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SURINAME

June 2023

SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR REPHASING AND REDUCTION OF ACCESS, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; STAFF SUPPLEMENT; STAFF STATEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR SURINAME

In the context of the Second 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 June 14, 2023, following discussions that ended on May 16, 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 June 2, 2023.
- A **Staff Supplement** updating information on recent developments.
- A **Staff Statement** updating information on recent developments.
- 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.

IMF Executive Board Concludes Second Review of the Extended Fund Facility for Suriname

FOR IMMEDIATE RELEASE

- *The IMF Executive Board completed today the second review of the 36-month Extended Fund Facility (EFF) for Suriname, allowing for an immediate disbursement equivalent to SDR 39.4 million (about US$53 million), of which SDR 25.6 million would be for budget support.*
- *The authorities have made concerted efforts to bring their economic recovery program back on track and stabilize the economy, foremost by restoring fiscal discipline, while expanding social assistance programs to protect the poor. They have also reached important milestones in debt restructuring negotiations, which, alongside fiscal consolidation, will support Suriname's efforts to restore debt sustainability.*
- *The authorities are continuing to make progress with their structural reform agenda. Structural reforms to strengthen institutions, governance, and data quality remain key priorities with continued capacity building support by the Fund and Suriname's other development partners.*

Washington, DC – June 14, 2023: The Executive Board of the International Monetary Fund (IMF) concluded today the second review of the extended arrangement under the Extended Fund Facility (EFF) for Suriname. The completion of the review allows the authorities to draw the equivalent of SDR 39.4 million (about US$53 million), bringing total disbursement to SDR 118.2 (about US$159 million). In completing the review, the Board also approved the authorities' request for waivers of non-observance of performance criteria based on the corrective measures undertaken by the authorities. The Executive Board also approved the authorities' request for rephasing of purchases under the arrangement, including the requested reduction of the total access under the arrangement to an amount equivalent to SDR 383.9 million (297.8 percent of quota; about US$516.4 million).

Suriname's 36-month EFF arrangement was approved by the Executive Board on December 22, 2021 (see Press Release No. 21/400), for SDR 472.8 million (366.8 percent of quota). The objective of the program is to support the authorities' economic recovery plan to restore fiscal and debt sustainability, protect the vulnerable by expanding social protection, upgrade the monetary and exchange rate policy framework, strengthen the financial system, 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 shock of higher commodity and food prices in the second half of 2022, slowed the nascent economic recovery and eroded performance under the program. Fiscal slippages put pressures on the exchange rate and inflation, which have imposed a heavy burden on society, especially the most vulnerable.

"The authorities have made concerted efforts to bring their economic recovery program back on track and stabilize the economy, foremost by restoring fiscal discipline. The approved 2023 budget is appropriately conservative, underpinned by concrete measures on both expenditure and revenue side. The elimination of costly and distortive fuel subsidies, together with planned phasing out of electricity subsidies and broadening of the VAT base will provide the fiscal space for expanding social assistance programs and growth-enhancing investment.

“The authorities have also reached important milestones in debt restructuring negotiations with private and official bilateral creditors. The recent agreements are in line with the program parameters and will support Suriname’s efforts to restore debt sustainability. The authorities’ commitments to transparently achieve a debt resolution, consistent with the program parameters and equitable burden sharing among all remaining creditors in a timely fashion, are welcome

“Flexible, market-determined exchange rate remains essential to address Suriname’s external imbalances and ensure long-term adequacy of international reserves. To this end, the authorities have committed to refrain from direct FX interventions, except to address disorderly market conditions, while allowing for limited indirect FX sales to essentials goods importers to mitigate disruptive FX shortages. To reduce stubbornly high inflation, the Central Bank of Suriname should continue to look at measures to absorb liquidity under its reserve money targeting framework and improve the effectiveness of the monetary transmission mechanism. Continued progress is also needed to address banking system vulnerabilities.

“Structural reforms to strengthen institutions, governance, and data quality remain key priorities with continued capacity building support by the Fund and Suriname’s other development partners. The authorities should continue taking measures to strengthen central bank governance and the anti-corruption and AML/CFT frameworks.

“Maintaining the restored policy discipline and reform momentum will be essential for the success of the authorities’ economic recovery program.”

SURINAME

June 2, 2023

SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR REPHASING AND REDUCTION OF ACCESS, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The program went off-track in mid-2022, due to the delayed completion of a prior action on parliamentary approval of the VAT law and, subsequently, to spending overruns which injected local currency liquidity into the system, fueling currency depreciation and inflation. The authorities have taken concerted efforts to restore fiscal discipline including through passage of a 2023 budget. The central bank has also taken measures to tighten monetary conditions. Progress has been made in restructuring both official and privately-held public debt.

Program implementation. The end-December 2022 quantitative performance criteria (QPCs) on the cumulative central government primary balance and net domestic assets (NDAs) were missed. Two continuous PCs and one standard continuous PC were also breached. Progress on implementing the structural agenda has moved ahead but with delays.

Program strategy. The review priority is to realign macro-policies to support near-term stabilization of the economy, while allowing for more gradual fiscal consolidation to protect the vulnerable and growth-enhancing investment. The structural agenda has been strengthened to underpin the fiscal effort by broadening the tax base. Improvements have been made to strengthen financial resilience. Also, the government has deepened its efforts to improve governance and better manage public resources. The authorities remain highly committed to successful implementation of the program, underpinned by three prior actions, one of which has already been completed.

Approved By
Nigel Chalk and Anna Ilyina

Discussions were held in Paramaribo and via video conferences during May 8-16, 2023. The mission met with the President of the Republic of Suriname, the Chairman of the National Assembly, the Minister of Finance and Planning, the Minister of Justice and Police, the Minister of Internal Affairs, the Minister of Natural Resources, the Minister of Social Affairs and Housing, the Central Bank Governor, and other senior government officials, representatives of the private sector, civil society organizations, and development partners.

The report was prepared by a team comprised on Anastasia Guscina (head), Olusegun Akanbi, and Janne Hukka (all WHD), Simon Naitram (FAD), Minke Gort (MCM), Takahide Koike (SPR), Charles Amo-Yartey (Resident Representative) with support from Minnie Park, Evelyn Carbajal, and Soungbe Coquillat (all WHD). Francisca Fernando (LEG) provided substantive input. Karel Eckhorst and Bruno Saraiva (OED) participated in the discussions.

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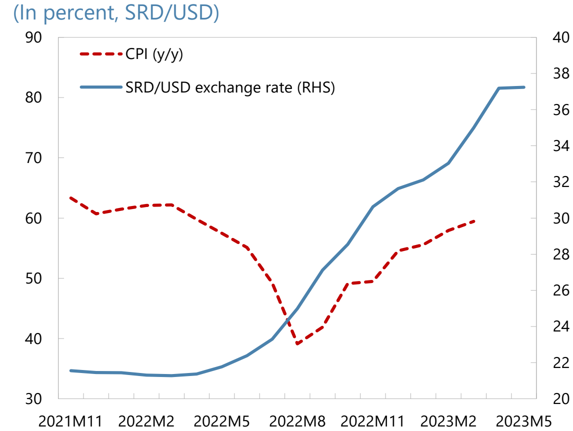
CONTEXT

1. **In the first half of 2022, the authorities were making good progress in implementing key reforms under the extended arrangement under the EFF ("the EFF arrangement").** Program performance was largely on track with important reforms having been put in place to reduce fiscal imbalances, adopt a new monetary policy framework that allows for a flexible exchange rate, improve oversight of the financial system, and increase the independence of the central bank. Furthermore, agreement was reached with Paris Club creditors to restructure Suriname's bilateral debt.

2. **A staff-level agreement for the second review under the EFF arrangement was reached in May 2022 but delays in approving the VAT law (prior action) and a subsequent increase in fiscal spending precluded the completion of the review**. By the time the VAT law was approved (in August), Suriname was facing serious social and political tensions arising from the food and energy price shock. The government responded to these societal demands by putting in place a generous, untargeted fuel subsidy and increasing public sector wages. Together with delays in implementation of measures on the revenue side, the resulting fiscal deficit exceeded the envelope agreed under the program. The central bank also struggled to put in place a sufficient offsetting tightening of monetary policy which led the fiscal expansion to increase local currency liquidity which, in turn, put pressure on the exchange rate. The resulting depreciation created a burst of inflation which made it even more difficult for the CBvS to restrain the growth of monetary aggregates.

Suriname: CPI Inflation and Exchange Rate

(In percent, SRD/USD)



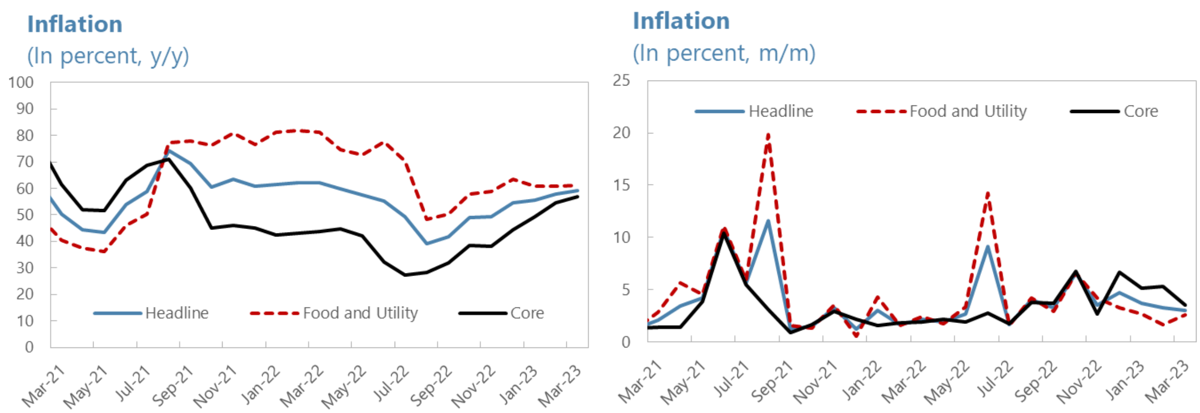
Sources: CBvS and IMF staff calculations.

3. **Despite the more supportive policy stance, the pace of recovery weakened during the course of 2022 and early 2023.**

- The growth rate of the monthly economic activity indicator has been on a downward trend for most of 2022 (Figure 1).
- The SRD/USD exchange rate depreciated by 75 percent since April 2022 although, because of high inflation, the real effective exchange rate appreciated over the same period by 8.5 percent.
- Inflation rose as pressures on the currency intensified.
- Usable international reserves did rise, though, to 4.7 months of imports at end-December 2022, bolstered by the EFF, IFI financing, and higher government mineral revenues paid in FX (Fig. 3).

- Vulnerabilities in the financial sector continue to be acute. Asset quality reviews (AQRs) for all the banks show a substantial recapitalization need and some smaller banks are facing liquidity pressures as funding conditions tighten.

Suriname: Recent Inflation Developments



Sources: General Bureau of Statistics Suriname and IMF staff calculations.

4. Assuming full implementation of the program, growth is expected to rebound and inflation is expected to fall. Growth is projected to recover to 2.3 percent in 2023 and 3 percent in 2024. However, real GDP is expected to remain below its pre-pandemic level until 2028. Fiscal and monetary restraint are expected to facilitate a gradual decline in inflation (to 36 percent by end-2023). There are, though, important near-term risks including policy implementation challenges (particularly if social discontent were to worsen) and external risks from a renewed worsening in the terms of trade. Over a longer horizon, there are significant upsides due to the potential future development of large new oil fields (although no final investment decision has yet been made).

PROGRAM PERFORMANCE

5. Many of the performance criteria under the program have been missed (Table 12). The authorities are requesting waivers for missed end-December 2022 QPCs on the floor on the primary fiscal balance (cash basis), and the ceiling on the net domestic assets (NDA) of the central bank (CBvS) based on corrective actions through the approval of conservative 2023 budget and already implemented and/or announced revenue and spending measures (¶9), and recent monetary tightening actions undertaken by the CBvS. The authorities are also requesting waivers for the non-observance of continuous PCs on: (i) the zero-ceiling on direct FX purchases/sales by the CBvS or central government (CG) from/to SOEs and private sector[1]; and (ii) the ceiling on the non-

[1] In February 2023, the government supplied local oil importers USD 13 million through a state-owned bank to address a shortage of FX to cover necessary fuel imports.

accumulation of CG external debt arrears[2] based on the temporary nature of the non-observance. The CBvS inadvertently introduced a measure giving rise to a multiple currency practice (MCP) in September 2022, which breached the standard continuous PC against the introduction or modification of MCP) but was since removed.[3] Other quantitative and continuous PCs were met.

Suriname: Summary of Program Performance

	2021	2022			
	end Dec.	end Mar.	end Jun.	end Sep.	end Dec.
Original review schedule	1st	2nd	3rd	4th	5th
Quantitative Performance Criteria (QPC)					
Fiscal/debt targets					
1. Primary fiscal balance (cash basis) of central government (floor)	Met	Met	Not Met	Not Met	Not 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	Met	Met
3. New central government guaranteed debt (continuous ceiling)	Met	Met	Met	Met	Met
4. Non-accumulation of central government external debt arrears (continuous ceiling)	Met	Met	Met	Met	Not Met
Monetary targets					
5. Gross credit to the central government by the central bank (continuous ceiling)	Met	Met	Met	Met	Met
6. Net international reserves of the central bank (floor)	Met	Not Met	Met	Met	Met
7. Net domestic assets of the central bank (ceiling)	Not Met *	Met	Not Met	Not Met	Not 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	Met	Met
Indicative Targets (IT)					
1. Social spending of central government (floor)	Not Met	Not Met	Met	Met	Met

Sources: CBvS, MoFP, and IMF staff calculations.

1/ Although met throughout 2022, the continous zero-ceiling was breaced in February 2023.

6. **Structural reforms continued to advance but more slowly than had been anticipated at the time of the first review.** Of the 18 SBs due between March 2022 and May 2023, 9 were implemented (3 on time, 6 with a delay), and 9 have not yet been implemented (Table 13) due to important capacity constraints. Nevertheless, critical reforms—removing fuel subsidies, undertaking

[2] The ceiling on the non-accumulation of CG external debt arrears was breached in December due to delay in payments to the IDB caused by using of the wrong account number. In addition, there were a few other administrative delays in payments to the IDB and ISDB through November 2022 to February 2023, which are not considered as breaches of the QPC because they were paid within 30 days from the due dates. Nevertheless, the government has taken steps to prevent any further delays by strengthening debt service monitoring.

[3] In end-July 2022, Suriname introduced a surrender requirement, whereby 35 percent of revenues from the export of gold and, from September 9, 2022, the export of other goods need to be offered for sale at a FX bank for SUR dollars within five days of the revenues' repatriation. This requirement was introduced by General Decision No. 224 (July 26, 2022) of the Foreign Currency Commission and amended by General Decision No. 226 (September 9, 2022). According to the CBvS' Circular of September 16, 2022, the FX banks were required to use the exchange rate of the CBvS on the day of repatriation to settle the surrender of export revenues. This gave rise to an MCP because of the potential deviation of more than 2 percent between the exchange rate prevailing on the FX market at the time of the surrender transaction and the exchange rate required to be used for the surrender (i.e., the CBvS rate of the day of repatriation). This MCP was removed later by a CBvS Circular issued on November 16, 2022, to require, from September 19, the surrendered sales to take place at the exchange rates of FX banks on the day of the surrender transactions. Thus, the MCP existed between September 19, 2022 and November 16, 2022.

AQRs of the banks, enacting the Central Bank Act, and putting in place a VAT—have been implemented with a delay.

POLICY DISCUSSIONS

A. Restoring Fiscal Discipline

7. Fiscal policy was expansionary in the second half of 2022, resulting in the authorities' targets being missed by a sizable margin (text table). While the authorities were able to achieve a primary surplus of 1.1 percent of GDP (the first primary surplus since 2011), this was lower than the 1.7 percent of GDP targeted under the authorities' program. Overspending on fuel subsidies and wages (by 1.8 and 0.9 percent of GDP, respectively) were the main factors that accounted for the underperformance.

Suriname: 2022 Fiscal Performance

	1st Review	Latest	Difference	
	(Percent of GDP)		(Percent of GDP)	(Millions of SRD)
Primary Balance	**1.7**	**1.1**	**-0.7**	**-428**
Revenue	**27.3**	**27.7**	**0.4**	**2,760**
Taxes	5.7	6.6	0.9	1,288
Direct taxes	11.7	12.8	1.1	1,993
Of which: Mining taxes	7.6	8.2	0.6	1,165
Indirect taxes	7.5	6.4	-1.2	-331
Of which: Sales tax	3.5	2.9	-0.6	-228
Non-tax revenue	7.4	8.4	1.0	1,558
Of which: Mining revenues	5.7	6.6	0.9	1,288
Primary Expenditure	**25.6**	**26.6**	**1.0**	**3,188**
Wage Bill	7.5	8.4	0.9	1,429
Fuel subsidies	0.0	1.8	1.8	1,604
Electricity subsidies	4.0	3.4	-0.6	-132
Cash transfer programs	1.9	2.0	0.1	238
Capital expenditure	2.4	2.4	-0.1	170
Non-mining primary balance	**-11.5**	**-13.7**	**-2.1**	**-2,881**

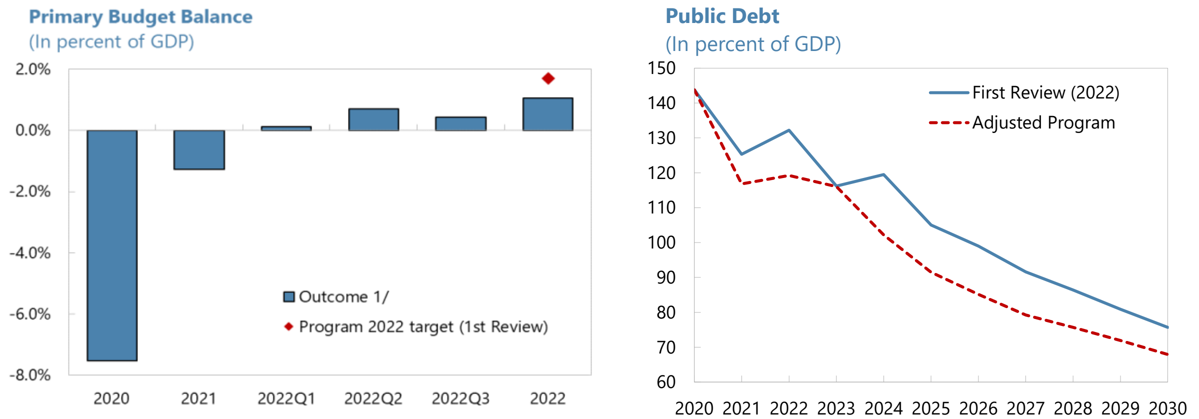
Sources: MoFP and IMF staff calculations.

8. Weaker growth, rising poverty, and increased social tensions caused by the adjustment process argue for a less procyclical fiscal policy in 2023 (text table). Returning public finances to a sustainable path, while protecting the most vulnerable, remains the primary objective of fiscal policy. The primary balance target for 2023 has been lowered from 3.5 to 1.7 percent of GDP and a 2023 budget has been passed that is consistent with the goal. This allows for a smoother path of adjustment that is now spread over 2023 and 2024. Higher social and investment spending and lower wage taxes will support this objective by providing a stable social environment in which to enact deep fiscal structural reforms. Spending on social programs has been increased by 1 percent of GDP and capital spending is also higher by 0.5 percent of GDP.[4] The government also lowered wage taxes (by 0.6 ppt of GDP). This more gradual consolidation will support the recovery but still puts debt on the firmly declining path.[5] Despite the smaller primary surplus, the average gross financing needs remain under 9 percent of GDP over the medium to long term.

[4] Additional capital spending will support delayed infrastructure projects due to lower capital outlays in the previous two years. In 2022, 87 percent of budgeted capital expenditures were executed.

[5] Compared to the 1st review, nominal GDP was revised up by 4.6 percentage points in 2021 and the stock of supplier arrears is estimated to be 3.7 percent of GDP lower (following completion of the audit). The combined effect has reduced end-2021 debt stock by around 8 ppt of GDP.

Suriname: Fiscal Developments



Sources: CBvS, Ministry of Finance, and IMF staff calculations.
1/ Cumulative for the quarterly outcome of above-the-line primary balance in 2022.

9. To reach the government's fiscal targets in 2023 and 2024, the authorities are implementing a range of revenue and expenditure measures described in text table below, including:

- *VAT*. Enactment of the VAT was a major achievement of 2022. However, replacing the sales tax which yielded 2.9 percent of GDP with the VAT will not achieve the desired additional savings of 0.9 percent of GDP by end-2024 without a sufficiently broad base. The authorities have, therefore, [submitted] to the National Assembly an amended VAT Act that (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 at least 60 percent of household consumption ***(prior action, pending)***. These amendments are expected to be enacted by end-July 2023 *(proposed new SB)*. The tax administration is also speeding up its efforts to register companies for the VAT and working to ensure timely and accurate VAT refunds for eligible exporters.

- *Wage bill*. After a 52 percent wage increase last year, nominal public sector wages were unchanged from August 2022 to April 2023 despite strong inflationary pressures. In May, the authorities reached an agreement with the unions to increase wages through cost-of-living bonuses. The government is committed not to increase wages or increase hiring further this year, with the goal of reducing the public wage bill to 7 percent of GDP or lower by end-2024.[6]

[6] The government has recently completed the registration process for all civil servants and has submitted to the National Assembly an amendment to the Personnel Act, which allows payment to be halted for those who have not registered. The authorities are also offering voluntary separation packages to reduce the government headcount, but the uptake has been small. Savings from these measures are not in the baseline.

- *Fuel subsidies*. In March, 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.

- *Electricity subsidies.* The government has renegotiated power purchase agreements, and has announced an increase in the average electricity tariffs by 28 percent and the phasing out of lump-sum billing discounts ***(prior action, completed)***. Tariffs will be adjusted each quarter to reach cost-recovery by end-2024. The authorities aim to limit the impact of the planned tariff increases on the poorest households through offsetting social assistance programs (see below). IMF technical assistance will help the authorities assess the distributional impact of the removal of electricity subsidies and the accompanying mitigating measures. Staff commended the authorities for building public consensus for these difficult reforms through an inclusive decision-making process and increased transparency, including sharing with key stakeholders information on the model used to determine the cost recovery price.

- *Cash transfers.* To compensate for higher fuel, food and energy costs, 60,000 poor and vulnerable households will receive a cash transfer of SRD 1800 per month.[7] By end-April the authorities have transferred an additional SRD 154 million to poor and vulnerable households in 2023, complementing the traditional social protection programs.[8] The government will complete a review of social protection public expenditure and publish a time-bound strategic plan to improve the efficiency and effectiveness of social benefits *(end-September 2022 SB, proposed to be reset to end-July 2023)*.

- *Procurement practices.* With IFI technical support, the authorities intend to incorporate a procurement module into their Integrated Financial Management Information System to improve spending efficiency.

10. Capacity development is being provided to improve fiscal institutions and data provision (Annex II). A large taxpayer unit has been established, an audit of domestic supplier arrears has been completed, and the legal mandate of the debt management office has been expanded (SBs under the program). The end-December 2022 benchmark on the publication of audited financial reports of the ten largest SOEs has not been met; it is proposed to be reset for end-December 2023.

[7] Staff analysis suggests that the welfare loss from a 25 percent increase in electricity and diesel prices for the poorest 60 percent of households can be fully compensated by targeted cash transfers costing 0.3 percent of GDP.

[8] To improve targeting and coverage, the IDB is supporting the government in creating a Monitoring and Evaluation Unit within the Ministry of Social Affairs and Housing, and in expanding and digitalizing a unified beneficiary database. IMF technical assistance on electricity subsidies will evaluate the design of the Social Beneficiary Program and suggest reforms as needed.

11. To further strengthen fiscal institutions, the authorities are committed to: (i) establishing a central institutional repository which lists all public entities (*proposed new SB for end-June 2023*) to improve fiscal data quality; (ii) publishing quarterly budget execution reports (*proposed new SB for end-September 2023*) to improve fiscal transparency and (iii) issuing a State decree to provide the Minister of Finance the authority to access all banks accounts held by government entities at commercial banks *(proposed new SB for end-December 2023)* to limit the accumulation of new expenditure arrears.

Suriname: Contributions to Fiscal Adjustment
(In percent of GDP)

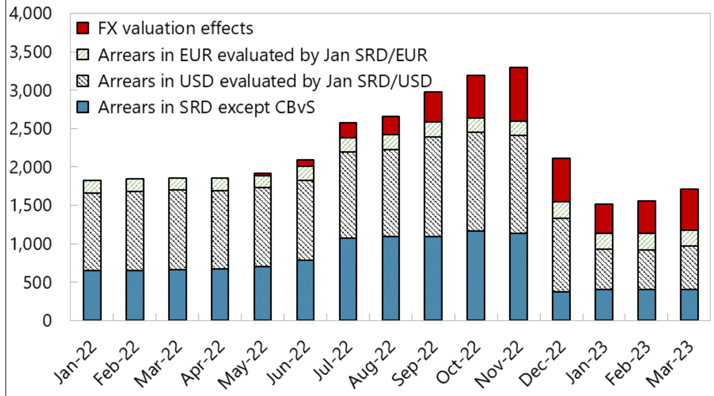
	2022	2023	2024	Total	Original prog. [1/] Total
Annual change of Primary Balance	**2.3**	**0.7**	**1.8**	**4.8**	**5.8**
Adjustment from Policy Changes	**1.8**	**2.6**	**4.2**	**8.5**	**7.6**
Revenue measures	**1.1**	**0.7**	**1.9**	**3.7**	**4.0**
Replacing sales tax with VAT	0.0	0.3	0.6	0.9	1.4
Sales tax increase on G&S	0.2	0.0	0.0	0.2	0.4
Royalties increase for gold miners	0.4	0.2	0.3	0.9	1.5
Income tax	0.2	-0.4	0.1	-0.1	0.3
Corporate tax	0.2	0.0	0.1	0.3	0.3
Customs duties administration	0.0	0.1	0.0	0.1	0.1
Scaling back exemptions	0.0	0.2	0.2	0.4	…
Air navigation charge increases	0.0	0.3	0.0	0.3	…
Land lease fee increases	0.0	0.0	0.6	0.6	…
Expenditure measures	**0.7**	**1.9**	**2.2**	**4.8**	**3.6**
Wage bill restraint	-0.5	1.5	0.1	1.1	2.2
Goods and services expenditure	1.5	0.0	0.2	1.7	-0.3
Phased electricity subsidy elimination	0.5	1.0	1.7	3.2	2.8
Phased fuel subsidy elimination	-1.8	1.6	0.3	0.0	…
Social programs spending	-0.5	-1.0	0.0	-1.5	0.0
Other transfers and subsidies	2.0	-0.2	0.0	1.9	0.6
Capital spending	-0.6	-1.0	0.0	-1.6	-1.7
Contribution by Non-Policy Factors	**0.5**	**-1.9**	**-2.4**	**-3.7**	**-1.8**
Revenue	**0.6**	**-1.5**	**-2.4**	**-3.3**	-1.8
Expenditure	**-0.1**	**-0.4**	**0.0**	**-0.5**	0.0
Memo					
Primary Balance	1.1	1.7	3.5		
Primary Balance at 1st Review	1.7	3.5	4.5		
Annual change of Primary Balance at 1st Review	3.1	1.7	1.0	5.8	

Sources: MoFP and IMF staff calculations.
[1/] See IMF Country Report No. 21/280

B. Debt Restructuring

12. The authorities accumulated sizable domestic debt and supplier arrears in 2022 and are now going through a process to clear these arrears. The authorities have cleared arrears on domestic debt of SRD 1.2 billion in December 2022 and USD 21 million in January 2023. They have prepared a concrete action plan to complete the payment (or restructuring) of the remaining domestic debt arrears by end-2023. The negotiations to restructure legacy debts to the central bank are ongoing and should be finalized by September 2023. The government has completed the audit of 2015-21 supplier arrears, recording a stock of SRD 2.1 billion at end 2021 (3.7 percent of GDP lower than previously estimated). The authorities have cleared SRD 0.7 billion so far this year and plan to clear at least SRD 0.3 billion more by end-year. Restoring reliable payments on the government’s obligations is an essential step to restore investor confidence and unwind the effect of recent nonpayment has had on the banking system. To monitor the supplier arrears and prevent further arrears accumulation, improvements are being made in cash management and commitment controls and the recently-established Treasury Department is working to strengthen cash forecasting. In addition, the government is in the process of developing the Treasury Single Account and improving the paymaster system, including through the IMF's technical assistance, and the program envisages stronger discipline and monitoring of supplier arrears when the government's capacity is improved.

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



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

13. Debt negotiations are ongoing.

- An agreement was reached in June 2022 with Paris Club (PC) creditors for a two-step debt treatment and bilateral agreements with all of the PC creditors have now been completed (except for Italy where a signing of the bilateral agreement is pending).

- The authorities presented restructuring offers to China and India in July 2022. An agreement on 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. With these, financing assurances provided from India are fully consistent with program parameters. A good faith negotiation is ongoing with EXIM China, including through diplomatic channels. The Surinamese authorities are committed to continue to work with all bilateral creditors to achieve debt treatments that are consistent with program parameters.

- In January 2023, Telesur, the state-owned telecommunication company, made an erroneous payment of USD 7 million to EXIM China.[9] The government has requested full reimbursement of the payment and controls have been put in place to prevent further such payments, including by requiring MoFP officials to be present at any meetings between Telesur and EXIM China, by issuance of Finance Minister's letter to all the parties involved (including Exim China) such that no payment on the Telesur's loan to EXIM China will be made until a restructuring agreement within the parameters of the IMF EFF program have been reached, and by issuance of a Presidential Decree stating that the debt restructuring process will be respected and payments by Telesur are prohibited until the debt restructuring agreement between Suriname and China has been reached. The authorities made a commitment to reflect the payments to EXIM China in

[9] This is the second instance of payment to EXIM China with the first one made in February 2022 (see IMF Country Report No. 22/90).

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. The agreement encompasses (i) a 25 percent nominal haircut, (ii) a coupon rate of 4.95 percent until January 2026 with an additional 3 percent per year capitalized and of 7.95 percent afterwards, and (iii) a value recovery mechanism linked to a new revenue stream from an expected oil development project.[10]

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

C. Tackling Inflation

14. Monetary policy effectiveness under the reserve money targeting framework has been restrained by structural features of the financial system and lingering asset quality concerns. To contain local currency liquidity the CBvS has diligently conducted weekly open market operations. However, banks have been reluctant to increase their exposure to CBvS' liabilities and auctions of term deposits have persistently been undersubscribed leading to higher-than-targeted reserve money outturns.[11] The uneven distribution of liquidity across the banks and unstable demand for local currency has resulted in large swings of short-term interest rates and very limited transmission of rates on central bank liabilities to deposit or lending rates, which is also impaired by bank credit quality concerns.[12] To address these challenges, the CBvS has complemented wholesale auctions of term deposits with direct issuances of central bank certificates to investors (CBCs). However, these efforts have mostly resulted in a reallocation from term deposits to CBCs without meaningfully reducing liquidity that is concentrated in the larger banks. These challenges in monetary operations have resulted in insufficiently tight monetary conditions, weakening the exchange rate and adding to inflationary pressures.

[10] The VRI capitalizes 120 percent of the nominal haircut (25 percent). Allocation to the VRI is limited to 30 percent of royalty revenues from an expected oil development project with the first USD 100 million secured for the government. Note that DSA does not incorporate new revenue stream from the expected oil development project nor debt services to the VRI given that FID on the project has not been made. The new oil development should be considered as upside risk for DSA, even after considering the implication of VRI, because the allocation to the VRI is limited to a fraction of the loyalty revenues. (c.f., loyalty revenue represents 18 percent of total mining revenue in 2022.)

[11] While bank free reserves are largely tied up in OMOs and the returns from CBvS term deposits are attractive relative to alternative LC assets, the banking system liquidity is heavily concentrated in a few large banks which are reluctant to rely too heavily on exposures to central bank liabilities at the expense of lending to the private sector. Other banks' OMO auction participation has been constrained by their tight liquidity conditions.

