INTERNATIONAL MONETARY FUND

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SURINAME

October 2023

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

In the context of the Third 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 September 25, 2023, following discussions that ended on August 22, 2023, 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 September 11, 2023.
- A **Statement by the Executive Director** for Suriname.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

PR23/324

IMF Executive Board Completes Third Review Under the Extended Fund Facility for Suriname

FOR IMMEDIATE RELEASE

- *The IMF Executive Board completed the third review under the Extended Fund Facility (EFF) for Suriname, allowing for an immediate disbursement equivalent to SDR 39.4 million (about US$ 52 million) of which SDR 25.6 million would be for budget support.*
- *The authorities' commitment to macroeconomic stability and fiscal discipline under the program is starting to bear fruit. The economy is stabilizing as exchange rate pressures have eased and inflation, while still high, is on a downward trend.*
- *The authorities' main near-term policy priority is to maintain fiscal prudence while protecting the most vulnerable and supporting growth-enhancing investment.*

Washington, DC – September 25, 2023: The Executive Board of the International Monetary Fund (IMF) completed the third review under the Extended Fund Facility (EFF) arrangement for Suriname. The completion of the review allows the authorities to draw the equivalent of SDR 39.4 million (about US$52 million), bringing total purchase to SDR 118.2 (about US$156 million). In completing the review, the Board also approved the authorities' request for a waiver for non-observance of continuous performance criteria based on the corrective measures already taken.

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). During the second review, the Executive Board approved the authorities' request for a reduction of the total access under the arrangement to an amount equivalent to SDR 383.9 million (297.8 percent of quota). The objective of the program is to support the authorities' economic recovery plan to restore fiscal and debt sustainability through fiscal consolidation and debt restructuring, protect the vulnerable by expanding social protection, upgrade the monetary and exchange rate policy framework, address the financial sector's vulnerabilities, and advance the anti-corruption and governance agenda.

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

"The authorities' commitment to fiscal discipline and macroeconomic stabilization under the EFF-supported program is starting to bear fruit. The economy is stabilizing. Pressures on the exchange rate have eased and inflation, while still high, is on a downward trend."

"The authorities' implementation of difficult reforms in a challenging socio-economic environment is commendable. Elimination of fuel subsidies, gradual phasing out electricity subsidies, curtailing wage payments to unregistered public servants, and broadening the VAT base will help create the fiscal space for expanded social protection spending and growth-enhancing investment."

"The authorities have made concerted efforts to advance debt restructuring negotiations, with the agreements in line with program parameters reached with all creditors except China. Both sides expressed commitment to work towards an agreement on comparable terms with other creditors by the next review."

"While the recent disinflationary measures are gaining traction, maintaining a tight monetary stance remains necessary to tackle the still-elevated inflation. At the same time, continued commitment to flexible, market-determined exchange rate remains critical to sustainably address Suriname's external imbalances and support accumulation of international reserves. Swift implementation of the recently enacted new Central Bank Act and finalization of the central bank recapitalization plan upon completion of its financial audits will strengthen its operational independence and financial autonomy. Steadfast progress is also necessary to address banking system vulnerabilities, including through the ongoing assessment of banks' recapitalization and restructuring plans under the authorities' recently finalized framework."

"Continued policy discipline and structural reform momentum are critical for achieving success in the authorities' economic recovery program. Structural reforms to strengthen institutions, governance, and data quality remain key priorities with continued capacity building support by the Fund and other development partners. The authorities should also continue pursuing measures to strengthen the anti-corruption and AML/CFT frameworks and ensure their alignment with international standards."

Suriname: Selected Economic Indicators

	Est.	Proj.	Proj.
	2022	2023	2024
(Annual percentage change, unless otherwise indicated)			
Real sector			
Real GDP growth	1.0	2.1	3.0
Nominal GDP growth	47.1	56.7	32.3
Consumer prices (end of period)	54.6	40.0	20.0
Consumer prices (period average)	52.4	53.3	30.9
Money and credit			
Broad money	45.1	32.8	16.7
Private sector credit	65.7	31.2	20.0
(In percent of GDP, unless otherwise indicated)			
Central government			
Revenue and grants	27.8	26.1	25.3
Of which: Mineral revenue	14.8	11.9	10.3
Total expenditure	30.9	27.1	25.6
Overall Balance (Net lending/borrowing)	-3.1	-0.9	-0.4
Primary Balance	1.1	1.7	3.5
Central government debt	120.1	107.0	93.9
Domestic	29.3	27.1	19.9
External	90.8	79.8	74.0
External sector			
Current account balance	2.2	1.5	1.0
Capital and financial account	11.2	7.7	3.6
Memorandum Items			
Gross international reserves (US$ millions)	1,195	1,234	1,480
In months of imports	6.5	6.7	8.0
Usable gross international reserves (US$ millions) 1/	865	995	1,241
In months of imports	4.7	5.4	6.7
Official exchange rate (SRD per US$, average)	24.6	…	…

Sources: Surinamese authorities; UNDP HD Report, and IMF staff estimates and projections.

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

INTERNATIONAL MONETARY FUND

SURINAME

September 11, 2023

THIRD REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA, WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The authorities continue to prioritize fiscal discipline and macroeconomic stability in their policy actions. Restructuring agreements have been reached for both official and privately-held public debt, aside from the official debt to China, where negotiations continue. The financial advisors are currently preparing to launch the formal debt exchange with private external bondholders.

Program implementation. End-June 2023 quantitative performance criteria (PC) on the cumulative central government primary balance, net domestic assets and net international reserves were met. Two continuous performance criteria—on the accumulation by the government of arrears on its external obligations to other IFIs and against the introduction or modification of multiple currency practices (MCPs) —were not observed but corrective actions have been taken. Supply side and institutional reforms are moving ahead, albeit at a slower pace than expected under the authorities' plans.

Program Strategy. Decisive fiscal adjustment is putting debt on a firm downward trajectory even as expenditures to protect the vulnerable are being prioritized. Monetary and fiscal restraint are easing pressures on the exchange rate, but inflation has yet to move decisively lower. Efforts are underway to broaden the tax base, increase spending efficiency, improve governance, and address longstanding vulnerabilities in the financial system. The authorities have enacted an amendment to increase value added tax (VAT) revenues and have finalized a framework to assess banks' recapitalization and restructuring plans.

Approved By

Nigel Chalk and Bergljot Barkbu

Discussions were held in Paramaribo and via video conferences during August 7-22, 2023. The staff team comprised Anastasia Guscina (head), Olusegun Akanbi, Soungbe Coquillat, Janne Hukka, and Minnie Park (all WHD), Simon Naitram (FAD), Francisca Fernando and David Robinson (LEG), Yesim Aydin (MCM), Marijn Bolhuis (SPR), Charles Amo-Yartey (Resident Representative) and Ansjela Bhagwandin (Resident Representative Office). Karel Eckhorst and Bruno Saraiva (OED) participated in the discussions. The team met with the President, the Vice-President, the Chairman of the National Assembly, the Minister of Finance and Planning, the Minister of Justice and Police, the Minister of Natural Resources, the Minister of Social Affairs and Housing, the Minister of Home Affairs, the Central Bank Governor, and members of parliament, other senior government officials, representatives of the private sector, labor unions, and development partners.

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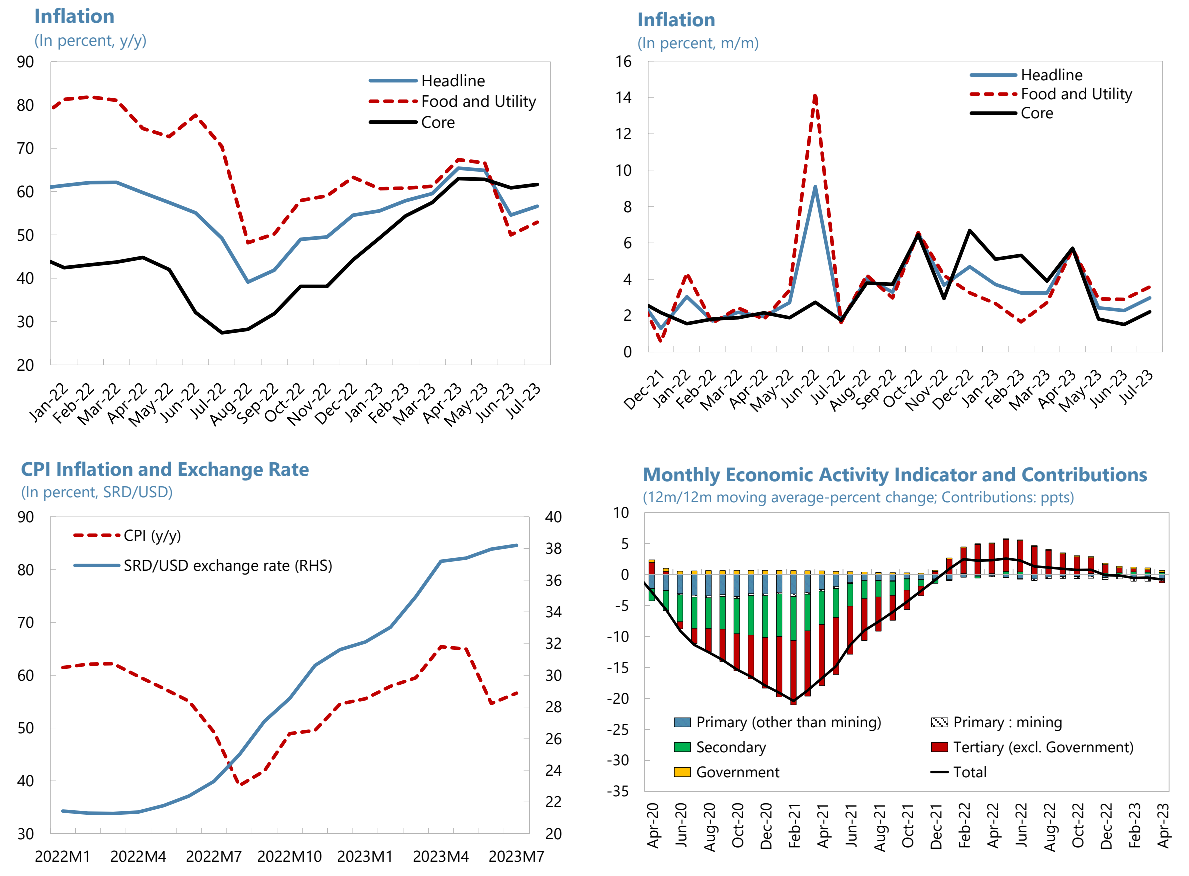
CONTEXT

1. **The authorities' commitment to their home-grown economic reform program remains strong.** Despite a very challenging socio-political environment, the authorities have been able to implement difficult reforms, including the elimination of fuel subsidies in March, increases in electricity tariffs in June, passing the amendment to curtail wage payments to unregistered public servants, and increasing the VAT base in early September. The private sector has established the Suriname Economic Oversight Board (SEOB) as a consultative body to monitor the authorities' program implementation and to provide input into policy decisions.[1]

2. **The macro-financial environment remains challenging.**

- The economic recovery is slower-than-expected, with the monthly growth rate of economic activity slowing over the past year.

Suriname: Real Sector Developments



Inflation
(In percent, y/y)

Inflation
(In percent, m/m)

CPI Inflation and Exchange Rate
(In percent, SRD/USD)

Monthly Economic Activity Indicator and Contributions
(12m/12m moving average-percent change; Contributions: ppts)

Sources: CBvS, General Bureau of Statistics, and IMF staff calculations.

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[1] The SEOB is modeled after the Economic Program Oversight Committee in Jamaica. It is issuing monthly reports on economic developments and performance under the program. The first report was produced in July.

- Inflation is slowing but remains high at 57 percent yoy in July, with core inflation at 62 percent.

- After depreciating 72 percent in a year through May 2023, pressure on the nominal SRD/USD exchange rate has eased which should help lessen the inflationary impulse in the coming months.

- Usable international reserves were 4.7 months of imports at end-July. Weaker mineral revenues and indirect FX sales have, though, slowed the pace of accumulation.

- Asset quality reviews (AQRs) show a substantial recapitalization need in several banks. NPLs have increased and banks are facing tighter funding conditions.

3. Growth is expected to pick up and inflation is expected to decline in the coming months.

- Growth is projected to recover to 2.1 percent in 2023, reaching 3 percent in 2024. However, real GDP is expected to remain below its pre-pandemic level throughout the forecast horizon and is expected to lag global and regional peers.

- Fiscal and monetary restraint have tightened SRD liquidity conditions and slowed the pace of exchange rate depreciation, supporting a projected gradual decline in inflation (to 40 percent y/y by end year).[2] The inflation projection for 2023 has, however, been modestly revised up due to higher global food and energy prices.

- Given the nominal depreciation that has already occurred, the real effective exchange rate (REER) is expected to depreciate by around 6 percent by end-year.

4. There are important near-term risks to the outlook. Policy implementation challenges are the foremost domestic risk, particularly if social discontent were to worsen, increasing opposition to the authorities' reform plans. Ongoing efforts to increase spending on social protection programs would help mitigate this risk and facilitate the further reductions in electricity subsidies that are planned under the authorities' program. Rising NPLs or the materialization of a range of risks in the financial system could create deposit outflows and trigger financial instability. Finally, weak capacity poses a generalized risk to the implementation of the government's reform program. The main external risk arises from the potential for a worsening in the terms of trade. Over a longer horizon, there are significant upsides arising from the future development of large new oil fields (although no final investment decision (FID) has yet been made). If realized, such investments would boost growth, increase export and fiscal revenues, and strengthen the balance of payments and debt dynamics.

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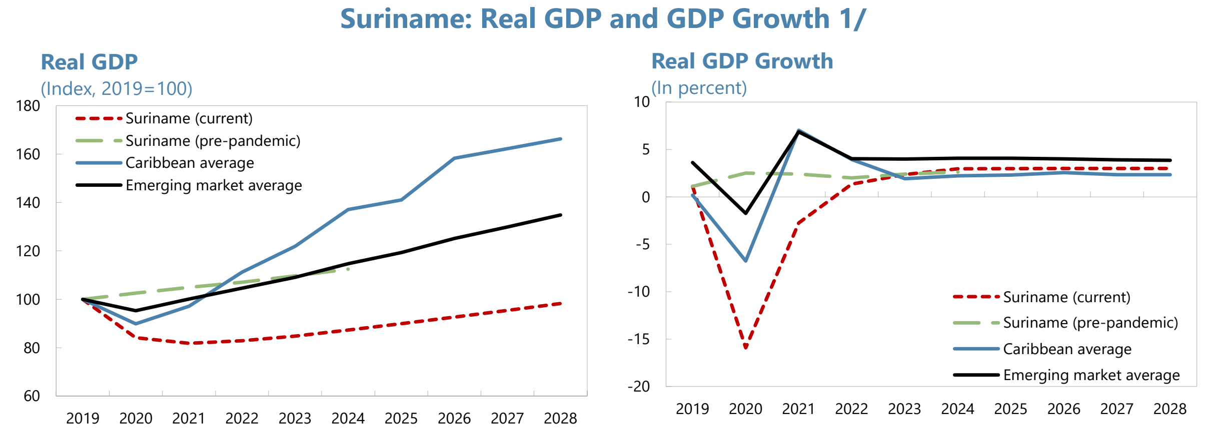
[2] Decline in y/y inflation is also driven by base effects from higher monthly inflation in second half of 2022.



Sources: General Bureau of Statistics and IMF staff estimates.
1/ Caribbean and emerging market average excludes Suriname; 2023-24 values are based on IMF WEO projections.

PROGRAM PERFORMANCE

5. **Program performance has improved.** The end-June 2023 QPCs on the floor on the primary fiscal balance (cash basis), the ceiling on the NDA of the central bank (CBvS) and the floor on NIR were all met.[3],[4] The authorities have refrained from direct FX interventions and have limited indirect FX sales to essential goods importers, although total SRD mineral revenue by the government exceeded the end-July indicative target.[5] As debt payments to four external creditors were made 30 days past the due date, a waiver is requested for the non-observance of the continuous PC on the non-accumulation of CG external debt arrears based on the temporary nature of the non-observance and actions to strengthen debt management capacity.[6] The CBvS Circular of July 14, 2023 introduced a measure that gave rise to an MCP, thereby breaching the continuous PC

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[3] The overperformance with respect to the NDA target of SRD 958 million reflects large commercial bank transfers in April-June 2023 of required (ring-fenced) FX reserves held at the CBvS to their overseas nostro accounts to maintain higher balances at correspondent banks. These transfers were not fully captured in staff's FX reserve money projections at the time of the 2nd review of the EFF, resulting in a large over-estimation of NDA. Adjusting for the impact of these outflows, overperformance of the NDA target would have been SRD 444 million. The FX cash requirement outflows do not affect staff's assessment of reserve adequacy due to exclusion of ring-fenced FX reserve requirement from the definition of the CBvS' usable international reserves.

[4] The indicative end-July NDA ceiling was temporarily exceeded due to the maturing of term deposits at the CBvS (SRD 1.4 billion) that were not reinvested by banks until the central bank debt auction on August 2, 2023.

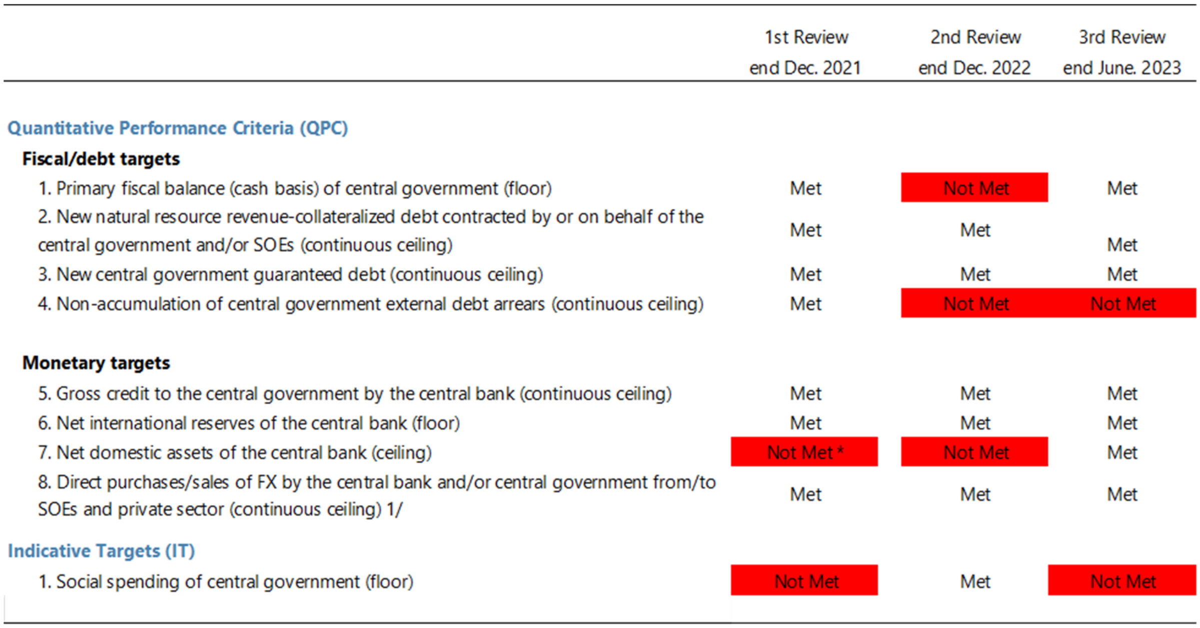
[5] While indirect FX sales by mineral exporters (and the resulting SRD denominated mineral revenue) were contained well-below the end-July indicative target (about USD 4 million), the government received higher-than-expected SRD share of its dividend revenue from the state-owned oil company, reflecting a temporarily higher SRD currency composition of its income (from higher local fuel sales). The slight July underperformance will be offset through lower indirect FX sales ahead of the end-September cumulative target.

[6] Debt payments to the OPEC Fund for International Development, Inter-American Development Bank, European Investment Bank, and the Caribbean Development Bank have been delayed by more than 30 days beyond the contractual due date but have since been paid. The delays occurred due to missed invoices. The authorities are working on strengthening capacity of the SDMO's middle office.

against the introduction or modification of MCP. A waiver of non-observance is requested based on the corrective actions taken on September 8 to remove this unintended MCP.[7] Other continuous PCs were met. The IT on social assistance spending was missed due to tightened eligibility criteria for certain programs and delays in expanding coverage.

6. Institutional reforms continue to advance. The authorities met the end-June SB on establishing a system to compile and maintain an up-to-date list of public entities, starting with the central government (CG) entities. The end-July SB on publishing a time-bound strategic plan to improve the efficiency and effectiveness of social benefits has been delayed to end-December to incorporate the recommendations of the ILO's social benefit review. The end-July SB on enacting the VAT amendment by the National Assembly was not met but was completed on September 5 as a ***prior action***.

Suriname: Summary of Program Performance



	1st Review end Dec. 2021	2nd Review end Dec. 2022	3rd Review end June. 2023
Quantitative Performance Criteria (QPC)			
Fiscal/debt targets			
1. Primary fiscal balance (cash basis) of central government (floor)	Met	Not Met	Met
2. New natural resource revenue-collateralized debt contracted by or on behalf of the central government and/or SOEs (continuous ceiling)	Met	Met	Met
3. New central government guaranteed debt (continuous ceiling)	Met	Met	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	Met	Not Met	Not Met
Monetary targets			
5. Gross credit to the central government by the central bank (continuous ceiling)	Met	Met	Met
6. Net international reserves of the central bank (floor)	Met	Met	Met
7. Net domestic assets of the central bank (ceiling)	Not Met *	Not Met	Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (continuous ceiling) 1/	Met	Met	Met
Indicative Targets (IT)			
1. Social spending of central government (floor)	Not Met	Met	Not Met

Sources: CBvS, MoFP, and IMF staff calculations.
1/ Although met throughout 2022, the continous zero-ceiling was breached in February 2023.

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[7] The CBvS Circular 2023-1 of July 14, 2023, mandated banks to use the weighted average exchange rates calculated and published by the CBvS three times per day when purchasing from exporters the 35 percent of the repatriated proceeds from exports of goods, services and values under the FX surrender requirement. Under the current MCP policy, this gave rise to an MCP because of the potential deviation of more than 2 percent between (i) the weighted average exchange rates calculated and published by the CBvS at which the FX repatriated by exporters is required to be purchased by FX banks and (ii) the buying exchange rates prevailing on the FX market at the time when the FX purchase transaction under the surrender requirement occurs (i.e. buying exchange rates set by FX banks at their own decision for FX purchase transactions other than those under the mentioned surrender requirement.) This MCP was removed later by a CBvS Circular 2023-2 issued on September 8, 2023, which requires FX banks to use the current exchange rates of the day, as published by the relevant foreign exchange bank, when settling the payment of the export earnings under the surrender requirement. Thus, the MCP existed between July 14, 2023 and September 8, 2023.

POLICY DISCUSSIONS

A. Improving Fiscal Sustainability While Supporting the Vulnerable

7. The authorities are on track to achieve the 1.7 percent of GDP CG primary balance target for the year as a whole. The June QPC on the primary balance of the CG was met with a sizable margin largely due to the under-execution of capital expenditures and social assistance spending.[8] The authorities intend, though, to correct the underspending on social programs in the remainder of the year. To this end, efforts are being stepped up to finalize the authorities' social assistance reform plan *(end-July SB, not met, proposed to be reset to end-December)* and work with capacity development (CD) providers to improve capacity. Expected gross financing needs remain aligned with the limits in the program,[9] peaking at 11.3 percent of GDP in 2023 and averaging 7.2 percent of GDP over the medium term. Public debt stood at 120 percent of GDP in end-2022 and is expected to fall below 70 percent by 2028.[10]

Suriname: 2023 Fiscal Projections

	2nd Review	Latest Proj.	Difference	
	(Percent of GDP)		(Percent of GDP)	(Millions of SRD)
Primary Balance	**1.7**	**1.7**	**0.0**	**0**
Revenue	**26.9**	**26.1**	**-0.7**	**3**
Taxes	16.6	17.1	0.4	1,157
Direct taxes	9.4	9.7	0.3	714
Of which: Mining taxes	4.2	4.5	0.3	508
Indirect taxes	7.2	7.4	0.1	442
Of which: VAT	3.2	3.0	-0.1	-60
Non-tax revenue	9.7	8.6	-1.1	-1,171
Of which: Mining revenues	8.5	7.4	-1.1	-1,221
Grants	0.5	0.5	0.0	17
Primary Expenditure	**25.1**	**24.5**	**-0.7**	**3**
Wage Bill	6.9	6.7	-0.2	-2
Fuel subsidies	0.3	0.3	0.0	16
Electricity subsidies	2.4	2.7	0.3	437
Cash transfer programs	3.0	2.9	-0.1	0
Capital expenditure	3.3	2.6	-0.7	-808
Other primary expenditure	9.2	9.2	0.0	360
Non-mining primary balance	**-11.0**	**-10.2**	**0.8**	**713**

Sources: MoFP and IMF staff calculations.

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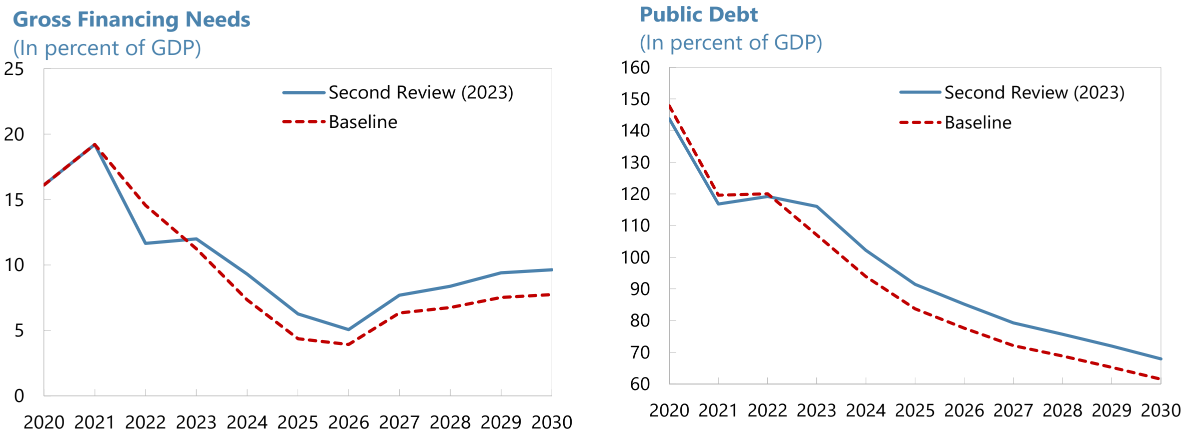
[8] Short-term fiscal contingency measures for fiscal year 2023 include scaling down non-priority capital spending and introducing excise taxes on selected products. The under-execution of social assistance spending in the first half of the year needs to be resolved by faster implementation of the new social beneficiary program, payment of the general child benefit, and further increases in the value of cash payments.

[9] The program parameters for GFN are under 12 percent of GDP in any year, and under 9 percent on average over the medium- to long-term.

[10] The public debt stock was revised up for 2017-22 as the final version of the audit report of supplier arrears recorded considerably higher accumulation of supplier arrears during this period. Public debt is expected to fall faster due to a smaller-than-expected REER depreciation in 2023.

Suriname: Gross Financing Needs and Public Debt



Sources: CBvS, Ministry of Finance, and IMF staff estimates.

8. The authorities are implementing a range of revenue and expenditure measures including:

- *VAT.* In June, the authorities submitted to the National Assembly an amended VAT Act.[11] This legislation was passed on September 1, and was enacted on September 5 - a ***prior action*** for completion of the third review. Meanwhile, progress is being made in registering companies and ensuring timely and accurate VAT refunds for eligible exporters.

- *Wage bill.* In May, the authorities reached an agreement with unions to increase wages through cost-of-living bonuses and have committed to no further increases in either wages or hiring this year. In February, the government completed a mandatory registration for all civil servants and, in June, the National Assembly approved an amendment to the Personnel Act enabling salary payments to be halted for unregistered workers.[12] Wage and benefit payments to these workers will be discontinued at end-October 2023 after a state decree is issued detailing the procedures for halting payments *(new proposed end-October SB).* Savings from this measure would amount to 0.1 and 0.4 percent of GDP in 2023 and 2024, respectively.[13]

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[11] The amendment: (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt ones, and (ii) reduces the scope of exemptions to impose the standard 10 percent VAT rate on at least 60 percent of household consumption. It also clarifies the taxation of education, health, and financial services under the VAT. The law will be implemented in two stages – on October 1, the standard VAT rate will be imposed on an additional 16 percent of the consumption basket, and on November 1, it will be imposed on an additional 4 percent of the consumption basket to get to the targeted 60 percent of household consumption coverage. The law and the explanatory notes have been published in the Gazette.

[12] 18 percent of the public workforce remain unregistered.

[13] The authorities are also offering voluntary separation packages to reduce the government headcount, but take-up has been low (around 1.5 percent of the public workforce). Given the uncertain take-up, near-term costs and longer-term savings from this measure are not included in the baseline.

- *Fuel taxes*. In March, fuel subsidies were discontinued and fuel prices are now determined by an automatic pricing mechanism based on international prices. In May, the government reinstated specific taxes on fuel of SRD 3.50 per liter, which are expected to generate 0.7 percent of GDP in revenue in 2023.[14]

- *Electricity subsidies*. In June, the government approved a schedule of tariff adjustments, which included an immediate 28 percent increase in average electricity tariffs, and further increases in Q3 and Q4 by 42 percent and 21 percent respectively, as the government phases out lump-sum billing discounts by end-November 2023.[15] Tariffs will then be adjusted quarterly going forward to reach cost-recovery by end-2024.[16] To promote transparency and accountability, the Energie Autoriteit Suriname will begin publishing on its website quarterly updates to the tariffs for each consumer group, the rationale for the adjustment, the estimated cost of providing electricity, and the remaining size of the subsidy *(new proposed end-October SB)*.

- *Gas subsidies*. In August, the government announced a schedule of price increases for liquified petroleum gas to phase out gas price subsides, which are 90 percent of the cost of gas. Beginning in September, gas prices will increase by around 425 percent to reduce the subsidy to 55 percent of the cost. Prices will further increase by a fixed amount each quarter beginning in December 2023. This measure is expected to yield savings of 0.1 percent of GDP in 2023 and 0.2 percent of GDP in 2024.

- *Cash transfers*. To protect the poor from the brunt of fiscal adjustment, starting in July, the value of cash transfers for the traditional social protection programs was increased to partly compensate for inflation.[17] The value of cash transfers will be increased again in October to fully compensate for inflation. With the help of the ILO and IDB, the government is reviewing social protection expenditures and developing a time-bound strategic plan to improve the efficiency and effectiveness of social benefits *(end-July 2023 SB, not met, proposed to be reset to end-December)*.

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[14] Fuel taxes generated 1.3 percent of GDP in revenue in 2020. The negative contribution in 2024 is due to this being a specific tax that is eroded by inflation.

[15] Average electricity tariffs for the quarter are calculated as an average tariff across consumer groups weighted by kWh usage and averaged for the entire quarter.

[16] IMF capacity development support has helped the authorities assess the distributional impact of removing electricity subsidies and identified mitigating measures for poorer households.

[17] The General Old-Age Pension has been increased from SRD 1250 to SRD 1750 per month. The General Child Benefit has been increased from SRD 125 to SRD 200 per child. The Financial Assistance for Persons with Disabilities has been increased from SRD 1750 to SRD 2500 per month. The Financial Assistance for Weak Households has been increased from SRD 1250 to SRD 1750 per month.

Suriname: Contributions to Fiscal Adjustment

(In percent of GDP)

	2022	2023		2024		Total	
		2nd review [1]	Curr. Proj.	2nd review	Curr. Proj.	2nd review	Curr. Proj.
Annual change of Primary Balance [2/]	**1.6**	**0.7**	**0.6**	**1.8**	**1.8**	**4.8**	**4.1**
Adjustment from Policy Changes	**0.5**	**2.6**	**3.8**	**4.2**	**4.4**	**8.5**	**8.8**
Revenue measures	**-0.6**	**0.7**	**1.1**	**1.9**	**1.8**	**3.7**	**2.3**
Replacing sales tax with VAT	0.0	0.3	0.2	0.6	0.6	0.9	0.8
Sales tax increase on G&S	0.3	0.0	0.0	0.0	0.0	0.2	0.3
Royalties increase for gold miners	0.4	0.2	0.2	0.3	0.3	0.9	0.9
Income tax	0.2	-0.4	-0.4	0.1	0.1	-0.1	-0.1
Corporate tax	-1.0	0.0	0.0	0.1	0.1	0.3	-0.9
Fuel tax	-0.4	…	0.7	…	-0.2	…	0.1
Scaling back exemptions	0.0	0.2	0.2	0.2	0.2	0.4	0.4
Air navigation charge increases	0.0	0.3	0.3	0.0	0.0	0.3	0.3
Land lease fee increases	0.0	0.0	0.0	0.6	0.6	0.6	0.6
Expenditure measures	**1.1**	**1.9**	**2.6**	**2.2**	**2.7**	**4.8**	**6.5**
Wage bill restraint	-0.5	1.5	1.7	0.1	0.4	1.1	1.7
Goods and services expenditure	2.4	0.0	0.0	0.2	0.2	1.7	2.6
Phased electricity subsidy elimination	0.5	1.0	0.7	1.7	2.1	3.2	3.2
Phased fuel subsidy elimination	-1.9	1.6	1.6	0.3	0.3	0.0	0.0
Phased gas subsidy elimination	0.0	…	0.1	…	0.2	…	0.3
Social programs spending	-0.5	-1.0	-0.9	0.0	-0.1	-1.5	-1.5
Other transfers and subsidies	1.7	-0.2	-0.2	0.0	0.1	1.9	1.6
Capital spending	-0.6	-1.0	-0.3	0.0	-0.5	-1.6	-1.4
Contribution by Non-Policy Factors	**1.1**	**-1.9**	**-3.1**	**-2.4**	**-2.6**	**-3.7**	**-4.7**
Revenue	1.1	-1.5	-2.8	-2.4	-2.6	-3.3	-4.3
Expenditure	0.0	-0.4	-0.4	0.0	0.0	-0.5	-0.4
Memo							
Primary Balance	1.1		1.7		3.5		

Sources: MoFP and IMF staff calculations.

[1/] See IMF Country Report No. 2023/232

[2/] Annual change of primary balance from 2021 to 2022 revised downward due to upward revision of 2021 primary balance after final audit of legacy supplier arrears

9. **To further strengthen fiscal institutions, the authorities:** (i) have established a central institutional repository which lists all public entities (*end-June SB, met*); (ii) will publish quarterly budget execution reports starting in Q2[18] (*end-September SB*); (iii) will issue a State decree to provide the Minister of Finance the authority to access all banks accounts held by government entities at commercial banks *(end-December SB);* and (iv) will enact a new procurement law (*end-September SB*).

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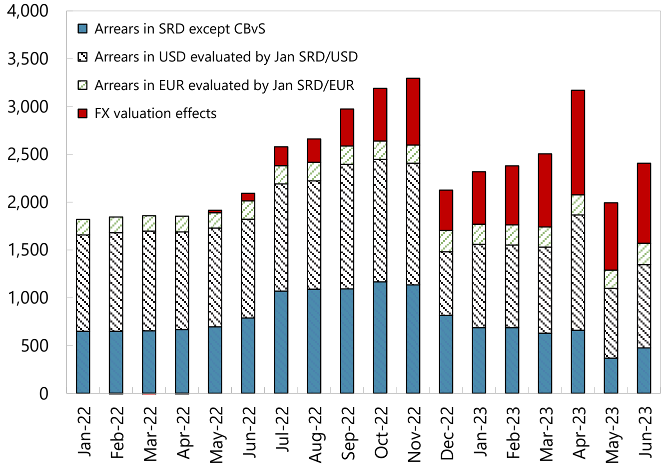
[18] The quarterly execution report for the first quarter was published on June 2, 2023.

