

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK



**IDB COUNTRY STRATEGY
WITH SURINAME
(2007-2010)**

June 2007

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

SUMMARY STRATEGY MATRIX

I.	INTRODUCTION	1
II.	DEVELOPMENT CHALLENGES	2
	A. High Economic Volatility	2
	B. Pervasive Intervention of the Public Sector in the Economy	4
	C. Lack of Critical Mass of Private Sector Activities	5
	D. Poor Social Integration	6
III.	PAST STRATEGY AND PORTFOLIO ISSUES (1997-2005).....	7
	A. Assessment of Past Strategy.....	7
	B. Progress in Achieving CS Objectives	9
	C. Conclusions	11
IV.	BANK STRATEGY	11
	A. Objective.....	11
	B. Strategic Pillars.....	11
	1. Private Sector Modernization.....	12
	2. Public Sector Modernization.....	13
	3. Integration and sustainable development of the Interior	14
	C. Lending Scenarios, Triggers and Bank Exposure	16
	D. Country and Sector Studies Program	17
	E. Multi-Annual Development Plan (MDP)	18
	F. Donor Coordination.....	19
	G. Strategy Implementation Risks.....	20
	H. Country Financing Parameters.....	22

TABLES IN THE TEXT

Table 1	Selected Economic Indicators 1996-2000 and 2001-2006
Table 2	IDB Portfolio in Execution (as of May 25, 2007 - US\$ million)
Table 3	2000 CS Preliminary Results
Table 4	Base Case: Lending Scenario Projections (US\$ million)
Table 5	Country Financing Parameters

FIGURES IN THE TEXT

Figure 1	30 year growth rate of Suriname
Figure 2	Sectoral focus of SU TCs (2000-2005)

BOXES IN THE TEXT

Box 1	Strategy reflects comprehensive consultation process
Box 2	Dutch Assistance to Suriname defined by the 1975 Treaty Funds
Box 3	Despite mitigation efforts, project implementation remains a singular challenge

LIST OF ANNEXES

Annex I	Millennium Development Goals
Annex II	Bank Work Program
Annex III	Private Sector Development Strategy Action Plan
Annex IV-A	SU Donor Coordination Matrix of Policy Recommendations
Annex IV-B	SU Donor Coordination Matrix of Support
Annex V	Country Financing Parameters
Annex VI	Selected References

ABBREVIATIONS

AFD	Agence Française de Développement
ATPL	Agriculture and Trade Policy Loan
CARICOM	Caribbean Community and Common Market
CDF	Community Development Fund
CFAA	Country Financial Accountability Assessment
CPE	Country Program Evaluation
CPI	Consumer Price Index
CS	Country Strategy
CSME	CARICOM Single Market and Economy
DSA	Debt Sustainability Analysis
ECLAC	Economic Commission for Latin America and the Caribbean
ESW	Economic Sector Work
EU	European Union
FSO	Fund for Special Operation
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GoS	Government of Suriname
IDB	Inter-American Development Bank
IFF	Intermediate Financing Facility
IIC	Inter-American Investment Corporation
IIRSA	Integration of Regional Infrastructure in South America
JSF	Japanese Special Fund
MDG	Millennium Development Goals
MDP	Multi-Annual Development Plan
MIF	Multilateral Investment Fund
MOF	Ministry of Finance
NF	New Front
NSS	New System of Supervision
OVE	Office of Evaluation and Oversight
PAIS	Project Alert Identification System
PCU	Project Coordination Unit
PER	Public Expenditure Review
PLOS	Ministry of Planning
PRI	Private Sector Department
PSDS	Private Sector Development Strategy
RGB	Ministry of Land
S&P	Standard and Poors
SDMO	Suriname Debt Management Office
SSN	Social Safety Net
TC	Technical Cooperation

EXECUTIVE SUMMARY

Suriname's economic performance in the decades following independence from the Netherlands in 1975 has been characterized by intense volatility and low growth. Since 2000, the country's performance has improved markedly, with greater political stability and policy continuity as well as improved economic management. Nonetheless, structural weaknesses in the public and private sectors remain formidable. The Country Strategy (CS) with Suriname for 2007-2010 aims to support Suriname's efforts to modernize and transform the economy from the current dominance of the public sector to a new emphasis on private sector-led growth, public sector efficiency, and social integration. In pursuit of this objective, the strategy is based on three pillars: (i) modernization of the private sector; (ii) complementary modernization in the public sector, including the preparation of a road map for public sector reform; and (iii) integration and sustainable development of the Interior. Modernization of the *private and public sectors* aims at increasing economic opportunity at the base of the economic pyramid while strengthening the core functions of Government, particularly the quality of public spending. The third strategic pillar, *integration and sustainable development of the interior*, will focus on developing the largely untapped human and environmental resources that are located in the Interior by improving the standard of living for the Indigenous and Maroon communities and promoting a balanced approach to managing diverging interests related to the exploitation of natural resources, property and human rights and environmental protection.

Consistent with these strategic objectives, the CS includes a program of loans, TCs and analytical work for 2007 and 2008 and proposes selection criteria to guide subsequent programming within a base case sovereign lending envelope of US\$75 million over the strategy period. The work program and selection criteria recognize the importance of technical cooperation as a key instrument in a more programmatic approach that seeks complementarities with other donor activities. The CS also prioritizes successful completion of Bank supported initiatives in execution. The new Country Financing Parameters allow Bank financing of up to 100 percent of the cost of a project, and also financing taxes and duties. Government requested to maintain the current restriction on financing recurrent spending.

The CS draws from substantial consultation with Surinamese stakeholders, including government officials, civil society organizations, private sector representatives, and representatives of the Maroon and Indigenous communities, along with the donor community. The consultations confirmed growing consensus that the government's predominant role in the economy should be revised. However, the emergence of a new model based on private sector-led economic growth still appears distant.

The strategy also incorporates recommendations from the OVE Country Program Evaluation for Suriname. Three main lessons learned from the on-going implementation experience have shaped the CS. First, the persistence of institutional capacity weakness and slow project execution demands deeper institutional analysis, better tailored projects, and more streamlined execution mechanisms. This may imply longer horizons for execution and/or phased approaches and deeper understanding of the incentives against reform. Second,

the Bank's non-lending instruments have had a prominent role in the Bank's relationship with Suriname. The prominence of the TC program reflects Suriname's unique circumstances, including the country's access to grants. Accordingly, there is a need to strengthen prioritization and continuity between projects, particularly TCs, to maximize their contribution to meeting country development objectives. Third, persistence in the policy dialogue is key to supporting Suriname's continued progress on its significant reform agenda.

Strategy Matrix		
Government Strategy	IDB Work Program	Country Performance Indicators for 2010
A. Private Sector Modernization		
1. Maintaining a sound macroeconomic environment <ul style="list-style-type: none"> • Clearing external debt arrears • Consolidating fiscal gains 	Support for the following initiatives: <ul style="list-style-type: none"> • Arrears reduction strategy and preparation • Drafting of law of fiscal responsibility 	<ul style="list-style-type: none"> • Suriname achieves relative improvement in the ranking of the Global Competitiveness Report of the World Economic Forum, baseline ranking published for the first time in September 2006 (100 out of 125 countries) • Elimination of debt in arrears, baseline arrears amount to US\$146 million in December 2006 • The portfolio of the IIC and PRI represents 50% of the Bank Group portfolio in Suriname, 0% in May 2007—the Bank approved a joint PRI-IIC lending package to Kersten & Co. worth US\$11 million in January-February 2007, once fully disbursed these loans will increase the exposure of PRI and IIC to 18% of the Bank’s portfolio
2. Improving the business environment <ul style="list-style-type: none"> • Improving infrastructure • Expand private sector exports • Signal markets a clear intent to improve competitiveness • Build consensus about the legal framework for private sector investment • Direct support to the private sector 	<ul style="list-style-type: none"> • New Loan: Rehabilitation road Paramaribo-Albina • Loan in execution: Trade Sector Facility • New TC and loan: Competitiveness Improvement Action Plan • TC in execution: Strengthening of the Legal and Institutional Foundation for Private Sector Investment; Implementation of the WEF Executive Opinion Survey • Provide financing to the private sector by the Bank Group and support enhanced business climate-Annex II 	
B. Public Sector Modernization		
1. Road Map for Public Sector Reform <ul style="list-style-type: none"> • To build consensus around the long-term vision to modernize the public sector 	<ul style="list-style-type: none"> • TC in execution: Road Map for Public Sector Reform 	<ul style="list-style-type: none"> • Public employment does not increase in nominal terms from current levels, baseline 45,000 people employed by Government in 2006; about 35,000 by the Central Government, and about 10,000 by publicly owned enterprises • Population below the poverty line drops from 44% in 1990 to 22% in 2015* • Quality of public spending increases, especially in the social sectors (health, education and social protection) with the same level of spending in 2005. Baseline and targets to be defined in the context of the preparation of the road map for public sector reform and Social Protection project
2. Improve quality of public spending <ul style="list-style-type: none"> • Increase the efficient use of public sector resources • Improve the effectiveness of social spending in poverty prevention • Improve the living conditions of the poor • Improve housing • Improve the quality of basic education system • Improve the health status of the population 	<ul style="list-style-type: none"> • Loan in execution: Strengthening of Public Sector Management • New loan: Social Protection • New TCs: Quality of Public Spending, PRODEV • Loans in execution: Decentralization; Community Development Fund (CDF); Low Income Shelters; Basic Education; Health Sector Facility 	

Strategy Matrix		
Government Strategy	IDB Work Program	Country Performance Indicators for 2010
C. Integration and sustainable development of the Interior		
<ul style="list-style-type: none"> To improve the standard of living for the Indigenous and Maroon communities and promote a balanced approach to managing diverging interests related to the exploitation of natural resources, property and human rights and environmental protection. 	<ul style="list-style-type: none"> Two TCs and a loan for Sustainable Development of the Interior. TCs will finance preparation of the loan including development planning and consultation, development of a legal framework, institutional strengthening and support for the resolution of land rights. The loan will fund implementation of the results of the TCs. 	<ul style="list-style-type: none"> 70% of rural population with access to safe drinking water* Economic opportunities: 30% increase in micro and small enterprises * Natural resources: amended environmental legislation and traditional lands demarcated*

* Multi-Annual Development Plan Targets

I. INTRODUCTION

1.1 This document proposes the strategic approach for Bank activities during the 2007-2010 period, including the program for 2007 and 2008 and selection criteria for future support. The Country Strategy (CS) reflects a broad consultation process (see Box 1) and incorporates lessons learned from implementation of the CS approved in March 2000, as well as recommendations from the Country Program Evaluation by the Office of Evaluation and Oversight (OVE).

1.2 The political environment in Suriname is complex, reflecting the unique diversity of the Surinamese population, which includes Hindustanis (27%), Creoles (17.7%), Javanese (14.6%), Maroons (14%) and Indigenous Peoples (3.7%) as well as people of European, Chinese and other descent. Political alliances bring together combinations of ethnically-based parties that contribute to a complex political balance. In this context consensus-building in the Surinamese government and society

comes at the cost of a protracted pace of decision-making and implementation. However, once decisions take root, the degree of commitment on the part of the Government is generally high and firmly established. Suriname's multi-ethnic and multi-lingual society continues to evolve; it has been enriched by the inclusion of Indigenous Peoples and Maroons in politics. Suriname's democracy continues to strengthen with the election of President Venetiaan of the New Front (NF) coalition -reelected for his third non-consecutive term in 2005. The new cabinet consists of appointees from the nine political parties of the governing coalition, including representatives of the Indigenous and Maroon communities of the Interior.