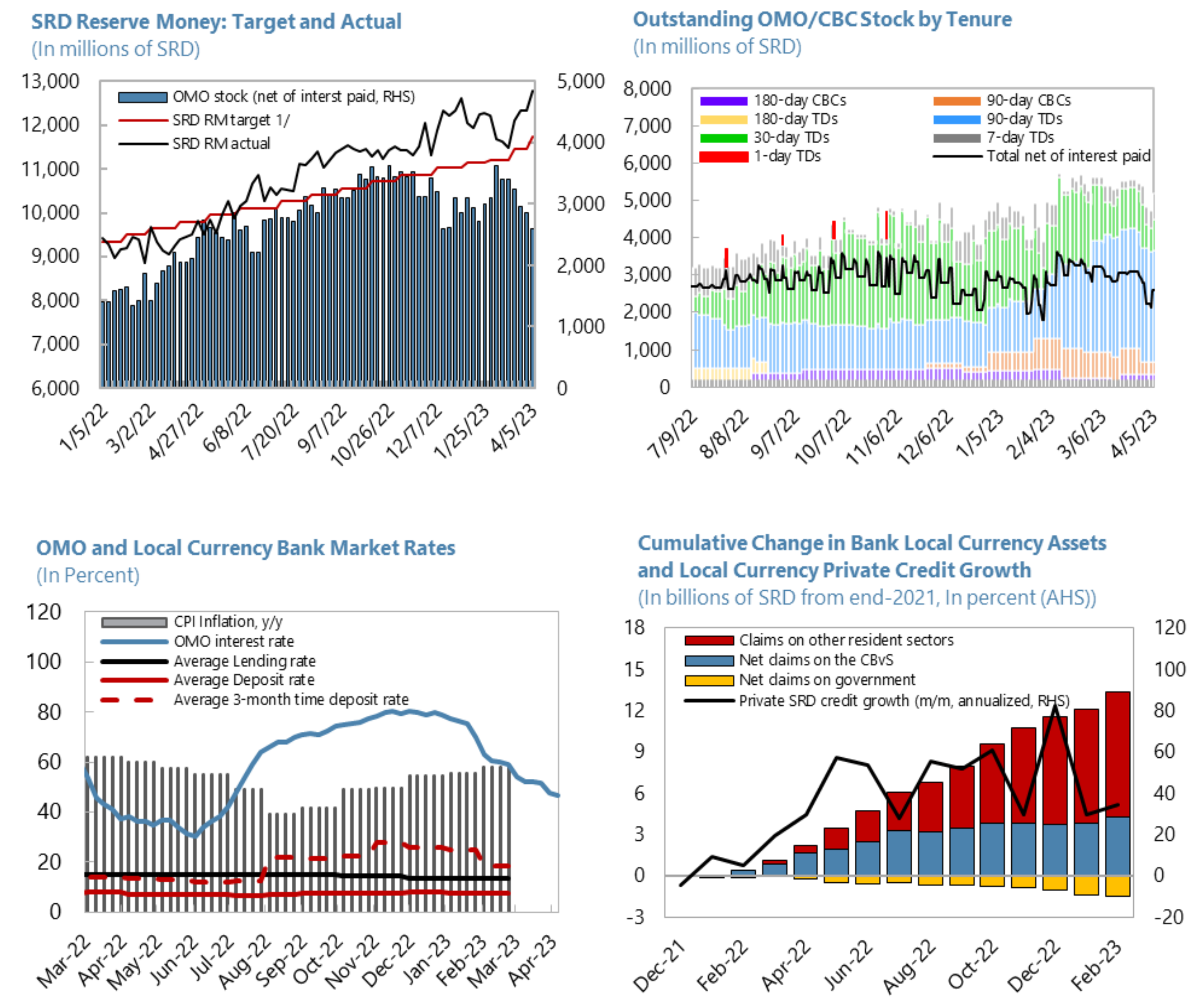
[12] Policy rates increased substantially in 2022 when, to narrow the breach of the program NDA targets, the CBvS fully allotted all term deposit bids in thinly participated auctions. Rates have since declined without a meaningful change in the outstanding stock of reserve money. Transmission issues also reflect weak credit quality of bank assets and rigidity in lending rates imposed by concerns over borrower repayment capacity. The large, cash-based informal economy also poses challenges in judging liquidity conditions.

15. The CBvS has recently taken further tightening measures to reduce growth in local currency liquidity and reduce inflation in line with the program monetary targets. Complementary to ongoing term deposit and CBC issuances to reduce system liquidity, on April 2023 the reserve requirement for LC deposits was increased from 39 to 44 percent. [13] The CBvS also put in place informal guidance, in consultation with banks, to contain the growth in bank credit over the next 12 months.[14] Larger banks are likely to meet the higher reserve requirement by reducing their holdings of central bank term deposits but there is some preliminary evidence that smaller banks are increasing deposit and lending rates in response. The CBvS will review the impact of these measures by end-June 2023 and, in consultation with staff, take further steps as needed to meet their reserve money targets.

[13] The effective reserve requirement is several percentage points lower due to a deduction that is allowed for bank lending under a subsidized housing facility. The reserve requirement on FX deposits is 50 percent.

[14] The guidance does not impose a strict ceiling nor any specific enforcement mechanism, but encourages compliance through a monthly monitoring in consultation with the banks. The objective is to contain growth in nominal local currency private sector credit to 20 percent as measured after a one-year period from April, 2023.

Suriname: Key Monetary Developments



Sources: CBvS and IMF staff calculations.

1/ CBvS RM target path after end-2022.

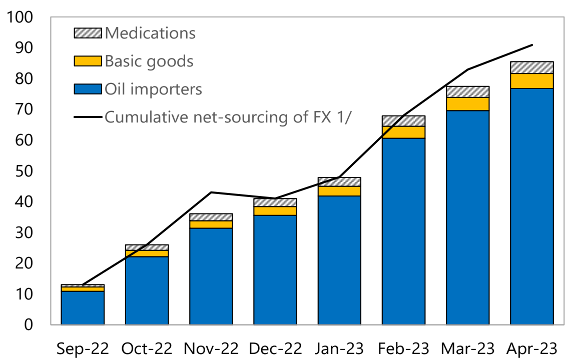
16. The CBvS has refrained from FX interventions but the government has taken steps to provide FX resources to importers of essential goods.[15] The government sold US$13 million in February (mostly to fuel importers) and has been allowing mineral companies to pay some of their government revenue obligations in local currency on grounds of mitigating disruptions to supply of fuel and basic goods. A new quantitative performance criterion (paragraph 19) is proposed to limit the sale of FX mineral revenues to the market, which has been tantamount to indirect FX

[15] In addition, the CBvS tightened its compliance enforcement of prudential limits on banks' net open FX positions in July 2022, with seven out of the nine banks meeting the requirement (i.e. maximum of 10% Tier-1 per currency and total NOP not exceeding 20% of Tier-1 capital) on a continued basis.

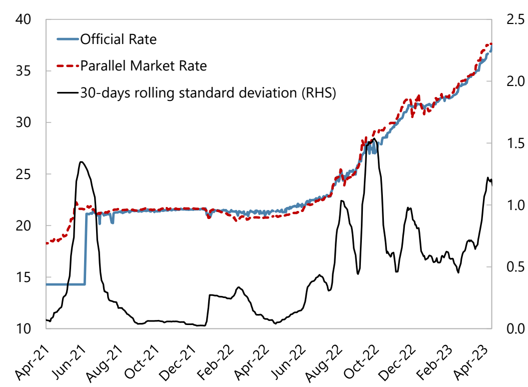
intervention by the government, and to support continued accumulation of international reserves.[16] As of end-July 2022, exporters of gold, and from September 9, 2022, exporters of other goods are required to surrender 35 percent of their repatriated earnings to local banks with correspondent bank relationships.[17] In late-March the President announced a range of administrative measures to combat speculative activity in the FX market and the authorities committed to consult with staff ahead of issuing any associated regulations to ensure that they are consistent with the program and do not impede the functioning of the FX market.

Suriname: FX Sales and Exchange Rate Development

Government-instructed FX Sales to Importers
(In USD billions; cumulative)



Exchange Rate Developments
(SRD/USD)



Sources: CBvS and Staff calculations.
1/ Mineral revenue obligations transferred to a state-owned bank. Includes a transfer of USD 14 billion to government CBvS account for debt service in December 2022 and USD 13 billion transfer from government accounts in February 2023.

17. The government and CBvS are reviewing the Foreign Exchange Regulation of 1947 (FER) to make it consistent with the new Central Bank Act. In consultation with IMF staff, aspects of the FER that are not aligned with the Central Bank Act are being identified and a legislative amendment will be submitted to the National Assembly to modify those parts of the regulation that are deemed inconsistent with the powers and responsibilities of the central bank (proposed *new SB for end-December 2023*). In the meantime, the Foreign Exchange Committee will refrain from using any powers covered by these identified inconsistencies. A full review of the FER will be conducted with all relevant stakeholders by May 2024.

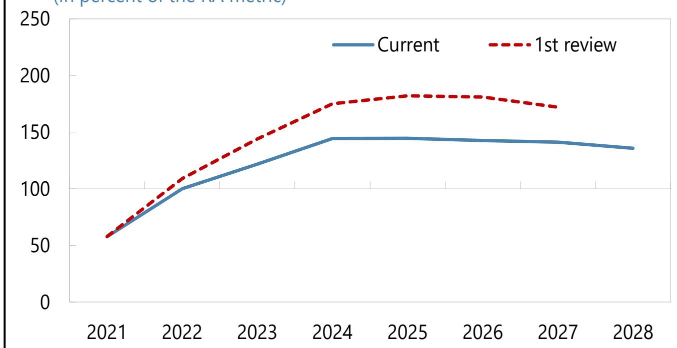
[16] In view of persistent risk of fuel and basic good supply disruptions due to importer FX shortages, the proposed criterion will accommodate limited continued supply of FX from the mineral companies. The ceiling on FX sales through this measure will be assessed as part of future program reviews and reduced as the economy stabilizes and market FX shortages ease.

[17] While the measure is not expected to meaningfully add to existing market supply of FX (repatriated earnings are already largely sold to the market), it is expected to support more timely FX availability.

18. Reserves are expected to remain adequate but at a lower level than previously envisaged. Lower IFI financing, higher projected debt service outflows, and a decline in mineral FX revenue from the 2022 outturn are expected to lessen the accumulation of reserves in 2023. However, the authorities have capped the amount of mineral revenues that can be paid in local currency (at USD 15 million per quarter) which provides a partial offset (proposed new QPC).[18] Limited FX sales to respond to disorderly market conditions (so far unused) will continue to be accommodated under the program. Finally, the implementation of an electronic platform for foreign exchange trading has been delayed by a slow procurement process and the need to incorporate AML/CFT controls into the system *(end-June 2022 SB that is proposed to be reset to end-September).*[19]

Suriname: Reserve Adequacy Projection

(In percent of the RA metric)



Sources: CBvS and IMF staff estimates.

Suriname: FX Cash Flow Projections

(Millions of USD)

	2022	2023	2024	Total
Inflow of FX (CBvS and Central Government)	**590**	**504**	**580**	**1,674**
Govt mineral and other FX revenues 1/	260	174	175	609
SDR allocation	0	0	0	0
IFI financing (budget support)	200	100	100	400
IMF financing	55	159	251	520
Other (incl. project financing)	76	71	53	200
Use of FX (CBvS and Central Government)	**386**	**337**	**342**	**1,063**
Debt service 3/	134	223	246	604
Transfers to CG units	97	114	96	307
PBOC swap reversal	154	0	0	154
Private sector (net)	**-2**	**0**	**0**	**-2**
Commercial banks' transfers (net) 2/	-2	0	0	-2
FX purchases by CBvS	0	0	0	0
FX sales by CBvS/CG	0	0	0	0
Change in Gross Foreign Reserves of CBvS (+: Increase)	**202**	**167**	**238**	**607**
Private sector	-2	0	0	-2
Public sector	204	167	238	609

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

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

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

Source: CBvS and IMF staff estimates

[18] Mineral revenue covered by the QPC is defined in the TMU.

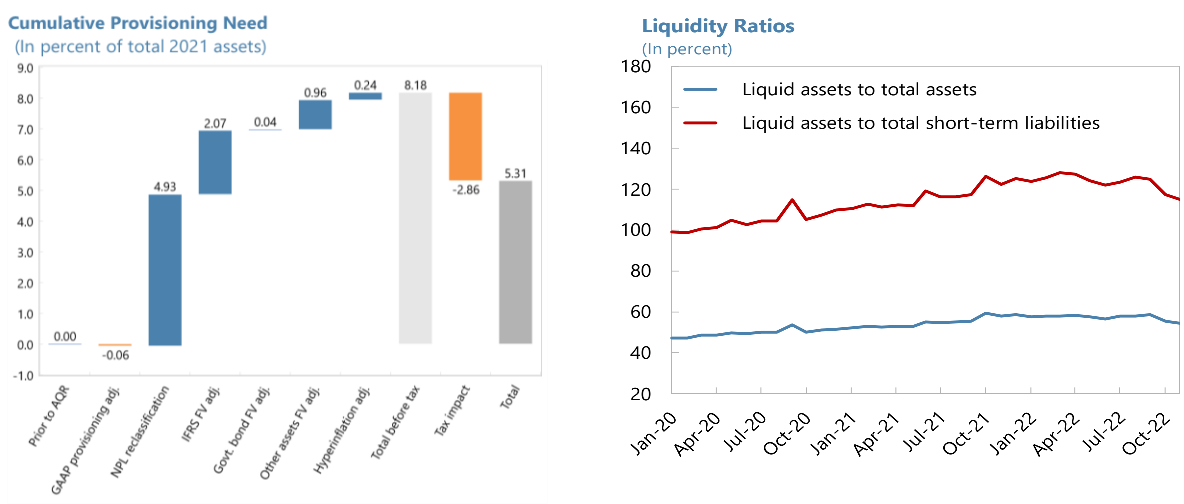
[19] The additional time will also permit expansion of the scope of participation in the FX trading platform to facilitate trading and market transparency between banks/cambios and gold exporters.

D. Addressing Banking Sector Risks

19. The banking system suffers from chronic vulnerabilities. Although the FSIs indicate that capital adequacy for the banking system as a whole rose to 16.8 percent in December 2022[20], four banks (27 percent of total bank assets) fell below the regulatory minimum. Furthermore, the AQRs that have now been finalized show substantial provisioning and recapitalization needs, albeit below the 5 percent GDP assumed in the program. 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). Bank asset quality is low, with NPLs at 12.4 percent of total loans. Banks are highly liquid (54.3 percent of total assets are liquid), due to high reserve requirements but excess reserves are concentrated in two large banks while the others are increasingly facing liquidity constraints as the further tightening of monetary policy takes effect and their financial space to compete with the more liquid banks is limited. CBvS can provide liquidity through its standing facility.

20. The CBvS is taking steps to reduce financial system vulnerabilities. The CBvS has submitted the draft Credit Institution Resolution Bill and the amendments to the Credit Institution Supervision Act to the State Council. They [have finalized] a roadmap to triage banks, apply conditions on the use of public funds, and unwind the existing regulatory forbearance ***(prior action, pending)*.** The CBvS will instruct the banks to incorporate the AQR results and review a time-bound recapitalization and restructuring plan for those that fall short of regulatory requirements (*proposed new SB for end-October 2023).* A new governance framework for the government-owned banks is being prepared and will be agreed between CBvS and MoFP to ensure they are run on a fully commercial basis *(proposed new SB for end-December 2023).*

Suriname: Bank Asset Quality and Liquidity



Sources: Central Bank of Suriname.

[20] This is largely due to the exchange rate depreciation (FX loans are over 50 percent of total loans).

E. Strengthening the Central Bank

21. **The Central Bank Act of 2022, enacted in April 2023, will strengthen the CBvS' mandate, autonomy, and decision-making.** The CBvS expects to publish its audited FY2020 financial statements by end-May. Due to the delay in finalizing the FY2020 audit, which is the first one on IFRS basis, CBvS was not able to prepare the FY2021 audit by April 2023, resulting in a need to reset the *SB with a new test date to December 2023*. CBvS will expedite the FY2021-22 audits in order to ensure the timely publication of the FY2022 audit *(proposed new SB for December 2023)*. The delay in the CBvS audit means the structural benchmark to develop a recapitalization plan by September 2022 needs to be reset as well. Based on the audited financial statements, the MoFP and CBvS will now finalize a recapitalization plan for the CBvS (*proposed new SB for* end-December 2023). The plan will include a clear target level of capital, a trigger point for recapitalization, and ensure the recapitalization is through marketable instruments that are recorded on the central banks' balance sheet at fair value. Losses incurred from the agreement to restructure the government debt to CBvS (¶12) will be incorporated into the CBvS' recapitalization plan.

F. AML/CFT and Governance

22. Capacity constraints have delayed implementation of key governance reforms. Strong engagement with the key stakeholders is needed to improve outcomes:

- 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 will be tasked with evaluating the Anti-Corruption Act with a view of enacting amendments to the Anti-Corruption legal framework (end-September 2023 SB). The revised Anti-Corruption legislation will facilitate the routine verification of income and asset declarations for high-ranking and high-risk public officials, which is of critical importance.

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

- A 2022 assessment by the Caribbean Financial Action Task Force (CFATF) identified several technical compliance deficiencies and placed Suriname on enhanced follow up.[21] In November 2022, the authorities enacted a new Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) law (SB implemented with a delay) to bring it into line with international standards and to address key technical compliance deficiencies. To comply with FATF requirements, Suriname must implement several recommendations and improve effectiveness in all areas of the AML/CFT framework, including: (i) enhancing AML/CFT supervision for all

[21] 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).

financial institutions (credit union, insurance, and pension fund sectors) and developing and implementing risk based supervisory framework for Designated Non-Financial Businesses and Professions (DNFBPs); (ii) making available adequate human, financial, and technological resources to the Financial Intelligence Unit, (iii) amending the framework for targeted financial sanctions, (iv) increasing ML/TF related investigations, prosecutions and confiscations, and (v) amending 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.

PROGRAM ISSUES

23. Waivers for the nonobservance of PCs are requested. These include a waiver for the breach of the end-December 2022 QPCs[22] based on corrective actions taken by the authorities to bring the program on track[23], for the breach of continuous PCs[24] based on their temporary nature.

24. There are the following prior actions for completion of the second review (see LOI/MEFP):

- Submission to the National Assembly of the amended VAT law that (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and (ii) additionally, imposes the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption. *This prior action is currently pending.*

- Finalization of a roadmap to triage banks based on results of the AQR, including their recapitalization and restructuring and the adoption of initial key measures and revisions of provisioning guidance to address identified deficiencies. *This prior action is currently pending.*

- Public announcement of the planned 28 percent average electricity tariff increases and phasing out lump-sum billing account. *This prior action has been completed.*

25. Staff propose adapting program conditionality as follows:

- **Quantitative targets.** The QPCs and ITs are proposed to be adjusted in line with the revised macro-framework. To support continued accumulation of international reserves in line with program objectives, a new QPC is proposed to put a ceiling on the amount of mineral revenue

[22] End-December 2022 QPCs were breached on the floor on the primary fiscal balance (cash basis) of central government; and the ceiling on net domestic assets of the central bank.

[23] Including through the conservative 2023 Budget and accompanying revenue measures, as well as the recent monetary tightening measures taken by the CBvS.

[24] Continuous PCs on (i) the zero ceiling on direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector; and (ii) the ceiling on the non-accumulation of central government external debt arrears were breached. A standard continuous PC against introduction or modification of MCP was breached but the MCP was eliminated shortly thereafter. The government has provided assurances that government bilateral FX sale to local oil importers sales will not be repeated.

that can be paid in local currency (Table 12). Quarterly QPCs are proposed through end-June 2024.

- **New SBs are proposed** in areas of public financial management, banking sector reforms and foreign exchange regulation (Table 13).

- **Missed SBs** are proposed to be reset with later deadlines (Table 13).

26. Access and capacity to repay. Reflecting delays in program implementation, reduction in the total number of reviews, and large reserve buffers built into the original program, the total access under the extended arrangement is proposed to be reduced from 366.8 percent of quota to 297.8 percent of quota (SDR 383.9 million) and this access is proposed to be rephased across the remainder of the arrangement (Table 10). Suriname's capacity to repay continues to be assessed as adequate under the program baseline, but subject to significant risks. Fund credit outstanding will peak in 2024 at 43.1 percent of usable reserves (14.3 percent of GDP, Table 11). Annual debt service to the Fund peaks in 2029 at 3.8 percent of exports of goods and services and 11.1 percent of usable reserves.

27. Lending into arrears and progress with debt restructuring:

- The stock of external arrears is estimated at USD 385 million (14 percent of GDP) at end-2022, including USD 107 million to China, USD 13 million to India, USD 8 million to Paris Club creditors[25], and USD 257 million to private creditors. The authorities have accumulated technical arrears of USD 0.6 million to multilateral creditors at end-2022 (¶5), but these have already been cleared by March 2023.

- The authorities have presented debt restructuring proposals to China and India. The agreement with India was reached in May 2023. China has provided consent to proceeding with Fund financing despite official arrears. The authorities have reiterated their commitment to maintaining comparable treatment between official creditors and intend not to make payments to official creditors until a debt treatment is finalized.[26]

- On May 3, the authorities reached an-agreement-in principle with bondholders. The authorities remain engaged in good faith negotiations with the other private creditors, which represent about 5 percent of arrears to external private creditors at end-2022, and are deemed to meet the requirements under the Lending Into Arrears policy.

- The authorities are making efforts to restore fiscal discipline through a conservative 2023 budget (¶9) and their adjustment efforts are not undermined by developments in debtor and creditor relationships. In addition, they have made progress in restructuring with external creditors by

[25] The arrears to Paris Club creditor are attributed to Italy to which a bilateral agreement was not made at end 2022.

[26] Under the LIOA policy, where OSI is required, the Fund may provide financing despite arrears on direct bilateral claims in carefully circumscribed circumstances (IMF 2022 Box 2).

reaching agreements with Paris Club creditors, India, and bondholders (¶13), and the authorities are making their best efforts to conclude remaining restructuring negotiations with China, including through diplomatic channels. Therefore, it is assessed that the remaining arrears do not undermine the medium-term external viability of Suriname's balance of payments and its capacity to repay the Fund. Staff will continue to assess progress in debt restructuring as part of the regular financing assurances review at each program review.

28. Financing assurances. Access under the EFF is helping Suriname meet its sizable balance of payments and budget financing needs. Suriname's program remains fully financed, with firm commitments of financing for the next 12 months and good prospects for adequate financing for the remaining program period.[27]

Suriname: Proposed Program Financing
(In millions of US dollars)

	2021	2022	2023	2024	**Total**
Financing gap	237	423	422	444	1,526
Official financing	34	255	259	351	899
O/w: IMF	34	55	159	251	499
Purchases	55	55	159	251	520
O/w: for budget support	56	53	102	50	261
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	164	93	257

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

29. Downside risks to the program remain elevated. The main downside risks include: (i) a delay in key reforms—including reducing electricity subsidies or further increasing public sector wages—due to political constraints; (ii) rising NPLs, an insufficient financial sector restructuring or a materialization of risks in the financial system that create capital outflows and financial instability; and (iii) insufficient debt relief from debt restructuring. Weak capacity also creates a material risk of future misreporting. There are, however, significant upsides to medium-term prospects arising from the potential for new oil developments. These would serve to boost growth, increase export and fiscal revenues, strengthen the balance of payments and debt dynamics, and expand the envelope for debt restructuring (including through the agreed value recovery mechanism offered to private bondholders).

[27] The only IFI currently lending budget support loans to Suriname in the IDB. It 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. The budget support in 2023 is reduced by USD 50 million in the baseline compared to the 1st review, reflecting higher disbursements in 2022.

STAFF APPRAISAL

30. Suriname is continuing its slow post-pandemic recovery. The shock of higher commodity and food prices in the second half of 2022 exacerbated the significant pre-existing policy challenges and eroded performance under the program. The fiscal response to the commodity price shock in the second half of 2022 led to an accumulation of debt and suppliers arrears and injected local currency liquidity that pressured the exchange rate. The economic environment remains fragile, with rapid exchange rate depreciation and high inflation imposing a heavy burden on society, especially the most vulnerable. The government also faces a challenging domestic social and political climate to implement its reform program.

31. The authorities are working to restore a more prudent fiscal policy. The approved 2023 budget targets a lower deficit and contains concrete measures on both revenue and expenditure side. The authorities' fiscal policy is increasingly pro-poor and better targeted which has created some fiscal space to expand investment in physical and human capital. Distortionary and costly electricity subsidies are being phased out, untargeted fuel subsidies have been eliminated, and reforms to strengthen fiscal institutions are underway. There has been a good progress in debt restructuring and policies are being put in place to prevent the future accumulation of arrears.

32. The challenge now is to fully implement the budget and resist pressures for additional spending. The authorities' fiscal plans have been recalibrated to provide space for additional spending on key priorities and to smooth the adjustment process. Debt remains on a firmly downward trajectory and is judged to be sustainable.

33. The central bank has taken important measures to tighten monetary conditions. An increase in local currency reserve requirement and informal guidance to contain private sector credit growth should help improve the CBvS's capacity to meet its reserve money targets and reduce inflation. Nonetheless, the uneven distribution of system liquidity and asset quality concerns at the banks continue to interfere with monetary transmission.

34. The authorities have reiterated their commitment to a flexible exchange rate and to refrain from direct FX intervention, except in the case of disorderly market conditions. Scope has been provided for mineral exporters to sell some part of their FX tax revenues to importers of essential goods but the government continues to prioritize rebuilding international reserves. The authorities are reviewing the Foreign Exchange Regulation to ensure the central bank is fully empowered to meet the responsibilities defined in the new Central Bank Act. Efforts continue in improving the functioning of the foreign exchange market.

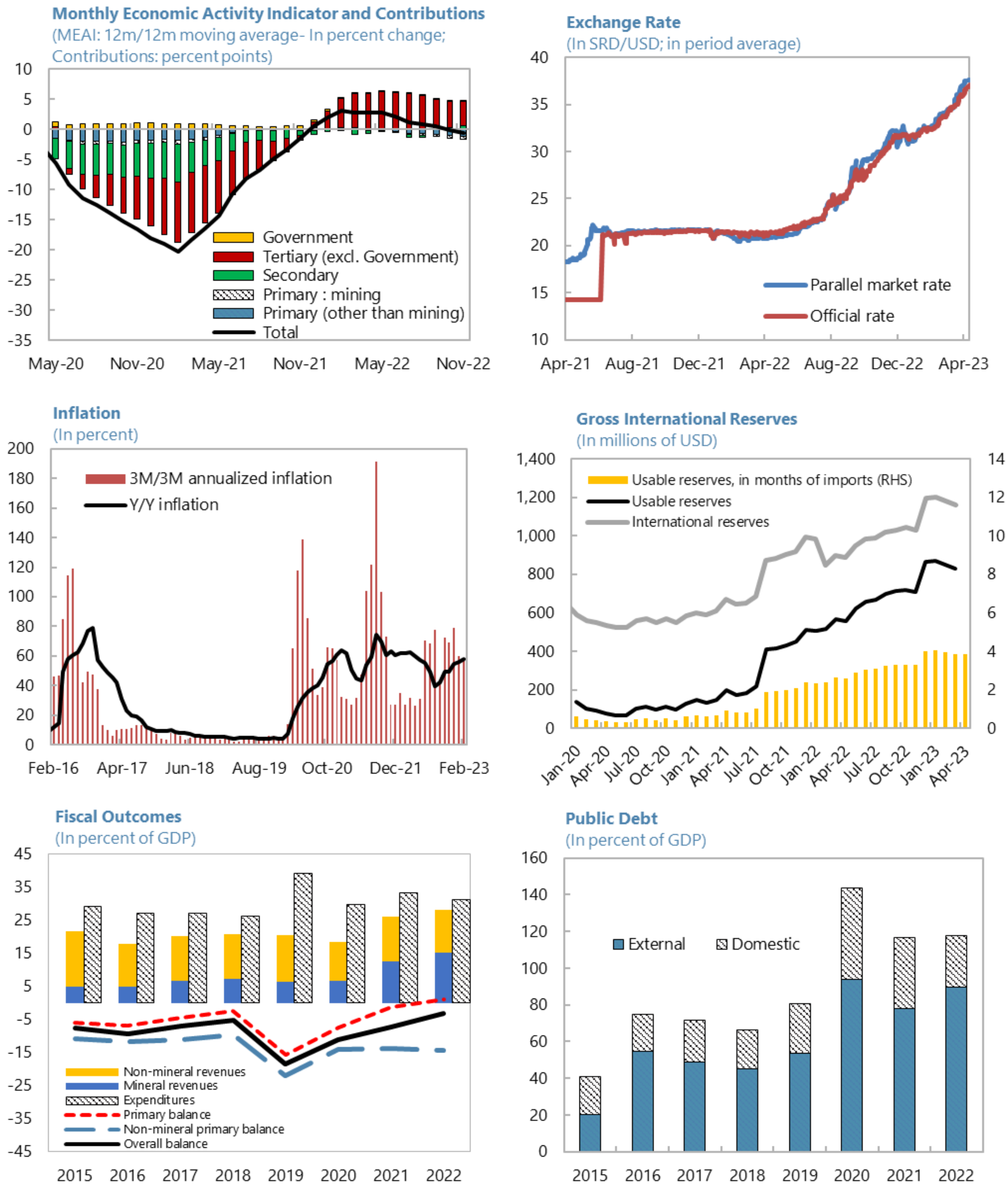
35. Governance reforms and the recapitalization of the central bank are underway. The enactment of the new Central Bank Act in April 2023 represented a significant milestone in strengthening the CBvS' mandate, autonomy and decision-making and should be implemented without delay. It should also help ensure that the CBvS is insulated from political interference. Progress towards normalizing the annual external audit cycle is needed. The publication of these audits will increase transparency. Finalization of a recapitalization plan is important to strengthen the CBvS' financial autonomy and safeguard its independence.

36. Financial sector reforms are progressing. The AQR for the banking sector and the post-AQR roadmap for corrective actions have been finalized and legislation amending the Credit Institutions Supervision Act and introducing a Credit Institutions Resolution Bill are expected to be adopted by end 2023. The CBvS is focused on the restructuring and recapitalization of the banks and, together with the MoFP, will work to improve the governance of state-owned banks.

37. Improving the AML/CFT framework and reducing corruption remain a priority. The recent passage of the AML/CFT law and the operationalization of the Anti-Corruption commission are important steps. Enacting a new procurement law that mandates the publication of beneficial ownership information would also be an important improvement. Finally, work to amend the anti-corruption legal framework should proceed expeditiously.

38. The efforts of the authorities to re-establish macroeconomic discipline merit Fund support. The authorities are committed at the highest levels of government to restoring stability, despite the challenging domestic and external environment. Staff supports the authorities' request for rephasing and reduction of access under the EFF arrangement, as well as their request for waivers for the nonobservance of two end-December 2022 PCs, two continuous QPCs and the continuous PC on 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 second review under the EFF arrangement and the completion of financing assurances review.

Figure 1. Suriname: Recent Economic Developments

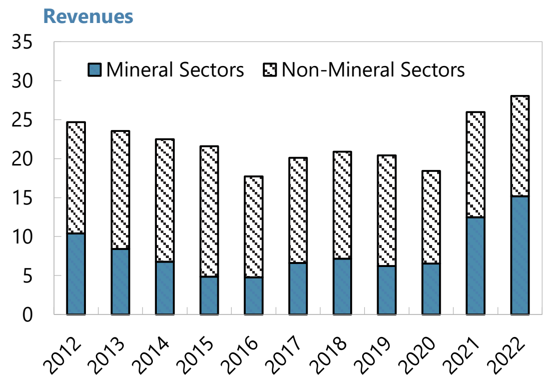


Sources: Central Bank of Suriname, General Bureau of Statistics, Ministry of Finance; SDMO and IMF staff estimates.

