continuous and end-June 2024 performance criteria
Total	472.8	366.8	
Memo:			
Quota	128.9		

Source: IMF staff calculations.

Table 11. Suriname: Program Monitoring—Indicators of Fund Credit Under the EFF Supported Program
(Millions of SDR unless otherwise indicated)

	Proj.													
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prospective Drawings	39.4	157.6	157.6	118.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of quota	30.6	122.3	122.3	91.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchases	14.5	0.0	0.0	0.0	0.0	13.1	39.4	65.7	78.8	78.8	78.8	65.7	39.4	13.1
Total Interest / Charges	0.3	1.8	4.2	8.5	10.4	10.4	10.0	9.9	6.9	3.8	2.3	1.4	0.7	0.3
Total Debt Services	14.8	1.8	4.2	8.5	10.4	23.5	49.4	75.6	85.7	82.6	81.1	67.0	40.1	13.4
Percent of exports	0.9	0.1	0.2	0.5	0.6	1.3	2.6	3.9	4.3	3.9	3.7	2.9	1.6	0.5
Percent of usable reserves	4.1	0.3	0.5	0.7	0.9	2.0	4.6	7.6	9.2	9.6	9.9	8.6	5.2	1.8
Percent of GDP	0.7	0.1	0.2	0.4	0.4	1.0	1.9	2.8	0.1	0.1	0.1	0.1	0.0	0.0
Percent of quota	11.5	1.4	3.2	6.6	8.1	18.2	38.3	58.6	66.5	64.1	62.9	52.0	31.1	10.4
Outstanding Credit (eop)	39.4	197.0	354.6	472.8	472.8	459.7	420.3	354.6	275.8	197.0	118.2	52.5	13.1	0.0
Percent of exports	2.4	10.6	19.2	25.7	25.8	24.9	22.3	18.3	13.7	9.4	5.3	2.2	0.5	0.0
Percent of usable reserves	11.0	29.8	39.1	41.4	39.9	40.0	39.5	35.5	29.5	22.8	14.4	6.7	1.7	0.0
Percent of GDP	2.0	9.3	16.2	21.0	20.3	18.8	16.3	13.1	9.6	6.5	3.7	1.6	0.4	0.0
Percent of quota	30.6	152.8	275.1	366.8	366.8	356.6	326.0	275.1	214.0	152.8	91.7	40.8	10.2	0.0
Memo items:														
Quota	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9	128.9
Exports of G&S (US\$ million)	2,330	2,631	2,634	2,653	2,658	2,697	2,761	2,851	2,953	3,081	3,259	3,446	3,642	3,846
Gross International Reserves (US\$ million)	992	1,260	1,620	1,970	2,046	2,003	1,888	1,792	1,697	1,595	1,527	1,476	1,454	1,442
as percent of ARA	110	134	171	212	226	226	218	212	205	195	189	184	182	210
Gross International Usable Reserves (excluding PBoC swap and ring-fenced reserves (US\$ million)	512	934	1,295	1,644	1,720	1,677	1,562	1,466	1,371	1,269	1,201	1,150	1,128	1,116
as percent of ARA	58	109	144	175	182	181	172	165	158	150	145	141	140	139
Nominal GDP (SRD million)	56,240	77,811	96,618	111,558	125,541	139,456	150,848	163,186	176,492	190,926	206,545	223,397	241,613	261,302

Source: IMF staff calculations and projections.

Table 12. Suriname: Quantitative Performance Criteria and Indicative Targets Under the EFF 1/

(In millions of Suriname dollars, unless otherwise indicated)

	2020	2021				2022								
	Act.	end Dec.			Met/Not met	end-Jan.				end-Feb.				
		PC	Adj. PC	Act.		IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	
Quantitative Performance Criteria														
Fiscal/debt targets														
1. Primary fiscal balance (cash basis) of central government (floor) 2/	-2,321	-719	334	3,007	Met	110	TBD	TBD	TBD	221	TBD	TBD	TBD	
2. New natural resource revenue-collateralized debt contracted by or on behalf of the central government and/or SOEs (continuous ceiling) (U.S. dollars)		0		0	Met	0		0	Met	0		TBD	TBD	
3. New central government guaranteed debt (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD	
4. Non-accumulation of central government external debt arrears (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD	
Monetary targets														
5. Gross credit to the central government by the central bank (continuous ceiling) 3/	10,229	0		0	Met	0		0	Met	0		TBD	TBD	
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/4/	-154	348	310	317	Met	11	-2	5	Met	103		TBD	TBD	
7. Net domestic assets of the central bank (ceiling) 2/4/	8,777	-343	161	34	Met	-6	180	-50	Met	-1,134		TBD	TBD	
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD	
Indicative Targets														
1. Social spending of central government (floor) 2/	604	1,070		922	Not met			TBD	TBD			TBD	TBD	
Memorandum items														
Reserve money	12,817	18,294		18,967		18,629		18,950		19,061		TBD		
Reserve money (local currency portion only)	7,342	9,188		9,271		9,341		9,338		9,494		TBD		
Reserve money (constant exchange rates)	12,817	14,838		15,776		14,991		15,670		15,144		TBD		
NFA (constant exchange rates)	4,039	6,403		6,934		6,563		6,878		7,844		TBD		
Gross international reserves (millions of U.S. dollar)	585	968		992		979		986		1,071		TBD		
Usable international reserves (millions of U.S. dollar) 5/	129	501		512		513		505		604		TBD		
Program exchange rate	14.018	14.018		14.018		14.018		14.018		14.018		TBD		

Table 12. Suriname: Quantitative Performance Criteria and Indicative Targets Under the EFF 1/ (concluded)

(In millions of Suriname dollars, unless otherwise indicated)

	2022									
	end Mar.	end-Apr.	end-May.	end Jun.	end-Jul.	end-Aug.	end-Sep.	end-Oct.	end-Nov.	end-Dec.
	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC
Quantitative Performance Criteria										
Fiscal/debt targets										
1. Primary fiscal balance (cash basis) of central government (floor) 2/	331	442	552	663	773	884	994	1,105	1,215	1,326
2. New natural resource revenue-collateralized debt contracted by or on behalf of the central government and/or SOEs (continuous ceiling) (U.S. dollars)	0	0	0	0	0	0	0	0	0	0
3. New central government guaranteed debt (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
Monetary targets										
5. Gross credit to the central government by the central bank (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	114	118	122	156	158	160	192	194	196	226
7. Net domestic assets of the central bank (ceiling) 2/	-1,137	-1,040	-941	-1,263	-1,142	-1,016	-1,316	-1,193	-1,063	-1,332
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
Indicative Targets										
1. Social spending of central government (floor) 2/	371			742			1,112			1,483
Memorandum items										
Reserve money	19,597	21,223	21,856	22,390	22,912	23,444	23,858	24,277	24,660	25,047
Reserve money (local currency portion only)	9,647	9,801	9,954	10,107	10,260	10,413	10,566	10,718	10,871	11,024
Reserve money (constant exchange rates)	15,297	16,306	16,459	16,612	16,765	16,918	17,071	17,224	17,377	17,529
NFA (constant exchange rates)	8,000	8,220	8,277	8,739	8,778	8,811	9,253	9,289	9,316	9,478
Gross international reserves (millions of U.S. dollar)	1,139	1,000	1,004	1,094	1,097	1,099	1,187	1,190	1,192	1,260
Usable international reserves (millions of U.S. dollar) 5/	673	674	678	768	771	773	862	864	866	934
Program exchange rate	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018

Source: Authorities and IMF staff calculations and projections.

1/ Targets as defined in the Technical Memorandum of Understanding.

2/ Cumulative flows from beginning of the year.

3/ The 2020 figure is a stock as of end-June.

4/ The 2020 figure is a stock as of end-December.

5/ Official reserve assets excluding the PBOC swap and ring-fenced reserves.

Table 13. Suriname: Prior Action and Structural Benchmarks under the EFF

Measure	Target date 1/	Status	Objective
Prior Action			
Fiscal			
Submit to National Assembly a supplemental 2022 budget consistent with the parameters of the program.		Expected to be met	Ensure fiscal adjustment in line with program parameters.
Structural benchmarks			
Exchange rate/monetary/safeguards			
Establish competitive FX auctions for the CBvS to undertake buying/selling of FX during periods of disorderly market conditions (defined as when the intraday change in the exchange rate versus the U.S. dollar is more than 2 percent) under the agreed rule.	December 2021	Met	Ensure the CBvS has a mechanism to intervene in the FX market.
Publish on the CBvS's external website the FY 2016 - 2018 audited financial statements.	December 2021	Not met; implemented with a delay (February 2022)	Strengthen accountability and transparency, and reduce risk of misreporting.
National Assembly to pass amendments that are in line with IMF staff recommendations, to inter alia, (i) clarify and strengthen the mandate; (ii) bring CBvS' institutional, financial, and personal autonomy into line with international best practice; (iii) increase transparency, accountability and oversight; (iv) define clear requirements on accounting, profit distribution, reserves and eventual recapitalization of the CBvS and (v) introduce strict limits on monetary financing (with transitional rules).	January 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's mandate, autonomy, governance, and accountability and transparency.
Establish an electronic trading platform for inter-bank/cambio FX trading.	June 2022		Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	June 2022	Proposed to extend to November 2022	Strengthen accountability and transparency, and reduce risk of misreporting.
Develop a time-bound plan for the CBvS's recapitalization agreed between the CBvS and the government.	September 2022		Protect the CBvS's financial autonomy.
Financial/crisis preparedness			
Submit to the State Council the Credit Institutions Resolution Act to increase CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions.	January 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's role in crisis management.
Submit the revised Banking and Credit Supervision Act to the State Council to facilitate risk-based supervision through expanding CBvS' assessment powers to determine bank compliance with regulatory requirements.	January 2022	Not met; expected to be implemented with a delay	Solidify oversight over the financial sector.
Operationalize the Financial Stability Committee, composed of representatives from the MoF and CBvS.	January 2022	Not met; expected to be implemented with a delay	Improve coordination on financial sector issues.
Operationalize a Bank Resolution Unit within the CBvS with appropriate governance arrangements, staffing, funding and clear internal guidelines on how the unit would undertake crisis management and enforcement actions.	February 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's role in crisis management.
Finalize the roadmap for financial sector restructuring and governance reform of banks.	May 2022		Improve strength of the financial sector.
Undertake full asset quality review for the two largest (by assets size) banks (drawing on the expertise of an internationally reputable specialist firm).	September 2022		Diagnose the largest banks and potential recapitalization needs.
Undertake full asset quality review for the remaining banks (drawing on the expertise of an internationally reputable specialist firm).	December 2022		Diagnose the financial sector and potential recapitalization needs.
Fiscal			
Publish a time-bound plan to implement recommendations from technical assistance programs provided by the IMF to streamline treasury functions through the Treasury Single Account (TSA).	January 2022	Met	Improve governance and increase transparency.
Develop a term of reference, with technical assistance from international partners, for hiring specialists to audit outstanding supplier arrears.	January 2022	Met	Improve governance and increase transparency; improve fiscal data reporting.
Raise the royalty on multinational gold mining corporations to 7.5 percent (or raise applicable taxes and fees to a level that would yield additional revenue equivalent to raising the royalty rate to 7.5 percent).	March 2022	Proposed to remove	Ensure fiscal adjustment in line with program parameters.
Passage of laws needed to implement the VAT by the National Assembly.	March 2022		Ensure fiscal adjustment in line with program parameters.
Publish a plan to scale back a range of tax exemptions (including an assessment of existing tax exemptions, the list of exemptions to be discontinued starting April 1, 2022, and the expected revenue impact) aimed at raising additional revenue of 0.4 percent of GDP.	March 2022	New	Ensure fiscal adjustment in line with program parameters.
Commence an audit on outstanding supplier arrears.	April 2022		Improve governance and increase transparency; improve fiscal data reporting.
Publish the financial assessment of EBS that includes its legacy liabilities.	May 2022	New	Achieve full cost recovery in the electricity sector.
Pass laws and issue relevant decrees if needed to expand the legal mandate of the debt management office (SDMO) to include the whole nonfinancial public sector, including all suppliers' arrears, guarantees, and contingent liabilities.	June 2022		Improve debt data reporting.
Create a large taxpayer unit to increase taxpayer compliance.	June 2022		Improve tax administration.
Review the social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits.	September 2022	New	Strengthen social spending.
Publish the audited financial reports for FY2017-FY2021 of the 10 largest state-owned enterprises by total assets and a report that identifies and quantifies the principal fiscal risks created by these enterprises.	December 2022		Contain fiscal risks.

Table 13. Suriname: Prior Action and Structural Benchmarks under the EFF (concluded)

Measure	Target date		Objective
Governance (anti-corruption)			
Ratify the United Nations Convention Against Corruption (UNCAC).	January 2022	Met	Reduce vulnerabilities to corruption and promote investment and growth.
Operationalize the Anti-Corruption Commission (as required by the 2017 Anti-Corruption Act) and adopt an operational framework for its implementation, in line with the UNCAC.	March 2022		Reduce vulnerabilities to corruption and promote investment and growth.
Issue an Implementation Act to amend the Anti-Corruption legal framework to ensure criminalization of all corruption acts (in line with the requirements of the UNCAC) and to strengthen the income and asset declaration provisions in the Anti-Corruption law to support routine verification of income and asset declarations for high-level and high-risk public officials, provide this information to the public and establish proportionate sanctions for non-compliance.	June 2022		Reduce vulnerabilities to corruption and promote investment and growth.
Governance (procurement)			
Enact the new procurement law to centralize the publication of all tenders and contract awards and to expand the Integrated Financial Management Information System to cover procurement, audits, and controls.	June 2022		Strengthen procurement efficiency.
Mandate the publication, on a government website, of all public procurement contracts, the names of the awarded entities and their beneficial owner(s), the names of the public officials awarding the contracts, and an ex-post validation of delivery of the contracted services.	August 2022		Strengthen procurement efficiency.
Governance (AML/CFT)			
Amend the AML/CFT law legislation and other relevant laws and regulations to bring them into line with the FATF international AML/CFT standards (including with respect to the treatment of politically-exposed persons and beneficial ownership requirements).	August 2022		Mitigate the adverse effects of criminal economic activity and promote integrity in financial markets.
Source: IMF staff.			
1/ The target dates for all structural benchmarks are the end of the month.			

Annex I. Capacity Development Strategy

Suriname's capacity development (CD) efforts are aligned with the reform objectives under the Fund-supported program. Key CD priorities include improving the institutional framework for fiscal policy, improving the timeliness and quality of vital economic data and statistics, strengthening the Central Bank of Suriname (CBvS)'s implementation of the reserve money targeting framework, improve governance and the supervisory and crisis management framework, and advancing structural reforms to enhance the AML/CFT Framework. Given the authorities' expected heavy use of CD from the Fund and other development partners and their absorptive capacity constraint, close integration of CD activities and program priorities as well as coordination among CD-providers are critical.

A. Context

1. Suriname faces systemic fiscal and external imbalances as a result of many years of economic mismanagement. The Executive Board on December 22, 2021 approved the country's request for a 36-month arrangement under the Extended Fund Facility (EFF) to support the authorities' economic recovery program. The central objective of the authorities' program is to restore macroeconomic stability and address systemic fiscal and external sector imbalances. The program encompasses the following pillars i) Restore fiscal sustainability and strengthen fiscal management; ii) Bring debt down to sustainable levels; iii) Improve the social safety net to better-protect the most vulnerable; iv) Upgrade the monetary policy framework and maintain a flexible, market-determined exchange rate adopted in June 2021; v) Improve the viability of the financial system (including, where needed, through recapitalization) and develop more effective bank oversight; and vi) Tackle corruption, strengthen institutions and institutional governance, and enhance Suriname's AML/CFT framework. Fund CD is instrumental in advancing the implementation of priority reforms.

2. CD is critical for the authorities to implement the elaborated set of policies under the program. In areas such as government financial statistics and banking supervision, limited data availability and weak data quality could hamper policy formulation and pose challenges to program performance assessment. Further strengthening of CBvS governance and analytical capacity is also urgently needed for the implementation of the new RMT framework with a view to restoring price stability. Previous Article IV consultation pointed out that, while data provision is broadly adequate for surveillance purposes, there are shortcomings with the most affected including national accounts price and labor market indicators, reflecting capacity constraints and limited resources.

B. CD Delivery

- **Fund's CD Engagement with Suriname.** CD activities have increased markedly in 2021 after the authorities requested Fund's support. Table 1 summarizes key CD engagement since 2011. Looking ahead, Suriname is expected to be a heavy user of CD, consistent with the program agenda.

- **Integration of CD in Fund's surveillance and lending.** CD delivery in Suriname has traditionally been closely integrated with the surveillance priorities identified in previous Article IV Consultations. This coordination effort will be stepped up under the Fund-supported program, with the country team and CD providers working closely together, including through mission participation wherever appropriate, to ensure CD is consistently integrated in the authorities' reform priorities and effectively supports program implementation. Given the authorities' absorptive capacity constraints, sequencing and prioritizing of CD across reform streams will be coordinated by the country team, in consultation with the authorities and CD providers. A resident representative office will be established to support CD delivery and coordination going forward.
- **Collaboration with international partners.** Staff have discussed capacity development needs with CARTAC, IDB, CDB, UNODC, OAS, the World Bank Group, the Dutch Ministry of Finance and the Dutch Central Bank. These institutions are currently providing or considering technical assistance in the areas including implementation of monetary policy, taxation, public financial management, real sector and external sector statistics, state-owned enterprises, design of social policies, governance issues, financial inclusion and anti-corruption. Staff are engaging with these partners on a regular basis through joint meetings to ensure consistency of policy advice and synergies in supporting the program's objectives.

C. CD Priorities

3. The main objectives of CD in Suriname are to support the authorities' main reforms under the Fund-supported program. These include implementing reforms to strengthen the institutional framework for fiscal policy, the functioning of the reserve money targeting (RMT) framework, the autonomy and governance of the CBvS as well as the supervisory and crisis management framework to maintain financial stability, improving governance, tackling corruption and enhancing the AML/CFT Framework. Fund's CD is expected to support these main reform areas as follows:

Strengthen the Institutional Framework for Fiscal Policy

4. The authorities' economic plan targets an improvement in the primary balance of around 14 percentage points of GDP over 2021-2024, supported by a balanced mix of revenue and expenditure measures. To support these efforts, the Fund-supported program aims at improving fiscal institutions, including through more efficient revenue administration and public financial management, as well as high-quality data reporting, and analytical and forecasting capacity going forward.

- *Government financial statistics (GFS).* Data quality issues continue to pose challenges in policy formation and assessing program performance. Due to weak public financial management, the government has been unable to provide a reliable reporting of supplier arrears. An independent and comprehensive audit of the stock of arrears is being organized and should be completed by August 2022. In addition, obtaining a consistent summary of public debt that has been contracted (including guarantees not yet called) is hampered by capacity constraints at the Debt

Management Office (SDMO). CD will support efforts to improve the quality and timeliness of fiscal and public debt reporting and to amend the legal mandate and expand the capacity of the SDMO to cover the liabilities of the whole non-financial public sector. The December 2021 STA TA missions identified significant weakness in the compilation of fiscal and public debt data. Follow-up remote technical support in this area is expected to be provided through end-Q1 2022. Two prospective follow-up TA missions are in planning stage with resources yet to be confirmed. Additional resources are also needed to appoint experts to provide hands-on support on fiscal and public debt data collection and compilation.

- *Public financial management (PFM)*: CD in this workstream will support the development of a comprehensive medium-term fiscal framework and a medium-term fiscal strategy to guide the preparation of the budget, the reform and modernization of the Ministry of Finance's cash and liquidity management process and the expenditure control process. In addition, there is a strong need to better identify, assess and manage fiscal risks from state-owned enterprises. Two TA missions were completed in mid-2021 and provided recommendations to the authorities on reforming the Treasury function and improving the financial accounting of budget execution in the Ministry of Finance. A TA mission by CARTAC on improving coverage and quality of fiscal reporting is planned for mid-2022. The authorities are in discussion with the World Bank Group and CARTAC on potential TA on public debt management. Resources for CD in developing a comprehensive medium-term fiscal framework, a medium-term fiscal strategy and review of the expenditure control process, have not been confirmed.
- *Revenue administration*: CD is needed to support the authorities' revenue mobilization efforts, including the transition to VAT by July 2022 (IDB has been providing support in this area but more technical support is needed given the complexity of the transition), creating the large taxpayer units (of which the Dutch government has been providing support to the Surinamese authorities), reviewing the existing fiscal regime governing the operation of the multinational gold mining companies, and conducting a comprehensive review of the existing work process and legal framework of tax administration and customs administration. CD will also support the strengthening of natural resource taxation, which is particularly critical given the potential for revenue from oil resources in the medium-term. Resources for supporting CD activities in this area remain to be confirmed and no technical assistance missions are planned at this stage.
- *Governance of the electricity sector*: The state-owned electricity company (EBS) has been making losses that requires large amount of fiscal transfers to remain in operation. CD is needed to support the authorities' effort to reform the governance of the electricity sector, the management of the state-owned electricity company and the pricing structure of electricity tariff. The authorities are receiving assistance from the IDB for an independent financial assessment of the EBS. Resources for supporting CD activities in this area remain to be confirmed and no technical assistance missions are planned at this stage.
- *Expenditure Policy*: CD in this area would focus on rationalizing the government wage bill and untargeted social spending including the energy subsidies, all of which comprise a significant

share of total spending in Suriname's budget. Resources for supporting CD activities in this area remain to be confirmed and no technical assistance missions are planned at this stage.

- *Improving social safety net:* CD in this area will support improving the design and targeting of the social transfer programs, that is much needed to enhance the social spending quality and efficiency, and ensure the needs of the most vulnerable groups are met. This is particularly important given the slippage of social safety net spending in 2021 and the envisaged further increases in electricity tariffs during the program period. As part of its recently approved social protection support program, IDB will work on enhancing the efficiency and transparency of the cash transfer programs.
- *Other economic statistics:* CD in this area will aim to improving the quality and timeliness of economic data and statistics in monetary statistics, national accounts data, price statistics and external sector statistics. Monetary statistics compilers need CD to ensure data consistency across sectors, in particular, against the public debt data and government financing data. Resource would be also needed to help the authorities expand the coverage of monetary survey to the non-bank financial sector. STA is expected to provide hands-on training to monetary statistics compiler in the Caribbean region this year, which could help address the training needs. TA mission by experts from STA would be needed to help reviewing the data quality and data compilation process of the existing monetary survey and expanding the scope of the monetary survey. Currently, national accounts data is available only at annual frequency and is published with an eight to nine months lag. Shortening the time lag and producing quarterly national accounts data are vital for program monitoring and policy design. CARTAC is planning to develop a capacity development plan with the Surinamese authorities to address the shortcomings in national accounts data. On price statistics, CD resources may be needed to help support the planned rebasing exercise. On external sector statistics, CARTAC has been providing technical assistance to address data gaps in balance of payments and reduce the size of errors and omissions. Follow-up technical assistance from CARTAC will be conducted in April 2022.