1.3 Chapter II summarizes the development challenges of Suriname, and Chapter III assesses the Bank's past strategy and implementation experience in Suriname. The Bank's proposed strategic approach for 2006-2010 is the subject of Chapter IV.

Box 1: Strategy reflects comprehensive consultation process

The Bank organized seven meetings with stakeholders in Paramaribo between November 27 and December 7, 2005 to discuss a series of IDB Policy Notes that were prepared as technical background material for the country strategy. During the meetings stakeholders representing Government, labor unions, Indigenous Peoples and Maroons, the private sector, civil society, environmental NGOs, professionals, and academia provided comments and recommendations to the background materials presented by the Bank. The meetings affirmed the importance of prioritizing modernization of the public and private sectors –two of the three strategic pillars presented in the CS– and highlighted the unique development challenges in the Interior, which are the third strategic pillar of this CS.

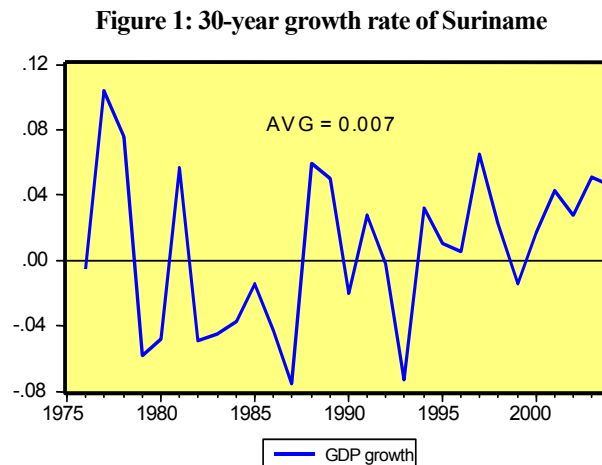
On January 20, 2006, Government and Bank representatives met in Paramaribo for an “*Encerrona*” meeting. During this meeting, the Bank presented a Policy Dialogue Paper and discussed Suriname's key development challenges with the Surinamese authorities and also presented the proposed strategic pillars of the CS. The half-day meeting was chaired by the Minister of Finance, Humphrey Hildenberg, and was attended by 9 additional Ministers, the IDB Executive Director for Brazil and Suriname, and Region 3 management team.

II. DEVELOPMENT CHALLENGES

- 2.1 This chapter analyzes four main development challenges: (i) high economic volatility; (ii) pervasive intervention of the public sector in the economy; (iii) lack of critical mass of private sector activities; and (iv) poor social integration. Continued modernization of the public and private sectors will be key to enhancing development performance. Social inclusion efforts will also facilitate the sustainable development of the resources of the Interior while providing opportunities for Indigenous Peoples and Maroons. Finally, a necessary condition for the implementation of development plans is the maintenance of a stable macroeconomic environment.

A. High Economic Volatility

- 2.2 Despite recent improvements in economic growth and conditions, long-term economic growth has been low and extremely volatile (Figure 1).¹ Suriname's economy has suffered from inherent structural volatility due to a concentration of export products that exhibit high price volatility. Moreover, volatility has been exacerbated by poor policy choices and the uncertainty generated by weak management of fiscal, monetary and exchange rate policy.²



- 2.3 Volatility in the prices of Suriname's top exports has had strong effects on economic performance. Alumina and gold, accounting for 80% of exports, exhibit high price volatility; the standard deviation of international prices for alumina and gold register 21% and 11% respectively. As a consequence of commodity price volatility, fiscal revenues have also been volatile. For example, alumina taxes which represent on average about 3% of GDP fluctuated between 0.4% of GDP in 1992 to 5.8% of GDP in 1996.

¹ Only Guyana and Nicaragua have economies that exceed Suriname's level of volatility. World Development Indicators.

² Dougal Martin in "Suriname, the Economy, Prospects for Sustainable Development", edited by Pitou van Dijk, 2001.

- 2.4 Economic volatility is further amplified by significant fluctuations in the level of development assistance from the Netherlands. When Dutch development assistance is taken into account, the volatility of fiscal revenues increases significantly. Since 1975 Dutch grants represented on average 25.7% of total revenues or 7.7% of GDP; Dutch grants and alumina-related revenues combined ranged from 2.7% of GDP in 1991 to 22.3% of GDP in 1996.
- 2.5 Additionally public spending was pro-cyclical and amplified volatility; as revenues remained at the current level or declined spending often increased. In 1991, for example, revenues dropped by 4% of GDP and spending increased by 5.5% of GDP forcing the economy to accommodate 9.5% of GDP in new financing for the public sector. Similarly, in 1998 revenues increased by 0.3% of GDP and spending increased by 10.1% of GDP. These adjustments had negative economic effects because the deficits were monetized and resulted in periods of high inflation: inflation averaged 330% during 1993-1994 and 113% in 1999.

**Table 1: Selected Economic Indicators
1996-2000 and 2001-2006**

Economic Indicators	1996-2000	2001-2006
GDP growth	2.4	5.4
Current Account Balance % GDP	-12.8	-6.9
Primary Balance % of GDP	-7.0	1.0
Overall Fiscal Balance % GDP	-7.7	-1.1
Public Sector debt end of year % GDP	54.2	42.0
Inflation Rate (period average)	36.7	18.1

Source : IMF Article IV Mission reports

- 2.6 Table 1 shows that economic performance has improved significantly since 2001 in the context of high international prices for commodities and the implementation of better macroeconomic policies. The primary surplus averaged 1.0% of GDP for the period 2001-2006 compared to a deficit of 7% for the period 1996-2000. The results of more prudent fiscal policy are evident in terms of lower inflation, lower debt, a less volatile real exchange rate and higher growth, complemented by Suriname's continued integration efforts into CARICOM.
- 2.7 Standard & Poors (S&P) recognizes Suriname's improved macroeconomic condition and in 2006 issued a "positive" outlook on external debt, which triggered an upgrade from B- to B rating in December 2006. In spite of the improvements in fiscal management, consolidating fiscal gains and clearing external arrears amounting to US\$146 million as of December 2006 remains a challenge.³ Suriname's Debt Act imposes debt ceilings to public sector debt and Suriname's external debt is low by

³ Debt management has improved with the creation of the Surinamese Debt Management Office (SDMO), with Bank support (ATN/SF-8173-SU Institutional Strengthening of Debt Management).

Latin American standards. In addition, most of Suriname's debt is contracted with fixed interest rates and there is not significant currency mismatch between US\$ and €. For these reasons, Suriname is not exposed to significant risk related to changes in interest rates or in the relative exchange rate between the US\$ and the €. Nevertheless, DSA shows that Suriname's economy is vulnerable and that a significant drop in international prices of alumina and gold could render current public sector debt unsustainable.⁴ A significant drop could trigger a difficult economic adjustment including a real exchange rate devaluation and an economic slowdown, such as in the past. The analysis concludes that Suriname's external debt should be even lower than the current level.

B. Pervasive Intervention of the Public Sector in the Economy

2.8 The public sector in Suriname is excessively large: it employs over 60% of workers in the formal economy, and owns 133 public enterprises.⁵ Government plays an important distributive role in the economy, collecting revenues from taxes and grants and reallocating them via public sector employment and social services; the wage bill in 2005 was 11.1% of GDP while social spending exceeded 13% of GDP. Just as the majority of the formal workforce has come to depend on Government salaries, private sector actors have also come to rely on Government contracts. This has stunted private sector development.

2.9 The conditions that enabled the Government to dominate the distribution of economic resources are changing. In particular, Dutch development assistance from the 1975 Treaty Fund, created during Suriname's independence, will be

Box 2: Dutch Assistance to Suriname defined by the 1975 Treaty Funds

Development cooperation has been at the center of bilateral relations between Suriname and the Netherlands since Suriname's independence. The vast majority of Dutch development assistance to Suriname comes from the *1975 Agreement between the Netherlands and Suriname regarding Development Aid*, and amounted to roughly 1.59 billion €. While the Treaty Funds have played a leading role in public investment over the past 30 years, the growth performance of the Suriname economy and the overall effectiveness of the Fund have fallen short of expectations.

The Treaty Funds are divided into grant funds, parity funds and guarantee funds. Approximately 85% of the 1.59 billion € of the Treaty Funds have been spent. An estimated 108 million € remain of the grant funds. In 2000 and 2001, both countries agreed to spend the remaining grant funds through "basket funding" or the Sector Wide Approach. After 2005, all development projects will be administered through such a fund and will focus on Agriculture, Education, Environment, Governance, Housing, and Public Health. Allocation of funds to the six sectors should be completed in 2010. The balance of the parity funds has been initially committed to public sector reform and private sector development. The guarantee funds have been fully used.

⁴ A Bank mission (oct-nov 2005) worked with the SDMO on the DSA. It utilized the standard approach and conducted stress tests for changes in exchange rates, interest rates and commodity prices. The analysis also included different scenarios of debt workouts to clear arrears.

⁵ Government owns 73 Parastatals, 6 Financial Institutions, 13 Public Corporations and 41 Non Operational Organizations.

exhausted in the medium term (see Box 2). Less access to grant financing will reduce Government's capacity to intervene in the economy as extensively as in the past. There is general consensus that the current framework is not sustainable, and perhaps more importantly, many are disappointed by the results of an economic model that delivered neither economic growth nor good public services.

- 2.10 The public sector has fallen short in its role as social service provider due to severe inefficiency. In particular, Government runs several social programs that overlap and are poorly targeted. Suriname's Social Safety Net (SSN) comprises a portfolio of twenty programs, including seven unconditional cash transfer programs, which lack the human and financial resources needed to provide services on an adequate scale. The wide yet inefficient "safety net" provides free services to people that can afford to pay for them, and fails to provide services to the people at the base of the economic pyramid. The problems of the public sector extend beyond the provision of social services. In general, the public sector does not efficiently provide public services, including those related to the judiciary and security. Weaknesses in trade-related agencies prevent Suriname from taking full advantage of the opportunities presented by the CSME and other trading arrangements.