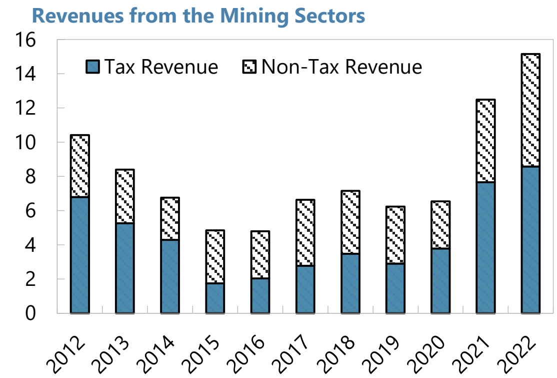
Figure 2. Suriname: Fiscal Developments, 2012–22

(In percent of GDP)

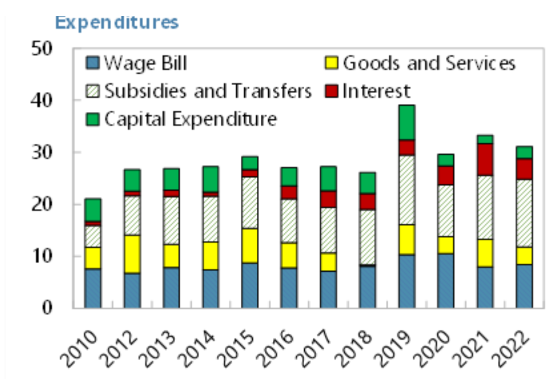
Total revenues have improved markedly in 2021-22, due to the marked increase from mining revenue....



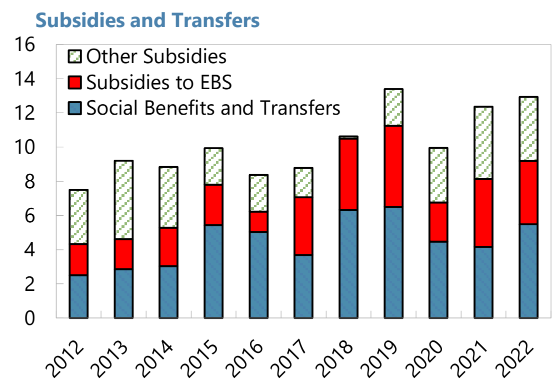
...and enhanced collection effort on tax revenue.



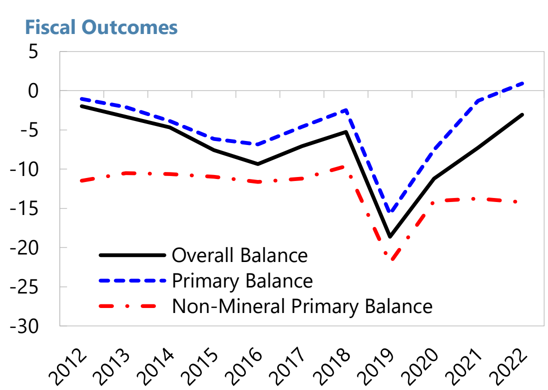
The government continues to exercise restrain to limit the growth of government expenditure.



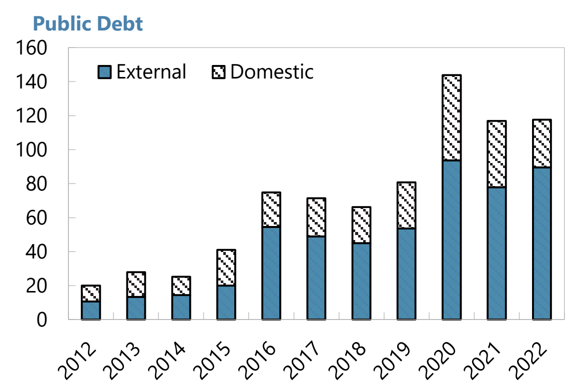
Nevertheless, subsidies to the electricity sector have increased due to very low tariffs and rising costs of generation, on the back of the surge in international oil prices.



Overall, fiscal positions have improved in 2022...



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

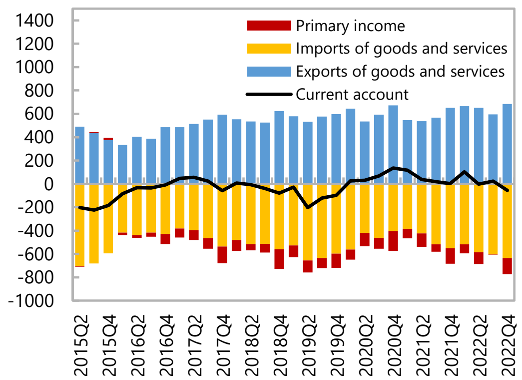


Sources: Ministry of Finance; and IMF staff estimates.

Figure 3. Suriname: External Sector Developments

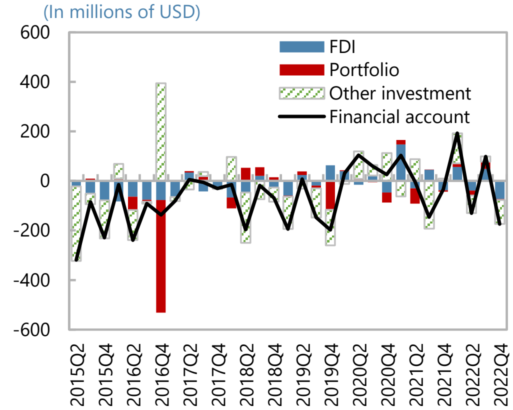
Suriname has undergone a substantial current account correction, following the deterioration in 2019.

Current Account
(In millions of USD)



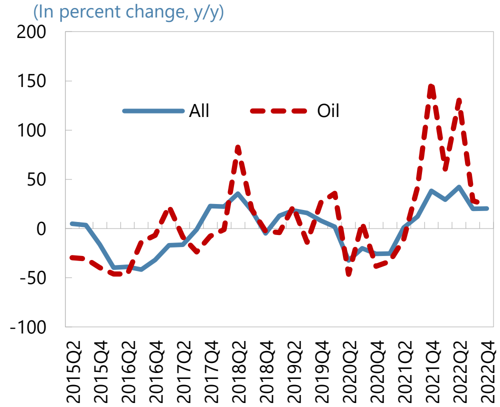
The financial account has strengthened due to the SDR allocation and IFI financing.

Financial Account
(In millions of USD)



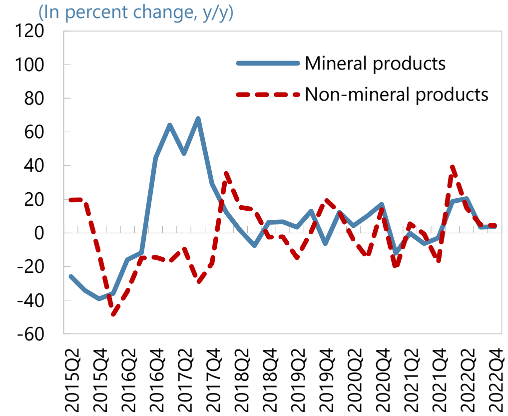
Oil imports increased substantially reflecting higher global prices and local fuel subsidies ...

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



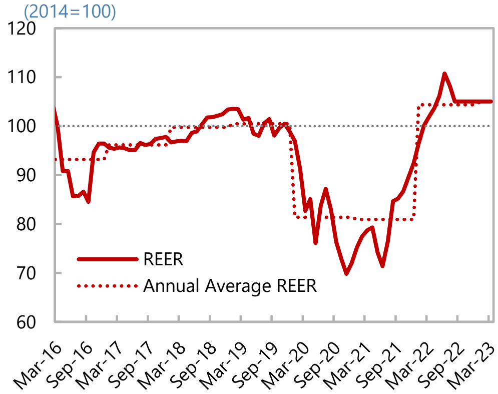
... while export performance also improved.

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



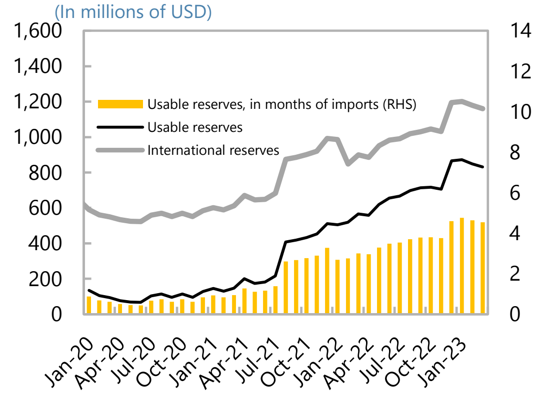
After significant depreciation, REER has started to appreciate since mid-2021.

Real Effective Exchange Rate
(2014=100)



International reserves increased with IFI disbursements and higher FX mineral revenue.

Gross International Reserves
(In millions of USD)

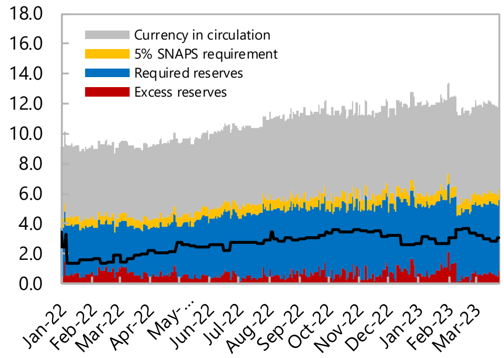


Sources: International Financial Statistics (IFS); Central Bank of Suriname; and IMF staff estimates.

Figure 4. Suriname: Monetary Developments

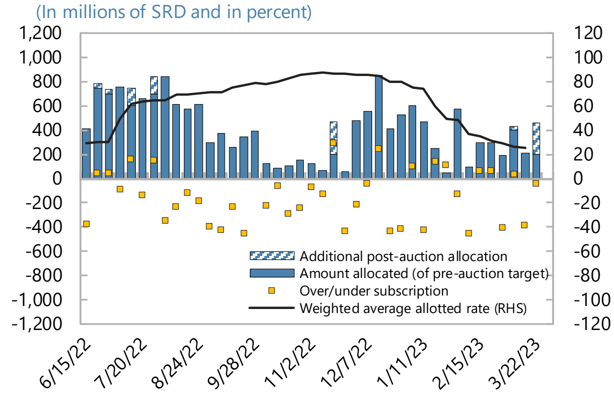
SRD Required/Excess Reserves and Currency in Circulation

(In billions of SRD)



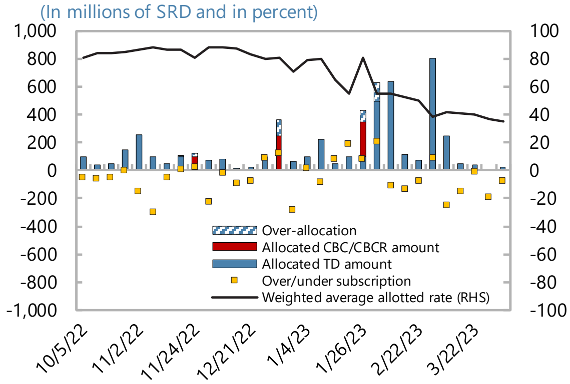
OMO Auctions, 7-day

(In millions of SRD and in percent)



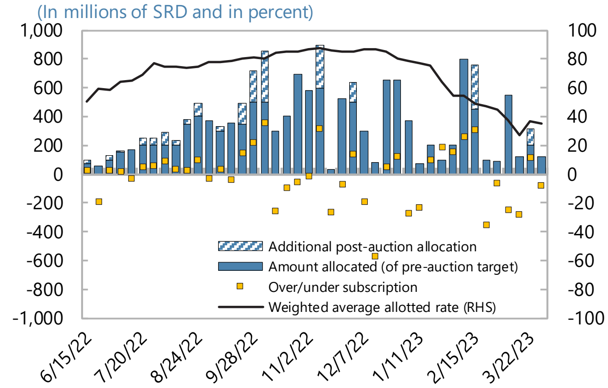
OMO/CBC Auctions, 90-day 1/

(In millions of SRD and in percent)



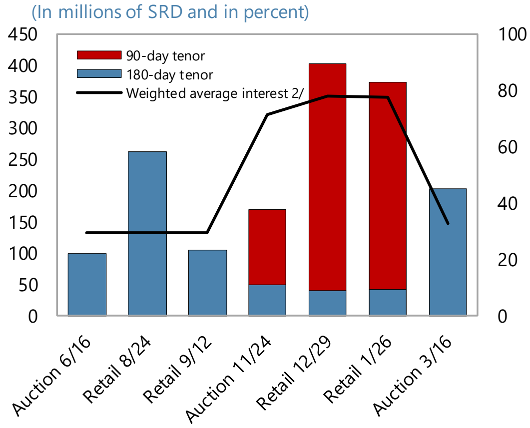
OMO Auctions, 30-day

(In millions of SRD and in percent)



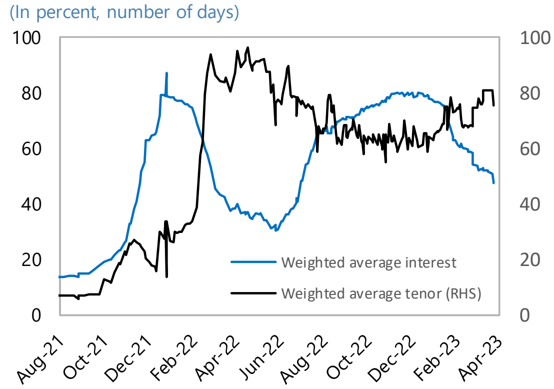
CBC Wholesale Auctions and Retail Issuances

(In millions of SRD and in percent)



OMO/CBC Stock weighted Average Interest and Tenor

(In 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	2024	2025	2026	2027	2028
Real sector (percent change)										
Real GDP	1.1	-15.9	-2.7	1.3	2.3	3.0	3.0	3.0	3.0	3.0
Nominal GDP	5.6	21.8	53.3	47.5	52.1	32.1	18.3	13.9	11.9	8.1
GDP deflator	4.4	44.9	57.6	45.6	48.7	28.3	14.9	10.6	8.6	5.0
Consumer prices (period average)	4.4	34.9	59.1	52.5	47.3	30.7	17.1	11.9	8.7	5.0
Consumer prices (end of period)	4.2	60.7	60.7	54.6	36.4	18.5	13.2	10.4	7.4	5.0
Labor market (percent)										
Unemployment rate	8.8	11.1	11.2	10.9	10.6	10.3	10.0	9.9	9.0	8.5
Labor force participation rate	60.7	58.8	58.1	58.4	58.7	59.1	59.5	59.9	60.3	60.7
Money and credit (percent change)										
Broad money	4.7	65.0	45.3	45.1	48.2	19.6	17.1	14.9	10.4	8.1
Broad money (percent of GDP)	61.2	82.9	78.5	77.3	75.3	68.1	67.4	68.0	67.1	67.1
Reserve money	92.8	33.6	48.0	44.8	43.1	20.6	18.1	13.3	10.7	8.1
Reserve money (percent of GDP)	30.5	33.4	32.3	31.7	29.8	27.2	27.2	27.0	26.7	26.7
Private sector credit	0.4	27.1	18.5	65.7	37.5	21.1	18.1	18.1	16.1	11.3
Private sector credit (in real terms)	-3.6	-20.9	-26.3	7.2	0.8	2.2	4.4	7.0	8.0	6.0
Private sector credit (percent of GDP)	23.2	24.2	18.7	21.0	19.0	17.4	17.4	18.0	18.7	19.3
Central government (percent of GDP)										
Revenue and grants	20.4	18.4	26.0	27.7	26.9	26.4	25.6	25.6	25.6	25.6
Total expenditure	39.0	29.6	33.2	31.1	27.7	27.1	26.2	26.3	26.4	26.2
Of which: Primary expenditure	36.1	25.9	27.2	26.6	25.1	22.9	22.1	22.1	22.1	22.1
Statistical discrepancy	3.5	-5.6	3.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (net lending/borrowing) 1/	-18.6	-11.2	-7.3	-2.9	-0.9	-0.7	-0.7	-0.8	-0.8	-0.6
Primary balance	-15.7	-7.5	-1.3	1.1	1.7	3.5	3.5	3.5	3.5	3.5
Non-resource primary balance	-21.9	-14.1	-13.7	-13.7	-11.0	-7.9	-7.0	-6.8	-6.5	-6.0
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
Net incurrence of liabilities	12.3	19.1	3.9	1.8	0.9	0.7	0.7	0.8	0.8	0.6
Net domestic financing	7.4	17.1	-0.6	-7.4	-4.4	-2.4	1.0	0.4	1.7	2.0
Net external financing	5.0	0.3	-1.8	4.5	5.3	3.1	-0.3	0.4	-0.9	-1.4
External arrears (net)	0.0	1.7	6.3	4.8	0.0	0.0	0.0	0.0	0.0	0.0
Central government debt 3/ (percent of GDP)	80.8	143.8	116.8	119.2	116.0	102.2	91.5	85.2	79.3	75.7
Domestic	27.2	50.1	39.0	29.6	28.4	20.9	17.7	16.6	17.0	18.1
o/w: change due to GDP deflator movement	-0.9	-8.4	-18.3	-12.2	-9.7	-6.3	-2.7	-1.7	-1.3	-0.8
External	53.6	93.7	77.9	89.6	87.6	81.3	73.8	68.6	62.2	57.5
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	-19.3	-10.5	-7.1	-5.4	-2.9
External sector (percent of GDP)										
Current account balance	-11.3	9.0	5.9	1.9	1.6	0.3	-0.6	-1.4	-2.0	-2.6
Capital and financial account	-12.8	6.6	10.4	10.5	4.4	3.5	-0.7	-1.3	-2.1	-2.6
Overall balance	-5.9	-1.8	1.1	-9.4	-2.8	-3.2	0.0	-0.2	0.1	0.0
Financing	5.9	1.8	-1.1	9.4	2.8	3.2	0.0	0.2	-0.1	0.0
Change in reserves (- = increase)	6.4	3.2	-9.1	-2.6	-5.2	-6.7	0.0	0.5	0.4	1.1
Official financing	-0.5	-1.4	1.1	7.2	8.0	9.9	0.0	-0.3	-0.5	-1.2
External arrears (net)			6.8	4.8	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	86.7	131.9	174.3	206.2	234.9	262.8	284.2
Terms of trade (percent change)	7.6	28.7	-20.2	-9.6	0.6	-2.7	-2.7	-1.7	-0.9	-1.3
Gross international reserves (USD millions)	648	585	992	1,195	1,361	1,599	1,600	1,579	1,561	1,508
In percent of Reserve adequacy (risk-weighted measure) 4/	77	73	112	138	161	182	182	180	179	174
In months of imports	4.2	3.7	5.1	6.6	7.5	8.7	8.5	8.0	7.5	6.9
Usable gross international reserves (USD millions) 5/	505	129	512	865	1,032	1,270	1,271	1,250	1,232	1,179
In percent of Reserve adequacy (risk-weighted measure)	60	16	58	100	122	144	145	143	141	136
In months of imports	3.3	0.8	2.6	4.8	5.7	6.9	6.7	6.3	5.9	5.4
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	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	1,651	1,618	1,602	1,602	1,602
Growth Rate	9.7	27.1	-1.3	-1.4	-2.2	-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	68.9	67.0	65.4	64.0	62.8
Growth Rate	-10.4	-32.0	65.8	39.2	-24.1	-5.8	-2.8	-2.3	-2.1	-2.0

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/

(In percent change, unless otherwise indicated)

	Est.	Proj.					
	2022	2023	2024	2025	2026	2027	2028
Growth rates (constant prices)							
Real GDP	1.3	2.3	3.0	3.0	3.0	3.0	3.0
Private Absorption	1.9	0.0	2.3	3.1	3.8	3.1	3.2
Public Consumption	-11.1	-6.2	-1.2	0.3	1.8	2.9	3.0
Public Gross Investment	47.0	44.6	3.0	3.0	3.0	3.0	3.0
Exports	8.3	3.0	3.8	3.2	2.6	3.7	3.0
Imports	8.1	-2.3	1.3	2.7	4.2	4.0	3.4
Contributions (constant prices)							
Real GDP growth	1.3	2.3	3.0	3.0	3.0	3.0	3.0
Private Absorption	1.6	0.0	1.9	2.5	3.1	2.5	2.6
Public Consumption	-1.3	-0.6	-0.1	0.0	0.2	0.2	0.3
Public Gross Investment	0.8	1.1	0.1	0.1	0.1	0.1	0.1
Net Exports	0.3	1.9	1.0	0.4	-0.4	0.1	0.0
Growth rates (current prices)							
Nominal GDP	47.5	52.1	32.1	18.3	13.9	11.9	8.1
Private Absorption	62.5	43.6	34.5	22.0	17.3	13.1	9.5
Public Consumption	35.5	38.2	28.9	17.6	13.9	11.9	8.1
Public Gross Investment	114.0	114.9	32.1	18.3	13.9	11.9	8.1
Exports	41.4	62.3	21.9	7.7	7.9	7.5	5.4
Imports	56.2	53.0	22.1	10.1	11.5	8.8	7.2
Contributions (current prices)							
Nominal GDP growth	47.5	52.1	32.1	18.3	13.9	11.9	8.1
Private Absorption	44.3	34.1	25.4	16.5	13.4	10.4	7.7
Public Consumption	4.7	4.6	3.2	1.9	1.5	1.3	0.9
Public Gross Investment	1.9	2.7	1.1	0.6	0.5	0.4	0.3
Net Exports	-3.4	10.7	2.4	-0.7	-1.4	-0.2	-0.7
Deflators (Growth Rates)							
GDP	45.6	48.7	28.3	14.9	10.6	8.6	5.0
Private Absorption	59.5	43.6	31.4	18.3	12.9	9.7	6.2
Public Consumption	52.5	47.3	30.4	17.2	11.9	8.8	5.0
Public Gross Investment	45.6	48.7	28.3	14.9	10.6	8.6	5.0
Exports of goods and services	30.6	57.5	17.4	4.3	5.2	3.7	2.3
Imports of goods and services	44.5	56.6	20.6	7.3	7.0	4.6	3.7
CPI	52.5	47.3	30.7	17.1	11.9	8.7	5.0
GDP (current prices, USD billions)	...	...	...	...	...	...	...
GDP (current prices, SRD billions)	86.7	131.9	174.3	206.2	234.9	262.8	284.2
GDP deflator (Index = 100 in 2015)	583	867	1112	1277	1413	1535	1611

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

(In millions of SRD)

				Est.	Proj.					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenues	**6,434**	**7,066**	**15,269**	**24,021**	**35,429**	**46,024**	**52,687**	**60,023**	**67,159**	**72,616**
Taxes	4,717	5,133	11,089	16,649	21,949	33,732	39,352	45,465	50,516	55,255
Direct taxes	2,543	2,924	7,396	11,126	12,405	20,198	23,559	27,409	30,283	33,192
Of which: mineral taxes	910	1,452	4,502	7,070	5,545	10,786	12,060	13,913	14,407	14,882
Indirect taxes	2,173	2,209	3,693	5,523	9,544	13,534	15,793	18,056	20,233	22,063
Grants	0	0	140	87	628	0	0	0	0	0
Non-tax revenues	1,718	1,934	4,039	7,285	12,852	12,292	13,335	14,558	16,644	17,361
Of which:										
Mineral resource revenues	1,054	1,058	2,839	5,706	11,247	9,124	9,587	10,289	11,867	12,196
Expenditures	**12,292**	**11,363**	**19,546**	**26,947**	**36,571**	**47,220**	**54,098**	**61,859**	**69,352**	**74,393**
Primary expenditures	11,378	9,952	16,009	23,099	33,135	39,923	45,471	51,802	57,961	62,670
Compensation of employees	3,251	4,035	4,664	7,274	9,076	11,866	13,897	15,833	17,715	19,154
Other primary current expenditure	6,036	5,072	10,389	13,778	19,660	22,246	24,699	28,138	31,484	34,042
Of which: fuel and electricity subsidies			2,326	4,590	3,591	1,364	0	0	0	0
Of which: cash transfer programs		604	892	1,717	3,962	5,234	2,377	2,641	2,856	3,088
Net acquisition of nonfinancial assets	2,092	845	957	2,047	4,399	5,811	6,874	7,831	8,762	9,474
Interest	913	1,411	3,537	3,471	3,437	7,291	8,628	10,056	11,391	11,723
Overall balance (net lending/borrowing) 1/	**-5,857**	**-4,297**	**-4,278**	**-2,548**	**-1,143**	**-1,190**	**-1,412**	**-1,835**	**-2,193**	**-1,777**
Of which: primary balance	**-4,944**	**-2,886**	**-740**	**923**	**2,294**	**6,101**	**7,216**	**8,221**	**9,199**	**9,946**
Net financial transactions	**-4,754**	**-6,439**	**-2,535**	**-1,589**	**-1,143**	**-1,190**	**-1,412**	**-1,835**	**-2,193**	**-1,777**
Net acquisition of financial assets 2/	-869	869	-267	0	0	0	0	0	0	0
Net incurrence of liabilities	3,885	7,308	2,268	1,589	1,143	1,190	1,412	1,835	2,193	1,777
Domestic (Net)	1,947	6,000	-2,328	-6,076	-630	-1,902	2,578	930	4,460	5,723
Amortizations	-1,257	-1,076	-2,846	-1,474	-5,293	-8,150	-7,513	-5,645	-6,749	-7,574
Central bank	0	0	0	0	0	0	-337	-337	-337	-337
Commercial banks	-1,204	0	-1,954	-629	-3,053	-4,948	-2,581	-2,537	-3,021	-3,386
Suppliers credit	0	0	0	0	0	0	0	0	0	0
Other domestic 3/	-53	-1,076	-892	-844	-2,240	-3,201	-4,595	-2,771	-3,392	-3,852
Disbursements	3,205	7,075	518	-4,602	4,664	6,248	10,091	6,574	11,210	13,297
Central bank	1,451	4,986	-1,478	-6,252	0	0	4,000	0	0	0
Claims on government	1,391	6,232	252	0	0	0	0	0	0	0
Liabilities to government	-60	1,247	1,730	6,252	0	0	-4,000	0	0	0
Commercial banks	1,261	862	796	807	3,455	3,124	3,046	3,287	5,605	6,649
Suppliers credit	439	152	0	0	0	0	0	0	0	0
Other domestic 3/	53	1,076	1,200	843	1,209	3,124	3,046	3,287	5,605	6,649
Domestic arrears	377	546	1,958	-375	-5,169	-2,315	-544	0	0	0
Accumulation of arrears	377	546	2,569	1,409	0	0	0	0	0	0
Payment of arrears	0	0	-611	-1,784	-5,169	-2,315	-544	0	0	0
Foreign (Net)	1,561	107	-1,085	3,895	6,967	5,407	-623	906	-2,268	-3,946
Amortizations	-722	-431	-2,922	-4,289	-4,204	-4,555	-3,424	-3,652	-9,956	-11,151
IFIs	-353	-349	-1,119	-1,960	-2,293	-2,646	-3,424	-3,652	-3,638	-4,058
Official bilateral	-212	-47	-257	-766	-1,911	-1,909	0	0	0	0
Commercial	-157	-35	-1,546	-1,563	0	0	0	0	-6,318	-7,093
Disbursements	2,432	914	1,014	1,955	2,910	2,607	2,802	5,300	8,979	10,490
IFIs	303	530	1,006	1,955	2,910	2,607	2,802	2,990	2,950	2,909
Official bilateral	1,059	200	8	0	0	0	0	0	0	0
Commercial	1,070	184	0	0	0	0	0	2,310	6,029	7,580
Official financing	-150	-377	823	6,229	8,261	7,355	0	-742	-1,290	-3,285
O/w: IMF	-150	-377	823	1,300	4,181	2,446	0	-742	-1,290	-3,285
Purchases	0	0	1,204	1,300	4,181	2,446	0	0	0	0
Repurchases	-150	-377	-381	0	0	0	0	-742	-1,290	-3,285
O/w: IFIs	0	0	0	4,929	4,080	4,909	0	0	0	0
External arrears (net)	0	656	3,724	4,145	-26	0	0	0	0	0
Statistical discrepancy	1,103	-2,142	1,742	959	0	0	0	0	0	0
Memorandum items:										
Primary cash balance 4/	…	…	2,672	3,392	-255	3,786	6,672	8,221	9,199	9,946
Gross financing needs (incl. IMF debt service)	7,986	6,181	11,299	10,095	15,835	16,210	12,893	11,874	20,188	23,787
Electricity subsidy financed through the budget	1,492	881	2,326	2,986	3,212	1,364	0	0	0	0
Non-resource balance	-7,821	-6,807	-11,618	-13,440	-17,907	-21,086	-23,066	-26,010	-28,429	-28,807
Non-resource primary balance	-6,908	-5,396	-8,081	-11,853	-14,498	-13,809	-14,431	-15,981	-17,075	-17,132
Public (central government) debt 5/	25,438	55,143	68,689	103,373	153,110	178,098	188,655	200,034	208,287	215,023
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)	3.6	2.6	2.3	1.6	2.3	4.1	4.6	5.0	5.5	5.5
Domestic central government debt interest rate (effective)	2.4	4.7	5.1	4.5	3.2	5.9	7.3	7.6	7.2	6.6
External central government debt interest rate (effective)	4.2	1.5	1.6	1.2	2.1	3.8	4.0	4.4	5.0	5.1

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

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

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

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

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

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

Table 4. Suriname: Central Government Operations

(In percent of GDP)