Strengthen the RMT Framework

5. The authorities have adopted a flexible exchange rate regime and fully transited to the Reserve Money Target (RMT) framework.
- *CBvS operations.* CD in this workstream is focusing on enhancing the functioning of the RMT framework. The Dutch Central Bank has provided a long-term expert (LTX), who in coordination with MCM/WHd is providing TA on RMT, the auction process for RMT, and the development of an alternative instruments for interbank transactions. Continuous CD is needed to strengthen modelling and forecasting capabilities, monetary policy decision making, and liquidity management, as well as designing an effective communication strategy and developing a medium-term framework for foreign exchange operations and market development. The CBvS has requested CD from CARTAC on the compilation and analysis of monetary statistics. Resources for CD activities in this area remains to be confirmed and no technical assistance missions are planned at this stage.

Strengthen the Autonomy and Governance of the CBvS and the Supervisory and Crisis Management Framework

6. The authorities are revising the CBvS's law to improve the governance structure of the CBvS to enhance transparency, accountability and oversight. In addition, the authorities are revising the Bank Supervision Law to facilitate risk-based supervision of banks including by providing the CBvS the powers to assess banks' business strategies, governance, risk management (including provisioning policies), capital planning, budget forecasting, valuation of collateral, and profit and loss projections. To enable the CBvS to address problems in the banking sector, the resolution framework will be strengthened to increase the CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions.

- *Governance of the CBvS:* LEG is helping the authorities to modify and adopt the CBvS's law to strengthen the CBvS's mandate, autonomy, and decision-making structures. FIN is closely monitoring the implementation of a governance reform implementation plan adopted in June 2021 by the CBvS. CD is needed to help the ministry of finance and CBvS to jointly develop a plan to recapitalize the CBvS. Additional resources may be needed to provide further assistance to the CBvS to implement the governance reform, strengthen CBvS's operations, and develop the recapitalization plan.
- *Financial Supervision and Regulation:* LEG and MCM are in discussions with CBvS to determine what type of assistance can be provided with regard to the Bank Supervision and Bank Resolution Laws. Once the legal framework has been revised and put in place, the focus will need to shift to bank supervision practices and enforcement by CBvS. The team will push for a scoping mission by MCM on this topic to identify which areas need most attention and to provide the authorities with a roadmap for reforms and practical guidance. Resources for supporting CD activities in this area remains to be confirmed and no technical assistance missions are planned.

Improve Governance

- *Improving the AML/CFT framework.* CD in this area will focus on supporting the authorities' effort to strengthen their AML/CFT framework in line with the international AML-CFT standard. This CD Project is being funded by Phase III of the Fund's AML/CFT Thematic Trust Fund. A scoping mission by LEG took place in November 2021 to identify areas of support, including in areas related to (i) legal drafting (ii) risk-based supervision and (iii) support for the MOT (Suriname's financial intelligence unit) and (iv) other measures to support pressures on correspondent banking relationships. Following the scoping mission, staff have started providing legal drafting TA support, including to undertake a desk-review of Suriname's AML/CFT laws.
- *Tackling corruption and improving transparency of the public sector.* CD in this area will be prioritized to support the authorities' effort to revise the Anti-Corruption law and procurement law. Resources for supporting CD activities in this area remains to be confirmed and no technical assistance missions are planned.

D. Challenges and Mitigating Factors

7. The authorities generally have strong ownership of the Fund-supported program and see CD as critical to ensure the success of the program. Nevertheless, risks of delayed implementations are high due to limited human resources, weak information technology infrastructure and absorption capacity constraints. At the same time, the three-year duration of the EFF arrangement is expected to mitigate these risk factors through catalyzing support from IFIs and bilateral partners and incorporating critical CD activities as program structural benchmarks. The Fund's resident representative office is also expected to play a critical role in the coordination of CD between the authorities and CD providers.

Capacity Development Activities (2011-2021)		
TA/Training Mission	Provider	Mission Date
Revenue Administration		
Revenue administration assessment for a high-level implementation plan for the VAT	FAD	Feb 2011
Support during VAT implementation	CARTAC	Oct 2012
Tax and customs: Preparing for the Value-Added Tax	FAD	Mar 2017
Legal and Tax Policy Frameworks: Preparing for the Value-Added Tax	FAD	Apr 2017
Revenue Administration: Follow up on the preparation for the Value-Added Tax	FAD	Oct 2017
Public Financial Management		
Improving fiscal projection and budget preparation capacity	CARTAC	2012
Treasury single account and chart of accounts issues	CARTAC	Jun 2012, Apr 2013
Seminar on central treasury management	CARTAC	Aug 2012
Joint IMF-WB mission on public financial management and related ICT capacity building	FAD	Aug 2012
Joint IMF-WB mission on IFMIS design and implementation	FAD	May 2013
Review of existing reforms including the chart of accounts and IFMIS implementation	CARTAC	Oct - Nov 2013
Establishment of a single treasury account and improving financial reporting	MCM	Jan 2014
Assistance on MTEF and the budget process also present at the ICAC conference	CARTAC	Jun 2014
Establishing a treasury and cash management unit	FAD	Jul 2016
Improved budget execution and control	CARTAC	Oct 2016
Desk reviews for the PFM law and the establishment of a sovereign wealth fund	FAD	2017-2018
Public financial management	CARTAC	Apr 2019
Moving to a Modern Treasury Function	CARTAC	Jun 2021
Accounting and Financial Reporting	CARTAC	Jun 2021
Strengthening Budget Planning and Preparation	CARTAC	Sep 2021
Financial Market Supervision		
Improving insurance supervision	CARTAC	2011
Banking system assessment	MCM	Mar 2011
Bank resolution	MCM	Jan 2012
Banking supervision and securities regulation	CARTAC	Oct 2012
Deposit insurance scheme	CARTAC	January, June and July 2013
Developing macroprudential indicators and measures of systemic risk	CARTAC	Apr 2015
Developing a stress-testing methodology for the insurance sector	CARTAC	May 2015
Development of financial soundness indicators for insurance sector	CARTAC	Jun 2015
Enhancement of financial stability analysis	CARTAC	Jul 2015
Emergency liquidity assistance, early intervention and crisis management	MCM	Aug and Nov 2016
Macroprudential and financial interconnectedness	CARTAC	Nov 2018
International financial reporting system (IFSR9) implementation	CARTAC	Mar 2019
International financial reporting system (IFSR9) implementation, follow-up	CARTAC	Jul 2019
Enhancing the Stress Test Framework	CARTAC	Mar 2021
Financial Market Development		
Capital market development	CARTAC	Nov 2013
Developing pension fund sector	CARTAC	Jul 2016
Central Bank Operations		
Introduction of indirect monetary instruments	MCM	Jun 2011
T-bills auction	MCM	Ma 2013
T-bills auction	MCM	Jul 2013
Central bank modernization	MCM	Septembe 2013
Modernizing payments system at the Central Bank of Suriname	MCM	Octobe 2013
T-bill auctions	MCM	Decembe 2013
Central bank accounting and treasury account rationalization	MCM	Decembe 2013
T-bills auction	MCM	Jul 2014
Macroeconomic and monetary operations	MCM	September 2 2015
TA needs assessment	MCM	Septembe 2015
Exchange rate policy	MCM	Novembe 2015
Monetary framework operations	MCM	Marc 2016

Capacity Development Activities (2011-2021) (Concluded)		
TA/Training Mission	Provider	Mission Date
Central Bank Operations		
T-bills auction	MCM	April 2016
Liquidity management and monetary operations	MCM	June 2016
Enhancing Central Bank financial strength and transparency	MCM	October 2016
Monetary Policy Framework and Foreign Exchange Operations	MCM	January 2020
Desk reviews for Amendment of Central Bank Law	LEG	May 2021
Calibration of Reserve Money Targets	MCM	June 2021
National Accounts and Price Statistics		
National accounts statistics in rebasing the Gross Domestic Products at constant prices and revising the current price estimates	CARTAC	2011
Workshop on national accounts	STA	January 2012
National accounts and expenditure-based GDP	CARTAC	July 2012, July 2013, February 2014
National account statistics on expenditure-based GDP, current prices	CARTAC	February 2014
National account statistics on expenditure-based GDP, current prices	CARTAC	April 2015
National account statistics on expenditure-based GDP, current prices	CARTAC	November 2015
National Account Statistics	CARTAC	February 2017
Price Statistics	CARTAC	August 2017
External Sector Statistics		
Balance of payments statistics assessment (February 2014)	CARTAC	February 2014
BOP and external sector statistics (March 2014)	STA	March 2014
Balance of payments and IIP enhancement (July 2016)	CARTAC	July 2016
External sector statistics (November 2018)	CARTAC	November 2018
External Sector Statistics: Review BOP Time Series (March 2020)	CARTAC	March 2020
Desk review: follow up in external sector statistics (May 2021 – April 2022)	CARTAC	May 2021 – April 2022
Government Finance Statistics		
Government finance statistics	STA	December 2015
Government finance statistics	STA	May 2016
Government finance statistics	STA	May 2017
Government finance statistics	STA	May 2018
Government finance statistics and public sector debt statistics	STA	December 2021
Other areas		
Fiscal law	LEG	August, November 2011
TA results-based management	MCM	February 2012
Electronic auditing course	CARTAC	January 2014
Improving macroeconomic projection frameworks and training staff in forecasting techniques	CARTAC	June 2014
Financial soundness indicators	STA	April 2016
Enhanced General Data Dissemination System (e-GDDS)	STA	February 2017
Macro fiscal scoping mission	CARTAC	July 2018
Scoping mission	LEG	November 2021

Annex II. Debt Sustainability Analysis

With a significant deterioration in the existing imbalances triggered by the COVID-19 pandemic, public debt reached about 148 percent of GDP by end-2020 with GFNs at 18 percent of GDP in 2020. The authorities' preliminary debt restructuring scenario, covering external private and official bilateral debt, and a large fiscal adjustment, suggests that public debt and GFNs would be sustainable on a forward looking basis. However, even after restructuring, public debt would remain high (above 100 percent of GDP) over the medium term and highly vulnerable to macro-fiscal shocks, in particular to real exchange rate depreciation, economic growth, primary balance, and higher recapitalization needs of the banking system and/or the Central Bank of Suriname (CBvS). Vulnerability to real depreciation is mitigated by the significant share of government revenues received in foreign currency.

A. Public Sector DSA

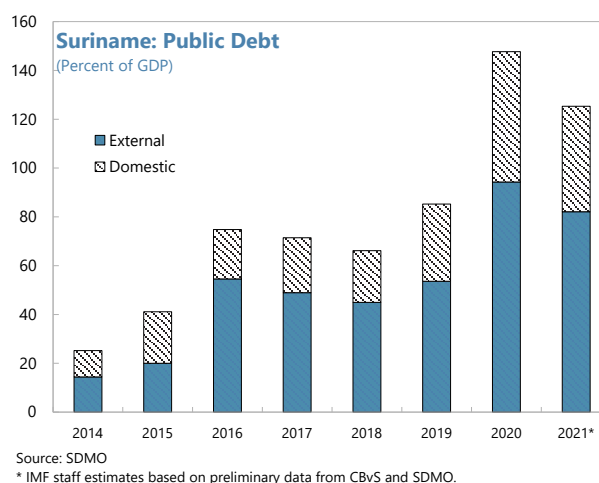
Current Trend of Public Debt

1. Definition. For the purposes of this DSA, “public debt” refers to Suriname’s central government debt including IMF loans to the CBvS. Statistics for the broader public sector are not compiled.

Debt Profile and Recent Developments¹

2. Public debt ratios increased sharply due to large fiscal deficits, exchange rate depreciation, and a large output contraction in 2020. Gross public debt reached about 148 percent of GDP in 2020, larger than many other commodity-exporting countries, including those in Latin America and the Caribbean. Public debt is estimated to have declined to 125 percent at end-2021 compared to 129 percent of GDP at the time of the EFF request staff report (and 148 percent of GDP at end-2020), mainly as a result of the more favorable exchange rate dynamic).

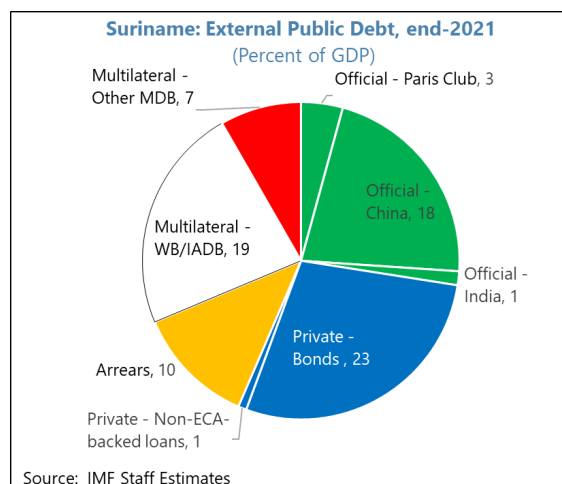
3. External public debt at end-2020 amounted to 94 percent of GDP and is estimated to have declined to 82 percent of GDP by end-2021.² It is comprised of medium- and long-term bonds and loans denominated in foreign currency (US dollar, Euro and Chinese yuan). As of end-



¹ Suriname Debt Management Office (SDMO) classifies liabilities to the Suriname government issued or contracted under domestic or foreign jurisdictions as domestic or external debt, respectively.

² A swap line with PBOC of USD 150 million was not included in public debt because it was not drawn. However, the swap was included in external debt as a short-term liability to the CBvS until its reversal in February 2022. The authorities have confirmed that other than the China EXIM loan to Telesur, there are no outstanding collateral or quasi-collateral arrangements where Suriname has provided security to its official or commercial lenders.

2021, multilateral debt accounts for 26 percent of GDP, out of which, debt owed to the Inter-American Development Bank (IADB) is estimated at 19 percent of GDP. Official debt includes bilateral debt that is estimated at 15 percent of GDP and ECA-backed debt that is estimated at 7 percent of GDP as of end – 2021 (Table 1). Of the official creditors, China is the largest at 18 percent of GDP, followed by the Paris Club at 3 percent of GDP and India at 1 percent of GDP. All ECA-backed guarantees have been called except for India (which remains current) as of December 2021. Private debt is comprised of bonds and



loans, of which two international bonds (placed in 2016 and 2019) account for 23 percent of GDP, and non-ECA backed facilities account for 1 percent of GDP as of end-2021. External arrears of 10 percent of GDP were accumulated to official and commercial creditors as of end-2021 (accumulated arrears as of end-2020 to multilateral creditors were cleared in 2021).

4. Domestic debt reached 53 percent of GDP by end-2020 and is estimated to decline to 43 percent of GDP by end-2021. Domestic debt is comprised of both medium- and long-term bonds, loans and short-term T-bills. Domestic debt instruments are denominated in both domestic currency and foreign currencies (US dollar, Euro).³ In 2021, the CBvS held domestic debt equivalent to 18 percent of GDP. Debt to commercial banks (both loans and T-bills) is estimated at 9 percent of GDP, and debt to non-banking institutions at 5 percent of GDP. The government is estimated to have accumulated arrears to commercial banks and the non-bank private sector of 11 percent of GDP as of end-2021.

Macroeconomic Assumptions

5. The specific assumptions are as follows:

- **Growth:** Real GDP declined by 15.9 percent in 2020 due to a collapse in real activity and lower exports. In 2021, staff expect growth to stay negative, at 3.5 percent, reflecting fiscal and monetary tightening. Over the medium term, growth would recover gradually to 2.5–3 percent, supported by the positive effects from a stabilized macroeconomic situation and restored debt sustainability; growth would be steady at 3 percent over the long term. The overall fiscal multiplier used is 0.3 reflecting *Alichei and others (2019)*.
- **Inflation:** Inflation spiked to about 61 percent (end of period) in 2020, fueled by the high pass-through from exchange rate depreciation—assumed to be about 70 percent over the long term, reflecting the findings of *Shibata (2019)*. End-of-period inflation is expected to remain at about 61 percent in 2021 and further down to 26 percent in 2022. Staff expect inflation to decline to 12

³ Around 27 percent of public domestic debt in 2020 is denominated in foreign currency.

percent by the end of the program period, and then to gradually decrease to 5 percent in the long run, on the back of continued prudent policies.

- **REER.** A depreciation of 19 percent in 2020 eliminated the REER overvaluation.⁴ In 2021, the REER is projected to appreciate by 4 percent. The REER is then projected to gradually appreciate in the medium term and beyond, by about 0.6 percent on average per year, reflecting the Balassa-Samuelson effect.
- **Fiscal Balance:** The primary fiscal balance was -9.7 percent of GDP in 2020 and is projected at -1.3 percent in 2021.⁵ Over the medium term, the primary balance would improve substantially to 4.5 percent of GDP under the program. Fiscal policies implemented during the program period will remain at their 2024 bearings until 2035. After the program, the primary balance is projected to converge to 3.5 percent of GDP and remain at this level until 2035. This fiscal path represents the maximum feasible adjustment. The proposed policy adjustment package is very large, and the long-term primary balance is high by both international standards and historical experience in Suriname. This, however, seems to be unavoidable if debt sustainability is to be restored.

Public Debt under Restructuring Scenario

6. The goal of debt restructuring, in conjunction with fiscal consolidation, is to put public debt on a firm downward trajectory and achieve the medium- and long-term debt anchors.

The overarching objective of the program would be to reduce public debt from 148 percent of GDP in 2020 to 60 percent of GDP by 2035, with an intermediate debt target of 120 percent of GDP by 2024 (end of program); and reduce GFNs to an average of 9 percent and an upper limit of 12 percent over 2023-2035. These would serve as the long-term anchors of the program. The standard MAC DSA thresholds for EMs are GFN of 15 percent of GDP and a debt stock of 70 percent of GDP. However, given Suriname's vulnerabilities, a buffer is necessary. A 60 percent debt-to-GDP target would be consistent with other recent debt restructurings under IMF-supported programs in the region (for example Barbados and Jamaica).

7. The specific assumptions of the baseline program scenario are as follows:

- **Debt restructuring.** Under the authorities' preliminary restructuring scenario, the debt perimeter for restructuring covers external commercial and official bilateral debt (including arrears), in total amounting to about 65 percent of GDP as of end-2020. The restructuring is projected to happen at end-2022 with commercial and official debt service due in 2021 and 2022 becoming arrears. Under this scenario, the face value of external commercial debt, including arrears—bonds and non-ECA backed loans—is reduced by 40 percent at end-2022, and the amortization of remaining debt outstanding would be paused for 3 years. In line with program parameters, the scenario envisages that debt from all official bilateral creditors would be restructured on the

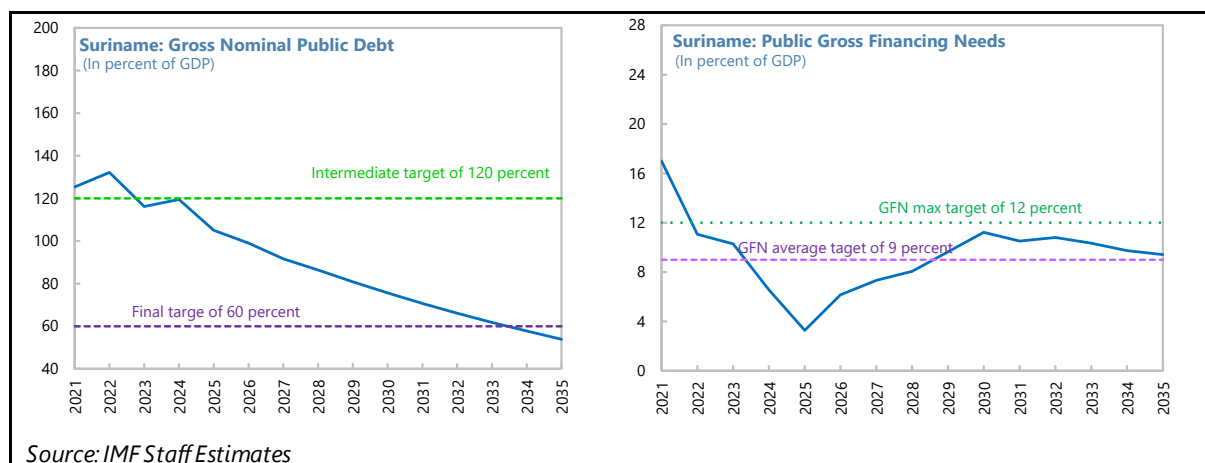
⁴ These estimates are based on the weighted average exchange rate (with 70 percent of the weight allocated to the parallel exchange rate and 30 percent to the official exchange rate).

same terms as the Paris Club creditors. Under the Paris Club stock treatment assumption, there is no face value reduction of ECA-backed commercial debt, including arrears accumulated until end 2022, but amortization of remaining debt outstanding is paused for 8 years. Similarly, there is no face value reduction of official debt, including arrears, and amortization of remaining debt outstanding is paused for 7 years. In addition to the nominal haircut and extension of maturity, the restructuring scenario also assumes interest payments starting in 2023 with reduced average coupon rates of 3.4 percent for non ECA-backed commercial debt and Eurobonds, and around 1.1 percent for official and ECA-backed commercial debt. Under the baseline, this restructuring scenario results in NPV reduction of around 36 percent for official bilateral and 45 percent for external commercial creditors at a 5 percent discount rate, and 62 percent for official bilateral and 58 percent for external commercial creditors at a 10 percent discount rate.

