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INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

SURINAME

FOR THE PERIOD FY25-FY29

September 2, 2024

Caribbean Country Management Unit
Latin America and the Caribbean Region

The International Finance Corporation
Latin America and the Caribbean Region

The Multilateral Investment Guarantee Agency

The date of the last Performance and Learning Review was October 22, 2018

CURRENCY EQUIVALENTS

Exchange rate effective as of September 2,2024
Currency Unit = Surinamese Dollar (SRD)
US$1.00 = SRD 29.00

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics	MSME	Micro, Small and Medium Enterprises
ASL	Amazon Sustainable Landscapes	NCD	Noncommunicable Disease
CARICOM	Caribbean Community	NDCs	Nationally Determined Contribution
Cat-DDO	Catastrophe Deferred Drawdown Option	PBA	Performance-Based Allocation
CDB	Caribbean Development Bank	PEFA	Public Expenditure and Financial Accountability
CERC	Contingent Emergency Response Component	PFM	Public Financial Management
CLR	Completion and Learning Review	PFR	Public Finance Review
COVID-19	Coronavirus disease	PIU	Project Implementation Unit
CPF	Country Partnership Framework	PLR	Performance and Learning Review
CPPR	Country Portfolio Performance Review	PPA	Performance and Policy Action
CPS	Country Partnership Strategy	PPP	Public Private Partnership
ECLAC	United Nations Economic Commission for Latin America and the Caribbean	RE	Renewable Energy
EE	Energy Efficiency	REDD+	Reducing Emissions from Deforestation and Forest Degradation+
EU	European Union	RPSD	Regional Private Sector Diagnostic
EFF	Extended Fund Facility	SCD	Systematic Country Diagnostic
FY	Fiscal Year	SDFP	Sustainable Development Finance Policy
GDP	Gross Domestic Product	SDG	Sustainable Development Goal
HEIS	Hands-on Enhanced Implementation Support	SIEE	Small Island Economies Exception
HLO	High Level Outcome	SLC	Survey of Living Conditions
ICT	Information and Community Technology	SOE	State-Owned Enterprise
IDA	International Development Association	SORT	Systematic Operations Risk Rating Tool
IDB	Inter-American Development Bank	SRD	Surinamese Dollar
IFC	International Finance Corporation	TA	Technical Assistance
IsDB	Islamic Development Bank	TVET	Technical and Vocational Education and Training
IMF	International Monetary Fund	UN	United Nations
LAC	Latin America and the Caribbean	UNICEF	United Nations Children's Fund
MDP	Multi-Annual Development Plan	WBG	World Bank Group
MIGA	Multilateral Investment Guarantee Agency	Y-O-Y	Year-On-Year

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FY25-29 COUNTRY PARTNERSHIP FRAMEWORK FOR SURINAME

TABLE OF CONTENTS

List of Boxes, Figures and Tables

FY25-29 COUNTRY PARTNERSHIP FRAMEWORK FOR SURINAME

I. INTRODUCTION

1. **This Country Partnership Framework (CPF) sets out the strategic priorities of the World Bank Group (WBG) for supporting Suriname's ambition for a just society in which its values are fulfilled.** The CPF covers the fiscal years (FY) 2025-2029 and is aligned with the Government of Suriname's Multi-Annual Development Plan 2022-2026 (MDP). The government is in the early stages of preparing a new development strategy, Suriname Vision 2050, which is expected to build on the priorities in the MDP to outline a long-term vision for Suriname, taking into account the recent offshore oil discoveries. The High-Level Outcomes (HLOs) and objectives supported by the CPF respond to the challenges and opportunities identified in the Caribbean Regional Private Sector Diagnostic (RPSD) and the Suriname Systematic Country Diagnostic (SCD) both published in June 2023. The CPF is also informed by the lessons of the Completion and Learning Review (CLR) and inputs from consultation with civil society, development partners and the private sector. The previous Country Partnership Strategy (CPS) covered the period FY15-19 and was discussed by the Board of Executive Directors on April 27, 2015 (Report No. 91238-SR). The CPS was extended to FY21 by the Performance and Learning Review (PLR) of October 22, 2018 (Report No. 131957-SR). The change in government in 2020 and reorientation of the government's priorities to address the Coronavirus disease (COVID-19) pandemic, as well as the preparation of the SCD, contributed to the delay in preparation of the new CPF. The new CPF program will maintain a degree of flexibility to adjust to any changes in government demand, which can be addressed through a PLR.

2. **Suriname is a small state with high levels of economic concentration, highly vulnerable to exogenous shocks, and limited institutional capacity.** Due to its small population size and economic base, Suriname is particularly vulnerable to economic shocks, natural disasters and climate change. With limited economic opportunities and significant migration, capacity constraints hamper the country's growth. Suriname's upper-middle-income status belies the actual conditions in the country when socioeconomic performance is compared with those of its peers.[1] Gross Domestic Product (GDP) per capita was US$4,900 in 2021 with annual inflation at over 50 percent since 2020. Per capita human capital is particularly low in Suriname and the poverty rate was 17.5 percent in 2022.

3. **The country is recovering from a deep recession caused by multiple crises.** In 2015, the price of gold and oil declined on the world market and alumina production in Suriname was halted due to the planned closure of the sole refinery. This caused a shock to the economy as these commodities accounted for 88 percent of exports and 40 percent of government revenues. While there was an improvement in the macroeconomic situation between 2017-2019, the gains were short-lived as a severe fiscal and balance of payments crisis unfolded in 2020 and continued into 2021, with a contraction of GDP by 15.9 percent in 2020 and inflation peaking at 74 percent in 2021. This dire situation was compounded by the COVID-19 pandemic, and the subsequent closure of borders for approximately 18 months, leading to significant socioeconomic impacts that disproportionately affected the poor and vulnerable. The impact of Russia's invasion of Ukraine has also contributed to rising inflation and increased cost of living and doing business.

4. **The CPF comes at a critical time for Suriname as it focuses on solidifying the progress of its economic recovery program against the backdrop of the promise of its recent oil discoveries.** In 2020, the newly elected coalition government adopted a comprehensive macroeconomic stabilization program to address the multiple crises facing Suriname. The government approached the International Monetary Fund (IMF) for support and an Extended Fund Facility (EFF) of approximately US$688 million was approved by the

[1] The SCD benchmarked Suriname's development performance relative to structural (Belize, Gabon and Guyana), aspirational (Costa Rica, Latvia and Trinidad & Tobago) and high-income (Finland, Iceland and Norway) peers.

IMF's Executive Board in December 2021. At the end of the sixth review of the EFF in June 2024, the IMF concluded that, while some quantitative fiscal and monetary targets had been missed, the authorities had taken appropriate corrective actions. Moreover, supply side and institutional reforms were steadily moving ahead. Growth is estimated at around two percent in 2023, inflation is on a downward trend, and usable international reserves have reached around six months of imports. Prudent fiscal and monetary policies are expected to bring inflation to below 20 percent by end-2024. External debt restructuring negotiations with most official and private creditors have been completed. Domestic debt restructuring has also been finalized and domestic debt arrears have been cleared. Even with major progress on the sovereign debt, significant macro-financial issues remain, including electricity subsidies,[2] and the clean-up of the financial sector which likely will undermine the financial sector's capacity to support private sector-led growth. The longer-term growth outlook for Suriname may be more positive following the discoveries of several offshore oil deposits as of 2020. These discoveries are within the "gold lane extension" of the Stabroek block offshore Guyana and is estimated to hold approximately 30 billion oil-equivalent barrels. The most promising of these discoveries, Block 58, operated by TotalEnergies,[3] is expected to reach a final investment decision by end-2024, but production will take several years to materialize; the earliest projection being 2028. Suriname's key challenge to inclusive and sustainable growth is strengthening its institutions to contribute to accountability and governance for the equitable use of future resources for the benefit of its population and the growth of its human capital**.**

5. **This will be the first CPF with Suriname as a member of the International Development Association (IDA).** Non-island Small States, like Suriname, are characterized by unique development challenges, are prone to economic shocks, have limited financing options and are vulnerable to climate change and related events. At the IDA Mid Term Review in December 2023, World Bank Management recommended extending the Small Island Economies Exception (SIEE) to qualifying non-island Small States, which include Suriname. Management's recommendation was endorsed by the IDA Deputies and was approved by the Board of Executive Directors on February 14, 2024. It is expected that Suriname will be eligible for IDA financing as a Blend country beginning FY25, subject to Board approval and Suriname becoming an IDA member.[4] The WBG has historically had a limited engagement in Suriname, and the country's proposed membership of IDA presents an opportunity to gradually expand the WBG's footprint, being mindful of the country's limited capacity and the more significant engagements of other development partners.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Social and Political Context

6. **Suriname is a small, natural-resource-rich, upper-middle-income country located in South America, bordering Brazil, French Guiana and Guyana.** Suriname gained autonomy as a state within the Kingdom of the Netherlands in the 1950s and became fully independent in 1975. After independence, the country experienced multiple cycles of democratic election and (semi-)military rule. Voting occurs largely along ethnic lines, and, because no ethnic group predominates, coalitions among several parties must be formed to obtain a parliamentary majority. Although part of mainland South America, Suriname is culturally and politically close to the Caribbean and is a member state of the Caribbean Community (CARICOM). Though not a small island state, Suriname faces similar development challenges including limited resources,

[2] Average electricity tariffs were increased by 36 percent in 2023 and by 38 percent in March 2024, with additional hikes planned for the second half of the year.
[3] Alongside APA Corporation which has a 50 percent interest.
[4] Suriname is in the advanced stages of the IDA membership process, which is expected to be completed by end-December 2024.

low levels of human capital, environmental fragility, high costs of energy, vulnerability to climate change and natural disasters, and low capacity.

7. **Suriname is an ethnically diverse country.** According to the 2012 census, the main ethnic groups are Hindu (27 percent), Maroons (22 percent), Creoles (16 percent), Javanese (14 percent), mixed (13 percent), indigenous (4 percent), and Chinese (1.5 percent). In 2023, the country had an estimated total population of 623,000, with about half living in Paramaribo, the capital city and main political and economic hub. Maroons, who are descendants of runaway enslaved people, and indigenous groups, live predominantly in the interior of the country.[5] Suriname has a comparatively large diaspora in the Netherlands. In 2017, about 350,000 Surinamese were living in the Netherlands versus about 570,000 in Suriname. Skilled Surinamese often emigrate for better opportunities abroad, particularly to the Netherlands and the Dutch-speaking Caribbean islands.