				Est.	Proj.					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenues	**20.4**	**18.4**	**26.0**	**27.7**	**26.9**	**26.4**	**25.6**	**25.6**	**25.6**	**25.6**
Taxes	15.0	13.4	18.9	19.2	16.6	19.4	19.1	19.4	19.2	19.4
Direct taxes	8.1	7.6	12.6	12.8	9.4	11.6	11.4	11.7	11.5	11.7
Of which: mineral taxes	2.9	3.8	7.7	8.2	4.2	6.2	5.8	5.9	5.5	5.2
Indirect taxes	6.9	5.8	6.3	6.4	7.2	7.8	7.7	7.7	7.7	7.8
Grants	0.0	0.0	0.2	0.1	0.5	0.0	0.0	0.0	0.0	0.0
Non-tax revenues	5.5	5.0	6.9	8.4	9.7	7.1	6.5	6.2	6.3	6.1
Of which:										
Mineral resource revenues	3.3	2.8	4.8	6.6	8.5	5.2	4.6	4.4	4.5	4.3
Expenditures	**39.0**	**29.6**	**33.2**	**31.1**	**27.7**	**27.1**	**26.2**	**26.3**	**26.4**	**26.2**
Primary expenditures	36.1	25.9	27.2	26.6	25.1	22.9	22.1	22.1	22.1	22.1
Compensation of employees	10.3	10.5	7.9	8.4	6.9	6.8	6.7	6.7	6.7	6.7
Other primary current expenditure	19.2	13.2	17.7	15.9	14.9	12.8	12.0	12.0	12.0	12.0
Of which: fuel and electricity subsidies			4.0	5.3	2.7	0.8	0.0	0.0	0.0	0.0
Of which: cash transfer programs		1.6	1.5	2.0	3.0	3.0	1.2	1.1	1.1	1.1
Net acquisition of nonfinancial assets	6.6	2.2	1.6	2.4	3.3	3.3	3.3	3.3	3.3	3.3
Interest	2.9	3.7	6.0	4.0	2.6	4.2	4.2	4.3	4.3	4.1
Overall balance (net lending/borrowing) 1/	**-18.6**	**-11.2**	**-7.3**	**-2.9**	**-0.9**	**-0.7**	**-0.7**	**-0.8**	**-0.8**	**-0.6**
Of which: primary balance	**-15.7**	**-7.5**	**-1.3**	**1.1**	**1.7**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
Net financial transactions	**-15.1**	**-16.8**	**-4.3**	**-1.8**	**-0.9**	**-0.7**	**-0.7**	**-0.8**	**-0.8**	**-0.6**
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
Net incurrence of liabilities	12.3	19.1	3.9	1.8	0.9	0.7	0.7	0.8	0.8	0.6
Domestic (Net)	6.2	15.6	-4.0	-7.0	-0.5	-1.1	1.3	0.4	1.7	2.0
Amortizations	-4.0	-2.8	-4.8	-1.7	-4.0	-4.7	-3.6	-2.4	-2.6	-2.7
Central bank	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	-2.8	-1.3	-1.1	-1.1	-1.2
Suppliers credit	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	-1.8	-2.2	-1.2	-1.3	-1.4
Disbursements	10.2	18.4	0.9	-5.3	3.5	3.6	4.9	2.8	4.3	4.7
Central bank	4.6	13.0	-2.5	-7.2	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
Liabilities to government	-0.2	3.3	2.9	7.2	0.0	0.0	-1.9	0.0	0.0	0.0
Commercial banks	4.0	2.2	1.4	0.9	2.6	1.8	1.5	1.4	2.1	2.3
Suppliers credit	1.4	0.4	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	1.8	1.5	1.4	2.1	2.3
Domestic arrears	1.2	1.4	3.3	-0.4	-3.9	-1.3	-0.3	0.0	0.0	0.0
Accumulation of arrears	1.2	1.4	4.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Payment of arrears	0.0	0.0	-1.0	-2.1	-3.9	-1.3	-0.3	0.0	0.0	0.0
Foreign (Net)	5.0	0.3	-1.8	4.5	5.3	3.1	-0.3	0.4	-0.9	-1.4
Amortizations	-2.3	-1.1	-5.0	-4.9	-3.2	-2.6	-1.7	-1.6	-3.8	-3.9
IFIs	-1.1	-0.9	-1.9	-2.3	-1.7	-1.5	-1.7	-1.6	-1.4	-1.4
Official bilateral	-0.7	-0.1	-0.4	-0.9	-1.4	-1.1	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	-2.4	-2.5
Disbursements	7.7	2.4	1.7	2.3	2.2	1.5	1.4	2.3	3.4	3.7
IFIs	1.0	1.4	1.7	2.3	2.2	1.5	1.4	1.3	1.1	1.0
Official bilateral	3.4	0.5	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	1.0	2.3	2.7
Official financing	-0.5	-1.0	1.4	7.2	6.3	4.2	0.0	-0.3	-0.5	-1.2
O/w: IMF	-0.5	-1.0	1.4	1.5	3.2	1.4	0.0	-0.3	-0.5	-1.2
Purchases	0.0	0.0	2.0	1.5	3.2	1.4	0.0	0.0	0.0	0.0
Repurchases	-0.5	-1.0	-0.6	0.0	0.0	0.0	0.0	-0.3	-0.5	-1.2
O/w: IFIs	0.0	0.0	0.0	5.7	3.1	2.8	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
Statistical discrepancy	3.5	-5.6	3.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Primary cash balance 4/	...	...	4.5	3.9	-0.2	2.2	3.2	3.5	3.5	3.5
Gross financing needs (incl. IMF debt service)	25.4	16.1	19.2	11.6	12.0	9.3	6.3	5.1	7.7	8.4
Electricity subsidy financed through the budget	4.7	2.3	4.0	3.4	2.4	0.8	0.0	0.0	0.0	0.0
Non-resource balance	-24.8	-17.7	-19.8	-15.5	-13.6	-12.1	-11.2	-11.1	-10.8	-10.1
Non-resource primary balance	-21.9	-14.1	-13.7	-13.7	-11.0	-7.9	-7.0	-6.8	-6.5	-6.0
Public (central government) debt 5/	80.8	143.8	116.8	119.2	116.0	102.2	91.5	85.2	79.3	75.7
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	4.5	3.2	5.9	7.3	7.6	7.2	6.6
External debt interest rate (effective)	4.2	1.5	1.6	1.2	2.1	3.8	4.0	4.4	5.0	5.1

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

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

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

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

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

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

Table 5. Suriname: Balance of Payments

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

				Est.	Proj.					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Current account	**-448**	**260**	**176**	**67**	**52**	**11**	**-25**	**-61**	**-92**	**-125**
Exports of goods and services	**2,287**	**2,447**	**2,300**	**2,599**	**2,548**	**2,581**	**2,608**	**2,647**	**2,741**	**2,819**
Imports of goods and services	**2,413**	**1,845**	**1,876**	**2,342**	**2,165**	**2,197**	**2,271**	**2,382**	**2,494**	**2,610**
Trade balance, goods	**532**	**1,061**	**865**	**754**	**816**	**781**	**709**	**637**	**608**	**558**
Exports, f.o.b.	2,129	2,344	2,204	2,456	2,362	2,345	2,322	2,324	2,372	2,399
Of which: gold, petroleum	1,903	2,114	1,996	2,217	2,130	2,110	2,089	2,088	2,107	2,126
Imports, f.o.b.	1,598	1,282	1,338	1,701	1,546	1,564	1,613	1,688	1,763	1,841
Trade balance, services	**-658**	**-460**	**-442**	**-497**	**-433**	**-397**	**-372**	**-371**	**-362**	**-349**
Exports	157	103	96	143	186	236	286	323	369	420
Imports	815	563	538	640	619	633	658	694	731	769
Primary income, net	**-412**	**-466**	**-393**	**-316**	**-447**	**-482**	**-468**	**-429**	**-439**	**-434**
Credit	21	8	7	7	7	7	8	8	8	8
Debit	433	474	400	323	454	490	476	437	447	442
Secondary income, net	**90**	**124**	**146**	**126**	**116**	**109**	**106**	**103**	**101**	**100**
Capital and financial account	**-508**	**189**	**311**	**370**	**143**	**125**	**-27**	**-53**	**-97**	**-127**
Capital account	**-3**	**0**	**37**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial account	**-505**	**189**	**274**	**370**	**143**	**125**	**-27**	**-53**	**-97**	**-127**
Foreign direct investment	8	0	124	-7	12	-15	-64	-73	-139	-138
Portfolio investment	-117	-35	-47	19	0	0	0	0	0	0
Central government	125	0	0	0	0	0	0	0	1	2
Other investment	-397	225	197	358	132	140	37	20	42	11
Net Acquisition of Assets	-244	168	-43	-31	0	0	0	0	0	0
Net Incurrence of Liabilities	152	-57	-240	-389	-132	-140	-37	-20	-42	-11
Central government	104	52	-104	-95	-32	-40	-12	30	-17	-11
Disbursements	201	98	55	79	71	53	54	95	155	177
IFIs	41	57	55	79	71	53	54	54	51	49
Official bilateral	142	21	0	0	0	0	0	0	0	0
Commercial	19	20	0	0	0	0	0	42	104	128
Amortization	97	46	159	174	103	93	65	66	172	188
IFIs	47	37	61	80	56	54	65	66	63	69
Official bilateral	28	5	14	31	47	39	0	0	0	0
Commercial	21	4	84	63	0	0	0	0	109	120
Other Sectors (including SOE)	48	-109	-136	-294	-100	-100	-25	-50	-25	0
Errors and omissions	**-289**	**-123**	**95**	**-27**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-234**	**-52**	**34**	**-330**	**-91**	**-114**	**1**	**-8**	**5**	**2**
Financing	**234**	**52**	**-34**	**330**	**91**	**114**	**-1**	**8**	**-5**	**-2**
Change in reserves (- = increase)	254	93	-271	-92	-167	-238	-1	21	18	53
Official financing	-20	-40	34	255	259	351	0	-13	-22	-55
O/w: IMF	-20	-40	34	55	159	251	0	-13	-22	-55
Purchases	0	0	55	55	159	251	0	0	0	0
O/w: for budget support	0	0	56	53	102	50	0	0	0	0
Repurchases	20	40	21	0	0	0	0	13	22	55
O/w: IFIs	0	0	0	200	100	100	0	0	0	0
External arrears (net) 1/			203	168	-1	0	0	0	0	0
Financing from external debt restructuring 2/					148	114	43	75	610	-110
Memorandum items:										
Gross international reserves	648	585	992	1,195	1,361	1,599	1,600	1,579	1,561	1,508
In months of imports of goods and services	4.2	3.7	5.1	6.6	7.5	8.7	8.5	8.0	7.5	6.9
In percent of Reserve adequacy (risk-weighted measure) 3/	77	73	112	138	161	182	182	180	179	174
Usable gross international reserves 4/	505	129	512	865	1,032	1,270	1,271	1,250	1,232	1,179
In months of imports of goods and services	3.3	0.8	2.6	4.8	5.7	6.9	6.7	6.3	5.9	5.4
In percent of Reserve adequacy (risk-weighted measure) 3/	60	16	58	100	122	144	145	143	141	136
Reserve adequacy (risk-weighted measure), USD millions 3/	843	804	886	864	848	880	880	876	873	868
In months of imports	5.5	5.1	4.5	4.8	4.6	4.6	4.4	4.2	4.0	3.8
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	1,651	1,618	1,602	1,602	1,602
Oil price (USD per barrel)	61	42	69	96	73	69	67	65	64	63
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	4,070	4,028	4,238	4,204	4,139	4,047	3,951
External debt (Percent of GDP)	99.7	165.0	144.9	149.2	140.4	122.1	110.3	100.3	90.1	83.3
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

(In percent of GDP)

	2019	2020	2021	Est. 2022	Proj. 2023	2024	2025	2026	2027	2028
Current account	**-11.3**	**9.0**	**5.9**	**1.9**	**1.6**	**0.3**	**-0.6**	**-1.4**	**-2.0**	**-2.6**
Exports of goods and services	**57.4**	**84.8**	**77.0**	**73.8**	**78.8**	**72.7**	**66.2**	**62.7**	**60.2**	**58.7**
Imports of goods and services	**60.6**	**64.0**	**62.9**	**66.5**	**66.9**	**61.9**	**57.6**	**56.4**	**54.8**	**54.4**
Trade balance, goods	**13.3**	**36.8**	**29.0**	**21.4**	**25.2**	**22.0**	**18.0**	**15.1**	**13.4**	**11.6**
Exports, f.o.b.	53.4	81.3	73.8	69.8	73.0	66.0	58.9	55.0	52.1	50.0
Of which: gold, petroleum	47.8	73.3	66.9	63.0	65.9	59.4	53.0	49.4	46.3	44.3
Imports, f.o.b.	40.1	44.5	44.8	48.4	47.8	44.1	40.9	40.0	38.8	38.4
Trade balance, services	**-16.5**	**-15.9**	**-14.8**	**-14.1**	**-13.4**	**-11.2**	**-9.4**	**-8.8**	**-8.0**	**-7.3**
Exports	4.0	3.6	3.2	4.1	5.8	6.7	7.2	7.6	8.1	8.8
Imports	20.5	19.5	18.0	18.2	19.1	17.8	16.7	16.4	16.1	16.0
Primary income, net	**-10.3**	**-16.1**	**-13.2**	**-9.0**	**-13.8**	**-13.6**	**-11.9**	**-10.2**	**-9.7**	**-9.0**
Credit	0.5	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Debit	10.9	16.4	13.4	9.2	14.0	13.8	12.1	10.4	9.8	9.2
Secondary income, net	**2.3**	**4.3**	**4.9**	**3.6**	**3.6**	**3.1**	**2.7**	**2.4**	**2.2**	**2.1**
Capital and financial account	**-12.8**	**6.6**	**10.4**	**10.5**	**4.4**	**3.5**	**-0.7**	**-1.3**	**-2.1**	**-2.6**
Capital account	**-0.1**	**0.0**	**1.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial account	**-12.7**	**6.6**	**9.2**	**10.5**	**4.4**	**3.5**	**-0.7**	**-1.3**	**-2.1**	**-2.6**
Foreign direct investment	0.2	0.0	4.2	-0.2	0.4	-0.4	-1.6	-1.7	-3.0	-2.9
Portfolio investment	-2.9	-1.2	-1.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Central government	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	-10.0	7.8	6.6	10.2	4.1	3.9	0.9	0.5	0.9	0.2
Net Acquisition of Assets	-6.1	5.8	-1.5	-0.9	0.0	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	3.8	-2.0	-8.0	-11.0	-4.1	-3.9	-0.9	-0.5	-0.9	-0.2
Central government	2.6	1.8	-3.5	-2.7	-1.0	-1.1	-0.3	0.7	-0.4	-0.2
Disbursements	5.0	3.4	1.9	2.3	2.2	1.5	1.4	2.3	3.4	3.7
IFIs	1.0	2.0	1.8	2.3	2.2	1.5	1.4	1.3	1.1	1.0
Official bilateral	3.6	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial	0.5	0.7	0.0	0.0	0.0	0.0	0.0	1.0	2.3	2.7
Amortization	2.4	1.6	5.3	4.9	3.2	2.6	1.7	1.6	3.8	3.9
IFIs	1.2	1.3	2.0	2.3	1.7	1.5	1.7	1.6	1.4	1.4
Official bilateral	0.7	0.2	0.5	0.9	1.4	1.1	0.0	0.0	0.0	0.0
Commercial	0.5	0.1	2.8	1.8	0.0	0.0	0.0	0.0	2.4	2.5
Other Sectors (including SOE)	1.2	-3.8	-4.6	-8.4	-3.1	-2.8	-0.6	-1.2	-0.5	0.0
Errors and omissions	**-7.2**	**-4.3**	**3.2**	**-0.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**-5.9**	**-1.8**	**1.1**	**-9.4**	**-2.8**	**-3.2**	**0.0**	**-0.2**	**0.1**	**0.0**
Financing	**5.9**	**1.8**	**-1.1**	**9.4**	**2.8**	**3.2**	**0.0**	**0.2**	**-0.1**	**0.0**
Change in reserves (- = increase)	6.4	3.2	-9.1	-2.6	-5.2	-6.7	0.0	0.5	0.4	1.1
Official financing	-0.5	-1.4	1.1	7.2	8.0	9.9	0.0	-0.3	-0.5	-1.2
O/w: IMF	-0.5	-1.4	1.1	1.5	4.9	7.1	0.0	-0.3	-0.5	-1.2
Purchases	0.0	0.0	1.8	1.5	4.9	7.1	0.0	0.0	0.0	0.0
O/w: for budget support	0.0	0.0	1.9	1.5	3.2	1.4	0.0	0.0	0.0	0.0
Repurchases	0.5	1.4	0.7	0.0	0.0	0.0	0.0	0.3	0.5	1.2
O/w: IFIs	0.0	0.0	0.0	5.7	3.1	2.8	0.0	0.0	0.0	0.0
External arrears (net) 1/			6.8	4.8	0.0	0.0	0.0	0.0	0.0	0.0
Financing from external debt restructuring 2/					4.6	3.2	1.1	1.8	13.4	-2.3
Memorandum items:										
Gross international reserves	648	585	992	1,195	1,361	1,599	1,600	1,579	1,561	1,508
In months of imports of goods and services	4.2	3.7	5.1	6.6	7.5	8.7	8.5	8.0	7.5	6.9
In percent of Reserve adequacy (risk-weighted measure) 3/	77	73	112	138	161	182	182	180	179	174
Usable gross international reserves 4/	505	129	512	865	1,032	1,270	1,271	1,250	1,232	1,179
In months of imports of goods and services	3.3	0.8	2.6	4.8	5.7	6.9	6.7	6.3	5.9	5.4
In percent of Reserve adequacy (risk-weighted measure) 3/	60	16	58	100	122	144	145	143	141	136
Reserve adequacy (risk-weighted measure), USD millions 3/	843	804	886	864	848	880	880	876	873	868
In months of imports	5.5	5.1	4.5	4.8	4.6	4.6	4.4	4.2	4.0	3.8
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	1,651	1,618	1,602	1,602	1,602
Oil price (USD per barrel)	61	42	69	96	73	69	67	65	64	63
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;	0.7	-19.0	-0.6	…	…	…	…	…	…	…
External Debt 5/	3,779	3,650	4,088	4,070	4,028	4,238	4,204	4,139	4,047	3,951
External debt (Percent of GDP)	99.7	165.0	144.9	149.2	140.4	122.1	110.3	100.3	90.1	83.3
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 U.S. dollars, unless otherwise indicated)

				Est.	Proj.					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
				(In millions of US dollars)						
1. Gross external financing requirements	**557**	**-119**	**82**	**214**	**151**	**182**	**116**	**177**	**289**	**314**
A. Current account deficit	448	-260	-176	-67	-52	-11	25	61	92	125
B. Public sector debt amortization	122	146	259	274	203	193	90	116	197	189
(i) Central government	97	46	159	174	103	93	65	66	172	188
(ii) CBvS	0	0	0	0	0	0	0	0	0	1
(iii) SOEs	25	100	100	100	100	100	25	50	25	0
C. Other outflows	-13	-5	-1	7	0	0	0	0	0	0
2. Sources of financing	**611**	**-48**	**21**	**-89**	**-88**	**-46**	**74**	**93**	**-316**	**426**
A. Asset sales (net) (Other investment account)	244	-168	43	31	0	0	0	0	0	0
B. Foreign direct investment (net)	-8	0	-124	7	-12	15	64	73	139	138
C. Portfolio flows (net)	117	35	47	-19	0	0	0	0	0	0
(i) Central government	125	0	0	0	0	0	0	0	0	1
(ii) SOEs	0	51	0	0	0	0	0	0	0	0
(iii) Other	-9	-16	47	-19	0	0	0	0	0	-1
D. Public sector debt financing	201	98	55	79	71	53	54	95	155	177
(i) Central government	201	98	55	79	71	53	54	95	155	177
(ii) SOEs	0	0	0	0	0	0	0	0	0	0
E. Other inflows (net)	57	-14	0	-187	-148	-114	-43	-75	-610	111
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	54	71	-61	-303	-239	-228	-41	-83	-605	112
3. Expected change in gross reserves of the CBvS; accumulation (-)	**254**	**93**	**-271**	**-92**	**-167**	**-238**	**-1**	**21**	**18**	**53**
4. Errors and omissions	**-289**	**-123**	**95**	**-27**	**0**	**0**	**0**	**0**	**0**	**0**
5. Financing needs -(2-1+3+4)	**-20**	**-40**	**237**	**423**	**406**	**465**	**43**	**62**	**588**	**-165**
Allocation by:										
(i) Official financing	-20	-40	34	255	259	351	0	-13	-22	-55
a. IMF	-20	-40	34	55	159	251	0	-13	-22	-55
Purchases	0	0	55	55	159	251	0	0	0	0
O/w: for budget support	0	0	56	53	102	50	0	0	0	0
Repurchases	20	40	21	0	0	0	0	13	22	55
b. IFIs	0	0	0	200	100	100	0	0	0	0
(ii) External arrears (net)			203	168	-1	0	0	0	0	0
(iii) Financing from external debt restructuring 1/					148	114	43	75	610	-110
				(In percent of GDP)						
1. Gross external financing requirements	**14.0**	**-4.1**	**2.8**	**6.1**	**4.7**	**5.1**	**2.9**	**4.2**	**6.4**	**6.5**
A. Current account deficit	11.3	-9.0	-5.9	-1.9	-1.6	-0.3	0.6	1.4	2.0	2.6
B. Public sector debt amortization	3.1	5.1	8.7	7.8	6.3	5.4	2.3	2.7	4.3	3.9
(i) Central government	2.4	1.6	5.3	4.9	3.2	2.6	1.7	1.6	3.8	3.9
(ii) CBvS	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	2.8	3.1	2.8	0.6	1.2	0.5	0.0
C. Other outflows	-0.3	-0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
2. Sources of financing	**15.3**	**-1.7**	**0.7**	**-2.5**	**-2.7**	**-1.3**	**1.9**	**2.2**	**-6.9**	**8.9**
A. Asset sales (net) (Other investment account)	6.1	-5.8	1.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0
B. Foreign direct investment (net)	-0.2	0.0	-4.2	0.2	-0.4	0.4	1.6	1.7	3.0	2.9
C. Portfolio flows (net)	2.9	1.2	1.6	-0.6	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
(ii) SOEs	0.0	1.8	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
D. Public sector debt financing	5.0	3.4	1.9	2.3	2.2	1.5	1.4	2.3	3.4	3.7
(i) Central government	5.0	3.4	1.9	2.3	2.2	1.5	1.4	2.3	3.4	3.7
(ii) SOEs	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	-5.3	-4.6	-3.2	-1.1	-1.8	-13.4	2.3
Balance (2-1) excluding expected accumulation of gross reserves; Gap (-) Surplus (+)	1.4	2.4	-2.0	-8.6	-7.4	-6.4	-1.1	-2.0	-13.3	2.3
3. Expected change in gross reserves of the CBvS; accumulation (-)	**6.4**	**3.2**	**-9.1**	**-2.6**	**-5.2**	**-6.7**	**0.0**	**0.5**	**0.4**	**1.1**
4. Errors and omissions	**-7.2**	**-4.3**	**3.2**	**-0.8**	**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**	**13.1**	**1.1**	**1.5**	**12.9**	**-3.4**
Allocation by:										
(i) Official financing	-0.5	-1.4	1.1	7.2	8.0	9.9	0.0	-0.3	-0.5	-1.2
a. IMF	-0.5	-1.4	1.1	1.5	4.9	7.1	0.0	-0.3	-0.5	-1.2
Purchases	0.0	0.0	1.8	1.5	4.9	7.1	0.0	0.0	0.0	0.0
O/w: for budget support	0.0	0.0	1.9	1.5	3.2	1.4	0.0	0.0	0.0	0.0
Repurchases	0.5	1.4	0.7	0.0	0.0	0.0	0.0	0.3	0.5	1.2
b. IFIs	0.0	0.0	0.0	5.7	3.1	2.8	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
(iii) Financing from external debt restructuring 1/					4.6	3.2	1.1	1.8	13.4	-2.3

Sources: Fund staff estimates and projections.

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

Table 8. Suriname: Depository Corporations Survey and Central Bank Accounts

(In millions of SRD)

				Est.	Proj.					
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Monetary Survey										
Net foreign assets	**5,867**	**11,674**	**23,827**	**47,473**	**80,173**	**94,252**	**106,123**	**121,376**	**130,248**	**137,931**
Net international reserves (Held by the CBvS)	4,345	7,905	20,727	36,876	58,431	65,622	70,832	74,684	77,102	79,110
Net other foreign assets	1,522	3,769	3,100	10,596	21,742	28,631	35,291	46,692	53,146	58,822
Net domestic assets	**13,431**	**20,119**	**22,358**	**19,544**	**19,122**	**24,498**	**32,920**	**38,419**	**46,134**	**52,781**
Net claims on the public sector	4,787	11,310	10,682	4,679	2,692	1,976	5,653	5,799	7,873	10,640
Of which: on central government	5,055	11,360	10,501	5,312	3,262	2,551	6,232	6,381	8,457	11,225
From CBvS	3,248	8,234	6,877	780	-3,164	-4,330	-1,611	-2,510	-3,168	-3,785
From Commercial Banks	1,807	3,126	3,624	4,532	6,425	6,881	7,843	8,891	11,625	15,011
Net claims LC	78	985	390	-374	-276	-172	1,755	3,289	6,469	9,761
Net claims FC	1,729	2,141	3,234	4,906	6,701	7,053	6,088	5,602	5,156	5,250
(In USD millions)	234	153	155	154	146	141	113	98	88	88
Credit to the private sector	7,310	9,288	11,007	18,239	25,081	30,371	35,870	42,380	49,195	54,739
Other items, net	1,335	-479	669	-3,375	-8,651	-7,850	-8,604	-9,760	-10,934	-12,599
Broad money 1/	**19,269**	**31,793**	**46,185**	**67,016**	**99,295**	**118,750**	**139,043**	**159,796**	**176,382**	**190,712**
Currency in circulation	1,973	3,498	4,397	5,578	6,606	8,040	9,464	11,223	12,297	13,012
Local currency deposits	6,842	8,473	10,623	13,321	16,991	21,227	25,664	31,281	35,259	38,409
Foreign currency deposits	10,454	19,823	31,165	48,117	75,699	89,483	103,915	117,292	128,825	139,292
Central Bank (CBvS)										
Net foreign assets	**2,394**	**4,039**	**11,266**	**28,020**	**45,604**	**51,599**	**55,641**	**58,659**	**60,551**	**62,117**
(In USD millions)	**324**	**288**	**539**	**882**	**992**	**1,028**	**1,028**	**1,031**	**1,035**	**1,037**
Net international reserves	4,345	7,905	20,727	36,876	58,431	65,622	70,832	74,684	77,102	79,110
(In USD millions)	587	564	992	1,161	1,270	1,307	1,309	1,313	1,318	1,321
Of which :										
Gross International Reserves	4,790	8,199	20,730	37,934	62,572	80,254	86,601	90,510	92,066	91,108
(In USD millions)	648	585	992	1,194	1,361	1,599	1,601	1,591	1,574	1,521
Liabilities	-445	-294	-3	-1,058	-4,141	-14,632	-15,769	-15,826	-14,964	-11,999
(In USD millions)	-60	-21	0	-33	-90	-291	-291	-278	-256	-200
Net other foreign assets	-1,951	-3,866	-9,461	-8,856	-12,828	-14,022	-15,191	-16,025	-16,551	-16,993
Gross Other foreign assets	21	44	63	95	149	163	175	184	190	194
(In USD millions)	3	3	3	3	3	3	3	3	3	3
Gross other foreign liabilities	-1,971	-3,910	-9,524	-8,951	-12,977	-14,185	-15,366	-16,209	-16,740	-17,187
(In USD millions)	-267	-279	-456	-282	-282	-283	-284	-285	-286	-287
SDR allocations	-901	-1,779	-6,189	-8,947	-12,971	-14,178	-15,359	-16,202	-16,733	-17,179
(In USD millions)	-122	-127	-296	-282	-282	-282	-284	-285	-286	-287
Other (incl. RMB Swap with PBoC)	-1,070	-2,131	-3,335	-5	-6	-7	-7	-8	-8	-8
(In USD millions)	-145	-152	-160	0	0	0	0	0	0	0
Net domestic assets	**7,198**	**8,777**	**7,701**	**-549**	**-6,288**	**-4,184**	**369**	**4,816**	**9,732**	**13,877**
Net claims on public sector	3,248	8,234	6,877	780	-3,164	-4,330	-1,611	-2,510	-3,168	-3,785
Of which: central government	3,248	8,234	6,877	780	-3,164	-4,330	-1,611	-2,510	-3,168	-3,785
Net claims on commercial banks	264	-2,496	-4,731	-8,001	-11,020	-8,608	-6,658	-614	5,873	12,070
Other items, net	3,686	3,038	5,555	6,671	7,895	8,754	8,638	7,940	7,028	5,593
Reserve money	**9,593**	**12,817**	**18,967**	**27,470**	**39,316**	**47,415**	**56,010**	**63,475**	**70,284**	**75,994**
Currency in circulation	2,263	3,861	4,792	6,084	7,208	8,773	10,327	12,246	13,419	14,198
Bankers deposits	7,211	8,869	14,054	21,229	31,878	38,393	45,415	50,948	56,577	61,501
Other demand deposits in national currency	90	19	23	14	13	13	13	13	13	13
Gold certificates	28	67	97	143	217	236	255	268	275	282
Memorandum items:	(12-month percent change, unless otherwise indicated)									
Monetary survey										
Velocity (GDP/broad money; end of period)	1.6	1.2	1.3	1.3	1.3	1.5	1.5	1.5	1.5	1.5
Broad money	4.7	65.0	45.3	45.1	48.2	19.6	17.1	14.9	10.4	8.1
Broad money (constant exchange rate)	4.7	16.4	60.2	11.7	16.3	16.3	14.4	15.1	9.8	7.1
Broad money (local currency portion only)	21.8	35.8	25.5	25.8	24.9	24.0	20.0	21.0	11.9	8.1
Broad money (in real terms)	0.5	2.6	-9.6	-6.1	8.6	0.9	3.5	4.1	2.7	3.0
Broad money (Percent of GDP)	61.2	82.9	78.5	77.3	75.3	68.1	67.4	68.0	67.1	67.1
FX deposits	-6.4	0.0	5.5	1.6	8.7	8.3	7.8	7.3	6.8	5.6
Credit to the private sector	0.4	27.1	18.5	65.7	37.5	21.1	18.1	18.1	16.1	11.3
Credit to private sector (in real terms)	-3.6	-20.9	-26.3	7.2	0.8	2.2	4.4	7.0	8.0	6.0
Credit to private sector (Percent of GDP)	23.2	24.2	18.7	21.0	19.0	17.4	17.4	18.0	18.7	19.3
Central bank										
Reserve money	92.8	33.6	48.0	44.8	43.1	20.6	18.1	13.3	10.7	8.1
Reserve money (constant exchange rate)	144.1	-5.6	24.3	21.8	21.7	19.1	17.1	12.2	10.7	7.6
Reserve money (local currency portion only)	19.1	42.7	26.3	32.3	31.8	24.0	20.9	13.9	11.9	8.1
Reserve money (in real terms)	85.0	-16.9	-7.9	-6.3	4.9	1.8	4.4	2.7	3.1	3.0
Reserve money (Percent of GDP)	30.5	33.4	32.3	31.7	29.8	27.2	27.2	27.0	26.7	26.7
Money multiplier (SRD broad money/reserve money)	1.7	1.6	1.6	1.5	1.5	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
Capital Adequacy						
Regulatory capital to risk-weighted assets	9.3	9.6	11.4	11.8	14.5	16.8
Regulatory Tier 1 capital to risk-weighted assets	8.7	9.0	10.8	10.5	13.1	15.5
Tier 1 capital to total assets (leverage ratio)	5.0	4.9	4.9	4.3	5.7	6.1
Asset Quality						
NPL to gross loans	13.0	12.0	10.6	14.6	12.8	12.4
NPL net of provisions to Tier 1 capital	52.1	39.0	34.9	68.1	43.6	35.2
Provisions to total NPLs	53.2	61.6	60.5	46.0	...	39.9
Large exposures to capital	335.4	272.5	228.7	306.5	178.3	150.2
Foreign currency loans to total loans	66.8	62.8	59.2	49.1	55.5	61.5
Earnings and Profitability						
Return on assets (ROA, annualized)	0.9	0.1	1.0	2.0	1.8	2.7
Return on equity (ROE, annualized)	16.2	1.9	16.7	34.8	29.6	44.8
Net interest income to gross income	67.4	70.6	69.2	47.7	53.5	61.7
Spread between lending and deposit rates (ppts)	8.0	8.0	7.4	7.4	7.7	
Liquidity						
Liquid assets to total assets	37.9	40.2	46.8	51.5	58.8	54.3
Liquid assets to short-term liabilities	82.3	82.1	93.4	101.3	117.0	114.0
Total loans to total deposits	53.7	44.6	47.9	40.2	...	35.1
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
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 10a. Suriname: Original Schedule of Reviews and Available Purchases

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

Table 10b. Suriname: Proposed 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)

	Est,	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	8.2	16.3	23.9	24.1	23.3	22.2	19.2	14.7	11.5	8.6	6.1	4.1
Total Debt Services	2.0	8.2	16.3	23.9	33.9	39.7	62.9	83.2	78.6	75.5	62.7	53.7	27.5
Percent of exports	0.1	0.4	0.8	1.2	1.7	2.0	3.0	3.8	3.5	3.2	2.5	2.0	1.0
Percent of usable reserves	0.3	1.1	1.7	2.5	3.6	4.3	7.2	10.1	10.7	11.3	10.2	9.1	4.3
Percent of GDP	0.1	0.3	0.6	0.8	1.1	1.2	1.8	0.1	0.1	0.1	0.1	0.0	0.0
Percent of quota	1.6	6.3	12.6	18.5	26.3	30.8	48.8	64.5	61.0	58.5	48.6	41.6	21.3
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	10.3	19.8	19.7	19.0	17.6	15.2	11.7	8.4	5.3	2.8	0.9	0.0
Percent of usable reserves	12.2	25.5	40.3	40.4	40.2	39.1	36.2	30.7	25.6	18.8	11.6	4.0	0.0
Percent of GDP	3.0	8.1	14.4	13.0	11.9	10.6	8.9	6.7	4.8	3.0	1.6	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)	2,599	2,548	2,581	2,608	2,647	2,741	2,819	2,915	3,023	3,191	3,359	3,540	3,732
Gross International Reserves (US$ million)	1,195	1,360	1,599	1,601	1,580	1,563	1,510	1,442	1,324	1,226	1,157	1,124	1,187
as percent of ARA	138	161	182	182	180	179	174	168	157	147	141	139	148
Gross International Usable Reserves (excluding PBoC swap and ring-fenced reserves (US$ million)	865	1,031	1,269	1,271	1,251	1,234	1,181	1,113	994	897	827	794	857
as percent of ARA	100	122	144	145	143	141	136	130	118	108	101	99	107
Nominal GDP (SRD million)	86,719	131,936	174,309	206,180	234,889	262,815	284,168	307,277	332,326	359,410	388,789	420,536	454,840

Source: IMF staff estimates.