B. Debt Restructuring

10. The authorities have begun to clear domestic debt and suppliers' arrears. The authorities have already cleared SRD 0.9 billion of domestic debt arrears and have committed to clear the remainder SRD 2.4 billion of arrears by end-December.[19] Legacy debts to the CBvS have been restructured into a new loan with a grace period of 2 years and a maturity of 27 years. All short-term advances made to the CG will be repaid to the CBvS in 2023. Ensuring reliable payments on government obligations is an essential step to restore investor confidence and unwind the effect that recent nonpayment of government liabilities has had on the banking system. To monitor supplier arrears and prevent further accumulation, improvements are being made to cash management and commitment controls systems, including with the help of Fund capacity development support. Fund debt management TA will help strengthen capacity in accurate and timely recording, reporting, and payment of debt. The recently established Treasury Department is working to strengthen cash forecasting and the government plans to create a cash management unit by end-2023 that will cover liquidity planning as well as accounts, working capital and cashflow management. Finally, the government intends to expand coverage of the Treasury Single Account to include all government accounts held at commercial banks by end-2024.

Suriname: Stock of Domestic Debt Arrears 1/
(In SRD millions)



Sources: CBvS and IMF staff calculations.
1/ Excludes arrears to CBvS.

11. A debt exchange with external bondholders is expected to be launched soon, debt restructuring negotiations with official creditors have been concluded, although, unfortunately, arrears to China remain unresolved (Annex I).

- An agreement was reached in June 2022 with Paris Club (PC) creditors for a two-step debt treatment. Bilateral agreements with all of the PC creditors have now been completed.
- An agreement to restructure the official credit line from EXIM India was made in March 2023 and an agreement on the loan backed by EXIM India was reached in May 2023.
- Negotiations continue with EXIM China but there is, as yet no restructuring agreement. The authorities' recent offer—which has been modelled on the agreements with other official

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[19] The estimated stock of domestic debt arrears was revised upwards for January-March 2023 based on new data from the SDMO. The stock of domestic debt arrears increased in the first half of 2023, due to FX valuation effects from sharp nominal exchange rate depreciation and new arrears on FX-denominated debt.

creditors was not accepted by China.[20] Nonetheless, the authorities have asked China EXIM for a counterproposal that would be in line with what was provided to other creditors. While the counterproposal is pending approval by key ministries, China has sent its consent to the ongoing arrears despite the latest restructuring offer not being accepted by the Chinese creditors. Both sides in the negotiations have indicated their commitment to working expeditiously towards an agreement on a restructuring treatment on comparable terms to other creditors that will restore debt sustainability and they anticipate reaching a mutually satisfactory solution by the time of the fourth review of the program.

- No further payments have been made by Telesur or other agencies to EXIM China. The authorities are committed to reflect past payments to EXIM China in the eventual debt restructuring, so as to ensure comparability of treatment with other official creditors.
- An agreement-in-principle has been reached with bondholders on May 4 and the financial advisors are currently preparing to launch the formal exchange. Preliminary assessment by the Paris Club Secretariat indicates that the agreement satisfies the comparability of treatment relative to official creditors.

Conditional on the agreed debt treatments for both official and private debt, and assuming a comparable treatment for debt owed to China, Suriname's debt is judged to be sustainable on a forward-looking basis (Annex I).

C. Tackling Inflation

12. The monetary stance remains appropriate and is increasingly being reflected in market conditions. SRD reserve money growth has remained below the CBvS' target path and the program end-June NDA ceiling was met. Liquidity conditions remain tight following the April increase of the SRD reserve requirement as well as regular open market operations (OMOs) and direct issuances of central bank certificates (CBCs) to absorb liquidity.[21] Reserve money growth has stabilized and private sector credit growth is weakening, guided by time-bound, bank-by-bank lending caps.[22] Interest rates on central bank liabilities have increased although the transmission to market rates

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[20] EXIM China and Surinamese authorities (through an email exchange and MEFP commitment) expressed a strong desire to close the deal as soon as possible. The Paris Club Secretariat has also engaged with China to explain why it assesses that the comparability of treatment criteria between official and private creditors has been met with the recent restructuring agreements, and shared parameters of its agreement with Suriname. Debt restructuring agreement with India was also shared with China.

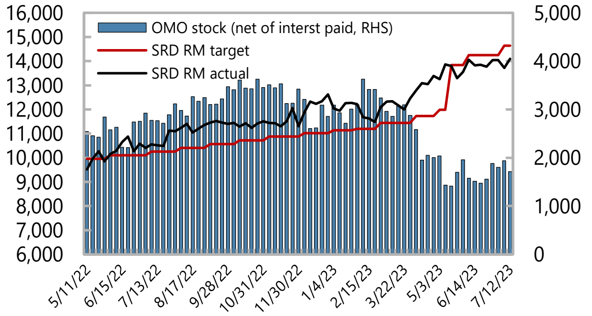
[21] CBC wholesale auctions and direct issuances now take place on a quarterly cycle.

[22] The caps aim to contain nominal SRD private sector credit growth to 20 percent over a one-year period through April 2024 and support CBvS' ability to mop up liquidity through OMOs in conditions of highly uneven distribution of system liquidity. Leakage risks from the credit cap are mitigated by modest demand for loans, regulatory limits on extending FX credit, and the small size of the non-banking sector (e.g., credit unions represent only 0.5 percent of financial system assets). Supported by Fund CD, the CBvS will expand the monetary and financial survey to insurance and pension funds by March 2024, which will improve the authorities' understanding over overall credit conditions.

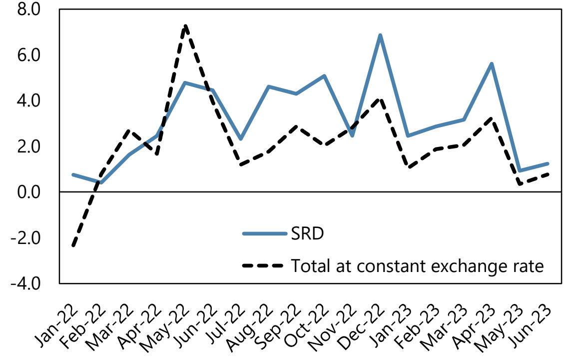
remains weak.[23] Median deposit and lending rates, although negative in real terms, are gradually edging up as more banks compete for liquidity. The targeted path for SRD reserve money remains unchanged from that of the second review.[24] NDA targets are proposed to be adjusted in line with the revised path for international reserves and FX reserve money (the latter reflecting a technical adjustment as more of banks' FX reserve requirements are held in overseas commercial banks rather than at the CBvS).

Suriname: Recent Monetary Policy Developments

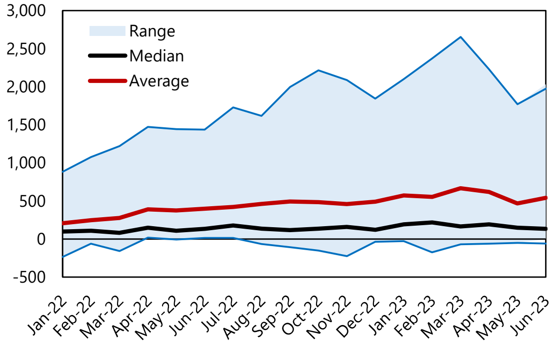
SRD Reserve Money and OMO/CBC stock
(Millions of SRD)



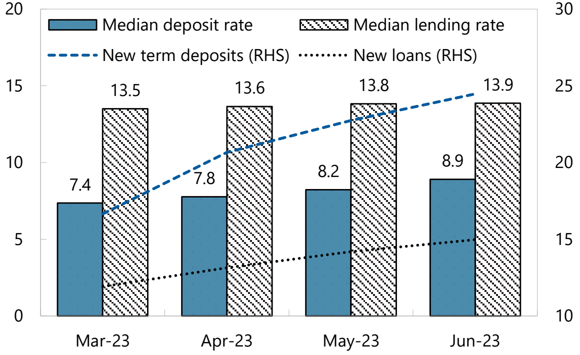
Bank Private Sector Credit Growth
(In percent)



Adjusted Bank SRD Net Liquidity Positions 1/
(In SRD millions)



Average Bank Interest Rates
(SRD deposits and loans, in percent)



Sources: CBvS and IMF staff calculations.

1/ Excludes reserve requirement and government T-bill exposures.

13. Depreciation pressures have eased. Fiscal and monetary restraint have slowed demand for FX and reduced the pace of nominal exchange rate depreciation, even as importers work through a backlog of payments. The authorities have refrained from direct FX interventions. Indirect sales by mineral exporters to the importers of essential goods have also been reduced (increasing the share

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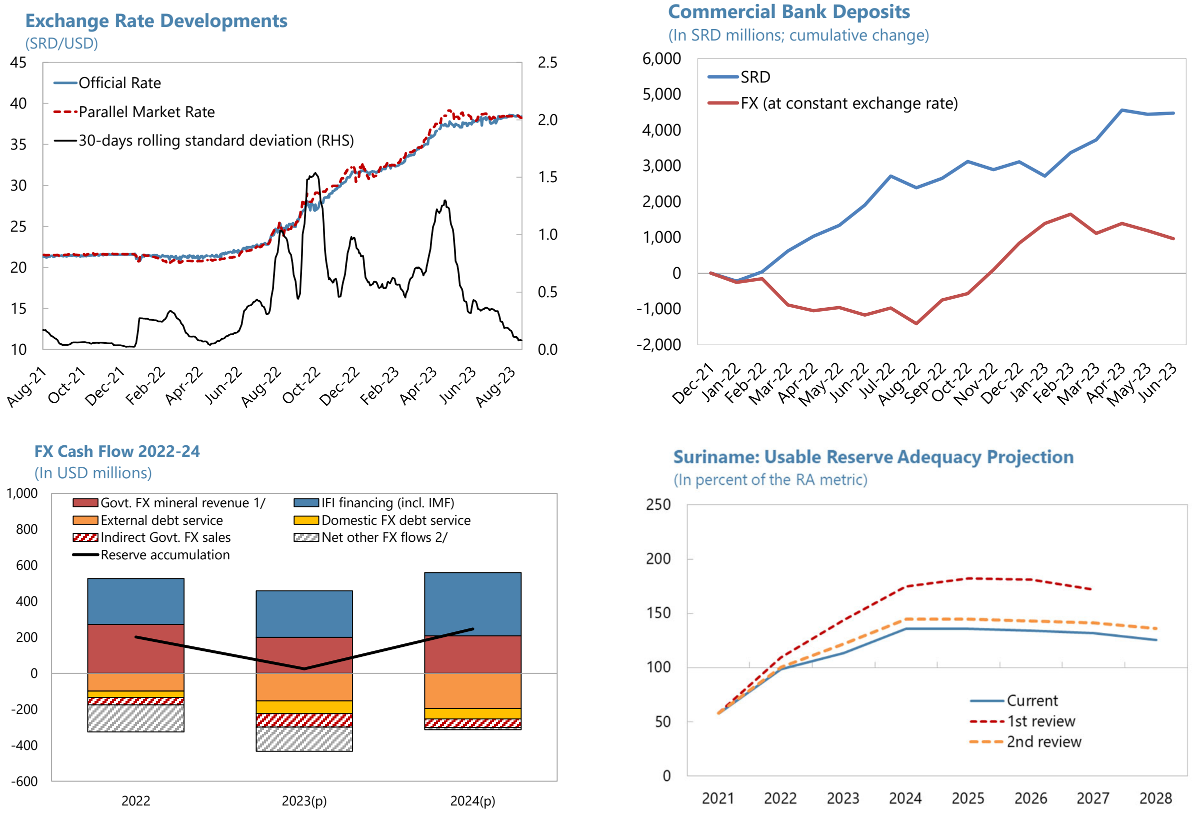
[23] Transmission weaknesses reflect concerns over borrower repayment capacity (contributing to rigidity in lending rates), banking system weaknesses (limiting scope to absorb narrower margins), as well as high concentration of liquidity in a few banks (reducing their need to compete for funding).

[24] Maintaining the same nominal reserve money path in context of higher inflation implies a modest further tightening in the monetary stance.

of mineral revenues paid to the government in FX rather than in SRD).[25] A projected weaker path for mineral revenue has, though, resulted in a modest downward revision for the targeted path of usable international reserves (the NIR targets are proposed to be adjusted to align with the revised macro framework).

Suriname: Recent Foreign Exchange and International Reserve Developments



Sources: CBvS and IMF staff calculations.
1/ Excludes indirect government FX sales to essential goods importers.
2/ Includes expiry of the PBOC swap line (2022) and commercial bank transfers of FX cash requirement to overseas correspondent bank nostro accounts.

14. The authorities continue to improve the functioning of the FX market. The FX surrender requirement has been tightened to require surrender to take place immediately upon repatriation of the FX.[26] The authorities are reviewing the Foreign Exchange Regulation of 1947 to make it

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[25] In line with the easing of FX availability pressures, the indirect sales to basic good importers are being phased out. The ceiling on FX sales through this measure will continue to be assessed as part of future program reviews based on continued easing of the FX market conditions, including clearance of importer payment arrears. The MoFP has established a monitoring arrangement to ensure that all indirect sales by the mineral companies take place at market exchange rates and do not create an MCP.

[26] The surrender requirement requires exporters to offer at least 35 percent of the repatriated foreign exchange for sale to banks with correspondent banking relationships. Under the previous regulation the FX repatriated by exporters was to be offered for sale within five days.

consistent with the new Central Bank Act (end-December SB).[27] The CBvS is finalizing preparations for the launch of an electronic FX trading platform (end-September SB), which will help improve transparency, liquidity, and price discovery in the FX market.

Suriname: FX Cash Flow Projections

(Millions of USD)

	2022	2023	2024	Total
Inflow of FX (CBvS and Central Government)	**590**	**500**	**615**	**1,705**
Govt mineral and other FX revenues 1/	260	170	211	641
IFI financing (budget support)	200	100	100	400
IMF financing	54	158	251	518
Other (incl. project financing)	76	71	53	200
Outflow of FX (CBvS and Central Government)	**386**	**342**	**369**	**975**
Debt service 2/	134	208	257	600
Other FX outflows (incl. use of project financing)	97	133	111	341
PBOC swap reversal	154	0	0	154
Private sector (net)	**-2**	**-119**	**0**	**-121**
Commercial banks' transfers (net) 3/	-2	-106	0	-108
FX purchases by CBvS	0	0	0	0
FX sales to private sector by CBvS and Central Government 4/	0	-13	0	-13
Change in Gross Foreign Reserves of CBvS (+: Increase)	**202**	**39**	**246**	**488**
Private sector	-2	-119	0	-121
Public sector	204	158	246	609

1/ Government mineral and other revenue received in foreign curency that are transferred to the CBvS.

2/ Debt service to all external and domestic obligations of the central government and CBvS denominated in foreign currencies.

3/ Commercial banks' transfers to/from their accounts at the CBvS from/to their Nostro account abroad.

4/ Direct FX sale by the central government to fuel importers in February 2023.

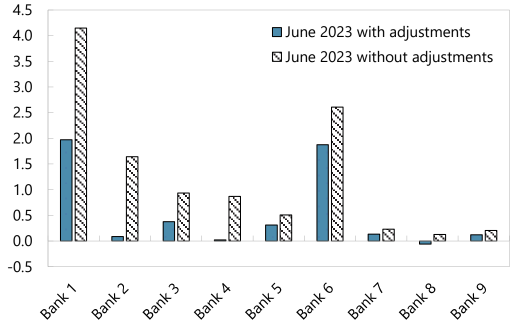
Sources: CBvS and IMF staff estimates.

D. Addressing Banking Sector Risks

15. The banking system suffers from acute vulnerabilities. Although the reported level of risk-weighted capital for the system is 18.6 percent, some banks do not meet regulatory minima for capital. Asset quality continues to deteriorate, with 16.1 percent of loans nonperforming by June 2023. Results from the AQR indicate that substantial, additional provisioning is required which will add to

Suriname: Adjusted and Unadjusted SRD Net Liquidity Positions 1/

(In SRD millions)



Source: CBvS and IMF staff calculations.

1/ Adjusted means exclusion of required reserves and exposures to government T-bills.

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[27] The authorities are also undertaking a full review of the FX Regulation of 1947 and are in discussions with staff on the scope of possible technical assistance.

recapitalization needs.[28] The banking sector is, on aggregate, very liquid (52.3 percent of assets are liquid, in large part due to high reserve requirements). However, liquidity is unevenly distributed across banks and skewed towards the two large systemic banks. The ongoing monetary tightening and higher reserve requirements increase the risk of exposing liquidity shortfalls in some smaller banks.

16. The CBvS has finalized a roadmap to bring banks back into compliance with regulatory requirements. The roadmap comprises the recapitalization and restructuring of banks that do not meet regulatory standards. The CBvS' finalization of its assessment framework for a time-bound recapitalization and restructuring plans was completed on August 29 as a ***prior action***. The assessment framework envisages the relevant supervisory and corrective actions the CBvS would take for banks having solvency problems and elaborates on the information the banks need to include in their plans to resolve their NPLs.[29] Banks have fully implemented the AQR results and adjusted their loan loss provisioning at the end of July accordingly. The banks with capital shortages submitted their recapitalization and restructuring plans to the CBvS and the CBvS is in the process of a critical review of these plans *(end-October SB)*. The CBvS and the MOF will agree on a new governance framework for government-owned banks to ensure they are run on a fully commercial basis *(end-December SB)*. Amendments to the Banking and Credit Supervision Act and the draft Bank Resolution Act, that would align legislation with international best practices in supervision and resolution of banks, have been sent to the Ministry of Justice and Police for a final review. The authorities anticipate these amendments will be adopted by the National Assembly by end-December.

E. Strengthening the Central Bank

17. The CBvS is working to implement the Central Bank Act of 2022, which strengthened its mandate, autonomy, and decision-making. The CBvS has already established the Audit Committee and Risk and Compliance Committee in accordance with their approved charters and approved the Investment Policy. The CBvS is developing a regulation for the Supervisory Board and updating the Governance Handbook. However, the FY2020 financial statements' audit has been delayed due to capacity constraints, which has impacted the completion of the FY2021-22 audits *(end-December 2023 SB, proposed to be reset to end-March 2024)*. Completion of these audits is essential for the MoFP and CBvS to finalize a recapitalization plan for the CBvS *(end-December 2023 SB, proposed to be reset to end-March 2024)*. The CBvS will be recapitalized with marketable instruments. The implications of the recent restructuring of government debt to the CBvS will be

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[28] The capital shortfall largely arises from fair value adjustments of government debt and debt arrears (although the AQR did not take into account the government arrears accumulated in 2022). Recapitalization needs of the CBvS and commercial banks are conservatively assumed to add to the public debt stock in 2023 (see Annex I), increasing it by 10 percent of GDP (5 percent for CBvS and 5 percent for commercial banks).

[29] The supervisory and corrective actions taken by the CBvS would depend on the place of the bank in triage. For banks with NPL ratios above the internal benchmark of 5 percent of gross loans, CBvS will evaluate the need to provide guidance on NPL resolution and credit risk management based on international best practices.

incorporated into the CBvS' recapitalization plan. A special audit of program monetary data was completed in August 2023.

F. AML/CFT and Governance

18. Key governance reforms are progressing

- Following the ratification of the United Nations Convention Against Corruption (UNCAC), in May 2023 the authorities installed the Anti-Corruption Commission for a term of 5 years. It is tasked with evaluating the Anti-Corruption Act and to propose amendments to the Anti-Corruption legal framework *(end-September SB, proposed to be reset to end-December)* needed to facilitate the routine verification and publication of income and asset declarations of high-ranking and high-risk public officials. The authorities have requested Fund TA to help with drafting the amendment. In the meantime, the State Decree requiring registration of income and assets by high-ranking and high-risk public officials has been issued in August.

- The authorities have ratified the Caribbean Community (CARICOM)'s Protocol on Public Procurement in July 2022. With support from the IDB, a new procurement law will be enacted by end-September (SB)[30] to mandate the publication of beneficial ownership information of all awarded public contracts.

- A 2022 assessment by the Caribbean Financial Action Task Force (CFATF) identified several technical compliance deficiencies and placed Suriname on enhanced follow up.[31] In November 2022, the authorities enacted a new Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) law to bring it into line with international standards and to address key technical compliance deficiencies (drafted with IMF support). To comply with FATF requirements, Suriname will need to: (i) enhance AML/CFT supervision for all financial institutions; (ii) develop and implement risk based supervisory framework for Designated Non-Financial Businesses and Professions (DNFBPs); (iii) make available adequate human, financial, and technological resources to the Financial Intelligence Unit, (iv) increase ML/TF related investigations, prosecutions and confiscations, and (v) amend the International Sanctions Framework to update the legal framework in relation to the implementation of the UN Security Council Resolution Resolutions for Terrorism and Proliferation Financing. The authorities are working to enact amendments to various laws and to strengthen their risk-based supervision, including with support from IMF CD.

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[30] The law will centralize the publication of all tenders and contracts awards. In addition, it will mandate the publication on a government website of all public procurement contracts, 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.

[31] Suriname received low effectiveness rating by CFATF in all areas except one. Negative assessment ratings can result in reputational risks and have a negative impact on correspondent banking relationships (CBRs).

PROGRAM ISSUES

19. Waivers for the nonobservance of continuous PCs are requested. The waivers are requested based on the temporary nature of the breached PCs.[32]

20. The following prior actions have been completed:

- Enactment of the amended VAT law on September 5.
- Finalization by the CBvS of its assessment framework for banks' time-bound recapitalization and restructuring plans on August 29.

21. Staff proposes to modify program conditionality as follows:

- **Quantitative targets.** The end-September and subsequent QPCs on NIR and NDA are proposed to be adjusted in line with the revised macro-framework. Quarterly QPCs are proposed through end-September 2024.
- **Indicative targets.** The end-September IT on social spending is proposed to be adjusted downward to reflect a more gradual and realistic path to achieving the full-year target, given underspending on social protection at end-June, while subsequent ITs remain unchanged.
- **New end-October SBs are proposed** in areas of expenditure control and fiscal policy transparency (¶8)[33]:
- Two end-September SBs on public procurement have been reformulated (¶18).
- **Due to capacity constraints, two SBs** in areas of strengthening central bank accountability and transparency (¶17), governance (and social spending (¶8) are proposed to be reset.

22. Access and capacity to repay. Suriname's capacity to repay continues to be assessed as adequate under the program baseline but is subject to significant risks. A successful implementation of the program, including debt restructuring, is therefore critical. Fund credit outstanding will peak in 2024 at 42 percent of usable reserves (12.9 percent of GDP in 2024, Table 11) and will remain elevated through 2030. Annual debt service to the Fund peaks in 2029 at 3.9 percent of exports of goods and services and

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[32] The continuous PC on the non-accumulation of CG external debt arrears to multilateral creditors was breached (¶5). The breach was of a temporary nature and the payment to clear the arrears has subsequently been made. A standard continuous PC against introduction or modification of MCP was breached but the MCP has since been eliminated by issuance of a corrective circular by the authorities.

[33] These end-October SBs are: (i) publication on the EAS website quarterly updates to the electricity tariffs for each consumer group, the rationale for the adjustment, the estimated cost of providing electricity, and the remaining size of the subsidy; and (ii) publication of the amendment to the Personnel Act and issuance of a state decree detailing the procedures for halting payments to unregistered workers.

9.7 percent of usable reserves in 2029. Out of the SDR 39.4 million scheduled for the third review, SDR 25.6 (65 percent) would be made available for budget support as a direct disbursement to the Treasury.

23. Lending into arrears (LIA) and lending into official arrears (LIOA) policies:

- The authorities accumulated technical arrears of USD 5.1 million to multilateral creditors in April and May but these were cleared in May-July. The authorities' fiscal adjustment efforts are not undermined by developments in debtor and creditor relationships.

- Suriname continues to accrue arrears with China (USD 127 million as of end-June) and the authorities are actively undertaking good faith negotiations to resolve these arrears. In line with the LIOA policy, China has provided consent to proceed with the review despite official arrears and both the authorities and China have signalled their expectations of making further progress in these negotiations by the time of the next review. The authorities have reiterated their commitment to maintain comparability of treatment between all official creditors and will not make further payments to China until a debt treatment has been finalized.[34] Staff assess that the remaining arrears to China EXIM do not undermine the medium-term external viability of Suriname's balance of payments or its capacity to repay the Fund.

- As of end-June, total arrears with external private creditors stood at USD 311 million. The financial advisors are currently preparing to launch the formal debt exchange. The authorities have offered the same restructuring menu to other private creditors as to the bondholders and official creditors. These creditors represent about 5 percent of arrears to external private creditors at end-2022. The LIA good faith criterion has been met. The authorities are committed not to make payments to other private creditors until a debt treatment has been finalized. These creditors are therefore not deemed a holdout risk.

24. Program Financing. Progress in reaching agreements with all creditors is evaluated at each program review to determine whether adequate safeguards remain in place for the further use of the Fund's resources in the member's circumstances and ascertain that the member's adjustment efforts are not undermined by developments in creditor-debtor relations. Staff find that progress with creditors —including the consent to arrears by China which constitutes a form of financing contribution to the program—is adequate to fill financing gaps during the program period and that the member is in a position to repay the Fund during the post-program period. These assurances will need to be reevaluated before the next review can be completed. Suriname's program contains

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[34] Under the LIOA policy, where OSI is required, the Fund may provide financing despite arrears on direct bilateral claims in carefully circumscribed circumstances, notably where creditor consent has been provided in the absence of a representative Paris Club agreement (see "Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors", IMF 2022, Box 2).

firm commitments of financing for the next 12 months and good prospects for adequate financing for the remaining program period.[35]

Suriname: Proposed Program Financing

(In millions of US dollars)

	2021	2022	2023	2024	**Total**
Financing gap	237	423	371	465	1,496
Official financing	34	254	258	351	897
O/w: IMF	34	54	158	251	497
Purchases	55	54	158	251	518
O/w: for budget support	56	53	103	50	262
Repurchases	21	0	0	0	21
O/w: IFIs	0	200	100	100	400
Financing from external arrears accumulation (net)	203	168	-1	0	371
Financing from external debt restructuring 1/	0	0	114	114	228

1/ Calculated as a difference between the debt restructuring and a scenario without debt restructuring.
Sources: MoFP and IMF staff calculations.

STAFF APPRAISAL

25. Quantitative program performance has improved. Most end-June quantitative targets have been met. The authorities are on track to reach the 1.7 percent of GDP primary balance target this year. While the IT on social spending was unfortunately missed, the authorities are taking steps to expand coverage of the social safety net and increase the value of payments, so as to better protect the most vulnerable.

26. The authorities' ability to implement difficult structural reforms in a challenging socio-political environment is commendable. Eliminating fuel subsidies, phasing out electricity subsidies, and broadening the VAT tax base to cover more of the household consumption basket are all politically costly but necessary reforms. The government is expanding its social assistance programs to help protect the most vulnerable, but the middle class is still bearing the brunt of the adjustment.

27. The government is not only asking for sacrifices from the population but is increasingly holding itself accountable for the good stewardship of taxpayer's dollars. The authorities have taken steps to contain the public wage bill, including through a hiring freeze, early retirement incentives, and steps to eliminate payments to unregistered workers (almost 20 percent of the public workforce). The recently approved "no work - no pay" amendment to the Personnel Act

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[35] The IDB commits to providing budget support of at least USD 100 million in 2023 conditional on the IMF program review and its own conditionality and subsequent budget support of USD 100 million in 2024 is also confirmed. Other IFIs commit to disbursing agreed project loans conditional on the IMF program review and their own conditionality.

will increase public sector productivity and create fiscal space to put in place performance-based pay. A new procurement law that mandates the publication of beneficial ownership information has been submitted to the National Assembly, and, once enacted will improve spending efficiency, promote fiscal transparency, and reduce corruption. Work to strengthen the legal framework to tackle corruption should proceed expeditiously.

28. The authorities' commitment to macroeconomic stability and fiscal discipline is starting to bear fruit. The economy continues to recover albeit at a slower-than-expected rate. Exchange rate pressures have eased and inflation, although still high, is on a downward trend. Reserve money growth has stabilized and has remained below the central bank's targeted path. Fiscal balances are improving, and public debt has started to decline. Clearing of domestic arrears will help support investor confidence.

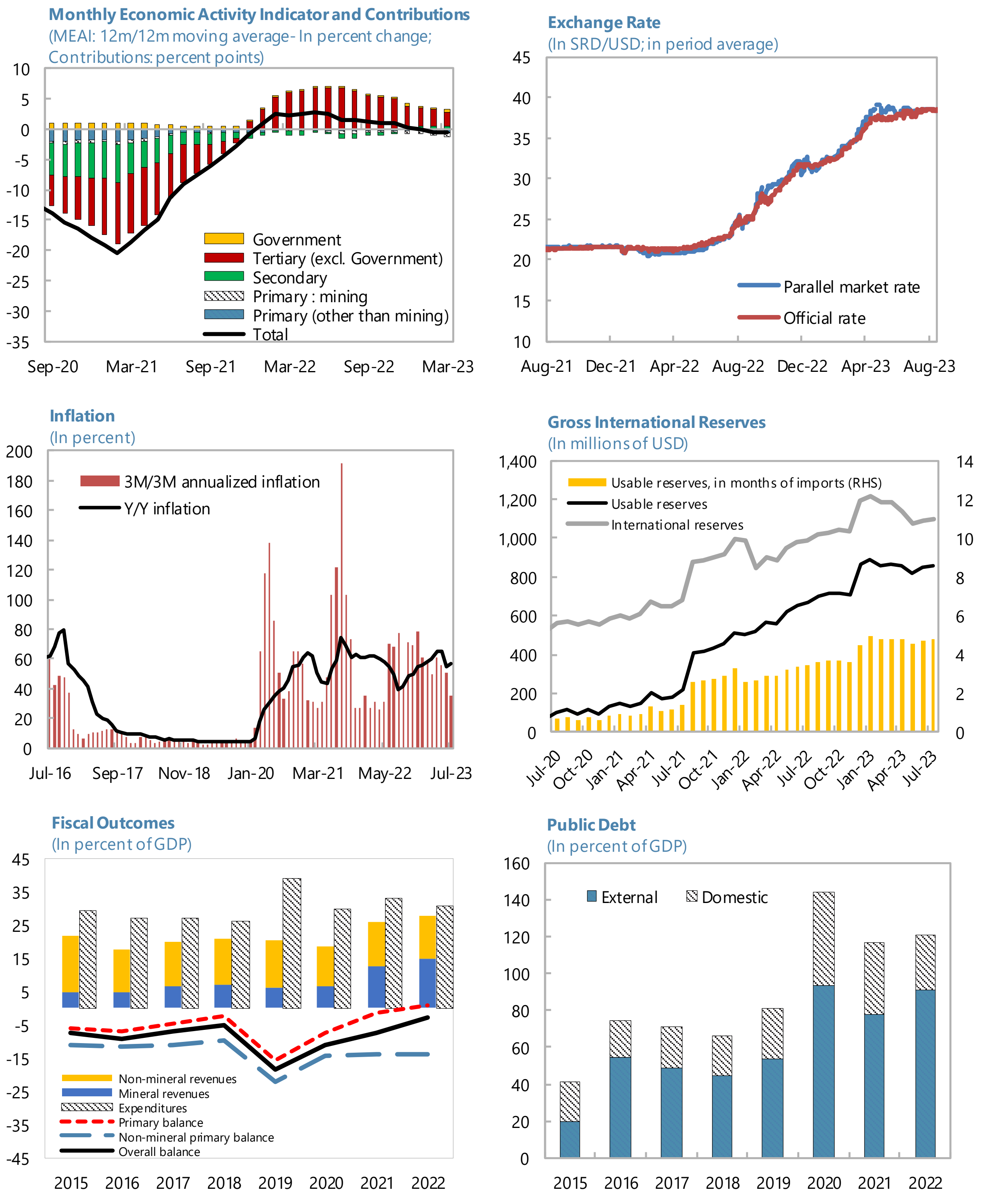
29. Substantial progress has been made with debt restructuring. Bilateral agreements with all PC creditors and India have been completed. The financial advisors are currently preparing to launch the formal debt exchange. Negotiations continue with EXIM China, with all parties aspiring to reach an agreement by the time of the fourth review under the program.

30. The authorities remain committed to a flexible exchange rate and an independent central bank. The authorities have refrained from direct FX interventions and indirect FX sales to essential goods importers have been reduced, supporting the continued accumulation of international reserves. The new Central Bank Act should be implemented without delay, including to ensure that the CBvS is insulated from political interference. The finalization of a recapitalization plan will be an important further step to strengthen the CBvS' financial autonomy and safeguard its independence. To improve the functioning of the FX market, the development of the electronic inter-bank/cambio FX trading platform is nearing completion.

31. The financial sector is still weak and rising NPLs bear close monitoring, but reforms are underway to address its vulnerabilities. The CBvS has already finalized the framework for the assessment of banks' recapitalization plans. All the banks have been instructed to incorporate the AQR results into their accounts and the CBvS is in the process of assessing the bank's time-bound recapitalization and restructuring plans. Ongoing efforts to strengthen the AML/CFT framework will support financial sector resiliency and prevent the potential loss of corresponding banking relationships.

32. Suriname's demonstrated commitment to macroeconomic discipline merits Fund support. The authorities are committed at the highest level to restoring macroeconomic and financial stability. Staff supports the authorities' request for waivers for the nonobservance of the continuous QPC on non-accumulation of external debt arrears and the continuous PC on non-introduction and non-modification of MCP. In view of the actions already taken and the commitments made by the Surinamese authorities, staff supports the authorities' request for the completion of the third review under the EFF arrangement, the modification of program targets, and the completion of financing assurances review.

Figure 1. Suriname: Recent Economic Developments



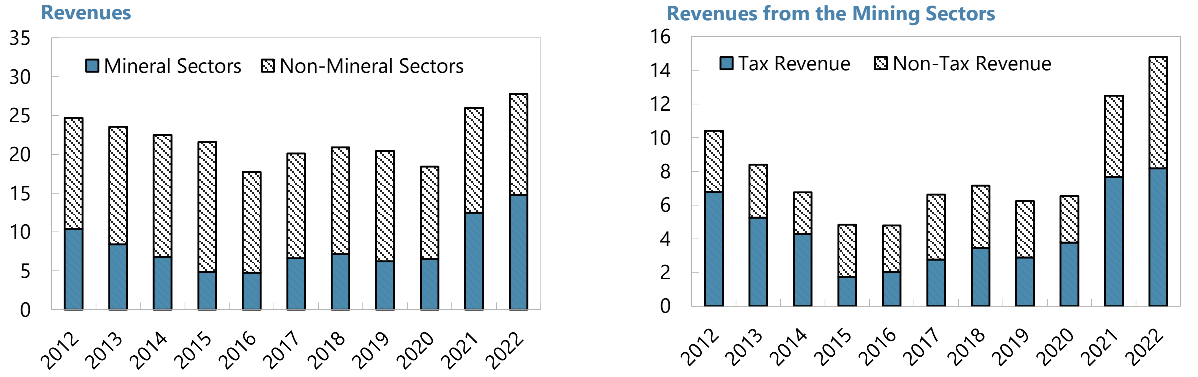
Sources: Central Bank of Suriname, General Bureau of Statistics, Ministry of Finance; SDMO and IMF staff estimates.

Figure 2. Suriname: Fiscal Developments, 2012–22

(In percent of GDP)

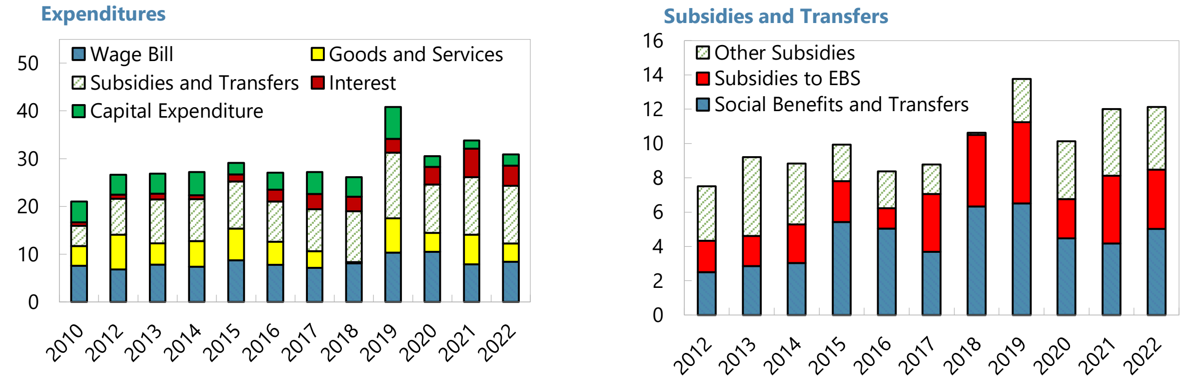
Total revenues improved in 2021-22, due to a marked increase in mining revenue....

