

# SURINAME

**Table 1** **2022**

Population, million	0.6
GDP, current US\$ billion	3.6
GDP per capita, current US\$	5858.4
School enrollment, primary (% gross) <sup>a</sup>	100.7
Life expectancy at birth, years <sup>a</sup>	70.3
Total GHG emissions (mtCO <sub>2</sub> e)	14.0

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

*Suriname's economic growth remains anemic as high inflation burdens domestic consumption, fiscal consolidation curtails public sector demand, and private investment remains weak in the context of high uncertainty and sluggish export growth in the mining sector. High inflation and rapid currency depreciation constrain the purchasing power of the most vulnerable. Suriname's medium-term outlook looks more promising given new oil and gas discoveries and progress on macroeconomic stabilization and debt restructuring.*

## Key conditions and challenges

Suriname is a small, natural-resource-rich, upper-middle-income country. Mining accounts for about half of public sector revenue, with gold comprising more than three quarters of total exports. The government redistributes revenues from the extractive industries through public sector employment, price subsidies, and income support to vulnerable households.

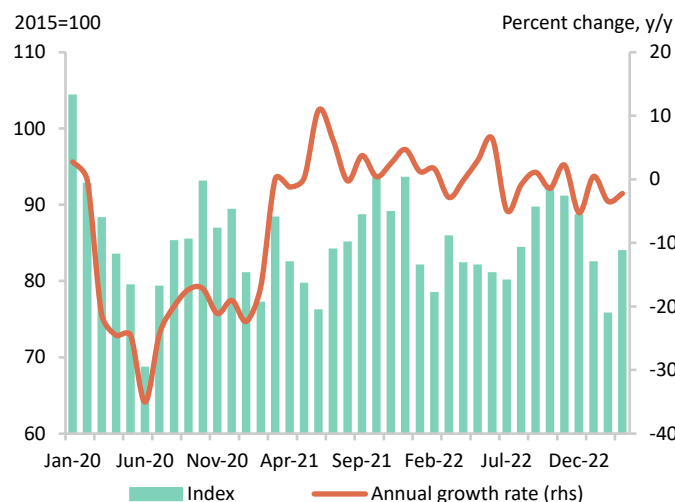
Suriname has made progress in unwinding severe macroeconomic imbalances – a legacy of years of economic mismanagement and the COVID-19 pandemic. In mid-2020, the current government adopted a program to address debt sustainability, improve monetary and exchange rate policies, promote financial sector stability, and strengthen economic governance, supported by an IMF Extended Fund Facility (EFF). However, the program went off-track in mid-2022, as spending overruns fueled currency depreciation and high inflation. The government subsequently reestablished fiscal and monetary discipline under revised EFF program targets. Recent poverty statistics are not available for Suriname. In 2013, the latest year with available data, nearly half of the population was unable to meet basic needs. Almost a quarter could not afford the minimum necessary food basket. Low levels of human capital, underachievement against social assistance targets, and limited private sector opportunities are among the

structural factors contributing to high levels of poverty. Deteriorating economic opportunities since 2015 and eroding purchasing power, coupled with high food price inflation, are likely to have had a substantial effect on poverty, elevating the risk of continued social discontent and unrest. Suriname is also vulnerable to natural disasters, in particular flooding, which has posed significant challenges recently. Newly found offshore oil may – if well managed – considerably improve Suriname's fiscal prospects in the coming years. However, unlocking sustainable and inclusive economic growth will require resolving significant governance and institutional challenges, strengthening fiscal management, improving public services, and climate change adaptation.

## Recent developments

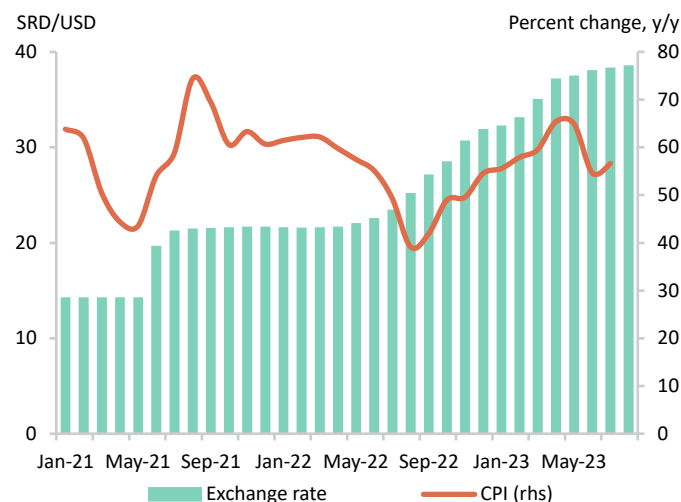
Emerging from a two-year recession, Suriname's economy is estimated to have grown at 2.4 percent in 2022. Services, particularly wholesale and retail trade, and industry (manufacturing and construction), performed relatively well, compensating for a decline in agricultural production. The monthly economic activity index declined by around 2 percent in the first four months of 2023 (y-o-y) despite the good performance of the services sector. The exchange rate fell by 35 percent in August 2023 (y-o-y). As import costs increased, the current account surplus declined to an estimated 2.0 percent of GDP in 2022 and narrowed further in the first

**FIGURE 1 Suriname / Monthly economic activity index**



Source: Central Bank of Suriname.