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	140	Not Met	221	-110	19	Met	331	-3	166	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	

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	-106	Not Met	552	300	13	Not Met	663	815	665	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	

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	1,190	316	Not Met	884	1,185	351	Not Met	994	1,496	350	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			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	

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	2,102	658	Not Met	1,215	2,533	1,172	Not Met	1,326	3,003	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.S. dollars)	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	

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-Jan.	end-Feb.	end-Mar.	end-Apr.	end-May.	end-Jun.	end-Jul.	end-Aug.	end-Sep.	end-Oct.	end-Nov.	end-Dec.	end-Jan.	end-Feb.	end-Mar.	end-Apr.	end-May.	end-Jun.
	Proj.	Proj.	Proj.	Proj.	Proj.	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC
Quantitative Performance Criteria																		
Fiscal/debt targets																		
1. Primary fiscal balance (cash basis) of central government (floor) 2/	191	382	574	765	956	1,147	1,338	1,529	1,721	1,912	2,103	2,294	508	1,017	1,525	2,034	2,542	3,050
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	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	0
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S. dollars)	0	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	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	5	-9	-9	-17	-33	-57	-55	-54	-62	-50	-41	42	-7	-16	-32	-37	4	-12
7. Net domestic assets of the central bank (ceiling) 2/	1,217	383	457	1,427	2,818	3,602	4,006	4,397	4,866	4,998	5,181	4,389	552	1,096	1,700	2,138	1,889	2,430
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	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) (proposed) 2/							5	10	15	20	25	30	5	10	15	20	25	30
Indicative Targets																		
1. Social spending of central government (floor) 2/			990			1,981			2,971			3,962			1,308			2,617
Memorandum items																		
Reserve money	29,489	28,890	29,466	31,356	32,765	33,964	35,102	36,147	37,086	37,888	38,606	39,316	40,056	40,756	41,415	42,074	42,701	43,306
Reserve money (local currency portion only)	13,546	12,457	12,513	13,259	13,839	14,249	14,642	14,998	15,320	15,573	15,831	16,162	16,570	16,935	17,255	17,571	17,853	18,109
Reserve money (constant exchange rates)	20,860	19,763	19,611	19,849	21,010	21,461	21,896	22,294	22,658	22,955	23,256	23,631	24,091	24,508	24,880	25,248	25,582	25,891
NFA (constant exchange rates)	11,743	11,480	11,253	10,522	10,292	9,959	9,990	9,997	9,893	10,057	10,174	11,341	11,249	11,123	10,890	10,821	11,403	11,171
Gross international reserves (millions of U.S. dollar)	1,218	1,188	1,186	1,138	1,120	1,153	1,155	1,156	1,204	1,216	1,224	1,361	1,354	1,345	1,395	1,390	1,430	1,480
Usable international reserves (millions of U.S. dollar) 5/	888	858	868	820	803	835	837	838	886	898	906	1,043	1,036	1,027	1,077	1,072	1,113	1,163
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	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 Action and Structural Benchmarks Under the EFF

Measure	SR ¶	Target date 1/	Status	Objective
Prior Actions				
Submit to the National Assembly an amended VAT Act that (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and (ii) additionally, impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption.	9/24		Prior Action	Ensure fiscal adjustment in line with program parameters.
Finalize the roadmap to triage banks, apply conditions on the use of public funds, and unwind the existing regulatory forbearance.	20/24		Prior Action	Improve strength of the financial sector.
Publicly announce increases to average electricity tariffs by 28 percent and phasing out lump-sum billing discounts.	9/24		Prior Action	Ensure fiscal adjustment in line with program parameters.
Structural benchmarks				
Exchange rate/monetary/safeguards				
Establish competitive FX auctions for the CBvS to undertake buying/selling of FX during periods of disorderly market conditions (defined as when the intraday change in the exchange rate versus the U.S. dollar is more than 2 percent) under the agreed rule.		December 2021	Met	Ensure the CBvS has a mechanism to intervene in the FX market.
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	Proposed new SB	Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	21	December 2023	Proposed new SB	Strengthen accountability and transparency, and reduce risk of misreporting.
Publish on the CBvS's external website the FY 2022 audited IFRS financial statements.	21	December 2023	Proposed new SB	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.	21	December 2023	Proposed new SB	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.	17	December 2023	Proposed new SB	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	Proposed new SB	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	Proposed new SB	Improve strength of the financial sector.

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

Measure		Target date		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.	9	July 2023	Proposed new SB	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.	10	December 2023	Proposed new SB	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.	11	[June 2023]	Proposed new SB	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	9	July 2023	Proposed new SB	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	11	December 2023	Proposed new SB	Strengthen PFM.
Publish quarterly budget execution report starting with the end June 2023 budget outturns.	11	September 2023	Proposed new SB	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.	22	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.	22	September 2023	Proposed new SB	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.	22	June 2022	Not Met	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.	22	August 2022	Not Met	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.	22	September 2023	Proposed 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.	22	September 2023	Proposed new SB	Strengthen procurement efficiency.
Governance (AML/CFT)	22			
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).	22	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.

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 w idth 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 w ill 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 w ould be sustainable . How ever, even after restructuring, public debt w ould 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, w hich 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 follow ing 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 w ithout 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 w here there is a disbursing IMF arrangement. In surveillance-only cases or in cases w ith 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 w here there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases w ith IMF arrangements w ith normal access, the qualifier indicating probability of sustainable debt ("w ith high probability" or "but not w ith high probability") is deleted before publication.

Figure 2. Suriname: Debt Coverage and Disclosures

	CG	GG	NFPS	CPS	Other	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:

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

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

	Basis of recording		Valuation of debt stock		
4. Accounting principles:	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

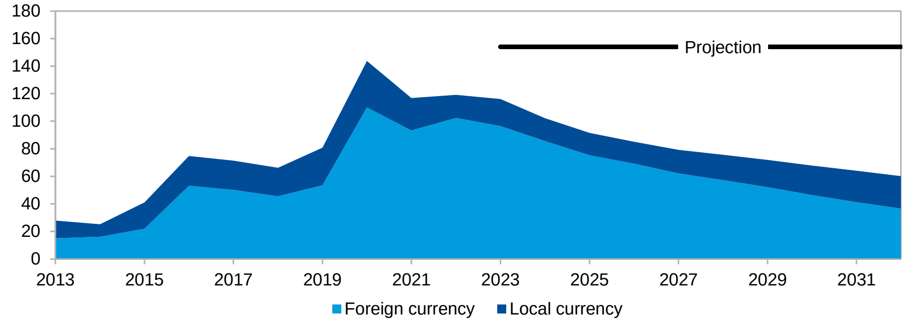
Sector		Issuer \ Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS / NFPS / GG: expected / CG	1	Budget. central govt									0
CPS / NFPS / GG: expected / CG	2	Extra-budget. funds									0
CPS /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

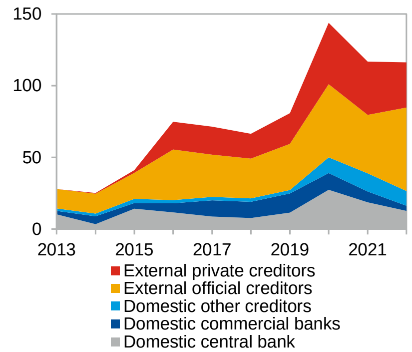
Figure 3. Suriname: Public Debt Structure Indicators

Debt by currency (percent of GDP)



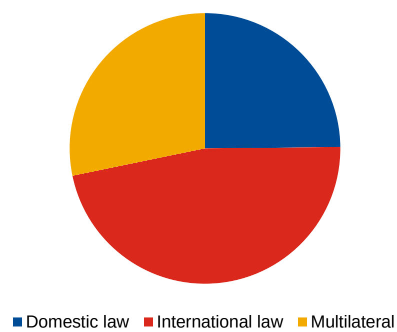
Note: The perimeter shown is central government.

Public debt by holder (percent of GDP)



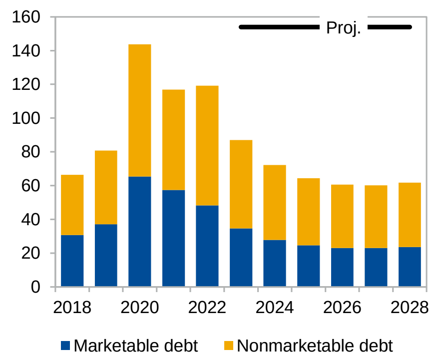
Note: The perimeter shown is general government.

Public debt by governing law, 2022 (percent)



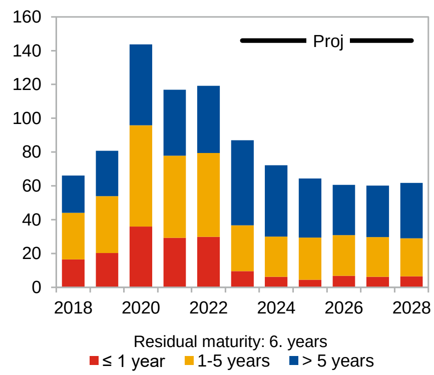
Note: The perimeter shown is general government.

Debt by instruments (percent of GDP)



Note: The perimeter shown is general government.

Public debt by maturity (percent of GDP)



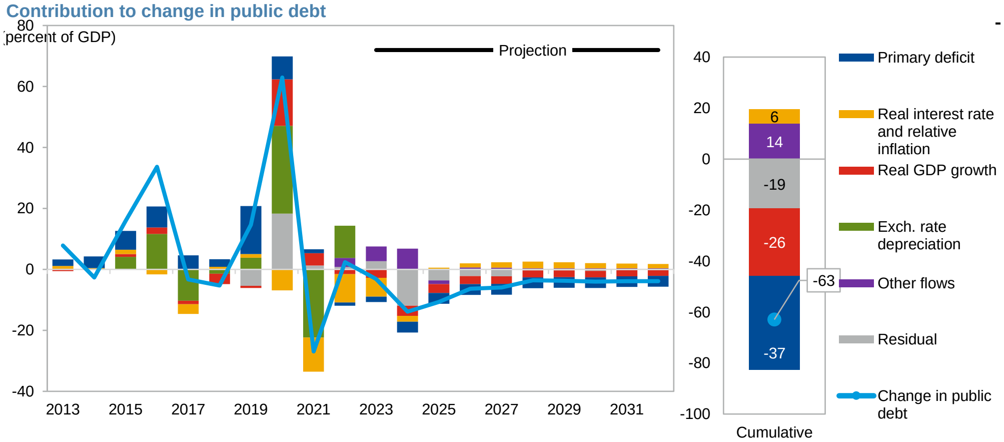
Note: The perimeter shown is general government.

Staff commentary: Public debt is 119 percent of GDP as of 2022, out of which FX debt explains 102 percent of GDP and external public debt explains 90 percent of GDP. In the external debt, multilateral debt accounts for 34 percent of GDP, about 3/4 of which is owed to Inter-American Development Bank (IADB). The other official debt includes bilateral debt (16 percent of GDP) and ECA-backed debt (8 percent of GDP). Among the official creditors, China is the largest at 20 percent of GDP, followed by the Paris Club at 3 percent of GDP and India at 1 percent of GDP. Private debt is comprised of bonds and loans, of which two international bonds (placed in 2015 and 2019) account for 30 percent of GDP and non-ECA backed securities account for 1 percent of GDP. External arrears amount to 14 percent of GDP as of end-2022. Domestic debt is estimated to be 30 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 6 percent of GDP, debts to non-banking institutions accounts for 10 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)

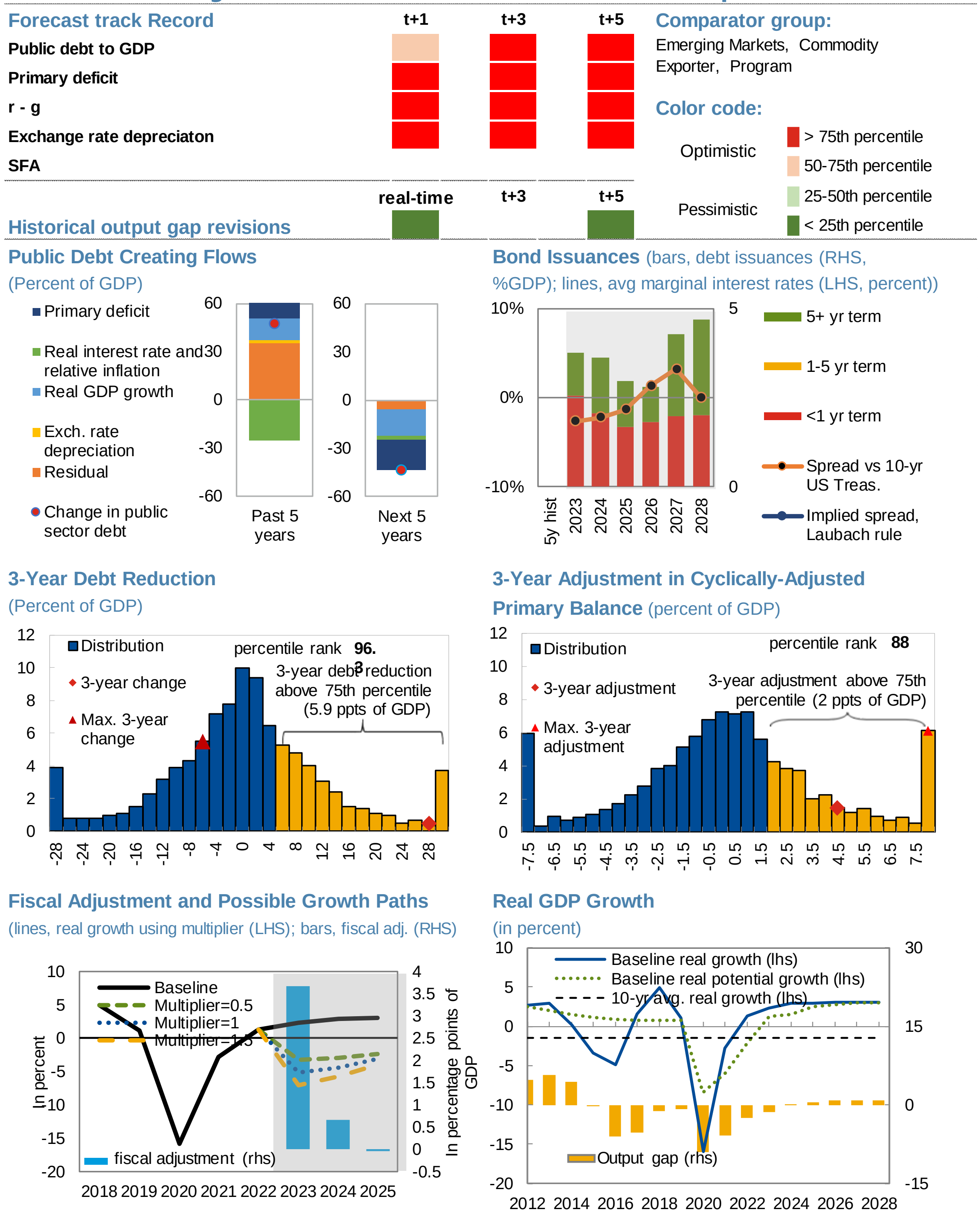
	Actual	Medium-term projection						Extended projection			
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Public debt	119.2	116.0	102.2	91.5	85.2	79.3	75.7	71.9	67.9	64.0	60.1
Change in public debt	2.4	-3.2	-13.9	-10.7	-6.3	-5.9	-3.6	-3.7	-4.0	-3.9	-3.9
Contribution of identified flows	-15.9	-6.7	-7.5	-7.5	-4.8	-4.2	-3.6	-3.8	-3.9	-4.0	-4.0
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	28.1	26.9	26.4	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6
Noninterest expenditures	27.1	25.1	22.9	22.1	22.1	22.1	22.1	22.1	22.1	22.1	22.1
Automatic debt dynamics	-17.7	-8.9	-5.3	-2.4	-1.3	-0.7	-0.1	-0.3	-0.4	-0.5	-0.5
Real interest rate and relative inflation	-9.4	-6.2	-1.9	0.6	1.4	1.8	2.2	1.9	1.7	1.5	1.4
Real interest rate	-32.1	-35.5	-20.7	-8.6	-4.2	-2.2	0.5	0.4	0.2	0.2	0.2
Relative inflation	22.7	29.3	18.7	9.2	5.6	4.1	1.7	1.6	1.4	1.3	1.2
Real growth rate	-1.5	-2.7	-3.3	-3.0	-2.7	-2.5	-2.3	-2.2	-2.1	-2.0	-1.9
Real exchange rate (evaluated by eop FX)	10.6	…	…	…	…	…	…	…	…	…	…
Other identified flows	3.0	4.8	6.8	-1.2	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	-6.9	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	1.7	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	0.8	2.7	-11.9	-3.6	-2.2	-2.3	-0.3	-0.3	-0.5	-0.3	-0.3
Gross financing needs (incl. arrear clearance, base)	10.0	12.0	9.3	6.3	5.1	7.7	8.4	9.4	9.6	9.8	9.6
of which: debt service	10.6	9.8	11.5	9.5	8.6	11.2	11.9	12.9	13.1	13.3	13.1
Local currency	1.0	1.6	1.6	1.8	2.3	2.6	3.1	3.3	3.3	3.5	3.9
Foreign currency	9.7	8.2	9.9	7.7	6.3	8.6	8.7	9.6	9.9	9.8	9.3
Gross financing needs (excl. arrear clearance)		8.1	8.0	6.0	5.1	7.7	8.4	9.4	9.6	9.8	9.6
Memo:											
Real GDP growth (percent)	1.3	2.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	45.6	48.7	28.3	14.9	10.6	8.6	5.0	5.0	5.0	5.0	5.0
Nominal GDP growth (percent)	47.5	52.1	32.1	18.3	13.9	11.9	8.1	8.1	8.2	8.1	8.2
Effective interest rate (percent)	5.1	3.3	4.8	4.8	5.3	5.7	5.6	5.5	5.4	5.4	5.4

Contribution to change in public debt



Staff commentary: The public debt stands at 119.2 percent of GDP as of end-2022. It is projected to decline below 100 percent of GDP by 2025 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 2030, and below 50 percent by 2035. GFN to GDP peaks at 12.0 percent in 2023 and is expected to decline to 5.1 percent in 2026; however, it is projected to gradually increase in the medium to long run to just below 10 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), and it is essential to continue fiscal adjustment efforts in the medium to long term. In addition, it is important to keep liquidity buffer, including the government's deposit, 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 6.9% in 2023. The IMF's BOP finance part 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 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 terms of exchange rate, assumption on real appreciation is fixed at 0.6 percent due to Barassa-Samuelson effects in the medium to long term.

Figure 6. Suriname: Medium-Term Risk Analysis

Debt fanchart and GFN financeability indexes

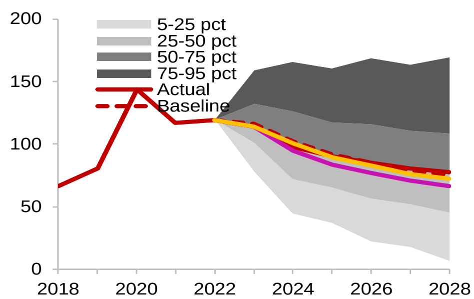
(percent of GDP unless otherwise indicated)

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	8.1	2.8	…
	Bank claims on government (pct bank assets)	7.2	2.3	…
	Chg. in claims on govt. in stress (pct bank assets)	6.8	2.3	…
	GFN financeability index	**…**	**7.4**	**Low**

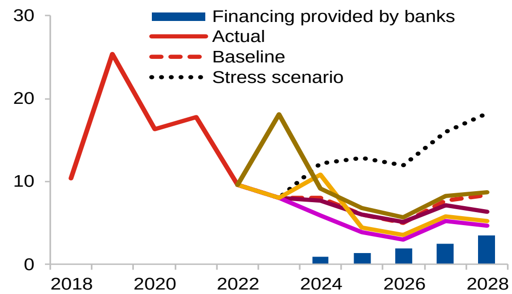
EM, Com. Exp, Program: 0 25 50 75 100

Legend: Interquartile range; Suriname

Final fanchart (pct of GDP)



Gross Financing Needs (pct of GDP)

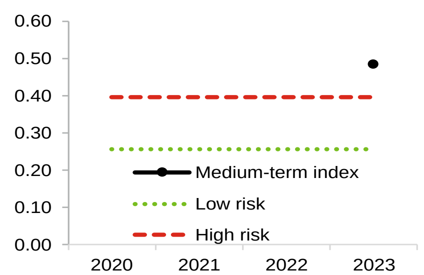


Triggered stress tests (stress tests not activated in gray)

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 minly driven by the wide width of the fanchart. Suriname experienced large fluctuations in real exchang rate and inflation in the past, which conributes 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 govenrment'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 mitgated 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 availabe information, so far, does not provide assurances about the economic viability of the oil reserves. Overall, the medium-term risk and overall risk are considred to be high even under the restrucuting scenario, considering vulnerability to macro-fiscal shocks and potentially higher GFN needs from the recapitalization.

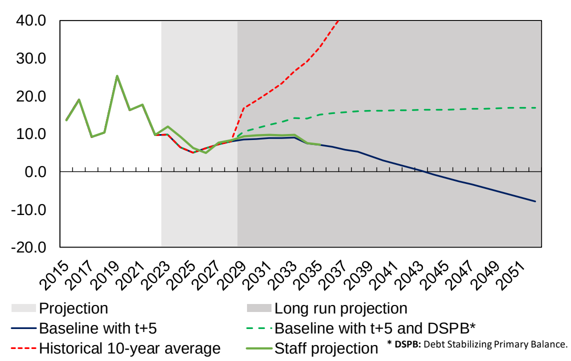
Figure 7. Suriname: Long-Term Risk and Analysis

Large Amortization Trigger

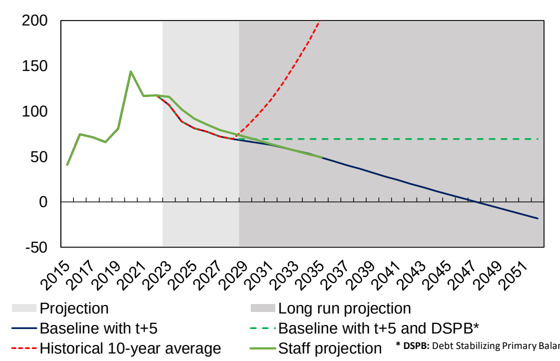
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Medium-term extrapolation with debt stabilizing	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization	
Historical average assumptions	GFN-to-GDP ratio Amortization-to-GDP ratio Amortization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

Alternative Baseline Long-term Projections

GFN-to-GDP ratio



Total public debt-to-GDP ratio

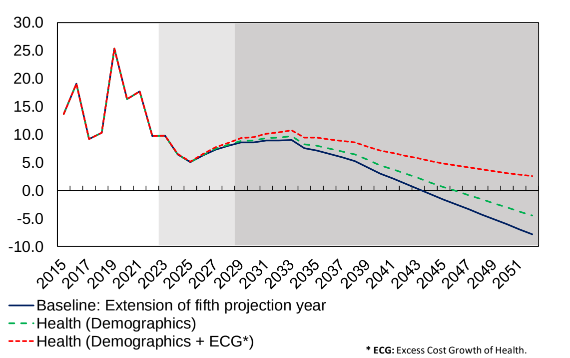


The long-term analysis indicates that GFN to GDP and public debt to GDP diverge very quickly if the government followed the past 10 year path. The historical 10-year average scenario is less informative because the scenario includes macro-fiscal shocks during the crisis period of 2020-22; nevertheless, it highlights the importance of keeping sufficient PB surplus to achieve declining GFN to GDP and public debt to GDP 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 just 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.

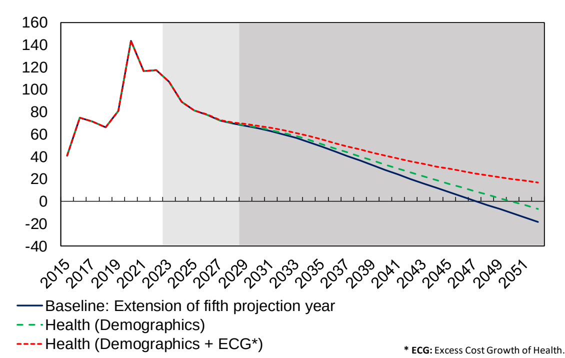
Note: staff projection shows the baseline until 2035. The staff projection deviates from the long-term module's (mechanical) baseline because the former reflects below-the-line transactions (e.g., arrear clearances, debt restructuring).

Demographics: Health

GFN-to-GDP ratio



Total public debt-to-GDP ratio

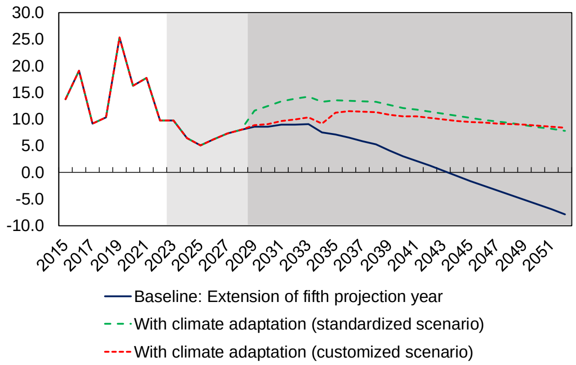


Health cost based on demographic changes could provide additional risks in the long-term but this would not have a material impact given that GFN to GDP and public debt to GDP keep declining paths based on continued fiscal efforts.

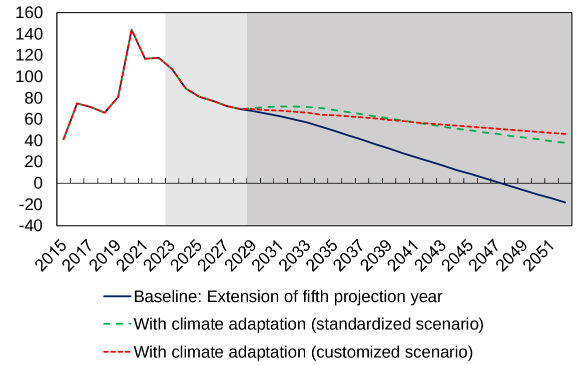
Figure 7. Suriname: Long-Term Risk and Analysis (concluded)

Climate Change: Adaptation

GFN-to-GDP ratio



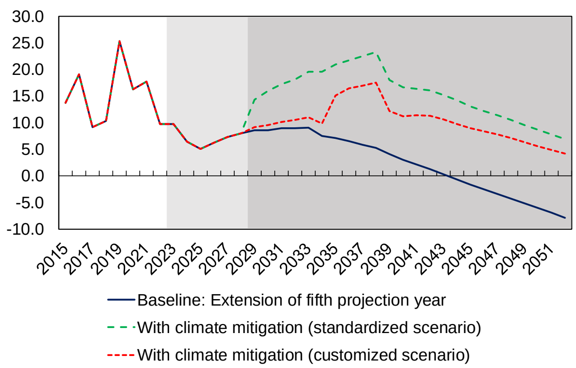
Total public debt-to-GDP ratio



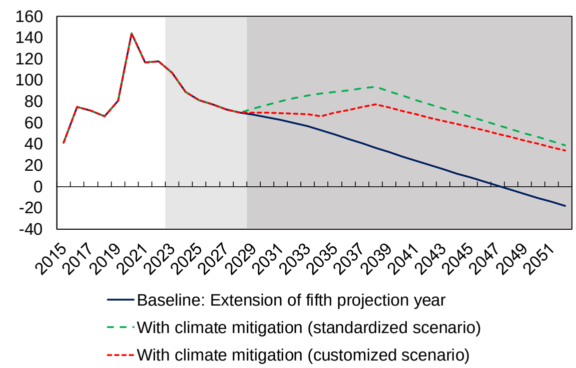
Suriname is outside the hurricane belt but is occasionally affected by the tails of hurricanes and local storm events, resulting in flooding. The climate adaptation and mitigation cost could cause additional fiscal costs on top of the gradually increasing GFN to GDP in early 2030. Therefore, it is important 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

GFN-to-GDP ratio



Total public debt-to-GDP ratio



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.

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 except Italy where a signing of the bilateral agreement is pending. 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. With these, financing assurances provided from India are fully consistent with program parameters. 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, being delayed from the original schedule envisaged under the EFF request and the 1st review (i.e., by end 2022). The authorities continue their best efforts to reach restructuring agreements with China.
- ***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 (Value Recovery Instrument) that capitalizes 120 percent of the nominal haircut. The payment to the VRI is conditional on new revenue stream from a

[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).

specific oil development 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 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), this restructuring scenario results in NPV reduction of around 25 percent for official bilateral and 14.4 percent for external commercial creditors at a 5 percent discount rate, and 51.7 percent for official bilateral and 39.5 percent for external commercial creditors at a 10 percent discount rate.

- ***CBvS restructuring:*** MoFP and CBvS are trying to reach an agreement on legacy debt owed to CBvS by September 2023 at the latest. The baseline assumes clearing all the CBvS advances in 2023 and all the interest arrears in 2024 with repayments starting from 2025. 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 end 2022, the authorities accumulated domestic debt arrears of SRD 2.1 billion (2.5 percent of GDP), excluding arrears with 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) and at the beginning of 2023 (i.e., USD 21 million), including through roll-over and restructuring 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[3].

- **Supplier arrears and other arrears.** The audit result confirmed the supplier arrear of SRD 2.4 billion as of end 2021, which is estimated to be declined to SRD 0.6 billion by end 2022. On the other hand, it is estimated that the authorities accumulated new supplier arrears of SRD 1.5 billion in 2022, resulting in the stock of supplier arrear of SRD 2.1 billion as of end 2022. The authorities continued their efforts in clearing supplier arrear in 2023 by reducing SRD 0.7 billion already. They commit to clearing at least SRD 0.3 billion more 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 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.

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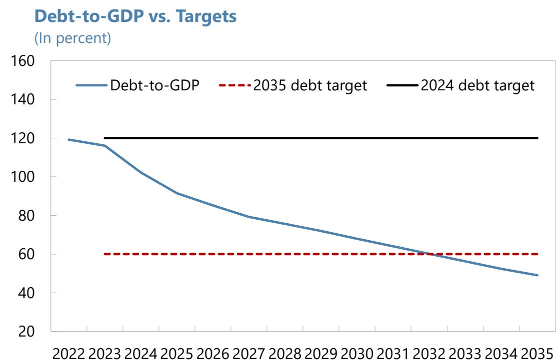
[2] In 2022, royalty revenue is estimated to be 18 percent of the total mining revenue.

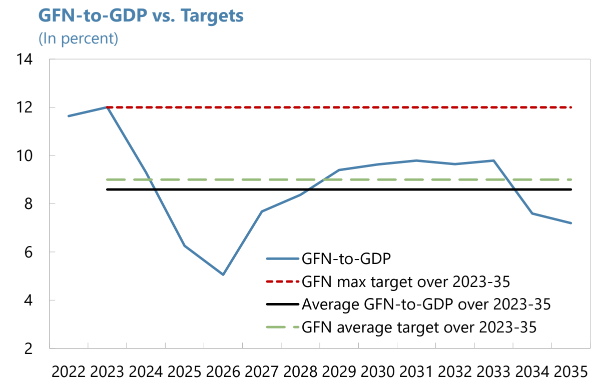
[3] The authorities are lagging behind the scheduled payments of some domestic project finance by one month.

Suriname: Domestic Arrear Clearance Schedule in 2023 and 2024				
	2023		2024	
	SRD millions	% of GDP	SRD millions	% of GDP
Arrear repayments	**5,169**	**3.9%**	**2,315**	**1.3%**
CBvS	1,549	1.2%	1,122	0.6%
Debt	2,620	2.0%	0	0.0%
Gold	0	0.0%	648	0.4%
Supplier	1,000	0.8%	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 finance 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 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. **Under this restructuring scenario, public debt is sustainable.** Public debt would be placed on a steady downward trend over the medium and long term, falling below 100 percent in 2025, below 70 percent in 2030, and below 50 percent in 2035. Moreover, GFNs would decline sharply from 12.0 percent in 2023 to 5.1 percent in 2026. The GFN would rise to about 10 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.