C. Lack of Critical Mass of Private Sector Activities

- 2.11 Widespread public ownership of productive activities has crowded out private investors in Suriname. The private sector is characterized by a large number of small firms producing non-tradable goods and services, mainly domestic trading. It is estimated that there are roughly 15,000 active private sector firms with an average of three employees per firm. Given these characteristics, efforts to expand private sector activities will require special attention to the development of micro, small, and medium firms. There is considerable concern about the capability of the local business community to compete in non-traditional sectors in the face of challenges posed by increasing competition from trade liberalization.
- 2.12 The creation of new economic space for private sector activities has been constrained by the structure of the economy. While greater scope for new products seems feasible, the narrow, import-dependent production structure of the economy poses a structural constraint to new economic activities. The economy also has a small basket of export goods, including traditional export products such as alumina, gold, rice, shrimp and fish and a few non-traditional products, with tourism emerging as a potentially important export. The Caribbean market is perceived as a stepping-stone for domestically oriented companies who want to eventually compete internationally. Because of the perceived limited capacity of firms to compete regionally, membership in CARICOM offers opportunities that will require concerted effort, from the public and private sectors, in becoming more competitive.
- 2.13 To become more competitive the country needs a stable and predictable macroeconomic context. In the short term, this requires consolidating fiscal policy gains. Suriname also needs to improve the environment for business development. The latter is mostly affected by poorly enforced property rights and the high cost of

doing business, and poor infrastructure. The cost of doing business is high and there are many obstacles to starting a new business including: obtaining an operating license; adjusting the labor force given labor dismissal norms; purchasing and selling assets by foreign persons; and clearing customs given the current procedures and practices. Especially for exports, inadequate transport facilities such as ports, roads, and energy supply are key constraints.⁶

D. Poor Social Integration

- 2.14 Available data shows that since 1978 the poverty rate increased from 33% to 53% in 2000 (see Annex I). Estimating by interpolation the 1990 figure at 44%, suggests that meeting the Millennium Development Goal (MDG) of halving this rate by 2015 will require an extraordinary effort. Although there are indications of recent reversal, the high economic volatility from the mid-1970's through 2000 help to explain the upward trend in poverty.
- 2.15 These national averages do not capture important differences which also reflect Suriname's unique yet challenging cultural diversity. The population in the Interior includes four Indigenous peoples and six Maroon tribes who live in small communities throughout the region. According to the latest census, Indigenous peoples and Maroons together comprise nearly one-fifth of the Surinamese population, respectively 3.7% and 14.7% of the total population. Their geographical location has meant historical exclusion from national policy making and resulted in low social indicators compared with the rest of the population, high levels of relative poverty and intermittent delivery of basic services such as health and education. There is however a dearth of statistical data since most surveys do not reach the Interior.⁷
- 2.16 While national programs are reaching the urban and coastal population, addressing historic exclusion and low social indicators is essential for building a competitive and sustainable economy and improving the standard of living for Interior populations. Targeted investments that are appropriate and cost effective for the geographical, social, cultural and economic realities of these areas will contribute to improving the economic opportunities available to the residents of the Interior and will assist with protecting their land and human rights. Improving social indicators especially in the health and education sectors will also contribute to building a stronger and more vibrant workforce that will be essential for improving integration between the Interior and the rest of the country.
- 2.17 In order to achieve these goals, attention needs to be paid to certain key priorities: improving the collection of disaggregated data for these populations, establishing a legal framework for Traditional Authorities to improve governance in Indigenous and Maroon communities and increase accountability, land tenure regularization, and

⁶ These conditions are echoed in the preliminary results from the Executive Opinion Survey of the World Economic Forum which points to the following bottlenecks: (i) inefficient Government bureaucracy; (ii) policy instability; (iii) insufficient access to financing; (iv) inadequate infrastructure; and (v) perceived corruption.

⁷ The very limited data suggest that women in the Interior are among the most vulnerable with literacy rates of 44% compared to 66% from men in the Interior and 88% nationwide.

developing a model for balancing the rights of Indigenous and Maroon communities to use resources located in their territories with the need for Suriname to exploit these resources in pursuit of national development.

III. PAST STRATEGY AND PORTFOLIO ISSUES (1997-2005)

- 3.1 This chapter reviews the Bank's recent experience, progress in achievement of strategy objectives and lessons learned. It incorporates findings from the OVE evaluation of country programs over the course of the Bank's partnership with Suriname from 1980 - 2004.
- A. Assessment of Past Strategy**
- 3.2 The Bank's relationship with Suriname deepened significantly in the mid-1990s, following a marked improvement in macroeconomic conditions and a resumption in eligibility for IFF lending and non-reimbursable FSO TCs. Bank support initially focused on TCs to support macroeconomic stabilization. Then in 1997 a new strategic direction was set out in a Programming Memorandum and this strategic direction was continued and formalized in the 2000 Country Strategy (GN-2080-1).
- 3.3 The core strategy was to support policy and institutional reforms in order to improve incentive and institutional frameworks, and thereby enable resources to be used more efficiently and effectively. The strategy's focal areas were: (i) private sector development; (ii) improved governance and modernization of the state; (iii) human resource development and social inclusion; (iv) ensuring environmentally sustainable development; and (v) improved macroeconomic management. In a 2002 Programming Memorandum these five areas were narrowed to three: (i) private sector development and export-led growth; (ii) public sector reform; and (iii) the social sectors.
- 3.4 **Loan portfolio.** Approval of the Agriculture and Trade Policy loan, a US\$30 million policy-based loan, ended the lending hiatus in 1998. Since then, the renewed relationship has included approvals of one to two loans per year resulting in an active, wide-ranging portfolio of TCs, and intensive policy dialogue focused on reform. The Bank accounted for 78% of total multilateral debt in the country between 1996-2004 and remains the largest multilateral creditor in Suriname.
- 3.5 The current portfolio closely resembles the pipelines envisaged in the 1997 Programming Memorandum and 2000 CS, though it was developed over a longer time period than originally anticipated. As of May 2007, the IDB portfolio in Suriname consists of nine loans totaling US\$62.7 million (see Table 2). Roughly two-thirds of the portfolio focuses on social sectors, with the remainder focused on public sector reform. In 2005, the Bank initiated the retrofitting of loans in Decentralization, Low-Income Shelters and Community Development Fund, each of which had suffered from slow execution and limited progress in achieving development results. Retrofitting of the projects has included adaptations to strategy, operations, budget and timeframe. Although the process is still on-going, performance has already improved in the Low-Income Shelters project.

**Table 2: IDB Portfolio in Execution
(as of May 25, 2007 - US\$ million)**

Loan	Approval Date	Effective Date	Approved Current	% Disbursed	Disb. Expiration Date
SU0020 – Community Development Fund (CDF)	17-May-00	12-Nov-01	10.3	54.8	12-Nov-07
SU0017 – Low-Income Shelters (LIS)	5-Sep-01	12-Nov-01	9.8	72.7	12-Nov-06
SU0019 – Decentralization and Local Government Strengthening	5-Sep-01	12-Nov-01	4.9	48.1	12-Nov-06
SU0025 – Preparation of the Census	18-Dec-02	7-Mar-03	4.2	72.2	7-Sep-07
SU0023 – Basic Education Improvement Project	17-Dec-03	31-Mar-04	12.5	31.1	31-Mar-09
SU0028 – Health Sector Facility	11-Mar-04	31-Mar-04	5.0	23.4	31-Mar-08
SU0027 – Strengthening of Public Sector Management	2-Jun-04	27-Aug-04	5.0	4.0	27-Aug-08
SU-L1002 – Trade Sector Reform	21-Dec-05	5-Apr-06	4.0	5.0	5-Oct-09
SU-L1005 Kersten & Co. (PRI loan)*	31-Jan-07	30-Mar-07	7.0	0.0	30-Mar-08
Total (9 projects)			62.7	34.7	

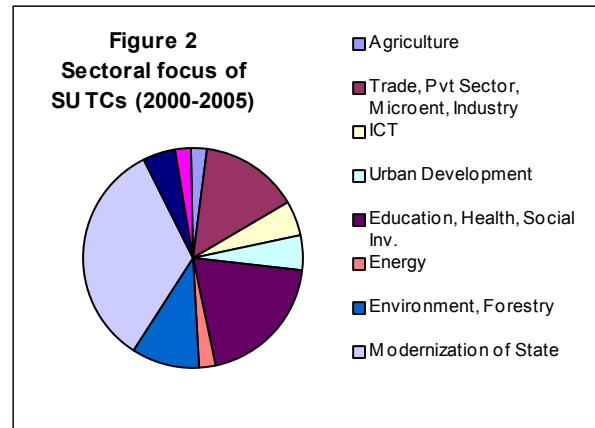
* The IIC approved a complementary loan to Kersten for US\$4.0 million.

- 3.6 As discussed in Box 3, the execution experience in Suriname reflects challenges inherent in doing business in the country as well as the need for better tailored project design and flexible execution arrangements by the Bank. According to the OVE evaluation, project execution in Suriname exceeded Bank averages on several counts: longer time elapsed during project preparation, slower disbursement rates, and longer project extension periods. Notably, projects in Suriname reach eligibility 14% faster than the Bank average, indicating greater facility of negotiation with and within the Government.

Box 3: Despite mitigation efforts, project implementation remains a singular challenge

The political and institutional environment in Suriname directly affects project implementation, particularly related to the time factor: consensus-building affects everything from routine project management to far-reaching decisions. Execution experience also suggests that start-up requirements for project implementation units in Suriname are often underestimated. Adapting to Bank procedures for procurement and oversight of project finances, which differ considerably from current practices within the public sector, has been time-intensive for executing agencies that face a steep learning curve. The Bank has made efforts to circumvent institutional weaknesses through alternate executing mechanisms. The executing entities for the CDF, Decentralization Project, and Low-Income Shelters projects were envisaged to be freestanding institutions that would continue to exist beyond the life of the project. To avoid the full substitution of Ministry staff while ensuring adequate project oversight, the Bank has set up Project Coordination Units (PCUs) that oversee and coordinate the work of ministry staff who serve as Task Managers for project components; the projects are consequently embedded into the Ministries. Despite these execution arrangements, implementation progress remains protracted.

- 3.7 **TC portfolio.** The TC portfolio comprises 24 TCs valued at US\$7.9 million with roughly one third of the TCs directly supporting the loan portfolio. Suriname has the highest ratio of TCs to loans in the Bank, with TCs equaling 21% of the loan portfolio compared to a Bank average of 1%. In addition to supporting the loan program, the TC portfolio has reinforced the quality of policy dialogue with Government, whose growing openness to discuss policy reform in some sectors has increased the demand for quality analytical products. While the sectoral focus of the loan portfolio was narrowed in 2002, the TC portfolio has continued to include a spectrum of sectors, as illustrated in Figure 2.



- 3.8 **Policy dialogue.** The Bank's policy dialogue with the Government of Suriname has proven to be a prominent instrument in support of CS objectives. The sectoral focus of the Bank's policy dialogue has been closely linked to the pipeline, focusing on sectors such as land management, trade, education, health, agricultural support services, and financial and public sector reforms.

B. Progress in Achieving CS Objectives

- 3.9 The strategic focus on incentives and institutions was relevant in light of the myriad of distortions that had accumulated in previous decades, the country's development challenges and the ineffectiveness of development aid under the previous development aid paradigm. Moreover, the focal areas chosen have proven relevant and appropriate. Consistent with the core strategy, policy and institutional reform has been a dominant emphasis across most of the Bank's loan and TC programs in Suriname. The projects and technical cooperations that flowed from the strategy have resulted in policy reforms that will likely bring development benefits on a sustainable basis (see Table 3). There is evidence that several Bank-financed activities are making progress towards achieving development objectives, although portfolio results are still preliminary, given that only one loan approved after 1997, the Agricultural and Trade Policy Loan, has been completed to date. The Bank has played a catalytic role, supporting the establishment of an improved policy framework in areas like housing and agriculture, into which other international development partners have channeled additional funding. Consequently, the Bank's role has been greater than that suggested by financial flows.
- 3.10 Notwithstanding the above, the Bank was not able to contribute successfully in every area addressed. Most notably it was unable to promote reforms in the financial sector, which remains distorted by the heavy state presence and presents a major contingent liability risk. Similarly, despite Bank support, meaningful programs in privatization

remain a challenge. In another critical area – land policy reform – progress has been difficult and slower than hoped for.