- **CBvS Debt repayment:** Some of the program disbursement is programed to repay part of an existing loan to the CBvS over the program period.
- **Financing:** Financing requirements are reduced significantly over the medium term due to the external debt restructuring (both through the face-value reduction and coupon reduction on existing external bilateral and commercial debt). Project financing from multilateral creditors is assumed to gradually decline in the long term as Suriname switches to market financing of its capital expenditure. Financing from external private creditors is assumed to resume gradually over the medium and long term. Domestic financing is expected to continue.
- **External and domestic arrears.** In line with program parameters, the scenario envisages that one quarter of the stock of arrears owed to the official creditors at end-2021 will be settled six months after the restructuring agreement is reached, and another quarter of the arrears will be settled 4.5 years after the agreement. The remaining stock of arrears to the official creditors, as well as the arrears to external private creditors accumulated from 2020 to 2022 are projected to be addressed as part of the debt restructuring. Arrears to multilaterals have been fully cleared and no new arrears will be accumulated going forward. The government is estimated to have accumulated domestic debt and supplier arrears of around SRD 3.3 billion during 2021. At the end of 2021, the government has restructured around SRD 2.6 billion of domestic debt (loans and T-notes held by banks and private sector including arrears) with maturity extension between 2 to 8 years, which is estimated to have marginally lowered average gross financing needs and debt by 0.1 and 0.2 percent of GDP, respectively, over 2022-2035. Remaining domestic arrears would be cleared between 2023 and 2026.

8. Under this restructuring scenario, public debt is sustainable. Public debt would be placed on a steady downward trend over the medium and long term, falling below 120 percent in 2024, 80 percent in 2030, and 60 percent by 2035. Moreover, GFNs would decline sharply from 17 percent in 2021 to around 7 percent in 2024, rise temporarily to about 11 percent by 2030 (due to debt service to the IMF and repayments of restructured claims), and then gradually decline to 9 percent, remaining at sustainable levels over the long term.

9. The fan charts illustrate the baseline public debt dynamics, along with a symmetric and asymmetric distribution of risks (Figure 1).⁶ With a symmetric distribution of shocks, the debt ratio tends to decrease over the medium term, although there are certain shock combinations that increase this ratio. In the asymmetric scenario, the debt ratio remains elevated under most shock realizations.



10. The risk assessment identifies all public debt and GFN indicators as a high risk for Suriname under the restructuring scenario (Figure 1). Among the indicators on the debt profile, market perception, foreign currency debt and non-residents' holding of public debt are also at high risk. The external financing requirements is deemed at moderate risk.⁷ An additional risk may materialize in case the domestic banking sector is called upon to meet domestic financing needs in a stress event. The banking sector may need to absorb 16 to 18 percent of bank assets of sovereign debt over 2021-26 and 2026-31, respectively, which is a risk to the domestic financing requirements and the banks in their current fragile state.

Stress Tests

11. Due to an elevated level of public debt and prolonged adverse effects of COVID-19, the debt path under the restructuring scenario would remain vulnerable to macroeconomic shocks. Suriname's debt-to-GDP ratio exceeds the emerging market debt burden benchmark of 70 percent of GDP in all shocks (real GDP, primary balance, interest rate and real exchange rate), which signals the need for prudent fiscal policies over the medium term to maintain debt levels in check. Box 1 discusses various shocks and their impact on public debt. The macroeconomic shocks with the largest impact are the macro-fiscal shock that combines shocks on primary balance, real GDP

⁶ The bands in the fan charts show how the debt ratio would evolve if shocks to growth, inflation, the exchange rate, and the primary balance were to materialize, where the distribution of the shocks is based on the country-specific historical forecast errors.

⁷ Under the restructuring scenario, there are no private external financing requirements during the program period (2021-24). However, private external financing requirements would increase to around 4.6 percent of GDP in 2030 before gradually declining to 3.7 percent of GDP in 2035.

growth, real exchange rate, and real interest rates, under which debt would increase by around 180 percent of GDP by 2026, and real exchange rate shock that would push up debt by about 25 percent of GDP by 2026 (both compared to the baseline). Shocks related to staff's assumptions on larger-than-anticipated recapitalization needs of CBvS and commercial banks, and lower-than-programmed commodity revenues would increase debt by 6-10 percent of GDP by 2026.

12. Suriname's debt sustainability would improve meaningfully if some of the upside risks materialize. Recent oil reserve discoveries in Suriname presents considerable upside potential to its economic outcomes and payment capacity. However, in line with best international practice, the DSA does not incorporate impact of future oil production since available information, so far, does not provide assurances about the economic viability of the reserves.

Box 1. Stress Tests on Different Risks

Stress test analysis explores different types of shocks including macroeconomic shocks, commodity-related revenue shocks, and bank recapitalization shocks, reflecting risks in the program:

- Primary balance shock—Baseline minus half of the 10-year historical standard deviation (i.e., the primary balance is lower by 3.0 percent of GDP on average each year over 2022–23). This shock, which highlights risks from weaker program implementation, would raise public debt to 126 percent of GDP by 2024, declining to 104 percent of GDP in 2026.
- GDP growth shock—Real GDP growth is reduced by 1 standard deviation for 2 consecutive years (i.e., growth is lower by 6.4 percent on average each year over 2022–23). The impact of this shock is similar to the primary balance shock, albeit more pronounced with debt increasing to 141 percent in 2024; it highlights the dependence of debt dynamics on the growth recovery.
- Real interest rate shock—Higher real interest rates, by 500bps, would lead to debt increasing to 123 percent in 2024, declining to 113 percent in 2026.
- Real exchange rate shock—This is a large shock. A more depreciated real exchange rate, by an additional 30 percent than under the baseline, would have a large impact on debt which would jump to 149 percent of GDP in 2024 before declining to about 123 percent in 2026.
- Macro-fiscal shock. This reflects a combination of risks materializing simultaneously. It includes individual shocks discussed above and pushes up debt substantially, to 294 percent of GDP in 2024, declining slightly to 279 percent in 2026.
- Larger CBvS and commercial banks recapitalization shock—additional 10 percent of GDP in 2022 corresponding to further deterioration of balance sheets of the CBvS and commercial banks. This shock would shift debt upwards to 130 percent of GDP by 2024, declining to 109 percent of GDP by 2026.
- Commodity-related revenue shock—Commodity-related revenues are reduced by 50 percent for 2 consecutive years (i.e., commodity-related revenues decline by 7 percent of GDP each year in 2022–23). Under this shock, debt to GDP would rise to 126 percent in 2024 and then decline to 106 percent by 2026.

B. External DSA

13. External debt is estimated to be around 164 percent of GDP at end-2020, substantially higher than the 100 percent of GDP at end-2019. The increase in the external debt ratio is largely due to a massive devaluation of the Surinamese dollar and a large output contraction in 2020. Total external debt is forecasted to decline to around 121 percent of GDP at end-2026. It is expected to track public sector external debt, which accounts for more than 50 percent of total external debt, over the next few years and decline substantially due to a large fiscal adjustment and public external debt restructuring. In addition, Staatsolie's external debt which accounts for about 20 percent of the total external debt in the country, is expected to be paid down (on a net basis) contributing to sizable decline of the country's external debt over the projection horizon.

14. While external debt is projected to decline substantially over the medium term, macroeconomic shocks pose significant risks (Figure 6). A depreciation shock to the exchange rate of 30 percent would push up external debt to 146 percent of GDP in 2026, 25 percentage points higher than in the baseline. A permanent shock to the non-interest current account balance (baseline minus half of the 10-year historical standard deviation) would raise external debt to 139 percent of GDP by 2026. A shock of the same magnitude and duration on real GDP growth would result in higher external debt, of 14 percent of GDP by 2026.

15. Continued internal and external adjustment is critical to ensure external sustainability going forward. Fiscal adjustment, public external debt restructuring, and a shift to a flexible exchange rate under a tight monetary framework would help restore stability, eliminate macro-economic imbalances, improve external sustainability and reduce external financing needs.

Table 1. Suriname: Decomposition of Public Debt and Debt Service by Creditor under the Non-Restructuring Scenario, 2021–2024

	Debt Stock in end-2021			Debt Service						
		(Percent (In US\$ mln)	(Percent total debt)	(Percent GDP)	2022	2023	2024	2022	2023	2024
					(In US\$ mln)			(Percent GDP)		
Total	3383	100	125	285	263	333	10	8	10	
External	2216	66	82	227	235	188	8	8	6	
Multilateral creditors	693	20	26	67	65	63	2	2	2	
IMF	55	2	2	0	0	0	0	0	0	
World Bank	5	0	0	0	0	0	0	0	0	
IADB	504	15	19	52	52	50	2	2	2	
Other Multilaterals	129	4	5	15	14	12	1	0	0	
Official Creditors	608	18	23	33	36	35	1	1	1	
Bilateral	418	12	15	4	4	4	0	0	0	
o/w: Paris - Club	31	1	1	4	4	4	0	0	0	
China	378	11	14	22	35	35	1	1	1	
India	9	0	0	3	2	1	0	0	0	
ECA-backed loans	190	6	7	29	31	30	1	1	1	
o/w: Paris-Club	63	2	2	9	11	11	0	0	0	
China	104	3	4	19	18	18	1	1	1	
India	22	1	1	1	2	2	0	0	0	
Private Creditors	644	19	24	101	97	55	3	3	2	
Eurobonds	623	18	23	96	91	51	3	3	2	
o/w: Oppenheimer	623	18	23	96	91	51	3	3	2	
Non-ECA backed loans	21	1	1	6	6	4	0	0	0	
Arrears	271	8	10	0	0	0	0	0	0	
Domestic	1166	34	43	58	28	145	2	1	5	
Creditor breakdown										
Held by non-residents, total										
Held by residents, total										
o/w: Central Bank	486	14	18	0	130	42	0	4	1	
o/w: Local Banks	249	7	9	68	47	104	2	2	3	
o/w: Local Non-Banks	143	4	5	35	25	27	1	1	1	
Arrears	289	9	11	0	52	48	0	2		

Source: IMF staff estimates using preliminary data from Suriname Debt Management Office (SDMO) and CBvS.

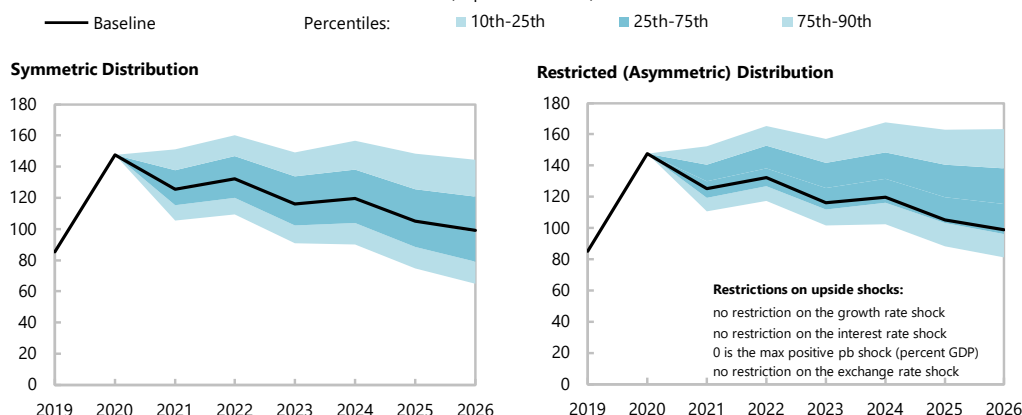
Figure 1. Suriname: Public Debt Sustainability Analysis Risk Assessment for the Restructuring Scenario

Heat Map

Debt level ^{1/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Gross financing needs ^{2/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile ^{3/}	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt

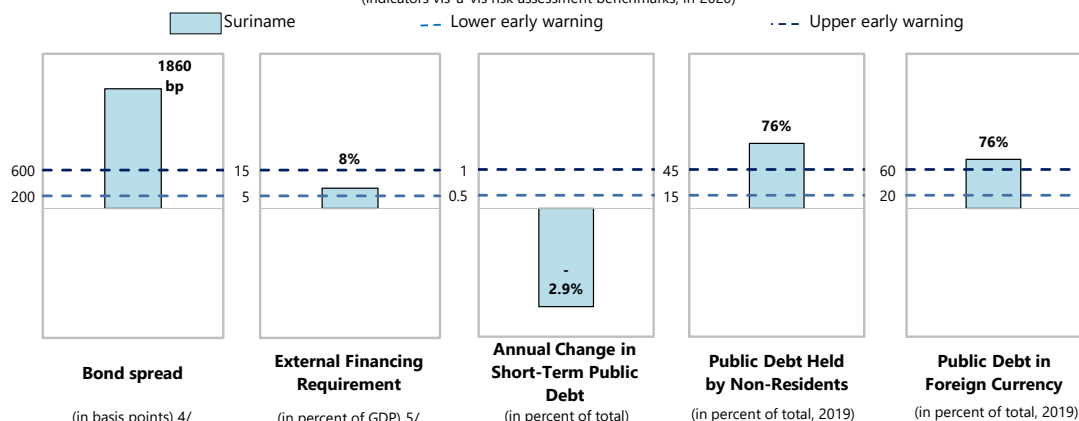
Evolution of Predictive Densities of Gross Nominal Public Debt

(in percent of GDP)



Debt Profile Vulnerabilities

(Indicators vis-à-vis risk assessment benchmarks, in 2020)



Source: IMF staff.

1/ The cell is highlighted in green if debt burden benchmark of 70% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

2/ The cell is highlighted in green if gross financing needs benchmark of 15% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

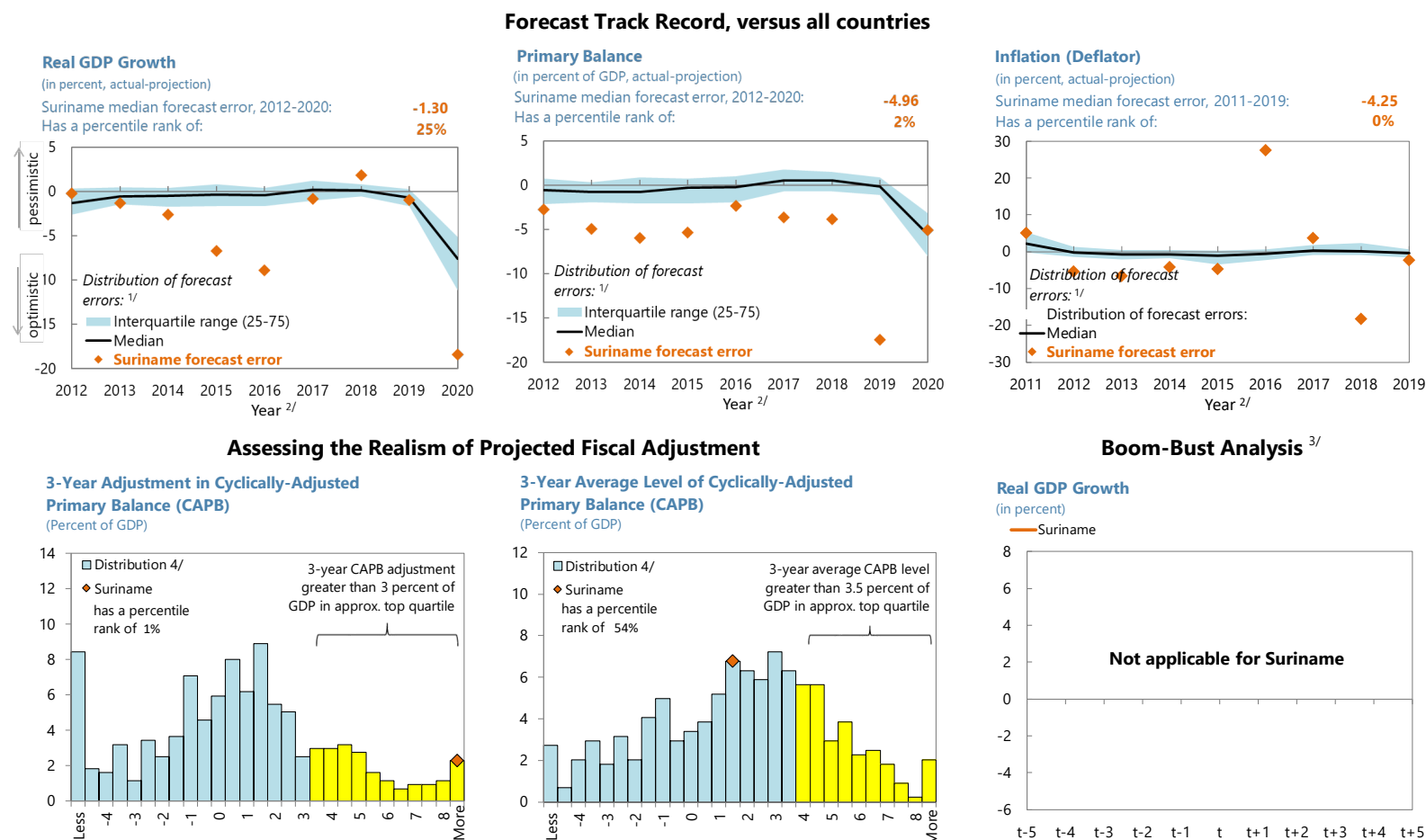
3/ The cell is highlighted in green if country value is less than the lower risk-assessment benchmark, red if country value exceeds the upper risk-assessment benchmark, yellow if country value is between the lower and upper risk-assessment benchmarks. If data are unavailable or indicator is not relevant, cell is white. Lower and upper risk-assessment benchmarks are:

200 and 600 basis points for bond spreads; 5 and 15 percent of GDP for external financing requirement; 0.5 and 1 percent for change in the share of short-term debt; 15 and 45 percent for the public debt held by non-residents; and 20 and 60 percent for the share of foreign-currency denominated debt.

4/ Long-term bond spread over U.S. bonds, an average over the last 3 months, 13-Oct-21 through 11-Jan-22.

5/ External financing requirement is defined as the sum of current account deficit, amortization of medium and long-term total external debt, and short-term total external debt at the end of previous period.

Figure 2. Suriname: Public Debt Sustainability Analysis – Realism of Assumptions



Source : IMF Staff.

1/ Plotted distribution includes all countries, percentile rank refers to all countries.

2/ Projections made in the spring WEO vintage of the preceding year.

3/ Not applicable for Suriname, as it meets neither the positive output gap criterion nor the private credit growth criterion.

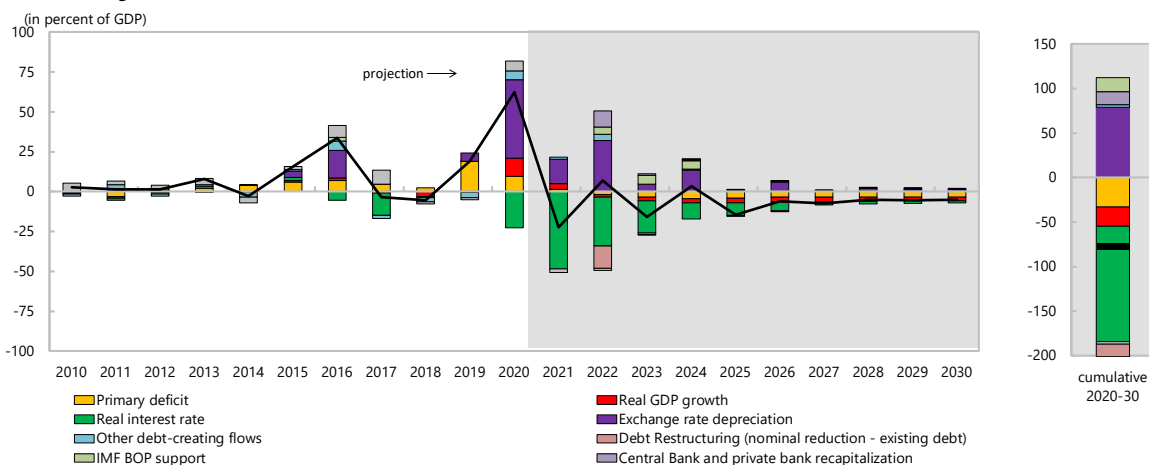
4/ Data cover annual observations from 1990 to 2011 for advanced and emerging economies with debt greater than 60 percent of GDP. Percent of sample on vertical axis.

Figure 3. Suriname: Public Sector Debt Sustainability Analysis – Restructuring Scenario
(In percent of GDP unless otherwise indicated)

Debt, Economic and Market Indicators ^{1/}														As of January 11, 2022		
	Actual			Projections												
	2010-2018 ^{2/}	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
Nominal gross public debt	40.3	85.2	147.7	125.3	132.2	116.2	119.5	105.0	99.0	91.6	86.4	80.9	75.7	Sovereign Spreads		
Public gross financing needs	7.2	28.6	18.3	17.0	11.1	10.3	6.6	3.3	6.2	7.3	8.1	9.6	11.2	EMBIG (bp) 3/		
Real GDP growth (in percent)	1.7	1.1	-15.9	-3.5	1.8	2.1	2.7	3.0	3.0	3.0	3.0	3.0	3.0	5Y CDS (bp)		
Inflation (GDP deflator, in percent)	9.9	4.4	44.9	52.0	35.9	21.6	12.5	9.3	7.8	5.0	5.0	5.0	5.0	Ratings		
Nominal GDP growth (in percent)	11.7	5.6	21.8	46.6	38.4	24.2	15.5	12.5	11.1	8.2	8.2	8.2	8.2	Moody's		
Effective interest rate (in percent) ^{4/}	5.6	4.6	5.3	2.0	2.5	2.8	2.5	2.4	2.3	2.9	3.2	3.3	3.6	S&Ps		
														Fitch		
														Foreign		
														Caa3		
														D		
														RD		

Contribution to Changes in Public Debt															
	Actual			Projections											
	2010-2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	cumulative	debt-stabilizing
Change in gross public sector debt	5.7	19.1	62.5	-22.4	6.9	-16.0	3.3	-14.5	-6.0	-7.4	-5.2	-5.5	-5.2	-72.0	primary
Identified debt-creating flows	2.6	20.6	53.2	-26.6	1.7	-22.3	-3.1	-15.1	-6.6	-7.8	-5.6	-5.9	-5.6	-96.9	balance ^{9/}
Primary deficit	2.6	19.0	9.7	1.3	-1.7	-3.5	-4.5	-4.0	-3.5	-3.5	-3.5	-3.5	-3.5	-29.9	-1.9
Automatic debt dynamics ^{5/}	0.0	4.6	38.0	-29.1	-0.4	-17.6	0.6	-10.3	-2.3	-4.3	-2.1	-2.4	-2.1	-70.2	
Interest rate/growth differential ^{6/}	-2.6	-0.6	-11.4	-44.7	-32.4	-22.3	-12.8	-10.8	-8.3	-4.8	-4.3	-3.9	-3.5	-147.9	
Of which: real interest rate	-2.1	0.1	-22.5	-48.3	-30.7	-20.0	-10.1	-7.6	-5.5	-2.1	-1.8	-1.5	-1.2	-128.9	
Of which: real GDP growth	-0.5	-0.7	11.1	3.5	-1.7	-2.3	-2.7	-3.2	-2.8	-2.7	-2.5	-2.4	-2.2	-19.0	
Exchange rate depreciation ^{7/}	2.5	5.2	49.4	15.6	32.0	4.7	13.4	0.5	6.0	0.5	2.2	1.5	1.4	77.7	
Other identified debt-creating flows	0.1	-3.0	5.5	1.2	3.9	-1.2	0.8	-0.8	-0.7	0.0	0.0	0.0	0.0	3.2	
Debt Restructuring (nominal cut)	0.0	0.0	0.0	0.0	-14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-14.0	
IMF BOP support	0.3	0.0	0.0	0.0	4.7	5.3	5.2	0.0	0.0	0.0	0.0	0.0	0.0	15.3	
Central Bank and private bank recapitalization	0.0	0.0	0.0	0.0	10.0	1.0	0.7	0.6	0.5	0.4	0.4	0.4	0.4	14.2	
External arrear accumulation			3.3	6.6	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.2	
Residual, including statistical discrepancies ^{8/}	3.1	-1.5	5.9	-2.4	-1.2	0.0	0.5	0.0	0.1	0.1	0.0	0.0	0.0	-2.9	

Debt-Creating Flows



Source: IMF staff, Surinamese authorities

^{1/} Public sector is defined as central government.