Source: IMF staff estimates.

B. External DSA

4. External debt is projected to be around 140.4 percent of GDP at end-2023, decreased from 149.2 percent at end-2022. Total external debt is forecasted to decline to around 83.3 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). A various economic shocks reveal that the external debt would be generally kept below 150 percent of GDP. However, 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)

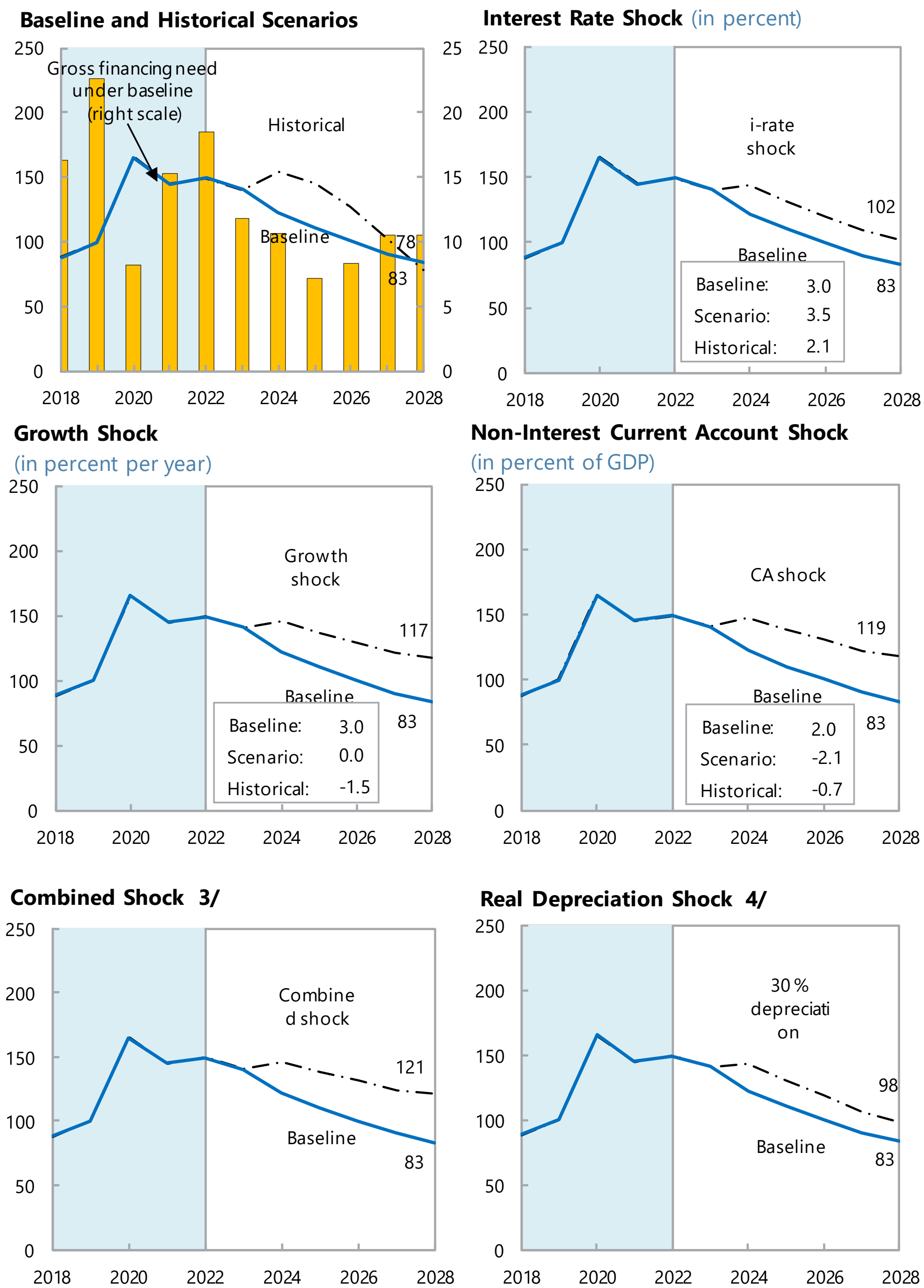
	Debt Stock incl. arrears end-2022			Debt Stock excl. arrears end-2022	Arrears end-2022	Debt Service					
						2023	2024	2025	2023	2024	2025
	(In USD)	*(Percent Total debt)*	*(Percent GDP)*	*(In USD)*	*(In USD)*	*(In USD)*			*(Percent GDP)*		
Total	3,252	100	119	2,636	616	401	326	301	12	9	8
External	2,444	75	90	2,059	385	241	202	209	7	6	5
Multilateral creditors	919	28	34	918	1	76	77	86	2	2	2
IMF	72	2	3	72	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	2	2
Other Multilaterals	150	5	6	150	1	22	21	20	1	1	1
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	26	1	6	4	4	0	0	0
o/w The OPEC Fund for International Developmen	30	1	1	30	0	4	4	4	0	0	0
Official Creditors	668	21	24	540	128	69	71	69	2	2	2
Bilateral Creditors	437	13	16	383	55	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	1	1	6	11	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	2	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	808	25	30	578	230	160	123	92	5	3	2
Held by Central Bank	349	11	13	265	84	11	15	21	0	0	1
Held by Local Banks	176	5	6	121	55	83	42	16	3	1	0
Held by Local Non-Banks	283	9	10	192	91	66	66	55	2	2	1
o/w supplier arrears	66	2	2	-	66						

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

1/ The table assumes the followings:
- For external debts whose bilateral restrucuturing 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 Sweden), 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 exisiting 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.

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	149.2			**140.4**	**122.1**	**110.3**	**100.3**	**90.1**	**83.3**	**0.0**
Change in external debt	-1.2	11.7	65.2	-20.1	4.3			-8.8	-18.4	-11.7	-10.0	-10.2	-6.8	
Identified external debt-creating flows (4+8+9)	-6.8	-4.4	14.5	56.7	-12.7			-5.2	-3.7	-1.1	0.5	2.7	3.4	
Current account deficit, excluding interest payments	-4.2	0.7	9.2	-11.1	-10.7			-3.6	-3.7	-2.6	-1.8	-1.2	-0.4	
Deficit in balance of goods and services	-10.1	-4.2	3.2	-20.9	-14.2			-14.0	-12.7	-10.1	-7.4	-6.4	-5.1	
Exports	59.7	56.0	57.4	84.8	77.0			92.9	85.7	78.0	73.9	71.0	69.2	
Imports	49.6	51.8	60.6	64.0	62.9			78.9	72.9	67.9	66.5	64.6	64.1	
Net non-debt creating capital inflows (negative)	2.0	1.5	2.7	1.2	-2.6			-0.4	0.5	1.9	2.3	3.6	3.4	
Automatic debt dynamics 1/	-4.6	-6.6	2.6	66.6	0.6			-1.1	-0.5	-0.3	0.0	0.3	0.4	
Contribution from nominal interest rate	2.3	2.3	2.3	3.6	5.5			1.2	2.6	2.7	2.9	3.0	2.9	
Contribution from real GDP growth	-1.3	-3.9	-1.1	36.3	3.8			-2.3	-3.1	-3.1	-2.9	-2.7	-2.5	
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	17.0			-3.6	-14.6	-10.7	-10.5	-12.9	-10.2	
External debt-to-exports ratio (in percent)	147.5	178.3	287.5	170.8	193.7			151.2	142.5	141.4	135.7	126.9	120.3	
Gross external financing need (in billions of US dollars) 4/	0.3	0.6	0.9	0.3	0.4			0.6	0.3	0.3	0.2	0.3	0.4	
in percent of GDP	8.6	14.6	22.7	11.3	14.8	10-Year	10-Year	15.6	10.0	9.1	6.1	7.0	8.9	
Scenario with key variables at their historical averages 5/						Historical	Standard	**140.4**	**154.5**	**144.5**	**126.4**	**102.2**	**78.0**	**-6.5**
Key Macroeconomic Assumptions Underlying Baseline						Average	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	1.3	2.3	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	16.3	-10.2	6.6	7.8	4.0	4.6	
Nominal external interest rate (in percent)	2.7	2.9	2.3	1.6	4.0	2.1	1.0	2.7	1.2	2.5	2.7	3.0	3.4	
Growth of exports (US dollar terms, in percent)	33.4	4.3	2.3	7.0	-6.0	0.1	15.7	13.0	-1.9	1.3	1.0	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	-7.6	1.5	3.4	4.9	4.7	
Current account balance, excluding interest payments	4.2	-0.7	-9.2	11.1	10.7	-0.7	8.0	3.6	3.7	2.6	1.8	1.2	0.4	
Net non-debt creating capital inflows	-2.0	-1.5	-2.7	-1.2	2.6	-3.1	4.9	0.4	-0.5	-1.9	-2.3	-3.6	-3.4	

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.

Annex II. Capacity Development Strategy

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

A. Context

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

2. **Fund CD is critical in advancing priority reforms.** In areas such as government financial statistics and banking supervision, limited data availability and weak data quality could hamper policy formulation and pose challenges to program performance assessment. Further strengthening of CBvS governance and analytical capacity is also urgently needed for the implementation of the new reserve money targeting (RMT) framework with a goal to restoring price stability. Previous Article IV consultation pointed out that, while data provision is broadly adequate for surveillance purposes, there are serious shortcomings, particularly in national accounts and labor market indicators.

B. CD Delivery

- **Fund's CD Engagement with Suriname**. CD activities have increased markedly since 2021 after the authorities requested Fund's support. Table 1 summarizes key CD engagement since 2013.

Looking ahead, Suriname is expected to be a heavy user of CD, consistent with the program agenda though the absorptive capacity constraints pose challenges.

- **Integration of CD in Fund's surveillance and lending.** CD delivery in Suriname has traditionally been integrated with the surveillance priorities identified in previous Article IV consultations. This coordination effort has been stepped up under the Fund-supported program, with the country team and CD providers working closely together, including through mission participation, to ensure that CD is consistently integrated in the authorities' reform priorities and effectively supports program implementation. Given the authorities' absorptive capacity constraints, sequencing and prioritizing of CD across reform streams in close coordination with the country team, in consultation with the authorities and CD provider, is paramount.

- **Collaboration with international partners**. Staff continuously discuss capacity development needs with CARTAC, IDB, CDB, the UN agencies, OAS, the World Bank Group, the European Union (EU), CARICOM/CARIFORUM, US Treasury, USAID, Canada (Catalyste+), and the Dutch government (Dutch Ministry of Finance, Dutch Statistics Office and the Dutch Central Bank). These institutions are currently providing or considering TA. Staff is engaging with these partners on a regular basis through joint meetings to ensure consistency of policy advice and synergies in supporting the program's objectives.

C. CD Priorities

3. The main objectives of CD in Suriname are to support the authorities' main reforms under the Fund-supported program. These include implementing reforms to strengthen the institutional framework for fiscal policy, ensure the efficient functioning of the RMT framework, enhance the autonomy, governance, and supervisory and crisis management framework of CBvS, and improve governance, tackle corruption, and enhance the AML/CFT Framework.

Strengthen the Institutional Framework for Fiscal Policy

4. The authorities' economic plan targets an improvement in the primary balance of around 10 percentage points of GDP over 2021-2024, supported by a balanced mix of revenue and expenditure measures. To support these efforts, the Fund-supported program aims at improving fiscal institutions, including through more efficient revenue administration and public financial management, high-quality data reporting, and strengthened analytical and forecasting capacity

- ***Government finance statistics (GFS).*** Compiling high-quality GFS data in Suriname faces several obstacles, including a blurry definition of budgetary central government (BCG) and central government, and a lack of an integrated financial management information system. The December 2021 STA TA mission identified significant weakness in the compilation of fiscal and public debt data. STA completed two follow up TAs in April and October 2022 to help the authorities implement the earlier recommendations. The World Bank has also started providing TA to the Suriname Debt Management Office (SDMO) to strengthen its capacity on public debt data compilation and reporting. Additional resources are also needed to appoint experts to provide hands-on support in fiscal and public debt data collection and compilation. CD will also help establish a system to compile and maintain an up-to-date list of public entities (Institutional Table), starting with the central government entities. Support is also being provided to enhance institutional arrangements to improve the collection and processing of the source data for GFS.

- ***Public financial management (PFM):*** The authorities' PFM reform strategy developed with support from the IDB, has identified four priorities areas, including publishing quarterly budget execution reports, consolidating treasury functions, establishing a public investment management system, and assessing and managing fiscal risks from state-owned enterprises.

- ***Budget execution***. CD will support the development of a comprehensive medium-term fiscal framework and a medium-term fiscal strategy to guide the preparation of the budget and improve budget execution.

- ***Treasury management.*** CD will also support the reform and modernization of the government's cash and liquidity management process and the expenditure control process. A 2021 TA on treasury management by CARTAC recommended the consolidation of treasury functions—payments processes, banking, and cash management—and the creation of a high-level financial controller function within a new treasury unit in the MoFP. The report also called for the modernization of the chart of accounts and extended use of the treasury single account to reinforce fiscal discipline and improve the government's access to liquidity. A CARTAC TA on modernizing the chart of accounts was completed in February 2023. Work is also underway to support the authorities to improve the paymaster system to help facilitate improvements in cash management and the compilation of liabilities with domestic suppliers, including arrears.

- ***Public investment management system.*** CD will support the authorities in establishing a public investment management system. The government does not have a public investment management system that provides common rules and regulations, instruments, procedures, and information systems for appraising and selecting proposed capital infrastructure projects. There is no coordinated asset management strategy. While rules exist for the disposal of key assets such as mining and natural resources, and land use, these rules are not fully transparent. In this regard with the support of the IDB, a first assessment was concluded in September 2022. Additional follow-up TA including financial resources will be provided by the IDB for the government.

- **Tax policy and revenue administration**: CD is needed to support the authorities' revenue mobilization efforts, including the implementation of the VAT; the establishment of the large taxpayer units (on which the Dutch government has been providing support to the Surinamese authorities); the review of the existing fiscal regime governing the operation of the multinational gold mining companies; and conducting a comprehensive review of the existing work process and legal framework in revenue administration. CD will also support the strengthening of natural resource taxation, which is particularly critical given the potential for revenue from oil resources in the medium-term. A general diagnostic mission on tax policy to identify where reforms should be best targeted was completed in May. The mission made a number of recommendations for strengthening tax and revenue performance.

- ***Expenditure policy and governance of the electricity sector***: CD in this area would focus on rationalizing the government wage bill and untargeted social spending, including the electricity subsidies, all of which comprise a significant share of total spending in Suriname's budget. The state-owned electricity company (EBS) has been making losses that require significant fiscal transfers to remain in operation. CD is needed to support the authorities' effort to reform the governance of the electricity sector, the management of the state-owned electricity company, and the pricing structure of electricity tariff. The authorities have received assistance from the IDB for an independent financial assessment of EBS. They have also requested TA on energy subsidies reform from FAD and a mission is being planned for end-May 2023.

- ***Improving social safety net***: CD in this area will support improving the design and targeting of the social transfer programs, which is much needed to enhance the social spending quality and efficiency and ensure the needs of the most vulnerable groups are met. As part of its recently approved social protection support program, IDB will work on enhancing the efficiency and transparency of the cash transfer programs. The ILO is supporting the authorities in conducting a social expenditure review.

- ***Other economic statistics***: CD in this area will aim at improving the quality and timeliness of economic data and statistics in monetary, national accounts, price, and external sector statistics. Monetary statistics compilers need CD to ensure data consistency across sectors, particularly the public debt data and government financing data. STA experts have delivered the TA mission on monetary and financial statistics in May 2023 to help the authorities expand the coverage of monetary statistics to include other deposit-takers (credit unions) and other financial corporations (pension funds and insurance companies). Currently, national accounts data is available only at annual frequency and is published with an eight to nine-month lag. Shortening the time lag and producing quarterly national accounts data are vital for program monitoring and policy design. CARTAC is supporting the authorities to produce quarterly national accounts data. On price statistics, CD resources may be needed to help support the planned rebasing exercise and to develop a residential property price index. On external sector statistics, CARTAC has been providing TA to address data gaps in balance of payments and reduce the size of errors and omissions.

Strengthen the RMT Framework

5. The authorities have adopted a flexible exchange rate regime and fully transitioned to the Reserve Money Target (RMT) framework. CD on central bank operations is focusing on enhancing the functioning of the RMT framework. The Dutch Central Bank has provided a long-term expert, who, in coordination with MCM/WHD, is providing TA on RMT, the auction process for RMT, and the development of an alternative instruments for interbank transactions. Continuous CD is needed to strengthen modelling and forecasting capabilities, monetary policy decision making, and liquidity management, reserve management, as well as designing an effective communication strategy and developing a medium-term framework for foreign exchange operations and market development. The authorities have recently requested a TA on foreign exchange reserve management.

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

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

- *Governance of the CBvS:* LEG has helped the authorities modify and adopt the CBvS's law to strengthen the CBvS's mandate, autonomy, and decision-making structures. FIN is closely monitoring the implementation of a governance reform implementation plan adopted in June 2021 by the CBvS. CD is needed to help the MoFP and CBvS to jointly develop a plan to recapitalize the CBvS. Additional resources may be needed to provide further assistance to the CBvS to implement the governance reform and strengthen CBvS's operations. The authorities intend to align the Central Bank Law of 2022 with the foreign exchange regulation 1947 in two stages. They have requested TA from LEG to revise the FX regulation.

- *Financial reporting and recapitalization of CBvS*: MCM has assisted the CBvS in finalizing its annual accounts for 2016 to 2019 and is providing TA to help CBvS transition to IFRS accounting. Once the audited statements for 2020 and 2021 have been finalized by CBvS, MCM will be asked to assist authorities in developing a recapitalization plan for CBvS.

- *Financial crisis management framework:* LEG and MCM have been supporting the authorities in developing the bank resolution law and operationalizing the Bank Resolution Unit within the CBvS. The next step will be further assistance in developing and implementing regulations related to bank resolution.

Improving Governance

7. CD in the governance area has been focused on strengthening the AML/CFT framework and reducing corruption.

- *Improving the AML/CFT framework.* CD in this area has focused on supporting the authorities' effort to strengthen their AML/CFT framework in line with the international AML/CFT standards. This CD Project is being funded by Phase III of the Fund's AML/CFT Thematic Trust Fund. A scoping mission by LEG took place in November 2021, followed by an on-site mission in July

2022, to identify areas of support, including in areas related to (i) legal drafting and (ii) risk-based supervision. Staff has provided a draft proposal for the new AML/CFT law in Dutch and English for the authorities' consideration and reviewed relevant sectoral laws with respect to banking and casinos.

- *Tackling corruption and improving transparency of the public sector.* CD in this area will be prioritized to support the authorities' effort to revise the anti-corruption and procurement laws.

D. Challenges and Mitigating Factors

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

Table 1. Suriname: Capacity Development Activities (2013-2023)

TA/Training Mission	Provider	Mission Date
Revenue Administration		
Tax and customs: Preparing for the Value-Added Tax	FAD	Mar 2017
Legal and Tax Policy Frameworks: Preparing for the Value-Added Tax	FAD	Apr 2017
Revenue Administration: Follow up on the preparation for the Value-Added Tax	FAD	Oct 2017
VAT implementation	FAD	May 2023
Public Financial Management		
Treasury single account and chart of accounts issues	CARTAC	Apr 2013
Joint IMF-WB mission on IFMIS design and implementation	FAD	May 2013
Review of existing reforms including the chart of accounts and IFMIS implementation	CARTAC	Oct - Nov 2013
Establishment of a single treasury account and improving financial reporting	MCM	Jan 2014
Assistance on MTEF and the budget process also present at the ICAC conference	CARTAC	Jun 2014
Establishing a treasury and cash management unit	FAD	Jul 2016
Improved budget execution and control	CARTAC	Oct 2016
Desk reviews for the PFM law and the establishment of a sovereign wealth fund	FAD	2017-2018
Public financial management	CARTAC	Apr 2019
Moving to a Modern Treasury Function	CARTAC	Jun 2021
Accounting and Financial Reporting	CARTAC	Jun 2021
Strengthening Budget Planning and Preparation	CARTAC	Sep 2021
Macrofiscal forecasting	CARTAC	Nov 2022
Charts of Accounts	CARTAC	Feb 2023
Financial Market Supervision		
Deposit insurance scheme	CARTAC	Jan, Jun and Jul 2013
Developing macroprudential indicators and measures of systemic risk	CARTAC	Apr 2015
Developing a stress-testing methodology for the insurance sector	CARTAC	May 2015
Development of financial soundness indicators for insurance sector	CARTAC	Jun 2015
Enhancement of financial stability analysis	CARTAC	Jul 2015
Emergency liquidity assistance, early intervention and crisis management	MCM	Aug and Nov 2016
Macroprudential and financial interconnectedness	CARTAC	Nov 2018
International financial reporting system (IFSR9) implementation	CARTAC	Mar 2019
International financial reporting system (IFSR9) implementation, follow-up	CARTAC	Jul 2019
Enhancing the Stress Test Framework	CARTAC	Mar 2021
Enhancing Systemic Risk Monitoring	CARTAC	Nov 2021
IFRS 9 and 17 implementation Insurance Sector	CARTAC	Nov 2021
Adoption of international financial reporting standard	MCM	Mar 2022
Financial stability report	CARTAC	Nov 2022
Financial Market Development		
Capital market development	CARTAC	Nov 2013
Developing pension fund sector	CARTAC	Jul 2016
Central Bank Operations		
T-bills auction	MCM	May 2013
T-bills auction	MCM	Jul 2013
Central bank modernization	MCM	Sept 2013
Modernizing payments system at the Central Bank of Suriname	MCM	Oct 2013
T-bill auctions	MCM	Dec 2013
Central bank accounting and treasury account rationalization	MCM	Dec 2013
T-bills auction	MCM	Jul 2014
Macroeconomic and monetary operations	MCM	Sept 2015
TA needs assessment	MCM	Sept 2015
Exchange rate policy	MCM	Nov 2015
Monetary framework operations	MCM	Mar 2016
Monetary policy, FX operations & framework and Debt market development	MCM	Jan 2020
Calibration of Reserve Money Targets - follow up	MCM	Jun 2021

Table 1. Suriname: Capacity Development Activities (2013-2023) (Concluded)

TA/Training Mission	Provider	Mission Date
Central Bank Operations		
T-bills auction	MCM	Apri 2016
Liquidity management and monetary operations	MCM	June 2016
Enhancing Central Bank financial strength and transparency	MCM	Octobe 2016
Monetary Policy Framework and Foreign Exchange Operations	MCM	Januar 2020
Desk reviews for Amendment of Central Bank Law	LEG	May 2021
Calibration of Reserve Money Targets	MCM	Jun 2021
National Accounts and Price Statistics		
National accounts statistics in rebasing the Gross Domestic Products at constant prices and revising the current price estimates	CARTAC	2011
Workshop on national accounts	STA	Jan 2012
National accounts and expenditure-based GDP	CARTAC	Jul 2012, Jul 2013, Feb 2014
National account statistics on expenditure-based GDP, current prices	CARTAC	Feb 2014
National account statistics on expenditure-based GDP, current prices	CARTAC	Apr 2015
National account statistics on expenditure-based GDP, current prices	CARTAC	Nov 2015
National account statistics	CARTAC	Feb 2017
National account statistics to improve GDP estimates	CARTAC	Nov 2022
Price statistics	CARTAC	Aug 2017
Price statistic--residential property price index	STA	Apr 2023
External Sector Statistics		
Balance of payments statistics assessment (February 2014)	CARTAC	Feb 2014
BOP and external sector statistics (March 2014)	STA	Mar 2014
Balance of payments and IIP enhancement (July 2016)	CARTAC	Jul 2016
External sector statistics (November 2018)	CARTAC	Nov2018
External Sector Statistics: Review BOP Time Series (March 2020)	CARTAC	Mar 2020
Desk review: follow up in external sector statistics (May 2021 – Apr 2022)	CARTAC	May 2021 - Apr 2022
Government Finance Statistics		
Government finance statistics	STA	Dec 2015
Government finance statistics	STA	May 2016
Government finance statistics	STA	May 2017
Government finance statistics	STA	May 2018
Government finance statistics and public sector debt statistics	STA	Dec 2021
Government finanical statistics	STA	Apr 2022
Government finanical statistics	STA	Oct 2022
Other areas		
Electronic auditing course	CARTAC	Jan 2014
Improving macroeconomic projection frameworks and training staff in forecasting techniques	CARTAC	Jun 2014
Financial soundness indicators	STA	Apr 2016
Enhanced General Data Dissemination System (e-GDDS)	STA	Feb 2017
Macro fiscal scoping mission	CARTAC	Jul 2018
Scoping mission	LEG	Nov 2021
AML/CFT framework and anti-corruption	LEG	Jul 2022
Monetary and financial statistics	STA	May 2023

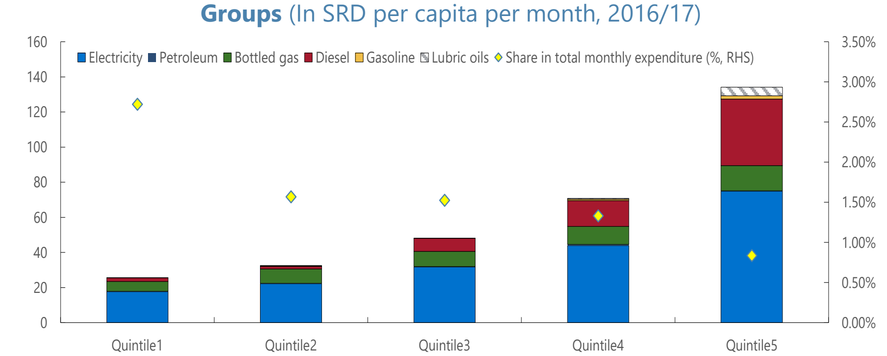
Annex III. The Welfare Impacts of Reforming Energy Subsidies[1]

The Suriname government has often intervened in energy markets to keep retail prices below supply cost. Energy subsidies created significant fiscal pressure in 2022, requiring urgent reform in 2023 and 2024. A key policy concern regarding energy subsidy reform is the potential adverse welfare impact on poor and vulnerable households, and the need for appropriate compensating mechanisms.

1. Energy subsidies are a large drag on the Suriname government's fiscal space. In 2022, Suriname spent 5.3 percent of GDP on fuel and electricity subsidies. In March 2023 the government eliminated fuel subsidies, and in May 2023 announced further steps in phasing out electricity subsidies. The cost of not eliminating energy subsidies is particularly high for Suriname given its limited fiscal space and the large downside risks facing its economy. However, removing energy subsidies is not without negative welfare effects due to higher consumer prices. Successfully removing energy subsidies therefore requires a clear understanding of the distribution of the welfare impact, and corresponding compensating mechanisms to prevent worsening outcomes for poor and vulnerable households.

2. The majority of benefits from energy subsidies go to higher income households in Suriname. In the nationally-representative Suriname Survey of Living Conditions 2016-2017,[2] per capita monthly expenditure on energy products is substantially higher for higher income households, with the top consumption quintile spending more than 5 times as much as the lowest quintile on energy in per capita terms (Figure 1). However, the poorest quintile of households spends a significantly higher share of their incomes on energy – nearly 3 percent of their monthly expenditures compared to less than 1 percent for the richest quintile. Relative to their incomes, then, energy subsidies benefit poorer households more, making them socially difficult to eliminate.

Figure 1. Composition of Household Energy Expenditure by Consumption Groups (In SRD per capita per month, 2016/17)



3. The welfare loss from higher energy prices would be largest for the richest households in absolute per capita terms. This reflects the highly unequal distribution of energy-intensive

[1] Prepared by Vybhavi Balasundharam, Simon Naitram, and Minnie Park.

[2] Due to long time lags between household surveys, we use the most recent publicly available survey from 2016-2017.

consumption. For example, if both diesel prices and electricity tariffs increased by 25 percent in 2016, the average per capita welfare impact for the bottom quintile would have been about SRD 10 per capita per month compared to an average impact of around SRD 80 per capita per month for the top quintile (Figure 2). This captures both the direct impact on households faced with higher energy prices and the indirect impact through higher prices for other goods and services consumed by households as higher fuel costs are reflected in increased production costs and consumer prices.[3] The indirect impact is also concentrated in the top quintile, where nearly half of the welfare loss is due to these second order effects.

Figure 2. Welfare Loss from Subsidy Reform
(In SRD per capita per month, 2016/17)

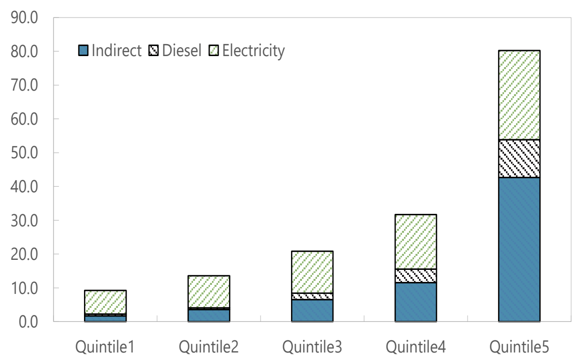
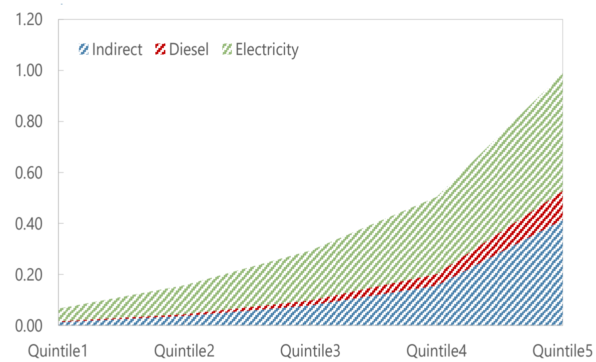


Figure 3. Cumulative Fiscal Cost of Compensating Households (In Percent of 2016 Nominal GDP)



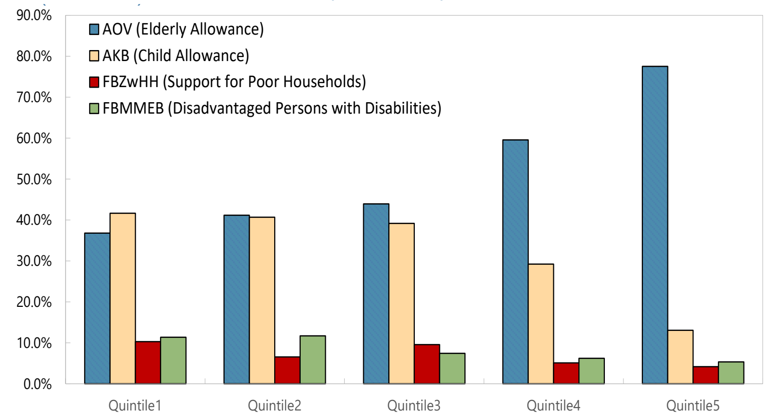
Source: IMF staff estimates based on the Suriname Household Income and Expenditure Survey 2017

4. By strengthening the social safety net, the government can fully compensate poor and vulnerable households for their welfare loss from energy subsidy reforms in Suriname. Since lower income groups receive a small proportion of total energy subsidies, the government can fully protect lower income groups from the adverse impact of energy subsidy reform while simultaneously generating substantial net fiscal savings. The 2017 survey found that 39.2 percent of households were either poor or vulnerable, with incomes below 1.25 times the non-extreme poverty line. To fully compensate the poorest 40 percent of households for increasing diesel and electricity prices by 25 percent would have cost the government around 0.16 percent of GDP (Figure 3) in 2016. The net fiscal savings would be about 0.4 percent of GDP. This highlights the substantial fiscal gains that can be reaped from developing a well-targeted social safety net.