8. **Suriname's forests are of global importance, both as a biodiversity hotspot and a carbon sink.** With approximately 93 percent of the territory covered by pristine forests, Suriname is one of the most densely forested countries in the world and is one of only three carbon-negative countries globally. The country's terrain consists of mostly rolling hills and a narrow coastal plain with swamps. Located just north of the equator, Suriname has a tropical climate with two rainy and two dry seasons. The country is particularly vulnerable to the impacts of climate change. It has already experienced extensive coastal erosion and is prone to major threats posed by flooding, drought, and high winds during extreme weather events. The country's forests are also at risk, largely because of small-scale artisanal gold mining.

9. **Between 2015–20, Suriname built up substantial macroeconomic imbalances because of declining commodity prices and economic mismanagement.** This was compounded by the COVID-19 pandemic and, later, the impacts of Russia's invasion of Ukraine, resulting in a stark decline in GDP, with per capita GDP dropping to US$4,900 in 2021 from a historic high of US$9,200 in 2014. The effects of the economic crisis and cost-of-living increase on households have been profound. Unemployment and informal employment were elevated, and it was common for (especially woman-headed) households to indicate that they could not meet basic needs. Following elections in 2020[6], a coalition government gained power on the promise that it would restore economic stability and proceeded to embark on a series of economic reforms towards debt sustainability, stabilization of the exchange rate and macroeconomic stability.

10. **While the government's efforts to stabilize the economy are bearing fruit, the economic implications of the austerity measures introduced under the IMF program contributed to rising social tensions.** In the middle of 2022, deteriorating economic circumstances and fears of capture of impending oil rents resulted in popular protests. Public outcry for improvements in public health care provision and dismay with continuing high inflation, especially food inflation, and rising fuel and electricity prices as a result of the removal of electricity subsides, led to widespread protests. The protests faded after the government acknowledged the concerns of the protestors, but flared again in February 2023, leading to looting in the capital city, Paramaribo. These protests have had political implications: one of the coalition parties (De Nationale Partij Suriname) left the governing coalition after it withdrew its ministers from the government. The situation has since stabilized, but public discontent remains. National elections planned for May 2025 could see further changes to the country's political landscape.

[5] They compose Four Indigenous tribes, descendants of the original inhabitants of Suriname, and Six Maroon Tribes who have lived in the interior since the 17th century. Inter-American Development Bank, 2006, Indigenous Peoples and Maroons in Suriname, Economic and Sector Study Series, RE3-06-005

[6] Suriname has a five-year electoral cycle with the next elections due in 2025.

2.2 Recent Economic Developments

11. **Suriname has made progress in unwinding severe macroeconomic imbalances.** In mid-2020, the current government adopted a program to address debt sustainability, improve monetary and exchange rate policies, promote financial sector stability, and strengthen economic governance, supported by an EFF through the IMF. The program went off-track in mid-2022, as spending overruns fueled currency depreciation and high inflation. However, the government subsequently reestablished fiscal and monetary discipline under revised EFF program targets. After two years of contraction, Suriname's real GDP grew by 2.4 percent in 2022, and an estimated 2.1 percent in 2023. The services and industry sectors (manufacturing and construction) led the expansion, supported by a recovery in agriculture. The monthly economic activity index increased 0.12 percent in 2023, driven by the transport and storage, construction, and food and accommodation sectors. The exchange rate against the US$ depreciated sharply during the second half of 2022 and continued thereafter, peaking at 72 percent year-on-year (y-o-y) in April 2023. Pressure on the exchange rate subsequently eased due to tight monetary policy, with the Surinamese Dollar (SRD)/US$ stabilizing at around 36.0 in the first quarter of 2024. A decline in global commodity prices helped boost the current account to an estimated 2.7 percent of GDP surplus in 2023, edging up from 2.1 percent in 2022. Mining exports underperformed causing gross international reserves to remain flat in 2023 at around US$1,195 million. The EFF and other multilateral financing strengthened reserves. Currency stabilization, along with easing global inflationary pressures allowed domestic inflation to moderate to 18.6 percent (y-o-y) by May 2024. Nevertheless, higher inflation in food and nonalcoholic beverages, and transportation led to an erosion of purchasing power, especially among the poorest households.

12. **The authorities remain committed to the macroeconomic stabilization program.** Fiscal policy is focused on restoring debt sustainability, while improving the efficiency of public spending and protecting vulnerable populations through enhanced social assistance. The government achieved a primary surplus of 1.6 percent of GDP in 2023 through a series of revenue and expenditure measures, including a phaseout of energy subsidies, expanded value-added tax coverage of goods and services, and removal of unregistered workers from public payrolls. These measures were coupled with increased cash transfers for the vulnerable and growth-enhancing capital projects. Spending on social assistance increased to 2.8 percent of GDP in 2023 (from 1.9 percent in 2022). Successful negotiations to restructure domestic and external public debt resulted in government debt declining to 90 percent of GDP in 2023 (from 116 percent of GDP in 2022). The government's default on its liabilities in 2020 exacerbated the chronic vulnerabilities in the banking sector. Non-performing loans and provisioning levels have increased, while the Central Bank's contractionary monetary policy has resulted in tighter financing conditions for the banks, with two banks facing significant shortfalls. Financial sector indicators highlight chronic vulnerabilities in the banking system related to capital adequacy and asset quality.

13. **Real output growth in 2024 is projected to accelerate to 3.0 percent, driven by public investment spending in non-oil sectors.** Subsequently, growth is expected to maintain momentum, despite expected fiscal consolidation over the medium term, as private investment in infrastructure for the oil and gas sector picks up. Recent discovery of several offshore oil deposits is expected to boost growth, increase export and fiscal revenues, strengthen the balance of payments, and improve the debt dynamics once a final investment decision is reached (expected in late 2024). Inflation is expected to decline significantly over the medium term as the government tightens monetary policy and as external inflationary pressures subside. The fiscal position is expected to improve as the government maintains fiscal prudence and continues to take steps to restore investor confidence. A more gradual pace of fiscal adjustments in the context of the revised macroeconomic stabilization program will create space to maintain social spending and support growth-enhancing infrastructure investments. As new oil revenues are generated, supporting the development of the private sector in the non-oil economy will be critical to enhance positive spillovers.

Nevertheless, the short-term outlook faces significant negative factors. Key among these are policy implementation challenges, should social and political pressures leading up to the 2025 elections undermine the reform program. Steps to enhance social safety nets, improve governance, combat corruption, and raise public sector salaries could help alleviate these concerns. Financial sector risks remain high as the emergence of banking sector credit losses could lead to deposit withdrawals and financial instability. Additionally, a general lack of capacity could impede the implementation of policies. On the international front, the main threat stems from adverse changes in trade conditions, such as significantly higher oil prices or reduced gold prices.

Table 1: Selected Macroeconomic Indicators and Projections (2021 – 2029)

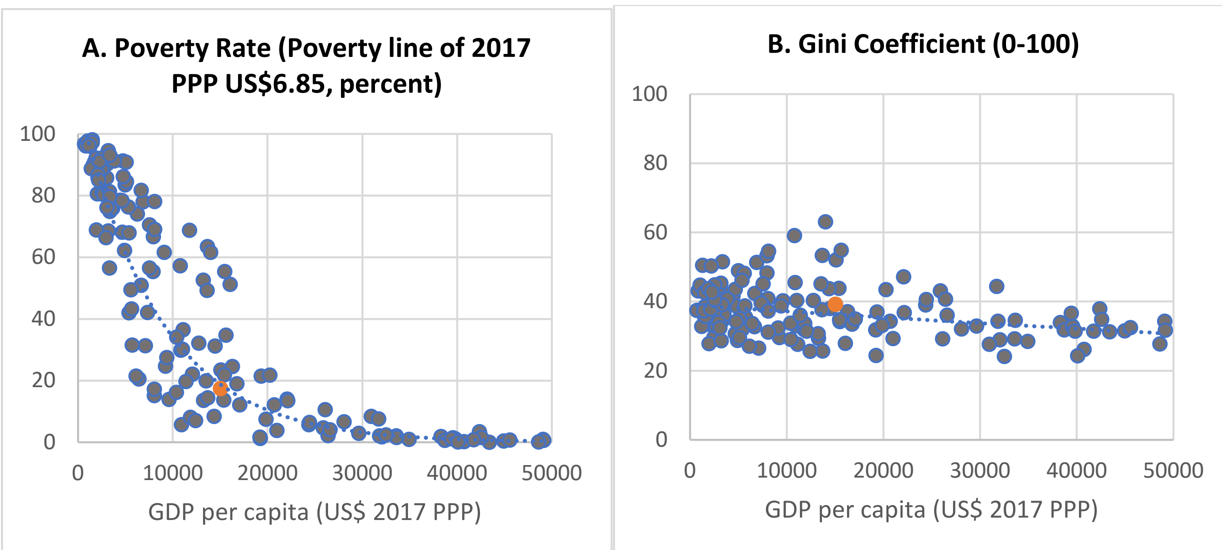
	2021	2022	2023e	2024f	2025f	2026f	2027f	2028f	2029f
Income and prices									
Real GDP growth	-2.4	2.4	2.1	3.0	3.0	3.0	3.0	3.0	3.0
CPI Inflation (avg.)	59.1	52.4	51.6	23.3	18.3	11.9	7.9	5.0	5.0
Fiscal Accounts									
Revenues	26.4	26.8	25.7	24.4	24.6	24.9	24.9	24.8	24.8
Expenditures	32.7	29.9	26.6	25.1	24.8	25.1	25.2	25.0	25.0
Primary Balance	-0.5	1.0	1.6	2.9	3.2	3.2	3.5	3.5	3.5
Fiscal Balance	-6.4	-3.0	-0.9	-0.6	-0.2	-0.3	-0.4	-0.2	-0.2
Public debt									
Debt	115.9	116.1	90.0	92.2	87.0	84.1	73.9	69.5	64.8
Balance of Payment									
Current Account Balance	5.3	2.1	2.7	2.7	1.0	1.3	1.2	1.1	1.0
Exports	69.1	71.8	73.1	67.7	64.1	63.0	62.0	61.0	60.0
Imports	56.4	64.7	61.1	57.2	56.4	56.0	55.0	54.0	53.0
Gross reserves in months of imports	6.3	6.1	7.0	8.3	8.1	7.8	8.1	8.5	8.9
Selected Monetary Accounts									
Domestic credit of the banking system	9	10.2	…	…	…	…	…	…	…
Private sector credit	18.2	63.9	16.8	…	…	…	…	…	…
Memorandum items									
GDP (nominal, LCU billion)	61	89	139	174	204	229	254	277	300
Gross international reserves (US$ million)	992	1195	1346	1604	1625	1656	1655	1654	1653

Source: Government of Suriname, International Monetary Fund, and World Bank Staff estimates and projections.