^{2/} Based on available data.

^{3/} Long-term bond spread over U.S. bonds.

^{4/} Defined as interest payments divided by debt stock (excluding guarantees) at the end of previous year.

^{5/} Derived as $[(r - \pi(1+g) - g + ae(1+r))/(1+g+\pi+g\pi)]$ times previous period debt ratio, with r = interest rate; π = growth rate of GDP deflator; g = real GDP growth rate;

a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).

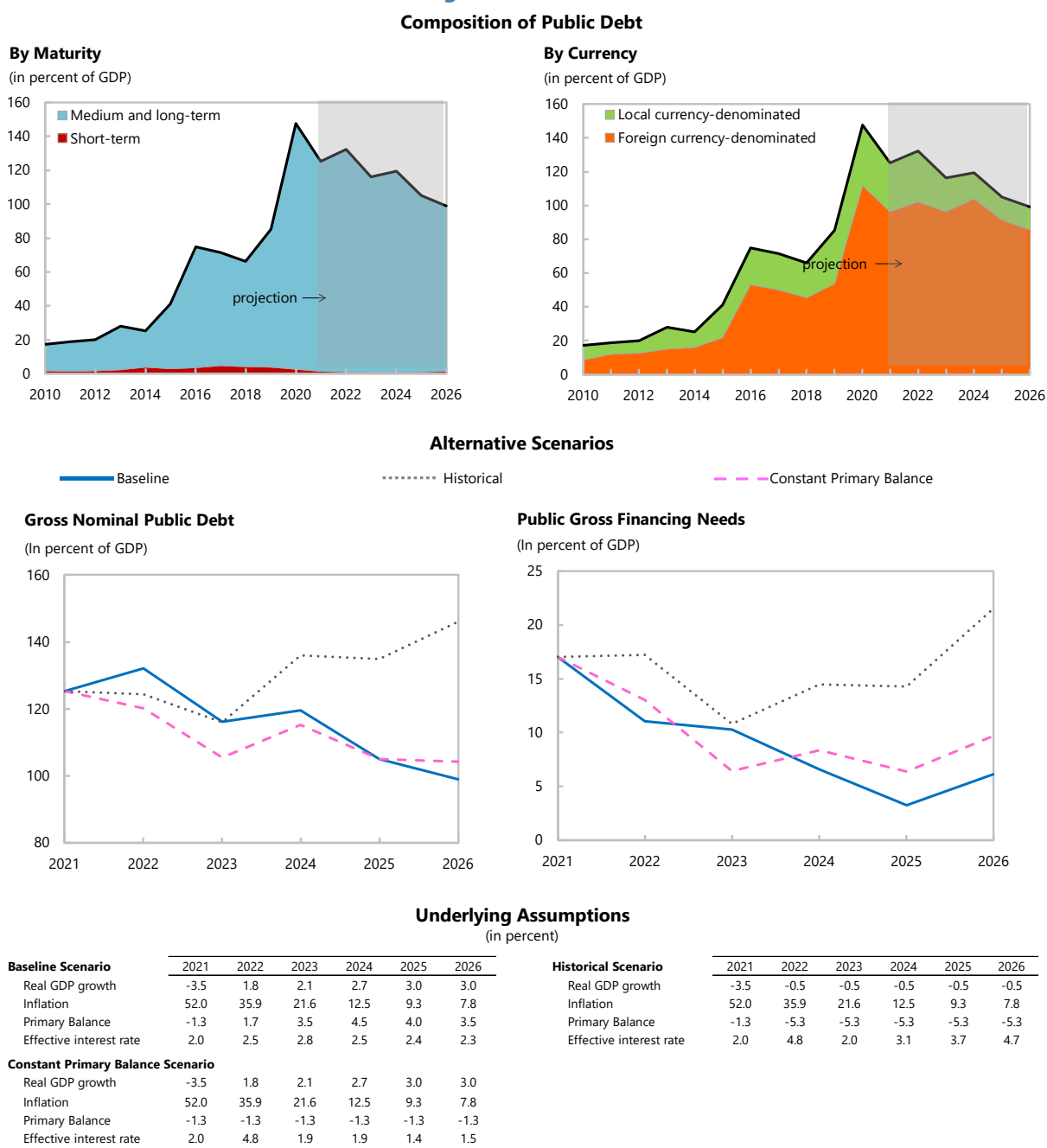
^{6/} The real interest rate contribution is derived from the numerator in footnote 5 as $r - \pi(1+g)$ and the real growth contribution as $-g$.

^{7/} The exchange rate contribution is derived from the numerator in footnote 5 as $ae(1+r)$.

^{8/} Includes asset changes and interest revenues (if any).

^{9/} Assumes that key variables (real GDP growth, real interest rate, and other identified debt-creating flows) remain at the level of the last projection year.

Figure 4. Suriname: Public Debt Sustainability Analysis – Composition of Public Debt Under Restructuring and Alternative Scenarios



Source: IMF staff and Surinamese authorities

Figure 5. Suriname: Public Debt Sustainability Analysis – Stress Tests under the Restructuring Scenario

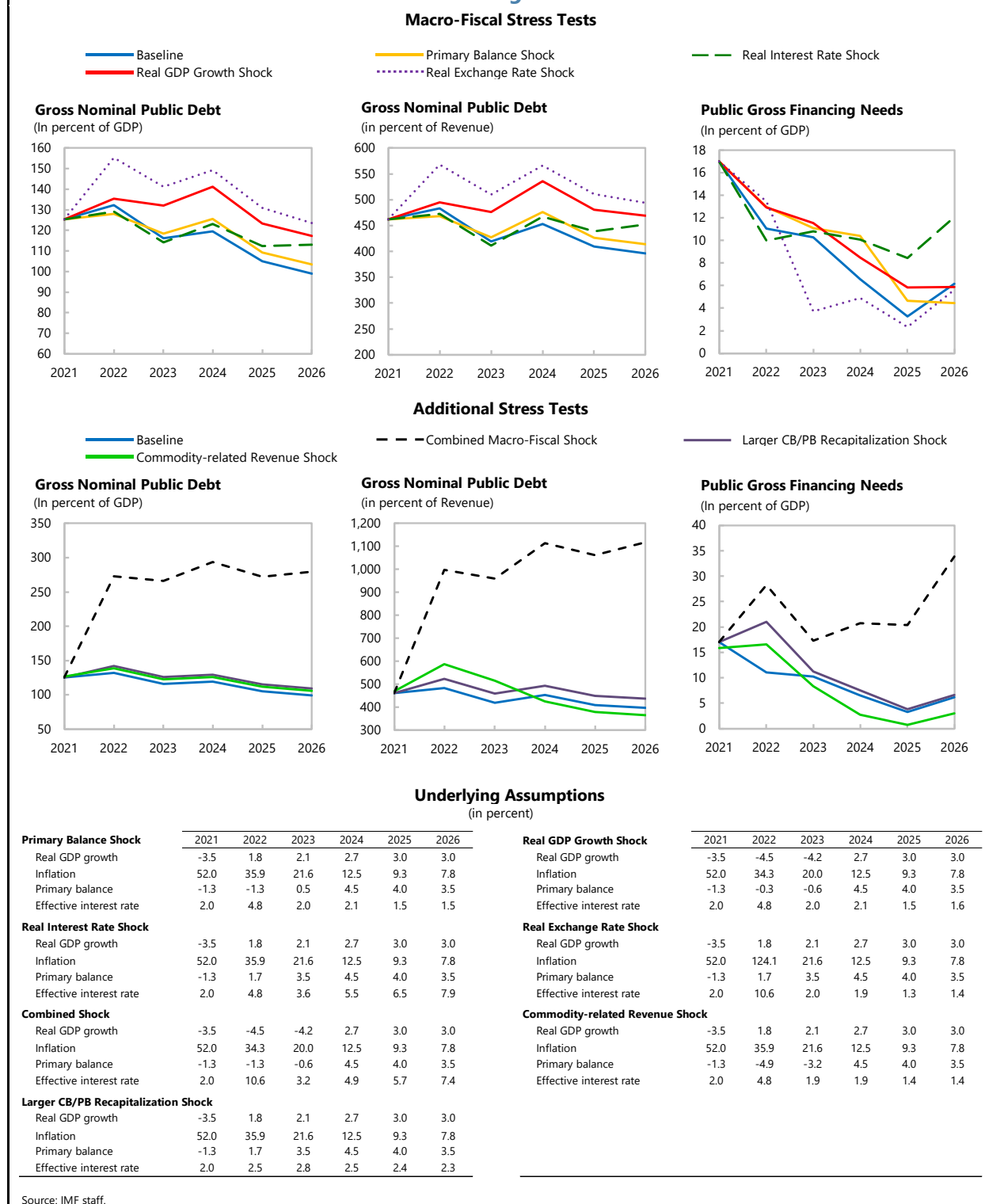
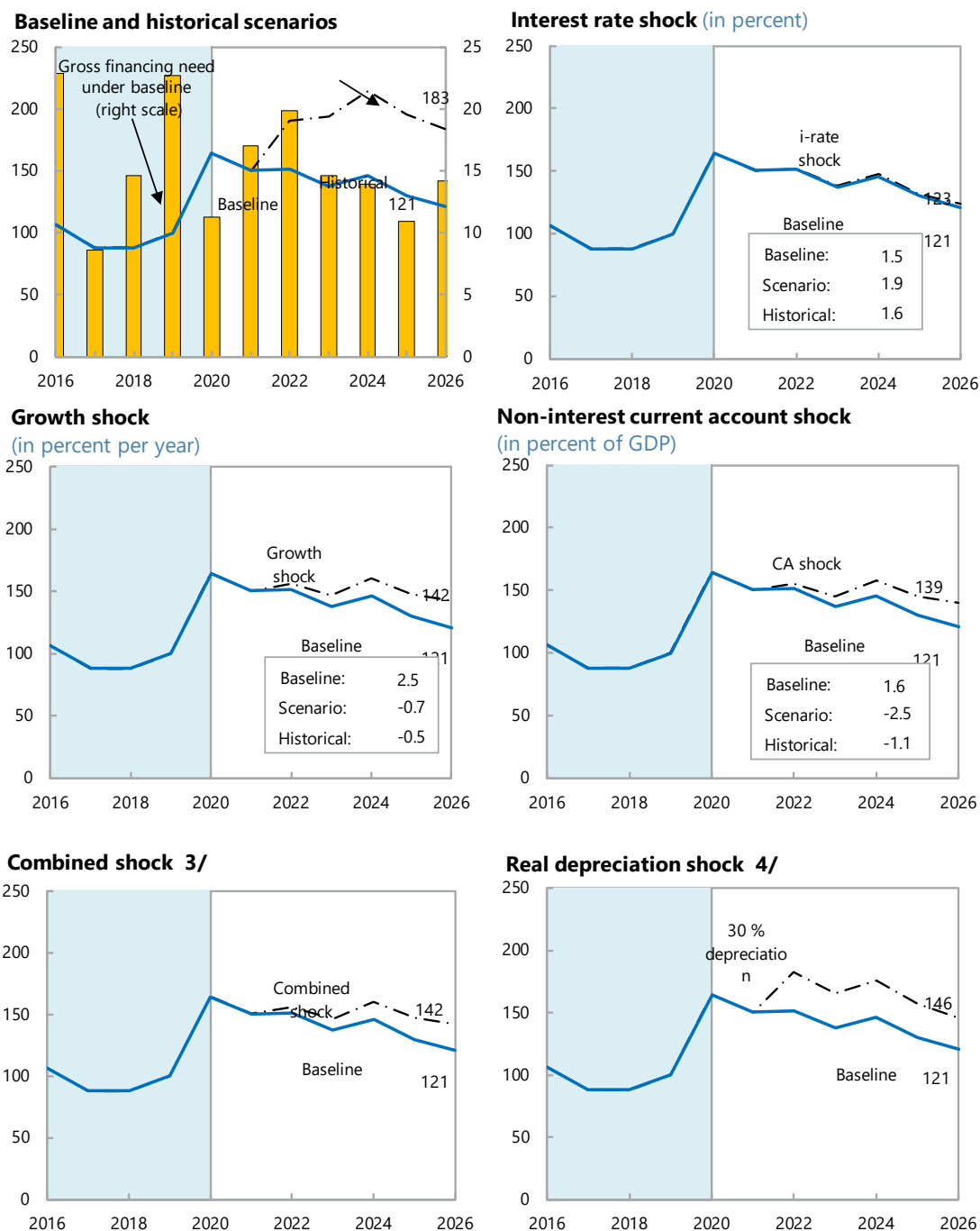


Figure 6. Suriname: External Debt Sustainability: Bound Tests 1/2/
(External Debt in percent of GDP)



Sources: International Monetary Fund; Country desk data; and staff estimates.

1/ Shaded areas represent actual data. Individual shocks are permanent one-half standard deviation shocks.

Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Ten-year historical average for the variable is also shown.

2/ For historical scenarios, the historical averages are calculated over the ten-year period, and the information is used to project debt dynamics five years ahead.

3/ Permanent 1/4 standard deviation shocks applied to real interest rate, growth rate, and current account balance.

4/ One-time real depreciation of 30 percent occurs in 2021.

Table 2. Suriname: External Debt Sustainability Framework, 2016–2026

(In percent of GDP, unless otherwise indicated)

	Actual					Projections						Debt-stabilizing non-interest current account 6/ -2.4		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026			
Baseline: External debt	106.3	87.7	88.0	99.7	164.4	150.3	151.4	137.2	145.8	129.8	120.9			
Change in external debt	56.6	-18.5	0.3	11.7	64.7	-14.1	1.1	-14.2	8.6	-16.0	-8.9			
Identified external debt-creating flows (4+8+9)	56.3	-7.6	-4.4	14.2	30.3	-4.7	1.7	0.3	0.0	-0.5	-0.5			
Current account deficit, excluding interest payments	3.4	-4.2	0.7	9.2	-11.1	-10.1	-2.7	-1.6	-1.5	-1.3	-1.1			
Deficit in balance of goods and services	-99.7	-109.2	-107.7	-117.9	-148.8	-149.2	-162.3	-156.0	-152.6	-148.9	-144.6			
Exports	48.4	59.7	56.0	57.4	84.8	81.6	88.0	84.5	81.8	78.6	75.4			
Imports	-51.3	-49.6	-51.8	-60.6	-64.0	-67.5	-74.3	-71.5	-70.8	-70.3	-69.2			
Net non-debt creating capital inflows (negative)	24.4	2.0	1.5	2.7	1.2	-2.9	3.5	3.2	3.3	3.1	2.7			
Automatic debt dynamics 1/	28.5	-5.4	-6.6	2.3	40.2	8.2	0.9	-1.3	-1.7	-2.3	-2.1			
Contribution from nominal interest rate	1.4	2.7	2.3	2.1	2.2	4.3	2.9	1.3	1.4	1.6	1.4			
Contribution from real GDP growth	3.8	-1.5	-3.9	-1.0	21.9	3.9	-2.0	-2.6	-3.2	-3.9	-3.5			
Contribution from price and exchange rate changes 2/	23.3	-6.6	-5.0	1.2	16.1	...	...	...	...	...	...
Residual, incl. change in gross foreign assets (2-3) 3/	0.3	-10.9	4.7	-2.5	34.4	-9.4	-0.6	-14.5	8.6	-15.5	-8.5			
External debt-to-exports ratio (in percent)	219.5	147.0	157.3	173.8	193.9	184.1	172.0	162.4	178.2	165.2	160.2			
Gross external financing need (in billions of US dollars) 4/	0.8	0.3	0.6	0.9	0.3			0.5	0.6	0.5	0.5			
in percent of GDP	22.8	8.6	14.6	22.7	11.3	10-Year	10-Year	17.0	19.8	14.6	13.9	10.9	14.1	
Scenario with key variables at their historical averages 5/								150.3	190.5	193.9	214.6	195.3	183.4	-1.3
Key Macroeconomic Assumptions Underlying Baseline						Historical Average	Standard Deviation							
Nominal GDP (US dollars)	3.3	3.6	4.0	4.0	2.9			2.9	
Real GDP growth (in percent)	-4.9	1.6	4.9	1.1	-15.9	-0.5	6.4	-3.5	1.8	2.1	2.7	3.0	3.0	
GDP deflator in US dollars (change in percent)	-31.9	6.6	6.0	-1.4	-13.9	-3.3	12.2	2.6	2.8	2.2	1.3	1.4	2.6	
Nominal external interest rate (in percent)	1.8	2.7	2.9	2.3	1.6	1.6	0.8	3.8	2.6	1.1	1.2	1.2	1.2	
Growth of exports (US dollar terms, in percent)	-12.9	33.4	4.3	2.3	7.0	1.7	16.6	-4.7	12.9	0.1	0.7	0.2	1.5	
Growth of imports (US dollar terms, in percent)	-36.5	4.6	16.3	16.6	-23.5	3.2	20.7	4.5	15.2	0.5	2.8	3.7	3.9	
Current account balance, excluding interest payments	-3.4	4.2	-0.7	-9.2	11.1	-1.1	8.2	10.1	2.7	1.6	1.5	1.3	1.1	
Net non-debt creating capital inflows	-24.4	-2.0	-1.5	-2.7	-1.2	-4.8	7.0	2.9	-3.5	-3.2	-3.3	-3.1	-2.7	

1/ Derived as $[r - g - r(1+g) + ea(1+r)] / (1+g+r+gr)$ times previous period debt stock, with r = nominal effective interest rate on external debt; r = change in domestic GDP deflator in US dollar terms, g = real GDP growth rate, e = nominal appreciation (increase in dollar value of domestic currency), and a = share of domestic-currency denominated debt in total external debt.2/ The contribution from price and exchange rate changes is defined as $[-r(1+g) + ea(1+r)] / (1+g+r+gr)$ times previous period debt stock. r increases with an appreciating domestic currency ($e > 0$) and rising inflation (based on GDP deflator).

3/ For projection, line includes the impact of price and exchange rate changes.

4/ Defined as current account deficit, plus amortization on medium- and long-term debt, plus short-term debt at end of previous period.

5/ The key variables include real GDP growth; nominal interest rate; dollar deflator growth; and both non-interest current account and non-debt inflows in percent of GDP.

6/ Long-run, constant balance that stabilizes the debt ratio assuming that key variables (real GDP growth, nominal interest rate, dollar deflator growth, and non-debt inflows in percent of GDP) remain at their levels of the last projection year.

Appendix I. Letter of Intent

Paramaribo, Suriname
March 9, 2022

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Georgieva,

Since the approval of the extended arrangement under the Extended Fund Facility (EFF) by the IMF's Executive Board on December 22nd, 2021, Suriname's economic recovery plan (*Herstelplan 2020-2022*) has begun reversing many years of poorly conceived economic policy, restoring stability and prosperity to our country, and putting the economy on a path of sustainable and inclusive growth. Fiscal and external imbalances have abated, international reserves have recovered due to the SDR allocation and the first disbursement under the EFF, and discussions with Suriname's official and private creditors on a sovereign debt restructuring in line with the program parameters are ongoing.

Nonetheless, Suriname is still facing a severe fiscal and balance of payments crisis that has been exacerbated by the global health crisis. The economy contracted by 15.9 percent in 2020 and is likely to contract by another 3½ percent in 2021. The financial position of the government remains very precarious. Inflation remains high, notwithstanding the significant efforts by the central bank to implement the new reserve money targeting framework. Usable international reserves were low at around 3 months of imports at the end of 2021 amid very low import levels due to import compression. The economic crisis has severely hampered the government's ability to respond to the global health crisis including the ongoing omicron outbreak, particularly given that medical supplies are almost entirely imported. The current situation is placing a heavy burden on the lives and livelihoods of our citizens, particularly society's most vulnerable, and our financial system. Finally, there are significant governance shortcomings that remain to be addressed.

The government is strictly committed to the program and has already taken important steps. First, we passed in the National Assembly a fiscal package that contains the policy measures necessary to achieve our fiscal goals for 2021 and will submit a supplemental 2022 budget that is in line with the program to the National Assembly by mid-March. Second, we are making a significant effort to make a progress on a restructuring of the government's obligations. Third, we have made substantial progress in implementing a system of reserve money targeting, unified the parallel and official exchange rates, and are allowing the exchange rate and short-term interest rates to be determined by market conditions. Fourth, we have intervened in our banks by further intensifying

supervision, and have started an Asset Quality Review for all the banks assisted by an independent reputable international firm based on Terms of Reference agreed with IMF staff to get a better picture of the vulnerabilities in our banking system. We have also progressed with adjustments to financial sector legislation, and will operationalize a Financial Stability Committee (to facilitate coordination and information exchange between the Ministry of Finance and Planning (MoFP) and the Central Bank of Suriname (CBvS)) and a Bank Resolution Unit at the CBvS. Fifth, as part of our communication strategy, we have held frequent discussions with the broad society on the EFF-supported program and the government's economic recovery plan, and we intend to publish this letter on the websites of the (MoFP) and CBvS to keep our citizens and international partners informed about our policy actions and intentions. In that regard, we authorize the IMF to publish this letter, its attachments, and the related staff report, including placement of these documents on the IMF website. Sixth, with the support of the IMF, we have embarked on extensive capacity development programs to further enhance our ability to implement the program.