[3] Direct impact = Household Budget Share × Percentage Increase in Energy Price × 100. To estimate the indirect impact of energy price increases on the prices of other goods and services, we assume that increases in energy costs are fully passed forward onto the domestic prices of goods and services. For information on the production structure of the economy, we use the 2007 Suriname input-output table describing the share of different inputs in the production cost structure. The welfare impact of the price change is calculated by multiplying the estimated increase in prices of other goods and services by the household budget shares for each of these consumption categories (taken from a household survey). These results implicitly assume that households do not adjust consumption (i.e. zero demand price elasticity), so it can be interpreted as either an estimate of the short-run impact or as an upper bound of the long-run estimate.

5. The existing cash transfer programs were neither sufficiently broad nor appropriately targeted to mitigate the impact of removing energy subsidies. In 2022 Suriname had four major cash transfer programs, targeted at different subpopulations with varying levels of progressivity and coverage. While the Child Allowance program is progressive and has the highest coverage for the poorest 60 percent of households, some benefits continue to accrue to high income households. The Support for Weak Households program is better targeted, but has very limited coverage, with less than 10 percent of households covered in the lowest quintile. The Elderly Allowance has high coverage but is highly regressive.[4] To meet this shortcoming, the authorities have created the Social Beneficiary Program, which is a conditional cash transfer program targeted at households with net incomes lower than SRD 6,000 per month. The aim is to cover the 40 percent of households which are considered poor or vulnerable – around 60,000 households. The size of the cash transfer is SRD 1,800, which is intended to compensate for fully removing energy subsidies.

Figure 4. Share of Households Receiving Grants
(In Percent)



Source: IMF staff estimates based on the Suriname Household Income and Expenditure Survey 2017

[4] The regressivity of the Elderly Allowance and the progressivity of the Child Allowance are likely due to the common features that incomes tend to increase as workers age, and that younger households tend to have more children.

Appendix I. Letter of Intent

Paramaribo, Suriname
June 2, 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, Suriname's economic recovery plan (*Herstelplan 2020-2022)* has begun reversing many years of poorly conceived economic policy, with the goal of restoring stability, and putting the economy on a path of sustainable and inclusive growth. The first review under the extended arrangement was successfully completed on March 23, 2022. Due to delays in enacting the VAT law, the second review could not be completed as scheduled in June 2022.

By the time the VAT law was approved in August 2022 by National Assembly, Suriname was hit with a severe food and energy price shock caused by the war in Ukraine. Political tensions escalated. In an effort to mitigate these shocks for the people, we put in place fuel subsidies and increased public sector wages. However, together with delays in the implementation of measures on the revenue side, the resulting fiscal deficit exceeded the envelope agreed under the program. Coupled with policy challenges to effect offsetting monetary tightening, the fiscal expansion created an overhang of local currency liquidity, which quickly put pressure on the exchange rate and inflation.

In the last few months, we have made concerted efforts to bring the program back on track, foremost by restoring fiscal discipline. We passed a conservative 2023 budget, which included critical spending measures: eliminating fuel subsidies, phasing out electricity subsidies, containing the public wage bill, while at the same time, expanding social assistance spending and growth-enhancing infrastructure investment. In May, we announced electricity tariff increases. We undertook additional measures to raise non-mineral revenue, including by introducing air navigation charge increases. We are doubling down on our efforts in tax administration to strengthen VAT collections and issuance of refunds. To ensure adequate revenue yield, in May we [submitted to the National Assembly] an amended VAT act to broaden the tax base in line with IMF staff recommendations.

We have also made substantial progress with debt restructuring. An agreement was reached in June 2022 with Paris Club (PC) creditors, and bilateral agreements with all of the PC creditors except Italy were completed. The agreement with Italy was reached and its signing by both governments is expected in the coming weeks. An agreement in-principle with the bondholders was reached in May 2023. Consistent with the Fund's Lending Into Official Arrears policy, China has provided consent to proceed with Fund financing. We regret the fact that due to some miscommunication our state telecommunications company Telesur, made an erroneous payment to Exim China on debts that are under restructuring negotiation. We have put in place additional safeguards to prevent such payments from reoccurring. To improve our debt transparency, we have amended and approved our legislation to expand the legal mandate of the Debt Management Office (SDMO) and have completed an independent audit of the domestic supplier arrears for 2015-21.

We understand that to properly implement a reserves targeting framework requires a strong and independent central bank. To strengthen the central bank's (CBvS) mandate, autonomy, and decision-making, in April we enacted the Central Bank Act of 2022. To support implementation of this Act we will review in consultation with the IMF the Foreign Exchange Regulation 1947 (FER) and take steps to bring it in line with the new Central Bank Act. We will seek to normalize the CBvS audit cycle and finalize both the central government debt restructuring with the CBvS and the recapitalization plan.

To bring down inflation, we are taking measures to tighten monetary conditions. The CBvS is continuing to issue term deposits and central bank certificates (CBCs) in accordance with a tightening reserve money path and has increased the reserve requirement for local currency deposits (from 39 to 44 percent). We have also put in place informal guidance to contain the growth in bank credit over the next 12 months. Once these changes feed through the system, we will contemplate additional policy steps to tighten monetary conditions in consultation with Fund staff.

We remain committed to a flexible, market-determined exchange rate. We will ensure that any FX regulations are consistent with the program objectives and do not interfere with the functioning of the FX market. The CBvS has refrained from FX interventions. The government has taken measures to ease FX availability pressures to prevent supply disruptions to essential goods and has allowed mineral companies to pay some of their government revenue obligations in local currency from corresponding FX sales to selected importers. We will cap these transactions going forward.

We are committed to strengthening financial sector resilience. We have completed asset quality reviews for all the banks. We have submitted the draft Credit Institution Resolution Act and the amendments to the Credit Institution Supervision Act to the State Council, and have finalized a roadmap to triage banks, apply conditions on the use of public funds, and unwind the existing regulatory forbearance. 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 second 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), rephasing and reduction of access from SDR 472.8 million to SDR 384 million, and the completion of the financing assurances review. We are also requesting waivers for the nonobservance of the end-December 2022 QPCs (floor on the primary fiscal balance (cash basis) of central government; the ceiling on net domestic assets (NDAs) of the central bank) based on the corrective actions we undertook to bring the fiscal program back on track and tighten monetary policy. We are also requesting waivers for the nonobservance of continuous performance criteria on the ceiling on direct purchases/sales of FX by the central bank and/or central government from/to SOEs and private sector and the ceiling on non-accumulation of central government external debt arrears, and the nonobservance of the standard continuous PC against introduction or modification of multiple currency practices based on their temporary nature. We also request that the quantitative program targets under the arrangement be set until June 2024 and new structural benchmarks be set.

The attached Memorandum of Economic and Financial Policies (MEFP) provides an update on recent developments since the first 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, under leadership of the private sector, we have established a social partnership—involving members from the private sector, public sector, unions, academia, and civil society—to monitor program implementation and conduct independent, home-grown assessment of our progress toward our goals. As part of our communication strategy, we have held frequent discussions with the broader society on the EFF-supported program and the government's economic recovery plan, and we intend to publish this letter on the websites of the Ministry of Finance and Planning (MoFP) and the CBvS to keep our citizens and international partners informed about our policy actions and intentions. In that regard, we authorize the IMF to publish this letter, its attachments, and the related staff report.

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/________
Kermechend S. Raghoebarsing
Minister of Finance and Planning
Paramaribo, Suriname

_____/s/_____
Maurice Roemer
Governor, Central Bank of Suriname
Paramaribo, Suriname

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

Attachment I. Memorandum of Economic and Financial Policies

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

I. RECENT DEVELOPMENTS

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

2. Our homegrown reform program supported by the EFF provided a framework to start addressing these engrained vulnerabilities. On December 22, 2021, the IMF Executive Board approved a 36-month arrangement under the EFF 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 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 more effective bank oversight; and (vi) tackle corruption, strengthen institutions and institutional governance, and enhance Suriname's AML/CFT framework.

3. We have been successful in implementing the program and stabilizing the economy until the second half of 2022. The monthly economic activity indicator (12-month moving average) improved from -15 percent in early 2021 to 2 percent in June 2022. Inflation remained high at around 60 percent (y/y) in April 2022, but core inflation excluding food and utility items has shown signs of moderation. The nominal SRD/USD exchange rate remained largely stable since the central bank allowed the official exchange rate to be determined by market conditions in June 2021. The real effective exchange rate has been on an appreciating trend since July 2021 and appreciated by 15 percent (cumulatively) since December 2021. Program performance was largely on track with important reforms 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. Furthermore, agreement was reached with Paris Club creditors to restructure Suriname's bilateral debt in June 2022.

4. An unfortunate delay in completing the prior action on enacting the VAT law and a subsequent exogenous shock from the war in Ukraine derailed our progress. We reached a staff level agreement on May 17, 2022, but the 2nd review had to be postponed due to delays in enacting the VAT law. By the time the VAT law was approved by National Assembly (in August 2022), we were hit with an unexpected shock from the war in Ukraine. Faced with serious social and political tensions arising from the associated food and energy price shock, we responded by putting in place untargeted fuel subsidy and increasing public sector wages. Overspending on fuel subsidies and wages caused the primary balance (PB) to fall short of the end-December 2022 target. Coupled with policy challenges to effect offsetting monetary tightening, this fiscal expansion created an overhang of local currency (LC) liquidity which quickly put pressure on the exchange rate. The resulting depreciation created a burst of inflation which, in turn, made it more difficult for the CBvS to restrain the growth of monetary aggregates. The end-December 2022 target on the net domestic assets (NDA) was also breached.

5. As the available financing could not keep up with the fiscal expansion, we have accumulated sizable domestic debt and supplier arrears in 2022. We have completed the supplier arrear audit in May 2023, showing that the stock of supplier arrears as of end 2021 was SRD 2.4 billion. Since then, we have cleared SRD 1.8 billion of the legacy arrears in 2022 but accumulated new supplier arrears of SRD 1.5 billion (based on preliminary estimates). Domestic debt arrears, excluding debt owed to CBvS, also increased in 2022 by SRD 0.5 billion from end-2021, to SRD 2.1 billion, though rollover of debt securities in December contributed to reducing arrears.

6. Domestic debt arrears have worsened appetite for government securities and further magnified banking sector vulnerabilities. The capitalization of the banking system has further eroded. The results of the AQR (which do not even account for the accumulated government debt in 2022) confirm this picture, showing five banks not meeting requirements mainly caused by increased provisioning needs on government exposures and reclassified loans. With government domestic securities in a constant state of debt reprofiling and restructuring, the appetite for government debt has fallen. Although the banking system is broadly liquid, this liquidity is unevenly distributed, and pockets of vulnerability have emerged as a result of the economic situation and the necessary tightening of monetary policy.

II. RETURNING PUBLIC FINANCES TO A SUSTAINABLE PATH

7. Our primary objective is to bring the fiscal program back on track, primarily through fiscal restraint. While we reached a primary surplus of 1.1 percent of GDP in 2022 – the first time government has recorded a surplus since 2011 – it was lower than the 1.7 percent of GDP targeted under the program. Overspending on fuel subsidies and public sector wages (by 1.8 and 0.9 percent of GDP respectively) caused the end-December 2022 target to be missed by 0.6 percent of GDP.

8. The depressed recovery, rising poverty and social discontent call for a less procyclical fiscal policy. We acknowledge the Fund's flexibility in allowing us to target a primary balance of 1.7 percent of GDP (half of what was envisaged at the 1st review). As financing is less constrained and debt dynamics are better, we are able to pursue a more gradual fiscal consolidation path. This would allow us to protect the still fragile recovery and meet urgent spending needs. In 2024 we will target a primary balance of 3.5 percent of GDP, which is the medium-term anchor consistent with debt sustainability. Despite the smaller PB, gross financing needs remain under 9 percent of GDP over the medium-term.

9. We will use the additional fiscal space to increase spending on social programs and growth-enhancing infrastructure. Increased social spending is required to secure a stable social environment for the implementation of the EFF-supported program. Additional spending on social programs (1 ppt of GDP) is being achieved by the introduction of a new social beneficiary program aimed at households with net incomes lower than SRD 6,000 per month – a threshold determined by the National Poverty Determination Commission. To compensate for higher fuel, food and energy costs, 60,000 poor households will receive a cash transfer of SRD 1800 per month. So far, we have transferred an additional SRD 154 million to poor and vulnerable households in 2023, complementing the traditional social protection programs. Higher capital spending (by 0.5 ppt of GDP) is required to make up for the delay of critical infrastructure projects over the past two years – capital expenditure fell from 6.6 percent of GDP in 2019 to an average of 2.1 percent of GDP during 2020-2022. Increases in the personal income tax thresholds were required to adjust for high inflation over the past three years (cumulative 400 percent increase in consumer price index). This is expected to lower personal income tax revenue by 0.6 percent of GDP and incentivize greater labor force participation.

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

- *VAT*. Enactment of the VAT was a major achievement of 2022. However, we understand that it will not achieve the desired yield unless we sufficiently broaden the base. To that effect, we will submit to the National Assembly an amended VAT Act that (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt products and (ii) imposes the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption **(*prior action, pending*)**. The amended VAT Act converting all zero-rated products (except exports and ancillary supplies to exports) to exempt products and imposing the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption will be enacted by end-July 2023 *(proposed new structural benchmark for end-July 2023)*. We are ramping up efforts to increase compliance with the VAT law, by reaching out to companies that are yet to register and/or submit payment, issue timely and accurate refunds, and are conducting an education campaign to inform taxpayers about the VAT.

- *Wage bill.* Nominal wages in the public sector remained unchanged from August 2022 to April 2023 despite strong inflationary pressures. We have reached an agreement with the unions to increase wages in May 2023 through cost-of-living bonuses. We are committed not to increase public wages/allowances for this fiscal year beyond those already agreed with the unions. We aim to reduce the wage bill to 7 percent of GDP or lower by end-2024 and not to increase public sector employment in 2023 and 2024. We have recently completed a registration process for all civil service employees, and will enact an amendment to the Personnel Act, which allows us to stop paying salaries to those workers who have not registered. This figure currently stands at 10 percent of the public sector and will imply a significant reduction in the wage bill in the second half of the year. A further 800 workers have taken up voluntary separation packages which will reduce the wage bill in the medium term. We will undertake a review of the central government agencies to strengthen budgetary oversight and human resource planning.

- *Fuel subsidies*. We fully eliminated fuel subsidies in March 2023. Fuel prices are now determined by an automatic pricing mechanism based on international prices.

- *Electricity subsidies.* The government has renegotiated power purchase agreements, and has announced increases to average electricity tariffs by 28 percent along with the phasing out of lump-sum billing discounts ***(prior action, completed)***. These reforms will become effective June 1. Tariffs will be further increased each quarter by the Energie Autoriteit Suriname to reach cost recovery by end-December 2024. With the support of IMF technical assistance, we aim to ensure that these tariff increases are socially acceptable and limit the impact on the poorest households. We built public consensus for these reforms through an inclusive decision-making process and increased transparency. We constituted a committee comprising key stakeholders such as unions and the business community, and shared information on the model used to determine the cost recovery price. Using a similar consensus-building approach, we are also exploring options to reduce subsidies on cooking gas.

- *Tax exemptions.* We eliminated exemptions for the import of capital goods in April 2023. Further scaling back tax exemptions granted to the mining sector, telecommunication companies and SOEs can yield up to 0.2 percent of GDP in 2023, and a further 0.2 percent in 2024.

- *Royalties.* We increased the royalty rate for small-scale gold miners from 4.5 percent to 5.5 percent in January 2023, yielding an additional 0.2 percent of GDP in 2023. We will consider further increases in 2024.

- *Air navigation charges. B*eginning in May 2023, we increased air navigation charges on arrivals, departures and overflights by 24 percent on average. This reform is expected to yield 0.3 percent of GDP in 2023. We have made the necessary investments to improve the aviation billing system.

- *Land lease fees.* We announced an increase in land lease rates for government-owned land in March 2023, which is expected to yield 0.6 percent of GDP in 2024. Land lease rates will be more frequently adjusted to bring them to market rates over time.

11. We are committed to strengthening fiscal institutions by:

- *Improving procurement practices.* With IMF and other IFIs technical support, we intend to incorporate a procurement module into our Integrated Financial Management Information System to improve spending efficiency.

- *Avoiding new domestic arrears through better 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 (*proposed new structural benchmark for end-December 2023*). This State Decree will further clarify the rules surrounding how commercial bank accounts are managed and how line ministries should report on these. We will also require commercial banks to issue periodic financial statements to the Ministry of Finance for these bank accounts. We will close separate bank accounts and gradually bring them into Treasury Single Account. We are also committed to expanding the functions of the Treasury, beginning with monitoring supplier arrears.

- *Empowering tax revenue authority*. We have begun the process of converting the Tax Directorate, including Customs, into a modern semi-autonomous revenue authority. A complete reorganization plan will be completed by external consultants funded by the IDB, after which the legislation required to give it legal authority will be submitted to Parliament.

- *Improving fiscal transparency and accountability.* To improve budget execution and fiscal transparency, we will commit to publishing budget execution reports on a quarterly basis starting with end-June 2023 fiscal outturns to be published by end-September *(proposed new structural benchmark for end-September 2023)*.

- *Increasing 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 2022 SB, proposed to be reset as a structural benchmark with a new test date, end-December 2023)*. Third, we will initiate quarterly financial monitoring of these SOEs.

- *Improving the quality of fiscal data.* We will establish a system to compile and maintain in a central place an up-to-date list of public entities (Institutional Table), beginning with central government entities *(proposed new structural benchmark for end-June 2023)*. This work will be coordinated across our Budget, Treasury, Fiscal Affairs, and Public Accounting departments. We will 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.

- *Managing public investment better.* We will begin the process of establishing a public investment management system that provides common rules and regulations, instruments, procedures, and information systems for appraising and selecting proposed capital infrastructure projects. We will create a coordinated asset management strategy, and make the rules for the disposal of key assets more transparent.

- *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 starting in July 2023, we will begin to use this framework as the basis for our budget planning process.

- *Expanding the Large Taxpayer Unit (LTU)*. Despite capacity constraints, a fully functioning LTU is necessary for improved tax revenue collections. With technical assistance, we commit to expanding the functions of the LTU to include account maintenance, client relationship management, filing and payment compliance.

IV. RESTRUCTURING PUBLIC DEBT

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

- We are committed to reducing public debt to below 120 percent of GDP by 2024 and, further, to 60 percent of GDP by 2035. We will lower our gross financing needs to an average of 9 percent of GDP in 2023-35 (and no higher than 12 percent of GDP in any one year). Our program ensures the fiscal position is fully financed from 2023 to 2024.

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

- 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 have formally made an agreement-in-principle with the Bondholder's Committee that includes a 25 percent nominal haircut on fixed income instrument and a value recovery mechanism. The fixed income instrument reduces a 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 reached an agreement in principle with the Paris Club creditors in June 2022. Subsequently, we have reached bilateral agreements with all the Paris Club creditors except Italy. An agreement-in-principle with Italy has been reached and the signing is expected before the Board. 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 has been reached in May 2023. With these, financing assurances from India are 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 will continue working with all creditors with a goal to achieve a suitable debt treatment consistent with program parameters and commit to resolving debt to all official bilateral creditors on comparable terms. Consistent with the Fund's Lending Into Official Arrears policy, China has provided its consent to proceeding with Fund financing notwithstanding arrears to China.

- In January 2023, Telesur, the state-owned telecommunication company, made an erroneous payment of USD 7 million to EXIM China. We commit not to make payments on any official bilateral debt under restructuring negotiation until the process is complete. We will make sure that the payments from Telesur to EXIM China since the EFF approval will be reflected in the eventual debt restructuring with EXIM China to ensure comparability treatment with other official creditors. We have taken steps to prevent any further such payments by Telesur. Telesur is no longer allowed to meet with EXIM China representatives without MoFP officials being present. The Minister of Finance sent a letter to all the parties involved (including EXIM China) such that no payment on the Telesur's loan to EXIM China will be made until a restructuring agreement within the parameters of the IMF EFF program have been reached, and a Presidential Decree [has been issued] stating that the debt restructuring process will be respected and payments by Telesur are prohibited until the debt restructuring agreement between Suriname and China has been reached.

- As part of the commitment to restore debt sustainability, we have made progress on restructuring some of domestic debt (including arrears) to banks and private sector (by reducing arrears of SRD 1.2 billion in December 2022 and USD 21 million in January 2023. We have prepared a concrete time-bound action plan of restructuring on domestic debts and commit to completing the ongoing domestic restructuring by the end of 2023. At the same time, we aim to clear all domestic debt arrears except technical arrears on project finance by then. We are improving capacity of the Treasury Unit within MoFP, which is expected to be fully functional this year and will be tasked with projecting and managing cash flows to prevent further arrears accumulation.

- At the same time, we commit to concluding the negotiation on the legacy debts with CBvS by September 2023, while balancing the government's financial constraints and CBvS' financial health. The government intends to clear all the arrears to CBvS by end 2024. The outcome of the negotiation will be taken into account in CBvS' recapitalization plan.

- For the supplier arrears, we have made further efforts to clear arrears by SRD 0.7 billion from January to April 2023. We commit to further clearing supplier arrears by at least total SRD 1 billion in 2023, halving the estimated stock of supplier arrears as of end 2022. In addition, we aim to clear all the supplier arrears by end 2025, while improving our monitoring capacity, commitment control, and cash flow management through PFM reforms and TA.

- Furthermore, the government will not provide guarantees to debt contracted by other parties during the course of the program, nor will it contract new debt that is collateralized by natural resource revenues (or allow the public sector to contract such kind of debt on behalf of the central government). So as not to unduly influence the domestic FX market or complicate the reserve money targeting framework, the CBvS has discontinued the issuance of new FX-linked or FX-denominated debt.

V. STRENGTHENING THE SOCIAL SAFETY NET

13. We have intensified our efforts to protect the poorest households by significantly expanding our social safety net with the Social Beneficiary Program created by the Ministry of Social Affairs and Public Housing. In 2017, we estimated that 26 percent of households were living in poverty, with a further 14 percent of households considered to be vulnerable. The economic challenges we have faced likely pushed a greater share of households into poverty. In November 2020 we began to increase protection for our most vulnerable households by increasing the value of existing targeted cash transfer payments to support the vulnerable within society. We increased these benefits multiple times in 2021 and 2022 to ensure that we provided adequate protection in an inflationary environment, while at the same time ensuring we met the end-December indicative target on social spending of 2 percent of GDP. In January 2023 we have created a new cash transfer program (the social beneficiary program) intended to reach 60,000 poor and vulnerable households across Suriname. So far, our social benefits program has reached 31,038 households. In total, we intend to expand social protection spending to 3 percent of GDP in 2023 as a direct response to difficult economic conditions. As government, we are constantly looking at possibilities to alleviate the needs of the vulnerable within society.

14. With the available capacity we have intensified our administrative and digitalization efforts to expand coverage and improve delivery. The Ministry of Social Affairs and Housing has completed a re-registration to update its beneficiary database. Also, efforts have been made to identify and register eligible recipients of our four main social cash transfer programs, increasing the number of recipients. We compiled a digital register of the recipients of all of our programs, and are continuing the process of shifting beneficiaries to digital payments using a government-provided debit card system. Rolling out digital payments to households in the interior will vastly improve the efficiency of delivery significantly, particularly in hard-to-reach areas. The new social benefits program has allowed us to rapidly increase the number of households in our database, with initial registrations reaching 60,000 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 institute a monitoring and evaluation unit within the Ministry of Social Affairs and Housing in 2023. Given the current rapid pace of inflation, we will look at options to transparently index the value of cash transfers and eligibility thresholds to a basket of goods and services whose nominal value can be updated regularly using monthly consumer price index data. We will also evaluate the coverage of our social protection programs across geographical regions to ensure that regions with greater incidence of poverty are receiving adequate protection. We will soon publish a comprehensive expenditure and performance review of the social protection system and will thereafter publish a time-bound, strategic plan to improve the efficiency and effectiveness of social assistance programs by end-September 2023.

VI. REDUCING INFLATION

15. We have made efforts to tighten monetary policy, against the backdrop of operational difficulties and weak monetary transmission. To contain local currency liquidity and reduce inflation, the CBvS has diligently conducted weekly term deposit auctions guided by the reserve money path aligned with the established program targets on Net Domestic Assets (NDA). However, weak and uneven auction participation and weak interest rate transmission have significantly restrained monetary policy effectiveness and the CBvS's ability to mop up the increased system liquidity from a looser fiscal stance over 2022. Consequently, the end-December NDA target was breached with a wide margin, and the large liquidity overhang put significant pressure on the currency and reversed the reduction in inflation achieved in the first half of 2022. At the same time, transmission of open market operation (OMO) interest rates to market rates remains impaired by bank asset quality weaknesses and concerns over rising NPLs. Expansion of OMOs to wholesale auctions and direct issuances of central bank certificates (CBCs) from mid-2022 have supported tightening of liquidity conditions in parts of the banking system, yet the placements have on aggregate largely resulted in reallocation from CBvS term deposits with limited impact on market deposit rates.

16. In April 2023 we took further complementary tightening measures to improve liquidity absorption and monetary transmission. We raised local currency reserve requirement by 5 percent (from 39 to 44 percent), while also putting in place informal guidance to contain growth in private sector bank credit to 20 percent over a 12-month period. These measures have already showed signs of further tightening of liquidity conditions, with some banks having announced increases in deposit and lending rates. We will review the effectiveness of the new measures by end-June 2023 and, as needed, stand ready (in consultation with IMF staff) to implement further tightening measures to slow the pace of inflation and meet the reset monetary targets under the program. Nonetheless, while we will try to mop up as much liquidity as we can, given the effectiveness constraints of current monetary policy tools and the inflationary impulse from recent rapid depreciation, we agree with IMF staff that a more accommodative reserve money and NDA target paths (as set out in Table 1) for the remainder of the program period would be appropriate.

17. The CBvS standing lending facility has supported banks' ability to cover sudden short-term liquidity gaps. Banks have unrestricted access to the facility, but its recurrent or sizeable use is subject to CBvS supervisory investigation and, as needed, remedial action. The facility is priced on the basis of the weighted average price of open-market operations plus a modest spread (to prevent reliance on the standing facility). 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.

18. We reiterate our commitment to a flexible, market-determined exchange rate. The CBvS has refrained from direct exchange rate interventions under the program framework and, supported by higher government FX mineral revenue, the program targets on net international reserves (NIR) over 2022 were largely met. Nonetheless, given the rapid pace of depreciation and resulting high FX demand from mid-2022, we have taken other measures to support supply of FX to the market and to ease FX shortages that have disrupted availability of essential goods. These include introduction of a surrender requirement for exporters to sell 35 percent of export proceeds to the market. The CBvS has tightened enforcement of prudential limits on banks' net open positions and issued guidance to support rules-based functioning of the foreign exchange market. The latter inadvertently resulted in a multiple currency practice (MCP) and a breach of a continuous program performance criterion, for which we request a waiver on grounds that it was swiftly corrected with reissued guidance. To mitigate recurrence of such risks, we commit to consult with the Fund before issuing any future regulatory guidance on the functioning of the FX market.

19. To balance the need to address FX shortages while at the same time accumulate reserves, we agree to new conditionality on indirect interventions. From September 2022, the government has allowed mineral companies to pay some of their government revenue obligations in local currency from corresponding FX sales. These sales target essential good importers (oil, pharmaceuticals and basic goods) and, in context of continued tightness in FX market conditions, remain essential to support their ability to meet their FX import payment obligations and mitigate risk of supply disruptions. In February 2023, the government sold US$ 13 million to support FX supply to local fuel importers, which breached a continuous zero-ceiling program target on direct FX sales. The sale took place in extraordinary circumstances of increased social tensions culminating in violent street protests, which could have been further aggravated by fuel shortages. To ensure continued accumulation of international reserves and support meeting the program NIR targets (Table 1), we commit to refrain from any further direct FX interventions outside the framework agreed under the program and will therefore cap the local currency portion of government mineral revenue to US$ 15 million on quarterly basis *(new program target as defined in the TMU)*, with monitoring facilitated by weekly reporting. The MoFP is committed to transfer all other government net FX receipts (including from IFI budget support) at the prevailing market exchange rate to the CBvS only, with the exception of transfers required to meet the government's domestic FX debt service obligations.[1] We will also 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.

20. The CBvS is working to improve functioning of the foreign exchange market, but technical challenges have delayed introduction of an electronic FX trading platform (*end-June 2022 SB, proposed to be reset as a structural benchmark with a new test date of end-September 2023*). Technical compliance requirements to make the platform open to both banks and cambios delayed the procurement process, which was completed in late-2022. However, in view of relatively thin inter-bank/cambio FX trading and to facilitate oversight, transparency and functioning of the broader FX market, the scope of the trading platform is in process of being extended to also include

[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.

gold exporters that provide a significant share of the FX supply to the market. This will result in a delay in the implementation timeline to end-September 2023.

VII. REDUCING BANKING SECTOR RISKS

21. We are committed to addressing the identified vulnerabilities in the banking system. Although the reported combined capital adequacy ratio at end-2022 comes in at [16.8] percent, some banks are under-capitalized and non-performing loans remain high ([12.4] percent of gross total lending). To get a clearer sense on the asset quality in our banking sector, we have recently completed the AQR exercise. The AQR results for the banking sector confirmed additional provisioning needs and substantial potential recapitalization needs. Banks liquid assets to total assets at [54.3] percent. However, this is partly driven by high reserve requirements. Liquidity is unevenly distributed and skewed towards the larger systemic banks. The ongoing monetary tightening may increase liquidity pressures in some banks. CBvS will take appropriate measures regarding banks experiencing difficulties, including imposing prompt corrective actions. Given the increased level of vulnerabilities, CBvS has increased the intensity of its supervision of all banks.

22. The CBvS is finalizing a roadmap for financial sector recapitalization, restructuring and governance reform of banks. The document will triage the banks based on the outcome of the AQRs, apply conditions on the use of public funds, and unwind the existing regulatory forbearance. We [have finalized] the roadmap to triage banks, apply conditions on the use of public funds, and unwind the existing regulatory forbearance as a ***prior action (pending)***. In line with this roadmap, CBvS will instruct the banks to incorporate the AQR results and review the recapitalization plans submitted by the banks to verify their credibility by the end of October 2023, (*proposed new 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, we will agree with CBvS on a new governance framework for the government-owned banks to ensure they are run on a fully commercial basis, *a proposed new structural benchmark for end-December 2023*. The CBvS will take appropriate action regarding banks experiencing difficulties, including by imposing prompt corrective actions. Given the increased level of vulnerabilities, the CBvS has increased the intensity of its supervision of all banks.

23. To enable the CBvS to address problems in the banking sector, the supervisory regime and resolution framework are being strengthened. The government has submitted both the amendments to the Banking and Credit System Supervision Act as well as the draft Bank Resolution Bill to the Ministry of Finance and Planning. In April 2023, CBvS discussed the aforementioned draft acts with the State Council. Both drafts will be sent to the Legislation Department of the Ministry of Justice and Police for a final review. After this review, they will be discussed and adopted by the National Assembly by the end of 2023. The draft Resolution Act 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 in regard to 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 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.

24. The government is determined to implement other important financial sector reforms. We are committed to improving the supervision of the insurance and pension sector, as well as establish 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 resiliency. 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.

VIII. IMPROVING FISCAL AND MONETARY GOVERNANCE

25. To bolster the transparency of the CBvS, we conducted special audits of the 2022 program monetary data used as performance criteria. The audits conducted for each test date from end-December 2021 through end-December 2022 did not raise material issues. We will continue to perform the special audits for each future test date 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, the CBvS has made progress to clear the backlog of audits of the financial statements, having published the FY 2015-2019 financial statements on its external website. The audited FY 2020 and 2021 financial statements will be prepared in line with International Financial Reporting Standards. The FY 2020 statements will be published, albeit with a delay, by end-May. While the publication of the FY 2021 statement was not met it is proposed to be set as a structural benchmark for end-October 2023. To normalize the auditing cycle, we will also publish the FY 2022 audited IFRS financial statements by end-December 2023, *proposed new structural benchmark*. To strengthen the governance and oversight of foreign reserves management by CBvS we will request IMF technical assistance.

26. 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.

27. We will review the Foreign Exchange Regulation and align it with the new Central Bank Act. A full assessment whether this Regulation is still fit and proper, will take time and we will therefore 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 (*proposed new structural benchmark*)]. In anticipation of 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 in consultation with IMF staff and will involve all stakeholders. This review will be finalized by [May 2024].