...as exchange rate depreciation boosted both tax and non-tax mining revenues.



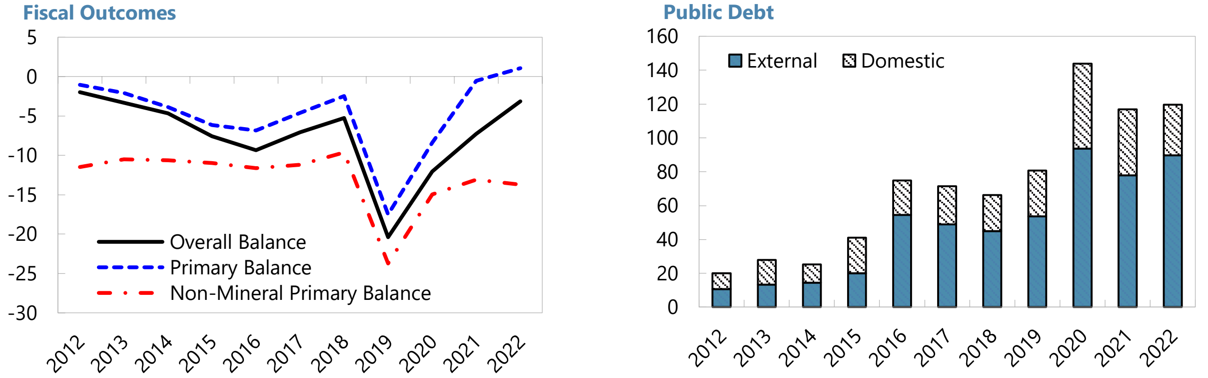
Despite cost overruns on subsidies and wages in 2022, the government continued to exercise restraint to reduce government expenditure.

Subsidies to the electricity sector remained high in 2022 as tariff increases were offset by rising energy generation costs due to the surge in international oil prices.



Overall, the fiscal position improved moderately in 2022...

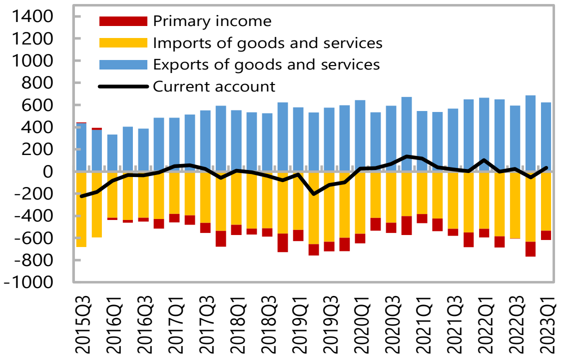
...while public debt increased marginally.



Sources: Ministry of Finance; and IMF staff estimates.

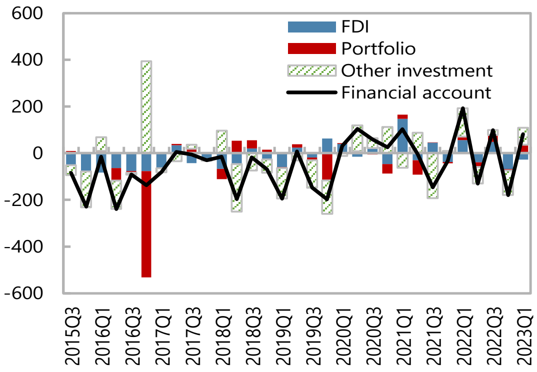
Figure 3. Suriname: External Sector Developments

Current account balance has remained stable following a correction after 2019.



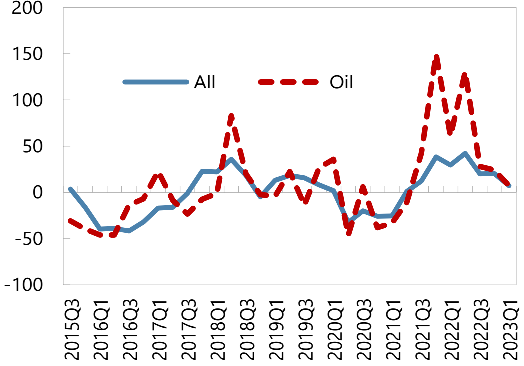
Current Account
(In millions of USD)

The financial account has similarly remained broadly balanced.



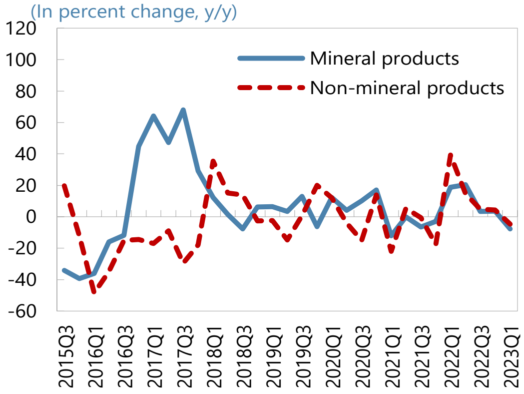
Financial Account
(In millions of USD)

Oil imports have declined following removal of fuel subsidies and …



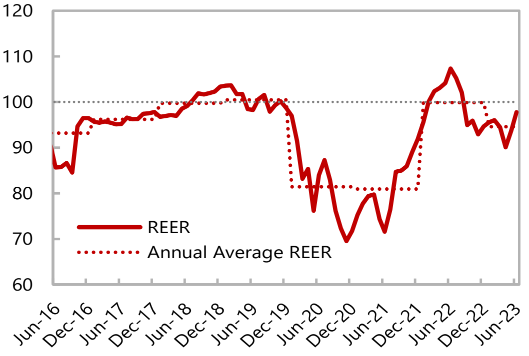
Imports of Goods, USD Value
(In percent change, y/y)

… while improvement in export performance has also levelled out.



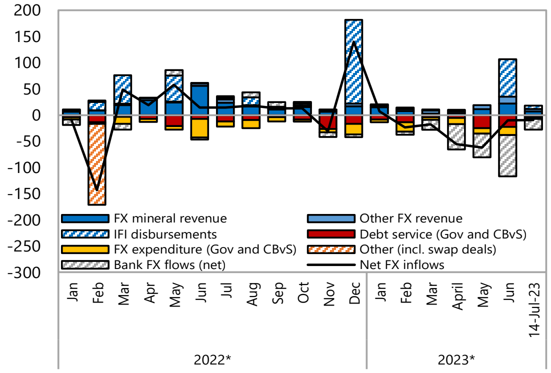
Exports of Goods, USD Value
(In percent change, y/y)

After significant depreciation, REER has started to appreciate since mid-2021.



Real Effective Exchange Rate
(2014=100)

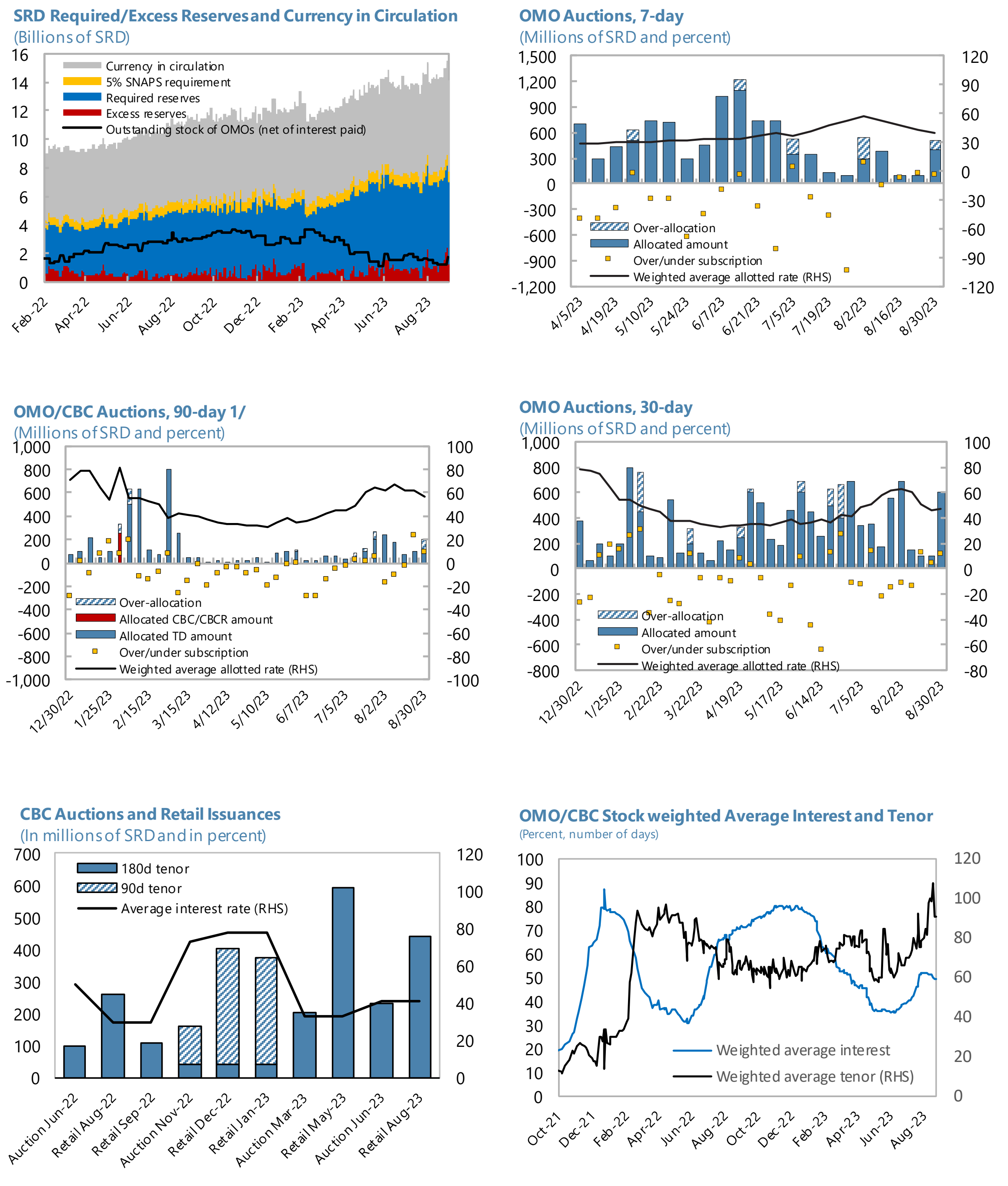
International reserves have recovered, but pace of accumulation has slowed with weaker FX mineral revenue.



Reserve Contributing FX Inflows and Outflows
(In millions of USD)

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

Figure 4. Suriname: Monetary Developments



SRD Required/Excess Reserves and Currency in Circulation
(Billions of SRD)

OMO Auctions, 7-day
(Millions of SRD and percent)

OMO/CBC Auctions, 90-day 1/
(Millions of SRD and percent)

OMO Auctions, 30-day
(Millions of SRD and percent)

CBC Auctions and Retail Issuances
(In millions of SRD and in percent)

OMO/CBC Stock weighted Average Interest and Tenor
(Percent, number of days)

Sources: Central Bank of Suriname and IMF staff calculations.
1/ Nov 28 was a wholesale CBC auction.
2/ For individual tenors the retail issuances follow the auction interest rate.

Table 1. Suriname: Selected Economic Indicators

				Est.	Proj.							
	2019	2020	2021	2022	2023 2nd Review	2023	2024 2nd Review	2024	2025	2026	2027	2028
Real sector (percent change)												
Real GDP	1.1	-15.9	-2.7	1.0	2.3	2.1	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP	5.6	21.8	53.3	47.1	52.1	56.7	32.1	32.3	18.3	14.0	12.0	8.2
GDP deflator	4.4	44.9	57.6	45.6	48.7	53.4	28.3	28.5	14.9	10.7	8.7	5.0
Consumer prices (period average)	4.4	34.9	59.1	52.4	47.3	53.3	30.7	30.9	17.1	11.9	8.8	5.0
Consumer prices (end of period)	4.2	60.7	60.7	54.6	36.4	40.0	18.5	20.0	13.2	10.4	7.4	5.0
Labor market (percent)												
Unemployment rate	8.8	11.1	11.2	10.9	10.6	10.6	10.3	10.3	10.0	9.9	9.1	8.6
Labor force participation rate	60.7	58.8	58.1	58.3	58.7	58.6	59.1	59.0	59.4	59.8	60.3	60.7
Money and credit (percent change)												
Broad money	4.7	65.0	45.3	45.1	48.2	32.8	19.6	16.7	18.8	13.3	10.5	8.2
Broad money (percent of GDP)	61.2	82.9	78.5	77.5	75.3	65.7	68.1	58.0	58.2	57.8	57.1	57.1
Reserve money	92.8	33.6	48.0	44.8	43.1	14.2	20.6	19.6	17.3	13.6	11.0	8.2
Reserve money (percent of GDP)	30.5	33.4	32.3	31.8	29.8	23.2	27.2	20.9	20.8	20.7	20.5	20.5
Private sector credit	0.4	27.1	18.5	65.7	37.5	31.2	21.1	20.0	21.1	13.2	14.2	9.6
Private sector credit (in real terms)	-3.6	-20.9	-26.3	7.2	0.8	-6.3	2.2	0.0	6.9	2.6	6.3	4.4
Private sector credit (percent of GDP)	23.2	24.2	18.7	21.1	19.0	17.7	17.4	16.0	16.4	16.3	16.6	16.8
Central government (percent of GDP)												
Revenue and grants	20.4	18.4	27.2	27.8	26.9	26.1	26.4	25.3	24.8	24.8	24.8	24.8
Total expenditure	40.8	30.5	33.8	30.9	27.7	27.1	27.1	25.6	24.9	24.9	24.9	24.8
Of which: Primary expenditure	37.9	26.8	27.8	26.7	25.1	24.5	22.9	21.8	21.3	21.3	21.3	21.3
Statistical discrepancy	3.5	-5.6	0.9	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (net lending/borrowing) 1/	-20.4	-12.1	-6.6	-3.1	-0.9	-0.9	-0.7	-0.4	-0.2	-0.1	-0.1	0.0
Primary balance	-17.5	-8.4	-0.6	1.1	1.7	1.7	3.5	3.5	3.5	3.5	3.5	3.5
Non-resource primary balance	-23.7	-14.9	-13.1	-13.7	-11.0	-10.2	-7.9	-6.8	-6.2	-6.0	-5.7	-5.3
Net acquisition of financial assets 2/	-2.8	2.3	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	14.1	19.9	5.2	-1.1	0.9	0.9	0.7	0.4	0.2	0.1	0.1	0.0
Net domestic financing	9.2	17.9	0.7	-9.6	-4.4	-3.9	-2.4	-2.4	0.4	0.2	1.3	1.7
Net external financing	5.0	0.3	-1.8	3.7	5.3	4.8	3.1	2.7	-0.3	0.0	-1.1	-1.7
External arrears (net)	0.0	1.7	6.3	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government debt 3/ (percent of GDP)	84.7	147.8	119.6	120.1	116.0	107.0	102.2	93.9	83.7	77.6	72.0	68.7
Domestic	31.1	54.2	41.8	29.3	28.4	27.1	20.9	19.9	16.4	15.3	15.6	16.5
o/w: change due to GDP deflator movement	-1.0	-9.6	-19.8	-13.1	-9.7	-10.2	-6.3	-6.0	-2.6	-1.6	-1.2	-0.7
External	53.6	93.7	77.9	90.8	87.6	79.8	81.3	74.0	67.3	62.2	56.5	52.2
o/w: change due to exchange rates movement	5.1	48.5	…	…	…	…	…	…	…	…	…	…
o/w: change due to GDP deflator movement	-1.9	-16.6	-34.2	-24.4	-29.3	-31.6	-19.3	-17.7	-9.6	-6.5	-5.0	-2.7
External sector (percent of GDP)												
Current account balance	-11.3	9.0	5.9	2.2	1.6	1.5	0.3	1.0	0.6	0.2	-0.1	-0.5
Capital and financial account	-12.8	6.6	10.4	11.2	4.4	7.7	3.5	3.6	0.5	0.1	-0.1	-0.5
Overall balance	-5.9	-1.5	6.0	-5.6	-2.8	-6.2	-3.2	-2.6	0.2	0.1	0.1	0.0
Financing	5.9	1.5	-6.0	5.6	2.8	6.2	3.2	2.6	-0.2	-0.1	-0.1	0.0
Change in reserves (- = increase)	6.4	2.9	-13.9	-6.4	-5.2	-1.1	-6.7	-6.2	-0.2	0.2	0.4	1.0
Official financing	-0.5	-1.4	1.1	7.3	8.0	7.3	9.9	8.8	0.0	-0.3	-0.4	-1.0
External arrears (net)			6.8	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items												
GDP at current prices (SRD billions)	31.5	38.4	58.8	86.5	131.9	135.5	174.3	179.2	212.1	241.9	270.9	293.0
Terms of trade (percent change)	7.6	28.7	-20.1	-9.6	0.6	1.0	-2.7	-2.9	-2.5	-1.4	-0.7	-1.0
Gross international reserves (USD millions)	648	585	992	1,195	1,361	1,234	1,599	1,480	1,488	1,479	1,459	1,406
In percent of Reserve adequacy (risk-weighted measure) 4/	77	73	112	135	161	141	182	162	163	163	161	157
In months of imports	4.2	3.7	5.1	6.5	7.5	6.7	8.7	8.0	7.9	7.5	7.1	6.6
Usable gross international reserves (USD millions) 5/	505	129	512	865	1,032	995	1,270	1,241	1,249	1,240	1,221	1,167
In percent of Reserve adequacy (risk-weighted measure)	60	16	58	98	122	114	144	136	137	136	135	130
In months of imports	3.3	0.8	2.6	4.7	5.7	5.4	6.9	6.7	6.6	6.3	6.0	5.5
REER based on weighted average ER (percent change, + = apprecia	0.7	-19.0	-0.6	…	…	…	…	…	…	…	…	…
Nominal effective exchange rate (percent change, + = appreciatio	-1.5	-37.0	-36.5	…	…	…	…	…	…	…	…	…
Inflation differential	2.2	28.6	56.6	…	…	…	…	…	…	…	…	…
REER based on official ER (percent change, + = appreciation) 6/	4.5	12.4	-20.4	…	…	…	…	…	…	…	…	…
Official exchange rate (SRD per USD, eop)	7.5	14.2	20.8	…	…	…	…	…	…	…	…	…
Official exchange rate (SRD per USD, period average)	7.5	9.3	18.3	…	…	…	…	…	…	…	…	…
Weighted average exchange rate (SRD per USD, eop)	8.3	17.3	20.8	…	…	…	…	…	…	…	…	…
Weighted average exchange rate (SRD per USD, period average) 6/	7.9	13.3	19.7	…	…	…	…	…	…	…	…	…
Gold production (growth rate)	-2.7	-13.7	2.6	3.6	2.0	2.0	1.6	1.6	1.2	1.2	1.2	1.2
Gold price (USD per troy ounce)	1,392	1,770	1,747	1,722	1,685	1,685	1,651	1,651	1,618	1,602	1,602	1,602
Growth Rate	9.7	27.1	-1.3	-1.4	-2.2	-2.2	-2.0	-2.0	-2.0	-1.0	0.0	0.0
Oil price (USD per barrel)	61.4	41.8	69.2	96.4	73.1	80.5	68.9	79.9	76.0	72.7	69.9	67.5
Growth Rate	-10.4	-32.0	65.8	39.2	-24.1	-16.5	-5.8	-0.7	-4.9	-4.3	-3.9	-3.5

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)

	Est.	Proj.							
	2022	2023	2023	2024	2024	2025	2026	2027	2028
		2nd Review		2nd Review					
Growth rates (constant prices)									
Real GDP	1.0	2.3	2.1	3.0	3.0	3.0	3.0	3.0	3.0
Private Absorption	2.5	0.0	1.0	2.3	1.5	2.6	3.6	2.9	3.2
Public Consumption	-16.6	-6.2	-8.9	-1.2	-4.7	0.4	2.0	2.9	3.0
Public Gross Investment	43.0	44.6	14.4	3.0	21.5	3.0	3.0	3.0	3.0
Exports	8.2	3.0	3.9	3.8	4.2	3.4	2.7	3.8	3.0
Imports	8.0	-2.3	-1.2	1.3	0.1	1.9	3.8	3.7	3.5
Contributions (constant prices)									
Real GDP growth	1.0	2.3	2.1	3.0	3.0	3.0	3.0	3.0	3.0
Private Absorption	2.1	0.0	0.8	1.9	1.2	2.2	2.9	2.4	2.6
Public Consumption	-2.1	-0.6	-0.9	-0.1	-0.4	0.0	0.2	0.2	0.2
Public Gross Investment	0.7	1.1	0.3	0.1	0.6	0.1	0.1	0.1	0.1
Net Exports	0.3	1.9	1.9	1.0	1.6	0.7	-0.2	0.3	0.0
Growth rates (current prices)									
Nominal GDP	47.1	52.1	56.7	32.1	32.3	18.3	14.0	12.0	8.2
Private Absorption	64.0	43.6	51.3	34.5	33.2	20.8	16.5	12.7	9.3
Public Consumption	27.2	38.2	39.7	28.9	24.8	17.6	14.0	12.0	8.2
Public Gross Investment	108.2	114.9	75.5	32.1	56.0	18.3	14.0	12.0	8.2
Exports	41.4	62.3	54.6	21.9	19.9	7.7	8.1	8.1	6.3
Imports	56.1	53.0	45.6	22.1	18.5	8.9	10.8	8.6	7.9
Contributions (current prices)									
Nominal GDP growth	47.1	52.1	56.7	32.1	32.3	18.3	14.0	12.0	8.2
Private Absorption	44.8	34.1	40.1	25.4	25.0	15.8	12.8	10.1	7.4
Public Consumption	3.8	4.6	4.8	3.2	2.7	1.8	1.4	1.2	0.8
Public Gross Investment	1.8	2.7	1.8	1.1	1.5	0.6	0.4	0.4	0.3
Net Exports	-3.4	10.7	10.0	2.4	3.0	0.2	-0.6	0.3	-0.3
Deflators (Growth Rates)									
GDP	45.6	48.7	53.4	28.3	28.5	14.9	10.7	8.7	5.0
Private Absorption	59.9	43.6	49.8	31.4	31.3	17.7	12.5	9.5	5.9
Public Consumption	52.4	47.3	53.3	30.4	30.9	17.1	11.9	8.9	5.1
Public Gross Investment	45.6	48.7	53.4	28.3	28.5	14.9	10.7	8.7	5.0
Exports of goods and services	30.7	57.5	48.8	17.4	15.0	4.2	5.2	4.1	3.2
Imports of goods and services	44.5	56.6	47.4	20.6	18.4	6.8	6.7	4.8	4.2
CPI	52.4	47.3	53.3	30.7	30.9	17.1	11.9	8.8	5.0
GDP (current prices, USD billions)	…	…	…	…	…	…	…	…	…
GDP (current prices, SRD billions)	86.5	131.9	135.5	174.3	179.2	212.1	241.9	270.9	293.0
GDP deflator (Index = 100 in 2015)	583	867	895	1112	1149	1321	1462	1590	1669

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)

				Est.	Proj.							
	2019	2020	2021	2022	2023	2023	2024	2024	2025	2026	2027	2028
					2nd Review		2nd Review					
Revenues	**6,434**	**7,066**	**16,010**	**24,021**	**35,429**	**35,432**	**46,024**	**45,291**	**52,526**	**59,899**	**67,075**	**72,558**
Taxes	4,717	5,133	11,831	16,649	21,949	23,106	33,732	33,370	39,629	45,844	51,041	55,771
Direct taxes	2,543	2,924	8,137	11,126	12,405	13,120	20,198	19,460	23,510	27,491	30,518	33,378
Of which: mineral taxes	910	1,452	4,502	7,070	5,545	6,053	10,786	9,755	11,580	13,268	13,740	14,234
Indirect taxes	2,173	2,209	3,693	5,523	9,544	9,986	13,534	13,910	16,119	18,353	20,522	22,393
Grants	0	0	140	87	628	645	0	0	0	0	0	0
Non-tax revenues	1,718	1,934	4,039	7,285	12,852	11,681	12,292	11,921	12,897	14,055	16,034	16,787
Of which:												
Mineral resource revenues	1,054	1,058	2,864	5,706	11,247	10,026	9,124	8,685	9,066	9,687	11,143	11,495
Expenditures	**12,852**	**11,695**	**19,876**	**26,729**	**36,571**	**36,663**	**47,220**	**45,958**	**52,859**	**60,224**	**67,466**	**72,521**
Primary expenditures	11,939	10,283	16,339	23,099	33,135	33,138	39,923	39,018	45,102	51,434	57,595	62,303
Compensation of employees	3,251	4,035	4,664	7,274	9,076	9,074	11,866	11,255	13,179	15,030	16,830	18,206
Other primary current expenditure	6,596	5,404	10,693	13,778	19,660	20,473	22,246	22,159	25,291	28,842	32,297	34,937
Of which: fuel and electricity subsidies			2,326	4,590	3,591	4,044	1,364	788	0	0	0	0
Of which: cash transfer programs		604	892	1,717	3,962	3,962	5,234	5,377	2,377	2,641	2,856	3,088
Net acquisition of nonfinancial assets	2,092	845	983	2,047	4,399	3,591	5,811	5,603	6,631	7,562	8,468	9,160
Interest	913	1,411	3,537	3,630	3,437	3,525	7,291	6,939	7,757	8,791	9,871	10,218
Overall balance (net lending/borrowing) 1/	**-6,418**	**-4,629**	**-3,866**	**-2,707**	**-1,143**	**-1,231**	**-1,190**	**-666**	**-333**	**-325**	**-391**	**37**
Of which: primary balance	**-5,505**	**-3,217**	**-329**	**923**	**2,294**	**2,294**	**6,101**	**6,273**	**7,424**	**8,466**	**9,480**	**10,255**
Net financial transactions	**-5,315**	**-6,771**	**-3,325**	**919**	**-1,143**	**-1,231**	**-1,190**	**-666**	**-333**	**-325**	**-391**	**37**
Net acquisition of financial assets 2/	-869	869	-267	0	0	0	0	0	0	0	0	0
Net incurrence of liabilities	4,446	7,640	3,058	-919	1,143	1,231	1,190	666	333	327	399	-8
Domestic (Net)	1,947	6,000	-2,328	-6,076	-630	-428	-1,902	-2,033	1,443	420	3,398	4,927
Amortizations	-1,257	-1,076	-2,846	-1,474	-5,293	-5,120	-8,150	-6,053	-5,219	-5,043	-6,378	-6,441
Central bank	0	0	0	0	0	0	0	0	-337	-337	-337	-337
Commercial banks	-1,204	0	-1,954	-629	-3,053	-3,015	-4,948	-4,262	-2,441	-2,353	-3,021	-3,052
Suppliers credit	0	0	0	0	0	0	0	0	0	0	0	0
Other domestic 3/	-53	-1,076	-892	-844	-2,240	-2,105	-3,201	-1,791	-2,441	-2,353	-3,021	-3,052
Disbursements	3,205	7,075	518	-4,602	4,664	4,692	6,248	4,019	6,662	5,463	9,776	11,368
Central bank	1,451	4,986	-1,478	-6,252	0	0	0	0	4,000	0	0	0
Claims on government	1,391	6,232	252	0	0	0	0	0	0	0	0	0
Liabilities to government	-60	1,247	1,730	6,252	0	0	0	0	-4,000	0	0	0
Commercial banks	1,261	862	796	807	3,455	3,400	3,124	2,010	1,331	2,732	4,888	5,684
Suppliers credit	439	152	0	0	0	0	0	0	0	0	0	0
Other domestic 3/	53	1,076	1,200	843	1,209	1,292	3,124	2,010	1,331	2,732	4,888	5,684
Domestic arrears	938	877	2,748	-2,202	-5,169	-4,873	-2,315	-2,215	-500	0	0	0
Accumulation of arrears	938	877	3,359	1,238	0	0	0	0	0	0	0	0
Payment of arrears	0	0	-611	-3,440	-5,169	-4,873	-2,315	-2,215	-500	0	0	0
Foreign (Net)	1,561	107	-1,086	3,214	6,967	6,555	5,407	4,915	-610	-94	-2,999	-4,935
Amortizations	-722	-431	-2,922	-4,968	-4,204	-3,946	-4,555	-4,205	-3,174	-3,395	-9,137	-10,234
IFIs	-353	-349	-1,119	-1,960	-2,293	-2,152	-2,646	-2,460	-3,175	-3,395	-3,403	-3,827
Official bilateral	-212	-47	-257	-1,446	-1,911	-1,793	-1,909	-1,746	0	0	0	0
Commercial	-157	-35	-1,546	-1,563	0	0	0	0	0	0	-5,734	-6,407
Disbursements	2,432	914	1,014	1,954	2,910	2,731	2,607	2,383	2,564	3,980	7,323	8,345
IFIs	303	530	1,006	1,954	2,910	2,731	2,607	2,383	2,562	2,741	2,720	2,708
Official bilateral	1,059	200	8	0	0	0	0	0	0	0	0	0
Commercial	1,070	184	0	0	0	-1	0	0	3	1,239	4,603	5,637
Official financing	-149	-376	822	6,228	8,261	7,770	7,355	6,737	0	-679	-1,186	-3,046
O/w: IMF	-149	-376	822	1,299	4,181	3,941	2,446	2,249	0	-679	-1,186	-3,046
Purchases	0	0	1,204	1,299	4,181	3,941	2,446	2,249	0	0	0	0
Repurchases	-149	-376	-381	0	0	0	0	0	0	-679	-1,186	-3,046
O/w: IFIs	0	0	0	4,928	4,080	3,829	4,909	4,488	0	0	0	0
External arrears (net)	0	656	3,724	4,145	-26	-24	0	0	0	0	0	0
Statistical discrepancy	1,103	-2,142	542	3,626	0	0	0	0	0	0	0	0
Memorandum items:												
Primary cash balance 4/	…	…	2,672	6,059	-255	-343	3,786	4,058	6,924	8,466	9,480	10,255
Gross financing needs (incl. IMF debt service)	8,546	6,512	10,888	12,589	15,835	15,193	16,210	13,139	9,227	9,441	17,091	19,683
Electricity subsidy financed through the budget	1,492	881	2,326	2,986	3,212	3,649	1,364	788	0	0	0	0
Non-resource balance	-8,382	-7,138	-11,232	-13,440	-17,907	-17,310	-21,086	-19,106	-20,980	-23,279	-25,274	-25,691
Non-resource primary balance	-7,469	-5,727	-7,695	-11,853	-14,498	-13,785	-13,809	-12,167	-13,223	-14,489	-15,403	-15,474
Public (central government) debt 5/	26,664	56,699	70,344	103,850	153,110	144,979	178,098	168,278	177,534	187,639	195,119	201,357
Official exchange rate (SRD per USD, period average)	7.5	9.3	18.3	…	…	…	…	…	…	…	…	…
Official exchange rate (SRD per USD, eop)	7.5	14.2	20.8	…	…	…	…	…	…	…	…	…
Total central government debt interest rate (effective)	3.4	2.5	2.3	1.8	2.3	2.5	4.1	4.1	4.4	4.7	5.1	5.1
Domestic central government debt interest rate (effective)	2.4	4.7	5.1	4.8	3.2	3.2	5.9	5.3	5.4	5.0	4.8	4.5
External central government debt interest rate (effective)	4.2	1.5	1.6	1.4	2.1	2.3	3.8	3.9	4.2	4.6	5.1	5.2

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

1/ The overall balance is computed using net financial transactions, and therefore, includes statistical discrepancy. Note, 2021 balances were revised based on new information from authorities.

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

(In percent of GDP)

				Est.	Proj.							
	2019	2020	2021	2022	2023	2023	2024	2024	2025	2026	2027	2028
					2nd Review		2nd Review					
Revenues	**20.4**	**18.4**	**27.2**	**27.8**	**26.9**	**26.1**	**26.4**	**25.3**	**24.8**	**24.8**	**24.8**	**24.8**
Taxes	15.0	13.4	20.1	19.3	16.6	17.1	19.4	18.6	18.7	19.0	18.8	19.0
Direct taxes	8.1	7.6	13.8	12.9	9.4	9.7	11.6	10.9	11.1	11.4	11.3	11.4
Of which: mineral taxes	2.9	3.8	7.7	8.2	4.2	4.5	6.2	5.4	5.5	5.5	5.1	4.9
Indirect taxes	6.9	5.8	6.3	6.4	7.2	7.4	7.8	7.8	7.6	7.6	7.6	7.6
Grants	0.0	0.0	0.2	0.1	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Non-tax revenues	5.5	5.0	6.9	8.4	9.7	8.6	7.1	6.7	6.1	5.8	5.9	5.7
Of which:												
Mineral resource revenues	3.3	2.8	4.9	6.6	8.5	7.4	5.2	4.8	4.3	4.0	4.1	3.9
Expenditures	**40.8**	**30.5**	**33.8**	**30.9**	**27.7**	**27.1**	**27.1**	**25.6**	**24.9**	**24.9**	**24.9**	**24.8**
Primary expenditures	37.9	26.8	27.8	26.7	25.1	24.5	22.9	21.8	21.3	21.3	21.3	21.3
Compensation of employees	10.3	10.5	7.9	8.4	6.9	6.7	6.8	6.3	6.2	6.2	6.2	6.2
Other primary current expenditure	21.0	14.1	18.2	15.9	14.9	15.1	12.8	12.4	11.9	11.9	11.9	11.9
Of which: fuel and electricity subsidies			4.0	5.3	2.7	3.0	0.8	0.4	0.0	0.0	0.0	0.0
Of which: cash transfer programs		1.6	1.5	2.0	3.0	2.9	3.0	3.0	1.1	1.1	1.1	1.1
Net acquisition of nonfinancial assets	6.6	2.2	1.7	2.4	3.3	2.6	3.3	3.1	3.1	3.1	3.1	3.1
Interest	2.9	3.7	6.0	4.2	2.6	2.6	4.2	3.9	3.7	3.6	3.6	3.5
Overall balance (net lending/borrowing) 1/	**-20.4**	**-12.1**	**-6.6**	**-3.1**	**-0.9**	**-0.9**	**-0.7**	**-0.4**	**-0.2**	**-0.1**	**-0.1**	**0.0**
Of which: primary balance	**-17.5**	**-8.4**	**-0.6**	**1.1**	**1.7**	**1.7**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
Net financial transactions	**-16.9**	**-17.7**	**-5.7**	**1.1**	**-0.9**	**-0.9**	**-0.7**	**-0.4**	**-0.2**	**-0.1**	**-0.1**	**0.0**
Net acquisition of financial assets 2/	-2.8	2.3	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	14.1	19.9	5.2	-1.1	0.9	0.9	0.7	0.4	0.2	0.1	0.1	0.0
Domestic (Net)	6.2	15.6	-4.0	-7.0	-0.5	-0.3	-1.1	-1.1	0.7	0.2	1.3	1.7
Amortizations	-4.0	-2.8	-4.8	-1.7	-4.0	-3.8	-4.7	-3.4	-2.5	-2.1	-2.4	-2.2
Central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.1	-0.1
Commercial banks	-3.8	0.0	-3.3	-0.7	-2.3	-2.2	-2.8	-2.4	-1.2	-1.0	-1.1	-1.0
Suppliers credit	0.0	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/	-0.2	-2.8	-1.5	-1.0	-1.7	-1.6	-1.8	-1.0	-1.2	-1.0	-1.1	-1.0
Disbursements	10.2	18.4	0.9	-5.3	3.5	3.5	3.6	2.2	3.1	2.3	3.6	3.9
Central bank	4.6	13.0	-2.5	-7.2	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0
Claims on government	4.4	16.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to government	-0.2	3.3	2.9	7.2	0.0	0.0	0.0	0.0	-1.9	0.0	0.0	0.0
Commercial banks	4.0	2.2	1.4	0.9	2.6	2.5	1.8	1.1	0.6	1.1	1.8	1.9
Suppliers credit	1.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other domestic 3/	0.2	2.8	2.0	1.0	0.9	1.0	1.8	1.1	0.6	1.1	1.8	1.9
Domestic arrears	3.0	2.3	4.7	-2.5	-3.9	-3.6	-1.3	-1.2	-0.2	0.0	0.0	0.0
Accumulation of arrears	3.0	2.3	5.7	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payment of arrears	0.0	0.0	-1.0	-4.0	-3.9	-3.6	-1.3	-1.2	-0.2	0.0	0.0	0.0
Foreign (Net)	5.0	0.3	-1.8	3.7	5.3	4.8	3.1	2.7	-0.3	0.0	-1.1	-1.7
Amortizations	-2.3	-1.1	-5.0	-5.7	-3.2	-2.9	-2.6	-2.3	-1.5	-1.4	-3.4	-3.5
IFIs	-1.1	-0.9	-1.9	-2.3	-1.7	-1.6	-1.5	-1.4	-1.5	-1.4	-1.3	-1.3
Official bilateral	-0.7	-0.1	-0.4	-1.7	-1.4	-1.3	-1.1	-1.0	0.0	0.0	0.0	0.0
Commercial	-0.5	-0.1	-2.6	-1.8	0.0	0.0	0.0	0.0	0.0	0.0	-2.1	-2.2
Disbursements	7.7	2.4	1.7	2.3	2.2	2.0	1.5	1.3	1.2	1.6	2.7	2.8
IFIs	1.0	1.4	1.7	2.3	2.2	2.0	1.5	1.3	1.2	1.1	1.0	0.9
Official bilateral	3.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	3.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.7	1.9
Official financing	-0.5	-1.0	1.4	7.2	6.3	5.7	4.2	3.8	0.0	-0.3	-0.4	-1.0
O/w: IMF	-0.5	-1.0	1.4	1.5	3.2	2.9	1.4	1.3	0.0	-0.3	-0.4	-1.0
Purchases	0.0	0.0	2.0	1.5	3.2	2.9	1.4	1.3	0.0	0.0	0.0	0.0
Repurchases	-0.5	-1.0	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.4	-1.0
O/w: IFIs	0.0	0.0	0.0	5.7	3.1	2.8	2.8	2.5	0.0	0.0	0.0	0.0
External arrears (net)	0.0	1.7	6.3	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statistical discrepancy	3.5	-5.6	0.9	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Primary cash balance 4/	...	...	4.5	7.0	-0.2	-0.3	2.2	2.3	3.3	3.5	3.5	3.5
Gross financing needs (incl. IMF debt service)	27.1	17.0	18.5	14.6	12.0	11.2	9.3	7.3	4.3	3.9	6.3	6.7
Electricity subsidy financed through the budget	4.7	2.3	4.0	3.5	2.4	2.7	0.8	0.4	0.0	0.0	0.0	0.0
Non-resource balance	-26.6	-18.6	-19.1	-15.5	-13.6	-12.8	-12.1	-10.7	-9.9	-9.6	-9.3	-8.8
Non-resource primary balance	-23.7	-14.9	-13.1	-13.7	-11.0	-10.2	-7.9	-6.8	-6.2	-6.0	-5.7	-5.3
Public (central government) debt 5/	84.7	147.8	119.6	120.1	116.0	107.0	102.2	93.9	83.7	77.6	72.0	68.7
Official exchange rate (SRD per USD, period average)	7.5	9.3	18.3	...	...	...	...	...	...	...	...	...
Official exchange rate (SRD per USD, eop)	7.5	14.2	20.8	...	...	...	...	...	...	...	...	...
Domestic debt interest rate (effective)	2.4	4.7	5.1	4.8	3.2	3.2	5.9	5.3	5.4	5.0	4.8	4.5
External debt interest rate (effective)	4.2	1.5	1.6	1.4	2.1	2.3	3.8	3.9	4.2	4.6	5.1	5.2

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

1/ The overall balance is computed using net financial transactions, and therefore, includes statistical discrepancy. Note, 2021 balances were revised based on new information from authorities.