Table 3: 2000 CS Preliminary Results

Bank Strategy	Activities and Results to date
Private Sector Development	
Support policy and institutional reforms to improve the environment for the private sector	<ul style="list-style-type: none"> • Agriculture and Trade Policy Loan (ATPL) eliminated trade licensing system, quotas and import prohibitions, and the foreign exchange surrender requirement for non-mineral goods
Support the privatization process	<ul style="list-style-type: none"> • Privatization theme in MDP although no plans in financial and rice sectors
ESW to identify constraints, needed reforms and opportunities	<ul style="list-style-type: none"> • Investment Law TC and analytical work related to Business Climate Initiative supported amendments to the legal framework that are currently under consideration by the Council of Ministers
Improved Governance and Modernization of the State	
Support reforms to improve efficiency and effectiveness of Government	<ul style="list-style-type: none"> • Decentralization project led to legal reforms, District Ordinance, and an Interim Law on Financial Decentralization that allows districts to collect revenues • Governance in Suriname study (2001) • “Road Map” TC presents a platform for action on public sector reform • 7th Census completed. Fertility and Mortality statistics as well as Employment and Social statistics already disseminated; on-going training of statisticians • An evaluation of the TC that financed the establishment of the Suriname Debt Management Bureau found that the operation had increased Government’s capacity to oversee national debt
Strengthen the legislative and judicial arms of Government	<ul style="list-style-type: none"> • TC to support National Assembly provided training for staff & parliamentarians and provided technical infrastructure to allow public dissemination of current laws
Human resource development and social inclusion	
Promote social inclusion by strengthening social safety net and low income housing	<ul style="list-style-type: none"> • Community Development Fund completed 7 community investment projects • Low-Income Shelters –although 1250 families benefited, low income market remains a challenge • Completion of the Health needs assessment and significant progress in setting up the Beneficiary Information and Payments System for the national health card system • Completion of Suriname poverty and social safety net assessment
Promote human resource development in health and education sectors	<ul style="list-style-type: none"> • Health Sector Study and TC established policy reform direction and process created broad supporting consensus • The Education project completed a baseline study on quality indicators in public education; distributed over 225,000 primary school textbooks in History, Math, and Geography; trained over 300 primary school teachers in use of new textbooks; and renovated 23 schools since 2005
Analytical and sector work on indigenous groups	<ul style="list-style-type: none"> • To support analysis in 2006 Multi-Annual Development Plan, IDB contributed policy note on indigenous groups and Maroons financed by the Social Inclusion Fund.
Environmental management	
Strengthen institutional capacity for environmental management; promote sustainable development of forest resources; support protected areas; improve land-use management	<ul style="list-style-type: none"> • National environmental agency established • Forestry management strengthened
Improved macroeconomic management	
Strengthen institutional capacity for macroeconomic management	<ul style="list-style-type: none"> • Tax administration bottlenecks assessed and some improvement achieved • Bureau of Statistics made independent and strengthened; new CPI introduced • Debt office established within MOF

C. Conclusions

- 3.11 The CS retrospective highlights the following main conclusions related to the execution of recent Bank activities in Suriname:
- a. The **persistence of institutional capacity weaknesses** and slow project execution demand deeper institutional analysis, better tailored projects, and more streamlined execution mechanisms. Despite important improvements in the political and economic environment over the past 5 years, absorptive capacity constraints owing to institutional weaknesses and political complexities remain broadly consistent with the 2000 analysis, which correctly foresaw that institutional weakness would be a long-term challenge.
 - b. The Bank's non-lending instruments have had a prominent role in the Bank's relationship with Suriname, probably on par with the lending program. In particular, the prominence of the TC program reflects Suriname's unique circumstances, including the country's access to grants. The Bank needs to take a more **strategic programmatic approach** to create synergy across Bank instruments, particularly TCs to enhance prioritization and coherence across projects. While the loan portfolio has a strong focus on policy reform, the TC program has shown some dispersion and notwithstanding evidence of several high-performing operations, the aggregate contribution of the TC program is difficult to identify.
 - c. The need for policy reform remains substantial. Notwithstanding significant reform progress over the last 10 years, much remains to be done. Experience to date demonstrates that **persistence matters**. For example, IDB-financing for the "Road Map for Public Sector Reform" is the product of persistent policy dialogue and evidence of a maturing relationship of trust between the Government and the Bank. Progress in policy dialogue also depends heavily on the extent of political consensus within the Government on specific issues.

IV. BANK STRATEGY

A. Objective

- 4.1 This country strategy seeks to support Suriname's efforts to modernize and transform the economy from the current dominance of the public sector to a new emphasis on private sector-led growth, public sector efficiency, and social integration. This CS defines the overall strategic approach that will guide dialogue with the authorities to the year 2010 and presents the work program for 2006 and 2007 in Annex II.

B. Strategic Pillars

- 4.2 In pursuit of this objective the Bank will support the country's efforts with a three-pronged operational approach of complementary initiatives designed to

modernize the public and private sectors; and to promote the integration and sustainable development of the Interior. In this respect, there is substantial continuity with the strategic thrust since 1997, particularly regarding private sector development and public sector reform. However, this strategy will also place priority on the integrated development of the Interior because sustained growth requires social and economic inclusion of Interior inhabitants.

1. Private Sector Modernization

- 4.3 Modernization of the private sector is a priority due to the need to increase the sustained rate of economic growth and because increased private sector participation in the economy will provide jobs and opportunities, consequently reducing the burden on the state. A necessary condition to modernize the private sector is the **consolidation of macroeconomic gains** of the past five years, and the improvement of the business environment.
- 4.4 In particular, Government recognizes the negative effects of maintaining debt arrears and is exploring renegotiation. In addition to clearing arrears, to consolidate fiscal gains and improve fiscal management Government is considering setting macro-fiscal targets, such as introducing criteria to limit public sector spending growth while protecting social and investment spending. Additional measures may include the creation of a saving/stabilization fund, and the definition of the priority for debt repayment. These measures would be an important complement to the existing Debt and Central Bank Acts and support stability on the macroeconomic front.
- 4.5 Modernizing the private sector will require addressing the poor **business environment**. The Bank's strategic guidelines for Private Sector Development in Suriname and Action Plan (see Annex III) identify activities to improve the business environment. Moreover, to send a clear sign of the intent to improve the business environment, Government promoted the inclusion of Suriname in the Global Competitiveness Report utilizing net income FSO.⁸ This will assist authorities in benchmarking the Surinamese business environment.
- 4.6 Government is also working on improving road **infrastructure** and the production and transmission of energy. Preliminary discussions indicate strong interest in Bank participation, along with the EU and the Agence Française de Development, on financing the rehabilitation of the road from Paramaribo to Albina. This is an initiative from the Integration of Regional Infrastructure in South America (IIRSA) that has the potential to reactivate agricultural production and trade between Suriname and French Guyana affected by the war of the Interior.
- 4.7 Finally, the Bank Group is actively seeking to finance private sector projects. The expanded mandate provides the Bank with new possibilities to support Suriname with non-sovereign guarantee lending in several sectors: infrastructure (electricity

⁸ Suriname ranks 100 out of 125 countries reported in the 2006-2007 Global Competitiveness Report.

generation, transportation, and water and wastewater treatment), mining, oil and gas, forestry, tourism, and agriculture. Since untapped reserves are significant and their exploitation hold promise for the future development of the country, the Bank will support Government's efforts to develop the oil and gas sector. The Bank's comparative advantage in this area is related to the financing of indirect activities necessary for the development of the sector, such as support for updating legislation and infrastructure, and also providing know-how on ensuring the use of industry standards with respect to socio-environmental concerns.

- 4.8 To date the Bank has placed two loans to Kersten & Co., a large and well-established firm in Suriname. These two loans, one from PRI and the other from IIC, will support the restructuring of the balance sheet of the company. This deal, the first one of PRI or IIC in the country, is also having a demonstration effect and has raised the interest of the private sector for Bank financing.
- 4.9 To guide future programming exercises, and take advantage of increased flexibility for Bank Group operations with the private sector, the Bank will prioritize new operations by the extent to which they:
- a. Expand competitive private sector activities, and promote diversification and creation of high value-added activities;
 - b. Promote the use of primary sector endowments for export-oriented activities;
 - c. Support IIRSA initiatives.

2. Public Sector Modernization

- 4.10 The Bank is supporting Government efforts to prepare a road map for public sector modernization that will provide politically feasible priorities for a long-term reform program. The road map will result from a process of consultation and consensus building around the policy agenda for reform, led by a steering committee chaired by the Vice President of Suriname and including nine Ministers. Government has indicated that the road map will be the framework for donor support for public sector modernization and will also therefore guide future Bank support.
- 4.11 Among the relevant issues already identified are the need for: (i) the progressive reduction of the size of the State, particularly the scope of economic activities; (ii) simplification of administrative procedures and regulations that impose high transaction costs on the private sector; and (iii) improving effectiveness and efficiency of the civil service as well as public services.
- 4.12 However, as the road map is being prepared, Government has prioritized the following issues that require attention in the short-run: (i) ensuring adequate social protection; and (ii) strengthening key management functions in Government to improve the quality of public spending.

- 4.13 Improving **social protection** by revamping the social safety net is a necessary condition for the implementation of the road map, particularly because of the consequences of a gradual reduction of public sector employment in the economy. The creation of an efficient safety net would rationalize and improve the extensive network of social programs that currently exists. Government expects that a new SSN would improve protection of children, streamline cash transfer programs, and to enhance gender equality.
- 4.14 Preliminary discussions with the authorities have outlined an agenda, also to be supported by PRODEV, designed to improve the efficiency and efficacy of **public spending**. Such agenda considers strengthening key functions of the public administration: budgeting, cash management, planning, debt management, and monitoring and evaluation. It is expected that this effort may focus primarily on the Ministries of Planning and Finance, however it may also include key line Ministries -Health, Education, and SoZaVo. Finally, Government has also indicated that reforming the pension system is a priority activity for the medium term.
- 4.15 The Bank has maintained preliminary discussions with the authorities regarding two longer term issues in public service provision to be considered in future programming exercises: energy and Paramaribo water and drainage. Government, with Bank support, is preparing a power sector assessment with the objective of improving the long-term supply of electricity throughout Suriname and set the basis for greater efficiency and sustainability. The initiative will define priorities for the power sector, including the preparation of a sector policy and an implementation strategy. The new policy for the power sector resulting from this TC will set the framework for future Bank support in this area. Although discussions with authorities on how to improve the drainage system of Paramaribo are still preliminary, the Bank may consider TC funding for analysis of issues not currently being addressed by the authorities with the support of other donors.