2.3 Poverty Profile

14. **The World Bank and the Inter-American Development Bank (IDB) jointly conducted a poverty assessment based on the 2022 Survey of Living Conditions (SLC).** This section presents the main findings of the assessment. In 2022, about 17.5 percent of the Surinamese population lived below the World Bank's upper middle-income line of US$6.85 per day.[7] Inequality, as measured by the Gini coefficient, was approximately 39 percent, which is on par with that of other countries in the region (see Figure 1). About four in 10 Surinamese lived in multidimensional poverty, defined in accordance with Suriname's national approach. Chronic illness, low levels of education, limited information and communication technology skills, and lack of access to medical insurance are especially important components of multidimensional poverty.

Figure 1. Poverty and Inequality Indicators



Source: Latest poverty rates, Gini coefficients, and corresponding PPP-adjusted GDP per capita are from the World Bank's World Development Indicators. For Suriname, the source is the poverty assessment team based on the 2022 SLC (IDB 2022).
Note: PPP: purchasing power parity.

15. **It is challenging to ascertain trends in poverty and inequality, due to a paucity of comparable data sources to measure poverty over time.** Nonetheless, multidimensional poverty measures suggest a declining poverty trend in the decades before the 2020 macroeconomic crisis started. Indicators associated with poverty provide insight into the effects of the crisis itself. A 2021 study, for instance, found a deterioration in employment, widespread business closures, and declining remittances, which deepened "pre-existing inequalities across income and gender groups".[8] High inflation, particularly of food and housing, were a clear challenge to poor households who allocate a large share of their expenditure to these consumption categories.

16. **Poverty in Suriname is characterized, among others, by geographical variation.** Both monetary and multidimensional poverty are markedly higher in the interior of the country. Accordingly, a disproportionate share of the poor live in the sparsely populated interior. Low levels of education of the household head and high number of household members (including children) are strong predictors of poverty. Food, rent, and utilities make up an important share of the consumption expenditure of the poorest

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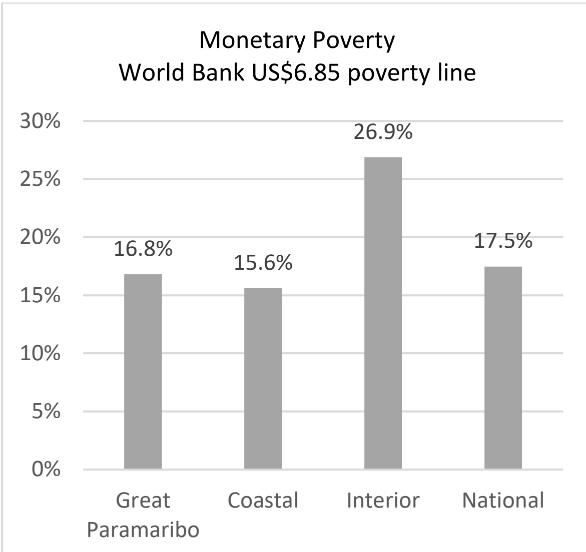
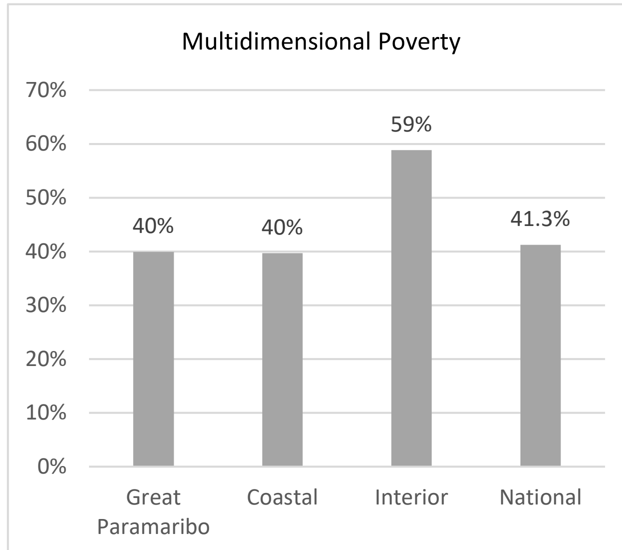
[7] (2017 Purchasing Power Parity)
[8] Arteaga, Beuermann, and Khadan (2021) The consequences of COVID-19 on livelihoods in Suriname: evidence from a telephone survey. (IDB Technical Note; 2157.

households with poor households commonly reporting food insecurity. Households in the interior of the country derive a higher share of their consumption (nearly 10 percent) from own production. In other parts of the country, own production plays only a marginal role (see Figure 2).

Figure 2. Monetary and Multidimensional Poverty





Source: Poverty assessment team based on the 2022 Suriname Survey of Living Conditions (IDB 2022).
Notes: Monetary poverty measured against World Bank international 6.85 line (2017 US$ PPP) and multidimensional poverty measured in accordance with the methodology proposed by (Sobhie & Kisoensingh, 2023).

17. **Efforts to eradicate poverty and climate change adaptation and mitigation efforts are intertwined.** Increasingly, erratic weather patterns (including recent, unusual droughts and floods) are likely to expose households, particularly those in the interior, to more frequent shocks. Artisanal gold mining is a key source of income in the interior, with often devastating effects for Suriname's pristine forests and the broader environment. Offering alternative routes to income generation and sustainable livelihoods, ideally linked with forest conservation, could help offset this trend. Considering their importance as a carbon sink, conservation of Suriname's forests could be a mitigation effort of global importance, simultaneously contributing to poverty reduction among some of the most deprived population groups.

2.4 Main Development Challenges

18. **Suriname's economy is heavily reliant on natural resources, notably its gold and petroleum exports, with limited spillovers into the rest of the economy**. The mining industry is the backbone of the economy and is supported by investments of multinational companies and the state-owned oil company, Staatsolie. However, the government's revenue from mining, including royalties, income taxes, and dividends, pose a significant vulnerability due to fluctuations in commodity prices. Additionally, there is room to better leverage the sector to create indirect employment in the transportation, logistics, food and hospitality, and financial and accounting sectors by creating a more-favorable business and investment climate. Significant government involvement in the economy, coupled with the reliance on extractive industries, has limited the development of the private sector, which is dominated by small firms and concentrated in non-tradeable services.

19. **Recently discovered offshore oil fields are expected to come onstream by 2028, with significant**

implications for Suriname's economy and public finances. Deepwater offshore oil exploration intensified following a study by the United States Geological Survey that identified the Guyana-Suriname Basin as an underexplored basin with a potential recoverable resource of 15 billion barrels of oil. Since January 2020, several oil and gas discoveries offshore in deep water have been reported. Production-sharing contracts have been signed with several international oil companies. The development of the first offshore project in Suriname is estimated to contribute at least US$10 billion in government income during the term of the project (15–20 years).

20. **Overcoming deficiencies in governance and improving the capacity of government institutions is the overriding challenge to ensuring that impending oil revenues contribute to economic and social development.** Worldwide Governance Indicators place Suriname below two of its structural peers, Belize and Guyana. The expansion of low-skill civil service employment has contributed to the high cost of government, crowding out qualified staff and promoting a deterioration in government effectiveness and efficiency. Failures in budget management have contributed to macroeconomic instability and the inefficient use of resources. Information generation and dissemination are modest, causing low levels of transparency in many parts of the public sector and hampering evidence-informed decision-making. Weaknesses in organizational structure and management systems constrain the effectiveness of service delivery. Public financial management systems are rudimentary and the path to reform has been slow. The last public expenditure and financial accountability (PEFA) assessment of Suriname was concluded in 2018. The PEFA assessment revealed that fiscal risk reporting was particularly weak, as was the government's transparency on expenditures incurred by budgetary and extrabudgetary units that are excluded from government financial reports. Additionally, the lack of an updated legal framework hinders implementation of modern procurement practices and compliance with international standards.

21. **Suriname's business environment is characterized by inefficiencies that hamper economic growth, with access to finance representing a major impediment to private sector development.** A lack of competition, burdensome regulations, and state ownership in various sectors further hamper private sector expansion and hinder foreign investment inflows. Cumbersome procedures and high costs of doing business are prominent issues, with inefficient government bureaucracy and perceived corruption adding to the challenge. Trade policy, trade facilitation and connectivity issues affect Suriname and the wider Caribbean region, as highlighted in the RPSD. High and discretionary tariff and non-tariff measures affect the competitiveness of exporters, while shortcomings in logistics affect traffic volumes and increase transport costs. Partial or full state ownership[9] is prevalent in key industries such as oil, banking, agriculture, energy and utilities, transportation, and tourism. Moreover, there has been little progress in privatization efforts, with numerous State-Owned Enterprises (SOEs) engaging in quasi-fiscal activities, including regulatory functions and subsidized service delivery. The management and accountability framework for these SOEs remain complex, and many of them operate at a loss or require public funding. Suriname's financial sector is relatively small, with only a few banks, and there is limited access to credit for private enterprises. The absence of a credit bureau and a moveable assets registry further constrain the ability of businesses and individuals to secure financing.