To support our efforts, we request the completion of the first review of the extended arrangement under the EFF, which will make available an amount equivalent to SDR 39.4 million (30.6 percent of quota or about USD 55 million) upon approval (out of which SDR 14.5 million or about USD 20 million would be for budget support), and the financing assurance and LIA/LIOA review. We also request including three new structural benchmarks into the program, removing one structural benchmark, and resetting the target date for one existing structural benchmark.

The attached Memorandum of Economic and Financial Policies (MEFP) provides an update on recent developments since the approval of the EFF and sets out in detail the steps that the government intends to adopt to achieve its policy objectives. The government stands ready, if necessary, to take any additional measures that may be required during the course of the EFF in order to achieve the objectives of the program. In such cases, the government will consult in advance with the IMF on the adoption of these measures or revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation, to ensure that the objectives of the government's adjustment program are met.

To strengthen accountability and domestic ownership of our economic plan, we have established a social partnership—involving members from the private sector, public sector, unions, academia, and civil society—to monitor program implementation and an independent, home-grown assessment of our progress toward our goals.

The government will provide IMF staff with all the relevant information required to complete the scheduled program reviews and monitor performance on a timely basis. The government will observe the standard continuous performance criteria against imposing or intensifying exchange restrictions, introducing or modifying multiple currency practices, concluding bilateral payment agreements that are inconsistent with Article VIII of the IMF's Articles of Agreement, and imposing or intensifying import restrictions for balance of payments reasons.

Very truly yours,

_____/s/____

Chandrikapersad Santokhi
President of Suriname

_____/s/____

Armand K. Achaibersing
Minister of Finance and Planning
Paramaribo, Suriname

_____/s/____

Maurice Roemer
Governor, Central Bank of Suriname
Paramaribo, Suriname

Attachments: Memorandum of Economic and Financial Policies
Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

This memorandum reports on recent economic developments since the approval of the 36-month Arrangement under the Extended Fund Facility (EFF) in December 2021 and outlines the economic and financial program for which the Government of Suriname is requesting IMF support under the EFF.

I. RECENT DEVELOPMENTS

1. Our administration took office in July 2020 inheriting an extremely challenging economic situation, amid the global health crisis. Systemic macroeconomic imbalances have built up over the last few years. The fiscal deficit widened significantly, leading to a rapid accumulation of debt and undermining the financial position of the government. Without access to market finance, the previous government resorted to monetary financing, which resulted in surging inflation and a large depreciation of the exchange rate. The Central Bank of Suriname (CBvS) intervened to stem the depreciation, which exhausted international reserves. Weak internal controls, both in the Ministry of Finance and Planning (MoFP) and in the CBvS, have undermined public and market trust in Suriname's economic management and governance. Furthermore, weak institutional capacity and significant governance issues have made efforts to correct the imbalances very challenging.

2. As the global pandemic continue to rage, containment measures have remained in place to slow the spread of COVID-19 infections. These necessary measures dragged economic activity down further and increased outlays on healthcare and medical supplies. The shortage of basic imported medical goods, in part a result of limited availability of foreign exchange in 2020-H1 2021, has exacerbated the suffering of our citizens. The government has been actively vaccinating the population. As of mid-February 2022, about 45 percent of the population has received at least one dose of the COVID-19 vaccine and about 40 percent were fully vaccinated.

3. The economy has started to show signs of stabilization in the second half of 2021. The monthly economic activity indicator (12-month moving average) improved from -15 percent in early 2021 to -2 percent in September 2021. Nevertheless, the economy is still expected to contract by 3.5 percent in 2021, as forecasted in the EFF request, following a contraction of 15.9 percent in 2020. Inflation, after peaking at 74 percent (y/y) in August, declined to 60.6 percent at the end of 2021, slightly higher than previously forecasted. The nominal SRD/USD exchange rate remained largely stable since the central bank allowed the official exchange rate to be determined by market conditions in last June and appreciated slightly near the end of 2021. Because of higher inflation registered in trading partners, the real effective exchange rate appreciated by slightly less than expected previously. Import contraction, albeit moderating slightly, remained strong and resulted in a higher current account surplus in 2021.

4. Fiscal imbalances have abated somewhat as shown by recent data. The 2021 primary balance (cash-basis) was estimated to be 3.5 percent of GDP on a cash basis but remained at -1.3 percent of GDP on an accrual basis. Although there were significant cuts in real government spending and a solid revenue performance, significant arrears have been accrued to domestic

suppliers (largely the state electricity and oil companies). Arrears to domestic debt holders and suppliers are estimated to be around 11 percent of GDP. Public debt fell from 148 percent of GDP at end-2020 to 125 percent of GDP at end-2021 mostly due to a more appreciated real exchange rate and fiscal consolidation.

5. Vulnerabilities in the banking system have persisted. Recent data suggests that the solvency situation has further deteriorated in two of the three banks that were already undercapitalized, and they now report negative capital. Also, a fourth bank remains close to breaching the regulatory capital requirement. On the other hand, the banking system has sufficient access to liquidity in different currencies, with banks currently dealing with an influx of cash foreign currency due to their increased role in the foreign exchange market following the unification of the exchange rate. Certain banks continue to maintain self-imposed withdrawal restrictions on transactions though applying them more flexibly, but with the focus now shifting to depositing restrictions to manage the inflow of foreign exchange cash¹.

II. OUR POLICY OBJECTIVES

6. To counter the macroeconomic imbalances facing Suriname the government has embarked on a home-grown program of reforms that rests on the following pillars:

- Restore fiscal sustainability and strengthen fiscal management.
- Bring debt down to sustainable levels.
- Improve the social safety net to better-protect the most vulnerable.
- Upgrade the monetary policy framework and adopt a flexible, market-determined exchange rate.
- Improve the viability of the financial system (including, where needed, through recapitalization) and develop more effective bank oversight.
- Tackle corruption, strengthen institutions and institutional governance, and enhance Suriname's AML/CFT framework.

¹ Half of the banking sector still applies self-imposed withdrawal restrictions, which vary between nominal withdrawal limits, limits based on clients' liquidity profiles and asking clients providing banks advance notice of large withdrawals which often are applied flexibly. In recent months, around half of the banking sector (predominantly the larger banks) are placing self-imposed limits or fees on the depositing of FX cash to manage inflows which are connected to the banks' increased role in the FX-market following unification of the exchange rate. While the former restrictions are maintained for liquidity management purposes, the latter are imposed for operational purposes.

III. RETURNING PUBLIC FINANCES TO A SUSTAINABLE PATH

7. Public debt fell from 148 percent of GDP at end-2020 to an estimated 125 percent of GDP at end-2021 while the fiscal deficit (accrual basis) in 2021 is estimated to be at 1.3 percent of GDP. After being sworn in 2020, our administration began urgently prioritizing spending and, in doing so, lowered the primary deficit from 19 percent of GDP in 2019 to 9.7 percent of GDP in 2020. Fiscal consolidation continued into 2021 with the full year overall balance (cash basis) and primary balance (cash basis) rising to a surplus of 1.4 percent of GDP and 3.5 percent of GDP, respectively. The fiscal position benefited from the depreciation in the (official) real exchange rate (since FX receipts exceed FX spending requirements). Newly accumulated supplier arrears in 2021 are estimated to be around 5.7 percent of GDP.

8. The government will continue the effort to strengthen the fiscal position in the 2022 budget. We plan to submit to the National Assembly a supplemental budget that is fully aligned with the program. The budget envisages a further consolidation of the primary balance to a surplus of 1.7 percent of GDP (about SRD 1,351 million). We also detailed in the budget the government's commitment on limiting the total compensation to civil service and the support to EBS to the budgeted amount, guaranteeing the spending on the four major social cash-transfer programs would adhere to the budgeted level, reducing tax exemption to raise additional revenue starting in April 2022, and enhancing revenue efficiency including by introducing a revenue-neutral withholding tax (on interest payments, royalties, and service fees) in 2022

9. Over the program period, the government continues to aim for a primary surplus of 4.5 percent of GDP by 2024. The program targets an improvement in the primary balance of 14 percent of GDP over 2021-2024 with discretionary policy measures generating around 13 percent of GDP in deficit reduction (the remainder is achieved by an increase in mineral exports receipts and the effects of the real exchange rate depreciation). We have taken important steps already to tap new revenue sources, reduce untargeted subsidies, and contain public sector wages (described in more detail below). We anticipate that these efforts will provide some fiscal space to modestly increase capital spending and expand outlays on social assistance to the poor.

10. A set of ambitious fiscal measures were or will be implemented:

- A 2-percentage point increase in the sales tax on goods and services (a 2-percentage point increase in the sales tax on imported goods was passed in January and the tax was subsequently unified). The tax was raised further in October by 4 percentage points (to 12 percent) levied on all goods and services.
- A plan to replace the sales tax with a new value-added tax (VAT) on July 1, 2022. To support this change, the government has: (i) appointed a MoFP-led Steering Committee to supervise the VAT implementation; (ii) named a full time Implementation Team (including Tax, Customs, and IT officials); (iii) developed a detailed action plan for the transition and a time-bound communications strategy. The government is working to develop regulations, build necessary IT systems, deploy a Taxpayer Advisory Team, and produce manuals for taxpayers. All

accompanying laws needed to implement the VAT will be passed by end-March 2022. To ensure a smooth transition from the sales tax regime to the VAT, and as part of the communication strategy, the government has been meeting with business trade groups and consumers protection advocates to provide an update to the implementation status and answer their questions and concerns.

- An increase in the royalty rate (to 7.5 percent) for small-scale gold miners. A decree to raise the royalty rate for small-scale gold exporters (from 2.75 to 7.5 percent) was issued in January 2021. However, implementation has been delayed due to problems in administering the higher tax rate. The government has now adopted a phased-increase approach and issued a decree to raise the royalties to 4.5 percent at the beginning of 2022 before reaching 7.5 percent by July 2022. Meanwhile, the government has stepped up efforts to improve tax compliance and revenue collection, especially in the mining sector. As a first step, a multi-departmental government task force has been commissioned last November to review the process of revenue collection from small-scale gold exporters. The task force will publish their recommendations to improve the process by April 2022.
- Scaling back a range of tax exemptions to reduce distortions and raise additional revenue. After exploring the feasibility of raising the royalty rate for large-scale (multinational) gold exporters from 6 to 7.5 percent before end-March 2022, we have concluded that the existing contracts contain fiscal stability clauses that preclude an increase in the royalty rate without the consent from the exporters and the parliament. We therefore request to remove the structural benchmark on raising the royalty rate for large-scale gold exporters by end-March 2022. Instead, we propose a new structural benchmark on publishing a plan to scale back a range of tax exemptions (including an assessment of existing tax exemptions, the list of exemptions to be discontinued starting April 1, 2022, and the expected revenue impact) by end-March 2022. We plan to review and scrutinize the currently granted exemptions on their basis, scope, application, and utilization. Exemptions deemed inappropriate would be discontinued starting April 1, 2022 following the completion of the review. In addition, we will hire an international reputable firm to conduct an audit on exemptions granted from 2019 to 2021 to ensure compliance. The audit is expected to complete before August 2022 (interim result would be published by June if available). Appropriate legal actions, including claw back of non-compliant exemptions and penalties, will be followed. These measures are expected to generate additional revenue around 0.4 percent of GDP in 2022, equivalent to that from a 1.5-percentage point increase in the royalty rate can be achieved.
- A one-time solidarity tax of 10 percent on household and business income in excess of SRD 150,000 in the 2021 calendar year.
- Limiting the nominal increase in the government's total wage and benefits bill in 2022 to 25 percent. Total compensation to civil service in 2021 grew only 16 percent to around SRD 4.7 billion, lower than the budgeted amount. We are committed to continue limiting the growth of total compensation to below the projected average inflation. In 2022, the budgeted civil service compensation is SRD 5,845 million, equivalent to a 25 percent of increase from the 2021 level.

Over the course of the program, the government is committed to further lowering the wage bill to below 7 percent of GDP by 2024. The reduction will be achieved through both workforce reductions and a cap on the nominal growth of an individual's compensation at below the projected inflation rate. We are also in the process of conducting analysis on the existing payroll structure (of about 53,000 workers) to identify public functions that could be streamlined through the non-renewal of temporary contracts, the elimination of ghost workers, and rationalizing employment. To help monitor the reform progress, we will publish our employment rationalization strategy in April 2022, including clear quantitative targets to ensure transparency and accountability.

- An increase in the average electricity tariff (through a combination of per-unit tariff rate hikes, adjustments in the base charge, and better targeting of lump-sum consumer subsidies) to achieve full cost recovery by end-2024. This cost recovery tariff would fully eliminate direct and indirect subsidies to Energie Bedrijven Suriname (EBS) for electricity generation, transmission, and distribution, as well as ensure the company's long-term financial viability, solvency, and cost efficiency. We increased the average tariff by 103 percent in July and will further raise it by 25 percent in May 2022. To better understand the financial situation of the EBS, the government will publish a comprehensive financial assessment of the company by end-May 2022 with technical support from the IDB (a new structural benchmark). Going forward, the government will draw up a financial and operational restructuring plan for EBS by September 2022 and implement the plan by end-2023 with a goal of improving the operational efficiency and financial solvency of EBS. The government also intends to reform the administration of the electricity sector and fully equip the Suriname Energy Authority to serve as an independent and transparent regulatory agency that implements quarterly tariff adjustments aligned with the evolution of energy generation costs (starting in January 2023).
- A low "social" electricity tariff will be retained for economically vulnerable customers, determined by a means test of income and assets. As a first step to facilitate an appropriate targeting of these social tariffs, recipients who qualify for means-tested cash transfer programs administered by the Ministry of Social Affairs will automatically start receiving the social tariff in their EBS billing accounts by end-2022.
- Improving budget discipline of public agencies that rely on government transfers by reducing untargeted and poorly targeted subsidies. Transfers and subsidies, excluding electricity subsidies, are about 4 percent of GDP. We are committed to bringing these subsidies down to around 3 percent of GDP by 2024 by improving the spending efficiency of public agencies.

11. The government intends to strengthen the institutional framework for fiscal policy by:

- Improving the existing medium-term fiscal framework, with technical assistance from international partners, by end-December 2022 to guide the annual budgeting process.
- Publishing a medium-term fiscal strategy by December 2022 that establishes clear expenditure and debt targets which are consistent with the program. The strategy will define a binding

spending envelope for ministries and agencies and the mechanism to ensure this envelope is observed. To lend credibility to the strategy, we plan to publish the strategy on the website of the MoFP after receiving approval from the Council of Ministers, the State Council, and the National Assembly.

- Resuming regular reporting and publication of central government outturn data on the MoFP's website, with a lag of no more than six weeks after the closing of a month (starting in February 2022). Before end-2021, the government has already published January 2021 to October 2021 monthly central government outturn data and published November and December outturn on February 28th, 2022.
- Publishing annually audited central government financial statements. The government will begin this process by publishing audited annual central government financial statements for FY2017-FY2021 on the website of the MoFP by end-June 2022.
- Creating a large taxpayer unit to increase taxpayer compliance by end-June 2022.
- Undertaking a comprehensive review of work processes and the legal framework for tax administration processes. A time-bound plan to implement identified improvement measures will be published by end-September 2022.
- Improving the customs administration's approach to risk management, post-clearance audit, and the monitoring and verification of duty concessions, waivers, and exemptions. The government will publish a time-bound improvement plan by end-September 2022.
- Increasing the accountability of SOEs by defining the scope of the MoFP's financial control over the decisions of public corporations and establishing regular reporting and monitoring of the financial performance and quasi-fiscal activities of SOEs. This will include publishing the audited financial reports for FY2017-FY2021 of the ten largest state-owned enterprises (by asset size) by December 2022, including identifying the main fiscal risks that these enterprises pose and the steps being taken to mitigate these risks.
- Reforming and modernizing the Treasury function in the MoFP and adopting the international best practices of cash and liquidity management. To this end, we will implement the recommendations received from our international partners to streamline all treasury functions into a Treasury Single Account (TSA). To help monitor progress, we have published a time-bound improvement plan before end-January 2022. We will continue to partner with our international technical assistance providers to further improve our capacity for liquidity forecasting, debt management, cash planning, arrear monitoring and commitment control.
- A terms of reference to hire specialists for conducting an audit of all outstanding supplier arrears has been finalized. We expect the audit to commence by end-April 2022. To avoid recurrence of arrears accumulation, we will also conduct a comprehensive review of the expenditure control systems, with technical assistance from international partners, to diagnose weaknesses and

options for strengthening the expenditure control framework. We will draw up a time-bound reform plan based on the finding of the review.

- Expanding the legal mandate of the debt management office (SDMO) to include the whole nonfinancial public sector, including all suppliers' arrears, guarantees, and contingent liabilities (by end-June 2022).
- Monthly publication of central government obligations on the SDMO's website has resumed in January 2022, based on a data template agreed with IMF staff and with a lag of no more than four weeks after the closing of a month. SDMO has also published monthly central government debt information from January to December 2021, based on a data template agreed with IMF staff before end-January 2022.
- Commencing monthly publication on the SDMO's website, starting in December 2022, that provides data on the full scope of public sector obligations.
- Creating a public investment and Public-Private Partnership (PPP) unit within the MoFP (by end-June 2023) that would systematically undertake full cost-benefit reviews of all ongoing investment projects, fully cost and provide feasibility studies for all new public investments and PPP projects, introduce a gateway process for PPPs, establish limits on PPP stocks and flows, ensure proper monitoring of the guarantees associated with PPPs, and publish beneficial ownership information for companies that receive public contracts for capital projects.

IV. RESTRUCTURING PUBLIC DEBT

12. The government is committed to putting public debt onto a sustainable path.

- This will require debt relief from creditors and the government has approached both official and commercial creditors to initiate orderly restructuring discussions. The government appointed financial and legal advisors in September 2020 to negotiate the restructuring of the privately-held external debt.
- We are committed to reducing public debt to below 120 percent of GDP by 2024 and, further, to 60 percent of GDP by 2035. We will lower our gross financing needs to an average of 9 percent of GDP in 2023-35 (and no higher than 12 percent of GDP in any one year). Our program ensures the fiscal position is fully financed from 2022-2024.
- We have followed best practices in sovereign debt restructuring, including taking into consideration inter-creditor equity and comparability of treatment of all official bilateral creditors. We have engaged with private external creditors in good faith, by engaging in an early dialogue with creditors, sharing relevant, non-confidential information with all creditors on a timely basis and providing creditors with an early opportunity to give input on the design of restructuring strategies. We are committed to continue working with all creditors to achieve a debt treatment consistent with program parameters, and recognizing that servicing debt on the

original terms would not be consistent with debt sustainability, Paris Club creditors have provided specific and credible assurances that they will provide debt relief in line with program parameters. China and India have also provided assurances, although less specific than those provided by the Paris Club creditors, that they intend to work with us towards a debt restructuring that will restore sustainability. China and India have provided consent to Fund financing notwithstanding arrears to them. We will continue working with all creditors with a goal to achieve a suitable debt treatment consistent with program parameters and commit to resolving debt to all official bilateral creditors on comparable terms. Suriname will refrain from making payments on any official bilateral debt on terms that are more favorable than those provided to other official bilateral creditors.

- As part of the commitment to restore debt sustainability, the government has been working on restructuring some of the domestic debt. Going forward, the government will repay some of the legacy debt owed to CBvS by June 2024. Furthermore, the government will not provide guarantees to debt contracted by other parties during the course of the program, nor will it contract new debt that is collateralized by natural resource revenues (or allow the public sector to contract such kind of debt on behalf of the central government). So as not to unduly influence the domestic FX market or complicate the reserve money targeting framework, the CBvS has discontinued the issuance of new FX-linked or FX-denominated debt.
- To underscore the government's commitment to transparency, we have already provided Fund staff with the contracts for all public sector borrowing under external law—including that of Staatsolie—from official and private creditors.

V. STRENGTHENING THE SOCIAL SAFETY NET

13. Poverty rates have increased significantly over the past few years with an estimated 26 percent of the population living in poverty as of 2017². The economic crisis has likely pushed more people into hardship and exacerbated inequalities but unfortunately timely and reliable data on the extent of poverty is not available. To protect our most vulnerable citizens, in July 2021, we expanded the size of existing targeted cash transfer amounts to ensure that economically vulnerable citizens are compensated for the increase in cost of living and the reductions in subsidies. Administrative and digitalization efforts are ongoing to identify eligible recipients that are currently not receiving benefits as well as to eliminate duplication. However, spending on social cash-transfer programs is estimated to have fallen short of the December indicative target by 0.3 percent of GDP due to unforeseen logistical difficulties in delivering cash transfers to certain households and a slower-than-expected expansion of coverage which reflects weak institutional capacity in identifying and expanding programs to needy households. As a sign of our commitment to enhancing social support measures in the coming years, we are committed to disbursing the delayed payments in 2021 by March 2022 and maintaining social spending on major cash transfer programs above 1.9 percent of GDP per year. To that end, in March 2022, we will increase the cash transfer amount to

² Based on the 2017 Suriname Survey of Living Conditions.

individual recipients in three of the major cash transfer programs by at least 25 percent to keep pace with inflation. To reduce transaction costs and delays in transfers, we will work on expanding our digital payment capacity to cover all beneficiaries living in the coastal areas. To help expand the coverage, we will complete digitalizing the files of beneficiaries of all four cash transfer programs and connect our database with the list of vulnerable households identified in the electricity customer database. Finally, we will also review all social protection expenditures and publish a time-bound, strategic plan to improve the efficiency and effectiveness of social assistance programs by end-September 2022 (a new structural benchmark).