3. Integration and sustainable development of the Interior

- 4.16 The third pillar of the CS aims to improve the standard of living for the Indigenous and Maroon communities thereby promoting integration via social and economic inclusion. This will require competitive and sustainable economic activity in the Interior based on a balanced approach to managing diverging interests related to the exploitation of natural resources, property and human rights and environmental protection. Due to a variety of factors including historical neglect and challenges related to the delivery of services and basic infrastructure, this pillar will require a concerted multisectoral effort to simultaneously address key areas that will provide the foundation for the sustainability of future investments. This approach is consistent with Government efforts now preparing a framework for development of the Interior with the support and input of a wide variety of stakeholders including other government ministries and civil society. The intention is to develop a comprehensive plan for

the Interior that can be supported by the Bank and other development partners. This task will require data, consultation and attention to good practices.

- 4.17 First, a critical building block for both orienting as well as operationalizing the comprehensive plan for the Interior will be addressing the on-going challenge of accurate and disaggregated data regarding the residents and conditions in the Interior. A strong baseline and complete set of indicators for this region is a top priority of both the GoS and the IDB.
- 4.18 Second, consultation will play a central role in both developing as well as implementing programs under this pillar. Suriname has already exhibited a strong commitment to consultation and the Bank's Operational Policy on Indigenous Peoples (2006) mandates "consultations ...with the view to reaching agreement or obtaining consent" from Indigenous and Maroon populations for Bank projects that directly target and benefit these groups. Increasing the participation of target beneficiaries in the decision and policy making associated with the preparation and planning has been shown to contribute to increased ownership as well as better implementation and monitoring of results.
- 4.19 Finally, the objectives of this pillar will be met through the use of good practices from similarly situated countries as well as models developed in Suriname. The end result will be a unique approach to delivering services in a challenging environment, balancing competing uses of resources and respect for property and human rights.
- 4.20 In the short term, there is also a need to address the reconstruction of infrastructure destroyed by 2006 floods. Government is waiting to the end of the protracted rainy season for a damage assessment report, to be prepared by ECLAC, to define priorities for reconstruction efforts. Government has also provided emergency assistance to affected populations, a purpose for which the Bank approved and disbursed a TC for US\$200,000. Depending upon resource requirements and availability, the Bank and authorities could consider the preparation of a new loan or the redirection of funding from CDF loan. Additional Bank support may include a disaster prevention facility and complementary grant funding from the Disaster Prevention Fund.
- 4.21 Finally, also in the short-term the Bank will provide assistance to formulate a plan to protect the fragile environment of the coast, an area with a significant indigenous population. Suriname's coastal zone is the most intact and pristine coastal ecosystem among the countries located within the Guiana Shield. The immediate threats to the coastal zone include the encroachment of agricultural activities, commercial and housing developments, environmental pollution from the lack of sanitation facilities, over fishing, flooding, clearing of the mangrove system, and general loss of biodiversity. Importantly, the extensive growth of mangroves along the entire coastline provides the critical protection from the sea to the country's main economic and population, while at the same time providing an internationally recognized habitat for a wide diversity of coastal flora and

fauna, some of which are severely threatened such as selected species of sea turtles.

C. Lending Scenarios, Triggers and Bank Exposure

- 4.22 The Bank's indicative work program for 2007-2008 is balanced between the three strategic pillars of this CS. The work program detailed in Annex II proposes three lending operations: (i) Preparation of a Competitiveness Enhancement Program, (ii) Rehabilitation of the Road from Paramaribo to Albina, and (iii) Sustainable Development of the Interior. These operations represent just below half of the base case sovereign lending envelope of US\$ 75 million.
- 4.23 Table 4 presents the financial implications of the projected base case lending scenario. Net cash flows will continue to be small and positive and increasing towards the end of the period. The fiscal impact is negligible and Bank exposure indicators will remain below the recommended thresholds.

**Table 4: Base Case
Lending Scenario Projections
(US\$ million)**

	2005	2006	2007	2008	2009	2010
Loan approvals	4.0	0.0	0.0	34.5	25.5	15.0
Loan disbursements	4.9	6.5	6.5	7.0	8.0	8.5
Repayments	2.9	3.2	3.5	3.9	4.2	4.7
Net loan flows	2.0	3.3	3.0	3.1	3.8	3.8
Interest and charges	1.5	1.6	1.7	1.8	1.9	2.1
Net cash flow	0.5	1.7	1.3	1.3	1.8	1.8
IDB debt outstanding	44.1	47.4	50.4	53.5	57.3	61.1

- 4.24 Contingent on debt sustainability considerations and the acceleration of reforms a high case lending scenario of up to US\$115 million could be accommodated.⁹ The triggers for this high lending scenario are: (i) improved execution of the Bank's portfolio, defined by reaching the disbursement levels projected in Table 4; and (ii) an improvement in debt sustainability.¹⁰
- 4.25 Although under current conditions Suriname's debt is sustainable, the debt sustainability analysis points to the fact that Suriname's economy is vulnerable. This fact calls for prudent Bank lending, based on periodic assessments of the changing conditions of the Surinamese economy and also by updating the results of the debt sustainability analysis to assess the relevance of the sovereign lending ceilings proposed in this CS.¹¹

⁹ The upper bound for the high lending scenario depends on the terms of the debt workout to clear arrears. Assuming that there is full forgiveness, the upper bound could increase to US\$115 million.

¹⁰ More specifically this trigger refers to clearing arrears, and to the preparation of periodical exercises of debt sustainability that conclude that the country conditions, macroeconomic and debt, have improved.

¹¹ Monitoring of changing conditions will focus on: (i) how to prevent excessive public sector spending that negatively affects the competitiveness of the economy by appreciating the real exchange rate when

- 4.26 The work program also highlights the prominent role for TCs. The core of the TC work program focuses on improving the quality of public spending. The Bank will use two sources of funding: PRODEV to prepare a comprehensive assessment of public sector expenditure management and to implement early wins. This will complement the strengthening of public sector management project and the road map as well as support Government in its implementation. It is expected that this will be the first of similar interventions to be designed and implemented throughout the period to 2010 in support of the public sector modernization pillar. Another highlight of the work program financed with TCs is the preparation of the action plan for integration of the Interior.
- 4.27 Given the importance of the TC program in Suriname, funded with net income FSO, the Bank will strengthen the programming process of TCs by following the strategic framework of the CS, and by using the following selection criteria:
- a. Stand-alone TCs for institutional strengthening initiatives should have adequate dimensions and funding levels to meet their objectives and include follow-up mechanisms to promote the sustainability of results.
 - b. New TCs promoting innovative ideas outside the three strategic pillars, shall be limited to US\$150 thousand per year.
- 4.28 The first selection criterion is presented to ensure that institutional strengthening initiatives are not under-funded because of the inherent administrative limits related to Bank grant funding. These initiatives may include follow-up complementary activities, including additional future TC funding or lending, to ensure the completion of the project, address its sustainability, and ensure meeting development objectives.
- 4.29 The second consideration is in response to initiatives that may be innovative but that are not within the scope of the three CS strategic pillars. In the past TCs have financed innovative initiatives with high returns, such as the Youth Empowerment and Development that supported the creation of the Youth Parliament, that did not necessarily fit within the strategic parameters of the time.

D. Country and Sector Studies Program

- 4.30 In the context of preparing the CS the Bank produced eighteen Policy Notes, stated by publication during 2007 (see Annex I). These notes summarize the extensive body of analytical work that the Bank, and others, have accumulated over recent years. To avoid unnecessary duplication, Government, with Bank support, is in the process of setting up a "virtual library" for Suriname in the Ministry of Planning (PLOS). This web-based library will include, in electronic format, the studies prepared for Suriname since 1995. A preliminary analysis of

commodity prices are high; and (ii) how to ensure that when commodity prices are low, public sector investment and public sector social spending are protected. Relevant data tends to include: growth rates of primary spending and public sector, debt and shares of public sector investment, and social spending in total spending.

the existing analytical work has identified three gaps: (i) analysis of the policy making process; (ii) analysis of opportunities for further development of the mining sector with an emphasis on oil and natural gas; and (iii) identifying opportunities for the majority by analyzing the scope of the informal sector and small/micro enterprises. These themes are consistent with the public and private sector modernization strategic pillars of the CS.

- 4.31 The analysis of the policy making process focuses on the underlying institutional factors influencing these processes. This study will update a Bank report published in 2001 describing and analyzing institutions in Suriname. The study will complement and inform Bank support for institutional strengthening and especially public sector reform.
- 4.32 According to the US Geological Survey, the Guyana basin, shared by Guyana and Suriname, may hold significant undiscovered resources of oil and gas.¹² The proposed study would analyze the technical prospects of exploiting these resources and prepare terms of reference for the contracting of specialized firms to conduct technical feasibility studies, and also present best practices on how to share the wealth in situations in which fields lie within the boundaries of more than one country. The agreements between Norway and Britain, and Venezuela and Trinidad and Tobago will inform this report. The study should also review the current legal framework for investment in the sector.
- 4.33 General perceptions in academia point to a significant economic role of micro and small businesses in the economy, however, very little analysis has been produced. A deeper understanding of this sector, including the scope of informality, would provide necessary information for policy formulation to address the obstacles to full participation of those at the base of the economic pyramid.

E. Multi-Annual Development Plan (MDP)

- 4.34 In August 2006 the Council of Ministers approved a new five-year development plan for the period 2006 to 2011. The plan proposes four development pillars: (i) good governance; (ii) economic development; (iii) social and human development; and (iv) equal opportunities for all. Additionally, the environment, gender and youth are presented as cross-cutting priority areas. The MDP adopts the Millennium Development Goals for monitoring the achievement of the broad objectives of the plan. It's medium-term strategic vision serves as the frame of reference for this CS. The first pillar of the MDP focuses on public sector reform and a smaller but more efficient state, including via privatization, while the second pillar notes the importance of private sector participation and enterprise. The themes of the third CS pillar, integration of the Interior, are included in throughout the MDP with specific references to land rights, integrated development of basic services, and promotion of small private enterprises. Accordingly, the Strategy Matrix incorporates MDG/MDP targets as performance indicators to guide Bank programming.

¹² <<http://energy.cr.usgs.gov/WEcont/regions/reg6/p6/tps/AU/602112ar.pdf>>

- 4.35 The MDP strategic vision will be implemented via the annual budget prepared by the Ministry of Finance, although it contains a broad program of investments, including critical ones assumed for the private sector. The MDP estimates the cost of these investments at US\$760 million, and assumes that the public sector will finance 66% (Government own resources to contribute about 17%, and bilateral, multilateral and commercial funding sources 49%), and the private sector 34%.
- 4.36 With respect to funding, the current CS is proposing a lending envelope of US\$75 million, representing about 19% of the total demand for public sector financing according to the plan. In the case that both the MDP and the CS funding expectations are realized, then the Bank's relative exposure in Suriname will marginally increase -currently the Bank finances about 9% of financing requirements of Suriname.