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

(In millions of U.S. dollars, unless otherwise indicated)

				Est.	Proj.							
	2019	2020	2021	2022	2023	2023	2024	2024	2025	2026	2027	2028
					2nd Review		2nd Review					
Current account	**-448**	**260**	**176**	**76**	**52**	**54**	**11**	**38**	**28**	**8**	**-3**	**-25**
Exports of goods and services	2,287	2,447	2,300	2,600	2,548	2,586	2,581	2,645	2,673	2,712	2,805	2,883
Imports of goods and services	2,413	1,845	1,876	2,342	2,165	2,194	2,197	2,219	2,267	2,356	2,449	2,555
Trade balance, goods	**532**	**1,061**	**865**	**755**	**816**	**807**	**781**	**784**	**728**	**667**	**649**	**605**
Exports, f.o.b.	2,129	2,344	2,204	2,457	2,362	2,382	2,345	2,379	2,352	2,349	2,392	2,417
Of which: gold, petroleum	1,903	2,114	1,996	2,218	2,130	2,152	2,110	2,143	2,116	2,110	2,125	2,141
Imports, f.o.b.	1,598	1,282	1,338	1,701	1,546	1,576	1,564	1,595	1,624	1,681	1,743	1,812
Trade balance, services	**-658**	**-460**	**-442**	**-497**	**-433**	**-415**	**-397**	**-358**	**-321**	**-312**	**-294**	**-277**
Exports	157	103	96	143	186	204	236	266	321	363	413	466
Imports	815	563	538	640	619	619	633	624	643	674	707	743
Primary income, net	**-412**	**-466**	**-393**	**-308**	**-447**	**-454**	**-482**	**-493**	**-479**	**-444**	**-451**	**-445**
Credit	21	8	7	12	7	12	7	13	13	13	13	14
Debit	433	474	400	320	454	466	490	506	492	457	465	459
Secondary income, net	**90**	**124**	**146**	**126**	**116**	**116**	**109**	**106**	**101**	**96**	**93**	**93**
Capital and financial account	**-508**	**189**	**311**	**392**	**143**	**272**	**125**	**142**	**20**	**4**	**-6**	**-27**
Capital account	**-3**	**0**	**37**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial account	**-505**	**189**	**274**	**392**	**143**	**272**	**125**	**142**	**20**	**4**	**-6**	**-27**
Foreign direct investment	8	0	124	-3	12	29	-15	-3	-18	-34	-65	-61
Portfolio investment	-117	-35	-47	19	0	0	0	0	0	0	0	0
Central government	125	0	0	0	0	0	0	0	0	0	1	2
Other investment	-397	225	197	376	132	243	140	146	38	39	59	34
Net Acquisition of Assets	-244	168	-43	-36	0	0	0	0	0	0	0	0
Net Incurrence of Liabilities	152	-57	-240	-411	-132	-243	-140	-146	-38	-39	-59	-34
Central government	104	52	-104	-122	-32	-32	-40	-41	-13	11	-34	-34
Disbursements	201	98	55	79	71	71	53	53	54	78	137	151
IFIs	41	57	55	79	71	71	53	53	54	54	51	49
Official bilateral	142	21	0	0	0	0	0	0	0	0	0	0
Commercial	19	20	0	0	0	0	0	0	0	24	86	102
Amortization	97	46	159	202	103	103	93	94	66	67	172	186
IFIs	47	37	61	80	56	56	54	55	66	67	64	69
Official bilateral	28	5	14	59	47	47	39	39	0	0	0	0
Commercial	21	4	84	63	0	0	0	0	0	0	108	116
Other Sectors (including SOE)	48	-109	-136	-289	-100	-211	-100	-105	-25	-50	-25	0
Errors and omissions	**-289**	**-114**	**240**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-234**	**-43**	**179**	**-198**	**-91**	**-218**	**-114**	**-104**	**8**	**4**	**3**	**2**
Financing	**234**	**43**	**-179**	**198**	**91**	**218**	**114**	**104**	**-8**	**-4**	**-3**	**-2**
Change in reserves (- = increase)	254	83	-416	-225	-167	-39	-238	-246	-8	10	19	53
Official financing	-20	-40	34	254	259	258	351	351	0	-13	-22	-55
O/w: IMF	-20	-40	34	54	159	158	251	251	0	-13	-22	-55
Purchases	0	0	55	54	159	158	251	251	0	0	0	0
O/w: for budget support	0	0	56	53	102	103	50	50	0	0	0	0
Repurchases	20	40	21	0	0	0	0	0	0	13	22	55
O/w: IFIs	0	0	0	200	100	100	100	100	0	0	0	0
External arrears (net) 1/			203	168	-1	-1	0	0	0	0	0	0
Financing from external debt restructuring 2/					148	114	114	114	43	75	610	-110
Memorandum items:												
Gross international reserves	648	585	992	1,195	1,361	1,234	1,599	1,480	1,488	1,479	1,459	1,406
In months of imports of goods and services	4.2	3.7	5.1	6.5	7.5	6.7	8.7	8.0	7.9	7.5	7.1	6.6
In percent of Reserve adequacy (risk-weighted measure) 3/	77	73	112	135	161	141	182	162	163	163	161	157
Usable gross international reserves 4/	505	129	512	865	1,032	995	1,270	1,241	1,249	1,240	1,221	1,167
In months of imports of goods and services	3.3	0.8	2.6	4.7	5.7	5.4	6.9	6.7	6.6	6.3	6.0	5.5
In percent of Reserve adequacy (risk-weighted measure) 3/	60	16	58	98	122	114	144	136	137	136	135	130
Reserve adequacy (risk-weighted measure), USD millions 3/	843	804	886	885	848	875	880	911	915	910	905	898
In months of imports	5.5	5.1	4.5	4.8	4.6	4.7	4.6	4.8	4.7	4.5	4.2	4.0
GDP (in millions of USD)	3,984	2,884	2,985	…	…	…	…	…	…	…	…	…
Gold price (USD per troy ounce)	1,392	1,770	1,747	1,722	1,685	1,685	1,651	1,651	1,618	1,602	1,602	1,602
Oil price (USD per barrel)	61	42	69	96	73	80	69	80	76	73	70	67
Weighted average exchange rate (SRD per USD, period average)	7.9	13.3	19.7	…	…	…	…	…	…	…	…	…
Weighted average exchange rate (SRD per USD, eop)	8.3	17.3	20.8	…	…	…	…	…	…	…	…	…
Real Effective Exchange Rate Change (+=appreciation; percent change; period average)	0.7	-19.0	-0.6	…	…	…	…	…	…	…	…	…
External Debt 5/	3,779	3,650	4,088	4,178	4,028	4,170	4,238	4,382	4,347	4,261	4,147	4,026
External debt (Percent of GDP)	99.7	165.0	144.9	153.1	140.4	129.0	122.1	112.1	101.5	92.0	82.9	76.8
o/w: Change in external debt due to exchange rate movements	9.9	87.6	22.6	…	…	…	…	…	…	…	…	…

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

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

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

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

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

5/ Includes both private and public sector debt.

Table 6. Suriname: Balance of Payments

(Percent of GDP)

				Est.	Proj.							
	2019	2020	2021	2022	2023	2023	2024	2024	2025	2026	2027	2028
					2nd Review		2nd Review					
Current account	**-448**	**260**	**176**	**76**	**52**	**54**	**11**	**38**	**28**	**8**	**-3**	**-25**
Exports of goods and services	2,287	2,447	2,300	2,600	2,548	2,586	2,581	2,645	2,673	2,712	2,805	2,883
Imports of goods and services	2,413	1,845	1,876	2,342	2,165	2,194	2,197	2,219	2,267	2,356	2,449	2,555
Trade balance, goods	**532**	**1,061**	**865**	**755**	**816**	**807**	**781**	**784**	**728**	**667**	**649**	**605**
Exports, f.o.b.	2,129	2,344	2,204	2,457	2,362	2,382	2,345	2,379	2,352	2,349	2,392	2,417
Of which: gold, petroleum	1,903	2,114	1,996	2,218	2,130	2,152	2,110	2,143	2,116	2,110	2,125	2,141
Imports, f.o.b.	1,598	1,282	1,338	1,701	1,546	1,576	1,564	1,595	1,624	1,681	1,743	1,812
Trade balance, services	**-658**	**-460**	**-442**	**-497**	**-433**	**-415**	**-397**	**-358**	**-321**	**-312**	**-294**	**-277**
Exports	157	103	96	143	186	204	236	266	321	363	413	466
Imports	815	563	538	640	619	619	633	624	643	674	707	743
Primary income, net	**-412**	**-466**	**-393**	**-308**	**-447**	**-454**	**-482**	**-493**	**-479**	**-444**	**-451**	**-445**
Credit	21	8	7	12	7	12	7	13	13	13	13	14
Debit	433	474	400	320	454	466	490	506	492	457	465	459
Secondary income, net	**90**	**124**	**146**	**126**	**116**	**116**	**109**	**106**	**101**	**96**	**93**	**93**
Capital and financial account	**-508**	**189**	**311**	**392**	**143**	**272**	**125**	**142**	**20**	**4**	**-6**	**-27**
Capital account	**-3**	**0**	**37**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial account	**-505**	**189**	**274**	**392**	**143**	**272**	**125**	**142**	**20**	**4**	**-6**	**-27**
Foreign direct investment	8	0	124	-3	12	29	-15	-3	-18	-34	-65	-61
Portfolio investment	-117	-35	-47	19	0	0	0	0	0	0	0	0
Central government	125	0	0	0	0	0	0	0	0	0	1	2
Other investment	-397	225	197	376	132	243	140	146	38	39	59	34
Net Acquisition of Assets	-244	168	-43	-36	0	0	0	0	0	0	0	0
Net Incurrence of Liabilities	152	-57	-240	-411	-132	-243	-140	-146	-38	-39	-59	-34
Central government	104	52	-104	-122	-32	-32	-40	-41	-13	11	-34	-34
Disbursements	201	98	55	79	71	71	53	53	54	78	137	151
IFIs	41	57	55	79	71	71	53	53	54	54	51	49
Official bilateral	142	21	0	0	0	0	0	0	0	0	0	0
Commercial	19	20	0	0	0	0	0	0	0	24	86	102
Amortization	97	46	159	202	103	103	93	94	66	67	172	186
IFIs	47	37	61	80	56	56	54	55	66	67	64	69
Official bilateral	28	5	14	59	47	47	39	39	0	0	0	0
Commercial	21	4	84	63	0	0	0	0	0	0	108	116
Other Sectors (including SOE)	48	-109	-136	-289	-100	-211	-100	-105	-25	-50	-25	0
Errors and omissions	**-289**	**-114**	**240**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-234**	**-43**	**179**	**-198**	**-91**	**-218**	**-114**	**-104**	**8**	**4**	**3**	**2**
Financing	**234**	**43**	**-179**	**198**	**91**	**218**	**114**	**104**	**-8**	**-4**	**-3**	**-2**
Change in reserves (- = increase)	254	83	-416	-225	-167	-39	-238	-246	-8	10	19	53
Official financing	-20	-40	34	254	259	258	351	351	0	-13	-22	-55
O/w: IMF	-20	-40	34	54	159	158	251	251	0	-13	-22	-55
Purchases	0	0	55	54	159	158	251	251	0	0	0	0
O/w: for budget support	0	0	56	53	102	103	50	50	0	0	0	0
Repurchases	20	40	21	0	0	0	0	0	0	13	22	55
O/w: IFIs	0	0	0	200	100	100	100	100	0	0	0	0
External arrears (net) 1/			203	168	-1	-1	0	0	0	0	0	0
Financing from external debt restructuring 2/					148	114	114	114	43	75	610	-110
Memorandum items:												
Gross international reserves	648	585	992	1,195	1,361	1,234	1,599	1,480	1,488	1,479	1,459	1,406
In months of imports of goods and services	4.2	3.7	5.1	6.5	7.5	6.7	8.7	8.0	7.9	7.5	7.1	6.6
In percent of Reserve adequacy (risk-weighted measure) 3/	77	73	112	135	161	141	182	162	163	163	161	157
Usable gross international reserves 4/	505	129	512	865	1,032	995	1,270	1,241	1,249	1,240	1,221	1,167
In months of imports of goods and services	3.3	0.8	2.6	4.7	5.7	5.4	6.9	6.7	6.6	6.3	6.0	5.5
In percent of Reserve adequacy (risk-weighted measure) 3/	60	16	58	98	122	114	144	136	137	136	135	130
Reserve adequacy (risk-weighted measure), USD millions 3/	843	804	886	885	848	875	880	911	915	910	905	898
In months of imports	5.5	5.1	4.5	4.8	4.6	4.7	4.6	4.8	4.7	4.5	4.2	4.0
GDP (in millions of USD)	3,984	2,884	2,985	…	…	…	…	…	…	…	…	…
Gold price (USD per troy ounce)	1,392	1,770	1,747	1,722	1,685	1,685	1,651	1,651	1,618	1,602	1,602	1,602
Oil price (USD per barrel)	61	42	69	96	73	80	69	80	76	73	70	67
Weighted average exchange rate (SRD per USD, period average)	7.9	13.3	19.7	…	…	…	…	…	…	…	…	…
Weighted average exchange rate (SRD per USD, eop)	8.3	17.3	20.8	…	…	…	…	…	…	…	…	…
Real Effective Exchange Rate Change (+=appreciation; percent change; period average)	0.7	-19.0	-0.6	…	…	…	…	…	…	…	…	…
External Debt 5/	3,779	3,650	4,088	4,178	4,028	4,170	4,238	4,382	4,347	4,261	4,147	4,026
External debt (Percent of GDP)	99.7	165.0	144.9	153.1	140.4	129.0	122.1	112.1	101.5	92.0	82.9	76.8
o/w: Change in external debt due to exchange rate movements	9.9	87.6	22.6	…	…	…	…	…	…	…	…	…

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

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

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

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

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

5/ Includes both private and public sector debt.

Table 7. Suriname: Gross External Financing Requirements

(In millions of US. dollars, unless otherwise indicated)

				Est.	Proj.							
	2019	2020	2021	2022	2023	2023	2024	2024	2025	2026	2027	2028
					2nd Review		2nd Review					
1. Gross external financing requirements	**557**	**-119**	**82**	**239**	**151**	**261**	**182**	**161**	**63**	**109**	**199**	**211**
A. Current account deficit	448	-260	-176	-76	-52	-54	-11	-38	-28	-8	3	25
B. Public sector debt amortization	122	146	259	308	203	203	193	194	91	117	197	187
(i) Central government	97	46	159	202	103	103	93	94	66	67	172	186
(ii) CBvS	0	0	0	0	0	0	0	0	0	0	0	1
(iii) SOEs	25	100	100	107	100	100	100	100	25	50	25	0
C. Other outflows	-13	-5	-1	7	0	111	0	5	0	0	0	0
2. Sources of financing	**611**	**-48**	**21**	**-77**	**-88**	**-71**	**-46**	**-58**	**29**	**37**	**-408**	**323**
A. Asset sales (net) (Other investment account)	244	-168	43	36	0	0	0	0	0	0	0	0
B. Foreign direct investment (net)	-8	0	-124	3	-12	-29	15	3	18	34	65	61
C. Portfolio flows (net)	117	35	47	-19	0	0	0	0	0	0	0	0
(i) Central government	125	0	0	0	0	0	0	0	0	0	0	1
(ii) SOEs	0	51	0	0	0	0	0	0	0	0	0	0
(iii) Other	-9	-16	47	-19	0	0	0	0	0	0	0	-1
D. Public sector debt financing	201	98	55	79	71	71	53	53	54	78	137	151
(i) Central government	201	98	55	79	71	71	53	53	54	78	137	151
(ii) SOEs	0	0	0	0	0	0	0	0	0	0	0	0
E. Other inflows (net)	57	-14	0	-176	-148	-114	-114	-114	-43	-75	-610	111
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	54	71	-61	-316	-239	-332	-228	-219	-34	-72	-607	112
3. Expected change in gross reserves of the CBvS; accumulation (-)	**254**	**83**	**-416**	**-225**	**-167**	**-39**	**-238**	**-246**	**-8**	**10**	**19**	**53**
4. Errors and omissions	**-289**	**-114**	**240**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5. Financing needs -(2-1+3+4)	**-20**	**-40**	**237**	**423**	**406**	**371**	**465**	**465**	**43**	**62**	**588**	**-165**
Allocation by:												
(i) Official financing	-20	-40	34	254	259	258	351	351	0	-13	-22	-55
a. IMF	-20	-40	34	54	159	158	251	251	0	-13	-22	-55
Purchases	0	0	55	54	159	158	251	251	0	0	0	0
O/w: for budget support	0	0	56	53	102	103	50	50	0	0	0	0
Repurchases	20	40	21	0	0	0	0	0	0	13	22	55
b. IFIs	0	0	0	200	100	100	100	100	0	0	0	0
(ii) External arrears (net)			203	168	-1	-1	0	0	0	0	0	0
(iii) Financing from external debt restructuring 1/					148	114	114	114	43	75	610	-110
					(In percent of GDP)							
1. Gross external financing requirements	**14.0**	**-4.1**	**2.8**	**6.8**	**4.7**	**7.4**	**5.1**	**4.0**	**1.4**	**2.3**	**3.9**	**4.0**
A. Current account deficit	11.3	-9.0	-5.9	-2.2	-1.6	-1.5	-0.3	-1.0	-0.6	-0.2	0.1	0.5
B. Public sector debt amortization	3.1	5.1	8.7	8.8	6.3	5.7	5.4	4.9	2.1	2.5	3.9	3.5
(i) Central government	2.4	1.6	5.3	5.7	3.2	2.9	2.6	2.3	1.5	1.4	3.4	3.5
(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	0.6	3.5	3.3	3.0	3.1	2.8	2.8	2.5	0.6	1.1	0.5	0.0
C. Other outflows	-0.3	-0.2	0.0	0.2	0.0	3.1	0.0	0.1	0.0	0.0	0.0	0.0
2. Sources of financing	**15.3**	**-1.7**	**0.7**	**-2.2**	**-2.7**	**-2.0**	**-1.3**	**-1.4**	**0.6**	**0.8**	**-8.0**	**6.1**
A. Asset sales (net) (Other investment account)	6.1	-5.8	1.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Foreign direct investment (net)	-0.2	0.0	-4.2	0.1	-0.4	-0.8	0.4	0.1	0.4	0.7	1.3	1.1
C. Portfolio flows (net)	2.9	1.2	1.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(i) Central government	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(ii) SOEs	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii) Other	-0.2	-0.5	1.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
D. Public sector debt financing	5.0	3.4	1.9	2.3	2.2	2.0	1.5	1.3	1.2	1.6	2.7	2.8
(i) Central government	5.0	3.4	1.9	2.3	2.2	2.0	1.5	1.3	1.2	1.6	2.7	2.8
(ii) SOEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E. Other inflows (net)	1.4	-0.5	0.0	-5.0	-4.6	-3.2	-3.2	-2.9	-1.0	-1.6	-12.0	2.1
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	1.4	2.4	-2.0	-9.0	-7.4	-9.4	-6.4	-5.5	-0.8	-1.5	-11.9	2.1
3. Expected change in gross reserves of the CBvS; accumulation	**6.4**	**2.9**	**-13.9**	**-6.4**	**-5.2**	**-1.1**	**-6.7**	**-6.2**	**-0.2**	**0.2**	**0.4**	**1.0**
4. Errors and omissions	**-7.2**	**-3.9**	**8.0**	**3.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
5. Financing needs -(2-1+3+4)	**-0.5**	**-1.4**	**7.9**	**12.0**	**12.6**	**10.5**	**13.1**	**11.6**	**1.0**	**1.3**	**11.6**	**-3.1**
Allocation by:												
(i) Official financing	-0.5	-1.4	1.1	7.3	8.0	7.3	9.9	8.8	0.0	-0.3	-0.4	-1.0
a. IMF	-0.5	-1.4	1.1	1.6	4.9	4.5	7.1	6.3	0.0	-0.3	-0.4	-1.0
Purchases	0.0	0.0	1.8	1.6	4.9	4.5	7.1	6.3	0.0	0.0	0.0	0.0
O/w: for budget support	0.0	0.0	1.9	1.5	3.2	2.9	1.4	1.3	0.0	0.0	0.0	0.0
Repurchases	0.5	1.4	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	1.0
b. IFIs	0.0	0.0	0.0	5.7	3.1	2.8	2.8	2.5	0.0	0.0	0.0	0.0
(ii) External arrears (net)			6.8	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(iii) Financing from external debt restructuring 1/					4.6	3.2	3.2	2.9	1.0	1.6	12.0	-2.1

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: Depositary Corporations Survey and Central Bank Accounts

(Millions of SRD)

							Proj.			
	2017	2018	2019	2020	2021	2022	2023	2023	2024	2024
							2nd Review		2nd Review	
Monetary Survey										
Net foreign assets	**6,365**	**8,430**	**5,867**	**11,674**	**23,827**	**47,473**	**80,173**	**70,168**	**94,252**	**82,742**
Net international reserves (Held by the CBv!	2,515	3,685	4,345	7,905	20,727	36,876	58,431	47,240	65,622	53,755
Net other foreign assets	3,850	4,745	1,522	3,769	3,100	10,596	21,742	22,928	28,631	28,987
Net domestic assets	**10,669**	**9,977**	**13,431**	**20,119**	**22,358**	**19,544**	**19,122**	**18,854**	**24,498**	**21,161**
Net claims on the public sector	3,726	3,462	4,787	11,310	10,682	4,684	2,692	1,693	1,976	894
Of which: on central government	3,912	3,612	5,055	11,360	10,501	5,301	3,262	2,539	2,551	1,799
From CBvS	1,947	1,797	3,248	8,234	6,877	780	-3,164	-2,039	-4,330	-3,127
From Commercial Banks	1,964	1,815	1,807	3,126	3,624	4,521	6,425	4,578	6,881	4,926
Net claims LC	1,186	1,053	78	985	390	-385	-276	-1,190	-172	-1,171
Net claims FC	779	762	1,729	2,141	3,234	4,906	6,701	5,768	7,053	6,096
(In USD millions)	105	103	234	153	155	154	146	138	141	133
Credit to the private sector	7,618	7,278	7,310	9,288	11,007	18,239	25,081	23,938	30,371	28,731
Other items, net	-675	-764	1,335	-479	669	-3,380	-8,651	-6,778	-7,850	-8,463
Broad money 1/	**17,030**	**18,403**	**19,269**	**31,793**	**46,185**	**67,016**	**99,295**	**89,022**	**118,750**	**103,903**
Currency in circulation	1,288	1,504	1,973	3,498	4,397	5,578	6,606	6,696	8,040	7,985
Local currency deposits	4,783	5,731	6,842	8,473	10,623	13,321	16,991	17,224	21,227	21,081
Foreign currency deposits	10,959	11,168	10,454	19,823	31,165	48,117	75,699	65,102	89,483	74,837
Central Bank (CBvS)										
Net foreign assets	**512**	**1,992**	**2,394**	**4,039**	**11,266**	**28,020**	**45,604**	**35,497**	**51,599**	**40,856**
(In USD millions)	**69**	**269**	**324**	**288**	**539**	**882**	**992**	**847**	**1,028**	**891**
Net international reserves	2,515	3,685	4,345	7,905	20,727	36,876	58,431	47,240	65,622	53,755
(In USD millions)	340	498	587	564	992	1,161	1,270	1,127	1,307	1,172
Of which :										
Gross International Reserves	3,140	4,296	4,790	8,199	20,730	37,934	62,572	51,736	80,254	67,868
(In USD millions)	424	581	648	585	992	1,194	1,361	1,234	1,599	1,480
Liabilities	-625	-611	-445	-294	-3	-1,058	-4,141	-4,496	-14,632	-14,113
(In USD millions)	-84	-82	-60	-21	0	-33	-90	-107	-291	-308
Net other foreign assets	-398	-1,694	-1,951	-3,866	-9,461	-8,856	-12,828	-11,743	-14,022	-12,899
Gross Other foreign assets	360	256	21	44	63	95	149	135	163	147
(In USD millions)	49	35	3	3	3	3	3	3	3	3
Gross other foreign liabilities	-1,944	-1,950	-1,971	-3,910	-9,524	-8,951	-12,977	-11,877	-14,185	-13,046
(In USD millions)	-263	-264	-267	-279	-456	-282	-282	-283	-283	-284
SDR allocations	-900	-906	-901	-1,779	-6,189	-8,947	-12,971	-11,872	-14,178	-13,040
(In USD millions)	-122	-123	-122	-127	-296	-282	-282	-283	-282	-284
Other (incl. RMB Swap with PBoC)	-1,043	-1,043	-1,070	-2,131	-3,335	-5	-6	-5	-7	-6
(In USD millions)	-141	-141	-145	-152	-160	0	0	0	0	0
Net domestic assets	**3,162**	**2,984**	**7,198**	**8,777**	**7,701**	**-549**	**-6,288**	**-4,124**	**-4,184**	**-3,325**
Net claims on public sector	1,947	1,797	3,248	8,234	6,877	780	-3,164	-2,039	-4,330	-3,127
Of which: central government	1,947	1,797	3,248	8,234	6,877	780	-3,164	-2,039	-4,330	-3,127
Net claims on commercial banks	186	39	264	-2,496	-4,731	-8,001	-11,020	-9,517	-8,608	-8,239
Other items, net	1,030	1,147	3,686	3,038	5,555	6,671	7,895	7,431	8,754	8,041
Reserve money	**3,674**	**4,975**	**9,593**	**12,817**	**18,967**	**27,470**	**39,316**	**31,374**	**47,415**	**37,532**
Currency in circulation	1,550	1,757	2,263	3,861	4,792	6,084	7,208	7,411	8,773	8,837
Bankers deposits	2,007	3,109	7,211	8,869	14,054	21,229	31,878	23,713	38,393	28,426
Other demand deposits in national currency	74	68	90	19	23	14	13	49	13	49
Gold certificates	43	42	28	67	97	143	217	201	236	219
Memorandum items:				(12-month percent change, unless otherwise indicated)						
Monetary survey										
Velocity (GDP/broad money; end of period)	1.6	1.6	1.6	1.2	1.3	1.3	1.3	1.5	1.5	1.7
Broad money	9.0	8.1	4.7	65.0	45.3	45.1	48.2	32.8	19.6	16.7
Broad money (constant exchange rate)	8.6	8.1	4.7	16.4	60.2	11.7	16.3	13.8	16.3	13.7
Broad money (local currency portion only)	12.4	19.2	21.8	35.8	25.5	25.8	24.9	26.6	24.0	21.5
Broad money (in real terms)	-0.3	2.5	0.5	2.6	-9.6	-6.1	8.6	-5.1	0.9	-2.7
Broad money (Percent of GDP)	63.3	61.7	61.2	82.9	78.5	77.5	75.3	65.7	68.1	58.0
FX deposits	6.6	1.9	-6.4	0.0	5.5	1.6	8.7	2.5	8.3	5.1
Credit to the private sector	1.2	-4.5	0.4	27.1	18.5	65.7	37.5	31.2	21.1	20.0
Credit to private sector (in real terms)	-7.4	-9.4	-3.6	-20.9	-26.3	7.2	0.8	-6.3	2.2	0.0
Credit to private sector (Percent of GDP)	28.3	24.4	23.2	24.2	18.7	21.1	19.0	17.7	17.4	16.0
Central bank										
Reserve money	22.3	35.4	92.8	33.6	48.0	44.8	43.1	14.2	20.6	19.6
Reserve money (constant exchange rate)	24.4	37.1	144.1	-5.6	24.3	21.8	21.7	10.6	19.1	19.3
Reserve money (local currency portion only)	19.3	33.1	19.1	42.7	26.3	32.3	31.8	31.8	24.0	24.0
Reserve money (in real terms)	11.9	28.4	85.0	-16.9	-7.9	-6.3	4.9	-18.4	1.8	-0.3
Reserve money (Percent of GDP)	13.7	16.7	30.5	33.4	32.3	31.8	29.8	23.2	27.2	20.9
Money multiplier (SRD broad money/reserv	1.9	1.7	1.7	1.6	1.6	1.5	1.5	1.5	1.5	1.5

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

(In percent)

	2017 Dec.	2018 Dec.	2019 Dec.	2020 Dec.	2021 Dec.	2022* Dec	2023* Jun
Capital Adequacy							
Regulatory capital to risk-weighted assets	9.3	9.6	11.4	11.8	14.5	16.8	18.6
Regulatory Tier 1 capital to risk-weighted assets	8.7	9.0	10.8	10.5	13.1	15.5	17.4
Tier 1 capital to total assets (leverage ratio)	5.0	4.9	4.9	4.3	5.7	6.1	6.9
Asset Quality							
NPL to gross loans	13.0	12.0	10.6	14.6	12.8	12.4	16.1
NPL net of provisions to Tier 1 capital	52.1	39.0	34.9	68.1	43.6	35.2	43.5
Provisions to total NPLs	53.2	61.6	60.5	46.0	…	39.9	35.7
Large exposures to capital	335.4	272.5	228.7	306.5	178.3	150.2	113.1
Foreign currency loans to total loans	66.8	62.8	59.2	49.1	55.5	61.5	61.3
Earnings and Profitability							
Return on assets (ROA, annualized)	0.9	0.1	1.0	2.0	1.8	2.7	0.9
Return on equity (ROE, annualized)	16.2	1.9	16.7	34.8	29.6	44.8	31.7
Net interest income to gross income	67.4	70.6	69.2	47.7	53.5	61.7	68.6
Spread between lending and deposit rates (ppts)	8.0	8.0	7.4	7.4	7.7		8.3
Liquidity							
Liquid assets to total assets	37.9	40.2	46.8	51.5	58.8	54.3	52.3
Liquid assets to short-term liabilities	82.3	82.1	93.4	101.3	117.0	114.0	112.5
Total loans to total deposits	53.7	44.6	47.9	40.2	…	35.1	35.2
Sensitivity to market risk							
Net open positions in foreign currency to capital 1/	7.1	22.2	11.5	20.8	39.4	23.2	15.3
Foreign currency liabilities to total liabilities	70.1	66.5	60.9	69.2	71.6		

Source: Central Bank of Suriname

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

* IMF staff calculations

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
6/14/2023	39.4	30.6	Second review and continuous, end-December 2022 performance criteria 1/
9/14/2023	39.4	30.6	Third review and continuous and end-June 2023 performance criteria
12/14/2023	39.4	30.6	Fourth review and continuous and end-September 2023 performance criteria
3/14/2024	46.7	36.3	Fifth review and continuous and end-December 2023 performance criteria
6/14/2024	46.7	36.3	Sixth review and continuous and end-March 2024 performance criteria
9/14/2024	46.7	36.3	Seventh review and continuous and end-June 2024 performance criteria
12/6/2024	46.8	36.3	Eight and final review and continuous and end-September 2024 performance criteria
Total	**383.9**	**297.8**	
Memo:			
Quota	128.9		

Table 11. Suriname: Program Monitoring—Indicators of Fund Credit Under the EFF Supported Program

(In millions of SDR, unless otherwise indicated)

	Proj.												
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prospective Drawings	39.4	118.2	186.9	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	91.7	145.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchases	0.0	0.0	0.0	0.0	9.8	16.4	40.6	64.0	64.0	64.0	54.1	47.6	23.4
Total Interest / Charges	2.0	7.6	17.7	25.8	26.0	25.2	24.1	20.9	16.1	12.7	9.5	6.8	4.7
Total Debt Services	2.0	7.6	17.7	25.8	35.8	41.6	64.7	84.8	80.0	76.6	63.6	54.4	28.0
Percent of exports	0.1	0.4	0.9	1.3	1.8	2.0	3.0	3.9	3.5	3.2	2.5	2.0	1.0
Percent of usable reserves	0.3	1.0	1.9	2.8	3.9	4.6	7.5	9.7	9.2	8.5	6.5	5.0	2.2
Percent of GDP	0.1	0.3	0.6	0.8	1.0	1.1	1.6	0.1	0.1	0.1	0.1	0.0	0.0
Percent of quota	1.6	5.9	13.7	20.0	27.8	32.3	50.2	65.8	62.1	59.4	49.4	42.2	21.8
Outstanding Credit (eop)	78.8	197.0	383.9	383.9	374.1	357.6	317.0	253.0	189.1	125.1	70.9	23.4	0.0
Percent of exports	4.1	10.2	19.5	19.4	18.7	17.3	14.9	11.5	8.3	5.2	2.8	0.9	0.0
Percent of usable reserves	12.2	26.5	41.5	41.4	40.8	39.7	36.8	28.8	21.7	13.8	7.3	2.1	0.0
Percent of GDP	3.0	7.5	12.9	11.7	10.7	9.5	8.1	6.1	4.4	2.7	1.5	0.5	0.0
Percent of quota	61.1	152.8	297.8	297.8	290.2	277.4	245.9	196.3	146.7	97.0	55.0	18.1	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
Exports of G&S (US$ million)	2,600	2,586	2,645	2,673	2,712	2,805	2,883	2,980	3,093	3,268	3,442	3,629	3,826
Gross International Reserves (US$ million)	1,195	1,234	1,480	1,488	1,479	1,459	1,406	1,428	1,422	1,465	1,564	1,718	1,987
as percent of ARA	135	141	162	163	163	161	157	161	163	171	185	206	239
Gross International Usable Reserves (excluding PBoC swap and ring-fenced reserves (US$ million)	865	995	1,241	1,249	1,240	1,221	1,167	1,189	1,183	1,226	1,325	1,479	1,748
as percent of ARA	98	114	136	137	136	135	130	134	136	143	157	178	210
Nominal GDP (SRD million)	86,481	135,514	179,230	212,109	241,885	270,862	293,003	316,905	342,616	370,688	400,954	433,689	469,053