22. **Suriname has significant untapped potential as an agriculture producer and tourism destination**. The agriculture sector in Suriname has witnessed a prolonged decline, with its contribution to GDP diminishing from a peak of 17 percent in 1987 to approximately 10 percent in 2021. Despite abundant land and favorable growing conditions, the sector faces multiple challenges. Access to suitable agricultural land is hampered by poor infrastructure, flood and drought risks, and a lack of financing for farmers. As such, only 60,000 hectares of a potential 1.5 million are farmed. Notably, Suriname, with its potential, remains a

[9] The Ministry of Finance is still in the process of collecting information about SOEs, but has identified 47 parastatals and 57 foundations that are state owned (Suriname SCD).

net importer of agricultural products, indicating its failure to capitalize on its resources. The tourism industry, still in its infancy, is characterized by a predominance of small firms and a lack of sector-wide coordination. Despite its small size, there is evident growth potential, yet, the absence of industry standards, regulatory frameworks, and limited tourism data poses challenges for effective policymaking. Furthermore, there is a notable deficiency in institutional capacity and strategic sectoral planning, hindering investment in public amenities such as nature parks and historical landmarks. Added to this, limited flight connections have prevented Suriname from establishing itself in regional tourism zones and thus attracting more visitors. These gaps curtail opportunities for private sector investment, limiting the sector's overall growth potential.

23. **The digital financial services ecosystem is underdeveloped, and slow adoption of digital technologies hampers economic growth.** Suriname's economy is heavily cash-based with limited use of digital payment methods. This slow transition to digital financial services is compounded by an absence of comprehensive legal and regulatory frameworks, an outdated payment infrastructure, and the limited availability of low-cost delivery channels. Digital technologies have the potential to reshape traditional sectors, such as agriculture, mining, and logistics, to create new local and export market opportunities, to foster entrepreneurship by providing access to the gig economy and to create jobs, for example, through business process outsourcing. The government's National Digital Strategy 2023-2030 lays out many of the challenges and opportunities for Suriname to tap into the digital space.

24. **With electricity demand expected to double by 2030, there is a need for investments in renewable energy (RE) and energy efficiency (EE), aided by energy price reform.** Half of all electricity is generated with fossil fuels, the remainder from a single hydropower plant (Suralco). This translates into low energy security and high vulnerability to climate change. Investing in solar, wind, and additional hydroelectric power sources are seen as important measures in the energy transition agenda. In addition, EE investments could offer some of the lowest cost options to meet growing electricity demand. Sustaining fuel price reform is essential to the viability of both RE and EE investments and it will also take time and effort to build other elements of their enabling environment.

25. **Inefficiency and inequality of provision of key basic services contribute to low levels of human capital which present a powerful constraint to economic growth.** The SCD notes that, compared with peer countries, Suriname has significantly lower levels of human capital. The drivers of low human capital include limited or inefficient and ineffective spending in education, health and social protection, and out-migration or brain drain. The education sector suffers from high dropout rates and lower learning outcomes with disparities in educational attainment existing across regions and ethnic groups. The literacy rate amongst boys and girls aged 15-24 is an impressive 99 percent, compared to 95 percent of the population aged 15 and older. Despite this, secondary completion rates are low (45 percent) compared to structural peers (72 percent), with persistent gender disparities in favor of females, a trend oftentimes observed in the Latin America and the Caribbean (LAC) region. Women substantially outperform men in school, with a tertiary education completion rate of about 15 percent for women and only about six percent for men. However, this strong education performance does not translate into strong labor market outcomes. Despite laudable advances in health indicators, particularly in life expectancy, Suriname faces a double burden of disease. The health sector has an unfinished agenda addressing communicable diseases and maternal and neonatal conditions, coupled with a noncommunicable diseases (NCDs) crisis which now represents the leading burden of disease in the country. Inequality in service delivery remains an important issue and out-of-pocket expenditures, at over 20 percent, are a significant barrier to care and a source of impoverishment. Schemes and care remain fragmented and lagging, especially in rural and remote areas, and for specific ethnic groups. Staffing and human resource planning remain a challenge as the health sector is strongly affected by out-migration of health professionals making it difficult to maintain specialized services. The social protection system is underdelivering on its equity, opportunity, and resilience goals. In 2023, Suriname spent 2.2

percent of GDP on social assistance, above regional and global benchmarks. Despite this effort, Suriname's social protection delivery system has limitations reaching poor and vulnerable households. For instance, the main social assistance programs exclude a third of those in the bottom of the consumption quintile while benefiting over a third of those in the top quintile.

26. **Suriname is particularly vulnerable to the impacts of climate change which will challenge inclusiveness and ultimately the sustainability of growth.**[10] Around 30 percent of Suriname lies within a few meters of mean sea level and is highly prone to coastal flooding, exacerbated by sea level rise. The country also suffers from periodic flooding due to heavy rainfall, especially when combined with spring tides. Approximately 87 percent of Suriname's population live along the 386 km long coastal plain (around 67 percent in the capital city of Paramaribo), and therefore flooding affects most of the population and an estimated 90 percent of human activities. Flood impacts are exacerbated by insufficient maintenance of the existing drainage system, combined with insufficient drainage capacity. In coastal areas and in the interior/hinterland, the climate-sensitive nature of rural livelihoods, and the dependence of the rural economy on climate-sensitive sectors, indicate that climate is a powerful, economic, binding constraint. The most severe effects of these changes will be felt by the poor, elderly, women, and children, who depend most directly on ecosystem services. Ensuring community resilience to climate impacts is therefore a critical component of Suriname's path to sustainable growth.

27. **The socioeconomic impact of past floods in Suriname has been significant.** The major floods that afflicted Suriname in 2006, 2008, 2021 and 2023, highlighted the population's vulnerability to adverse natural shocks. In 2006 and 2008, flooding severely affected the coastal regions, including Paramaribo, where the bulk of Suriname's population live and where most of the country's physical assets are concentrated. An assessment of the socioeconomic impact of the May 2006 floods carried out by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC)[11] shows that, in a few days, 2.3 percent of GDP was lost due to the floods. The largest proportions of damage reported were in the education and agricultural sectors (45 percent and 39 percent, respectively), affecting school attendance in the affected zones, as well as food security throughout the country, including the poorer interior. In 2021 and 2022, flooding affected every region of Suriname, impacting over 2,000 and 3,800 people respectively. Reducing the country's vulnerability to both pluvial and coastal flooding (and associated coastal erosion) is paramount to improving the country's economic sustainability and macro stability.

28. **Suriname's forests are a global public good, but are under pressure from artisanal gold mining.** Forests cover about 93 percent of the country´s surface area and act as an important asset for climate change mitigation, biodiversity preservation, and livelihoods and food security for indigenous and traditional communities. Artisanal, small-scale gold mining, followed by infrastructure development, urban development and agriculture have been identified as the main drivers of deforestation. Green finance mechanisms (such as blue and green bonds) could help preserve Suriname's natural endowment while crowding in private investment in key areas of the economy, including energy, climate-smart approaches to agriculture, tourism and housing.[12]

10 Suriname Second Nationally Determined Contribution 2019

[11] ECLAC. 2007. Suriname: The Impact of the Floods on Sustainable Livelihoods.

[12] The RPSD includes a discussion on accelerating private sector investment in climate resilience, which covers barriers to green finance and climate smart approaches and technologies to support the green transition.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1 Government Program and Medium-term Strategy

29. **The MDP articulates a strategy for the growth and modernization of Suriname towards a just society in which its values of justice, inclusiveness, freedom, equality and sustainability are fulfilled.** The MDP is a four-year development plan (2022-2026) which builds on the implementation of the previous recovery plan (2020-2022). The priorities identified in the MDP were developed by the government of Suriname in collaboration with more than 140 companies, experts, associations, interest groups, political parties and government institutions. The MDP follows from the four themes of the coalition government's agreement: (1) economy, (2) socio-cultural dimension, (3) spatial planning and environment and (4) governance; and establishes a framework of 11 standards from which 22 policy areas were identified, anchored within the Sustainable Development Goals (SDGs).

30. **The MDP promotes sustainable, equitable and inclusive social, economic, and environmental development underpinned by good governance.** Priorities identified include: (1) increased production and export by improving the business climate, increasing access to business financing, programs to improve financial literacy and inclusion and training and awareness in Public Private Partnerships (PPPs); (2) improved transport infrastructure which include the re-design and rehabilitation of key roads, canals and sluices to improve the efficiency of trade and decrease the prevalence of flooding, (3) a livable and sustainable environment, safety and security by investing in sustainable small-scale mining, environmental protection and safe city initiatives; (4) social protection including determining the poverty line and revision of the minimum hourly wages, implementation of cashless social benefits, setting up job bank for different skills levels, programs to combat domestic violence and child abuse and implementation of community-driven projects; (5) continued improvements to the education sector through educational reforms to reduce dropout and to increase access to decentralized training and educational opportunities; (6) improved access to public health services focusing on accessibility of specialized health services and health awareness and prevention programs; and (7) an efficient and effective public sector with increased government income through new tax laws, privatization of state-owned companies, digitalization and automation of key government procedures, and restructuring the public employment sector.

3.2 Proposed WBG Country Partnership Framework

31. **Strengthening institutions that contribute to accountability and good governance was identified in the SCD as Suriname's overarching challenge to inclusive and sustainable growth**. Patronage tends to dominate politics; the civil service is bloated and of low-capacity; data availability and information sharing with the public are limited; local authorities have low capacity and are under resourced, auditing bodies are underdeveloped; public financial management systems are rudimentary; statistical capacity to inform decision making is often lacking; and transnational crime and narcotics trade have a foothold in the country. Substantial newfound offshore oil fields, and the revenue they are expected to generate in the foreseeable future, represent a significant opportunity for Suriname's development. However, if the governance shortcomings mentioned above are not adequately addressed, there is an increased risk of capture and misallocation of the expected new oil proceeds.

32. **The SCD discusses additional development challenges and opportunities for Suriname to address poverty and boost shared prosperity on a livable planet.** There is a need to focus on improving quality and access to schooling and to address the underlying challenges faced by children to improve education outcomes; increased cost of medical services is putting the health sector under significant pressure; achievement of social assistance targets is off-track and there is a lack of systems to appropriately expand social assistance delivery; limited private sector development, in part due to burdensome procedures and

a low-skill labor force, constrains economic growth; the risks to Suriname's forest cover due to illegal gold mining are increasing; and there is limited preparedness to deal with natural disasters, notably flooding. Suriname's forests – a carbon sink of global importance – are an important opportunity for the country. They have the potential to deliver economic benefits, for instance, through ecotourism and participation in Reducing Emissions from Deforestation and Forest Degradation+ (REDD+) mechanisms. Other opportunities include Suriname's ability to generate sustainable electricity (through wind, solar and hydropower), its significant untapped potential as an agriculture exporter, and possibilities to leapfrog into digital technologies to increase productivity in the public and private sectors.