F. Donor Coordination

- 4.37 The Bank's presence in Suriname has significantly increased over the last five years and now the Bank plays a catalytic role that is far greater than that suggested by financial flows alone. In the previous strategy period, the Bank focused its support on institutional and policy reform and concentrated investment lending in the social sectors. This complemented the work of other donors offering grant financing and focusing primarily on basic investment projects. Since grants will increasingly play a less important role, and policy issues are more routinely incorporated into investment projects, the Bank's investment financing can be broadened beyond social sectors.¹³
- 4.38 An example of the new environment for donor coordination is the proposed financing of the rehabilitation of the road Paramaribo-Albina. The Bank has not been involved in the transport sector because in the past it was supported with grant funding from the EU. However, at Government's request, and in coordination with EU and AFD, the Bank's participation in financing this project would bring a package of social and environmental safeguards, and links to wider regional integration under the IIRSA.
- 4.39 Building on the experience of the past few years donor coordination efforts should continue with the objective of consolidating coordination gains and supporting government's leadership role. An important objective for the Bank is to ensure that Bank loans complement grant funding. Experience to date with parallel financing from donors in housing and community development set the stage for working on the harmonization of reporting.¹⁴ The coordination efforts regarding the road map for public sector reform presents an area with potential for more

¹³ For example, as a result of dialogue between the EU and Government in the transport sector, Parliament amended the fuel levy law to provide funding for road maintenance to the Road Authority.

¹⁴ The Government of The Netherlands is financing housing programs using the Bank's procedures in the Low Income Shelters project, and the Government of France is funding community development initiatives using the procedures of the Community Development Fund.

programmatic or sector wide approaches. These issues are reflected in the recommendations agreed among donors (see Annex IV) which also emphasize the use of the Millennium Development Goals as country outcome targets for donor programming.

- 4.40 Another dimension of donor coordination and alignment to country goals focuses on synergies of this country strategy with the new regional CARICOM strategy in preparation.¹⁵ An important part of Suriname's development agenda, in keeping with the regional strategy objectives, seeks to leverage participation in the regional integration process into an effective instrument of global integration, competitiveness and economic growth. The actions proposed in the CS, as well as the assistance offered by the regional program would support Suriname's longtime efforts to break from relative isolation and integrate more effectively into both regional and global markets. Implementation of existing Bank operations in the country, including the Trade Sector Support Program are particularly supportive of these efforts, together with active participation in Bank-financed regional operations in CARICOM.

G. Strategy Implementation Risks

- 4.41 **Weak institutional capacity.** Implementing projects in Suriname is constrained by weak institutional absorptive capacity in the public administration. Execution capacity, specifically the status and quality of program implementation,¹⁶ is a core criterion for determining the level of future financing. To address this risk, Bank supported initiatives will carefully try to assess the execution capacity of counterparts, and will include, when appropriate, measures to strengthen them taking into consideration the need for consensus-based decision making process. This may result in longer execution times and added administrative costs and more phased implementation. To improve execution, and based on feedback from Executing Agencies and project execution units, the Bank has identified the need for a comprehensive training and support program for project management, with renewed emphasis on procurement and Dutch/English translation. The goal of this training program would be to increase the "implementation readiness" of PIUs and to provide on-going, focused training during execution. In particular, Bank efforts will concentrate on: social marketing in project execution; the need for stronger alignment between project design and country/sector conditions; the crucial role of project supervision in promoting the quality and effectiveness of project execution; and the importance of risk management for execution and sustainability.

¹⁵ The regional strategy proposes Bank support in two areas: (i) full intra-regional liberalization, aligned with CARICOM's external liberalization agenda; and (ii) enhanced regional cooperation to improve CARICOM's social and economic infrastructure.

¹⁶ As of December 31, 2005 one loan operation, the CDF is classified as unsatisfactory in terms of progress in execution while the Project Alert Identification System (PAIS) does not report any loan in alert status. This is a significant improvement compared to a year ago when two operations, (LIS and Census), were on alert status.

- 4.42 **Macroeconomic risks.** The aforementioned volatility of the economy creates macroeconomic risks. During booms, particularly those that are commodity price induced, there may be insufficient public saving, excessive growth in public spending, appreciation of the real exchange rate (which could damage the competitiveness of the non-mining tradable sectors), and complacency about policy reform. During economic slumps, the Government may be obliged to make damaging cut backs in high return public spending, such as social and investment spending. The ability to provide counterpart funding and even stay current with debt servicing could be challenged.
- 4.43 **Public sector debt.** As noted above, Suriname's economy remains vulnerable to adverse shocks in its terms of trade. Among other things, a moderate drop in the international prices of alumina and gold could render current external debt unsustainable. In this context Suriname's debt service to the Bank only marginally affects overall sustainability of public sector debt given the country's access to IFF funding that has reduced interest payments to the Bank by about 1/3 (for the period 2004-2006 Suriname's IFF funding resulted in a reduction of US\$2.5 million in interest payments due to the Bank, from US\$7 million due to a US\$4.5 million payment). Nevertheless the strategy proposes to continue to monitor debt sustainability and the high lending scenario is conditioned upon this.
- 4.44 **Complex political environment.** The politics of coalitions sets the context for Government decision making and impacts upon the implementation pace of reforms. Moreover, it introduces constraints to dialogue with the authorities because incentives and messages are not uniform across the coalition members. The Bank takes into consideration the delicate relationships between the different members of the governing coalition and the opposition in the implementation of the work program. In particular, managing the diverging interests with respect to the environmental, cultural and economic aspects of the third pillar will be challenging. To address this risk the Bank relies on extensive consultation with stakeholders, and in particular with civil society through the Civil Society Advisory Group of the Country Office. The objective of these processes is to exchange ideas about how to design and successfully implement programs in Suriname, and specifically to learn about potential risks and support government in addressing these risks to achievement of development objectives.
- 4.45 **Fiduciary risks.** The Bank and the authorities are working towards a more flexible approach that would allow for program support instead of current project support. To achieve this objective the Bank is supporting Government efforts to improve fiduciary systems: (i) in the area of procurement through the execution of the Strengthening of Public Sector Management¹⁷; and (ii) in respect of public financial management, the Bank is proposing to strengthen debt and cash management functions with the a TC on Quality of Public Spending. A second phase of Bank support will target other key functions of financial management, such as budgeting and monitoring and evaluation,

¹⁷ This will build upon the results of a regional TC which produced an assessment of Suriname's government procurement practices to facilitate regional integration and implementation of the CARICOM Single Market and Economy (CSME).

and the preparation of a CFAA and a PER, most probably during the period 2008-2010, and coordinated with the results of the road map for public sector reform.

- 4.46 **Social and environmental safeguards.** In line with the Bank's policy directives to mainstream environmental issues in country programming, a Country Environmental Assessment (CEA) for Suriname was carried out in 2005. To promote environmentally sustainable development, significant work remains to be done in drafting, approving and implementing environmental regulations (including EIA regulations, monitoring and enforcement provisions). While social and environmental safeguards will be a necessary element of all Bank projects, the Bank will explore with the authorities specific support for this important cross-cutting issue.

H. Country Financing Parameters

- 4.47 In November 2004, the Board of Executive Directors approved a policy to modernize the policies and practices that restrict the use of Bank resources in investment loans (GN-2331-5) and in April 2005 the Board of Governors approved a proposal to eliminate the limit on the percentage of the Bank financing established in the foreign exchange matrix. In accordance with these policy changes, Country Financing Parameters (CFP) have been proposed for Suriname (Table 5).

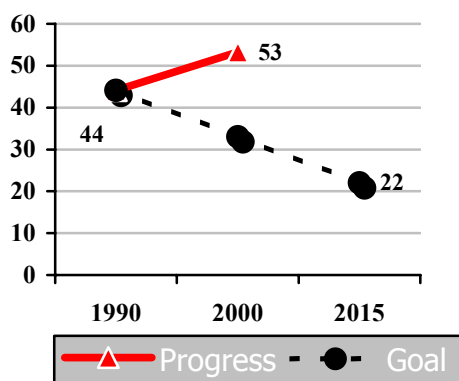
Table 5: Country Financing Parameters

Category	Parameter
Cost sharing and local cost financing	Up to 100 percent
Recurrent cost financing	Bank loans will not finance recurrent costs
Taxes and duties	No exclusions

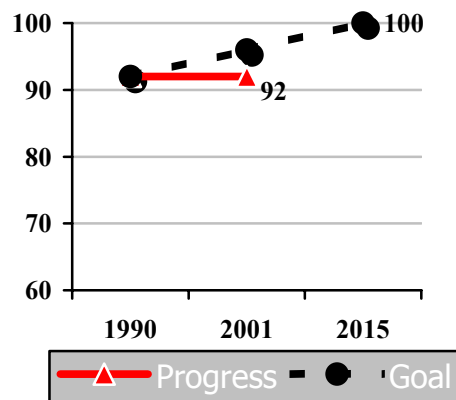
- 4.48 It should be noted that the only restriction maintained for investment loans is to limit Bank financing to non-recurrent spending. The Government of Suriname has requested that Bank financing be used exclusively for investment expenditures, which include financing the establishment of project implementation units, to be consistent with the MDP proposition to reduce the size of the public sector by 2011 to 35% from its consent size of 60% of total formal employment in Suriname. The Bank will periodically review the parameters and make adjustments as appropriate in the context of future programming exercises.

SURINAME
Progress on Millennium Development Goals¹

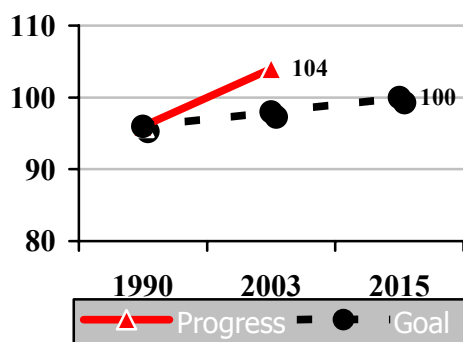
1. Eradicate extreme poverty and hunger
(population below national poverty line (%))



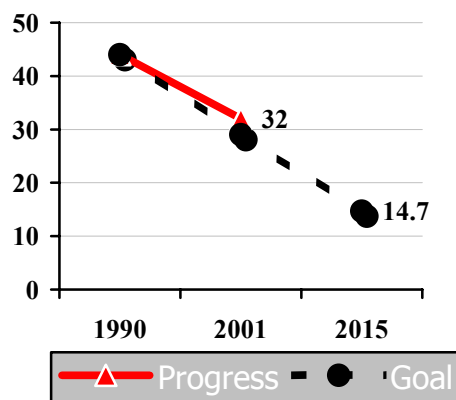
2. Achieve universal education
(net primary enrollment ratio)



3. Promote gender equality (ratio of girls
boys at primary, secondary and tertiary levels)

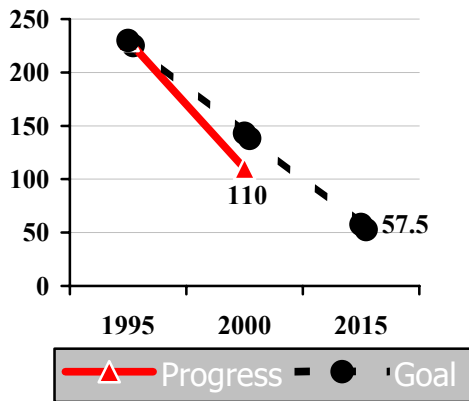


4. Reduce child mortality (under 5
mortality rate per 1,000)

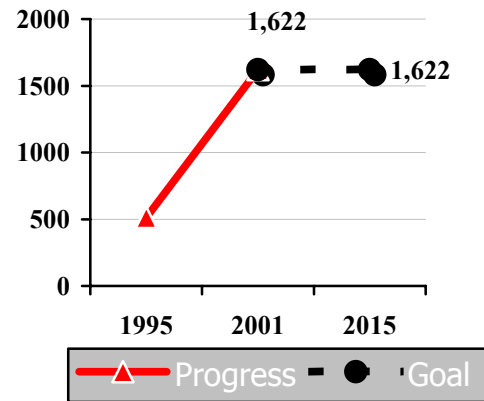


¹ UNDP, National MDG Reports and WDI. 1990 data for poverty is interpolated from 1978 survey.