28. We will finalize a recapitalization plan taking into account the CBvS debt restructuring. The MoFP is seeking an agreement with CBvS on consolidating the debt, the clearance of arrears and are discussing 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 *(the end-September 2022 structural benchmark was not met and is proposed to be set for end-December 2023).* This plan will include a clear target level of capital, a trigger point for recapitalization, assume a recapitalization through marketable instruments[2] and contain a binding time frame to complete the recapitalization. As the CBvS needs sufficient financial resources to execute its mandate, implementation of the recapitalization plan needs to be carried out expeditiously.

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

29. Capacity constraints have delayed implementation of key governance reforms**.** Nonetheless, we have made some progress:

- Following the ratification of the United Nations Convention Against Corruption (UNCAC), we have 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). 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 with regard to the policy and approach of corruption. The latter will facilitate the routine verification of income and asset

[2] These instruments will be based on market value (marked to market) or fair value in order to avoid further recapitalization requirements due to accounting losses.

declarations for high-ranking and high-risk public officials, provide information to the public and ensure that the category of public officials who are currently not included in the law can also be sanctioned.

- 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-June 2022 SB, proposed to be reset to end-September 2023), which will mandate the publication of beneficial ownership information of awarded procurement contracts and expand the Integrated Financial Management Information System to cover procurement, audits, and control. Our PFM reform strategy developed with support from the IDB, has identified three priorities areas, including publishing quarterly budget execution report, consolidating treasury functions, establishing a public investment management system, and assessing and managing fiscal risks from state-owned enterprises.

- Based on the November 2022 assessment by the Caribbean Financial Action Task Force (CFATF), we enacted a new AML/CFT law (SB implemented with delay 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 implementing risk based supervisory framework for Designated Non-Financial Businesses and Professions (DNFBPs); and (iii) make available adequate human, financial, and technological resources to the Financial Intelligence Unit.

- 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 of which the launch is planned for end May 2023. The Ministry of Economic Affairs already started the process for a sectoral assessment with regards to 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.

30. 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 currently underway with respect to these measures.

X. STATISTICS

31. 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.

XI. PROGRAM MONITORING

32. Our economic plan will continue to be monitored through prior actions, reviews, quantitative and continuous performance criteria, indicative targets, and structural benchmarks. Many of the quantitative performance criteria under the program have been missed. These are detailed in Tables 1 and 2, with definitions provided in the attached TMU. With the delay to the reviews, the latest quantitative performance criteria have been established for end-December 2022, as no QPCs had been set in the program for March 2023 and beyond. To complete the program under its original 36-month timeframe, the number of reviews scheduled to be completed on a quarterly basis are reduced from eleven to eight. In recognition of the delays in program implementation as well as the large reserve buffers built into the original program, we request a reduction in total access under the extended arrangement from 366.8 percent of quota to 297.8 percent of quota (SDR 383.9 million) and rephasing of access across the remainder of the arrangement.

Table 1. 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	140	Not Met	221	-110	19	Met	331	-3	166	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	

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	-106	Not Met	552	300	13	Not Met	663	815	665	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	

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	1,190	316	Not Met	884	1,185	351	Not Met	994	1,496	350	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			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	

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	2,102	658	Not Met	1,215	2,533	1,172	Not Met	1,326	3,003	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.S. dollars)	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	

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-Jan.	end-Feb.	end-Mar.	end-Apr.	end-May.	end-Jun.	end-Jul.	end-Aug.	end-Sep.	end-Oct.	end-Nov.	end-Dec.	end-Jan.	end-Feb.	end-Mar.	end-Apr.	end-May.	end-Jun.
	Proj.	Proj.	Proj.	Proj.	Proj.	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC	IT	IT	PC
Quantitative Performance Criteria																		
Fiscal/debt targets																		
1. Primary fiscal balance (cash basis) of central government (floor) 2/	191	382	574	765	956	1,147	1,338	1,529	1,721	1,912	2,103	2,294	508	1,017	1,525	2,034	2,542	3,050
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	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	0
4. Non-accumulation of central government external debt arrears (continuous ceiling) (millions of U.S. dollars)	0	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	0
6. Net international reserves of the central bank (floor) (millions of U.S. dollar) 2/	5	-9	-9	-17	-33	-57	-55	-54	-62	-50	-41	42	-7	-16	-32	-37	4	-12
7. Net domestic assets of the central bank (ceiling) 2/	1,217	383	457	1,427	2,818	3,602	4,006	4,397	4,866	4,998	5,181	4,389	552	1,096	1,700	2,138	1,889	2,430
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	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Central government mineral revenue in local currency (ceiling) (millions of U.S. dollar) (proposed) 2/							5	10	15	20	25	30	5	10	15	20	25	30
Indicative Targets																		
1. Social spending of central government (floor) 2/			990			1,981			2,971			3,962			1,308			2,617
Memorandum items																		
Reserve money	29,489	28,890	29,466	31,356	32,765	33,964	35,102	36,147	37,086	37,888	38,606	39,316	40,056	40,756	41,415	42,074	42,701	43,306
Reserve money (local currency portion only)	13,546	12,457	12,513	13,259	13,839	14,249	14,642	14,998	15,320	15,573	15,831	16,162	16,570	16,935	17,255	17,571	17,853	18,109
Reserve money (constant exchange rates)	20,860	19,763	19,611	19,849	21,010	21,461	21,896	22,294	22,658	22,955	23,256	23,631	24,091	24,508	24,880	25,248	25,582	25,891
NFA (constant exchange rates)	11,743	11,480	11,253	10,522	10,292	9,959	9,990	9,997	9,893	10,057	10,174	11,341	11,249	11,123	10,890	10,821	11,403	11,171
Gross international reserves (millions of U.S. dollar)	1,218	1,188	1,186	1,138	1,120	1,153	1,155	1,156	1,204	1,216	1,224	1,361	1,354	1,345	1,395	1,390	1,430	1,480
Usable international reserves (millions of U.S. dollar) 5/	888	858	868	820	803	835	837	838	886	898	906	1,043	1,036	1,027	1,077	1,072	1,113	1,163
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	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 an EFF

Measure	MEFP ¶	Target date 1/	Status	Objective
Prior Actions				
Submit to the National Assembly an amended VAT Act that (i) converts all zero-rated products (except exports and ancillary supplies to exports) to exempt ones and (ii) additionally, impose the standard 10 percent VAT rate on sales covering at least 60 percent of household consumption.	10		Prior Action	Ensure fiscal adjustment in line with program parameters.
Finalize the roadmap to triage banks, apply conditions on the use of public funds, and unwind the existing regulatory forbearance.	22		Prior Action	Improve strength of the financial sector.
Publicly announce increases to average electricity tariffs by 28 percent and phasing out lump-sum billing discounts.	10		Prior Action	Ensure fiscal adjustment in line with program parameters.
Structural benchmarks				
Exchange rate/monetary/safeguards				
Establish competitive FX auctions for the CBvS to undertake buying/selling of FX during periods of disorderly market conditions (defined as when the intraday change in the exchange rate versus the U.S. dollar is more than 2 percent) under the agreed rule.		December 2021	Met	Ensure the CBvS has a mechanism to intervene in the FX market.
Establish an electronic trading platform for inter-bank/cambio FX trading.	20	June 2022	Not met	Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	25	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.	28	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.	20	September 2023	Proposed new SB	Create a consolidated FX market.
Publish on the CBvS's external website the FY 2020-2021 audited IFRS financial statements.	25	December 2023	Proposed new SB	Strengthen accountability and transparency, and reduce risk of misreporting.
Publish on the CBvS's external website the FY 2022 audited IFRS financial statements.	25	December 2023	Proposed new SB	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.	28	December 2023	Proposed new SB	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.	27	December 2023	Proposed new SB	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).	21	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.	23	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.	23	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).	22	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.	22	December 2023	Proposed new SB	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	22	October 2023	Proposed new SB	Improve strength of the financial sector.

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

Measure		Target date		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.	13	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.	11	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	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	Proposed new SB	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.	11	December 2023	Proposed new SB	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.	11	[June 2023]	Proposed new SB	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	10	July 2023	Proposed new SB	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	11	December 2023	Proposed new SB	Strengthen PFM.
Publish quarterly budget execution report starting with the end June 2023 budget outturns.	11	[September 2023]	Proposed new SB	Strengthen PFM.
Establish a public investment management system that provides common rules and regulations, instruments, procedures and information systems for appraising and selecting proposed capital investment projects.		[December 2023]	Proposed new SB	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.	29	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.	29	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.	29	September 2023	Proposed new SB	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.	29	June 2022	Not Met	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.	29	August 2022	Not Met	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.	29	September 2023	Proposed 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.	29	September 2023	Proposed new SB	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).	29	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 June 2, 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.

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

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	12,594
End-October 2023	13,994
End-November 2023	15,393
End-December 2023	16,792
End-January 2024	1,659
End-February 2024	3,318
End-March 2024	4,978
End-April 2024	6,637
End-May 2024	8,296
End-June 2024	9,955

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

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

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

1. downward (upward) to the full extent that cumulative project loans 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	0
End-June 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
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	6
End-February 2024	12
End-March 2024	18
End-April 2024	24
End-May 2024	30
End-June 2024	27

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)

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

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

C. New Central Government Guaranteed Debt (Continuous Ceiling)

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

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

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

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

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

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

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

22. **Definitions:** The ceiling that applies on the change in gross credit provided to the CG by CBvS (including any provision of overdrafts) will be a continuous performance criterion throughout the program period and will be measured from end-June 2021 for 2021 and from beginning of the year for 2022. Coins and notes issued by the MoFP 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.

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

F. Net International Reserves of the CBvS (Floor)

24. **Definitions**: The floor applies to cumulative flows from the beginning of the year (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.

25. Reporting: Data on foreign reserves and the foreign exchange cash flow will be provided by the CBvS to the Fund once a week. Data on the statistics indicated in Table 3 will be provided to the Fund on a monthly basis, in both official and program exchange rates, with a lag of no more than two weeks after the end of the month. At each program test date, the quarterly data on net international reserves submitted by the CBvS to the IMF will be audited by the CBvS external auditors in accordance with International Standards on Auditing, to ensure conformity with the program definition and calculation methods. Reports from the external auditors should be submitted to the CBvS, with a copy to the IMF, no later than 60 days after each test date. 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.

26. Adjusters: NIR targets will be adjusted:

1. upward (downward) by the full amount of the cumulative surplus (shortfall) in program loan disbursements from IFIs relative to the baseline projections reported in Table 2. Program loan disbursements are defined as external loan disbursements from official creditors that are usable for the financing of the CG.

2. upward (downward) by the full amount of the cumulative surplus (shortfall) in loans from official bilateral and private creditors (including international capital markets) relative to the baseline projections reported in Table 2.

3. upward (downward) by the full amount of the cumulative surplus (shortfall) in the sum of (i) the government's total mineral revenues received in foreign exchange (ii) government's other revenue received in foreign exchange that are transferred to the CG account at 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), 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.

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	110
End-October 2023	131
End-November 2023	153
End-December 2023	174
End-January 2024	15
End-February 2024	29
End-March 2024	44
End-April 2024	58
End-May 2024	73
End-June 2024	88

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. 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	136
End-October 2023	153
End-November 2023	173
End-December 2023	218
End-January 2024	16
End-February 2024	36
End-March 2024	60
End-April 2024	76
End-May 2024	97
End-June 2024	121

G. Net Domestic Assets of the CBvS (Ceiling)

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

- **Reserve money at program exchange rates** is defined as currency in circulation, commercial banks' deposits in correspondent accounts at the CBvS, and statutory cash reserve requirements against prescribed liabilities in SRDs and

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.

foreign currency held by commercial banks at the CBvS, other commercial banks' deposits at the CBvS in national and foreign currency, other demand deposits in national and foreign currency, and gold certificates (Table 6). Reserve money excludes balances in deposit auctions and commercial banks' term deposits at the CBvS. The definition is consistent with the measure of reserve money published on the CBvS' website. As of December 31, 2020, reserve money amounted to SRD 12,816.6 million.

- **The value of NFA at program exchange rates** is calculated as the difference between foreign assets and foreign liabilities, defined as follows:

    - **Foreign assets** are claims on nonresidents denominated in foreign currencies. They include foreign exchange (foreign currency cash, deposits with foreign correspondents, holdings of foreign securities), monetary gold, IMF reserve position, and SDR holdings.

    - **Foreign liabilities** are defined as liabilities of the CBvS vis-à-vis nonresidents denominated in foreign currencies; all outstanding credit from the IMF resulting from purchases under arrangements and SDR allocation; the nominal value of all derivative positions (including swaps, options, forwards, and futures) of the CBvS, implying the sale of foreign currency or other reserve assets.

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

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

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

1. downward (upward) by the full amount of the cumulative surplus (shortfall) in program loan disbursements from IFIs relative to the baseline projections reported in Table 2.

2. downward (upward) by the full amount of the cumulative surplus (shortfall) in loans from official bilateral and private creditors (including international capital markets) relative to the baseline projections reported in Table 2.

3. downward (upward) by the full amount of the cumulative surplus (shortfall) in the sum of (i) the government's total mineral revenues received in foreign exchange (ii) government's other revenue received in foreign exchange that are transferred to the CG account at the CBvS relative to baseline projections reported in Table 4 (see definition in section F). 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 market relative to the baseline projections reported in Table 7.

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

31. 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)

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

- 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.

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

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

34. 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; and (iv) Staatsolie Suriname's tax and non-tax obligations to the government netted out against accounts receivable from other state-owned enterprises.

35. 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

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

III. INDICATIVE TARGETS: DEFINITION OF VARIABLES

A. Social Spending of Central Government (Floor)

37. 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.

38. 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

39. 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.

40. 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.

41. 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.

42. 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.

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

44. 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.

45. 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.

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

- Large deposits that are equal or exceed 10 percent of Tier 1 Capital (template no. 29) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.

- Liquidity forecast and realization (templates no. 15, 17 and 19) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.

- Liquidity stress testing (templates no. 10-13) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.

- Lending availability in SRD and USD (templates no. 21 and 22) in accordance with the Enhanced Supervision framework, within two weeks after the reporting period.

- Table on monitoring of banking sector benchmarks in accordance with the Enhanced Supervision framework on a bi-weekly basis, within two weeks after the reporting period.

- CBvS purchases and sales of foreign currency (FX cash flow table). FX auction amounts, auction bids, highest and lowest prices, cut-off and weighted average prices, FX rate before the auction.

- Information on auction results for open market operations no later than 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.

46. 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.

47. 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.

48. 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.

INTERNATIONAL MONETARY FUND

SURINAME

June 12, 2023

SECOND REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR REPHASING AND REDUCTION OF ACCESS, WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—SUPPLEMENTARY INFORMATION, AND SUPPLEMENTARY LETTER OF INTENT

Approved By
Nigel Chalk and Anna Ilyina

Prepared by the Western Hemisphere Department in consultation with other Departments.

Based on an assessment of the recently obtained information on the indirect government foreign exchange (FX) sales to essential goods importers,[1] staff has determined that this measure gave rise to a multiple currency practice (MCP) resulting in the nonobservance of the standard continuous performance criterion (PC) against the introduction or modification of MCP. The authorities' instructions to the intermediary state-owned bank on the exchange rates used for these transactions resulted in deviations of more than 2 percent from the prevailing market exchange rates at the time of such transactions on several occasions from September 20, 2022. The authorities have taken a corrective action by issuing a revised instruction for the state-owned bank to conduct all such future FX purchase and sale transactions at exchange rates that are consistent with the Fund`s MCP policy. On this basis, they request a waiver for the non-observance of the standard continuous PC. Staff assesses the corrective action to eliminate the MCP and supports the authorities' request for the waiver. This supplement does not alter the thrust of the staff report and staff continues to recommend completion of the Second Review.

1. **Based on information obtained after submission of the staff report, staff has determined that the exchange rates applied to transactions associated with the indirect government FX sales to essential goods importers gave rise to an MCP.** The exchange rates for these FX sale (and the corresponding FX purchase) transactions conducted by a state-owned bank since September 20, 2022 followed instructions given by the Ministry of Finance

[1] These indirect sales refer to the arrangement between the Ministry of Finance and Planning (MoFP) and an intermediary state-owned bank whereby mineral companies sell FX to the intermediary state-owned bank at a FX rate instructed by the MoFP, which in turn sells FX to essential goods importers at a FX rate instructed by the MoFP.

and Planning (MoFP). These indirect sales refer to the arrangement between the MoFP and an intermediary state-owned bank whereby mineral companies sell FX to the intermediary state-owned bank at an exchange rate instructed by the MoFP, which in turn sells FX to essential goods importers at an exchange rate instructed by the MoFP. Staff assesses these MoFP instructions to have resulted in deviations by more than 2 percent between (i) the exchange rate at which FX is purchased by the state-owned bank from mineral companies and then sold by the state-owned bank to essential goods importers and (ii) exchange rates prevailing at the market at the time of the transaction at various times since the transactions commenced on September 20, 2022. Staff has therefore determined that the instructed exchange rates by the MoFP gave rise to an MCP and non-observance of the standard continuous performance criterion against the introduction or modification of MCP.

2. The authorities have subsequently taken corrective action to eliminate the MCP. To ensure the government indirect FX sales do not result in deviations from prevailing market exchange rates inconsistent with the Fund's MCP policy, the authorities issued on June 9, 2023, a revised instruction to the state-owned bank to conduct all future FX purchases and sales transactions associated with the indirect government FX sales at rates that are consistent with the Fund`s MCP policy.

3. Staff supports the authorities' request for a waiver as stated in the supplemental letter of intent attached to this supplement. The authorities request a waiver for the non-observance of the continuous PC against introduction or modification of MCP on grounds of the corrective action taken, which staff supports. This finding and the authorities' request for a waiver do not alter the thrust of the staff report and staff continues to support the completion of the Second Review.

Supplementary Letter of Intent

Paramaribo, Suriname, June 11, 2023

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

Dear Ms. Georgieva,

In addition to our letter of intent dated June 2, 2023, we would like to request a waiver for a second instance of non-observance of the standard continuous performance criterion against introduction or modification of a multiple currency practice (MCP). We make this request on grounds of corrective action taken on June 9, 2023, which eliminated the MCP.

The MCP arose from instructions given by the Ministry of Finance and Planning (MoFP) to a state-owned bank on exchange rates to be applied to foreign exchange (FX) purchase and sale transactions associated with the indirect government FX sales to essential goods importers conducted since September 2022. These indirect sales refer to the arrangement between the MoFP and the intermediary state-owned bank whereby mineral companies sell FX to the intermediary state-owned bank at a exchange rate instructed by the MoFP, which in turn sells FX to essential goods importers at an exchange rate instructed by the MoFP. These instructions have at various times resulted in deviations by more than 2 percent from the prevailing market exchange rates at the time of transactions.

We wish to stress that the MoFP's instructions were never intended to be at odds with the IMF's policies on MCPs nor our commitments under the extended arrangement under the Extended Fund Facility. We have therefore immediately upon confirmation of the MCP finding taken corrective action. On June 9, 2023, we issued a revised instruction to the state-owned bank to conduct all future FX purchase and sale transactions associated with the indirect government FX sales to essential goods importers at the rates that are consistent with the Fund's MCP policy.

Finally, in line with our commitment to provide IMF staff all the relevant information to monitor policy performance under the EFF extended arrangement on a timely basis, we will report the exchange rates used for the FX purchase and sales transactions associated with the indirect government FX sales on a weekly basis.

Truly yours,

__________/s/__________
Chandrikapersad Santokhi
President of Suriname

_________/s/_________
Kermechend S. Raghoebarsing
Minister of Finance and Planning
Paramaribo, Suriname

______/s/______
Maurice Roemer
Governor, Central Bank of Suriname
Paramaribo, Suriname

Statement by the Staff Representative on Suriname
June 14, 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. **The prior action on submitting an amended VAT Act to the National Assembly has been met.** The submitted amendment to the VAT Act converts all remaining untaxed domestic products (except exports and ancillary supplies to exports) from zero-rated to exempt ones and ensures that at least 60 percent of household consumption is taxed at the standard VAT rate. The amendment will be deliberated by the National Assembly in July.

3. **The prior action on finalizing a roadmap for financial sector recapitalization, restructuring, and governance reform of banks has been met**. The roadmap triages the banks based on the asset quality review results and sets out capital targets and timelines for banks to meet regulatory requirements. It also outlines the instructions and guidance the CBvS will provide to the banks, as well as monitoring and intervention measures, in case the banks do not meet their targets. Finally, the roadmap includes an outline of the proposed governance reforms of state-owned banks.

4. **On June 8, 2023, the National Assembly passed an amendment to the Personnel Act that enables the government to halt salary payments to unregistered workers.** The compulsory registration of civil servants was completed on January 31, 2023, with 10 percent of employed civil servants remaining unregistered. The amendment enables the government to implement a no-work-no-pay policy.

Statement by Mr. Bevilaqua, Mr. Saraiva, and Mr. Eckhorst on Suriname
June 14, 2023

On behalf of our Surinamese authorities, we thank staff for their engagement and constructive dialogue. The authorities share the thrust of staff's assessment of the complex challenges facing the country. The second review under the Extended Fund Facility (EFF) arrangement faced unfortunate delays due to extremely challenging global and domestic socio-economic circumstances. That said, important progress has been achieved since the first review, notwithstanding the need for further strengthening the fiscal framework and enhancing the monetary transmission mechanism, among other challenges, to sustain the recovery process.

Recent economic developments and outlook

Growth resumed in 2022, after contractions in 2020 and 2021 and is expected to improve further in 2023. The easing of Covid-19 related measures has contributed to the recovery. In 2023, growth has been driven by the mining, trade, and services sectors. The forthcoming investment decision by international oil companies to explore offshore oil and gas reserves in Suriname will significantly enhance growth prospects going forward.

The authorities have responded to persistently high inflation pressures. Inflation remains unacceptably high, pushed not only by higher international food and energy prices, but also by domestic factors, such as the reduction of subsidies on utilities and fuels, and the depreciation of the local currency. In February, public discontent with persistently high inflation culminated in violent protests, looting, and damages to businesses. The authorities have responded by stepping up communication and consultation with various stakeholders to broaden support to, and ownership of, the necessary measures within the program's framework. In this connection, the authorities will proceed with fiscal restraint and monetary tightening to put inflation on a declining path in 2023 and thereafter.

Fiscal policies

The Ministry of Finance and Planning (MFP) has undertaken important actions to restore debt sustainability, support disinflation, and create the conditions for sustainable and inclusive growth. Throughout 2022, important steps were taken towards transparent fiscal management, such as the publication of the 2020 and 2021 Annual Reports and the Government's policy plans for 2022. However, postponing the VAT implementation to January 1, 2023, created additional pressures to budget execution in 2022. Furthermore, several developments beyond the Government's reach, such as the war in Ukraine, pushing food and energy prices up in the global market, had a strong negative impact on an already fragile economy. To overcome this challenging environment, the Government has strived to keep all stakeholders on board with the difficult but needed adjustment and reforms and has shown full ownership of the program.

Bold actions to rationalize expenditures and boost revenues have led to a turnaround in the public finances since the program's implementation and laid the foundation for further fiscal consolidation. Among the recent measures, the following can be highlighted:

- Electricity subsidies are being phased out. The electricity tariff has increased by 10 percent as of September 2022 and the nominal subsidy of SRD260 per household or small business will be phased out in six months, starting in July.
- Royalties for the small-scale gold subsector were increased by 1 percentage point (from 4.5 percent to 5.5 percent).
- Fuel subsidies have been phased out, with pump prices becoming market-based since April 2023. In addition, a tax of SRD3.50/4.00 per liter on gasoline and diesel has been implemented.
- Civil servant nominal wages have increased significantly below inflation.

The authorities have also undertaken important steps to mitigate the social impact of the fiscal adjustment measures and enhance public support to the consolidation process, as highlighted below:

- Old age pension, child support, and aid to vulnerable households have been boosted, including cash transfers to people with disabilities and vulnerable households.
- In January 2023, negotiations with trade unions in the context of the implementation of the VAT led to raising the tax-free income threshold from SRD4,000 to SRD7,500.
- The Social Beneficiary Program (SBP) implemented this year provides monthly financial assistance for an expanded group of eligible persons. The 2023 budget assigned SRD1.2 billion for this program, reflecting the transition from indirect, untargeted subsidies to direct, targeted cash transfers.

As a result, the public sector achieved a primary surplus of 1.1 percent of GDP in 2022, still short of the 1.7 percent target. With the food and energy shocks in 2022, the implemented expenditures cuts were not enough to offset an increase in the subsidy bill to compensate for purchasing power losses. Moreover, while shortfalls in implementation capacity have led to a buildup in supplier arrears, measures have been taken to cope with this issue since the second half of last year. On the bright side, even in the context of fiscal restraint, the floor on social spending was met in 2022.

The National Assembly has approved the 2023 budget, setting clear fiscal consolidation targets, including a primary surplus aimed at stabilizing the economy and getting the program back on track. To meet the 1.7 percent of GDP fiscal primary surplus target, on top of the measures mentioned above, the Government will raise further revenue by closing tax loopholes, simplifying payments instructions, improving tax administration, and increasing the overall performance of the tax department and customs. On spending rationalization, measures include limiting the wage bill and overtime payments, freezing civil servants' hires, shifting employees from the public to the private sector, and rationalizing goods and services spending, including utility bills.

The Treasury has taken over the function of monitoring domestic payments arrears to prevent further arrears accumulation. Efforts have been made to clear arrears by SRD0.7 billion this year through April. The target is to clear an additional SRD1 billion in the remaining months of 2023, substantially reducing the stock of arrears. The Treasury unit in charge of this critical issue has been upgraded to monitor cash management and budget execution by line ministries. Furthermore, the number of government accounts continues to be streamlined and moved into a Treasury Single Account (TSA). With CARTAC technical assistance, a detailed definition of core functions associated with banking, cash, and liquidity management has started.

VAT implementation has been more challenging than envisaged, but positive results are starting to show. FAD technical assistance, including a tax policy review, has shown the need to broaden the tax base to improve VAT administration. An amended bill was sent to the National Assembly with the purpose of closing loopholes and broadening the tax base. Furthermore, with technical assistance from the Netherlands, the Tax Office has taken important steps to set up a Large Taxpayer Unit. Moreover, the Tax Administration started the process for a new organizational structure for revenue administration, to transition to a semi-autonomous revenue authority (SARA) with a modern customer care service. Good customer service is recognized as the foundation of a voluntary compliance tax regime. Finally, an update of the Tax and Customs legal framework is under way.

Debt management and restructuring

Debt restructuring negotiations with commercial bondholders and official bilateral creditors are proceeding. An agreement in principle with commercial bondholders was reached on May 5, 2023. This agreement was shared with IMF staff and is consistent with the parameters of the DSA. Negotiations with India have concluded successfully with the signing of the restructuring agreements covering all bilateral loans. Restructuring discussions with China are proceeding at different levels on a good-faith basis.

The National Debt Act was revised to improve debt management and make it more transparent. The responsibilities of the Suriname Debt Management Office (SDMO) have been expanded with the additional mandate to compile debt data on the entire public sector.

Recent foreign exchange market developments and policies

The foreign exchange market remains quite challenging. A stronger U.S. dollar and the recovery of domestic demand have placed enormous pressures on the local currency, with a prolonged period of depreciation and high pass-through to inflation, adding to uncertainty and social unrest. Foreign exchange interventions by the Central Bank of Suriname (CBvS) have been constrained, even during times when depreciation was disruptive since it would be incompatible with the "disorderly market development" trigger established in the program. The authorities responded by temporarily reintroducing surrender requirements to ensure the availability of foreign currency for essential imports. Additional guidelines to promote responsible market behavior and support the supply of foreign currency were issued. For example, mining companies are now allowed to exchange part of their government foreign currency obligations in local currency through a commercial bank. During this process, certain program conditions were inadvertently breached, for which waivers are now requested, after the adoption of corrective actions.

Monetary and financial policies

The CBvS has pursued monetary tightening under the reserve money targeting regime (RMT), complemented with additional measures to address persistently high inflation. Challenges in the implementation of the RMT became more evident after April 2022, ranging from excessively high bid rates and low bid volumes to impaired transmission to market rates, outdated monetary targets, external price shocks, excessive credit growth, and structural excess liquidity in the economy. Central Bank Certificates (CBC) were introduced in June 2022 to try to mop up structural excess liquidity, but this proved insufficient. Therefore, to further tighten the monetary stance, the CBvS raised reserve requirements on local currency to 44 percent and introduced in April, in close collaboration with local banks, a cap on credit growth.

The CBvS is fully committed to meet all performance criteria and targets under the program. However, even with continued open market operations and effective monitoring, the Net Domestic Assets (NDA) target has been missed since June 2022 due to the unexpected food and energy price shock. With the delay in the reviews, quantitative performance criteria (QPC) could not be updated in a timely manner to account for the Ukraine war effects and mitigating policies. Nevertheless, the CBvS continued to tighten monetary policy. The QPC of the net international reserves (NIR) for 2022 were met, except for end-March 2022, while the continuous QPC of zero net gross credit to the Government was fully met throughout 2022.

The enactment in April 2023 of the new Central Bank Act, which benefited from Fund TA, provides appropriate safeguards for the CBvS to conduct monetary policy independently. The CBvS understands that operational independence requires transparency and accountability. In this regard, the ongoing strengthening of its governance structure, the establishment of the required control procedures and monitoring mechanisms, the improvement of communication and enhancement of regular and timely reporting will support CBvS performance. Moreover, the authorities will proceed with finalizing the recapitalization plan to enhance CBvS financial independence.

To help ensure financial stability, the Asset Quality Review (AQR), and the roadmap for recapitalization, restructuring, and governance reform of banks have been finalized. Banks must incorporate the necessary provisioning according to the results of the AQR by end-July 2023. The CBvS will require from banks that do not fully comply with the supervisory requirements to submit time-bound recapitalization and restructuring plans by end-August 2023. The CBvS will assess these plans based on their credibility and feasibility and will oversee their implementation.

The CBvS employs enhanced supervision, while the implementation of structural supervision is still proceeding. Banking sector supervision has been strengthened further, following the revision and the introduction of new regulation in effect as of June 1, 2023. Intensified off-site monitoring will rely on more frequent reporting by banks of a broader set of indicators.

Structural reforms

Public Sector Reform (PSR) and Private Sector Development (PSD) programs aim to increase the public sector efficiency as well as improve competition and job creation in the private sector. The Civil Service Registration (CSR) under the PSR has been highly successful, registering 90 percent of the total number of civil servants. Civil servants have been given the option of early retirement, provided they meet the conditions. The payroll has been cleaned up, as personal data and the detection of improper payments are easier to verify following the CSR. A modern personnel information system will be launched on January 1, 2024.

The framework for supporting start-ups and private investment is being revamped. The Private Sector Technical Assistance Fund, managed by the National Development Bank (NOB), will provide local entrepreneurs with credit for the development of feasibility and pilot studies, sub-sector studies, marketing plans, training courses and certifications. Another vehicle to stimulate private sector development and improve access to financial resources, is the National Development Fund for Agribusiness (NOFA) which became operational last August and aims to promote, increase, and improve the quality of agricultural production. Furthermore, the Production Credit Fund (PKF) was established in 2023 under the MFP to serve small and medium-sized enterprises, as well as producers of high value-added goods and services, that replace imports or are intended for export.

Improving program implementation and monitoring

To ensure a better implementation of the EFF-supported program, the Government will install the Suriname Economic Oversight Board. The Board will consist of representatives from the public and private sectors and will serve as an independent monitoring and advisory body that will keep track of the implementation of the institutional and socio-economic measures in the IMF-supported program. Public communication will be an integral part of the Board's tasks. A Memorandum of Understanding for the establishment of the Board has been signed on June 1st and the aim is to fully operationalize it in July 2023.

Closer coordination of macroeconomic policies will be done through regular consultations. The authorities will continue to pursue an ambitious fiscal consolidation to restore a path of strong, sustainable, and inclusive growth, while mitigating the immediate costs, especially on the most vulnerable.

The authorities look forward to continued engagement with the IMF for a successful implementation of Suriname's adjustment and reform agenda.