VI. UPGRADING MONETARY POLICY AND EXCHANGE RATE MANAGEMENT

14. We have made important progress in implementing the reserve money targeting framework. Our reserve money targeting system aims to lower inflation to 12 percent by end-2024. To achieve these outcomes, we have established prudent monthly targets for Net International Reserves (NIR) and Net Domestic Assets (NDA) that will be monitored during the course of the Fund-supported program. The CBvS met the NDA and NIR targets but reserve money grew at a faster-than-targeted rate by end-year due to overperformance in the build-up of NIR and lower than expected sterilization. While inflation in December turned out to be modestly above the levels forecasted in the program, the CBvS remains committed to achieving the downward path for inflation targeted in the original program request. We have met all monetary indicative targets under the program as well as our targets on reserve money in local currency set for end-January 2022. The CBvS continues to drain liquidity from the banking system which has resulted in an increase in 7-day interest rates to around 80 percent at end 2021 before declining to 57 percent by mid-February (although higher money market rates are not yet feeding into higher deposit and lending rates based on December data). There has been broad participation by banks in the CBvS's liquidity withdrawing operations. Nonetheless, the CBvS will expand its auctions of certificates of deposits and term deposits to qualifying nonbanks to strengthen monetary transmission and improve operations in achieving its reserve money goals. We are allowing interest rates to move freely, in line with market conditions and consistent with the focus on monetary aggregates in our monetary policy framework. The CBvS will remunerate local currency reserve requirements by mid-2022, depending on the functioning of the interest rate mechanism, as expected under the RMT framework, and any impact on the CBvS' financial position due to the remuneration will be addressed by the planned recapitalization of the CBvS (see ¶126).

15. The CBvS has put in place a standing lending facility and is working towards developing an emergency liquidity assistance (ELA) framework for banks. Banks have unrestricted access to the facility but the CBvS intends to initiate supervisory investigations (and, if needed, supervisory actions) for any bank that is a recurrent and sizeable user of the standing lending facility. The facility is priced on the basis of the weighted average price of open-market operations plus a modest spread (to incentivize banks to tap interbank funding markets rather than rely on the standing facility). Any injection of liquidity through the standing lending facility will be fully sterilized through the issuance of CBvS certificates of deposits and/or term deposits so as to ensure the supply of reserve money is consistent with the CBvS' reserve money targets. The CBvS is

developing an ELA framework to provide emergency liquidity to banks which it intends to have in place by April 2022.

16. The CBvS has stepped up efforts to improve its liquidity monitoring and forecasting capabilities to ensure the smooth functioning of the reserve money targeting framework. The CBvS and the MoFP have formalized a regular data exchange arrangement (codified in a Memorandum of Understanding (MoU) that has been signed by the Governor of the CBvS and the Minister of Finance) in order to improve the CBvS forecasting of government expenditure and revenue inflows.

17. The CBvS remains committed to a fully flexible exchange rate and to refrain from foreign exchange interventions, except in cases of disorderly market conditions. All foreign currency sales and purchases by the CBvS will be undertaken with banks and cambios through transparent fixed allotment/variable price auctions which were operationalized in December 2021. Over-the-counter sales or purchases to/from state-owned enterprises or private sector entities have been discontinued. The CBvS has not intervened in foreign currency markets and the continuous PC of zero purchases/sales of FX from/to SOEs and the private sector was met. The nominal exchange rate has traded in a narrow range with a brief period of modest appreciation pressures in late December. The parallel market continues to trade close to the official rate. Banks and cambios set their exchange rate without any restrictions. The government sells all net FX receipts (including from IFI budget support) to the CBvS only, at the prevailing market exchange rate, and receive a counterpart deposit in domestic currency. The CBvS will fully repay the long-term loan to commercial banks in line with the agreed schedule.³ Foreign currency sales by the CBvS will be permitted only in the event that the SRD-USD exchange rate records an intraday depreciation in excess of 2 percent. In such circumstances, the CBvS will have an option to sell up to USD 2 million in the course of the day (via competitive auctions). These sales would not be sterilized and would lead to a one-for-one reduction in reserve money. Gross FX sales by the CBvS are further capped at USD 20 million per quarter. The CBvS does not see the need, in the foreseeable future, to purchase FX in the market since reserves will be rebuilt at a sufficient pace from government sales to the CBvS of FX budget support. In case private FX inflows are larger than expected, the CBvS would have the option to intervene to purchase this FX in transparent, pre-announced fixed allotment/variable price auctions and build reserves at a faster pace. The CBvS would sterilize these purchases.

18. The CBvS continues to work to develop the foreign exchange market. An electronic trading platform for interbank foreign exchange trading (open to both commercial banks and cambios) is expected to be established by June 2022 (structural benchmark). FX surrender requirements for exporters and cambios to sell part of their FX proceeds to the CBvS have been suspended and we will amend the FX surrender regulations to redirect these FX inflows from exporters to the interbank market and remove the FX surrender requirements for cambios.

³ This is an FX denominated loan (USD 160 million) with the maturity of eight years.

VII. BOLSTERING THE BANKING SYSTEM

19. There remain significant vulnerabilities in the banking system. Although the reported combined capital adequacy ratio per November 2021 comes in at 13.3 percent, several banks are under-capitalized and non-performing loans are high (12.0 percent of gross total lending and 12.7 percent of net total lending respectively as of November 2021) and likely to continue to rise in the near future as the impact of the economic contraction crystalizes. Foreign currency loans are a particular vulnerability given that they make up around 55.5 percent of total lending and prior to 2016 have been extended to individuals and businesses largely without a natural FX hedge or with an insufficient hedge.

20. The government is committed to ensure a healthy and adequately capitalized banking system. To this end, the CBvS has started an asset quality review for all banks assisted by an internationally reputable specialist firm based on Terms of Reference agreed with Fund staff. An asset quality review for the largest two banks has started and will be completed by September 2022. Further asset quality reviews, covering the remainder of the banking system, will be completed by December 2022.

21. The government will develop a roadmap for financial sector restructuring and governance reform of banks. The document, to be finalized by May 2022, will set out scenarios developed by the CBvS for triaging the banks depending on the outcome of the asset quality reviews. In line with this roadmap, reviewed banks will be required to submit plans with time-bound actions to address any breaches of prudential requirements and ensure their viability going forward. These plans will include, where appropriate, a business, recapitalization and restructuring plan dealing with the root causes of the difficulties and setting out implementation milestones. The CBvS will review these plans to verify their credibility and, if found credible, oversee their implementation. In parallel, the government in its capacity as shareholder and bank owner, will catalyze governance reforms to ensure that publicly owned banks are run at arm's length and on a commercial basis. The CBvS will take appropriate action regarding banks experiencing difficulties, including by imposing prompt, corrective actions. Given the increased level of vulnerabilities, the CBvS has increased the intensity of its supervision of all banks.

22. To enable the CBvS to address problems in the banking sector, the resolution framework will be strengthened. The government is expected to submit the Credit Institutions Resolution Act to the State Council in March 2022 with a view to adoption by the National Assembly by September 2022. This will increase the CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions. The law will closely follow international best practices and give the CBvS powers to directly intervene in a bank. To implement the new mandate, a new Bank Resolution Unit within the CBvS will be operationalized in March 2022 with appropriate governance arrangements, staffing, funding, and clear internal guidelines on how the unit would undertake crisis management and enforcement actions.

23. The CBvS intends to enhance bank supervision and its institutional capacity for crisis management by:

- Operationalizing in March a new Financial Stability Committee—made up of representatives from the MoFP and the CBvS—to exchange information, diagnose risks to financial stability and coordinate and develop concrete plans to manage and mitigate those risks.
- Reviewing and revising the Banking and Credit Supervision Act which is expected to be submitted to the State Council in March 2022 with a view to adoption by the National Assembly by September 2022. This revision will help facilitate risk-based supervision of banks including by providing the CBvS the powers to assess banks’ business strategies, governance, risk management (including provisioning policies), capital planning, budget forecasting, valuation of collateral, and profit and loss projections. This will allow supervisors to better determine a bank’s compliance with regulatory requirements.

24. The government is prepared to take further actions to safeguard financial stability. For the foreseeable future, although self-imposed limits on withdrawals have mostly been abandoned or relaxed, some commercial banks intend to keep in place existing limits on transactions in foreign currency and domestic currency to manage their liquidity position⁴. The CBvS is prepared, in consultation with Fund staff, to consider measures if needed to stabilize pressures on the balance of payments. In the event that such measures give rise to restrictions on current transactions, the authorities will request a waiver for non-observance of the performance criteria on exchange restriction/MCPs and will work with Fund staff to adapt the program and provide a clear roadmap toward the gradual elimination of such exchange restrictions/MCPs.

25. The government is determined to implement other important reforms to modernize the management of the financial sector. The government is committed to improving the supervision of the insurance sector and of pension and provident funds as well as establish credit reporting, deposit insurance, and improving electronic transactions. Draft laws in these areas are under preparation. Ongoing efforts to strengthen the AML/CFT framework will support the financial sector. Given limited resources, the authorities will prepare a comprehensive plan to coordinate and integrate the various reform initiatives to ensure timely implementation, supported by technical assistance by the IMF and other parties.

VIII. IMPROVING FISCAL AND MONETARY GOVERNANCE

26. To bolster the transparency of the CBvS, special audits of program monetary data used as performance criteria are being conducted. An audit for end-December 2021 was completed and will be performed for each future test date to confirm the data underlying the performance criteria. In addition, the CBvS has commenced internal audit activities with the assistance of the external consultant contracted to co-source the function. Finally, the CBvS has published on its

⁴ For more information, we refer to MEFP paragraph 5 above.

external website the FY 2016-2018 audited financial statements on February 7, 2022. FY 2019 statements will be published in March 2022 and the audited FY 2020 and 2021 financial statements will be prepared in line with International Financial Reporting Standards and published by end-November 2022.

27. The government is committed to strengthen the CBvS' mandate, governance, and financial autonomy. To this end, a new MoU between the Governor of the CBvS and the Minister of Finance was signed to preclude all new, direct or indirect, gross CBvS financing of the government. In addition, the Board of the CBvS has adopted a Governance Reform Implementation Plan to strengthen the governance and control environment including in: (i) legal amendments; (ii) strengthening collegiality in decision making and implementation of the Handbook of Sound Governance; (iii) establishing critical functions, such as compliance, risk management, and internal audit; and (iv) introducing a reporting mechanism to the Board and its committees. The Supervisory Board continues to monitor the roadmap's implementation; the most recent review was completed in December and is published on the CBvS' website. We remain committed to promptly implement the outstanding safeguards recommendations. The National Assembly is expected to adopt amendments to the CBvS Act by April to permanently prohibit monetary financing of the government and improve the governance structure of the CBvS by:

- Clarifying and strengthening the mandate of the CBvS.
- Bringing the CBvS' institutional, financial, and personal autonomy into line with international best practice.
- Increasing transparency, accountability, and oversight.
- Defining clear requirements on accounting, profit distribution, reserves, and eventual recapitalization of the CBvS.

28. The government and CBvS are also committed to reviewing and amending the Foreign Exchange Regulation (FER). Under the FER currently in force the Foreign Exchange Commission (FEC), whose members are appointed by the President, is mandated to implement this Regulation, including the issuance of licenses for a range of foreign exchange transactions and activities. The government and the CBvS will review the FER with a view to documenting any license requirements under the FER currently in place and determining whether its provisions (i) are still fit and proper, (ii) in line with Suriname's obligations under the Articles of Agreement and (iii) need to be amended to enable the CBvS to effectively manage the official reserves and conduct foreign exchange policy in support of price stability without external interference. This review and amendments of the FER will be undertaken in consultation with IMF staff and concluded by end-June 2022.

29. The MoFP and the CBvS will develop jointly a recapitalization plan that includes a clear target level of capital, a trigger point for recapitalization, and a binding time frame to complete the recapitalization. This plan will be completed by end-September 2022 following an assessment of the

CBvS' policy solvency and capital adequacy to establish the size of the capital shortfall (to be finalized by end-June 2022).

IX. TACKLING CORRUPTION, IMPROVING GOVERNANCE, AND ENHANCING THE AML/CFT FRAMEWORK

30. The lack of an effective anticorruption framework hinders the government's efforts to tackle corruption. Key vulnerabilities include risks related to institutional weaknesses, lack of capacity, implementation gaps, and a generalized lack of transparency, accountability, and awareness. Suriname is a signatory to the Inter-American Convention against Corruption and most recently ratified the United Nations Convention Against Corruption (UNCAC). An Anti-Corruption Act was enacted in 2017 but there have been implementation delays. Following the ratification of the UNCAC, the government intends to amend the Anti-Corruption Act (by June 2022) to ensure the criminalization of all corrupt acts (in line with the requirements of the UNCAC). Amendments to the anti-corruption legal framework will also strengthen the income asset declaration framework in Suriname by subsequently allowing for the routine verification of income and asset declarations for high-level and high-risk public officials. This information will be provided to the public and there will be proportionate sanctions for non-compliance. Work is also underway to operationalize the Anti-Corruption Commission by March 2022, (as was required by the 2017 Anti-Corruption Act).

31. The government is committed to improve the transparency of public sector procurement. This will be achieved by enacting, by end-June 2022, the new procurement law to centralize the publication of all tenders and contract awards and to expand the Integrated Financial Management Information System to cover procurement, audits, and controls. By end-August 2022, the government will mandate the publication, on a government website, of all public procurement contracts, the names of the awarded entities and their beneficial owner(s), the names of the public officials awarding the contracts, and an ex-post validation of delivery of the contracted services.

32. The AML/CFT framework needs to be improved. Suriname's AML/CFT framework is currently being assessed by the Caribbean Financial Action Task Force (CFATF), with an on-site visit by assessors that will take in February-March. The government carried out a National Risk Assessment (NRA) exercise in 2019 which has been finalized with technical support from the IDB. The NRA report identified important gaps in Suriname's AML/CFT framework, including technical compliance deficiencies and challenges related to effective implementation. Going forward, the government will take steps to address the findings and recommendations of the NRA report. They will also amend the AML/CFT legislation (and other relevant laws and regulations) by end-August 2022 to bring them into line with the FATF international AML/CFT standards (including with respect to the treatment of politically exposed persons and beneficial ownership requirements).

33. The government is committed to improving transparency of the beneficial ownership information available in Suriname. To ensure a uniform approach to beneficial ownership, authorities will ensure that requirements for transparency of beneficial ownership are in line with the FATF international-AML/CFT standard.

34. The government is committed to improving governance and transparency of the extractive sector. Suriname joined the Extractive Industry Transparency Initiative (EITI) in 2017 and has published reports for fiscal years 2016 and 2017, with an upcoming report for fiscal year 2018 scheduled to be published shortly. The government intends to step up efforts to address the EITI recommendations including: (i) reforming the mining law to reduce room for discretion in investor incentives and strengthen the framework for mining titles; and (ii) legally compel companies in the extractive industry to disclose their beneficial owners. Work is currently underway with respect to these measures.

35. Going forward, the government will work closely with donors and providers including the IMF, United Nations Office on Drugs and Crime ('UNODC') and the World Bank to strengthen Suriname's anti-corruption and AML/CFT framework. In this regard, the government will seek technical assistance to support ongoing efforts to reform the anti-corruption legal framework and procurement laws.

X. STATISTICS

36. The government is committed to improving the quality and dissemination of economic data, supported by IMF technical assistance. We have made important improvements to the quality and timeliness of monetary, financial, and balance of payments statistics. The government recognizes that timeliness of data availability (such as the long lag of publication of annual GDP and the lack of quarterly GDP statistics) remains an issue. There is also a need to improve data quality, especially for the Consumer Price Index, fiscal sector statistics and public debt data, ensuring that they are consistent with other data sources (e.g., monetary accounts and fiscal flows in the balance of payments). The government is committed to accurate reporting of all domestic arrears on a monthly basis. In addition, we will work towards broadening the institutional coverage of fiscal statistics to the public sector so as to better assess fiscal risks. We will seek technical assistance from our international partners to support our effort to improve the quality of economic data and statistics.

XI. PROGRAM MONITORING

37. Our economic plan will continue to be monitored through prior actions, reviews, quantitative and continuous performance criteria, indicative targets, and structural benchmarks. These are detailed in Tables 1 and 2, with definitions provided in the attached TMU. Quantitative performance criteria have been established for end-December 2021, and end-March, end-June, end-September, and end-December 2022, as well as indicative monthly targets for end-January, end-February, end-April, end-May, end-July, end-August, end-October, and end-November 2022. Reviews are scheduled to be completed on a quarterly basis beginning on or after March 15, 2022.

Table 1. Suriname: Quantitative Performance Criteria and Indicative Targets Under the EFF 1/

(In millions of Suriname dollars, unless otherwise indicated)

	2020	2021				2022							
	Act.	end Dec.			Met/Not met	end-Jan.				end-Feb.			
		PC	Adj. PC	Act.		IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met
Quantitative Performance Criteria													
Fiscal/debt targets													
1. Primary fiscal balance (cash basis) of central government (floor) 2/	-2,321	-719	334	3,007	Met	110	TBD	TBD	TBD	221	TBD	TBD	TBD
2. New natural resource revenue-collateralized debt contracted by or on behalf of the central government and/or SOEs (continuous ceiling) (U.S. dollars)		0		0	Met	0		0	Met	0		TBD	TBD
3. New central government guaranteed debt (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD
4. Non-accumulation of central government external debt arrears (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD
Monetary targets													
5. Gross credit to the central government by the central bank (continuous ceiling) 3/	10,229	0		0	Met	0		0	Met	0		TBD	TBD
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/4/	-154	348	310	317	Met	11	-2	5	Met	103		TBD	TBD
7. Net domestic assets of the central bank (ceiling) 2/4/	8,777	-343	161	34	Met	-6	180	-50	Met	-1,134		TBD	TBD
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (continuous ceiling)		0		0	Met	0		0	Met	0		TBD	TBD
Indicative Targets													
1. Social spending of central government (floor) 2/	604	1,070		922	Not met			TBD	TBD			TBD	TBD
Memorandum items													
Reserve money	12,817	18,294		18,967		18,629		18,950		19,061		TBD	
Reserve money (local currency portion only)	7,342	9,188		9,271		9,341		9,338		9,494		TBD	
Reserve money (constant exchange rates)	12,817	14,838		15,776		14,991		15,670		15,144		TBD	
NFA (constant exchange rates)	4,039	6,403		6,934		6,563		6,878		7,844		TBD	
Gross international reserves (millions of U.S. dollar)	585	968		992		979		986		1,071		TBD	
Usable international reserves (millions of U.S. dollar) 5/	129	501		512		513		505		604		TBD	
Program exchange rate	14.018	14.018		14.018		14.018		14.018		14.018		TBD	

Table 1. Suriname: Quantitative Performance Criteria and Indicative Targets Under the EFF 1/ (concluded)

(In millions of Suriname dollars, unless otherwise indicated)

	2022									
	end Mar.	end-Apr.	end-May.	end Jun.	end-Jul	end-Aug.	end-Sep.	end-Oct.	end-Nov.	end-Dec.
	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC
Quantitative Performance Criteria										
Fiscal/debt targets										
1. Primary fiscal balance (cash basis) of central government (floor) 2/	331	442	552	663	773	884	994	1,105	1,215	1,326
2. New natural resource revenue-collateralized debt contracted by or on behalf of the central government and/or SOEs (continuous ceiling) (U.S. dollars)	0	0	0	0	0	0	0	0	0	0
3. New central government guaranteed debt (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
Monetary targets										
5. Gross credit to the central government by the central bank (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	114	118	122	156	158	160	192	194	196	226
7. Net domestic assets of the central bank (ceiling) 2/	-1,137	-1,040	-941	-1,263	-1,142	-1,016	-1,316	-1,193	-1,063	-1,332
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (continuous ceiling)	0	0	0	0	0	0	0	0	0	0
Indicative Targets										
1. Social spending of central government (floor) 2/	371			742			1,112			1,483
Memorandum items										
Reserve money	19,597	21,223	21,856	22,390	22,912	23,444	23,858	24,277	24,660	25,047
Reserve money (local currency portion only)	9,647	9,801	9,954	10,107	10,260	10,413	10,566	10,718	10,871	11,024
Reserve money (constant exchange rates)	15,297	16,306	16,459	16,612	16,765	16,918	17,071	17,224	17,377	17,529
NFA (constant exchange rates)	8,000	8,220	8,277	8,739	8,778	8,811	9,253	9,289	9,316	9,478
Gross international reserves (millions of U.S. dollar)	1,139	1,000	1,004	1,094	1,097	1,099	1,187	1,190	1,192	1,260
Usable international reserves (millions of U.S. dollar) 5/	673	674	678	768	771	773	862	864	866	934
Program exchange rate	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018	14.018

Source: Authorities and IMF staff calculations and projections.

1/ Targets as defined in the Technical Memorandum of Understanding.

2/ Cumulative flows from beginning of the year.

3/ The 2020 figure is a stock as of end-June.

4/ The 2020 figure is a stock as of end-December.

5/ Official reserve assets excluding the PBOC swap and ring-fenced reserves.