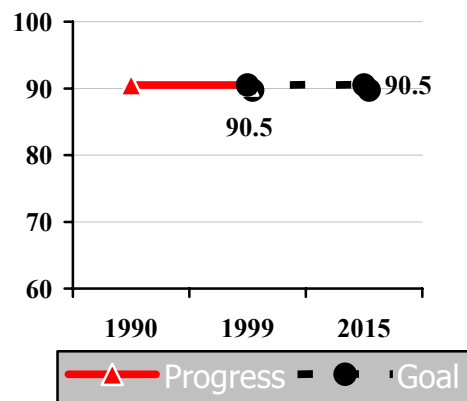
5. Reduce maternal mortality
(rate per 100,000 births)



6. Combat HIV/AIDS (cumulative
number of persons with HIV)



7. Ensure environmental sustainability
(Forested land area as % of land area)



SURINAME
Millennium Development Goals &
Multi-Annual Development Plan Targets (%)

Goal	Benchmark (1990)	MDP Baseline (2004)	MDP Target (2015)
1. Population below poverty line	44 (estimate)	-	22
2. Full enrollment in primary education	78	97.3	100 (Achieved)
3. Ratio girls/boys in primary & secondary education	104.6	-	100 (Achieved)
4. Children under 5 – Mortality rate	44	24.5	10
5. Maternal mortality ratio	230 (1995)	88	50
6. Prevalence of HIV	-	1.9	1.0
7. Access to improved water source	82 (2001)	-	95 (Urban) 70 (Rural & Interior)

SURINAME
Indicative Work Program
By Strategic Pillar (2007-2008)

Project Name	Amount (US\$ millions)	
	TC Funding	Sovereign Lending
Private Sector Development		
Bank Group direct lending to the private sector (direct lending to the private sector, TC FSO and MIF)	Demand driven-case by case analysis	
Preparation of Competitiveness Enhancement Program (loan 2.5 and TC FSO funding 0.25)	0.25	2.50
Rehabilitation Road Paramaribo-Albina, (loan 22.0 IIRSA-related, preliminary discussion about co-financing with EU and AFD and 1.5 TC, IIRSA funded to prepare studies)	1.50	22.0
Creation of telecommunications regulatory agency (MIF TC)	0.50	0.0
Public Sector Modernization		
Quality of Public Spending (PRODEV and TC FSO additional funding)	1.60	0.0
Water Master Plan (Net Income FSO)	0.50	0.0
Integration of the Interior		
Sustainable Development of the Interior (loan)	0.0	10.0
Coastal Zone Management and Master Plan (FSO TC)	0.30	0.0
Rural Electrification/Power Assessment (TC in execution)	0.20	0.0
Total	4.85	34.5

SURINAME
Medium Term Inventory of Initiatives
By Strategic Pillar

Private Sector Development
<ul style="list-style-type: none"> ▪ Low Income Shelters – phase II ▪ Transport Sector (Paranam-Achonie road) ▪ Sustainable Energy in Suriname (Bio-fuels feasibility) ▪ Oil and Gas Development ▪ SME Development/Informal Sector
Public Sector Modernization
<ul style="list-style-type: none"> ▪ Social Protection (pensions, national health insurance, safety net) ▪ Implementation of the Road Map for public sector reform

SURINAME: PRIVATE SECTOR DEVELOPMENT STRATEGY ACTION PLAN

Area of Intervention	Activity	Potential Instruments	Responsible Entity in the Bank Group
Public Institutions	Initiate process to rationalize scope of public sector.	Implementation of Road Map for Public Sector Reform TC; (TC-9811078), 2006-2007. Programatic Approach	COF/CSU and SC3 RE3
Administrative Barriers	Simplify and make more transparent procedures to obtain access to public land. Simplification of business licenses (See BCI below)	Land Management Program (SU-L1001). Approval planned for 2006.	EN3
Financial Intermediation, Financial Infrastructure	(i) Trade finance facility with DSB, the largest commercial bank; (ii) Financing of SME credits of Hakrinbank, 3 rd largest commercial bank; (iii) Financing of micro and low-income household financing with GODO, the largest credit union. (iv) Establishment of a credit bureau (v) Activity support to the Banking Supervisory Authority	(i) PRI Letter of Credit (LC) line of credit under the Trade Finance Facility Program (TFPP). Relatively small size DSB and consequently small size of potential operations could require exception under PRI guidelines. If DSB confirms demand and the facility is declared eligible possibly 2006. (ii) IIC line of credit or partial credit guarantee of SME portfolio. Government is in process of divesting their majority share. Operation would likely have to wait until divestment has taken place. (iii) MIF technical assistance grant or quasi-equity investment. (iv) Component of ongoing Low-Income Shelter Program (SU-0017). 2006. (v) Technical Cooperation to improve risk analysis of Banks portfolio	(i) PRI ii)IIC iii)MIF iv)COF/CSU (v) RE3/FI3
Infrastructure Energy Telecom (ICT)	(i) Assist the government to negotiate with ALCOA the agreements for the construction and operation of a large aluminum mining	(i) The Bank could assist the government with a combination of instruments. (a) Provide an individual initial consultancy to review	(a) COF/CSU and

Area of Intervention	Activity	Potential Instruments	Responsible Entity in the Bank Group
Ports and Roads (maintenance) Airports	<p>and smelting project, including a large hydroelectric facility.</p> <p>(ii) Financing of ALCOA project hydroelectric facility</p> <p>(iii) Financing of new mobile telecommunication entrant in a market that was previously served by a government monopoly.</p>	<p>ALCOA's proposal, help GOS in designing the ongoing agenda and define the necessary resources to continue evaluation.</p> <p>(b)TC or MIF line of activity to provide more comprehensive assistance for the negotiation process with Alcoa.</p> <p>This process may start immediately and could take all 2006 and part of 2007</p> <p>(ii) Depending upon the success of negotiations, the final configuration of the project and resolution of potential environmental issues, PRI infrastructure operation. Depending on timing of project development possibly 2007.</p> <p>(iii) PRI infrastructure financing of one of the new entrants depending upon acceptance of PRI's terms and conditions. Possibly late 2006, depending on award of license by President.</p>	<p>RE3/FI3</p> <p>(b) FI3 or MIF.</p> <p>(ii)PRI</p> <p>(iii)PRI</p>
Business Development Services	Support of the Suriname Business Forum a public private sector partnership to promote private sector development.	MIF grant financing to complement that to be provided by the European Union (EU). Financing depends on legal establishment of SBF and absorption capacity of institution	MIF
Tourism	<p>(i) Financing of an Eco-tourism lodge.</p> <p>(ii) Expansion of hotel in capital.</p>	<p>(i)IIC SME financing, feasibility depends on significant equity contribution by project sponsors. (Possible 2007)</p> <p>(ii)IIC SME medium term financing up to 50% of project costs. (Possible 2007)</p>	<p>(i) IIC</p> <p>(ii) IIC</p>
Mining	See activities (i) and (ii) in infrastructure		
Non-traditional Agriculture and forestry	Financing of improvements and modernization of to-be privatized timber company.	IIC SME long term financing.	IIC
BCI	<p>(i) Legal establishment of Suriname Business Forum.</p> <p>(ii) Simplify business licensing requirements</p>	<p>(i)Support EU condition for MIF financial support of SBF. 2006.</p> <p>(ii)Draft law prepared with Bank assistance Approval of law expected by mid 2006.</p>	<p>(i) COF/CSU</p> <p>(ii) COF/CSU</p>

Area of Intervention	Activity	Potential Instruments	Responsible Entity in the Bank Group
	(iii) Rationalize corporate income tax, reduce income tax rate combined with elimination of tax exemptions.	(iii) Draft law prepared with Bank assistance. Approval of law expected by mid 2006.	(iii) COF/CSU
	(iv) Establishment of credit bureau (see Financing (iv) above)	(iv) Implementation of Low-Income Shelter Program (SU-0017)	(iv) COF/CSU
	(v) Establishment of Bureau of Standards	(v) Establishment of Bureau of Standards is a component in the Trade Sector Support Program (SU-L1002) already approved. Bureau should be established in late 2006 or 2007.	(v) RE3/SC3 and COF/CSU
	(vi) Labor and Markets Workshop	(vi) To continue dialogue with the authorities about how to modernize labor markets in Suriname. June 9, 2006.	(vi) RE3/OD6
	(vii) Inclusion of Suriname in the Global Competitiveness Report produced by the World Economic Forum	(vii) Government has agreed to use TC funding from net income FSO to finance the inclusion of Suriname in the next three Global Competitiveness Report (GCR). After that WEF has committed to pay for the future costs of implementing the Executive Opinion Survey for the inclusion of Suriname in the GCR.	(vii) RE3/FI3/OD6

Source: Suriname Private Sector Development Strategy (2005)

**SURINAME DONOR COORDINATION
MATRIX OF POLICY RECOMMENDATIONS
(October 2005)**

CURRENT ISSUES	POLICY RECOMMENDATIONS		OUTPUT	OUTCOME
	Short Term (1-2 years)	Medium Term (2-4 years)		
Strengthened GOS led coordination	(i) Support to MDG/MOP framework that will be the overall development umbrella for donors to shape their programs and projects; (ii) Capacity strengthening and provision of comparative models of donor coordination; (iii) Consider identification of a single government focal point to provide coordination across agencies and oversee donor coordination	Integrated planning processes at macro and sector level using forthcoming Multi-Annual Plan as a basis for programming donor aid over a 3-5 year time horizon.	(i) Harmonized development framework of national priorities (ii) Facilitation of effective GOS oversight of aid; (iii) greater consistency between GOS plans and programmed development assistance	(i) Coordinated and synergetic program and project delivery; (ii) More efficient and selective programming of development aid and public investment in Suriname
Coordination of analytical work & preparation of projects	Donors agree to share current analytical work and cooperate as appropriate. Collaborate on establishing a virtual library that is accessible to the public.	In the context of GOS MOP, identify and undertake specific projects for joint analytical work in strategic sectors.	(i) Enhanced quality and broader ownership of key analytical products; (ii) reduced duplication of efforts across donors/GOS.	Improved quality of development projects and programs due to stronger analytical foundations. More informed policy dialogue in key sectors.
Consistent Measuring Performance across donors	Use the MDGs as a framework for identifying key areas for intensified development efforts in decade remaining until 2015.	Based on (i) the GOS Multi-Annual plan, (ii) donor strategies and (iii) key gaps in Suriname's progress in reaching the MDGs, identify areas for potential joint activity, whether analytical or operational.	(i) More comprehensive view of Suriname's progress in reaching the MDGs; (ii) clearer identification of key gaps and potential areas for collaboration.	More focused activities in key sectors; improved outcomes in sectors requiring intensified effort to reach MDGs.
Harmonization of reporting and potential use of Sector Wide Approach or Direct Budget Support	Identify possible use of the Sector Wide approach in an area of priority to the GOS and common interest across donors, including the possible use of non-reimbursable funding from PRODEV (IDB).	In the context of GOS MOP and as appropriate, identify specific sector for SWAp, including harmonized operational reporting.	Greater coherence of development assistance in one or more sectors; more focused programming and reduced administrative requirements. Assess possibilities and steps required to eventually move towards direct budget support.	Reduced administrative burden for GOS; more efficient processes.
National Procurement System	Identify key steps necessary for strengthening public procurement system in Suriname. Produce necessary analytical work to clarify options, requirements, the scope of the activities and their appropriate sequence.	Undertake steps to improve the procurement system in light of an agreed action plan.	Specific improvements in the quality of national procurement system.	Improved public financial management for Suriname; increased transparency and efficacy in use of public resources; clearer rules and standards for private sector participation in public investment contracts.