Lessons from the CLR

33. **The design and implementation of the previous CPS offers important lessons for the WBG's future engagement in Suriname, considering the low development outcome rating.** Through a limited and focused program, the previous CPS was aligned with the government's priorities for promoting a more sustainable, inclusive and diversified growth model. The program delivered a portfolio of two investment operations and six Technical Assistance (TA) activities. WBG performance was rated 'Fair' and the overall development outcome 'Moderately Unsatisfactory', with one out of six objectives achieved, one mostly achieved, and four partially achieved. The key lessons of the CLR are the following:

- **Where the WBG has limited in-country presence and a small program, continued strategic engagement and enhanced implementation support is required to advance program objectives.** This becomes even more critical after a change in government. The WBG's engagement in Suriname over the past decade has demonstrated that it is necessary to maintain an engaged and flexible approach for the impact and relevance of WBG interventions. Going forward, the WBG will explore a more diverse array of instruments for establishing an agile, tailored-to-requirements, and outcome-driven interaction for Suriname. Lessons from the previous strategy suggest that frequent implementation support missions and country management visits, combined with other measures, such as periodic portfolio reviews, are critical to achieving good results.
- **A clear link between indicators, objectives and outcomes in the results framework will support effective monitoring of program implementation and achievement of results.** The CPF should clearly articulate the theory of change and utilize multiple, relevant indicators to track progress towards the achievement of objectives. Further, the PLR should be leveraged as an opportunity to make needed adjustments to the results framework based on learnings from program implementation.
- **Investments in strengthening the government's capacity for implementation have a positive correlation to the achievement of results.** Limited implementation capacity also underscores the need for selectivity in the WBG's program to ensure achievement of objectives. During the CPF period, the World Bank should prioritize strengthening the government's capacity in project design, implementation and monitoring including through the use of Hands-on Enhanced Implementation Support (HEIS).
- **Availability of timely and quality data is critical to inform targeted interventions to achieve program objectives, assess progress and to enhance the client's decision-making process.** The WBG should utilize targeted Advisory Services and Analytics (ASAs) and seek opportunities for partnerships to address knowledge gaps and provide high-quality core diagnostics. Working with other development partners on analytics can add value to both policy coherence and client engagement. The World Bank's current partnership with the IDB to conduct a poverty assessment is an example of the effectiveness of this approach. Through its investment operations, the World

Bank could support data generation and collection through project monitoring and evaluation mechanisms and promote the institutionalization of these mechanisms.

- **Implementation readiness could be enhanced through simplicity of project design and advanced preparation of key operational and procurement documents.** Project implementing units (PIU) should be established early and be engaged in the project design process. Implementation arrangements should be simplified with a clear structure and oversight role for line agencies. Additionally, documents that support project implementation, such as operating manuals and terms of references, should be prepared during the design phase reducing time spent during implementation preparing such documents. The World Bank, in partnership with the IDB, is also assessing opportunities for establishing a centralized PIU given the government's implementation capacity constraints.
- **International Finance Corporation (IFC) can create high developmental impact for the private sector by managing the right approach and strategy, while close collaboration between the World Bank and IFC can help strengthen pipeline programs.** Due to the small size of transactions, there have been limited opportunities for institutions like IFC. In addition, the significant presence of the government in the economy affects competitiveness and limits private sector development and innovation. Therefore, IFC's approach can include options to bring down the cost of financing and provide local currency financing to respond to market needs so that it can support sectors beyond the financial sector. The World Bank and IFC can build on the collaborative approach showcased through the jointly produced Caribbean Regional Private Sector Diagnostic (RPSD).This is an example of how the institutions can come together to identify ways to boost private sector participation in key sectors and reduce cross-cutting constraints to private investment.

Stakeholder Consultations

34. **The CPF is informed by extensive consultations with key stakeholders conducted during the preparation of both the SCD and the CPF.** Consultations were held with government ministries and agencies, development partners, the private sector, civil society representatives and academia. During these consultations, the government signaled interest in continuing in areas where the Bank is already engaged and welcomed new interventions that have more localized impact with a community-driven approach. A recurring theme throughout the consultations was the need to strengthen governance and institutions, and to make this a central pillar of the Bank's program. Further, stakeholders opined that capacity building in the Ministry of Finance and agencies responsible for implementation of foreign-funded projects should be prioritized. The private sector commented on the role of the gold and oil sectors in the economy. They highlighted limitations in developing other sectors given that firms face various constraints (for example, lack of access to finance) and tend to wait for public sector policies to address these constraints. Stakeholders agreed that the priorities identified in the SCD were critical for Suriname's long-term development and that the proposed HLOs and objectives adequately reflected these priorities.

Selectivity Filters

35. **The WBG program will be guided by the selectivity principles of (i) government priorities and demand, (ii) priorities identified in the SCD and (iii) the WBG's own comparative advantage and complementarity with other development partners.** The CPF focuses more narrowly on areas where there is strong government demand for WBG engagement and considering the priorities identified in the MDP 2022-2026. The priorities identified in the SCD formed the basis for consultation around the WBG program and are reflected in the defined HLOs and objectives that the program will contribute to. The WBG's ongoing

engagement in Suriname, from which it derives its comparative advantage, was a strong consideration in program design. The need for selectivity is also grounded in the realities of the government's capacity to implement the CPF program, its own reform program and the programs of other development partners. The WBG has a limited engagement in Suriname, consisting of two lending operations approved in 2019, and a few selected analytical and TA support. The CLR confirmed that the selective and focused approach proposed in the CPF program is the right one for the Surinamese context where the WBG's engagement is still fairly recent, capacity is limited, and other development partners have a much larger portfolio and an established in-country presence. For these reasons, the WBG will continue to collaborate with other development partners where such partnerships can achieve mutually desired outcomes.

36. **Compared to the relatively small WBG portfolio in Suriname, other development partners have much larger engagements.** Among the multilateral partners, IDB has the largest program, with a portfolio of US$437.5 million, across most sectors including agriculture, health, education, social protection, transport, energy, fiscal management and spatial planning. The Islamic Development Bank (IsDB) recently approved its country strategy for the period 2024-2026 with an associated envelope of US$235 million towards the following sectoral priorities: energy, healthcare, education (primarily secondary and technical and vocational education and training (TVET), waste processing, manufacturing, and private sector development. The French Development Agency in collaboration with the European Union (EU) is supporting the Government of Suriname to implement its biodiversity and forestry agenda. Additional details on programs financed by development partners are provided in Box 1 and Annex 5.

37. **Challenges related to agriculture, health and social protection were not specifically prioritized in the CPF program**. These are areas being addressed by other partners, including through the IMF program, and where the Bank has limited or no engagement. Throughout the CPF period, the Bank will seek to build its knowledge in these areas to consider appropriate engagement opportunities in the latter years of the CPF program. Likewise, priorities related to the fiscal framework are not directly addressed in the CPF program as these are covered by government and other development partners, including through the IMF program. Beyond the interventions on the resilience agenda, the program does not foresee direct support for large infrastructure operations, although proposed interventions will indirectly support efforts to strengthen the management of PPPs and to seek opportunities to build knowledge in this area to inform future engagement.

Box 1. Activities Supported by Suriname's Main Development Partners

Suriname's main multilateral partners are the IDB, the IsDB, the Caribbean Development Bank (CDB), the United Nations (UN), The EU and the World Bank. Major bilateral partners include France, The Netherlands, Canada, China, India and the United States of America.

The IDB is Suriname's largest multilateral partner, with investments amounting to US$437.5 million. Institutional strengthening of government agencies accounts for 25 percent of its portfolio with investments in fiscal strengthening and improvements to the national statistical system. Roughly 17 percent of its portfolio is focused on the productive sectors including the improvement of logistics and transport, foreign investments, export promotion and labor market alignment with new industries. Other sectors of support include education reforms, agricultural development and urban development. There are smaller investments in health systems strengthening and climate resilience. In addition to these current investments, the IDB has approximately US$325 million in the pipeline for projects related to Fiscal Sustainability (US$150 million), BioSweet clean energy project (US$45 million), Spatial Planning and Environmental Management (US$30 million) and Infrastructural upgrade for airstrips, roads and bridges (US$20 million), Support for vulnerable populations (safety nets 2nd phase) (US$45 million), Skills for growth, improving education opportunities (US$40 million).

The CDB's portfolio totals approximately US$179 million, the majority of which is in the energy sector (US$143 million) and support for strengthening TVET and secondary education (US$36 million). Other investments include the Basic Needs Trust Fund, a CDB instrument to address poverty reduction focusing on education and human resource development (including for livelihoods enhancement, citizen security, at-risk youth engagement, and micro-enterprise development), water and sanitation and community access to basic services and drainage.

The IsDB has a growing portfolio in Suriname which is currently US$155 million, roughly 30 percent of which is invested in educational reforms, 22 percent in affordable housing and 27 percent in the energy sector. Investments have also been made in strengthening the rice sector. The recently approved country strategy includes a lending envelope of US$325 million which will support investments in the energy, healthcare, education, waste processing and manufacturing sectors, and contribute to private sector development.

The UN system, through its Development Assistance Framework, supports Suriname in the achievement of its commitments under the UN Global Agenda 2030 for Sustainable Development. UN agencies provide TA across various sectors including youth development, access to primary health care, climate resilience.

The EU supports Suriname mainly through its multiannual indicative program which aims to (i) improve forest governance; (ii) enhance livelihood opportunities of forest communities; (iii) expand payment for ecosystem services/forest carbon increased; and (iv) protect and restore mangrove forests. Through the 11th European Development Fund allocation for Suriname, the EU is also funding projects in the water, renewable energy, agriculture, and justice sectors.

38. **The WBG will maintain a selective program with a flexible approach as it deepens engagement with Suriname.** With Suriname being reclassified as IDA eligible under the SIEE, effective FY25,[13] the country will have access to concessional resources, including at the regional level. These additional resources will support a deeper and broader WBG program in Suriname, hence the need for maintaining a flexible approach during the CPF period. At the same time, the WBG will continue to remain selective by focusing on areas where it can add value and complement the efforts of other development partners to maximize

[13] Subject to completing the IDA membership process.

impact. National elections planned for May 2025 may also bring new priorities in the WBG engagement with the Government of Suriname. The PLR will be deployed strategically to adjust the WBG program as needed.