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											
		end-Dec				end-Jan.				end-Feb.				end-Mar.			
	Act.	PC	Adj. PC	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	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	159	135	Not Met	221	-110	14	Met	331	-3	161	Met
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		0	Met	0		0	Met
3. New central government guaranteed debt (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
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		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/4/	-154	348	310	319	Met	11	-2	5	Met	103	2	16	Met	114	30	19	Not Met
7. Net domestic assets of the central bank (ceiling) 2/4/	8,777	-343	161	203	Not Met	-6	180	-6	Met	-1,134	272	113	Met	-1,137	39	-118	Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
Indicative Targets																	
1. Social spending of central government (floor) 2/	604	1,070		922	Not Met									371		269	Not Met
Memorandum items																	
Reserve money	12,817	18,294		18,967		18,629		18,950		19,061		19,180		19,597		18,881	
Reserve money (local currency portion only)	7,342	9,188		9,271		9,341		9,338		9,494		9,570		9,647		9,289	
Reserve money (constant exchange rates)	12,817	14,838		15,933		14,991		15,893		15,144		16,209		15,297		15,847	
NFA (constant exchange rates)	4,039	6,403		6,953		6,563		6,920		7,844		7,117		8,000		7,020	
Gross international reserves (millions of U.S. dollar)	585	968		992		979		986		1,071		848		1,139		899	
Usable international reserves (millions of U.S. dollar) 5/	129	501		512		513		505		604		518		673		566	
Program exchange rate	14.018	14.018		14.018		14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Apr.				end-May.				end Jun.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	442	166	-111	Not Met	552	300	8	Not Met	663	707	660	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	118	49	13	Not Met	122	104	92	Not Met	156	150	156	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,040	-67	134	Not Met	-941	-691	-246	Not Met	-1,263	-1,188	-591	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									742		832	Met
Memorandum items												
Reserve money	21,223		19,110		21,856		20,025		22,390		20,280	
Reserve money (local currency portion only)	9,801		9,516		9,954		9,860		10,107		10,411	
Reserve money (constant exchange rates)	16,306		16,136		16,459		16,676		16,612		16,879	
NFA (constant exchange rates)	8,220		7,022		8,277		7,943		8,739		8,490	
Gross international reserves (millions of U.S. dollar)	1,000		886		1,004		951		1,094		983	
Usable international reserves (millions of U.S. dollar) 5/	674		558		678		620		768		656	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Jul.				end-Aug.				end Sep.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	773	1,005	311	Not Met	884	946	346	Not Met	994	1,218	345	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	158	159	169	Met	160	168	192	Met	192	169	193	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,142	-1,161	-91	Not Met	-1,016	-1,124	-77	Not Met	-1,316	-986	-14	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									1,112		1,315	Met
Memorandum items												
Reserve money	22,912		21,413		23,444		22,654		23,858		23,723	
Reserve money (local currency portion only)	10,260		11,098		10,413		11,359		10,566		11,450	
Reserve money (constant exchange rates)	16,765		17,587		16,918		18,084		17,071		18,424	
NFA (constant exchange rates)	8,778		8,698		8,811		9,182		9,253		9,458	
Gross international reserves (millions of U.S. dollar)	1,097		991		1,099		1,018		1,187		1,029	
Usable international reserves (millions of U.S. dollar) 5/	771		667		773		698		862		713	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Oct.				end-Nov.				end-Dec.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	1,105	1,788	657	Not Met	1,215	2,111	1,174	Not Met	1,326	2,625	1,150	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.	0		0	Met	0		0	Met	0		0.02	Not Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	194	169	204	Met	196	150	179	Met	226	313	332	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,193	-845	-111	Not Met	-1,063	-425	435	Not Met	-1,332	-2,548	-1,080	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									1,483		1,717	Met
Memorandum items												
Reserve money	24,277		25,205		24,660		26,514		25,047		27,470	
Reserve money (local currency portion only)	10,718		11,507		10,871		11,632		11,024		12,263	
Reserve money (constant exchange rates)	17,224		18,583		17,377		18,710		17,529		19,414	
NFA (constant exchange rates)	9,289		9,714		9,316		9,296		9,478		11,514	
Gross international reserves (millions of U.S. dollar)	1,190		1,045		1,192		1,031		1,260		1,194	
Usable international reserves (millions of U.S. dollar) 5/	864		716		866		707		934		865	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2023											
	end-Jun.				end-Jul.				end-Aug.			
	PC	Adj. PC	Act.	Met/Not met	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/	1,147	1,647	1,939	Met	1,338		TBD	TBD	1,529		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		TBD	TBD	0		TBD	TBD
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		TBD	TBD	0		TBD	TBD
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S. dollars)	0		4	Not Met	0		TBD	TBD	0		TBD	TBD
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		TBD	TBD
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	-57	-38	-31	Met	-55	-32	-26	Met	-54	TBD	TBD	TBD
7. Net domestic assets of the central bank (ceiling) 2/	3,602	3,334	2,376	Met	4,006	3,683	3,843	Not Met	4,397	TBD	TBD	TBD
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		TBD	TBD
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) 2/					5		7	Not Met	10		TBD	TBD
Indicative Targets												
1. Social spending of central government (floor) 2/	1,981		1,058	Not Met								
Memorandum items												
Reserve money	33,964		27,590		35,102		29,378		36,147		TBD	
Reserve money (local currency portion only)	14,249		14,064		14,642		15,602		14,998		TBD	
Reserve money (constant exchange rates)	21,461		19,448		21,896		20,914		22,294		TBD	
NFA (constant exchange rates)	9,959		9,172		9,990		9,170		9,997		TBD	
Gross international reserves (millions of U.S. dollar)	1,153		1,091		1,155		1,096		1,156		TBD	
Usable international reserves (millions of U.S. dollar) 5/	835		853		837		857		838		TBD	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		TBD	

Continue to next page

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

(In millions of Suriname dollars, unless otherwise indicated)

	2023						2024										
	end-Sep.		end-Oct.	end-Nov.	end-Dec.		end-Jan.	end-Feb.	end-Mar.		end-Apr.	end-May	end-Jun.		end-Jul.	end Aug.	end Sep.
	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC
Quantitative Performance Criteria																	
Fiscal/debt targets																	
1. Primary fiscal balance (cash basis) of central government (floor) 2/	1,721	1,721	1,912	2,103	2,294	2,294	523	1,046	1,525	1,525	2,091	2,614	3,050	3,050	3,659	4,182	4,705
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	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	0	0	0	0	0	0	0
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S.	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	-62	-53	-57	-73	42	-6	-4	-21	-32	-29	-33	0	-12	-8	-12	-30	-39
7. Net domestic assets of the central bank (ceiling) 2/	4,866	3,892	4,214	4,722	4,389	4,121	490	1,108	1,700	1,566	1,965	1,795	2,430	2,189	2,621	3,216	3,648
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling) 6/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) 2/	15	15	20	25	30	30	5	10	15	15	20	25	30	30	35	40	45
Indicative Targets																	
1. Social spending of central government (floor) 2/	2,971	2,027			3,962	3,962			1,308	1,308			2,617	2,617			4,033
Memorandum items																	
Reserve money	37,086	29,440	30,049	30,670	39,316	31,374	31,964	32,513	41,415	33,018	33,520	33,989	43,306	34,434	34,973	35,481	35,969
Reserve money (local currency portion only)	15,320	15,320	15,573	15,831	16,162	16,162	16,570	16,935	17,255	17,255	17,571	17,853	18,109	18,109	18,457	18,774	19,070
Reserve money (constant exchange rates)	22,658	20,589	20,857	21,130	23,631	21,477	21,908	22,296	24,880	22,637	22,975	23,279	25,891	23,557	23,928	24,267	24,584
NFA (constant exchange rates)	9,893	8,797	8,742	8,507	11,341	9,455	9,397	9,167	10,890	9,050	8,989	9,462	11,171	9,347	9,285	9,029	8,914
Gross international reserves (millions of U.S. dollar)	1,204	1,132	1,128	1,112	1,361	1,234	1,230	1,213	1,395	1,271	1,267	1,301	1,480	1,359	1,354	1,337	1,395
Usable international reserves (millions of U.S. dollar) 5/	886	893	889	873	1,043	995	991	975	1,077	1,033	1,028	1,062	1,163	1,120	1,115	1,098	1,156
Program exchange rate	14.018	14.018	14.018	14.018	14.018	14.018	14.018	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 begining of the year.

3/ The 2020 figure is a stock as of end-June 2021.

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

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

6/ Non-observance for the month February 2023

Table 13. Suriname: Prior Actions and Structural Benchmarks Under the EFF

Measure	SR ¶	Target date 1/	Status	Objective
Prior Actions				
Enact the amended VAT Act to convert all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption	8/20		Prior Action	Ensure fiscal adjustment in line with program parameters.
CBvS to finalize the assessment framework for banks' time-bound recapitalization and restructuring plans and share the framework with the IMF team	16/20		Prior Action	Improve strength of the financial sector.
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.
Establish an electronic trading platform for inter-bank/cambio FX trading.		June 2022	Not met	Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.		June 2022	Not met	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	Not met	Protect the CBvS's financial autonomy.
Publish on the CBvS's external website the FY 2016 - 2018 audited financial statements.		December 2021	Not met; implemented with a delay in February	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; implemented with a delay in April 2023	Strengthen the CBvS's mandate, autonomy, governance, and accountability and transparency.
Establish an electronic trading platform for inter-bank/cambio FX trading, with expanded scope to cover also bank/cambio trading with gold exporters.	14	September 2023		Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	17	December 2023	Proposed to be reset to March, 2024	Strengthen accountability and transparency, and reduce risk of misreporting.
Publish on the CBvS's external website the FY 2022 audited IFRS financial statements.	17	December 2023	Proposed to be reset to March, 2024	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.	17	December 2023	Proposed to be reset to March, 2024	Protect the CBvS's financial autonomy.
Submit a legislative amendment to the Foreign Exchange Regulation 1947 to the National Assembly in consultation with Fund staff to rectify any misalignments with the amended Central bank Act 2022.	14	December 2023		Enable the CBvS to effectively and independently manage its official reserves and conduct foreign exchange policy.
Financial sector/crisis preparedness				
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	Met	Diagnose the largest banks and potential recapitalization needs.
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; 'Implemented with delay in February 2023	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; 'Implemented with delay in February 2023	Solidify oversight over the financial sector.
Operationalize the Financial Stability Committee, composed of representatives from the MoF and CBvS.		January 2022	Not met; 'Implemented with a delay in April 2022	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; 'Implemented with a delay in April 2022	Strengthen the CBvS's role in crisis management.
Undertake full asset quality review for the remaining banks (drawing on the expertise of an internationally reputable specialist firm).		December 2022	Not met; 'Implemented with a delay in May 2023	Diagnose the financial sector and potential recapitalization needs.
CBvS and MoF agree on a governance framework for state-owned banks.	16	December 2023		Improve governance of state-owned banks.
CBvS to instruct the banks to incorporate the AQR results and review the recapitalization plans submitted by the banks to verify their credibility	16	October 2023		Improve strength of the financial sector.

Source: IMF staff.

1/ The target dates for all structural benchmarks are the end of the month.

Table 13. Suriname: Prior Actions and Structural Benchmarks Under the EFF (concluded)

Measure	SR[1]	Target date	Status	Objective
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.
Publish the financial assessment of EBS that includes its legacy liabilities.		May 2022	Met	Achieve full cost recovery in the electricity sector.
Commence an audit on outstanding supplier arrears.		April 2022	Met: audit completed in May 2023	Improve governance and increase transparency; improve fiscal data reporting.
Review the social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits.		September 2022	Not Met	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	Not Met	Contain fiscal risks.
Passage of laws needed to implement the VAT by the National Assembly.		March 2022	Not Met; implemented with a delay in August 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	Not Met; Implemented in [February] 2023 budget	Ensure fiscal adjustment in line with program parameters.
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	Not Met; implemented with delay in March 2023	Improve debt data reporting.
Create a large taxpayer unit to increase taxpayer compliance.		June 2022	Not Met; implemented with a delay in July 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.	8	July 2023	Not Met; Proposed to be reset to December, 2023	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.	17	December 2023		Contain fiscal risks.
Establish a system to compile and maintain in a central place an up-to-date list of public entities (Institutional Table), starting with the central government entities.	9	June 2023	Met	Improve fiscal data reporting.
Enact the amended VAT Act to convert all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption	8	July 2023	Not Met; Set for Prior Action.	Ensure fiscal adjustment in line with program parameters.
Publish on the EAS external website quarterly updates of the rationale for each tariff adjustment, the estimated cost of providing electricity, and the remaining size of the subsidy.	8	October 2023	Proposed new SB	Improve governance and increase transparency; improve fiscal data reporting.
Operationalize the enacted amendment to the Personnel Act by issuing a state decree (with detail procedures) to halt payments of salaries for unregistered workers.	8	October 2023	Proposed new SB	Strenthen PFM and ensure fiscal adjustment in line with program parameters.
Issue State Decree to provide the Minister of Finance the authority to access all bank accounts held by government entities at commercial banks	9	December 2023		Strengthen PFM.
Publish quarterly budget execution report starting with the end June 2023 budget outturns.	9	September 2023		Strengthen PFM.
Governance (anti-corruption)				
Ratify the United Nations Convention Against Corruption (UNCAC).		January 2022	Met	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 the 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	Not 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.	18	March 2022	Not Met; implemented with a delay in May 2023	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 the 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.	18	September 2023	Proposed to be reset to December, 2023	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.	18	June 2022	Not Met; reformulated into new SB below	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.	18	August 2022	Not Met; reformulated into new SB below	Strengthen procurement efficiency.
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.	18	September 2023	Reformulated as new SB	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.	18	September 2023	Reformulated as new SB	Strengthen procurement efficiency.
Enact a new procurement law to centralize and mandate the publication of all public procurement tenders and contract awards, including the names of the awarded entities and their beneficial owner(s), the names of public officials awarding the contracts, and the ex-post validation of delivery of the contracted services	18	September 2023		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).	18	August 2022	Not Met; implemented with a delay in November 2022	Mitigate the adverse effects of criminal economic activity and promote integrity in financial markets.

Annex I. Debt Sustainability Analysis

Figure 1. Suriname: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	…	High	The overall risk of sovereign stress is high.
Near term 1/	n.a.	n.a.	Not applicable
Medium term	High	High	Medium-term risks are assessed as high. The GFN tool suggests low risk due to declining GFN path and contained bank exposure to the government. On the other hand, the fanchart tool gives a high risk signal mainly driven by the width of the chart suggesting a high historical volatility of the macro-fiscal shocks.
Fanchart	High	…	
GFN	Low	…	
Stress test	…	…	
Long term	…	Moderate	Long-term risks are assessed as moderate. In the long-term, public debt to GDP is expected to continue declining but GFN to GDP is gradually increasing until 2033, mainly due to repayments to IFIs including the Fund and restructured debts. This underscores the importance of maintaining fiscal discipline in the long term.
Sustainability assessment 2/	…	Sustainable	The projected debt path is expected to stabilize and GFNs will remain at manageable levels.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: The authorities' debt restructuring scenario suggests that public debt and GFNs would be sustainable. However, even after restructuring, public debt would remain high (above 100 percent of GDP) until 2024 and highly vulnerable to macro-fiscal shocks, including recapitalization needs of the banking system and the Central Bank of Suriname (CBvS). The vulnerability is particularly highlighted by the high risk signal of the fanchart, which is mainly caused by the past fluctuations in real exchange rate and inflation. The FX vulnerability can be mitigated by the significant share of government revenues received in foreign currency and potential future oil revenues that are not incorporated in the DSA following the international practice.

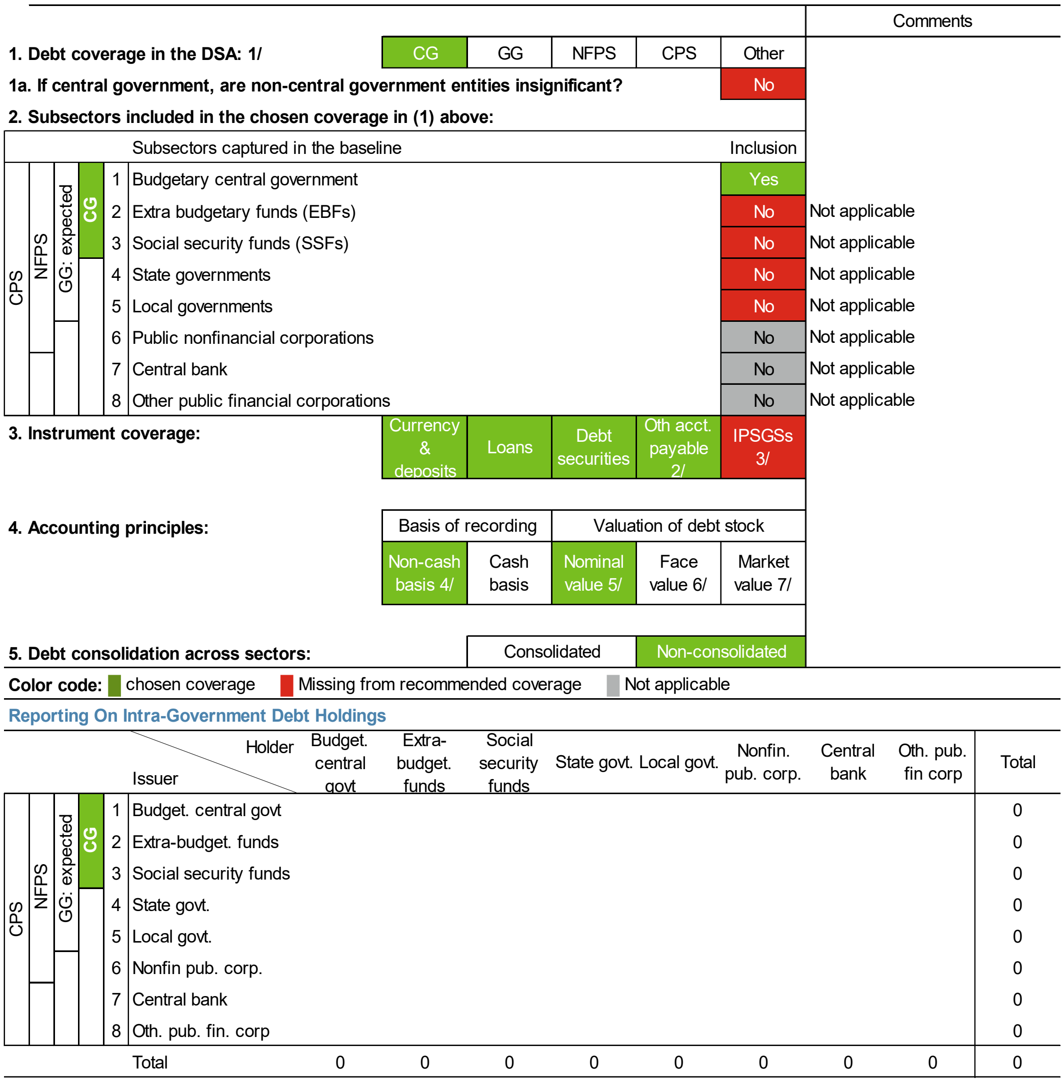
Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Figure 2. Suriname: Debt Coverage and Disclosures



						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					No	

2. Subsectors included in the chosen coverage in (1) above:

					Subsectors captured in the baseline	Inclusion	Comments
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
				2	Extra budgetary funds (EBFs)	No	Not applicable
				3	Social security funds (SSFs)	No	Not applicable
				4	State governments	No	Not applicable
				5	Local governments	No	Not applicable
				6	Public nonfinancial corporations	No	Not applicable
				7	Central bank	No	Not applicable
				8	Other public financial corporations	No	Not applicable

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:	Consolidated	Non-consolidated

Color code: 🟩 chosen coverage 🟥 Missing from recommended coverage ⬜ Not applicable

Reporting On Intra-Government Debt Holdings

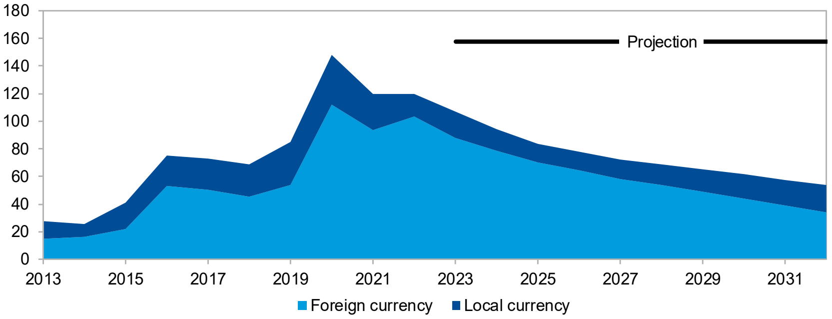
					Holder / Issuer	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	1	Budget. central govt									0
				2	Extra-budget. funds									0
				3	Social security funds									0
				4	State govt.									0
				5	Local govt.									0
				6	Nonfin pub. corp.									0
				7	Central bank									0
				8	Oth. pub. fin. corp									0
					Total	0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: Suriname's public debt under the DSA refers to central government debt including loans to IMF and CBvS. There is no estimate of local governments' and social security funds' debts but they should be considered minimal if any. There is no estimate of SOE debts, but the government has passed a law to expand the legal mandate of SDMO to include the whole NFPC and is expected to publish audited financial reports of 10 largest state-owned enterprises in 2023.

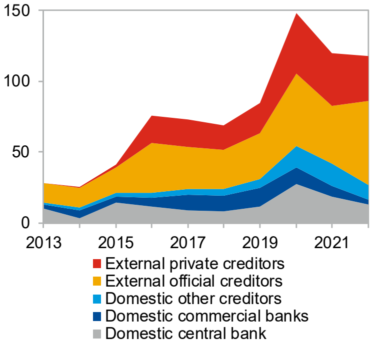
Figure 3. Suriname: Public Debt Structure Indicators

Debt By Currency (Percent Of GDP)



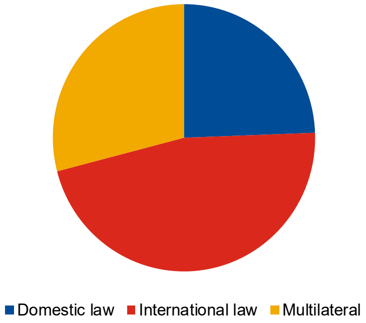
Note: The perimeter shown is central government.

Public Debt By Holder (Percent Of GDP)



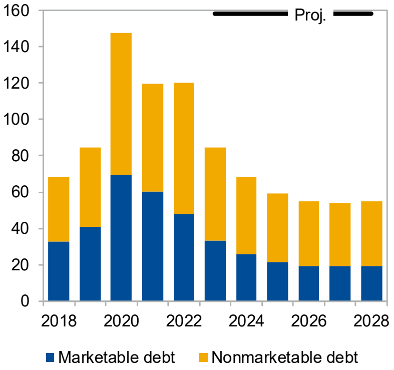
Note: The perimeter shown is general government.

Public Debt By Governing Law, 2022 (Percent)



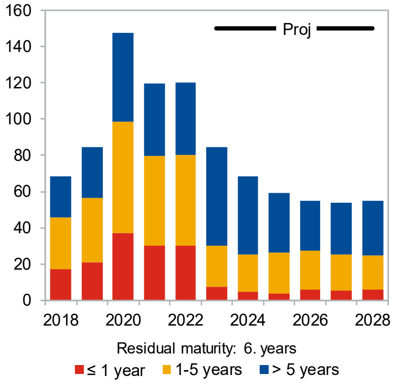
Note: The perimeter shown is general government.

Debt By Instruments (Percent Of GDP)



Note: The perimeter shown is general government.

Public Debt By Maturity (Percent Of GDP)



Note: The perimeter shown is general government.

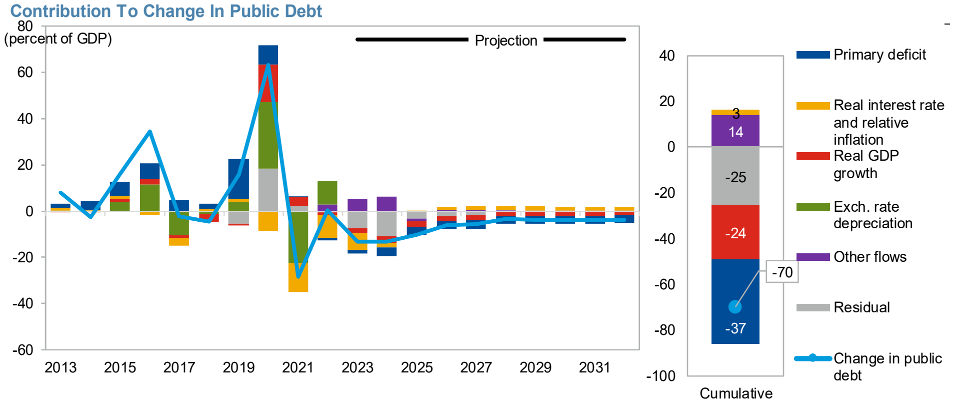
Staff commentary: Public debt is 120.1 percent of GDP as of 2022, out of which FX debt explains 107 percent of GDP and external public debt explains 91 percent of GDP. In the external debt, multilateral debt accounted for 26 percent of GDP in 2022, about 3/4 of which is owed to Inter-American Development Bank (IADB). The other official debt includes bilateral debt (19 percent of GDP) and ECA-backed debt (8 percent of GDP). Among the official creditors, China is the largest at 16 percent of GDP, followed by the Paris Club at 2 percent of GDP and India at 1 percent of GDP. Private debt is comprised of bonds and loans, of which two eurobonds account for 24 percent of GDP and non-ECA backed securities account for only 1 percent of GDP. External arrears amount to 11 percent of GDP as of end-2022. Domestic debt is estimated to be 29 percent of GDP as of end-2022, of which debts owed to CBvS account for 13 percent of GDP, debts to commercial banks accounts for 7 percent of GDP, debts to non-banking institutions accounts for 8 percent of GDP. The domestic arrears, including supplier arrears, as of end-2022 is estimated at 8 percent of GDP.

Figure 4. Suriname: Baseline Scenario

(Percent of GDP unless indicated otherwise)

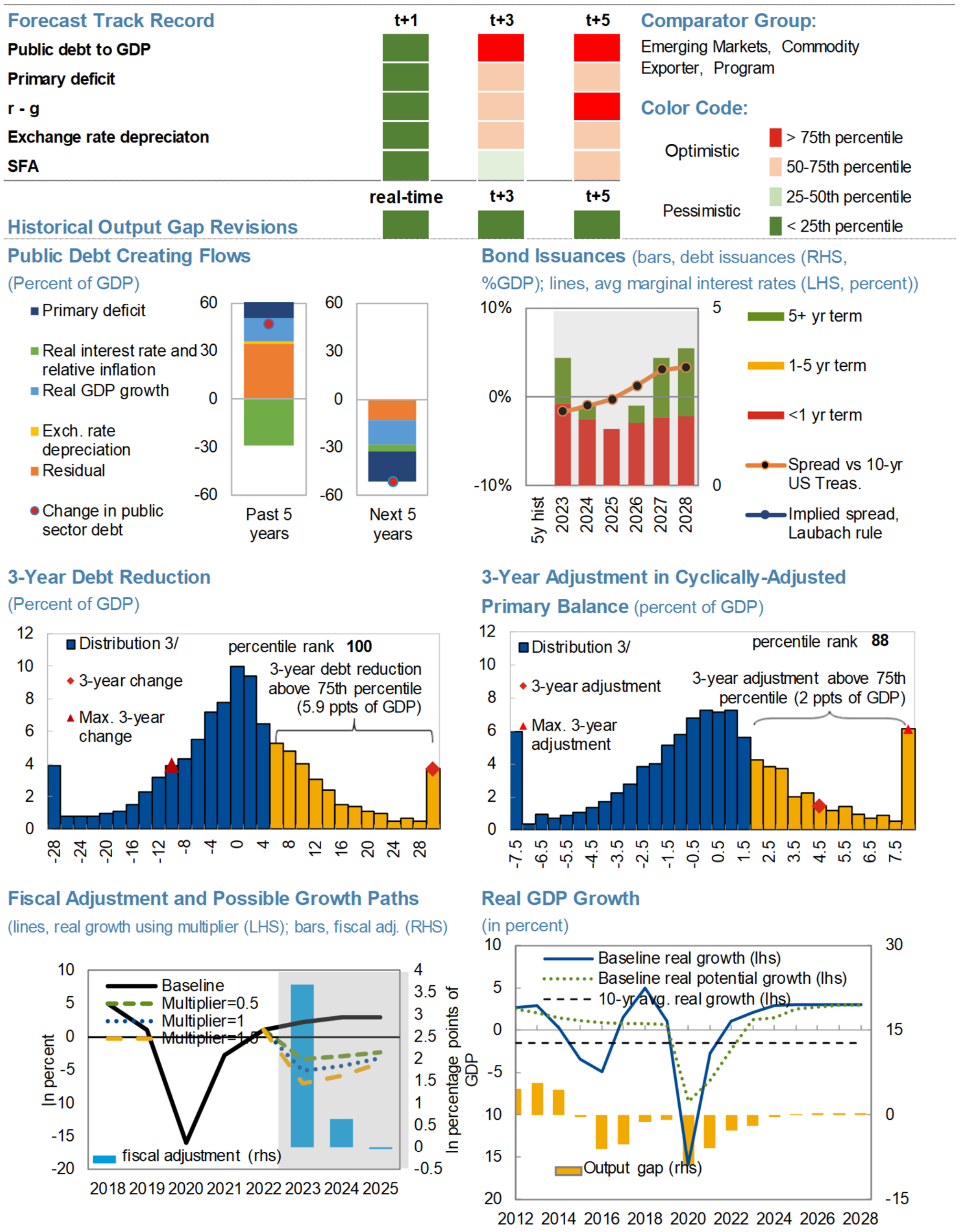
	Actual	Medium-term projection						Extended projection			
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Public debt	120.1	107.0	93.9	83.7	77.6	72.0	68.7	65.1	61.3	57.7	54.1
Change in public debt	0.4	-13.1	-13.1	-10.2	-6.2	-5.5	-3.3	-3.6	-3.7	-3.7	-3.6
Contribution of identified flows	0.9	-5.8	-2.5	-7.0	-4.2	-3.7	-3.4	-3.5	-3.6	-3.6	-3.6
Primary deficit	-1.1	-1.7	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5
Noninterest revenues	27.8	26.2	25.4	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Noninterest expenditures	26.7	24.5	21.9	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2
Automatic debt dynamics	-1.0	-9.4	-5.2	-2.4	-1.3	-0.8	-0.3	-0.4	-0.4	-0.4	-0.5
Real interest rate and relative inflation	-10.0	-6.8	-2.1	0.3	1.1	1.5	1.8	1.6	1.5	1.3	1.2
Real interest rate	-32.9	-38.3	-19.2	-8.2	-4.2	-2.4	0.1	0.1	0.1	0.1	0.1
Relative inflation	22.9	31.5	17.1	8.5	5.4	3.9	1.7	1.5	1.4	1.2	1.1
Real growth rate	-1.2	-2.5	-3.1	-2.7	-2.4	-2.3	-2.1	-2.0	-1.9	-1.8	-1.7
Real exchange rate (evaluated by eop FX)	10.2	…	…	…	…	…	…	…	…	…	…
Other identified flows	3.0	5.3	6.2	-1.1	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposit increase	4.2	0.0	0.0	-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBvS restructuring (tentative agreement)	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal haircut by restructuring	0.0	-6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recap assumption	0.0	10.0	1.2	0.8	0.6	0.5	0.4	0.4	0.4	0.4	0.4
IMF finance: BOP	0.0	1.6	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	-0.5	-7.3	-10.6	-3.2	-2.0	-1.8	0.1	-0.1	-0.2	-0.1	0.0
Gross financing needs (incl. arrear clearance, base)	13.1	11.2	7.3	4.3	3.9	6.3	6.7	7.5	7.7	8.0	8.0
of which: debt service	11.6	9.3	9.6	7.6	7.4	9.8	10.2	11.0	11.2	11.5	11.5
Local currency	1.0	1.6	1.4	1.3	1.7	2.1	2.4	2.3	2.3	2.7	3.2
Foreign currency	10.7	7.7	8.2	6.3	5.7	7.7	7.8	8.6	8.9	8.8	8.3
Gross financing needs (excl. arrear clearance)		7.6	6.1	4.1	3.9	6.3	6.7	7.5	7.7	8.0	8.0
Memo:											
Real GDP growth (percent)	1.0	2.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	45.6	53.4	28.5	14.9	10.7	8.7	5.0	5.0	5.0	5.0	5.0
Nominal GDP growth (percent)	47.1	56.7	32.3	18.3	14.0	12.0	8.2	8.2	8.1	8.2	8.2
Effective interest rate (percent)	5.2	3.4	4.8	4.6	4.9	5.2	5.2	5.2	5.1	5.2	5.3

Contribution To Change In Public Debt



Staff commentary: The public debt stands at 1201.1 percent of GDP as of end-2022. It is projected to decline below 100 percent of GDP by 2024 due to fiscal adjustment efforts as well as restructuring agreements, and it would be placed on a steady downward trend over the medium and long term, falling to below 70 percent in 2028, and below 50 percent by 2034. GFN to GDP peaks at 11.1 percent in 2023 and is expected to decline to 4.3 percent in 2026; however, it is projected to gradually increase in the medium to long run to 9 percent of GDP because repayments to restructured external debts as well as the Fund loans would commence after grace periods. The GFN path is anchored by sustained primary surpluses (i.e., 3.5 percent of GDP from 2024 onwards), and it is essential to continue fiscal adjustment efforts in the medium to long term. In addition, it is important to keep a liquidity buffer, including the government's deposits, against the increasing GFN in the long-run. Note that the recapitalization assumption, which has not been realized, adds up 10 percent of GDP on the public debt stock in 2023 (5% for CBvS and 5% for commercial banks), while the nominal haircut by bondholders has an impact to reduce the public debt stock by 6.3% in 2023. The IMF's BOP finance component is added to the debt stock. The GFN underlying the GFN tool and restructuring targets reflects arrear clearances.

Figure 5. Suriname: Realism of Baseline Assumptions



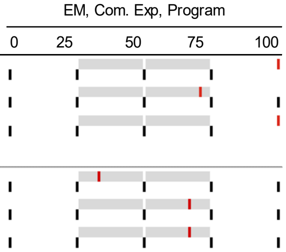
Commentary: The tools alert to a rapid reduction in public debt and improvement in primary balance, but their projections are underpinned by the authorities' strong commitments to fiscal adjustment, ongoing debt restructuring as well as recovery from COVID-19. The interest-growth gap also shows optimism, but this is partly explained by the fact that about half of total financing is expected to come from IFIs without access to external market until 2025. Real interest rate is projected to be negative in 2023, reflecting the roll-over process of T-bill/T-note arrears with original interests, but it is assumed to be positive from 2024 when the inflation is expected to be relatively calmed down and the government could have more market access. In the medium to long term, the real exchange rate is assumed to appreciate by 0.6 percent per year due to Balassa-Samuelson effects.

