**Key conditions and challenges**

Suriname has made progress with implementing a comprehensive macroeconomic stabilization program to reverse imbalances built up over years of economic mismanagement and the COVID-19 pandemic. In mid-2020, the government adopted a program to address debt sustainability, improve monetary and exchange rate policies, promote financial sector stability, and strengthen economic governance, supported by an IMF Extended Fund Facility (EFF). The program temporarily went off-track in mid-2022 due to spending overruns which triggered rapid currency depreciation and accelerated already high inflation. However, the government subsequently reestablished policy discipline under revised EFF targets. Preliminary findings of a new poverty assessment indicate that in 2022, after years of macroeconomic challenges, about 17.5 percent of the population lived below the World Bank’s upper middle-income poverty line of US$6.85 (2017 PPP) per day. Inequality, as measured by the Gini coefficient, was approximately 38.9, not out of line with other countries in the region. About four in 10 Surinamese lived in multidimensional poverty – a broader poverty measure highlighting chronic illness, low levels of education, limited ICT skills, and lack of access to medical insurance. Both monetary and multidimensional poverty are markedly higher in the country’s interior.

**Recent developments**

Output growth is estimated to have moderated to 2.1 percent in 2023, from a 2.4 percent rebound in 2022. Services and industry (manufacturing and construction) led the expansion, supported by recovery in agriculture. The monthly economic activity index increased by an average of 0.3 percent (y-o-y) up to August 2023, driven by mining and some of the more labor-intensive sectors like transport and storage, construction, and food and accommodation.

The currency, which had depreciated sharply against the USD during the second half of 2022, stabilized at around SRD 38/USD in 2023Q4 as a result of tight monetary policy. A decline in global commodity prices helped boost the current account.

**Suriname / Exchange rate and inflation**

**Suriname / Actual and projected poverty rates and real GDP per capita**

Source: WDI, Macro Poverty Outlook, and official data. a/ Most recent value (2022), 2017 PPPs. b/ Most recent WDI value (2021).

**Success**

Successful debt restructuring and implementation of wide-reaching reforms under a comprehensive macroeconomic stabilization program has put Suriname on a path to fiscal sustainability. Currency stabilization and tight monetary policy are gradually reducing inflationary pressures, improving the purchasing power of households, particularly the most vulnerable. Prospective offshore oil production is stimulating growth-enhancing investment. It will be critical to put a good framework in place to manage the incoming oil wealth.
Outlook

Real output growth in 2024 is projected to accelerate to 3.0 percent, driven by public investment spending in non-oil sectors. Growth is expected to maintain momentum over the medium term despite fiscal consolidation, as private investment in infrastructure for the oil and gas sector picks up. Inflation is anticipated to significantly decelerate in 2024 and over the medium term as the government maintains tight monetary policy and as external inflationary pressures subside. The fiscal position is expected to continue improving as the government completes debt restructuring and ends fuel subsidies to parasitats. Gross financing needs will decline until 2026, but external debt repayment is expected to increase in the medium to long term as grace periods on restructured debt end. Continued implementation of fiscal consolidation measures will create space to scale up social spending and support growth-enhancing infrastructure investments, including for climate adaptation. The 2024 budget foresees social assistance spending of 3.1 percent of GDP which, combined with reduced price pressure, could have important implications for poverty reduction. Over the long term, earnings from offshore oil production will further increase fiscal space for social programs and resilient growth. However, increased reliance on the oil sector raises Suriname’s vulnerability to commodity price shocks, can lead to Dutch Disease, and has environmental consequences. Enhancing macroeconomic institutions, governance, and human capital ahead of the oil windfall is critical to alleviating risks and creating a foundation for efficient and equitable management of oil revenues.