Overview of the WBG Country Partnership Framework

39. **The overarching goal of the CPF is to support Suriname's vision for "a just society in which the values of justice, inclusiveness, freedom, equality and sustainability are fulfilled."** The CPF will assist Suriname in addressing its priorities for national development, with a focus on the most pressing constraints to ending extreme poverty and boosting shared prosperity on a livable planet. The CPF program is aligned to the Bank's evolution roadmap and the results matrix reflects the new dimensions of the corporate scorecard.

40. **The HLOs and objectives defined for the FY25-29 CPF are derived from the SCD, grounded in the government's priorities, builds on the existing WBG engagement in Suriname and applies lessons identified in the CLR.** The CPF program is premised on an expanded WBG engagement in Suriname consequent to its eligibility for IDA funding which will increase the sources of available financing. The HLOs and objectives described in the SCD are sharpened in the CPF to define a focused and selective WBG program. Due consideration is given to the areas of existing engagement, alignment with the WBG's evolution roadmap and corporate scorecard, and changes in the country context and priorities identified by the government. During this CPF cycle, the WBG program will contribute to two HLOs buttressed by four objectives and one cross-cutting theme.

Figure 3: Overview of Suriname CPF FY25-29

41. **The CPF supports continuity of the WBG's existing engagement while reflecting the country's new priorities, lessons learned from past engagements, and opportunities identified in the SCD.** Building on the achievements of the previous program, this CPF will continue to (i) support the foundations for private sector development through enhancements to the business environment and by addressing constraints to the investment climate and in the financial sector, continued support for the inclusive and sustainable development of the extractive industries, and development of small and medium enterprises in priority sectors; and (ii) prioritize strengthening the resilience of key infrastructure susceptible to flooding, both in Paramaribo and outlying communities. Based on lessons learnt, the CPF proposes some strategic adjustments to the previous program. First, it supports the government's efforts to improve access to productive jobs by addressing demand-side barriers to employment and investing in human capital to

improve education outcomes. Second, it prioritizes enhancing community preparedness and resilience, by increasing access to quality resilience-enhancing services and community infrastructure which may be later expanded as the oil sector develops. Third, it proposes to enhance Suriname's contribution to the climate agenda through targeted interventions to expand forest preservation and monetize its role as a carbon sink, while strengthening the country's resilience to shocks. Finally, the cross-cutting theme of good governance and strong institutions will be supported throughout the CPF program.

42. **IFC and the Multilateral Investment Guarantee Agency (MIGA) will seek opportunities to increase their presence in Suriname.** Building on examples from the previous program, new avenues for IFC/MIGA/World Bank collaboration will be explored in support of the government's reforms to address private sector development and market access. IFC's engagements will follow a two-phased approach based on short- and long-term possibilities. Short-term engagements will focus on the financial sector, agribusiness, and services (for example, business infrastructure such as hotels and commercial real estate, and skills). After progress on improving the business environment has been achieved, engagements in the long-term would target infrastructure and PPPs. Through its interventions, IFC will focus on inclusion, productivity and sustainability. On inclusion, engagements would seek to increase access to finance for Micro, Small and Medium Enterprises (MSMEs) and underserved segments such as women, digitalization, and investment and advisory services to increase the population's access to critical services (for example, information and communication technology (ICT), education/skills, and healthcare). To support productivity, engagements would seek to improve the business environment and support firm productivity through infrastructure enhancements via PPPs. Sustainability engagements would support the reduction of the carbon footprint with renewable energy projects, green financial products and climate adaptation and resilience activities (for example, buildings resilience index, energy efficiency, EDGE certification, and private insurance products). As market conditions allow, MIGA, through the WBG Guarantee Platform, will seek to mobilize foreign private capital into strategic sectors of the economy prioritizing projects that contribute to a green, resilient, and inclusive development. MIGA, working with the World Bank and IFC, will explore opportunities to use its de-risking solutions to support foreign investments and lending in key areas, such as in support of PPPs and trade finance, in projects that contribute to more and better jobs, as well as projects that support the preservation of the forest and increased resilience.

Cross-cutting theme: good governance and strong institutions

43. **Good governance and strong institutions as an enabler of growth, enhanced human capital and strengthened resilience, will underpin the WBG program.** The SCD identified deficiencies in governance and institutional capacity as the overriding challenge in the effort to foster economic and social development. Public financial management (PFM) systems are rudimentary while weak legal and regulatory frameworks, and limited public sector capacity hinder economic development, diversification and governance of key economic and social sectors. The Bank will support institutions that are responsible for public financial management and auditing which are critical to enhancing transparency and accountability in the use of public resources. TA will support capacity strengthening of the government's internal audit body, enhance government's financial management system and provide guidance on improving the autonomy of the supreme audit institution. Building on previous engagements, TA will be deployed to the Suriname Debt Management Office to assess credit risk to SOEs and other companies, while a diagnostic will assess suitability of local market instruments to finance government deficit. In the long-term, IFC will complement World Bank efforts, where possible, through its advisory services such as the regulatory work included in PPP advisory and upstream (early development) engagements.

44. **The World Bank will continue to engage on the strengthening of Suriname's statistical system.** A recent World Bank assessment (under the Improving the Productivity of National Offices for Statistics

umbrella) provides an action plan for addressing the challenges the statistical system faces. The World Bank will focus first on the high-impact, short-term opportunities for engagement, while scoping options to support more profound engagement. The World Bank and the IDB have jointly prepared a new poverty and equity assessment for Suriname. The assessment documents poverty and inequality for the first time since Suriname was affected by multiple, simultaneous crises which have had serious impacts on the country's socio-economic condition. The assessment, which follows World Bank guidelines on poverty, will provide the first globally comparable poverty measures for Suriname since 1999, and contribute to informed decision making to address poverty and inequality in the country.

3.3 Objectives supported by the WBG Program

45. **While the SCD proposed four HLOs[14] and a corresponding set of priorities to address the challenges identified, these were reformulated in the CPF program based on government's priorities and demands, WBG comparative advantage and complementarity with the programs of other development partners.** HLO1: "*Increased employment*" merges HLOs one, two and three of the SCD, addressing human capital challenges and private sector development. HLO2 of the CPF: "*Reduced citizens' vulnerability and protection of the forest*" is directly related to HLO four of the SCD on the environment and climate resilience.

HLO1: Increased employment

46. **This HLO builds on and expands the parameters of the previous CPS Results Area 1 (Creating a conducive investment climate for economic growth).** The HLO will build on the previous program to address challenges related to human capital and private sector development as critical foundations to support Suriname's management of a near-term surge in resource revenues. Objectives under this HLO will contribute to building Suriname's human capital, attracting private investments, and creating more and better jobs and other economic opportunities for its citizens. This HLO has two objectives: (i) strengthen education outcomes and skills development, and (ii) improve the business environment for private sector development.

Objective 1: Strengthen education outcomes and skills development

47. **Suriname stands out among its peers[15] in terms of significantly lower per capita human capital.** Access to quality education and delivery of other social services is uneven across the country and exacerbates inequities. The challenges to improving education outcomes are impacted by barriers that stem from Suriname's multilingual and multicultural society, persistent brain drain and a lack of capacity to deliver public services. The COVID-19 pandemic further exacerbated these challenges and diminished government's efforts at ameliorating its impacts. Suriname has achieved near universal literacy, but secondary-education outcomes lag the performance of structural peers. In 2021, 95 percent of the population ages 15 or more was literate. However, dropout rates are high in all grades of secondary school and there are concerns about the quality of education. Skills shortages in the form of foundation, technical and soft skills persist, causing a mismatch between labor market demand and supply.

48. **The World Bank will support Suriname to improve educational outcomes, while IFC will seek to foster the development of workers' skills in the short term.** An education Public Finance Review (PFR) will provide a good understanding of spending in the education sector and identify inefficiencies in allocation

[14] The SCD identified the following HLOs: (1) Equitable allocation of resource revenues to support growth and poverty reduction, (2) increase human capital and protect people from shocks, (3) create more and better jobs through a thriving private sector, and (4) protect forest and living environment in the interior and adapt to increasing flood risks.

[15] Structural, aspirational and high-income peers.

and utilization across all levels and inputs. Strengthened post-secondary education, including through TVET, will enhance the availability of skills to support the Surinamese labor market. In addressing the low skills acquisition, it is necessary to consider gender and capitalize on women's comparatively stronger educational performance, given that their tertiary education completion rate is 15 percent as compared to six percent for men. The World Bank will study the skills gaps, including reasons for and interventions to address dropout, and identify entry points for implementing relevant and high-quality vocational training and supporting transitions into the labor market, particularly for females and other vulnerable groups. On the private sector side, given the lack of skilled workers, IFC will explore supporting client companies with internal skills development programs. IFC also plans to provide advisory services to the financial institutions it will support and trade finance training programs to the financial sector, thereby contributing to increasing skills in the financial sector.

Objective 2: Improve the business environment for private sector development

49. **A vibrant private sector is key for creating jobs and supporting Suriname's economic recovery.** While progress has been made, effective implementation of business environment reforms is challenged by institutional inadequacies, and administrative and regulatory barriers constrain competitiveness by restricting entry to market, thereby increasing the cost of goods and services. Access to finance is rated as one of the top binding constraints to doing business. The small size of the financial sector and concentration of capital in a few banks limits the availability and access to capital and the financial instruments that would deepen intermediation in the sector. These issues are compounded by a rigid labor market with a significant skills gap. By addressing these key vulnerabilities and implementing a more favorable investment climate, the country can overcome the constraints to private sector development. Leveraging its non-commercial and trade finance guarantee products, MIGA will seek to mobilize cross-border private capital into key sectors across Suriname's economy.

50. **The WBG will work cohesively to support business environment reforms, build the capacity of the domestic private sector, and mobilize private investments into productive and export-oriented sectors.** The World Bank will continue its support for key legislative reforms such as competition law, business professions law, e-transactions law, investment law, consumer protection law and establishment of a national credit bureau. Regulatory support will also extend to reforms for creative and cultural industries and to promote financial inclusion. Trade facilitation and export promotion will be tackled by addressing the standards and certification framework for tradeable goods. The Bank is supporting the government to review a new template for power purchase agreements following best practice guidelines. TA on electric mobility could analyze regulatory and policy gaps to determine the most impactful reforms and pilot selected initiatives. Additional energy sector reforms and interventions could be supported through a regional energy efficiency project that helps to scale public investments, build the market and test the enabling environment for the energy transition. Further, the Bank will seek opportunities to support Suriname's vision for digital transformation by developing the infrastructure and associated systems for managing government operations and expanding availability of online services. Building on these interventions, IFC will, where possible, provide cross-support to help boost Suriname's competitiveness and access to regional and international markets. In the short term, IFC will look to develop critical business infrastructure such as office space, hotels, and commercial real estate needed to improve the business environment. IFC will also look to support the digitalization of the financial sector, and, in the long term, look at the ICT sector's key players and infrastructure to determine where it can provide support. In line with the RPSD, IFC will also explore supporting renewable energy projects to help the country meet its sustainable development goals over the medium and long terms.