Figure 6. Suriname: Medium-Term Risk Analysis

Debt Fanchart And GFN Financeability Indexes

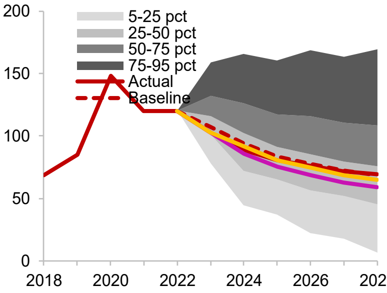
(percent of GDP unless otherwise indicated)

Module	Indicator	Value	Risk index	Risk signal
Debt fanchart module	Fanchart width	162.5	2.4	…
	Probability of debt not stabilizing (pct)	10.0	0.1	…
	Terminal debt level x institutions index	58.5	1.3	…
	Debt fanchart index	**…**	**3.7**	**High**
GFN finance-ability module	Average GFN in baseline	6.6	2.3	…
	Bank claims on government (pct bank assets)	7.2	2.3	…
	Chg. in claims on govt. in stress (pct bank assets)	6.6	2.2	…
	GFN financeability index	**…**	**6.8**	**Low**

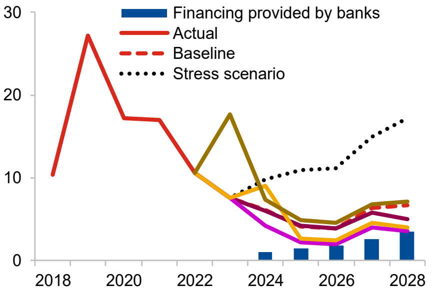


Legend: ▨ Interquartile range ▌ Suriname

Final Fanchart (Percent Of GDP)



Gross Financing Needs (Percent Of GDP)

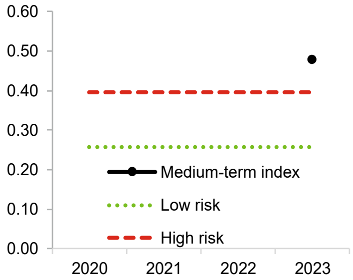


Triggered stress tests (stress tests not activated in gray)

Banking crisis ☐ Commodity prices Exchange rate ☐ Contingent liab. ☐ Natural disaster

Medium-Term Index

(index number)



Medium-Term Risk Analysis

	Low risk threshold	High risk threhsold	Weight in MTI	Normalized level
Debt fanchart index	1.1	2.1	0.5	0.8
GFN finaceability index	7.6	17.9	0.5	0.1
Medium-term index (MTI)	0.3	0.4	…	0.5, High

Prob. of missed crisis, 2023-2028 (if stress not predicted): 54.5 pct.

Prob. of false alarm, 2023-2028 (if stress predicted): 3.4 pct.

Commentary: The Debt Fanchart Module points to high risk of debt distress mainly driven by the wide width of the fanchart. Suriname experienced large fluctuations in real exchange rate and inflation in the past, which contributes to the wide width; however, the flexible exchange rate regime and adjustments under the program are expected to mitigate such risks. The risk from debt-non stabilization is relatively contained because of the steady decline in public debt and fiscal adjustment efforts in the medium term, though the terminal debt level in 2028 still stands at a relatively high level (i.e., 76 percent of GDP). The GFN finance-ability module suggests low risk of debt distress, supported by a declining GFN path in the medium term. The risk from the change in government's claims is relatively contained because exposure to external private creditors is limited in the medium term; however, the current fragile state of domestic banks could bring about additional risks in liquidity. In addition, the GFN could be larger than expected due to the recapitalization needs for CBvS and commercial banks which is highlighted by stress scenario in the chart. The recapitalization should be planned to avoid excessive risks in solvency and liquidity, while ensuring the financial health of CBvS and commercial banks. The modalities used in orchestrating the recapitalization will impact the GFN, with direct equity injections resulting in a significant increase of immediate GFN needs while the use of securities could reduce immediate GFN needs and would spread the financing of the recapitalization over a longer period of time. On the other hand, the risks on public debt can be mitigated by the significant share of government revenues received in foreign currency as well as potential future oil revenues. In line with the best international practice, the DSA does not incorporate impact of potential oil production since available information, so far, does not provide assurances about the economic viability of the oil reserves. Overall, the medium-term risk and overall risk are considered to be high even under the restructuring scenario, considering vulnerability to macro-fiscal shocks and potentially higher GFN needs from the recapitalization.

Figure 7. Suriname: Long-Term Risk and Analysis

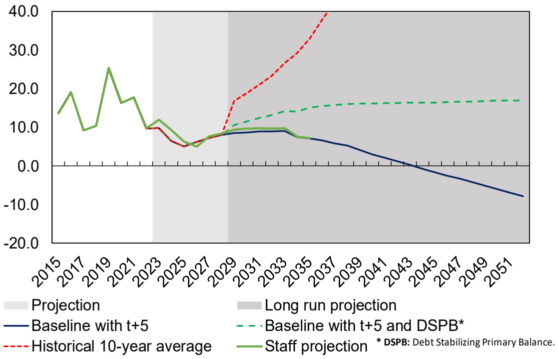
Large Amortization Trigger

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	🟩
	Amortization-to-GDP ratio	🟥
	Amortization	🟥
Medium-term extrapolation with debt stabilizing	GFN-to-GDP ratio	🟩
	Amortization-to-GDP ratio	🟩
	Amortization	🟥
Historical average assumptions	GFN-to-GDP ratio	🟩
	Amortization-to-GDP ratio	🟩
	Amortization	🟥

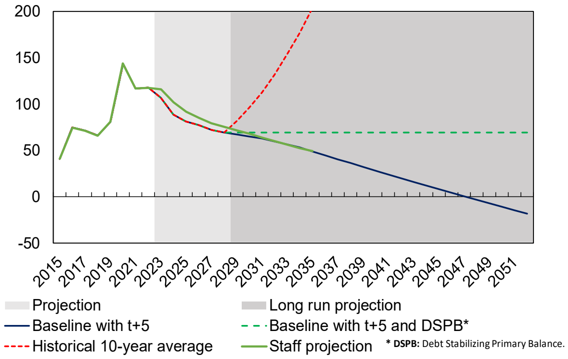
Overall Risk Indication	🟩

Alternative Baseline Long-term Projections

GFN-To-GDP ratio



Total Public Debt-To-GDP Ratio

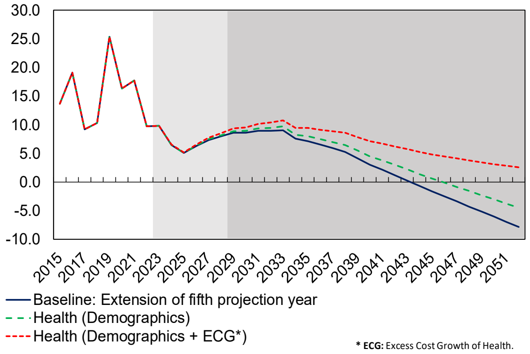


The long-term analysis indicates that GFN to GDP and public debt to GDP diverge very quickly if the government followed the past 10-year path. The historical 10-year average scenario is less informative because the scenario includes macro-fiscal shocks during the crisis period of 2020-22; nevertheless, it highlights the importance of running sufficient PB surpluses to achieve declining GFN to GDP and public debt to GDP paths in the medium to long term. The staff's projection is in line with the case of "Baseline with t+5", and it suggests that GFN to GDP goes back to below 10 percent from 2029 to 2033 due to repayments to restructured external debts as well as to the IFIs including the Fund. Therefore, it is essential to continue fiscal reforms and keep sufficient liquidity buffer in the medium term.

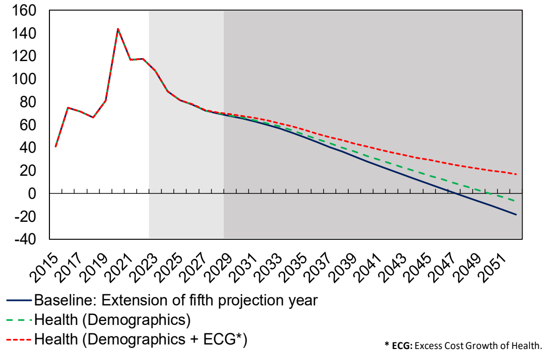
Note: staff projection shows the baseline until 2035. The staff projection deviates from the long-term module's (mechanical) baseline because the former reflects below-the-line transactions (e.g., arrear clearances, debt restructuring).

Demographics: Health

GFN-To-GDP Ratio



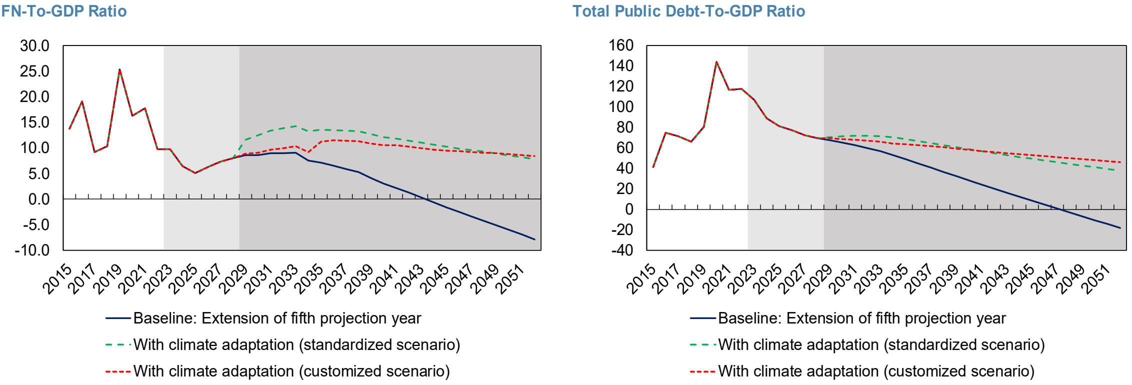
Total Public Debt-To-GDP Ratio



Health cost based on demographic changes could provide additional risks in the long-term but this would not have a material impact given that GFN to GDP and public debt to GDP keep declining paths based on continued fiscal efforts.

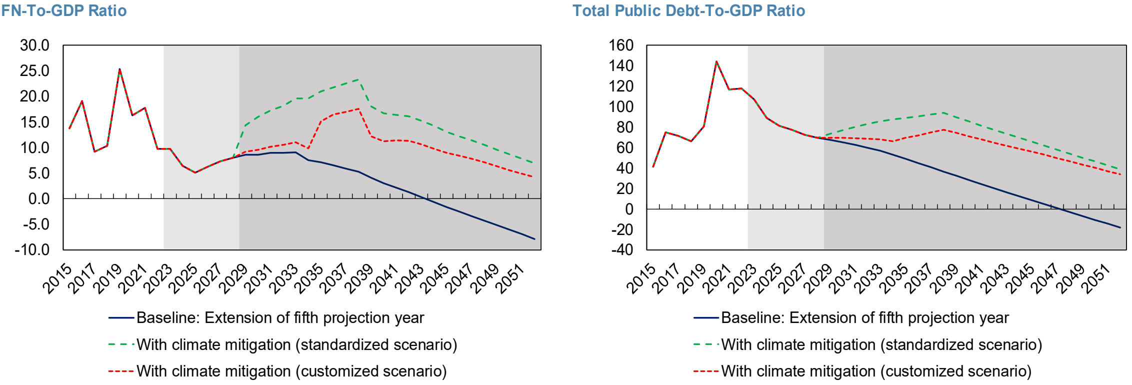
Figure 7. Suriname: Long-Term Risk and Analysis (concluded)

Climate Change: Adaptation



Suriname is outside the hurricane belt but is occasionally affected by the tails of hurricanes and local storm events, resulting in flooding. The climate adaptation and mitigation cost could cause additional fiscal costs on top of the gradually increasing GFN to GDP in early 2030. Therefore, it is important to continue fiscal efforts and keep sufficient fiscal and liquidity buffers. On the other hand, new oil discoveries could have considerable upward potential. The long-term analysis refrains from conducting natural resource module until FID of a new oil development is confirmed.

Climate Change: Mitigation



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A. Public Debt under Restructuring Scenario

1. **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 is to reduce public debt 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 serve as the long-term anchors of the program, providing sufficient buffer given the Suriname's vulnerabilities. A 60 percent debt-to-GDP target is consistent with other recent debt restructurings under IMF-supported programs in the region (for example Barbados and Jamaica).

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

- ***Debt restructuring with external official creditors***. Under the restructuring scenario, the debt perimeter for restructuring covers external commercial and official bilateral debt (including arrears), in total amounting to about 50 percent of GDP as of end-2021. The authorities reached a restructuring agreement with Paris Club creditors on June 24, 2022, followed by bilateral agreements with all the PC creditors. The final bilateral agreement was reached with Italy in June. Under the agreement with the Paris Club, there is no face value reduction of official debt and ECA-backed commercial debt, but amortization is paused for 7 years (until 2028) and for 8 years (until 2029) respectively. 60 percent of the PC arrears under the bilateral agreement were already paid and the remaining 40 percent is expected to be paid in 2024. In March 2023, an agreement on official credit lines by EXIM India was made and 60 percent of the arrears have already been paid, while the remaining 40 percent is expected to be paid in 2024. In line with the Paris Club agreements, amortization is paused for 7 years (until 2028) without face value reduction. An agreement on loans backed by EXIM India was made in May 2023. The restructuring agreements with the Paris Club and India do not include a Value Recovery Instrument (VRI). In line with program parameters, the scenario envisages that the remaining debts from non-PC official creditors would be restructured on comparable terms of PC creditors. The scenario assumes the agreements with China will be concluded in 2023. The negotiations with China are active and authorities continue their best efforts to reach restructuring agreement by the next review.

- ***Debt restructuring with external private creditors***. The authorities also reached an agreement in principle (AIP) with bondholders on May 3, 2023.[1] The AIP envisages 25 percent nominal haircut of outstanding debt, including arrears, and pause of amortization until 2026. Interest payments are expected to start from 2024 with a coupon of 4.95 percent in cash and with a coupon of 3 percent being capitalized until January 2026. After January 2026, coupon rate is 7.95 percent. The AIP also includes VRI that capitalizes 120 percent of the nominal haircut. The payment to the VRI is conditional on new revenue stream from a specific oil development

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[1] An agreement on the non-ECA backed loans with private external creditors has not been reached. The Eurobond comprises 95 percent of the total external debts with private external creditors (see the Table 1).

project which is currently under the appraisal process. Note that the program baseline conservatively does not incorporate the additional oil revenue nor debt services on VRI given that a relevant final investment decision (FID) has not been made. The allocation to the VRI is limited to a fraction of the new oil revenue (i.e., 30 percent of the royalty revenues[2] from the oil development project) with the first USD 100 million secured for the government. In this sense, the VRI would not bring about additional debt sustainability concerns, and the new oil development is considered as potential upside risk. Under the baseline (without VRI), using the typical methodology used by official creditors such as PC this restructuring scenario results in NPV reductions of 19 percent for official and 21 percent for external commercial creditors at a 5 percent discount rate. The market-based NPV reduction is around 25 percent for official bilateral and 17 percent for external commercial creditors at a 5 percent discount rate, and 52 percent for official bilateral and 40 percent for external commercial creditors at a 10 percent discount rate.[3] The financial advisors are currently preparing to launch the formal bond exchange.

- ***CBvS restructuring:*** MoFP and CBvS have reached an agreement on legacy debt owed to CBvS. Legacy debts to the CBvS have been restructured into a new loan with a grace period of 2 years and a maturity of 27 years. All short-term advances made to the CG will be repaid to the CBvS in 2023. Losses arising from this agreement are expected to be reflected in the CBvS recapitalization plan, which will follow the restructuring agreement.

- **Other domestic restructuring.** As of November 2022, accumulated domestic debt arrears peaked at SRD 3.3 billion, excluding arrears with the CBvS. The authorities have been engaged in restructuring negotiation on all the debts in arrears, a part of which was already cleared at the end of 2022 (i.e., SRD 1.2 billion). Arrears stood at SRD 2.4 billion in June 2023. The authorities have prepared a concrete action plan for restructuring of domestic debts and commit to completing the ongoing domestic restructuring by the end of 2023, while clearing all domestic debt arrears except technical ones.

- **Supplier arrears and other arrears.** The final audit of the legacy supplier arrears as of end-2021 confirmed higher numbers for 2017-2021 than the preliminary results were suggesting, but also faster clearance in 2022. Hence, although the debt stock was revised up for 2017-2021 there has been little change to the end-2022 debt stock compared to the second review. The authorities continued their efforts in clearing supplier arrear in 2023. They commit to clearing at least SRD 1 billion in 2023 and to clearing all the supplier arrears by 2025, while improving their capacity through PFM reforms and TA. In addition, there exists a gold loan agreement in arrears, which is evaluated at SRD 0.4 billion at end 2022, and this will be cleared in 2024 under a renewed

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[2] In 2022, royalty revenue is estimated to be 18 percent of the total mining revenue.

[3] The "SZ haircut" (Sturzenegger and Zettelmeyer 2008) (commonly used by official creditors and academia) is defined as $1-(Present\ Value\ of\ New\ Debt)/(Present\ Value\ of\ Old\ Debt)$. The "market haircut" (commonly used by private creditors and market participants) is defined as $1-(Present\ Value\ of\ New\ Debt)/\ (Face\ Value\ of\ Old\ Debt)$. IMF staff calculations are based on end-May 2023 cut-off date.

agreement. Domestic arrear repayment schedule in 2023 and 2024 that incorporate the government strategy and staff's assumption are summarized in the Text Table below.

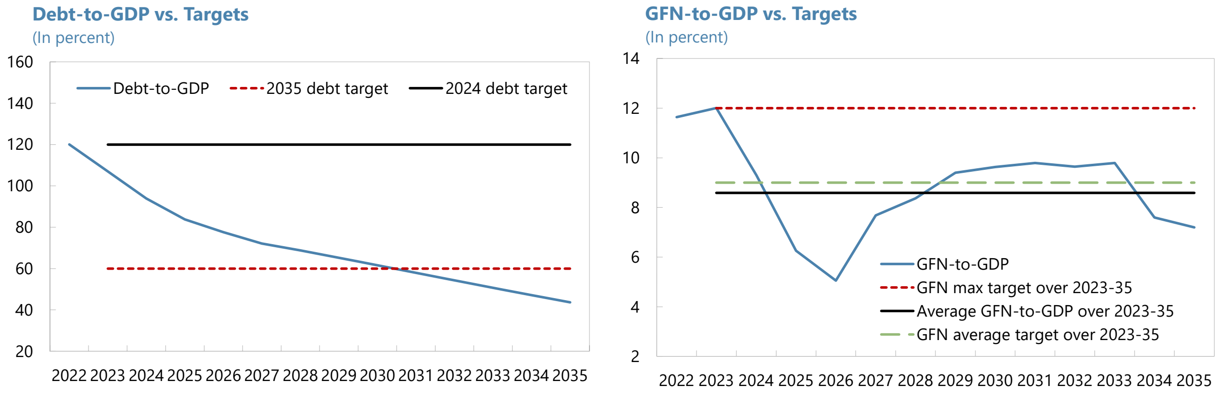
Suriname: Domestic Arrear Clearance Schedule in 2023 and 2024

	2023		2024	
	SRD millions	% of GDP	SRD millions	% of GDP
Arrear repayments	**5,032**	**3.7%**	**2,259**	**1.3%**
CBvS	1,549	1.1%	1,122	0.6%
Debt	2,483	1.8%	0	0.0%
Gold	0	0.0%	593	0.3%
Supplier	1,000	0.7%	544	0.3%

Source: IMF staff estimates.

- ***Financing:*** Financing requirements are projected to decline 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). Budget finance from multilateral creditors is assumed until 2024 as a conservative assumption, though the government might seek further support afterwards. Project financing from multilateral creditors is assumed to decline gradually in the medium to long term as Suriname switches to market financing of its capital expenditures. Financing from external private creditors is assumed to resume gradually over the medium and long term. Under the baseline, external market access is assumed to be resume from 2026 with potential financing gap in 2025 (when no budget support is assumed) that is filled by deposit withdrawal. The government has accumulated deposits of SRD 9.7 billion (11 percent of GDP) by end 2022, so potential delays in market access would be covered by the large liquidity buffer. Domestic financing is expected to be limited until 2024 due to the ongoing restructuring process and gradual recovery in the market confidence. In particular, domestic financing in 2023 is only limited to roll-over finance (i.e., no net issuance) apart from domestic project finance. Recapitalization needs of CBvS and commercial banks (¶15-16) are conservatively assumed to add to the public debt stock in 2023, increasing it by 10 percent of GDP (5 percent for CBvS and 5 percent for commercial banks). However, the associated financing needs are not incorporated in the DSA because of the uncertainty regarding the scale and the modalities of the recapitalization. The modalities used in orchestrating the recapitalization will impact the financing needs (e.g., the use of securities could reduce immediate GFN needs and would spread the financing of recapitalization over a long-time horizon).

3. **Public debt assessed to become sustainable under the restructuring scenario and the implementation of the program.** Public debt would be placed on a steady downward trend over the medium and long term, falling below 100 percent in 2024, below 70 percent in 2028, and below 50 percent in 2034. Moreover, GFNs would decline sharply from 11.1 percent in 2023 to 4.3 percent in 2026. The GFN would rise to about 9 percent in the medium to long term due to debt service to the IFIs including the IMF and repayments of restructured claims, but it would remain at sustainable levels over the long term with GFN to GDP declining from 2033 onwards.



Sources: IMF staff estimates.

B. External DSA

4. **External debt is projected to be around 129.3 percent of GDP at end-2023, decreased from 153.1 percent at end-2022.** Total external debt is forecasted to decline to 77.5 percent of GDP at end-2028. 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.

5. **While external debt is projected to decline substantially over the medium term, macroeconomic shocks pose significant risks (Figure 6).** Various economic shocks reveal that the external debt would be generally kept below 150 percent of GDP. However, the historical scenario suggests that the external debt would be considerably higher than the baseline absent efforts on fiscal adjustment, public external debt restructuring, and macroeconomic stability especially on exchange rate. Continued internal and external adjustment is critical to ensure external sustainability going forward.

Table 1. Suriname: Decomposition of Public Debt and Debt Service by Creditor 1/

(Non-Restructuring Scenario, 2022–2025)

	Debt Stock incl. arrears end-2022			Debt Stock excl. arrears end-2022	Arrears end-2022	Debt Service					
						2023	2024	2025	2023	2024	2025
	(In USD)	*(Percent Total debt)*	*(Percent GDP)*	*(In USD)*	*(In USD)*	*(In USD)*			*(Percent GDP)*		
Total	3,277	100	120	2,665	612	405	294	266	11	7	6
External	2,477	76	91	2,092	385	241	202	209	7	5	5
Multilateral creditors	953	29	35	952	1	76	77	86	2	2	2
IMF	105	3	4	105	0	1	1	1	0	0	0
World Bank	6	0	0	6	0	0	0	1	0	0	0
IADB	691	21	25	691	0	53	54	65	2	1	1
Other Multilaterals	151	5	6	150	1	22	21	20	1	1	0
o/w Caribbean Development Bank	92	3	3	92	0	12	12	12	0	0	0
o/w European Investment Bank	1	0	0	1	0	0	0	0	0	0	0
o/w Islamic Development Bank	27	1	1	27	1	6	4	4	0	0	0
o/w The OPEC Fund for International Developm	30	1	1	30	0	4	4	4	0	0	0
Official Creditors	668	20	24	540	127	69	71	69	2	2	2
Bilateral Creditors	437	13	16	383	54	39	40	40	1	1	1
o/w : Paris Club	30	1	1	30	0	0	3	4	0	0	0
China	390	12	14	346	44	37	36	35	1	1	1
India	16	0	1	6	10	2	1	1	0	0	0
ECA-backed loans	231	7	8	158	73	30	31	29	1	1	1
o/w: Paris Club	53	2	2	45	8	6	8	7	0	0	0
China	155	5	6	92	63	20	20	19	1	1	0
India	23	1	1	21	2	3	3	3	0	0	0
Private Creditors	857	26	31	600	257	97	55	53	3	1	1
Eurobonds	818	25	30	588	230	92	51	51	3	1	1
Non-ECA backed loans	39	1	1	12	27	4	4	3	0	0	0
Domestic	800	24	29	573	227	163	91	57	5	2	1
Held by Central Bank	350	11	13	265	84	12	17	23	0	0	1
Held by Local Banks	165	5	6	118	46	86	35	17	2	1	0
Held by Local Non-Banks	285	9	10	189	96	66	39	17	2	1	0
o/w supplier arrears	66	2	2	-	66						

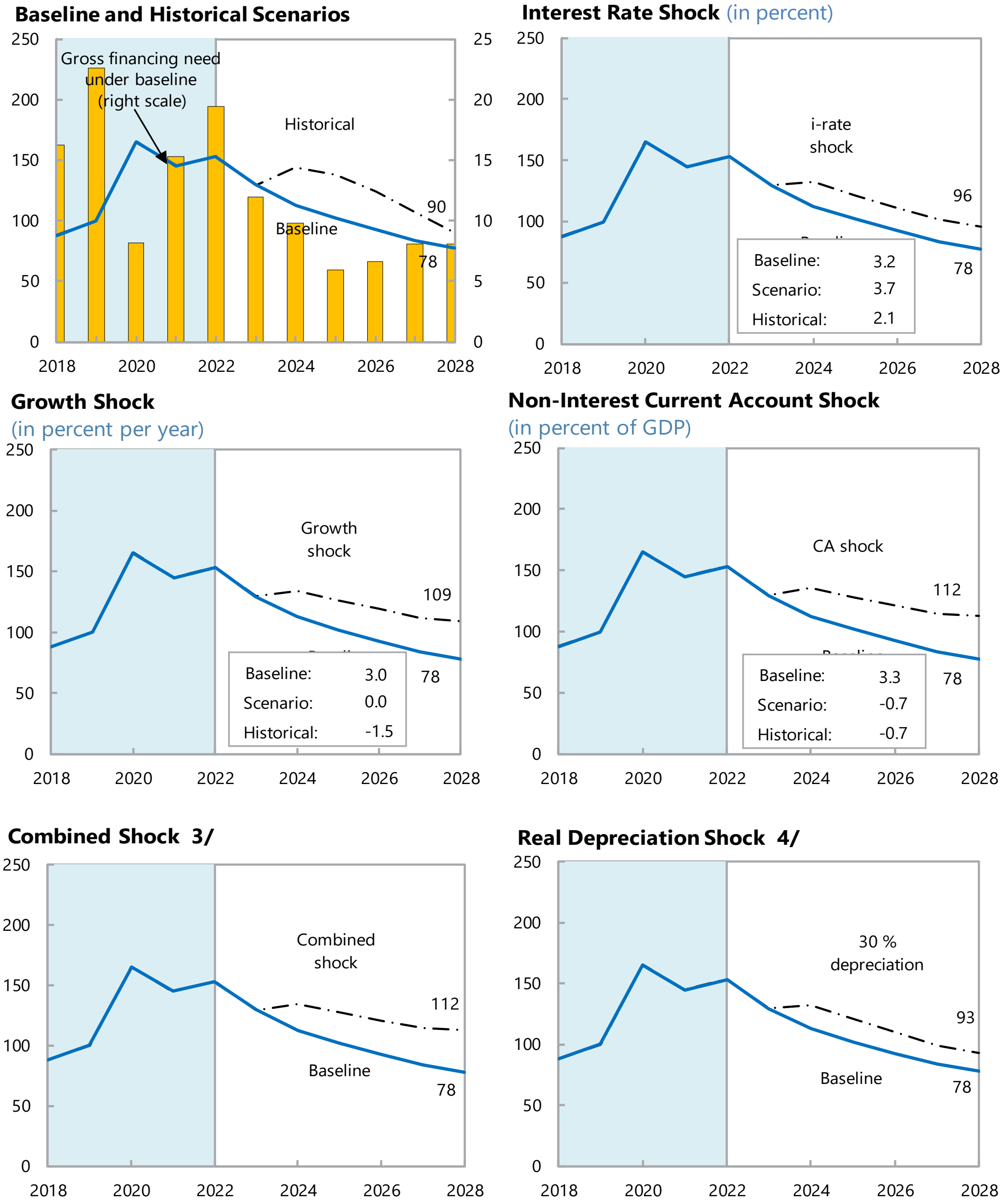
Source: IMF staff estimates from Suriname Debt Management Office (SDMO).

1/ The table assumes the following:

- For external debts whose bilateral restructuring agreements were not completed by end-2022, reported debt stocks and debt services are based on original contrancts. For external debt whose bilateral restructuring agreements were completed by end-2022 (i.e., France, Netherland, and Switzerland), reported debt stocks and debt services are based on these agreements. In the latter case, arrear repayments are included in the projected debt services. (c.f., when the restrucuting agreement only covers periods until 2024, the debt services in 2025 follow original contracts.)
- For domestic debts, an ongoing restructuring discussion with CBvS is reflected to calculate domestic debt services.
- The figures are based on existing debts as of end-2022, and debt services from newly contracted debt in 2023 onward are not reflected.

Figure 8. 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, 2018–2028

(In percent of GDP, unless otherwise indicated)

	Actual							Projections						
	2018	2019	2020	2021	2022			2023	2024	2025	2026	2027	2028	**Debt-stabilizing non-interest current account 6/**
Baseline: External debt	88.0	99.7	165.0	144.9	153.1			**129.3**	**112.6**	**102.0**	**92.6**	**83.5**	**77.5**	**-1.1**
Change in external debt	-1.2	11.7	65.2	-20.1	8.2			-23.8	-16.7	-10.6	-9.4	-9.1	-6.0	
Identified external debt-creating flows (4+8+9)	-6.8	-4.4	14.5	56.7	-12.7			-5.6	-4.4	-3.3	-2.2	-0.9	-0.4	
Current account deficit, excluding interest payments	-4.2	0.7	9.2	-11.1	-10.7			-3.2	-4.1	-3.8	-3.3	-3.1	-2.4	
Deficit in balance of goods and services	-10.1	-4.2	3.2	-20.9	-14.2			-12.8	-12.3	-10.5	-8.5	-7.9	-7.0	
Exports	59.7	56.0	57.4	84.8	77.0			85.7	77.6	70.7	67.1	64.8	63.7	
Imports	49.6	51.8	60.6	64.0	62.9			72.9	65.3	60.1	58.5	56.8	56.7	
Net non-debt creating capital inflows (negative)	2.0	1.5	2.7	1.2	-2.6			-1.5	0.0	0.5	0.9	1.7	1.5	
Automatic debt dynamics 1/	-4.6	-6.6	2.6	66.6	0.6			-0.8	-0.3	-0.1	0.2	0.5	0.5	
Contribution from nominal interest rate	2.3	2.3	2.3	3.6	5.5			1.3	2.6	2.7	2.9	3.0	2.8	
Contribution from real GDP growth	-1.3	-3.9	-1.1	36.3	3.8			-2.1	-2.9	-2.8	-2.7	-2.5	-2.3	
Contribution from price and exchange rate changes 2/	-5.5	-5.0	1.4	26.7	-8.7			...	...	...	...	...	...	
Residual, incl. change in gross foreign assets (2-3) 3/	5.5	16.2	50.7	-76.8	21.0			-18.2	-12.3	-7.2	-7.2	-8.2	-5.6	
External debt-to-exports ratio (in percent)	147.5	178.3	287.5	170.8	198.8			150.8	145.0	144.3	138.1	128.9	121.7	
Gross external financing need (in billions of US dollars) 4/	0.3	0.6	0.9	0.3	0.4			0.6	0.4	0.3	0.2	0.3	0.3	
in percent of GDP	8.6	14.6	22.7	11.3	14.8			16.5	10.2	8.3	5.0	5.6	6.9	
Scenario with key variables at their historical averages 5/								**129.3**	**143.8**	**137.8**	**124.5**	**107.0**	**89.6**	**-7.2**
Key Macroeconomic Assumptions Underlying Baseline						10-Year Historical Average	10-Year Standard Deviation							
Nominal GDP (US dollars)	3.6	4.0	4.0	2.9	3.0			3.5	...	...	...	...	...	
Real GDP growth (in percent)	1.6	4.9	1.1	-15.9	-2.7	-1.5	5.9	1.0	2.1	3.0	3.0	3.0	3.0	
GDP deflator in US dollars (change in percent)	6.6	6.0	-1.4	-13.9	6.4	-1.5	13.4	16.4	-1.3	9.6	7.8	3.9	4.1	
Nominal external interest rate (in percent)	2.7	2.9	2.3	1.6	4.0	2.1	1.0	2.8	1.3	2.6	2.9	3.2	3.6	
Growth of exports (US dollar terms, in percent)	33.4	4.3	2.3	7.0	-6.0	0.1	15.7	13.0	-0.7	2.2	1.1	1.5	3.5	
Growth of imports (US dollar terms, in percent)	4.6	16.3	16.6	-23.5	1.7	0.8	18.6	24.8	-6.2	1.1	2.2	4.1	4.1	
Current account balance, excluding interest payments	4.2	-0.7	-9.2	11.1	10.7	-0.7	8.1	3.2	4.1	3.8	3.3	3.1	2.4	
Net non-debt creating capital inflows	-2.0	-1.5	-2.7	-1.2	2.6	-3.1	4.9	1.5	0.0	-0.5	-0.9	-1.7	-1.5	

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
September 9, 2023

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 22, 2021, we have made steady progress in helping Suriname recover from the unprecedented economic crisis, laying the foundations of a more sustainable and equitable fiscal policy, addressing financial sector vulnerabilities, and creating an enabling environment for the private sector. While there has been some unfortunate underperformance in implementing the program to deal with a severe food and energy price shock caused by the war in Ukraine, our reaffirmed commitment to prudent fiscal management and macroeconomic stabilization has helped bring the program back on track. The second review under the extended arrangement was successfully completed on June 14, 2023.

Our performance on quantitative targets for this review has been strong despite slower-than-expected growth. The post-pandemic recovery continues to lag global and regional peers, with real GDP expected to remain below its pre-pandemic level until 2029. Despite these challenges, we met the end-June 2023 quantitative performance criteria (QPCs) on the floor on the primary fiscal balance (cash basis), the ceiling on the net domestic asset (NDA) of the central bank and the net international reserves (NIR). We have also refrained from direct FX interventions and have limited the indirect FX sales to essential goods importers in line with the program commitments. While we did not meet the indicative target (IT) related to social assistance spending, we are taking urgent corrective measures to meet it in the future. In the same vein, while the continuous PC on the non-accumulation of CG external debt arrears was breached, we have since made the necessary payments and we are upgrading back-office capacity of Suriname's debt management office (SDMO) and improving coordination between SDMO, MoFP and the central bank to ensure that future debts payments are made on time. We have also swiftly eliminated a multiple currency practice (MCP) inadvertently created by a CBvS July 14, 2023 Circular to banks, which resulted in non-compliance with the standard continuous performance criterion against introduction or modification of MCPs.

Our decision to implement structural fiscal reforms despite a very difficult socio-political environment is testament to our commitment to return public finances to a sustainable path. In March, we eliminated fuel subsidies and in May we re-imposed fuel taxes. In June we increased electricity tariffs by 28 percent and committed to further phasing out electricity subsidies until cost recovery is reached. We have frozen public sector hiring and have committed to no further wage increases this year. In June, the National Assembly approved a "no work, no pay" amendment to the Personnel Act to allow salaries to be halted for unregistered workers, and we will operationalize this approved amendment over the coming months. On the revenue side, in June we submitted to the National Assembly an amendment to the VAT law that converts zero-rated products to exempt and imposes a standard VAT rate on previously zero-rated products and have enacted this amendment on September 5 (prior action). We have redoubled our efforts to improve VAT administration to ensure broad registration of companies and to ensure timely and accurate VAT refunds are made to eligible exporters.

During this difficult period of adjustment, we are taking measures to protect poor and vulnerable households. We are channeling savings from eliminating wasteful and inefficient energy subsidies towards expanding and strengthening our social safety net. Recognizing the disproportionate burden that high inflation imposes on the poor, in July we increased the value of cash transfers. We are committed to making up for the shortfall in social assistance spending as the year progresses. With the help of the IMF, the ILO and the IDB, we are reviewing our social protection expenditures and are developing a time-bound strategic plan to improve efficiency and effectiveness of our social benefits in the coming months.