**SURINAME DONOR COORDINATION
MATRIX OF SUPPORT
(Million of Euros)**

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
INDIA				
<ul style="list-style-type: none"> • Water drainage project (concessional loan) • Steel rolling mill at Paranam (concessional loan) • 14 heavy duty earth excavators (concessional loan) 		4.2	2.0 1.4	
Total Loan: 7.6 €		4.2	3.4	
INDONESIA				
<ul style="list-style-type: none"> • Per year 3 scholarships for 3 master degrees are awarded • Per year 2 scholarships for dance and culture are awarded 				
CHINA				
<ul style="list-style-type: none"> • New office building for the Ministry of Foreign affairs, in preparation • Housing programme, ongoing • Cold Storage Project Int. Airport, completed Jan '04 (free interest loan) • Support to industrial development, in preparation (grant/loan) • Road Rehabilitation Project (2nd phase), in preparation (buyer's credit) • Palm Tree Plantation & Processing Project, in preparation 	3.90	1.60	0.70 13.60 42.60 92.80	
Total Loan: 149.7 €			149.7	
Total Grant: 5.5 €	3.90	1.60		
FRANCE				
<ul style="list-style-type: none"> • Combat transmittable diseases, especially malaria, amongst maroons, 3 yr program • Institutional support to increase security in the interior, 3 year program • Promotion of the French language • Cultural and sportive exchange across the Guiana shield • Financing of project studies (loan) • TA to urban development plan for Suriname 	0.41	0.38 0.01 0.03 0.50 0.15		
Total Loan: 0.5 €		0.50		
Total Grant: 0.98 €	0.41	0.57		

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
THE NETHERLANDS				
• Land management	10.9			
• Sector fund Government	15.0			
• Start fund sectoral approach	25.2			
• Preparation fund PLOS	3.0			
• National Archive	5.4			
• Justice building	5.5			
• Sector Fund Housing incl. IDB program Low Income Shelter.		18.3		
• Health Care projects		8.8		
• Sector Fund Health Care		10.1		
• Educational projects		2.3		
• Sector Fund Education		10.2		
• IFONS*		11.3		
• Agricultural Projects			5.0	
• Sector Fund Agriculture			18.2	
• TA private sector			1.8.	
• Environmental projects				4.0
• Sector Fund Environment				15.0
• Suriname Conservation International				3.2
• Water projects				21.0
• Capacity building	21.0			
• Parity Fund	136.0			
Total Grant: 351.2 €	222.0	61.0	25.0	43.2

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
EUROPEAN COMMISSION				
<ul style="list-style-type: none"> • Integrated Transport Policy Study, completed • Support to the Road Authority (Phase I), completed • Capacity Building for Road Authority and Policy Support (phase II) • Capacity building for NGOs • Support to Regional Integration • Business Forum; Support to the Private/Public Partnership • 9th EDF Technical cooperation facility • Suriname/EC/UNFPA Joint Program in Sexual Reproductive Health • Micro Projects, completed • Drug demand reduction program • Restoration of the Cathedral • Integrated Tourism Development Program, completed • Construction of road to the ferry • Rehabilitation, upgrading of harbor • TA to port rehabilitation • TA for preparation and implementation of privatization of banana sector, completed • Support to banana sector • Support to rice sector • Continued support to Tourism Sector 	0.50 1.00 3.00 1.50 1.10 2.40 1.13	1.70 3.50 0.89 2.80	1.90 13.20 29.80 1.00 0.07 20.00 9.23 1.50	
Total Grant: 96.22 €	10.63	8.89	76.7	

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
INTER-AMERICAN DEVELOPMENT BANK				
• Census preparation (loan)	3.37			
• Decentralization (loan)	3.90			
• Health sector reform program (loan)		4.00		
• Strengthening of Public Sector Management (loan)		4.00		
• Low income shelter (loan)		7.84		
• Community Development Fund (loan)		8.24		
• Basic Education Improvement (loan)		10.00		
• Health Sector Reform Program, completed (grant)		1.09		
• Strengthening Financial Sector (grant)	0.40			
• Public Sector Road Map (grant)	0.54			
• Sustainable Tourism Development (grant)			0.67	
• Institutional strengthening of National Assembly (grant)	0.49			
• Institutional Strengthening of Debt Management (grant)	0.48			
• Entrepreneurship promotion (grant)			0.20	
• Strengthening Airport Security (grant)			0.35	
• Youth Empowerment and Development, completed (grant)		0.12		
• Integrated Coastal Zone Management (grant)				0.08
• Power Sector Assessment, completed (grant)			0.16	
• Indigenous People and Mining, completed (grant)			0.11	
• Strengthening Legal and Institutional foundation for Private Investm., (grant)			0.08	
• Support for the Public Sector Investment System (grant)	0.12			
• Consolidation of Democracy through Strengthening of Electoral Process (grant)	0.44			
• Policy Dialogue: Development Challenges and Policy Options (grant)	0.12			
• Design of Pension Reform (grant)		0.16		
• National Technology Strategy (grant)			0.12	
• Social Programs Beneficiary Information and Payment Systems (grant)		0.01		
• Institutional Strengthening of the Social Security Net (grant)		0.12		
• Support for Management of Trade Policy (grant)			0.12	
• Establishment Suriname Gold Mining Association (grant)			0.08	
• Support Training for Wee Iarono Otjiekano Demonstration Project (grant)			0.01	
• Urban Development Plan in Paramaribo (grant)	0.20			
Total Loan: 41.35 €	7.27	34.08		
Total Grant: 6.27 €	2.79	1.50	1.90	0.08

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
PAN-AMERICAN HEALTH ORGANIZATION (PAHO)*				
<ul style="list-style-type: none"> • Several small health programmes combined • Screening and treatment cervical cancer • Promotion of Safe Physical Environment • Immunization • Healthy growth and development • Healthy systems and services development • (UN) Transforming Reproductive health • Amazon Malaria Initiative 		0.50 0.75 0.50 0.20 0.30 0.30 2.44 0.20		
Total Grant: 5.19 €		5.19		
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)*				
<ul style="list-style-type: none"> • Awareness for regional and international trade issues • Study impacts regional + int. trade agreements • Public sector reform • Parliamentary Strengthening • Involving volunteers in national development efforts • Counselling and support to HIV positive persons • Advocacy for changes in legislation regarding STD • National Strategic Plan on HIV/AIDS, completed • Poverty Targeting of Labour Training Institutions • Support bauxite negotiations, completed • Facilitation of SME's in cultural and natural local capital • Prepare Suriname's report for Convention on Climate Change • Prepare Suriname's National Biodiversity Action Plan • Biodiversity conservation in Central Suriname Nature Reserve • Support to democracy • Effective and Sustainable management Brownsberg Nature Park • Statistical analysis Forest research data • Several gold mining pollution projects • Database improvement Zoological Collection and Herbarium Suriname • Forest Certification • Creation of the North-western Surname Reserves • Wildlife trade management Improvement • Marine Turtle monitoring and protection season 2003 	0.09 0.16 0.18 0.14	0.05 0.02 0.02 0.04 0.18	0.04 0.05	0.28 0.07 9.21 0.14 0.23 0.02 0.29 0.01 0.02 0.05 0.04 0.06
Total Grant: 11.39 €	0.57	0.31	0.09	10.42

*Originally stated in US\$ amounts: converted at a rate of 1.25 €/US\$

Donor /Project Description	Public Sector Capacity building	Social Development	Private Sector Development	Environment /Gender
CONSERVATION INTERNATIONAL SURINAME (CIS)				
<ul style="list-style-type: none"> • Management plans for Central Suriname and Sipaliwini, Nature Reserves • Pikin Rio and Gran Rio mapping project (funds provided by GCF) • Upper Suriname consultation project (GCF) • Werehapi scooping project (GCF) • Raleigh falls eco-tourism project • Modernizing/ upgrading nature science curriculum for primary schools • Educational trips for teachers • Rapid assessment of the waters of the Suriname River • National awareness program: biodiversity conservation • Bioprospecting along upper Suriname Rivver and Kwamalasemutu area • Establish libraries in schools of Kayana and Kwamalasemutu • Operational assistance to Suriname Toursim Foundation • River otter monitoring field trip on Copename River 				
GRAND TOTAL				
Grants	240.3 €	79.06 €	103.7 €	53.7 €
Loans	7.27 €	38.78 €	153.1 €	-

Source: Suriname Donor Coordination Policy Note (2005)

SURINAME

INTER-AMERICAN DEVELOPMENT BANK

COUNTRY FINANCING PARAMETERS TABLE

Item	Parameter	Remarks / Explanation	World Bank Parameter*
<i>Cost sharing and local cost financing.</i> Limits on the proportion of the total cost and local costs of a project that the Bank may finance.	Up to 100 percent.	In 2006 Cabinet approved the Meerjaren Ontwikkelings Plan (MOP, the Medium Term Development Plan) for 2006-2011. The MOP summarizes the development objectives of Government, and presents the medium-term investment program of the public sector. Public sector programs have to be consistent with the development objectives presented in the MOP, therefore ensuring full commitment and ownership of the authorities to all programs.	N/A
<i>Recurrent cost financing.</i> Any limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.	Bank loans will not finance recurrent costs.	The MOP proposes a significant reduction of the size of the state by 2011—by 2006 the public sector employs about 60% of total formal employment in Suriname. To be consistent with this proposition, the Government of Suriname has requested that Bank financing be used exclusively for investment expenditures, which include financing the establishment of project implementation units.	N/A
<i>Taxes and duties.</i> Are there any taxes and duties that the Bank would not finance?	None	Taxes and tariffs are generally not excessive, nor discriminatory. The Bank will recognize as project costs, and eligible for Bank financing, the prices effectively paid by the executing agency for the acquisition of project goods and services. In the case of agencies that are exempt from paying these taxes and duties, the Bank will recognize only net-of-tax or fee prices.	N/A

* The World Bank does not have CFPs for Suriname.

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