51. **IFC will continue to explore opportunities to help grow Suriname's private sector and crowd-in private investment, while promoting sustainability and financial inclusion.** In the short-term, IFC will seek engagements in agribusiness, focusing on food processing, as Suriname has significant potential as an agriculture producer. Through partnerships with local and regional commercial banks, non-banking financial institutions, digital finance providers, and, if possible, capital markets vehicles, IFC will explore opportunities to encourage investment in sectors with strong development impact, including agribusiness, climate finance and insurance, digital finance, and trade finance. IFC will look at building resilience in the private sector by exploring the development of new insurance products to support financial institutions and the private sector in general.

52. **MIGA, in close collaboration with the World Bank and IFC, will look for opportunities to mobilize foreign investments into Suriname to contribute to the development of the private sector.** MIGA, through the WBG Guarantee Platform, will seek to provide its political risk insurance to foreign investors and lenders in key sectors of the economy in support of projects that contribute to more and better jobs. MIGA will make efforts to engage in sectors such as infrastructure, with a focus on supporting the development of PPPs. In addition, MIGA's trade finance guarantees could be deployed in the country in support of increased access to trade loans and trade facilitation, which has been identified as a factor constraining the development of the private sector. As demand increases in other sectors, MIGA will look for opportunities to mobilize cross border investments and lending in sectors such as tourism, agribusiness and financial services, prioritizing climate finance focused projects, as well as projects that promote inclusion.

HLO2: Reduced citizens' vulnerability and protection of the forest

53. **This HLO continues and broadens the efforts under the previous CPS Results Area 2 (Reducing vulnerability to floods).** It enhances the scope of the WBG program to address climate change mitigation and adaptation, going beyond flood protection and to address protecting Surinamese citizens from the impacts of climatic events and other shocks. It also addresses the preservation of Suriname's pristine forests, part of the Amazon biome, and opportunities for communities who depend on the forests for their livelihoods. This HLO has two objectives: (1) strengthen resilience to climate and disaster risks, and (2) preserve the forest and improve the livelihood of forest-dependent communities.

Objective 3: Strengthen resilience to climate and disaster risks

54. **The SCD warns of the increasing threat climate change impacts pose to Suriname's economic infrastructure and the wellbeing of its citizens.** With more than 70 percent of the population and economic activity concentrated along the low-lying coast, the country's vulnerability to natural hazards is particularly acute. Suriname's preparedness to deal with climate disasters, and flooding in particular, is limited and will become an increasing priority in the coming years. Strengthening resilience to extreme weather events and flood prevention requires additional investments in the drainage systems. Suriname's 2019 National Adaptation Strategy's high-level priorities include the need for enhanced institutional capacity to manage disaster risk, enhanced data collection and management to inform decision-making, and enhanced climate change adaptation measures. Further, Suriname's National Climate Change Policy, Strategy and Action Plan[16] identifies the management and resilience of infrastructure against climate impacts as a key priority. Addressing these priorities is critical for safeguarding the country's patrimony and insulating its citizenry from the debilitating economic and social impacts of climate shocks.

[16] Suriname - Final National Climate Change Policy, Strategy and Action Plan for Suriname 2014-2021, https://dondru.sr/media/1047/sr_climate_change_policy_strategy_action_plan_2014_2021.pdf

55. **The World Bank has supported the government in its efforts to better understand the risk of flooding and to undertake informed risk reduction measures.** Between 2016-17, a World Bank TA, financed by the African, Caribbean, and Pacific-European Union's Natural Disaster Risk Reduction Program, in partnership with the Global Facility for Disaster Reduction and Recovery, conducted a Strategic Flood Risk Assessment (FRA) and a Coastal Resilience Assessment for the greater Paramaribo area. The FRA highlighted the role of the Saramacca Canal System in draining flood waters from an area stretching over 190 km,[2] including the capital city, Paramaribo. As one of the two active World Bank lending operations in Suriname, the Saramacca Canal System Rehabilitation Project (P165973), aims to address flood risk in the greater Paramaribo area through both structural and non-structural interventions. Structural interventions include upgrading of critical drainage infrastructure related to the Saramacca Canal and other secondary and tertiary systems and optimizing the overall maintenance of the canal for drainage, irrigation and navigation. Non-structural interventions include updating parts of the 2002 Drainage Master Plan and developing and updating guidelines and recommendations for efficient planning and management of the Saramacca Canal drainage area, including design standards and norms/regulations.

56. **The World Bank will continue to work with the Government of Suriname to build resilience including at the community level.** The Suriname Preparedness and Enhancing Resilient Communities Project (P504548) is under preparation and will seek to: (i) improve the secondary and tertiary drainage infrastructure in selected prioritized areas identified in the updated Drainage Masterplan for Greater Paramaribo and (ii) increase access to resilience-enhancing community infrastructure and services. The proposed project also aims to strengthen information systems for emergency preparedness and response, contributing to efforts to support the country's digital transformation. Subject to an adequate macroeconomic framework, the Bank will also support the preparation of a contingent line of financing for Suriname through a Catastrophe Deferred Drawdown Option (Cat-DDO) to address shocks related to natural disasters, which may include public health-related events. The Cat-DDO will support robust policy reforms, including macroeconomic reforms, that link to the implementation of Performance and Policy Actions (PPA) under IDA's Sustainable Development Finance Policy (SDFP).[17] This presents a good opportunity to not only address disaster risk management, but broader policy and institutional reforms.

Objective 4: Preserve the forest and improve the livelihoods of forest-dependent communities

57. **Although Suriname has maintained much of its forest cover (covering 93 percent of the country's surface), its forests are under pressure, with the pace of tree cover loss accelerated in recent years.**[18] Mining, especially unplanned artisanal small-scale gold mining, has been identified as the chief direct cause of deforestation, followed by infrastructure development, urban development, and agriculture. Maroon and indigenous peoples in the interior of Suriname are disproportionately affected by mining and the damage it inflicts on the forests. Suriname is committed to implementing policies and projects that contribute to the conservation of its forests and its carbon sinks, as prioritized in its NDCs and National Climate Change Policy, Strategy and Action Plan. International financial and technical support is crucial to support limiting deforestation and forest degradation to preserve the country's role as a carbon sink. Suriname has the potential to derive economic benefits from its participation in REDD+, engagement in voluntary carbon markets, and payment for ecosystem services schemes. The government has successfully completed the REDD+ readiness phase and has reported the REDD+ results twice to the United Nations Framework Convention on Climate Change. However, access to the carbon market has been limited, in part due to limited generation of a sustainable supply of emissions reductions credits with high social and

[17] The SDFP seeks to incentivize IDA countries towards more sustainable borrowing practices. IDA countries subject to the SDFP are required to implement PPAs which are policy actions taken by IDA countries to enhance debt management, debt transparency and fiscal sustainability.
[18] Suriname SCD.

environmental integrity. Suriname needs support as it moves from REDD+ readiness to implementation and the results-based payment phases.

58. **The World Bank will continue to support reforms in the mining sector and strengthen its engagement on forest management and the environment.** The ongoing Competitiveness and Sector Diversification Project (P166187) will strengthen the legal, regulatory and institutional frameworks for governing the mining sector with support for revision of legislation and regulations, creation of a minerals institute and capacity improvement of key agencies to regulate and monitor the sector. These efforts will contribute to improved mining practices thereby reducing the impacts on the forests and reducing the sector's vulnerability to climate change. Securing equitable management of Suriname's protected and productive landscapes is a key priority of the Amazon Sustainable Landscapes (ASL) Program, financed by the Global Environment Facility and led by the World Bank. Under the third phase of the ASL Program, Suriname's engagement will expand to strengthen integrated landscape conservation and sustainable management in the Western Suriname intact forest landscape. The World Bank will seek opportunities to collaborate with other partners, like the EU, IDB and the UNDP, on forestry management and support for the environment and environmental services, leveraging the knowledge from the recently completed Strategic Environmental and Social Assessment.

59. **The World Bank will support the government's efforts to access carbon markets and with community-based forest management and conservation.** TA support will be provided to set-up the infrastructure and capacities needed to access carbon markets to comply with the requirements of existing carbon market standards and generating a sustainable supply of emission reduction credits. The TA will include support to convert REDD+ results for 2016 and beyond into market-grade credits, which also facilitates the monetization process by safeguarding that generated emissions reductions credit meet certain quality and integrity thresholds sought after by buyers in the voluntary carbon market. These interventions can support Suriname in generating revenue from its efforts to maintain its standing forests and reduce deforestation and forest degradation. In addition, de-risking instruments could be explored to help reduce regulatory uncertainties faced by investors regarding carbon markets.

60. **Under this CPF, the World Bank will work with the government to strengthen community preparedness and resilience including of forest-dependent indigenous and Maroon communities.** The Suriname Preparedness and Enhancing Resilient Communities Project (P504548) is under preparation and will include support for community-led preparedness and resilience activities including for indigenous and Maroon communities in the country's interior. This proposed project will support: (i) community resilience and preparedness grants for community subprojects in the areas of access to basic services and resilient livelihoods including eco-tourism and other forest-dependent opportunities, and (ii) institutional strengthening of community and local authorities through TA and capacity building.

3.4 Implementing the CPF

61. **This CPF will span the last year of IDA20 and the full IDA21 cycle.** Suriname's eligibility for IDA financing is expected to commence in FY25, the final year of IDA20, consequent upon its completion of requirements for IDA membership. The indicative IDA20 allocation for Suriname is 17 million Special Drawing Rights (approximately US$ 22.5 million). This is indicative of the annual Performance-Based Allocation (PBA) expected during the IDA21 cycle. Coupled with access to IDA financing windows, this represents a substantial increase in potential financing for the WBG program in Suriname.