Our commitment to fiscal discipline and macroeconomic stabilization is starting to bear fruit. Depreciation pressures have eased, and inflation – while still high at 57 percent year-on-year in July – has started to decline. Reserve money growth has stabilized and has remained below the central bank's targeted path. We are beginning to see positive feedback from the informal guidance to contain excessive growth in bank credit. The CBvS is continuing to issue term deposits and central bank certificates (CBCs) and OMO/CBC interest rates have increased although transmission to market rates remains weak. Median deposit and lending rates – although still negative in real terms – are gradually edging up as banks make greater efforts to attract liquidity. While the monetary stance remains appropriate and is increasingly being reflected in market conditions, we stand ready to undertake any policy steps to tighten monetary conditions in consultation with Fund staff should evolving conditions so warrant.

We remain committed to a flexible, market-determined exchange rate and are making progress to improve the functioning of the FX market. We have refrained from further direct FX interventions and the government has taken measures to ease FX availability pressures while establishing a monitoring arrangement to ensure that all indirect sales by the mineral companies take place at market exchange rates and do not create a multiple currency practice. We have also tightened the export surrender requirement to require surrender to take place immediately upon repatriation of the FX.

We remain committed to further strengthening the independence of the central bank. In this context, we will be publishing on the central bank's external website the FY 2020-2022 audited IFRS financial statements and are developing a time-bound plan for its recapitalization. We are currently reviewing the Foreign Exchange Regulation of 1947 to make it consistent with the new Central Bank

Act and will submit a legislative amendment to the Foreign Exchange Regulation 1947 to the National Assembly in consultation with the IMF.

We have made substantial progress with debt restructuring. Bilateral agreements with all the Paris Club (PC) creditors have now been completed. An agreement to restructure the official credit line from EXIM India was reached in March and an agreement on the loan backed by EXIM India was reached in May. An agreement in-principle with the bondholders was reached in May 2023 and the financial advisors are currently preparing to launch the formal debt exchange.

Negotiations continue with EXIM China, and we will make every effort to reach an agreement with EXIM China on terms consistent with program parameters by the time of the next review. Consistent with the Fund's Lending into Official Arrears policy, China has provided consent to proceed with Fund financing. The safeguards we have put in place to prevent any erroneous payments to Exim China on debts that are under restructuring negotiation have been effective - no further payments have been made to Exim China. We are on track to clear all domestic debt arrears by end-2023 and have finalized the restructuring of the legacy debts to the central bank in July.

We are committed to strengthening financial sector resilience. We have completed asset quality reviews (AQR) for all the commercial banks and have instructed banks to incorporate the AQR results by adjusting provisions. The CBvS has finalized the assessment framework for time-bound recapitalization and restructuring plans (prior action) and will review the recapitalization plans submitted by the banks to verify their credibility. We have submitted the Bank Resolution Bill and the amendments to the Banking and Credit System Supervision Act to the State Council and meanwhile to DNA for the first discussion with the committee of rapporteurs on August 14, 2023. The CBvS has also finalized a roadmap to triage banks and apply conditions on the use of public funds. Implementation of the roadmap will lead to finalization of bank-by-bank recapitalization and restructuring plans and the setting up of a governance framework for dealing with state-owned banks. We will also strengthen implementation of governance reforms in anti-corruption, public procurement, and AML/CFT.

To support our efforts, we request the completion of the third 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 53 million) upon approval (out of which SDR 25.6 million or about USD 34.2 million would be for budget support), and the completion of the financing assurances review. We are also requesting waivers for the nonobservance of the continuous PC on non-accumulation of central government external debt arrears based on the temporary nature of the non-observance. We regret that the recent CBvS circular of July 14, 2023, gave rise to an MCP and a breach of the continuous PC against introduction or modification of MCPs. We request a waiver for the nonobservance of this continuous PC based on the corrective action taken to remove this MCP. We also request that the quantitative program targets under the arrangement be set until September 2024 and new structural benchmarks be set.

The attached Memorandum of Economic and Financial Policies (MEFP) provides an update on recent developments since the second review 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, at the initiative of the private sector we established the Suriname Economic Oversight Board (SEOB) – with members from the private and public sector, unions, academia, and civil society – to conduct independent, home-grown assessment of our progress towards achieving the program goals. The SEOB has begun publishing its monthly bulletin detailing the progress in implementing the Fund-supported program in July. We will strive 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.

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/_________	______/s/______
Kermechend S. Raghoebarsing	Maurice Roemer
Minister of Finance and Planning	Governor, Central Bank of Suriname
Paramaribo, Suriname	Paramaribo, Suriname

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

Attachment I. Memorandum of Economic and Financial Policies

I. BACKGROUND AND RECENT DEVELOPMENTS

1. **Our government remains fully committed to the 36-month arrangement under the Extended Fund Facility (EFF).** On December 22, 2021, the IMF Executive Board approved an EFF-supported program with access of 366.8 percent of quota (SDR 472.8 million or USD 673 million). The program aimed to: (i) restore fiscal sustainability and strengthen fiscal management; (ii) bring public debt down to sustainable levels; (iii) improve the social safety net to better protect the most vulnerable; (iv) upgrade the monetary policy framework and adopt a flexible, market-determined exchange rate; (v) improve the viability of the financial system (including, where needed, through recapitalization) and develop a more effective bank oversight; and (vi) tackle corruption, strengthen institutions and institutional governance, and enhance Suriname's AML/CFT framework.

2. **Our commitment to implement the program did not waver, despite some underperformance in the second half of 2022.** Important reforms were put in place to reduce fiscal imbalances, adopt a new monetary policy framework that allows for a flexible exchange rate, tackle vulnerabilities in the financial system, and increase the independence of the central bank. Just as the economy was stabilizing, we were hit with an exogenous shock from the war in Ukraine. We responded to serious socio-political tensions from the associated rise in food and energy prices by putting in place untargeted fuel subsidies and increasing public sector wages. The resulting fiscal underperformance resulted in currency depreciation, a spike in inflation, and accumulation of domestic debt and supplier arrears. Domestic debt arrears have in turn worsened appetite for government securities and further magnified banking sector vulnerabilities. Realizing that the country is entering a vicious cycle, we took measures to correct the course.

3. **Our reaffirmed commitment to fiscal discipline has helped bring the program back on track.** As a first step towards restoring fiscal discipline, the National Assembly approved the 2023 budget with concrete revenue and expenditure measures to achieve a lower fiscal deficit. Fuel subsidies were discontinued, and fuel prices are now determined by an automatic pricing mechanism based on international prices. Specific duties on fuel have also been imposed. Distortionary and costly electricity subsidies are being phased out and reforms to strengthen fiscal institutions are underway. The government also made timely progress in debt restructuring and policies are being put in place to prevent the future accumulation of domestic arrears. Based on a demonstrated commitment to restore fiscal discipline, the IMF Executive Board approved the 2nd review of the program in June 2023.

4. **Our concerted efforts to stabilize the economy are starting to bear fruit.** Pressure on the exchange rate has eased in recent months. Inflation, while still high (at 57 percent year-on-year in July) is on a downward trend. Reserve money growth has stabilized and has remained below the central bank's targeted path. The excessive credit growth we previously observed has started to taper off. The economy is continuing to recover. Usable international reserves remain strong at 4.7 months of imports at end-July. The execution of the 2023 budget is on track to achieve the central

government primary surplus target of 1.7 percent of GDP, and the stock of domestic arrears is gradually being reduced.

5. There are major challenges ahead and hard work to be done. While the economy is recovering, real GDP remains below its pre-pandemic level. Inflation is still too high, hurting real incomes. Some important reforms are yet to be implemented. Nevertheless, we persevere, keeping the reform momentum going, despite headwinds from political opposition, reform fatigue among the population, and internal capacity constraints.

6. This memorandum outlines in detail the progress we have made toward meeting the objectives of our Fund-supported program since the last review and our policy plans to advance these objectives for a stronger, more prosperous Suriname for the remainder of the program. Tables 1 and 2 show how we plan to update the quantitative targets and structural benchmarks that serve to track our progress.

II. RETURNING PUBLIC FINANCES TO A SUSTAINABLE PATH

7. We are on track to meet the primary fiscal balance target. The end-June quantitative performance criterion (QPC) on the primary balance of the central government was met with a margin of SRD 292 million and we are on track to meet the 1.7 percent of GDP end-year target. In 2024 we will target a primary balance of 3.5 percent of GDP, which is the medium-term anchor consistent with debt sustainability. Gross financing needs will remain under 9 percent of GDP over the medium- to long-term.

8. To reach the required fiscal balances in 2023 and 2024, we are committed to implementing a range of revenue and expenditure measures, including:

- *VAT.* To broaden the tax base of the VAT, in June, we submitted an amended VAT Act to the National Assembly that (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and (ii) imposes the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption. We installed a VAT Evaluation Committee to gather stakeholders' opinions on the implementation and design of the VAT. Following the stakeholder outreach and deliberations by the National Assembly, we will consult the IMF on any changes in the composition of goods and services subject to the standard 10 percent tax rate to ensure that it covers at least 60 percent of household consumption. We then enacted the amended VAT Act in September ***(prior action, completed)*.** In the meantime, we are making efforts on the tax administration side to improve collections, both by registering companies and ensuring timely and accurate VAT refunds for eligible exporters. The number of companies registered under the VAT system has more than tripled compared to the sales tax which was in place up until end-2022. The number of VAT registrations has increased from 2,747 at end-January to 3,652 at end-June. In July we began to levy penalties for those that did not register and/or did not file timely VAT returns.

- *Wage bill*. In May, we reached an agreement with unions to increase wages through cost-of-living bonuses and have committed to no further increases in either wages or hiring this year. In February, we completed a mandatory registration for all civil servants and the National Assembly approved in June an amendment to the Personnel Act enabling salary payments to be halted for unregistered workers—approximately 18 percent of the public workforce. Payments are expected to be discontinued in October 2023. To ensure a transparent process, we will issue a state decree detailing the procedures for halting payments *(proposed new structural benchmark for end-October 2023).* We are also offering voluntary separation packages to reduce civil service headcount, but take-up has been modest (around 1.5 percent of the public workforce). In January 2024, we will roll out a digital personnel data information system to monitor the size of the civil service, absenteeism, and the alignment between qualifications and appointments.

- *Fuel subsidies and taxes*. We fully eliminated fuel subsidies in March 2023. Fuel prices are now determined by an automatic pricing mechanism based on international prices. In May, we reinstated specific taxes on fuel of SRD 3.50 per liter, which are expected to generate 0.7 percent of GDP in revenue in 2023. Fuel taxes generated 1.3 percent of GDP in revenue in 2020. To prevent real erosion of the revenue raised by fuel taxes, we will explore how to index the fuel tax—and other excise taxes—to CPI inflation.

- *Electricity subsidies*. In June an adjustment of the tariff structure was implemented, which entails phasing out of the monthly discount for households of SRD 260 in 6 months and an increase of 31 percent of the tariffs of industrial and commercial users. The phasing out of the discount for households will result in an increase of the monthly electricity bill of 28 percent on average. To reach a break-even situation for the electricity costs by the end of 2024 a quarterly adjustment of the tariffs will be conducted, starting in December 2023. We will coordinate both the announcement of this increase and the offsetting increase in social assistance payments with the Ministry of Social Affairs. Mitigating measures in the form of the newly introduced social beneficiary program will be reassessed quarterly to ensure the poorest households are being adequately protected. We will continue to create public consensus for these reforms through an inclusive decision-making process and increased transparency. We will continue to consult key stakeholders such as unions and the business community, and to share information on the model used to determine the cost recovery price. To further promote transparency and accountability, we will begin publishing on the Energie Autoriteit van Suriname external website quarterly updates of the tariffs for each consumer group, the rationale for the adjustment, the estimated cost of providing electricity, and the remaining size of the subsidy *(proposed new structural benchmark for end-October 2023)*. Supported by IMF capacity development, we will carefully assess the distributional impact of the removal of electricity subsidies.

9. We are committed to strengthening fiscal institutions. Reforms are ongoing to improve tax administration, public debt management and public financial management (PFM). Our PFM reform strategy developed with the support of the IDB has identified four priorities areas: publishing quarterly budget execution reports, consolidating treasury functions, establishing a public investment management system, and assessing and managing fiscal risks from state-owned enterprises. Other PFM reform areas include improving public procurement practices and strengthening fiscal planning.

- *Strengthening tax administration*. Despite capacity constraints, a fully functioning large taxpayers' unit (LTU) is necessary for improved tax collections. We are expanding the functions of the LTU to include account maintenance, client relationship management, filing and payment compliance. We have begun the process of converting the Tax Directorate, including Customs, into a modern semi-autonomous revenue authority. With support from the IDB, we are working on a complete reorganization plan, after which the legislation required to give it legal authority will be submitted to parliament.

- *Improving debt management and recording*. We recognize that the accumulation of technical external debt arrears, which led to a breach of continuous QPC, is a serious matter that we are diligently working to address. We identified capacity weaknesses in the SDMO, antiquated procedures, and coordination failures between various entities, which led to missed payment invoices. We will further improve back-office capacity and coordination between SDMO, the MoFP, and the CBvS. We will set up an information system tasked with receiving and dispatching information regarding upcoming payments to external creditors. We will sign a memorandum of understanding (MOU) between these parties, which defines responsibilities for timely information provision to other agencies and processing of payments. The MOU will also specify an escalation process within each agency and procedures for inter-agency monitoring.

- *Improving procurement practices*. To improve transparency in public procurement, the government will enact a new procurement law to centralize and mandate the publication of all public procurement tenders and contract awards, including the names of the awarded entities and their beneficial owner(s), the names of public officials awarding the contracts, and an ex-post validation of delivery of the contracted services *(proposed reformulated structural benchmark for end-September 2023)*. We will then publish the information in line with the enacted law on an external government website by end-October 2023. In collaboration with the CARICOM Secretariat, we will incorporate in our Integrated Financial Management Information System a procurement module and integrate and connect this module with the regional system to increase spending efficiency.

- *Improving treasury management*. We will issue a state decree to provide the Minister of Finance the authority to access all banks accounts held by government entities at commercial banks (end-December 2023 SB). This decree will further clarify the rules surrounding how commercial bank accounts should be managed and what information and how frequently the financial statements should be provided to the Minister of Finance. We will close separate bank accounts and gradually bring them into the Treasury Single Account (TSA). We aim to expand the coverage of the TSA to include all government accounts held at commercial banks by end-2024. We are also committed to expanding the functions of the Treasury, beginning with the monitoring of supplier arrears.

- *Cash management:* To monitor and prevent further accumulation of supplier arrears, improvements are being made to cash management and commitment controls systems, including with the help of IMF capacity development. The recently established Treasury Unit is working to strengthen cash forecasting. With the help of IMF CD, we will focus our efforts on creating a cash management unit by end-2023 that will cover liquidity planning, accounts management, working capital management and cashflow management.

- *Managing public investment better.* We will improve the public investment management (PIM) governance framework, first by establishing a dedicated public investment management unit. We will allocate resources for planning, pre-investment, and feasibility studies. In parallel, we will strengthen our existing PIM governance framework by upgrading our PIM procedures into a PIM manual with general guidelines for the economic appraisal of investment projects and sectoral guidelines.

- *Strengthening fiscal planning*. With assistance from CARTAC, we have implemented a medium-term macro-fiscal framework that we will use to generate medium-term revenue and expenditure projections. Beginning with the upcoming 2024 budget cycle, we will begin to use this framework as the basis for our budget planning process.

- *Strengthening SOE oversight.* We will take a three-step approach to increasing our oversight over the 10 largest SOEs. First, we will collect and publish the latest financial information for the 10 largest SOEs. Second, we will prepare a report that identifies and quantifies the fiscal risk generated by these SOEs (end-December 2023 SB). Third, we will initiate quarterly financial monitoring of these SOEs.

- *Improving fiscal transparency and accountability.* To improve budgetary control and fiscal transparency, we will publish end-June budget execution report by end-September (SB). We have already published a quarterly budget execution report based on end-March fiscal outturns and will continue doing so for the duration of the program.

- *Improving the quality of fiscal data.* With support from IMF capacity development, we established a system to compile and maintain in a central place an up-to-date list of public entities. We will further improve the collection and processing of source data by signing a memorandum of understanding between the Directorate of Taxes, MoFP, Finabank, CBvS and SDMO which specifies data provision requirements.

III. STRENGTHENING THE SOCIAL SAFETY NET

10. **Our goal is to ensure that the burden of fiscal consolidation is not borne by the poor and vulnerable.** Instead, the better off should pay their fair share of taxes, and the fiscal space created by eliminating generalized energy subsidies should be channeled to help the poor and vulnerable. Sheltering the poor from the adjustment is not only a moral imperative, but also important for preserving growth and securing a stable social environment for the implementation of the program. To compensate for higher fuel and energy costs, over 40,000 households have

received cash transfers of SRD 1,800 in June. This complements our traditional social protection programs, whose nominal level of benefits have been increased in July. We will address the underspending on social protection observed in the first half of 2023 (end-June IT was missed by SRD 923 million) by redoubling our efforts to expand the coverage of social assistance programs and appropriately calibrating the value of cash transfers (¶11) to ensure that vulnerable households are protected. In July, we further expanded coverage of the social beneficiary program to include recipients of the old age fund. As we continue to validate applications, we expect coverage of the social beneficiary program to increase significantly throughout 2023. In total, we remain committed to expanding social protection spending to 3 percent of GDP in 2023 as a direct response to the difficult economic conditions.

11. We will begin to adjust the nominal level of benefits of our social protection programs more frequently to provide households with adequate protection in a high-inflation environment. We recognize that long delays in re-setting the value of cash transfers erode the protection afforded to vulnerable households when inflation is high. At the end of October, we will transparently adjust the nominal level of benefits for each social protection program to compensate the vulnerable for changes in the aggregate price level. Similarly, we will adjust our eligibility thresholds on a quarterly basis to ensure that households do not fall out of the social safety net because of high inflation. We will also adjust the nominal value of the social beneficiary program when electricity tariffs are adjusted quarterly to ensure that vulnerable households are protected while energy subsidies are phased out.

12. To overcome geographic and institutional challenges, we have intensified our administrative and digitalization efforts to expand coverage and improve delivery. We are continuing the process of shifting beneficiaries to digital payments using a government-provided debit card system. With the help of the IDB, we have purchased 40,000 cards to service our traditional and new cash transfer programs. Rolling out digital payments to households in the interior will vastly improve the efficiency of delivery significantly, particularly in hard-to-reach areas. This will enable us to make more timely and frequent payments to households in the interior and will allow for better geographical targeting in regions with a very high incidence of poverty. The new social benefits program has allowed us to rapidly increase the number of households in our database, with initial registrations reaching over 70,000 new households. This database, along with the digital cash transfer infrastructure, are critical pillars of preparedness for future economic shocks. With the help of the IDB, we will establish a monitoring and evaluation unit within the Ministry of Social Affairs and Housing in 2024.

13. Finally, we will take a comprehensive look at the efficiency and effectiveness of our social protection programs and develop a strategic plan to guide our future reform efforts in this area. We unfortunately missed the end-July SB on reviewing the social protection expenditure and a publishing a time-bound strategic plan to improve the efficiency and effectiveness of social benefits. The ILO has just completed its work on the social benefit review, outlining a number of recommendations. We are working with the ILO and IDB to develop our strategic plan in line with our Multi-Annual Development Plan 2022-26.

IV. RESTRUCTURING PUBLIC DEBT

14. We are committed to putting public debt on a sustainable path.

- We are committed to bringing down public debt 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 2023 to 2024.

- We have followed best practices in sovereign debt restructuring, including considering inter-creditor equity and comparability of treatment of all official bilateral creditors. We are committed to working with all creditors to achieve debt treatment consistent with program parameters and recognizing that servicing debt on the original terms would not be consistent with debt sustainability.

- We reached an agreement in principle with the Paris Club creditors in June 2022. Subsequently, we have reached and signed bilateral agreements with all the Paris Club creditors.

- We have conducted our negotiations with private external creditors in good faith, by 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. In May 2023, we formally reached an agreement-in-principle with the Bondholder's Committee and the financial advisors are currently preparing to launch the actual debt exchange. The agreement includes a 25 percent nominal haircut on fixed income instrument and a value recovery mechanism. The fixed income instrument reduces the coupon rate from 7.95 percent to 4.95 percent until January 2026 (with the gap being capitalized). The value recovery mechanism is contingent on a new revenue stream of oil from Block 58, which is under appraisal process, and capitalizes 120 percent of the nominal haircut (USD 275.6 million).

- We presented restructuring offers to China and India in July 2022, and the EXIM India signed an agreement on official bilateral loan in March 2023, in line with the July 2022 offer. An agreement on ECA backed loans with India was reached in May 2023 that was fully consistent with program parameters. We have engaged in negotiations with China EXIM bank in good faith, but an agreement has not yet been made. We recently presented an offer to EXIM China that is in line with terms offered to other official creditors. This has not been accepted and we have asked China EXIM for a counterproposal that would be acceptable to them and consistent with comparability of treatment and the IMF program parameters. We will make every effort to reach an agreement with China EXIM by the time of the next review. We will continue working with all creditors with a goal to achieving a debt treatment consistent with program parameters as soon as possible and commit to resolving debt to all official bilateral creditors on comparable terms. Consistent with the Fund's Lending into Official Arrears policy, China has provided its consent to proceeding with Fund financing notwithstanding arrears to China.

- The corrective measures we took following the erroneous payment to EXIM China by Telesur, the state-owned telecommunication company, in January 2023 have paid off. No further payments have been made by Telesur or other government agencies to EXIM China. The government will reflect past payments to EXIM China in the eventual debt restructuring to ensure comparability of treatment with other official creditors.

- As part of the commitment to restore debt sustainability, we have made progress on restructuring domestic debt (including arrears) to banks. We have prepared a concrete time-bound action plan for restructuring domestic debts and commit to completing the ongoing domestic restructuring by the end of 2023. We have cleared about SRD 0.9 billion of domestic debt arrears and plan to clear all domestic arrears except technical arrears by the end of 2023.

- For the supplier arrears, we have made further efforts to clear arrears of SRD 0.7 billion from January to June 2023. We commit to further bringing down the stock of supplier arrears to SRD 1 billion by end 2023. In addition, we are determined to clear the entire stock of supplier arrears by the end of 2025. We are implementing measures to monitor and prevent the accumulation of supplier arrears (¶9).

- We concluded the negotiation on the legacy debts with the CBvS in July. Balancing the government's financial constraints and CBvS' financial health, part of the arrears will be settled this year and the rest will be restructured.

- Further, the government will not provide guarantees to debt contracted by other parties during the program, nor will it contract new debt that is collateralized by natural resource revenues (or allow the public sector to contract such debt on behalf of the central government). In order 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 securities.

V. REDUCING INFLATION

15. Our recent efforts to tighten monetary policy are showing signs of traction. Liquidity conditions remain tight for much of the banking system, supported by continued diligent implementation by the central bank's open market operations (OMOs), more regular wholesale auctions and direct issuances of Central Bank Certificates (CBCs), and the April increase in the local currency reserve requirement by 5 percent (from 39 to 44 percent). Private sector credit growth has significantly slowed following the CBvS guidance agreed with commercial banks to contain the increase in the stock of nominal credit to 20 percent over a 12-month period through end-March 2024. These measures, alongside the government's restored fiscal discipline, have supported the CBvS's ability to mop up excess system liquidity and a stabilization in the growth of reserve money, as well as a downward trend in monthly inflation. The CBvS met its SRD reserve money target at end-June 2023 and remains on course to maintain SRD reserve money growth below the target path, while net domestic assets (NDA) remain below the ceiling agreed under the EFF program. Transmission from recently increased OMO interest rates to market interest rates remains weak due to the uneven distribution of banking system liquidity, as well as concerns over bank asset quality and borrower repayment capacity. Nonetheless, tighter monetary conditions are increasingly being reflected in market interest rates, with several banks having recently announcing increases in term deposit and lending rates, which are gradually feeding through the financial system. We continue to strengthen our monitoring and assessment of monetary conditions and stand ready to implement further tightening measures, as needed, to support slowing of inflation and our ability to meet the monetary targets under the program.

16. The CBvS' standing lending and intraday facilities are in place to help banks cover sudden short-term liquidity gaps. Banks have access to the facility, but its recurrent or sizeable use is subject to CBvS supervisory investigation and, as needed, remedial action. To prevent reliance on the standing facility, it is priced on the basis of the weighted average price of open-market operations plus a modest spread. The CBvS will seek to sterilize liquidity from the use of the facility through OMOs to minimize disruptions to its reserve money targets. The CBvS has issued a revised circular on the ELA framework to provide emergency liquidity to banks.

17. Our foreign exchange policies are embedded in our commitment to a flexible, market-determined exchange rate. We have refrained from direct FX interventions. The FX market pressures have eased, and the pace of depreciation has slowed, yet conditions remain tight as some importers continue to clear a backlog of import payments. To mitigate the risk supply disruptions from FX shortages, the government is conducting limited indirect FX sales to essential goods importers – by allowing mineral companies to pay some of their government revenue obligations in SRD from corresponding FX sales – in line with its program commitments. Although the total SRD mineral revenue for July 2023 exceeded the program indicative target of US$5 million, this was due to a higher than anticipated SRD share in other mineral revenue while the indirect sale volumes remained much below the target. Future indirect sales will be further limited to ensure they remain below the end-September cumulative ceiling of US$15 million. The MoFP has also strengthened monitoring of the indirect sales to ensure they do not give rise to multiple currency practices and is committed to phasing the indirect FX sales out once the FX market conditions ease. To support continued accumulation of international reserves, the MoFP will continue to transfer all other government net FX receipts (including from IFI budget support) at the prevailing market exchange rate to the CBvS only, except for transfers required to meet the government's domestic FX debt service obligations.[1]

18. We continue our work to improve functioning of the foreign exchange market. After series of procurement and technical challenge delays, development of the electronic inter-bank/cambio FX trading platform (end-September 2023 SB) is nearing completion. The technical testing phase for the platform has been completed and the CBvS has been conducting market participant staff training in September. The platform will launch by end-September, with a view to expand participation progressively as experience and confidence in the platform grows (the platform

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[1] These concern central government debt to a local bank, serviced through an escrow account funded directly by royalty payments by an international gold mining company.

has built-in optionality to also incorporate gold-producers and other non-bank/cambio participants). To support timely FX availability to market participants, a surrender requirement for exporters to offer 35 percent of export proceeds for sale to the market remains in force. We regret that the recent CBvS Circular 2023-1 of July 14, 2023, inadvertently gave rise to an MCP by imposing a requirement on banks to purchase repatriated export proceeds that are subject to the surrender requirement using the weighted average exchange rates calculated and published by the CBvS. Upon confirmation of the MCP finding, we have swiftly issued a new guidance on September 8 eliminating the MCP. We remain committed to consult with the Fund before issuing any future regulatory guidance on the functioning of the FX market and will refrain from any indirect or administrative interventions that could impede efficient functioning of the FX market or be inconsistent with the program or Suriname's obligations under Article VIII, Sections 2 and 3 of the IMF's Article of Agreement.

VI. REDUCING BANKING SECTOR RISKS

19. **We are committed to addressing acute vulnerabilities in the banking system**. Although the reported level of combined capital adequacy ratio for the system is 17.7 percent as of July 2023, some banks are still under-capitalized. Nonperforming loans show an increasing trend. The AQR results indicate a requirement for a substantial level of additional provisioning, mainly for government-related debt and subsequent recapitalization needs. The banking system is liquid largely due to high reserve requirements with liquid assets comprising 52.9 percent of total assets. However, liquidity is unevenly distributed across banks and skewed towards the larger systemic banks. The ongoing monetary tightening may increase the vulnerability of some banks to funding shocks. The CBvS remains committed to prudently monitoring and supervising the banking system and taking appropriate measures, including prompt corrective actions, to address the problem banks.

20. **The CBvS finalized the roadmap for financial sector recapitalization, restructuring and governance reform of commercial banks (AQR roadmap).** The roadmap triages banks, applies conditions on the use of public funds.–We have finalized the assessment framework for time-bound recapitalization and restructuring plans of banks ***(prior action, completed)***. In line with the AQR roadmap, the CBvS instructed the banks to incorporate the AQR results considering the developments in the loan portfolios as of July 2023 in order to calculate the capital shortfall of each bank. Banks are required to submit their recapitalization and restructuring plans to the CBvS by end-August and the CBvS will undertake a critical review of these plans to verify their credibility by the end of October 2023, (*structural benchmark)*. These plans will include time-bound actions and implementation milestones to address any breaches of prudential requirements and, where appropriate, a restructuring plan dealing with the root causes of the difficulties. In parallel, the MoFP will agree with CBvS on a new governance framework for the government-owned banks to ensure they are run on a fully commercial basis *(structural benchmark, end-December 2023)*.

21. **To enable the CBvS to address problems in the banking sector, we are in the process of strengthening the supervisory regime and resolution framework.** The amendments to the

Banking and Credit System Supervision Act and the draft Bank Resolution Bill were submitted to the State Council in February 2023. In April 2023, CBvS discussed the draft acts with the State Council. Now both drafts have been sent to the National Assembly and a date in August 2023 is set to discuss these with the committee of rapporteurs. After this review, these will be discussed and adopted by the National Assembly no later than the end of 2023. The draft Bank Resolution Bill will strengthen CBvS' powers and tools for early intervention, recovery, and resolution of financial institutions. The amendments to the Banking and Credit System Supervision Act will enhance risk-based supervision of banks regarding banks' business strategies, governance, risk management (including provisioning policies and AML/CFT compliance), capital planning, budget forecasting, valuation of collateral, and profit and loss projections. This will allow the supervisors to adequately determine a bank's compliance with regulatory requirements to ensure that timely measures to prevent further deterioration in banks' financial position. In strengthening the supervisory regime, the focus is also on determining and preventing concentration risk within the financial sector.

22. The government is determined to implement other important financial sector reforms. We are committed to improving the supervision of the insurance and pension sector, the capital market and electronic payment systems, as well as establishing credit reporting, deposit insurance, and improving electronic transactions. CBvS is drafting acts and regulations in these areas. Ongoing efforts to strengthen the AML/CFT framework will support the financial sector resilience. The revised AML/CFT regulation will be issued in the third quarter of 2023. Given limited resources, we 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.

VII. IMPROVING MONETARY GOVERNANCE

23. To bolster transparency, the CBvS is finalizing the FY 2020 audit of its financial statements and continues to conduct special audits of program monetary data. The CBvS has made progress to clear the backlog of financial statements' audits, having published the FY 2015-2019 financial statements on its external website. Financial statements starting with FY 2020 will be prepared in line with International Financial Reporting Standards (IFRS). The FY 2020 statements will be published, albeit with a delay, by end-August. The FY 2021 statement will subsequently be published (end-December 2023 SB). To normalize the auditing cycle, we will also publish the FY 2022 audited IFRS financial statements *(end-December 2023 SB, proposed to be reset to end-March 2024)*. Audits of program monetary data conducted for each test date since the start of the program have not raised material issues. We will continue to perform these audits for each future test dates to confirm the data underlying the performance criteria. To reinforce the internal audit function, we will continue to co-source specifics audits while building capacity. Finally, to strengthen the governance and oversight of foreign reserves management by CBvS we requested IMF technical assistance.

24. The CBvS Act has been enacted which strengthens its mandate, autonomy and decision-making structure. In addition to prohibiting monetary financing of the government, it also improves the governance 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;
- Strengthening the CBvS's governance by providing for the collegial management of the CBvS and improving internal oversight;
- Increasing transparency, accountability, and oversight;
- Defining clear requirements on accounting, profit distribution, reserves, and eventual recapitalization of the CBvS.

We have taken steps to implement the new CBvS Act, including by establishing the Audit Committee and Risk and Compliance Committee in accordance with their approved charters and approved the Investment Policy, and is developing a regulation for the Supervisory Board and reviewing the Governance Handbook.

25. We will review the Foreign Exchange Regulation of 1947 and align it with the new Central Bank Act. Since a full assessment of whether this regulation is still fit and proper will take time, we will follow a two-pronged strategy. First, we will identify, in consultation with IMF staff, the elements in the regulation that are not aligned with the amendments to the Central Bank Act (e.g., the determination of exchange rate policy, setting exchange rates for FX transactions and the use of different rates) and submit a legislative amendment of the regulation to the National Assembly by December 2023 (structural benchmark). In anticipation of the adoption of the amendments, we will work together with the Foreign Exchange Commission to ensure it will refrain from using the powers covered by the amendments. Second, we will undertake a full review of the Foreign Exchange Regulation of 1947 in consultation with IMF staff and will involve all stakeholders. This review will be finalized by the end of May 2024.

26. We will finalize a recapitalization plan taking into account the CBvS debt restructuring. The MoFP has agreed with the CBvS on consolidating the debt, the clearance of arrears and the repayment schedule. We will finalize the recapitalization plan, that was delayed due to the need to finalize audits of financial statements, which covers both the debt restructuring agreement, the latest audited CBvS financial statements and the Central Bank Act recapitalization needs *(structural benchmark, end-December 2023, proposed to be reset to end-March 2024)*. Losses incurred from the agreement to restructure the government debt to CBvS will be incorporated into the CBvS' recapitalization plan. This plan will include a clear target level of capital, a trigger point for recapitalization, assume a recapitalization through marketable instruments and contain a binding time frame to complete the recapitalization in line with the new CBvS Act. This is important to ensure that the CBvS has sufficient financial resources to execute its mandate.

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

27. Capacity constraints have delayed implementation of key governance reforms. Nonetheless, the government has made some progress:

- Following the ratification of the United Nations Convention Against Corruption (UNCAC), the government installed the Anti-Corruption Commission on May 5, 2023, for a term of 5 years. One of its primary tasks that needs to be achieved within the first year is to evaluate the Anti-Corruption Act in practice and to implement the changes deemed necessary to the Anti-Corruption legal framework (end-September 2023 SB, proposed to be reset to end-December 2023). The revised Anti-Corruption legislation aims to align the anti-corruption legal framework with the UNCAC as well as to broaden the framework for reporting income and assets in Suriname. The revised anti-corruption legislation will provide a broader scope regarding the policy and approach of corruption. The latter will facilitate the routine verification of income and asset declarations for high-ranking and high-risk public officials who are currently not included in the law can also be sanctioned and provide information to the public with regards to the scope of corruption, the fight against corruption, integrity and good conduct of public officials. Wages and salaries of high-ranking and high-risk public officials are already made public through state decrees. Furthermore, the government will look for suitable ways to share certain information of high-ranking and high-risk public officials with the public, while taking into account national and international rules and best practices.

- We have ratified the Caribbean Community (CARICOM)'s Protocol on Public Procurement in July 2022. With support from the IDB, we will enact a new procurement *law (end-September 2023 SB)*, which will mandate the publication of beneficial ownership information of awarded procurement contracts.

- Based on the November 2022 assessment by the Caribbean Financial Action Task Force (CFATF), we enacted a new AML/CFT law in November 2022 to bring in line with international standards the key technical compliance deficiencies which placed Suriname on enhanced follow up. Going forward, we 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. To fully comply with CFATF requirements, we will: (i) implement AML/CFT supervision for all financial institutions (credit union, insurance, and pension fund sectors); (ii) develop and implement risk-based supervisory framework for Designated Non-Financial Businesses and Professions (DNFBPs); (iii) make available adequate human, financial, and technological resources to the Financial Intelligence Unit (FIU); (iv) amend the International Sanctions Framework to update the legal framework in relation to the implementation of the UN Security Council Resolutions Against Terrorism and Proliferation Financing.

- Suriname also made the commitment to initiate the process for a second National Risk Assessment (2020-2024). To this end Kroll AML Division has been contracted to advise and assist in the execution of this initiative. The Ministry of Economic Affairs already started the process for a sectoral assessment regarding Legal Persons including Ultimate Beneficial Ownership (UBOs) and Non-Profit Organizations (NPOs). In November 2022, the AML Steering Council (ASC) approved the AML Strategic Plan 2022-2025. In March 2023, the ASC approved a list of High Prioritized Actions for 2023 – Q2 2024, which is being rigorously implemented. The priority is for a follow up NRA to fill the gaps identified in the first NRA and provide more details on areas not addressed and to complete the second NRA by mid-2024. By presenting new draft legislation to Parliament the Ministry of Finance together with the Central Bank of Suriname are working towards strengthening the supervision regime for the financial sector. Also, the Ministry of Justice and Police has presented to Parliament draft legislation for strengthening the supervision regime for the gaming sector. Once these pieces of legislation are enacted, they will address the gaps identified in the 4e CFATF Mutual Evaluation Report. In this regard the law of November 2022 called the "Prevention and Combating money laundering and Terrorist Financing" already led to a positive effect on the ratings of the MER of Suriname.