**FIGURE 2 Suriname / Exchange rate and inflation**



Source: Central Bank of Suriname.

quarter of 2023. Nevertheless, gross international reserves increased by 20 percent to \$1194.6 million in 2022, bolstered by the EFF, multilateral financing, and increased mining revenue. The currency depreciation and global price pressures kept inflation high. In July 2023, the consumer price index grew by 56.6 percent (y-o-y). Increases in the prices of food and nonalcoholic beverages continued to exceed those of the overall CPI suggesting continued pressure on purchasing power, especially among the poorest households. Financial sector indicators highlight chronic vulnerabilities in the banking system related to capital adequacy and asset quality. Fiscal policy is focused on restoring debt sustainability while improving the efficiency of public spending and protecting vulnerable persons through enhanced social assistance. The government achieved significant fiscal consolidation in 2022 due to increased revenues from mining and non-mineral sectors. However, the primary surplus fell behind target due to overspending on fuel subsidies and public sector wages. The fiscal position is estimated to improve in 2023 to meet the revised primary balance target of 1.7 percent (down from 3.5). Revenue generation and expenditure containment measures introduced

in the 2023 budget include a value-added tax, discontinuation of fuel subsidies, phasing out electricity subsidies, and containing public wages. To offset the impact of the energy subsidy reforms on the poorest Surinamese, the government expanded social assistance payments to households at the bottom of the income distribution and reformed and expanded its social assistance beneficiary database. Successful debt restructuring and implementation of fiscal reforms under the EFF will help the country restore debt sustainability. Negotiations with most official and private creditors have been completed, while a staff-level agreement on the third review of the EFF was reached in August 2023.

## Outlook

Real output growth in 2023 is projected at 2 percent, gradually reaching 3 percent in the medium term, as exports recover, and investment in infrastructure-related construction in the oil and gas sector picks up. Improvements in labor market prospects and opportunities for poor Surinamese are expected to be similarly gradual.

Inflation is expected to remain elevated in 2023, with negative implications for purchasing power and poverty. However, it should decline significantly over the medium term as the government tightens monetary policy and as external inflationary impulses subside.

The fiscal position is expected to improve as the government makes progress on fiscal reforms and debt restructuring. A more gradual pace of fiscal adjustments in the context of the revised macroeconomic stabilization program will create space to maintain social spending and support growth-enhancing infrastructure investments.

The longer-term outlook is more positive given the recent discovery of several offshore oil deposits. A Final Investment Decision by a major oil company is expected in 2024. Ensuring that anticipated oil revenues translate into improved well-being and reduced poverty requires tackling governance and institutional challenges. Moreover, increased reliance on the oil sector raises Suriname's vulnerability to commodity price shocks and has environmental consequences. Enhancing governance and human capital ahead of the oil windfall will be critical to alleviate risks and create a foundation for efficient and equitable management of oil revenues.

**TABLE 2** Suriname / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020	2021	2022	2023e	2024f	2025f
<b>Real GDP growth, at constant market prices</b>	-16.0	-2.4	2.4	2.0	2.6	3.0
<b>Real GDP growth, at constant factor prices</b>	-16.0	-2.4	2.4	2.0	2.6	3.0
Agriculture	-10.3	-7.5	-1.6	0.3	1.4	1.9
Industry	-17.5	-10.9	3.1	0.5	1.6	2.0
Services	-16.0	2.2	2.7	2.8	3.1	3.5
<b>Inflation (consumer price index)</b>	34.9	59.1	52.4	52.3	34.4	18.3
<b>Current account balance (% of GDP)</b>	6.2	5.3	2.0	1.8	1.0	-0.1
<b>Net foreign direct investment inflow (% of GDP)</b>	0.0	-3.7	0.1	-0.3	0.3	1.3
<b>Fiscal Balance (% of GDP)<sup>a</sup></b>	-11.1	-7.0	-2.8	-0.9	-0.7	-0.7
<b>Revenues (% of GDP)</b>	18.2	25.2	27.3	25.8	24.7	23.0
<b>Debt (% of GDP)<sup>a</sup></b>	142.4	113.3	118.8	106.7	93.1	80.9
<b>Primary Balance (% of GDP)<sup>a</sup></b>	-7.5	-1.2	1.1	1.7	3.5	3.5
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	0.6	0.2	0.5	1.8	0.6	1.7
<b>Energy related GHG emissions (% of total)</b>	19.8	20.0	19.9	21.1	21.3	22.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Budget balances and public debt are for the central government.