Table 2. Suriname: Prior Action and Structural Benchmarks under an EFF

Measure Prior Action	Target date 1/	Status	Objective
Fiscal			
Submit to National Assembly a supplemental 2022 budget consistent with the parameters of the program.		Expected to be met	Ensure fiscal adjustment in line with program parameters.
Structural benchmarks			
Exchange rate/monetary/safeguards			
Establish competitive FX auctions for the CBvS to undertake buying/selling of FX during periods of disorderly market conditions (defined as when the intraday change in the exchange rate versus the U.S. dollar is more than 2 percent) under the agreed rule.	December 2021	Met	Ensure the CBvS has a mechanism to intervene in the FX market.
Publish on the CBvS's external website the FY 2016 - 2018 audited financial statements.	December 2021	Not met; implemented with a delay (February 2022)	Strengthen accountability and transparency, and reduce risk of misreporting.
National Assembly to pass amendments that are in line with IMF staff recommendations, to inter alia, (i) clarify and strengthen the mandate; (ii) bring CBvS' institutional, financial, and personal autonomy into line with international best practice; (iii) increase transparency, accountability and oversight; (iv) define clear requirements on accounting, profit distribution, reserves and eventual recapitalization of the CBvS and (v) introduce strict limits on monetary financing (with transitional rules).	January 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's mandate, autonomy, governance, and accountability and transparency.
Establish an electronic trading platform for inter-bank/cambio FX trading.	June 2022		Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	June 2022	Proposed to extend to November 2022	Strengthen accountability and transparency, and reduce risk of misreporting.
Develop a time-bound plan for the CBvS's recapitalization agreed between the CBvS and the government.	September 2022		Protect the CBvS's financial autonomy.
Financial/crisis preparedness			
Submit to the State Council the Credit Institutions Resolution Act to increase CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions.	January 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's role in crisis management.
Submit the revised Banking and Credit Supervision Act to the State Council to facilitate risk-based supervision through expanding CBvS' assessment powers to determine bank compliance with regulatory requirements.	January 2022	Not met; expected to be implemented with a delay	Solidify oversight over the financial sector.
Operationalize the Financial Stability Committee, composed of representatives from the MoF and CBvS.	January 2022	Not met; expected to be implemented with a delay	Improve coordination on financial sector issues.
Operationalize a Bank Resolution Unit within the CBvS with appropriate governance arrangements, staffing, funding and clear internal guidelines on how the unit would undertake crisis management and enforcement actions.	February 2022	Not met; expected to be implemented with a delay	Strengthen the CBvS's role in crisis management.
Finalize the roadmap for financial sector restructuring and governance reform of banks.	May 2022		Improve strenght of the financial sector.
Undertake full asset quality review for the two largest (by assets size) banks (drawing on the expertise of an internationally reputable specialist firm).	September 2022		Diagnose the largest banks and potential recapitalization needs.
Undertake full asset quality review for the remaining banks (drawing on the expertise of an internationally reputable specialist firm).	December 2022		Diagnose the financial sector and potential recapitalization needs.
Fiscal			
Publish a time-bound plan to implement recommendations from technical assistance programs provided by the IMF to streamline treasury functions through the Treasury Single Account (TSA).	January 2022	Met	Improve governance and increase transparency.
Develop a term of reference, with technical assistance from international partners, for hiring specialists to audit outstanding supplier arrears.	January 2022	Met	Improve governance and increase transparency; improve fiscal data reporting.
Raise the royalty on multinational gold mining corporations to 7.5 percent (or raise applicable taxes and fees to a level that would yield additional revenue equivalent to raising the royalty rate to 7.5 percent).	March 2022	Proposed to remove	Ensure fiscal adjustment in line with program parameters.
Passage of laws needed to implement the VAT by the National Assembly.	March 2022		Ensure fiscal adjustment in line with program parameters.
Publish a plan to scale back a range of tax exemptions (including an assessment of existing tax exemptions, the list of exemptions to be discontinued starting April 1, 2022, and the expected revenue impact) aimed at raising additional revenue of 0.4 percent of GDP.	March 2022	New	Ensure fiscal adjustment in line with program parameters.
Commence an audit on outstanding supplier arrears.	April 2022		Improve governance and increase transparency; improve fiscal data reporting.
Publish the financial assessment of EBS that includes its legacy liabilities.	May 2022	New	Achieve full cost recovery in the electricity sector.
Pass laws and issue relevant decrees if needed to expand the legal mandate of the debt management office (SDMO) to include the whole nonfinancial public sector, including all suppliers' arrears, guarantees, and contingent liabilities.	June 2022		Improve debt data reporting.
Create a large taxpayer unit to increase taxpayer compliance.	June 2022		Improve tax administration.
Review the social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits.	September 2022	New	Strengthen social spending.
Publish the audited financial reports for FY2017-FY2021 of the 10 largest state-owned enterprises by total assets and a report that identifies and quantifies the principal fiscal risks created by these enterprises.	December 2022		Contain fiscal risks.

Table 2. Suriname: Prior Action and Structural Benchmarks under an EFF (concluded)

Measure	Target date		Objective
Governance (anti-corruption)			
Ratify the United Nations Convention Against Corruption (UNCAC).	January 2022	Met	Reduce vulnerabilities to corruption and promote investment and growth.
Operationalize the Anti-Corruption Commission (as required by the 2017 Anti-Corruption Act) and adopt an operational framework for its implementation, in line with the UNCAC.	March 2022		Reduce vulnerabilities to corruption and promote investment and growth.
Issue an Implementation Act to amend the Anti-Corruption legal framework to ensure criminalization of all corruption acts (in line with the requirements of the UNCAC) and to strengthen the income and asset declaration provisions in the Anti-Corruption law to support routine verification of income and asset declarations for high-level and high-risk public officials, provide this information to the public and establish proportionate sanctions for non-compliance.	June 2022		Reduce vulnerabilities to corruption and promote investment and growth.
Governance (procurement)			
Enact the new procurement law to centralize the publication of all tenders and contract awards and to expand the Integrated Financial Management Information System to cover procurement, audits, and controls.	June 2022		Strengthen procurement efficiency.
Mandate the publication, on a government website, of all public procurement contracts, the names of the awarded entities and their beneficial owner(s), the names of the public officials awarding the contracts, and an ex-post validation of delivery of the contracted services.	August 2022		Strengthen procurement efficiency.
Governance (AML/CFT)			
Amend the AML/CFT law legislation and other relevant laws and regulations to bring them into line with the FATF international AML/CFT standards (including with respect to the treatment of politically-exposed persons and beneficial ownership requirements).	August 2022		Mitigate the adverse effects of criminal economic activity and promote integrity in financial markets.
Source: IMF staff.			
1/ The target dates for all structural benchmarks are the end of the month.			

Attachment II. Technical Memorandum of Understanding

This Technical Memorandum of Understanding (TMU) sets out the understanding between the Surinamese authorities and the IMF staff regarding the definition of quantitative performance criteria (QPC) and indicative targets (IT). It also sets out the QPC and IT adjusters and data reporting requirements for the duration of the Arrangement under the Extended Fund Facility (EFF), as described in the authorities' Letter of Intent (LOI) dated March 9, 2022 and Memorandum of Economic and Financial Policies (MEFP). This TMU describes the methods to be used in assessing the program performance and the information requirements to ensure adequate monitoring of the targets. As is standard under all Fund arrangements, we will consult with the Fund before modifying measures contained in the LOI/MEFP or adopting new measures that would deviate from the goals of the program. We are also committed to providing Fund staff with the necessary information for program monitoring.

1. The QPC and IT are shown in Table 1 of the MEFP. Prior actions and structural benchmarks are listed in Table 2 of the MEFP.
2. For program purposes, all foreign currency-related assets, liabilities, and flows will be evaluated at "program accounting exchange rates" as defined below, with the exception of items affecting government fiscal balances, which will be measured at current exchange rates. Unless otherwise indicated, U.S. dollar denominated components of the balance sheet of the Central Bank of Suriname (CBvS) will be valued at the official exchange rate of the Surinamese dollar to the U.S. dollar of 14.0180 set by the CBvS as of December 31, 2020. Amounts denominated in other currencies will be converted for program purposes into U.S. dollar amounts using the following cross-rates as of December 31, 2020: the Euro valued at 1.2281 U.S. dollars, Pound Sterling valued at 1.3600 U.S. dollars, the Chinese Yuan valued at 0.1532 U.S. dollars, the Special Drawing Right (SDR) valued at 1.4403 U.S. dollars. Official gold holdings were valued at 1,892.0 U.S. dollars per fine ounce.

I. QUANTITATIVE PERFORMANCE CRITERIA: DEFINITION OF VARIABLES

3. **Definition of central government:** The central government (CG), for the purposes of the program, consists of the set of institutions and government units currently covered under the state budget. Newly formed public sector entities will be examined and included within the CG perimeter if adjudged to meet the definition of a CG unit per the Government Finance Statistics Manual 2014.
4. **Definition of State-Owned Enterprises (SOE):** State-Owned Enterprises (SOE), for the purposes of the program, consists of the set of corporations that i) the CG is a shareholder or ii) are controlled by the CG directly or indirectly through other government-controlled entities. The control by the CG can be established through legislation or equity participation.
5. **Definition of debt.** External debt is determined according to the residency criterion (and, as such, would encompass nonresident holdings of Suriname law local currency and foreign currency debt). The term "debt" will be understood to mean a current, i.e., not contingent, liability, created

under a contractual arrangement through the provision of value in the form of assets (including currency) or services and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take several forms; the primary ones being as follows:

- i. loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);
- ii. suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
- iii. leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the PV (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

6. Under the definition of debt set out in previous paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

7. For program purposes, a debt is considered contracted when all conditions for its entrance into effect have been met, including approval by the National Assembly. Contracting of credit lines with no predetermined disbursement schedules or with multiple disbursements will be also considered as contracting of debt.

8. The fiscal year is the calendar year, starting on January 1 and ending on December 31.

A. Primary Fiscal Balance (Cash Basis) of Central Government (Floor)

9. Definitions: The primary fiscal balance (cash basis) of the CG is calculated as the cumulative CG interest payments minus total net borrowing requirements from the beginning of the year. Net borrowing requirements (NBR) are measured at official (current) exchange rates and are defined as the sum of:

- i. The change in net CBvS credit to the CG, including changes in the government deposit position at the CBvS;
- ii. The change in net credit from depository corporations (as defined by the inclusion in the monetary survey), which includes changes in CG deposits and the net issuance of treasury bills, lending, and other CG securities held by commercial banks;
- iii. The change in net non-bank credit to the CG, which includes net issuance of Treasury bills and other CG securities to non-banks, and other CG claims and debts vis-à-vis nonbank institutions;
- iv. New external loan disbursements net of external loan amortization including repayment of external arrears
- v. Net sale of government assets (financial including privatization receipts).

10. Definition: CG Interest payments are defined on a cash basis as interest paid on CG domestic and external debt obligations.

11. Definition: Mineral revenue is defined as the government's tax and non-tax proceeds from state-oil company Staatsolie Suriname and from gold companies. This includes corporate tax, wage tax (including old age fund contributions), dividend tax, indirect taxes, dividends, royalties and others. Royalties from small scale gold mining are also included in mineral revenue (Table 1).

12. The QPC for the fiscal balance is calculated based on the projected official exchange rate. Reporting (and adjustments, as defined below) will be made using the current official exchange rate.

Table 1. Suriname: Total Mineral Revenues of CG	
	(Millions of SRD)
Cumulative flows from the beginning of the fiscal year	
End-January 2022	860
End-February 2022	1721
End-March 2022	2581
End-April 2022	3441
End-May 2022	4301
End-June 2022	5162
End-July 2022	6022
End-August 2022	6882
End-September 2022	7742
End-October 2022	8603
End-November 2022	9463
End-December 2022	10323

Table 2. Suriname: Budget and Project Financing in FX (Baseline Projection)

Cumulative flows from the beginning of the fiscal year	(In millions of US\$)
External loans from IFIs for budget financing 1/	
End-January 2022	0
End-February 2022	80
End-March 2022	80
End-April 2022	80
End-May 2022	80
End-June 2022	110
End-July 2022	110
End-August 2022	110
End-September 2022	140
End-October 2022	140
End-November 2022	140
End-December 2022	150
External debt from bilateral and private creditors for budget financing 2/	
End-January 2022	0
End-February 2022	0
End-March 2022	0
End-April 2022	0
End-May 2022	0
End-June 2022	0
End-July 2022	0
End-August 2022	0
End-September 2022	0
End-October 2022	0
End-November 2022	0
End-December 2022	0
External loans for project financing	
End-January 2022	3
End-February 2022	6
End-March 2022	9
End-April 2022	12
End-May 2022	15
End-June 2022	18
End-July 2022	20
End-August 2022	23
End-September 2022	26
End-October 2022	29
End-November 2022	32
End-December 2022	35
1/ Excluding IMF disbursements.	
2/ Including international capital markets.	

13. Reporting: Fiscal data will be provided to the Fund with a lag of no more than six weeks after the end of the month.

14. Adjusters: The floor on the cumulative primary cash balance of the CG will be adjusted:

1. downward (upward) to the full extent that cumulative project loans, relative to December 31, 2021, are more (less) than project loans given in Table 2.
2. upward to the extent of any rise in mineral revenue above the cumulative baseline projections, relative to December 31, 2021, given in Table 1.

B. New Natural Resource Revenue-Collateralized Debt Contracted by or on Behalf of the Central Government and/or State-Owned Enterprises (SOE) (Continuous Ceiling)

15. Definition: The ceiling on new natural resource revenue-collateralized debt (domestic and external) contracted on a gross basis by or on behalf of the CG and/or SOEs will be a continuous performance criterion throughout the program period. Natural resource revenue-collateralized debt is external or domestic debt, which involves creating a security interest, charge or lien over any natural resource, natural resource receivables, or the proceeds from the sale or lease of natural resources. The use of a collection account (e.g., for natural resources receivables or the proceeds of the sale of natural resources) where no charge or lien is created over such account is excluded from this definition. External debt contracted due to external debt restructuring, to be agreed between the authorities and its creditors, is excluded from this definition. The ceiling also applies to prefinancing arrangements (where debt is contracted against future sales of natural resources). The official exchange rate will apply to all non-SRD denominated debt.

16. Reporting: Data will be provided to the IMF on a continuous basis. This would include any new debt contracts that are entered into by the CG and/or SOEs to verify they do not include a security interest, charge, or lien over any natural resource.

C. New Central Government Guaranteed Debt (Continuous Ceiling)

17. Definition: The ceiling on new CG guaranteed debt (domestic and external) will apply to the amount of guarantees issued by the CG for debt contracted by any agency or entity outside the CG. For program purposes, the guarantee of a debt arises from any explicit legal or contractual obligation of CG to service a debt owed by a debtor outside the CG (involving payments in cash or in kind). The official exchange rate will apply to all non-SRD denominated debt.

18. Reporting: Data will be provided to the IMF on a continuous basis.

D. Non-Accumulation of Central Government External Debt Arrears (Continuous Ceiling)

19. Definition: The non-accumulation of arrears by the CG on contractual debt obligations owed to non-resident creditors will be a continuous performance criterion throughout the program period. External payments arrears for program monitoring purposes are defined as external debt obligations of the CG, which have not been paid within 30 days after the contractual due date (taking into account any contractual grace periods). Arrears resulting from the nonpayment of debt service, for which a rescheduling or restructuring agreement is being sought, based on good faith negotiations, are excluded from this definition.

20. The stock of external arrears of the CG will be calculated based on the schedule of external payment obligations reported by the Ministry of Finance and Planning (MoFP). Data on external arrears will be reconciled with the relevant creditors, and any necessary adjustments will be incorporated as they occur.

21. Reporting: Data will be provided to the IMF on a continuous basis.

E. Gross Credit to Central Government by the CBvS (Continuous Ceiling)

22. Definitions: The ceiling that applies on the change in gross credit provided to the CG by CBvS (including any provision of overdrafts) will be a continuous performance criterion throughout the program period and will be measured from end-June 2021 for 2021 and from beginning of the year for 2022. Coins and notes issued by the MoFP are excluded from the definition. The stock of gross credit will be valued at fair value and at program exchange rates. Changes in the stock of the COVID-19 Fund approved by Parliament in 2020 would constitute gross credit from the CBvS to the CG. Rolling over CG principal and interest payments due to the CBvS does not constitute gross credit.

23. Reporting: Data will be provided to the IMF on a continuous basis.

F. Net International Reserves of the CBvS (Floor)

24. Definitions: The floor applies to cumulative flows from the beginning of the year. For program monitoring purposes, net international reserves (NIR) of the CBvS are defined as the U.S. dollar value of the difference between reserve assets and reserve liabilities, as defined in what follows. The change is measured relative to the end-December 2021 level of NIR.

- **Reserve assets** are readily available claims on nonresidents denominated in foreign convertible currencies. They include: (i) foreign exchange (foreign currency cash, deposits with foreign correspondents, holdings of foreign securities), (ii) monetary gold, (iii) IMF reserve position, and (iv) SDR holdings. Excluded from foreign assets are any assets that are pledged, collateralized, or otherwise encumbered (e.g., pledged as collateral for foreign loans or through forward contracts;

ring-fenced reserves from domestic banks' foreign reserve requirements), CBvS claims on resident banks and nonbanks, claims in foreign exchange arising from derivatives in foreign currencies vis-à-vis domestic currency (such as futures, forwards, swaps, and options), precious metals other than gold, assets in nonconvertible currencies, illiquid swaps, and any reserve assets that are not readily available for intervention in the foreign exchange market.

- **Reserve liabilities** are defined as: (i) all short-term foreign liabilities of the CBvS vis-à-vis nonresidents denominated in convertible foreign currencies with an original maturity of one year or less; (ii) all outstanding credit from the IMF resulting from purchases; (iii) the nominal value of all derivative positions (including swaps, options, forwards, and futures) of the CBvS, implying the sale of foreign currency or other reserve assets; and (iv) all foreign exchange liabilities of the CBvS to resident entities (e.g., claims in foreign exchange of domestic banks, non-ring-fenced reserve requirements of domestic banks on their foreign currency deposits, reserve requirements of domestic banks on their foreign currency deposits that are ring-fenced in Suriname's sovereign bond in the amount of USD 10.283 million, and CBvS credits in foreign exchange from the domestic market) excluding foreign exchange liabilities to the CG.
- The stock of foreign assets and liabilities shall be valued at fair value and converted at program exchange rates. As of December 31, 2020, the stock of NIR amounted to USD-154.3 million (at the program exchange rates).

Table 3. Suriname: International Reserves (US\$ Million, unless otherwise specified)	
	31-Dec-20
Reserve assets	128.9
IMF reserve position	2.8
IMF SDR	1.1
Foreign currency cash and deposits with foreign banks	125.0
Reserve liabilities	283.1
IMF program disbursements outstanding	20.9
Other liabilities with non-residents	0.1
Liabilities with residents	262.2
Reserve Requirements (non-ringfenced)	5.6
Reserve Requirements (the ring-fenced sovereign bond)	10.3
Working balance accounts of commercial banks	69.0
Long-term loan to commercial banks	177.3
Other	0.0
Net international reserves	-154.3
Source: Central Bank of Suriname.	

25. Reporting: Data on foreign reserves and the foreign exchange cash flow will be provided by the CBvS to the Fund once a week. Data on the statistics indicated in Table 3 will be provided to the Fund on a monthly basis, in both official and program exchange rates, with a lag of no more than two weeks after the end of the month. At each program test date, the quarterly data on net international reserves submitted by the CBvS to the IMF will be audited by the CBvS external auditors in accordance with International Standards on Auditing, to ensure conformity with the program

definition and calculation methods. Reports from the external auditors should be submitted to the CBvS, with a copy to the IMF, no later than 60 days after each test date.

26. Adjusters: NIR targets will be adjusted:

1. upward (downward) by the full amount of the cumulative surplus (shortfall) in program loan disbursements from IFIs relative to the baseline projections reported in Table 2. Program loan disbursements are defined as external loan disbursements from official creditors that are usable for the financing of the CG.
2. upward (downward) by the full amount of the cumulative surplus (shortfall) in loans from official bilateral and private creditors (including international capital markets) relative to the baseline projections reported in Table 2.
3. upward (downward) by the full amount of the cumulative surplus (shortfall) in mineral and other FX revenues in foreign exchange that are transferred to the CG account at the CBvS relative to baseline projections reported in Table 4. Mineral revenue is defined as the government's tax and non-tax proceeds from state-oil company Staatsolie Suriname and from gold companies. This includes corporate tax, wage tax (including old age fund contributions), dividend tax, indirect taxes, dividends, royalties and others. Royalties from small scale gold mining are also included in mineral revenue. Other FX revenues of the CG are defined as any revenues in foreign exchange other than mineral revenue as defined above.
4. downward (upward) by the full amount of the cumulative surplus (shortfall) in CG and CBvS's debt service payments in foreign exchange relative to baseline projections reported in Table 5.
5. downward by the amount of FX sales by the CBvS insofar as these sales occur via competitive auctions in response to the intraday depreciation in the exchange rate versus the U.S. dollar that is more than 2 percent and are less than USD 2 million per day. This adjustor is capped at USD 20 million per quarter.

Table 4. Suriname: Mineral and Other FX Revenues of CG Transferred to CBvS (Baseline Projection)

Cumulative flows from the beginning of the fiscal year	(In millions of US\$)
End-January 2022	16
End-February 2022	32
End-March 2022	48
End-April 2022	64
End-May 2022	80
End-June 2022	97
End-July 2022	113
End-August 2022	129
End-September 2022	145
End-October 2022	161
End-November 2022	177
End-December 2022	193

Table 5. Suriname: FX Debt Service Payments by the Central Government and CBvS (Baseline Projection)

Cumulative flows from the beginning of the fiscal year	(In millions of US\$)
End-January 2022	6
End-February 2022	19
End-March 2022	26
End-April 2022	32
End-May 2022	45
End-June 2022	52
End-July 2022	57
End-August 2022	71
End-September 2022	78
End-October 2022	84
End-November 2022	98
End-December 2022	104

G. Net Domestic Assets of the CBvS (Ceiling)

27. Definitions: The ceiling applies to cumulative flows from the beginning of the year. The CBvS' net domestic assets (NDA) are defined as the difference between reserve money (as defined below) and net foreign assets (NFA, as defined below). Items in foreign currencies will be valued at fair value and at program exchange rates. Thus defined, the stock of NDA amounted to SRD 8,777.1 million as of December 31, 2020 (Table 6).

- **Reserve money at program exchange rates** is defined as currency in circulation, commercial banks' deposits in correspondent accounts at the CBvS, and statutory cash reserve requirements against prescribed liabilities in SRDs and foreign currency held by commercial banks at the CBvS, other commercial banks' deposits at the CBvS in national and foreign currency, other demand deposits in national and foreign currency, and gold certificates (Table 6). Reserve money excludes balances in deposit auctions and commercial banks' term deposits at the CBvS. The definition is consistent with the measure of reserve money published on the CBvS' website. As of December 31, 2020, reserve money amounted to SRD 12,816.6 million.
- **The value of NFA at program exchange rates** is calculated as the difference between foreign assets and foreign liabilities, defined as follows:
 - **Foreign assets** are claims on nonresidents denominated in foreign currencies. They include foreign exchange (foreign currency cash, deposits with foreign correspondents, holdings of foreign securities), monetary gold, IMF reserve position, and SDR holdings.
 - **Foreign liabilities** are defined as liabilities of the CBvS vis-à-vis nonresidents denominated in foreign currencies; all outstanding credit from the IMF resulting from purchases under arrangements and SDR allocation; the nominal value of all derivative positions (including swaps, options, forwards, and futures) of the CBvS, implying the sale of foreign currency or other reserve assets.