- To further strengthen the AML/CFT framework, in particular the implementation of a risk-based supervision framework and to comply with recommendation of the 4th MER, in April 2023 we began the Sectoral Risk Analysis (SRA) of the banking sector with technical assistance of OAS. The SRA is progressing, and the report is expected to be delivered in December 2023. The SRA report will contribute to establishing targeted AML/CFT policies and the frequency and intensity of supervision of the banking sector. It would also elaborate on the methodology used to perform the risk analysis. The SRA findings will be reported to CFATF in 2024. A number of projects are underway to strengthen the AML/CFT regime: a new AML/CFT regulation is under discussion and will be issued shortly, the second NRA is underway (KROLL), legislation (in line with FATF requirements is pending with DNA, with the technical assistance offered by IMF and UNODC/WB.

28. **We are 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. The reports for fiscal years 2018 - 2020 were published in January 2023. 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 underway on these measures.

IX. STATISTICS

29. **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 that requires urgent attention. 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 accurately reporting all domestic arrears on a monthly basis. In addition, we will work towards broadening the institutional coverage of fiscal statistics to the public sector 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.

X. PROGRAM MONITORING

30. Our economic plan will continue to be monitored through prior actions, reviews, quantitative and continuous performance criteria, indicative targets, and structural benchmarks. The quantitative performance criteria and standard non-quantitative continuous targets are presented in Table 1 and the structural benchmarks under the program are presented in Table 2. Program quantitative targets are defined in the attached Technical Memorandum of Understanding. The government would like to request waivers for the non-observance of the continuous PCs on the non-accumulation of central government external debt arrears and against the introduction or modification of multiple currency practices based on the temporary nature of the non-observance and corrective actions already taken.

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

(In millions of Suriname dollars, unless otherwise indicated)[2]

	2020	2021				2022											
		end-Dec				end-Jan.				end-Feb.				end-Mar.			
	Act.	PC	Adj. PC	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	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	159	135	Not Met	221	-110	14	Met	331	-3	161	Met
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		0	Met	0		0	Met
3. New central government guaranteed debt (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
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		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/4/	-154	348	310	319	Met	11	-2	5	Met	103	2	16	Met	114	30	19	Not Met
7. Net domestic assets of the central bank (ceiling) 2/4/	8,777	-343	161	203	Not Met	-6	180	-6	Met	-1,134	272	113	Met	-1,137	39	-118	Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)		0		0	Met	0		0	Met	0		0	Met	0		0	Met
Indicative Targets																	
1. Social spending of central government (floor) 2/	604	1,070		922	Not Met									371		269	Not Met
Memorandum items																	
Reserve money	12,817	18,294		18,967		18,629		18,950		19,061		19,180		19,597		18,881	
Reserve money (local currency portion only)	7,342	9,188		9,271		9,341		9,338		9,494		9,570		9,647		9,289	
Reserve money (constant exchange rates)	12,817	14,838		15,933		14,991		15,893		15,144		16,209		15,297		15,847	
NFA (constant exchange rates)	4,039	6,403		6,953		6,563		6,920		7,844		7,117		8,000		7,020	
Gross international reserves (millions of U.S. dollar)	585	968		992		979		986		1,071		848		1,139		899	
Usable international reserves (millions of U.S. dollar) 5/	129	501		512		513		505		604		518		673		566	
Program exchange rate	14.018	14.018		14.018		14.018		14.018		14.018		14.018		14.018		14.018	

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[2] Compared to the second review, historical revisions to mining revenues increased the adjusted performance criteria for the primary fiscal balance in 2022. These do not change the underlying assessment on whether the targets were met or not.

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Apr.				end-May.				end Jun.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	442	166	-111	Not Met	552	300	8	Not Met	663	707	660	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	118	49	13	Not Met	122	104	92	Not Met	156	150	156	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,040	-67	134	Not Met	-941	-691	-246	Not Met	-1,263	-1,188	-591	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									742		832	Met
Memorandum items												
Reserve money	21,223		19,110		21,856		20,025		22,390		20,280	
Reserve money (local currency portion only)	9,801		9,516		9,954		9,860		10,107		10,411	
Reserve money (constant exchange rates)	16,306		16,136		16,459		16,676		16,612		16,879	
NFA (constant exchange rates)	8,220		7,022		8,277		7,943		8,739		8,490	
Gross international reserves (millions of U.S. dollar)	1,000		886		1,004		951		1,094		983	
Usable international reserves (millions of U.S. dollar) 5/	674		558		678		620		768		656	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Jul.				end-Aug.				end Sep.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	773	1,005	311	Not Met	884	946	346	Not Met	994	1,218	345	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	158	159	169	Met	160	168	192	Met	192	169	193	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,142	-1,161	-91	Not Met	-1,016	-1,124	-77	Not Met	-1,316	-986	-14	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									1,112		1,315	Met
Memorandum items												
Reserve money	22,912		21,413		23,444		22,654		23,858		23,723	
Reserve money (local currency portion only)	10,260		11,098		10,413		11,359		10,566		11,450	
Reserve money (constant exchange rates)	16,765		17,587		16,918		18,084		17,071		18,424	
NFA (constant exchange rates)	8,778		8,698		8,811		9,182		9,253		9,458	
Gross international reserves (millions of U.S. dollar)	1,097		991		1,099		1,018		1,187		1,029	
Usable international reserves (millions of U.S. dollar) 5/	771		667		773		698		862		713	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2022											
	end-Oct.				end-Nov.				end-Dec.			
	IT	Adj. IT	Act.	Met/Not met	IT	Adj. IT	Act.	Met/Not met	PC	Adj. PC	Act.	Met/Not met
Quantitative Performance Criteria												
Fiscal/debt targets												
1. Primary fiscal balance (cash basis) of central government (floor) 2/	1,105	1,788	657	Not Met	1,215	2,111	1,174	Not Met	1,326	2,625	1,150	Not Met
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		0	Met
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.	0		0	Met	0		0	Met	0		0.02	Not Met
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	194	169	204	Met	196	150	179	Met	226	313	332	Met
7. Net domestic assets of the central bank (ceiling) 2/	-1,193	-845	-111	Not Met	-1,063	-425	435	Not Met	-1,332	-2,548	-1,080	Not Met
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		0	Met
Indicative Targets												
1. Social spending of central government (floor) 2/									1,483		1,717	Met
Memorandum items												
Reserve money	24,277		25,205		24,660		26,514		25,047		27,470	
Reserve money (local currency portion only)	10,718		11,507		10,871		11,632		11,024		12,263	
Reserve money (constant exchange rates)	17,224		18,583		17,377		18,710		17,529		19,414	
NFA (constant exchange rates)	9,289		9,714		9,316		9,296		9,478		11,514	
Gross international reserves (millions of U.S. dollar)	1,190		1,045		1,192		1,031		1,260		1,194	
Usable international reserves (millions of U.S. dollar) 5/	864		716		866		707		934		865	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		14.018	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2023											
	end-Jun.				end-Jul.				end-Aug.			
	PC	Adj. PC	Act.	Met/Not met	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/	1,147	1,647	1,939	Met	1,338		TBD	TBD	1,529		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		TBD	TBD	0		TBD	TBD
3. New central government guaranteed debt (continuous ceiling)	0		0	Met	0		TBD	TBD	0		TBD	TBD
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S. dollars)	0		4	Not Met	0		TBD	TBD	0		TBD	TBD
Monetary targets												
5. Gross credit to the central government by the central bank (continuous ceiling)	0		0	Met	0		0	Met	0		TBD	TBD
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	-57	-38	-31	Met	-55	-32	-26	Met	-54	TBD	TBD	TBD
7. Net domestic assets of the central bank (ceiling) 2/	3,602	3,334	2,376	Met	4,006	3,683	3,843	Not Met	4,397	TBD	TBD	TBD
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling)	0		0	Met	0		0	Met	0		TBD	TBD
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) 2/					5		7	Not Met	10		TBD	TBD
Indicative Targets												
1. Social spending of central government (floor) 2/	1,981		1,058	Not Met								
Memorandum items												
Reserve money	33,964		27,590		35,102		29,378		36,147		TBD	
Reserve money (local currency portion only)	14,249		14,064		14,642		15,602		14,998		TBD	
Reserve money (constant exchange rates)	21,461		19,448		21,896		20,914		22,294		TBD	
NFA (constant exchange rates)	9,959		9,172		9,990		9,170		9,997		TBD	
Gross international reserves (millions of U.S. dollar)	1,153		1,091		1,155		1,096		1,156		TBD	
Usable international reserves (millions of U.S. dollar) 5/	835		853		837		857		838		TBD	
Program exchange rate	14.018		14.018		14.018		14.018		14.018		TBD	

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

(In millions of Suriname dollars, unless otherwise indicated)

	2023						2024										
	end-Sep.		end-Oct.	end-Nov.	end-Dec.		end-Jan.	end-Feb.	end-Mar.		end-Apr.	end-May	end-Jun.		end-Jul.	end Aug.	end Sep.
	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC	Prop PC	IT	IT	PC
Quantitative Performance Criteria																	
Fiscal/debt targets																	
1. Primary fiscal balance (cash basis) of central government (floor) 2/	1,721	1,721	1,912	2,103	2,294	2,294	523	1,046	1,525	1,525	2,091	2,614	3,050	3,050	3,659	4,182	4,705
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	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	0	0	0	0	0	0	0
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S.	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	-62	-53	-57	-73	42	-6	-4	-21	-32	-29	-33	0	-12	-8	-12	-30	-39
7. Net domestic assets of the central bank (ceiling) 2/	4,866	3,892	4,214	4,722	4,389	4,121	490	1,108	1,700	1,566	1,965	1,795	2,430	2,189	2,621	3,216	3,648
8. Direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector (millions USD) (continuous ceiling) 6/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) 2/	15	15	20	25	30	30	5	10	15	15	20	25	30	30	35	40	45
Indicative Targets																	
1. Social spending of central government (floor) 2/	2,971	2,027			3,962	3,962			1,308	1,308			2,617	2,617			4,033
Memorandum items																	
Reserve money	37,086	29,440	30,049	30,670	39,316	31,374	31,964	32,513	41,415	33,018	33,520	33,989	43,306	34,434	34,973	35,481	35,969
Reserve money (local currency portion only)	15,320	15,320	15,573	15,831	16,162	16,162	16,570	16,935	17,255	17,255	17,571	17,853	18,109	18,109	18,457	18,774	19,070
Reserve money (constant exchange rates)	22,658	20,589	20,857	21,130	23,631	21,477	21,908	22,296	24,880	22,637	22,975	23,279	25,891	23,557	23,928	24,267	24,584
NFA (constant exchange rates)	9,893	8,797	8,742	8,507	11,341	9,455	9,397	9,167	10,890	9,050	8,989	9,462	11,171	9,347	9,285	9,029	8,914
Gross international reserves (millions of U.S. dollar)	1,204	1,132	1,128	1,112	1,361	1,234	1,230	1,213	1,395	1,271	1,267	1,301	1,480	1,359	1,354	1,337	1,395
Usable international reserves (millions of U.S. dollar) 5/	886	893	889	873	1,043	995	991	975	1,077	1,033	1,028	1,062	1,163	1,120	1,115	1,098	1,156
Program exchange rate	14.018	14.018	14.018	14.018	14.018	14.018	14.018	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 begining of the year.

3/ The 2020 figure is a stock as of end-June 2021.

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

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

6/ Non-observance for the month February 2023

Table 2. Suriname: Prior Actions and Structural Benchmarks Under the EFF

Measure	MEFP ¶	Target date 1/	Status	Objective
Prior Actions				
Enact the amended VAT Act to convert all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption	8		Prior Action	Ensure fiscal adjustment in line with program parameters.
CBvS to finalize the assessment framework for banks' time-bound recapitalization and restructuring plans and share the framework with the IMF team	20		Prior Action	Improve strength of the financial sector.
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.
Establish an electronic trading platform for inter-bank/cambio FX trading.		June 2022	Not met	Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.		June 2022	Not met	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	Not met	Protect the CBvS's financial autonomy.
Publish on the CBvS's external website the FY 2016 - 2018 audited financial statements.		December 2021	Not met; implemented with a delay in 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; implemented with a delay in April 2023	Strengthen the CBvS's mandate, autonomy, governance, and accountability and transparency.
Establish an electronic trading platform for inter-bank/cambio FX trading, with expanded scope to cover also bank/cambio trading with gold exporters..	18	September 2023		Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	23	December 2023	Proposed to be reset to March, 2024	Strengthen accountability and transparency, and reduce risk of misreporting.
Publish on the CBvS's external website the FY 2022 audited IFRS financial statements.	23	December 2023	Proposed to be reset to March, 2024	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.	26	December 2023	Proposed to be reset to March, 2024	Protect the CBvS's financial autonomy.
Submit a legislative amendment to the Foreign Exchange Regulation 1947 to the National Assembly in consultation with Fund staff to rectify any misalignments with the amended Central bank Act 2022.	25	December 2023		Enable the CBvS to effectively and independently manage its official reserves and conduct foreign exchange policy.
Financial sector/crisis preparedness				
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	Met	Diagnose the largest banks and potential recapitalization needs.
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; 'Implemented with delay in February 2023	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; 'Implemented with delay in February 2023	Solidify oversight over the financial sector.
Operationalize the Financial Stability Committee, composed of representatives from the MoF and CBvS.		January 2022	Not met; 'Implemented with a delay in April 2022	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; 'Implemented with a delay in April 2022	Strengthen the CBvS's role in crisis management.
Undertake full asset quality review for the remaining banks (drawing on the expertise of an internationally reputable specialist firm).		December 2022	Not met; 'Implemented with a delay in May 2023	Diagnose the financial sector and potential recapitalization needs.
CBvS and MoF agree on a governance framework for state-owned banks.	20	December 2023		Improve governance of state-owned banks.
CBvS to instruct the banks to incorporate the AQR results and review the recapitalization plans submitted by the banks to verify their credibility	20	October 2023		Improve strength of the financial sector.

Table 2. Suriname: Prior Actions and Structural Benchmarks Under the EFF (concluded)

Measure		Target date	Status	Objective
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.
Publish the financial assessment of EBS that includes its legacy liabilities.		May 2022	Met	Achieve full cost recovery in the electricity sector.
Commence an audit on outstanding supplier arrears.		April 2022	Met: audit completed in May 2023	Improve governance and increase transparency; improve fiscal data reporting.
Review the social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits.		September 2022	Not Met	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	Not Met	Contain fiscal risks.
Passage of laws needed to implement the VAT by the National Assembly.		March 2022	Not Met; implemented with a delay in August 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	Not Met; Implemented in February 2023 budget	Ensure fiscal adjustment in line with program parameters.
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	Not Met; implemented with delay in March 2023	Improve debt data reporting.
Create a large taxpayer unit to increase taxpayer compliance.		June 2022	Not Met; implemented with a delay in July 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.	13	July 2023	Not Met; Proposed to be reset to December, 2023	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.	9	December 2023		Contain fiscal risks.
Establish a system to compile and maintain in a central place an up-to-date list of public entities (Institutional Table), starting with the central government entities.	9	June 2023	Met	Improve fiscal data reporting.
Enact the amended VAT Act to convert all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption	8	July 2023	Not Met; Set for Prior Action.	Ensure fiscal adjustment in line with program parameters.
Publish on the EAS external website quarterly updates of the rationale for each tariff adjustment, the estimated cost of providing electricity, and the remaining size of the subsidy.	~~8~~	October 2023	Proposed new SB	Improve governance and increase transparency; improve fiscal data reporting.
Operationalize the enacted amendment to the Personnel Act by issuing a state decree (with detail procedures) to halt payments of salaries for unregistered workers.	~~8~~	October 2023	Proposed new SB	Strenthen PFM and ensure fiscal adjustment in line with program parameters.
Issue State Decree to provide the Minister of Finance the authority to access all bank accounts held by government entities at commercial banks	9	December 2023		Strengthen PFM.
Publish quarterly budget execution report starting with the end June 2023 budget outturns.	9	September 2023		Strengthen PFM.
Governance (anti-corruption)				
Ratify the United Nations Convention Against Corruption (UNCAC).		January 2022	Met	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 the 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	Not 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.	27	March 2022	Not Met; implemented with a delay in May 2023	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 the 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.	27	September 2023	Proposed to be reset to December, 2023	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.	27	June 2022	Not Met; reformulated into new SB below	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.	27	August 2022	Not Met; reformulated into new SB below	Strengthen procurement efficiency.
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.	27	September 2023	Reformulated as new SB	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.	27	September 2023	Reformulated as new SB	Strengthen procurement efficiency.
Enact a new procurement law to centralize and mandate the publication of all public procurement tenders and contract awards, including the names of the awarded entities and their beneficial owner(s), the names of public officials awarding the contracts, and the ex-post validation of delivery of the contracted services	27	September 2023	Proposed new SB	Strengthen procurement efficiency.
Governance (AML/CFT)	27			
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).	27	August 2022	Not Met; implemented with a delay in November 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 September 9, 2023, 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, unless otherwise specified, all foreign currency-related assets, liabilities, and flows will be evaluated at "program accounting exchange rates" as defined below, except for 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 and excludes any accrued interest;

ii. The change in net credit from depository corporations, which includes changes in CG deposits and the net issuance of treasury bills, lending, and other CG securities held by commercial banks and excludes any accrued interest;

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 and excludes any accrued interest;

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.

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)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

	(In SRD millions)
Cumulative flows from the beginning of the fiscal year	
End-June 2023	8,396
End-July 2023	9,796
End-August 2023	11,195
End-September 2023	12,059
End-October 2023	13,399
End-November 2023	14,739
End-December 2023	16,079
End-January 2024	1,537
End-February 2024	3,073
End-March 2024	4,610
End-April 2024	6,147
End-May 2024	7,683
End-June 2024	9,220
End-July 2024	10,756
End-August 2024	12,293
End-September 2024	13,830

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

12. **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 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 given in Table 1.

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

Cumulative flows from the beginning of the fiscal year	(In USD millions)
External loans from IFIs for budget financing 1/	
End-June 2023	0
End-July 2023	0
End-August 2023	0
End-September 2023	0
End-October 2023	0
End-November 2023	0
End-December 2023	100
End-January 2024	0
End-February 2024	0
End-March 2024	0
End-April 2024	0
End-May 2024	50
End-June 2024	50
End-July 2024	50
End-August 2024	50
End-September 2024	50
External debt from bilateral and private creditors for budget financing 2/	
End-June 2023	0
End-July 2023	0
End-August 2023	0
End-September 2023	0
End-October 2023	0
End-November 2023	0
End-December 2023	0
End-January 2024	0
End-February 2024	0
End-March 2024	0
End-April 2024	0
End-May 2024	0
End-June 2024	0
End-July 2024	0
End-August 2024	0
End-September 2024	0
External loans for project financing	
End-June 2023	36
End-July 2023	42
End-August 2023	48
End-September 2023	54
End-October 2023	59
End-November 2023	65
End-December 2023	71
End-January 2024	4
End-February 2024	9
End-March 2024	13
End-April 2024	18
End-May 2024	22
End-June 2024	27
End-July 2024	31
End-August 2024	35
End-September 2024	40

1/ Excluding IMF disbursements.

2/ Including international capital markets.

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

13. 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.

14. 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)

15. 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.

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

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

17. 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 either have not been paid within 30 days after the contractual due date, or within the contractual grace period, whichever is longer. 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.

18. 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.

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

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

20. **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 and claims on IMF related to the valuation of IMF account no 1 and 2 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.

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

F. Net International Reserves of the CBvS (Floor)

22. **Definitions**: The floor applies to cumulative flows from the beginning of the year (end-December level of NIR of the previous 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.

- **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 monetary 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).

Table 3. Suriname: International Reserves
(USD 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.

23. 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. Data on total foreign exchange mineral revenue will be provided by the government to the IMF on a weekly basis. Inflows of the government's foreign exchange mineral revenue to the CBvS will be monitored as part of the weekly reporting of CBvS purchases and sales of foreign currency.

24. 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 the sum of the government's total mineral and other revenues received in foreign exchange that are transferred to the CG account at the CBvS, with the exemption of pending transfers of these funds to the foreign bank account of the CBvS, relative to baseline projections reported in Table 4. Mineral revenue in FX is defined as the government's FX 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), dividends 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 foreign exchange other mineral revenue as defined above.

Table 4. Suriname: Total FX Mineral Revenue received by the Government and Other FX Revenues of CG Transferred to CBvS (Baseline Projection)

Cumulative flows from the beginning of the fiscal year	(In USD millions)
End-June 2023	46
End-July 2023	67
End-August 2023	89
End-September 2023	117
End-October 2023	135
End-November 2023	153
End-December 2023	170
End-January 2024	18
End-February 2024	35
End-March 2024	53
End-April 2024	70
End-May 2024	88
End-June 2024	105
End-July 2024	123
End-August 2024	141
End-September 2024	158

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

Cumulative flows from the beginning of the fiscal year	(In USD millions)
End-June 2023	76
End-July 2023	92
End-August 2023	112
End-September 2023	121
End-October 2023	136
End-November 2023	163
End-December 2023	204
End-January 2024	17
End-February 2024	46
End-March 2024	63
End-April 2024	80
End-May 2024	109
End-June 2024	127
End-July 2024	144
End-August 2024	174
End-September 2024	192

G. Net Domestic Assets of the CBvS (Ceiling)

25. 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).

Table 6. Suriname: NFA, NDA, and Reserve Money

(In SRD millions)

	31-Dec-20
Net foreign assets	4,039.5
Foreign assets	8,243.5
Foreign liabilities	-4,204.0
Net domestic assets	8,777.1
Net claims on the government	8,234.0
Claims on the government in local currency	9,833.7
Liabilities to the government in local currency	-446.8
Claims on the government in foreign currency	144.1
Liabilities to government in foreign currency	-1,297.0
Net claims on commercial banks	-2,495.6
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	-2,484.7
Other items net	3,038.7
Reserve money	12,816.6
Reserve money in local currency	7,342.2
Reserve money in foreign currency	5,474.4
Memorandum item	
Program exchange rate	14.018

Source: Central Bank of Suriname.

- **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). Central bank certificates issued to retail investors as part of its open market operations to absorb liquidity are excluded from reserve money. 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.

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

27. 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.

28. 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 the sum of the government's total mineral and other revenues received in foreign exchange that are transferred to the CG account at the CBvS, with the exemption of pending transfers of these funds to the foreign bank account of the CBvS, relative to baseline projections reported in Table 4 (see definition in section F). Mineral revenue in FX is defined as the government's FX 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. 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

Table 7. Suriname: FX Purchases by CBvS
(Baseline Projection)

Cumulative flows from the beginning of the fiscal year	(In USD millions)
End-June 2023	0
End-July 2023	0
End-August 2023	0
End-September 2023	0
End-October 2023	0
End-November 2023	0
End-December 2023	0
End-January 2024	0
End-February 2024	0
End-March 2024	0
End-April 2024	0
End-May 2024	0
End-June 2024	0
End-July 2024	0
End-August 2024	0
End-September 2024	0

market relative to the baseline projections reported in Table 7.

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

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

30. 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:

- 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.
- Sales of FX by mineral companies associated with these companies' tax or non-tax obligations to the central government.

31. 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.

I. Central Government Mineral Revenue in Local Currency (Ceiling)

32. Definition: The ceiling on central government mineral revenue in local currency will be assessed on cumulative basis and specified in U.S. dollars (converted at the weighted average SRD/U.S. dollar exchange rate published by the CBvS at the end of the previous working day). For purposes of this performance criterion, central government mineral revenue is defined as the government's tax and non-tax cash revenue from the state-oil company Staatsolie Suriname and from large- and small-scale gold companies. This revenue includes corporate tax, indirect taxes, dividends, royalties and other mineral revenue. The following mineral revenue is excluded from this definition: (i) wage taxes (including old age fund contributions); (ii) consent right fees; (iii) dividend tax; (iv) VAT not designated to be paid in FX; and (v) Staatsolie Suriname's tax and non-tax obligations to the government netted out against accounts receivable from other state-owned enterprises.

33. Reporting: Data on central government foreign and local currency tax and non-tax mineral revenue as defined above will be submitted on a weekly basis by revenue item, type of commodity and source counterparty (aggregated for small-scale gold companies). Where the local currency mineral revenue is from a prior sale of mineral companies' FX-denominated tax or non-tax obligations to the central government, the data will additionally include the sale transactions by date and counterparty, including the exchange rate and any margins or fees applied. Data will be provided to the IMF within 3 working days of the end of each week.

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

J. 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.
- Social beneficiary program.

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

IV. 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. 25[1]) - 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

- 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.

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

- 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 two days 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.

- Weekly submission of daily 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 3 working days of the end of each week.

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.

- 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.

- 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 four4 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
Executive Board Meeting
September 25, 2023

1. **This statement provides information that has become available since the staff report was finalized.** This information does not alter the thrust of the staff appraisal.

2. **Recent national account data releases suggest upward revisions to the historical growth numbers for 2019-22.** According to the General Bureau of Statistics of Suriname, real GDP growth in 2022 was higher (2.4 percent versus 1 percent), as the extractive industry, wholesale and retail trade, transportation, and hotel and restaurant sectors performed better than originally estimated. The real growth estimates for 2019, 2020, and 2021 were also revised upward by 0.1 ppt, 0.1 ppt, and 0.3 ppts respectively. Despite the growth surprise, economic recovery remains slow, with real GDP expected to remain below its pre-pandemic level until end-2028.

3. **The authorities have prepared a supplementary budget, that will be debated by the National Assembly in October.** The supplementary budget increases both spending and revenue to reflect both the May 2023 agreement with unions to pay a purchasing power enhancement to public sector workers, and updated revenue projections. While the supplementary budget is consistent with the end-December central government primary balance QPC, there are risks to both mining revenue and to wage bill restraint. Should these risks materialize, contingency measures that might be needed to credibly meet the end-December QPC will be discussed at the next review.

Statement by Mr. Bevilaqua, Mr. Saraiva, and Mr. Eckhorst on Suriname
September 25, 2023

On behalf of our Surinamese authorities, we thank staff for their close engagement and for the open and fruitful discussions during the third review of the Extended Fund Facility (EFF). Staff's assessment of economic conditions, the outlook and the performance under the EFF is largely consistent with the authorities' views. Notwithstanding the challenging socio-political environment to implement the necessary structural reforms, the authorities remain committed to the full implementation of the EFF, which will be crucial to sustain the economic recovery process. In that regard, the progress made since the second review is significant and has set the stage for the stability of the exchange rate and the gradual easing of inflation, amid other positive accomplishments.

Recent Developments and Outlook

Economic growth is forecasted at 2.1 percent in 2023, with upside risks in the medium term despite remaining fragilities. Higher exports, public capital investments and private sector absorption are expected to drive growth in 2023. Over the medium term, the economy is expected to grow by 3 percent. On the other hand, revenue collection needed to meet critical social, and investment demands while proceeding with fiscal consolidation remains challenging. However, there are significant upside risks to growth due to the forthcoming investment decision by international oil companies to exploit offshore oil and gas reserves, which will significantly enhance growth prospects in the near future.

Tackling high inflation continues to require resolve to take the necessary measures, while minimizing costs to the economy. The authorities have adopted a gradual but consistent approach to bring inflation down, while allowing for the economic recovery to proceed. That said, headline inflation in 2023 persists at elevated levels, driven by domestic factors, as subsidies for utilities are phased out and fuel and cooking gas continue to transition to marked-based pricing. External factors, including high global food and energy prices, have also contributed to inflation. However, more stable conditions in the foreign exchange market in the second quarter of 2023 contributed to ease inflationary pressures.

With fiscal restraint and monetary tightening, inflation has started a downward trajectory, and it is expected that annual inflation will gradually decline to 40 percent at the end of 2023.

Fiscal, Social and Tax Policies

The Government remains committed to further fiscal consolidation. In order to meet the primary balance (PB) target of 1.7 per cent of GDP, the Administration is undertaking efforts to lower expenditures and increase revenues. Bold actions include the steep adjustment of cooking gas prices from SRD 50 to SRD 150 per 28 lbs bottle as of September 1st, 2023, and quarterly adjustments thereafter. This will reduce payments of cooking gas subsidies by the national energy company EBS, and consequently support its efforts to reach cost recovery when adjusting electricity tariffs. In addition, to partially mitigate civil servants' loss of purchasing power, nominal wages have been supplemented by an SRD 2.500 bonus starting in May 2023, which will be paid for 6 months. The Government and unions agreed to a wage-negotiation freeze until after November 2023. However, given the ongoing inflation rate, this agreement has come recently under enormous pressure. Overall, pursuing the primary balance target has required firm determination by the authorities, which have faced strong resistance to many of the measures already taken or envisaged. Hence, fiscal consolidation, while critical, remains challenging.

The social safety net has been further strengthened and broadened to largely cover the impact of adjustment measures, while targeting the more vulnerable segments of the population. As of July 1, 2023, the government increased the old age pension by 40 per cent, child support by 60 per cent, financial transfers to people with disabilities by 43 per cent and financial transfers to vulnerable households by 40 per cent. The Social Beneficiary Program has been implemented with a delay in February and was expanded substantially, but not all eligible persons have received the purchasing power enhancement. The 2023 budget assigned SRD 1.2 billion for this program covering 60.000 eligible households and was expanded with the group of 50.000 old age pensioners. The authorities will further increase cash transfers using their traditional instruments, compensating for the phasing out of electricity and other subsidies. Despite ongoing efforts, the indicative floor for social spending has not been met in June 2023. The Ministry of Social Affairs is currently invested in catching up through enhanced administration and countrywide distribution mechanisms.

The implementation of the Treasury function at the Ministry of Finance and Planning (MoFP) has proceeded, with support from Cartac, and is now in a crucial phase. The MoFP developed and is executing its roadmap for establishing the Treasury department and, in line with it, has accepted the Liquidity Planning Tool (LPT) and started its operation. Monthly liquidity forecast reporting is ongoing and is being used to support budget execution and monitoring. Further steps will include the creation of the physical Treasury organization followed by the review of government's accounts, including the eventual consolidation, and monitoring of these accounts. The roadmap concludes in March 2024, with the objective to have all the Treasury's core functions defined and in execution. Fund support throughout the process is crucial and will continue with a TA mission that will visit the MoFP next week in Suriname.

Implementing the VAT has been more challenging than envisaged, and there is room for improvement in the medium term. The amended VAT bill has been approved by the National Assembly with the purpose of closing loopholes and broadening the base. In addition, it was assessed that technical assistance is also necessary to enhance the VAT communication and education program. In line with the law, the Minister installed the VAT Evaluation Commission, which already presented its first evaluation. Recently, the Government launched the Semi-Autonomous Revenue Authority (SARA) to improve revenue administration and increase collection efficiency within a more autonomous environment.

Monetary and Financial Policies

The Central Bank of Suriname (CBvS) met all end-June 2023 monetary criteria and targets. Given the specificities of the Surinamese market, continued monetary policy tightening took place not only through the open market operations, but also by increasing reserve requirements in local currency, capping private sector credit and the effective monitoring of transactions between the CBvS and the Government. These measures, altogether, contributed to achieving all three QPCs for end-June 2023, namely on net domestic assets (NDA), net international reserves (NIR) and zero net gross credit to the Government. However, the transmission from the open market operations to market interest rates in the economy remains weak and can be attributed to commercial banks' concerns over bank asset quality and borrower repayment capacity as well as the uneven distribution of excess liquidity in the banking system. Nonetheless, excess liquidity in the banking system has been mopped up, stabilizing the growth of reserve money and setting the stage for a downward trend in inflation. Moreover, tighter monetary conditions are gradually being reflected in market interest rates, with several banks having recently announced increases in term deposit and lending rates. Despite the Central Bank's efforts, inflation remains high, mainly driven by fuel price increases and the phasing out of subsidies on utilities and cooking gas.

The Central Bank has completed the Asset Quality Review (AQR) as well as the roadmap for recapitalization, restructuring and governance reform of banks. The banks that do not yet comply with the supervisory requirements have submitted time-bound recapitalization and restructuring plans by end-August 2023. The Central Bank is currently assessing these plans, which must be approved at the latest by the end of October 2023, based on their credibility and feasibility. And it will closely monitor their implementation on a monthly basis. In this process, the banks that are recapitalized will have a capital adequacy ratio in line with prescribed regulations.

The Bank Resolution Bill and the revised Banking and Credit System Supervision Act have been submitted to the National Assembly. These legislations are warranted to strengthen the role of the Central Bank in financial crisis preparedness and management, and enhance its risk-based supervisory powers, respectively. The proceedings for the enactment of these legislations have commenced.

Exchange Rate Policies

The turbulence in the foreign exchange market and the prolonged depreciation of the local currency subsided. Continued demand management through fiscal restraint and monetary policy tightening, combined with the improved availability of foreign currency in the market, contributed to a period of stability and reduced volatility in the exchange rate, with market sentiment calming down. Although incipient, the calmness in the foreign exchange market has helped businesses and households to plan their investment and spending decisions. In an effort to enhance the enforcement of the surrender requirements, the Central Bank submitted guidelines to the banks that inadvertently gave rise to multiple currency practice (MCP), for which a waiver is requested. While the MCP has been already corrected by the new CBvS circular, we underscore that MCP based on potentiality has been ruled out by the revised policy approved by the Board on July 1st, 2022, and unfortunately it has not yet become effective only because the staff guidance note has not been finalized and an extension of the transitional period was approved in March 2023. The authorities remain committed to exchange rate flexibility and are discussing with the Fund measures to improve the functioning of the foreign exchange market.

Debt Management and Restructuring

The Government of Suriname has made substantial progress with debt restructuring since the EFF supported program started. Bilateral agreements with all the Paris Club creditors have now been completed. An agreement to restructure the official credit line from EXIM India was reached in March and an agreement on the loan backed by EXIM India was reached in May. An agreement in-principle with the bondholders was also reached in May 2023 and the actual debt exchange is expected to be launched in the coming months. Negotiations continue with EXIM China. A counterproposal by EXIM China is forthcoming and expected to be compatible with the IMF’s debt sustainability framework, and comparable to other bilateral agreements. The authorities remain committed to not making any payments servicing the debt while an agreement consistent with program parameters and comparable treatment among creditors is not reached.

The legacy debt with the central bank has been restructured in July, while a plan to clear all domestic debt arrears by end-2023 is well on track. To ensure that in the future no further accumulation of public external debt arrears takes place, a memorandum of understanding (MOU) between the Suriname Debt Management Office (SDMO), the Ministry of Finance & Planning (MoFP) and the Central Bank of Suriname (CBvS) will be signed, in which the responsibilities for timely information provision to other agencies and processing of payments is fully described. The MOU will also specify the responsibilities within each agency and procedures for inter-agency monitoring. In the meantime, back-office capacity of SDMO is being upgraded and the coordination between SDMO, MoFP and the CBvS will be improved to ensure that future debt payments are made on time.

Governance and Anti-Corruption

The Government is committed to strengthen the anti-corruption regulatory framework in line with international treaties and best practices. Improvements of the Anti-Corruption Law are ongoing. The Government has taken effective steps towards the routine registration, verification and eventual publication of assets and incomes of high-ranking and high-risk public officials, as well as for the registration of receipts. To execute this arrangement in accordance with the law, a State Decree was issued including the corresponding standard registration form. To further enhance public financial management, transparency, and governance a new Procurement Law will be approved by the Parliament that will mandate more transparency and information on awarded contracts for public works.

Improving Program Implementation and Monitoring

The private sector established the Suriname Economic Oversight Board (SEOB) to strengthen accountability and domestic ownership of the EFF-supported economic program. The Board with representatives from the public and private sector, unions, academia, and civil society has started publishing the progress made in the implementation of the institutional and socio-economic measures in the IMF-supported economic program. The authorities remain firmly committed to staying the course of sound policy implementation to achieve their broader economic and social objectives under the IMF-supported economic program.

We thank the Board, the staff and management for their support to the program.