28. Thus defined, NFA amounted to SRD 4,039.5 million as of December 31, 2020 (Table 6).

29. **Reporting:** Data will be provided to the IMF with a lag of no more than two weeks after the end of the month. At each program test date, the quarterly data on net domestic assets submitted by the CBvS to the IMF will be reviewed by the CBvS external auditors, to ensure conformity with the program definition and calculation methods. Reports should be submitted to the CBvS, with a copy to the IMF, no later than 60 days after each test date.

30. **Adjusters:** Consistent with the NIR target adjustment mechanism defined above, NDA targets will be adjusted:

1. downward (upward) by the full amount of the cumulative surplus (shortfall) in program loan disbursements from IFIs relative to the baseline projections reported in Table 2.
2. downward (upward) by the full amount of the cumulative surplus (shortfall) in loans from official bilateral and private creditors (including international capital markets) relative to the baseline projections reported in Table 2.
3. downward (upward) by the full amount of the cumulative surplus (shortfall) in mineral and other revenues in foreign exchange that are transferred to the CG account at the CBvS relative to baseline projections reported in Table 4 (see definition in section F).

4. upward (downward) by the full amount of the cumulative surplus (shortfall) in CG and CBvS's debt service payments in foreign exchange relative to baseline projections reported in Table 5.

5. Downward by the full amount of the CBvS' cumulative purchases of foreign exchange from the market relative to the baseline projections reported in Table 7.

31. For the purposes of calculating adjusters, these flows will be valued at program exchange rates.

Table 6. Suriname: NFA, NDA, and Reserve Money (SRD Millions)	
	31-Dec-20
Net foreign assets	4039.5
Foreign assets	8243.5
Foreign liabilities	-4204.0
Net domestic assets	8777.1
Net claims on the government	8234.0
Claims on the government in local currency	9833.7
Liabilities to the government in local currency	-446.8
Claims on the government in foreign currency	144.1
Liabilities to government in foreign currency	-1297.0
Net claims on commercial banks	-2495.6
Claims on commercial banks in local currency	2.2
Liabilities to commercial banks in local currency	-200.0
Claims on commercial banks in foreign currency	187.0
Liabilities to commercial banks in foreign currency	-2484.7
Other items net	3038.7
Reserve money	12816.6
Reserve money in local currency	7342.2
Reserve money in foreign currency	5474.4
Memorandum item	
Program exchange rate	14.018
Source: Central Bank of Suriname.	

H. Direct Purchases/Sales of FX by the CBvS and/or Central Government from/to SOEs and Private Sector (Continuous Ceiling)

32. Definitions: The ceiling on direct purchases/sales of FX by the CBvS and/or central government from/to SOEs and private sector will be a continuous performance criterion throughout the program period. The following purchases/sales of FX by the CBvS from/to the FX market are excluded from this definition:

Table 7. Suriname: CBvS's Purchases of FX (Baseline Projection)	
Cumulative flows from the beginning of the fiscal year	(In millions of US\$)
End-January 2022	0
End-February 2022	0
End-March 2022	0
End-April 2022	0
End-May 2022	0
End-June 2022	0
End-July 2022	0
End-August 2022	0
End-September 2022	0
End-October 2022	0
End-November 2022	0
End-December 2022	0

- Purchases/sales of FX with banks and cambios undertaken through fixed allotment/variable price auctions.
- Sales of FX to (former) CBvS employees for children's overseas study and livelihood purposes, overseas pension transfers, overseas salary transfers and overseas travel expenses up to a maximum amount of USD 100.000 per quarter or an equivalent thereof in another convertible currency.
- Purchases of EUR banknotes from banks and cambios in exchange for USD banknotes.

33. Reporting: Data on direct purchases/sales of FX by the CBvS and/or central government from/to SOEs and private sector will be provided by the CBvS to the Fund daily.

II. OTHER CONTINUOUS PERFORMANCE CRITERIA

34. During the period of the Arrangement under the EFF, Suriname will not: (i) impose or intensify restrictions on the making of payments and transfers for current international transactions; (ii) introduce or modify multiple currency practices; (iii) conclude bilateral payments agreements that are inconsistent with Article VIII; and (iv) impose or intensify import restrictions for balance of payments reasons.

III. INDICATIVE TARGETS: DEFINITION OF VARIABLES

A. Social Spending of Central Government (Floor)

35. Definition: Social spending of central government includes all the spending of the Ministry of Social Affairs and Public Housing (Ministerie van Sociale Zaken en Volkshuisvesting) on social protection programs. The floor on CG social spending is cumulative from the beginning of the year and is defined as the sum of spending on the following cash transfer programs:

- General old-age pension.
- General Child benefit.
- Financial assistance for persons with disabilities.
- Financial assistance for weak households.

36. Reporting: Data will be provided to the IMF with a lag of no more than six weeks after the end of the quarter.

III. INFORMATION REQUIREMENTS

37. In accordance with IMF Government Finance Statistics Manual (GFSM) 2014 and Public Sector Debt Guide for compilers and users total gross debt covers all liabilities that are debt instruments. A debt instrument is defined as a financial claim that requires payment(s) of interest and/or principal by the debtor to the creditor at a date, or dates, in the future. The following instruments are considered debt instruments:

- Special drawing rights (SDRs);
- Currency and deposits;
- Debt securities;
- Loans;
- Insurance, pension, and standardized guarantee schemes; and
- Other accounts payable.

38. All liabilities included in the GFSM balance sheet are considered debt, except for liabilities in the form of equity and investment fund shares and financial derivatives and employee stock options. Equity and investment fund shares are not debt instruments because they do not require the payment of principal or interest. For the same reason, financial derivatives are not considered debt liabilities because no principal is advanced that is required to be repaid, and no interest accrues on any financial derivative instrument.

39. For the purpose of the program, Suriname Budgetary Central government (BCG) debt includes the following instruments:

- Debt Securities including short term liquidity instruments;
- Loans (including overdraft in bank accounts);
- Other Accounts Payables.

40. Any liabilities issued by the BCG, held as an asset by other entity of the BCG should be netted out. Since the consolidation is done at the level of BCG, central bank lending to the government is included in the stock of BCG debt.

41. To ensure adequate monitoring of economic variables and reforms, the authorities will provide the following information:

42. Daily/Semi-weekly

- Official nominal exchange rates.
- Volumes and nominal exchange rates (inclusive of any fees, commission, or other types of charge) of foreign exchange transactions (purchases and sales) by banks and cambios.
- Volumes and nominal exchange rates of direct purchases/sales of foreign exchange by the CBvS and/or central government from/to SOEs and private sector.
- Monitoring Template IMF (no. 25¹) - Deposits including largest 5 depositors in accordance with the Enhanced Supervision framework, within one week after the reporting period.
- Monitoring Template IMF (no. 26) – Liquid assets held by banks in accordance with the Enhanced Supervision framework, within one week after the reporting period.
- Liquidity Coverage SRD template (no. 30) in accordance with the Enhanced Supervision framework, within one week after the reporting period.
- Liquidity Coverage FX template (no. 31) in accordance with the Enhanced Supervision framework, within one week after the reporting period.
- Net Foreign Currency Position (Net Open Position) template (no. 27) for banks in accordance with the Enhanced Supervision framework. For cambios this ratio will also be reported, in both cases within one week after the reporting period.

43. Weekly/bi-weekly

¹ References to template numbers as used in the Enhanced Supervision framework data reporting templates agreed with CBvS.

- CBvS liquidity assistance to financial institutions, by institution.
- Reports on large exposures by bank that are equal or exceed 10 percent of Tier 1 Capital (template no. 28) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.
- Large deposits that are equal or exceed 10 percent of Tier 1 Capital (template no. 29) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.
- Liquidity forecast and realization (templates no. 15, 17 and 19) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.
- Liquidity stress testing (templates no. 10-13) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.
- Lending availability in SRD and USD (templates no. 21 and 22) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.
- Table on monitoring of banking sector benchmarks in accordance with the Enhanced Supervision framework on a bi-weekly basis, within two weeks after the reporting period.
- CBvS purchases and sales of foreign currency (FX cash flow table). FX auction amounts, auction bids, highest and lowest prices, cut-off and weighted average prices, FX rate before the auction.
- Information on auction results for open market operations no later than the day after the auctions, including on: instrument type, total open market operations auction volume, settlement date, expiration date, the number of total bids, total amount of bids, the number of total allocated bids, total amount of allocated bids, the minimum bid rate, the cut-off interest rate, the highest bid rate, and the weighted average allotted interest rate.
- Weekly submission of daily transactions and rates for the following: interest rates on domestic debt securities by maturity; required and excess reserves of the banking sector in local and foreign currency; total liquidity assistance to banks through normal lending operations, standing facilities, and ELA. Interest rates on OMOs, standing facilities, and ELA by maturity.

44. Monthly

- CG operations (revenues and expenditure) data in GFS format within six weeks of the end of the month.
- CG detailed revenues data from the tax office by revenue category, including: (i) direct tax by item, (ii) indirect tax by item, and (iii) non-tax revenues by item within six weeks of the end of the month.

- Mineral tax and non-tax revenue of major commodity companies and small gold miners, by revenue item and type of commodity (and separately for large-scale gold companies and small-scale gold miners). Data is to be provided within four weeks of the end of the month.
- Number of public civil servants and total wage bill by Ministry within six weeks of the end of the month.
- CG authorized spending data by Ministry within four weeks of the end of the month.
- CG subsidies data by Ministry and programs within six weeks of the end of the month.
- CG balance from the financing side by sources and by currency, with a lag of no more than six weeks after the end of the month.
- CG domestic and external debt stock, including by: (i) creditor, (ii) currency, (iii) instrument; (iv) collateralized by natural resources revenue; and (v) guaranteed. The reporting lag should not exceed four weeks after the end of the month.
- Amortization payments of CG and government guaranteed debt by creditor, instrument, and currency. In the case of issuance of government guaranteed debt, the name of the guaranteed individual/institution should be provided. The reporting lag should not exceed four weeks after the end of the month.
- Interest payments and fees on CG and government guaranteed debt by creditor, instrument, and currency. The reporting lag should not exceed four weeks after the end of the month.
- Stock of CG expenditure arrears, separately including payment of existing arrears and creation of new domestic arrears including the currency of the arrears. The reporting lag should not exceed four weeks after the end of the month.
- Stock of CG domestic and external debt arrears, including the currency of arrears. The reporting lag should not exceed two weeks after the end of the month.
- New debt contracts (official or private) entered into by the CG and/or SOEs. The reporting lag should not exceed two weeks after the end of the month.
- Holdings of domestic T-notes and T-bills (SRD-denominated and foreign currency-denominated) by investor, maturity, and currency. The reporting lag should not exceed four weeks after the end of the month.
- Legal measures that affect the revenue of the CG, such as tax rates, import tariffs, and exemptions. The reporting lag should not exceed six weeks after the end of the month.
- Balance sheet of the CBvS within two weeks of end of the month.

- A summary of the monetary survey of the banking system (including CBvS and deposit-taking institutions). This information should be received with a lag of no more than six weeks after the end of the month.
- Income statement of the CBvS on a cash and accrual basis, with a lag of no more than three weeks from the end of the month.
- Projections of CBvS purchases and sales of foreign currency (FX cash flow table, 12 months ahead).
- Information on interconnectedness of the financial sector and related party lending (templates no. 6 and 37) in accordance with the Enhanced Supervision framework, within four weeks after the end of the month.
- The deposit funding structure of the banks (template no.8) in accordance with the Enhanced Supervision framework, within four weeks after the end of the month.
- Information on measures taken by the banks in the context of the COVID-19 pandemic (templates no.33-35), within four weeks after the end of the month.
- Banks' claims on the government and State-owned Entities with breakdown by type (debt types, loan types including the gross amount of overdrafts) within four weeks after the end of the month.
- The Monthly Returns as reported to the CBvS, within four weeks of the end of the month.
- A written update on the progress of the Asset Quality Review (until the review has been concluded) that includes any issues encountered by CBvS and/or their advisor and any remedial actions taken.
- Data on foreign reserve assets and foreign reserve liabilities for NIR target purposes (Table 2) evaluated at both official and program exchange rates, within two weeks of the end of the month.
- Data on NDA, NFA, and reserve money (Table 4) evaluated at both official and program exchange rates, within two weeks of the end of the months.
- Data on foreign reserve assets split into ring-fenced and non-ring-fenced assets evaluation at official exchange rates, within two weeks of the end of the months.
- Monthly outturns in open market operations against projections and revised projections for the new months.
- Consumer price index, including by sub-components of the CPI index within four weeks after the end of the month.

- Cash flow of EBS showing government transfers to cover the gap between the average electricity tariff and EBS recovery cost within eight weeks after the end of the month.
- Electricity average tariff, total electricity consumption volume, total billing and amount collected (in SRD) to be provided by consumption categories (household, commercial, and industrial) and by consumption volume. This information should be received with a lag of no more than eight weeks after the end of the month.
- Electricity costs including: (i) production costs: fuel costs, Staatsolie electricity costs, hydropower costs, separately, (ii) other operational costs: personnel costs and financing costs, and (iii) investment costs. This information should be received with a lag of no more than eight weeks after the end of the month.
- EBS committed and executed payments to Staatsolie for purchases of fuel and electricity. This information should be received with a lag of no more than eight weeks after the end of the month.

45. Quarterly

- Detailed balance of payments data within 60 days after the end of the quarter.
- Detailed International Investment Position data within two months after the end of the quarter.
- Projections regarding banks' balance sheets and profit and loss statement (template no. 2 and 3) in accordance with the Enhanced Supervision framework, within four weeks after the end of the quarter.
- Liquidity forecast and realization (templates no. 14, 16 and 18) in accordance with the Enhanced Supervision framework, within four weeks after the end of the quarter.
- Progress reports of the banks on inspection items identified by CBvS, within six weeks after the end of the quarter.
- A full set of quarterly Financial Soundness Indicators (FSI) calculated by the CBvS within 60 days after the end of the quarter.
- CG spending on social protection programs, by program, as defined for the indicative target on social spending. The reporting lag should not exceed six weeks after the end of the quarter.

46. Annual

- Financial statements of EBS within six months of year end.
- Nominal GDP and real GDP within eight months of year end.
- Labor market statistics (including the unemployment rate and labor participation ratio) within twelve months of the year end.

Statement by the Staff Representative on Suriname
March 23, 2022

This statement provides information that has become available since the staff report was issued to the Executive Board on March 10, 2022. This information does not alter the thrust of the staff appraisal.

1. **The prior action for completion of this review has been met.** On March 14, the authorities submitted to the National Assembly a supplemental 2022 budget that is aligned with the program.
2. **The authorities have continued making progress on debt restructuring.** They have shared restructuring offers with China and India as of March 15 and are pursuing negotiations.

**Statement by Mr. Bevilaqua, Executive Director of Suriname, Mr. Saraiva, Alternate Executive Director of Suriname, and Mr. Eckhorst, Government-Provided Advisor to the Executive Director, on Suriname
March 23, 2022**

On behalf of our Surinamese authorities, we thank staff for the constructive virtual meetings and continuous policy dialogue during this review cycle. The authorities broadly agree with the staff's findings and recommendations. Following the approval of the Extended Fund Facility (EFF) on December 22, 2021, the Government of Suriname (GoS) has continued to implement key adjustment measures and reforms agreed in the program, in line with its strong commitment to restore macroeconomic stability and debt sustainability and creating the conditions for resuming a strong and inclusive growth path. Despite the drag from capacity constraints, we underscore the significant number of legislative and institutional reforms initiated in the first review cycle, in which all targets were met, although some with delay.

Recent macroeconomic developments

Decisive policy action, a waning Covid-19 pandemic and rising prices of Suriname's main commodities have contributed for economic activity to slowly gain traction. Nevertheless, a negative current account balance is still estimated for 2022 due to a spike in goods imports (54 per cent of GDP—the highest in the past decade), driven by a strong growth in domestic demand. In addition, the debt-to-GDP ratio declined from 148 percent in 2020 to 125 percent in 2021. Notwithstanding this substantial reduction, public debt remains very high and is still deemed as unsustainable.

Real GDP growth was still negative in 2021 and inflation remains high despite exchange rate stability. Suriname is rebounding from the pandemic recession and economic activity continues to recover with businesses reopening across different sectors of the economy. However, growth remained subdued in 2021 (-3.5 per cent), after a historic contraction in 2020 (-15.9 per cent). At the same time, inflation exceeded expectations even as the exchange rate remained stable for more than seven consecutive months since the floating exchange rate regime was adopted in June 2021. Inflation was mostly driven by external factors stemming from the global surge in oil prices and transportation costs, exacerbated by post-Covid supply constraints. Furthermore, the surging inflation has led trade unions and other groups to mobilize for the correction of their loss of purchasing power.

The GoS is exploring different ways to mitigate the effects from the ongoing war in Ukraine to address the pass-through of further import-inflation into domestic prices. Since Ukraine and Russia have a large global share in the supply of wheat and corn, as the conflict continues, constraints may lead to shortages and significant price hikes for several key food products, as is already the case for oil and gas prices. Therefore, the GoS is currently engaged in technical discussions to formulate proposals on how to tackle these substantial challenges without having to resort to widespread subsidies that would undermine the Recovery Program. The promotion of local substitutes, the deployment of tax-based incomes policies (TIPs) and the introduction of

additional cash transfer modalities to compensate vulnerable households and individuals are some of the measures under consideration.

The authorities remain focused on ensuring the timely implementation of structural benchmarks, quantitative performance criteria (QPCs), indicative targets and data reporting. To monitor the progress, two overarching monitoring units were established by Presidential Resolution, with teams comprised by experienced and qualified officials, with proven expertise in their fields of work and leading roles in their respective agencies. One unit is focused primarily on the implementation of the homegrown Recovery Plan, and the other is the IMF Program Monitoring Unit (IMU) in charge of monitoring the implementation of the program under the EFF through 2024. For this first review, the successful execution of the program relied on a meticulous and coordinated work to ensure the implementation of every aspect of the Memorandum of Economic and Financial Policies (MEFP).

Fiscal Policy

The authorities submitted a revised 2022 budget to parliament in line with the ongoing fiscal consolidation. This revised budget is consistent with program parameters to achieve fiscal sustainability in the short run and builds on the striking turnaround in the primary balance. While program estimates indicated a 1.3 percent of GDP deficit for 2021 (on accrual basis), the year closed with a primary balance surplus of 1.4 percent of GDP (on cash basis). These numbers reflect the significant efforts of the Surinamese authorities to regain fiscal sustainability, while dealing with additional challenges related to inflationary pressures.

Benchmarks on streamlining treasury functions and setting up the terms of reference for a suppliers' arrears audit were met. The improvement of treasury functions within the Ministry of Finance has been the focus of transparency enhancing measures regarding the management of the Government's cashflow. The authorities are conscious that lack of transparency conceals many bottlenecks in the Government's payment system, causing arrears to suppliers to go undetected. The audit will be conducted by external experts and will provide the inputs to improve governance and fiscal data reporting.

Increasing the royalty rate on large-scale gold multinationals from 6 to 7.5 percent would require the renegotiation of agreements with the Government. The GoS is committed to include every person and entity in the efforts to close the large financing gaps in the economy. In that regard, the gold sector has the potential to significantly support these efforts, especially with soaring commodity prices. However, provisions in the agreements make it difficult to increase the royalties on these companies and could lead to international arbitration. That notwithstanding, the authorities are confident the multinationals would by mutual agreement be willing to pay their fair share in some other form. In the meantime, the Tax Service is exploring the possibility to scale back a range of exemptions with the aim to compensate for the loss in extra revenues by not increasing the royalty rate on large-scale gold companies.

Debt restructuring negotiations with commercial bondholders and bilateral creditors are proceeding. Debt restructuring proposals have been shared with both bondholders' advisors and

bilateral creditors' negotiators. The two largest bilateral creditors gave their consent for the First Review, even as Suriname has stopped servicing their loans.

Monetary and Financial Policies

The Central Bank of Suriname is committed to achieve price stability through the implementation of the new reserve money targeting regime (RMT). Since the introduction of the new RMT regime in June 2021, backed by open market operations (OMOs) with term deposit (TD) auctions, the exchange rate has been relatively stable. Initially, the bids carried extremely high interest rates. However, with the market settling down and the economy showing signs of recovery, trends in OMO interest rates have steadily converged towards the expected inflation for 2022. While further fine-tuning is needed, it is safe to conclude that the new RMT regime is functioning well. In addition, the groundwork to establish FX auctions for the central bank to intervene in situations of disorderly market conditions is underway.

The new Central Bank Act will strengthen the autonomy and governance of the Central Bank of Suriname, while strictly limiting monetary financing. The draft Act was submitted to parliament on time, yet, due to a strict delineation of powers in the Surinamese institutional arrangement (*Trias Politica*), the executive branch can try to speed up the process through timely consultation but cannot dictate the parliament's agenda. Therefore, to help prevent delays in the future, the authorities identified a list of financial legislative initiatives under the EFF and the Recovery Plan and have shared it with the Speaker of the House.

Capacity development

Capacity constraints and political pressures are important downside risks that may jeopardize the implementation of the program. Lack of implementation capacity within the Government was the main cause behind most benchmarks, QPCs and indicative targets that were met with a delay. Therefore, requests have been placed for technical assistance to address many bottlenecks and operational issues that have already been identified. Deliberations with the Netherlands, among others, are ongoing and may result in experts being made available to support local staff in crucial areas of the Government. While macro-level improvements have become visible, they have not yet trickled down, especially to poor households, raising the pressure to develop and implement policies to improve people's well-being.

Governance

The authorities are committed to strengthen the anti-corruption institutional framework and made important steps towards this objective. Ratification of the United Nations Convention on Anti-Corruption (UNCAC) was scheduled for January 2022. However, the authorities were able to ratify this convention in December 2021. Concurrently, the Anti-Corruption Commission is steadily taking shape and is expected to be operational within the coming weeks. This commission is crucial for the implementation of the provisions of the anti-corruption law adopted in 2019. In this regard, the authorities recognize the need for a swift implementation of the law, as soon as the necessary amendments to bring the legislation in line

with UNCAC are in place.

Conclusion

In sum, notwithstanding the very challenging conditions, the Surinamese authorities are confident that, with the Fund financial and technical support, the implementation of their homegrown recovery plan will continue to successfully improve the lives of the Surinamese people.