62. **A strategic principle of the CPF design is flexibility, which will allow the WBG to respond to evolving country priorities and emerging opportunities.** The CLR highlighted the importance of flexibility in the country program which allowed the WBG to respond effectively to the macroeconomic volatility and other impacts of the COVID-19 pandemic. The current country context requires flexibility to be able to adjust

the WBG program to address unanticipated shocks or build on periods of continued stability. As such, the program will be less prescriptive about the specific interventions but focused on the results and outcomes to be achieved. Continued dialogue with the government and other partners, informed by WBG analytics, will guide the evolution of the WBG program as implementation progresses. The WBG and the government will carry out a PLR at an opportune time to adjust the program and review the results framework as the WBG engagement continues to develop.

63. **The WBG investment portfolio in Suriname is small and efforts to maintain a focused portfolio with an emphasis on portfolio management to maximize the impact of the program, will continue.** The current World Bank portfolio consists of two investment projects totaling US$52 million, implementation of which suffered delays due to severe capacity constraints, a change in government in 2020 and impacts of the COVID-19 pandemic. Under this CPF, a proposed Suriname Preparedness and Enhancing Resilient Communities Project (P504548) will be the first operation to be approved with IDA financing. Strategies such as frontloading and capitalizing on the array of lending instruments will be used to advance fewer and larger interventions, and, where appropriate, multisectoral approaches will be utilized. In keeping with the principle of flexibility, and in light of Suriname's vulnerability to climate change and external shocks, Contingent Emergency Response Components (CERCs) will be incorporated throughout the portfolio to facilitate a rapid response to urgent needs in times of crises. The World Bank will hold annual Country Portfolio Performance Reviews (CPPRs) with the government, supplemented by monthly portfolio meetings, to address key risks and implementation challenges ensuring a coordinated and systematic approach to portfolio management. Further, the World Bank will continue its collaboration with the IDB to work with the government to pilot a centralized PIU as a mechanism to optimize the use of critical but scarce human resources.

64. **The WBG will seek to maximize the financing available to Suriname.** Through tactical use of the country's IDA PBA, the WBG will leverage other sources of funding including trust funds, IDA windows such as the Regional Window, and private financing in close collaboration with IFC and MIGA. The WBG will support Suriname to take advantage of the expanding climate finance ecosystem including the IDA Crisis Response Window, and trust funds such as the Global Environment Fund and the Forest Carbon Partnership Facility, among others. This will support the country's efforts to improve its readiness and response to climatic events and enhance its role as a carbon sink through forest preservation activities.

65. **Data and operational knowledge are fundamental to the success of the WBG program.** The CLR stressed the importance of access to quality data for improved decision making. The WBG will deploy TA for critical analytics such as the PFR and sectoral policy notes to provide a solid basis for policy dialogue. Suriname will also benefit from regional studies on climate and resilience, tourism, migration and regional trade and connectivity. As Suriname becomes an IDA member, the country will be subject to the SDFP and will be required to prepare annual PPAs aimed at enhancing debt transparency, fiscal sustainability, and debt management. TA support will be provided by the World Bank to contribute to Suriname's achievement of its PPAs.[19]

Partnerships and Donor Coordination

66. **The WBG will deepen its collaboration with other development partners to ensure complementarity.** The partnership with the IDB on the preparation of the poverty and equity assessment has proven to be a successful collaboration which the two organizations will explore replicating in other areas including priorities under the WBG and IDB Memorandum of Understanding (e.g., the Amazon). The WBG will seek to advance discussions with the Ministry of Finance and Planning, the IDB and other

[19] IDA country allocations are linked to the satisfactory implementation of concrete PPAs. Under the SDFP framework, countries that do not satisfactorily implement their PPAs may be subject to a set-aside of their country allocations.

development partners on the creation of a central support unit to implement WBG and IDB-financed operations. This aims to enhance efficiency by streamlining processes, foster capacity building, and facilitate the exchange of best practices, thereby improving project management and coordination. This collaboration underscores a commitment to donor coordination and promotes a cohesive development strategy in Suriname. By merging resources and expertise, the WBG and IDB will amplify the impact of their projects, aligning them to Suriname's strategic goals thereby ensuring the sustainability and local ownership of development outcomes. The development partners forum will be leverage for improved coordination, facilitated partnerships and regular information and knowledge exchange for maximizing comprehensive and efficient development impact.

IV. MANAGING RISKS TO THE CPF PROGRAM

67. **The overall risk rating of the CPF program is substantial.** This takes into account the residual risks associated with the following risk categories: (i) political and governance (high), (ii) macroeconomic (substantial), (iii) institutional capacity for implementation and sustainability (substantial), (iv) fiduciary (substantial), and (v) environmental and social (substantial). The WBG will work with the government to implement identified mitigation measures for these risk categories and will continually monitor the program to assess the likelihood of occurrence of the identified risks.

Table 2: Systematic Operations Risk Rating Tool (SORT)

Risk Category	Rating (L, M, S, H)[20]
1. Political and Governance	H
2. Macroeconomic	S
3. Sector Strategies and Policies	M
4. Technical Design of Project or Program	M
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	S
7. Environmental and Social	S
8. Stakeholders	M
9. Other	
OVERALL	**S**

68. **The political and governance risks are assessed as high.** This elevated risk level is primarily attributed to the forthcoming elections scheduled for 2025, which holds the potential for shifts in the political landscape, including changes in the cabinet. These changes could affect the government's commitment to and ownership of the program which could evolve into deacceleration of implementation, particularly if there is a change of personnel within the line agencies responsible for executing the program. To mitigate these risks and ensure the CPF's objectives remain aligned with the nation's developmental goals, the WBG plans to maintain active engagement with government stakeholders.

69. **The macroeconomic risk is rated substantial, influenced by Suriname's dependence on commodities, making it susceptible to external shocks.** This vulnerability is compounded by global factors such as geopolitical conflicts and the effects of climate change. These adverse factors can destabilize macroeconomic conditions, leading to fluctuations in the exchange rate, volatility, and a reduction in the fiscal space, and adversely affect debt sustainability. Recognizing these risks, the WBG is committed to a

[20] L = Low, M = Moderate, H = High, S = Substantial

proactive and adaptable approach in its engagement with Suriname, ensuring that the country program remains responsive and can be adjusted in accordance with shifts in the country's context.

70. **The institutional capacity for implementation and sustainability risk is substantial**. This is heightened by significant capacity challenges within the country. Suriname faces a scarcity of qualified professionals to occupy crucial fiduciary positions, which is a critical barrier to effective implementation and sustainability of projects. Additionally, the WBG's relatively recent re-engagement with Suriname means there is a limited track record and experience in working with WBG processes. The expansion of the WBG program is likely to exacerbate these capacity issues. To counter these risks, the WBG will deploy targeted training and capacity building initiatives, increase oversight, and ensure enhanced implementation support from Bank teams. The use of HEIS for procurement and, where feasible, for environmental and social aspects, will also be pursued. Furthermore, the cross-cutting priority of good governance and institutions is expected to further minimize this risk.

71. **Fiduciary risk is rated substantial.** Existing PFM weaknesses prevent the use of country systems for the management of Bank-financed operations. Low institutional capacity and inadequate staff skills and competencies impede full observance of the legal and regulatory framework governing public funds. Budget preparation practices are inadequate, as are the systems and procedures for recording, analyzing and reporting on government budget transactions. This, coupled with the lack of effective independent assurance, compromises the quality of information available for effective monitoring of budget execution and for holding officials accountable for the use of public funds. Challenges in procurement are compounded by an antiquated legal framework governing procurement, coupled with a constrained market environment that could potentially hinder the attainment of program objectives. Additionally, the weak capacity of public institutions tasked with procurement emerges as a significant risk factor. Consequently, separate PIUs, whose financial management arrangements are currently assessed as adequate, are used for the management of World Bank funds. The WBG will support the conduct of diagnostic studies that will guide institutional strengthening actions and will continue to provide capacity building activities to PIUs, including through the use of its E-Learning platform. PIUs will also be supported to strategically structure procurement packages to leverage appropriate market approaches and encourage competitive bidding. Moreover, the WBG will engage with the government to inform, when appropriate, policy and legal reform, thereby strengthening the fiduciary framework and enhancing the efficacy of program delivery in Suriname.

72. **The environmental and social risk is considered substantial, as the country is increasingly susceptible to extreme weather events, including significant flooding and coastal erosion.** These natural hazards pose a threat to the WBG program objectives and may necessitate the reallocation of resources to manage and mitigate the impacts of climate-related emergencies. In addition, the weak capacity of public institutions responsible for environmental protection and compliance contributes to the risk. To address these challenges, the WBG will incorporate flexibility into its program through the use of the CERC. These components are designed to enable the government to rapidly respond to unforeseen environmental and social threats, thereby serving as a key mechanism for risk mitigation and ensuring the resilience of the WBG's efforts in Suriname. The country also faces social risks within the WBG's Program, particularly the risk of excluding relevant stakeholders, including disadvantaged or vulnerable groups, from access to development resources, project benefits and meaningful consultations. This exclusion undermines the desired inclusive and sustainable development of Indigenous Peoples, persons with disabilities, youth, and women. To mitigate these risks, the WBG will encourage and support robust stakeholder engagement. Grievance mechanisms will be established to adequately respond to concerns and grievances of project-affected parties, and the responsiveness of the system will be routinely monitored.

Annex 1: CPF Results Matrix[21]

High Level Outcome 1 (HLO 1) – Increased employment		
This is an expanded HLO related to the previous CPS Results Area 1 (Creating a conducive investment climate for economic growth). The HLO was expanded to address challenges related to human capital, which is critical to Suriname's long-term development as it prepares for a near-term surge in resource revenues and seeks to sustainably manage those revenues to create economic opportunities for its citizens and to attract private investments.		
High-level Outcome Indicators	**Data source**	**Current value**
1. Unemployment rate[22] 2. Labor force participation rate[23] 3. Human development index	1. World Development Indicators 2. World Development Indicators 3. UN Human Development Index	1. 8.02 (2023) 2. 54.27 (2023) 3. 0.69 (2022)
High Level Outcome description **Rationale:** Public investment is expected to play an increasing role in Suriname's long-term development and the private sector is considered key to the country's economic recovery. However, Suriname faces severe deficiencies in governance and institutional capacity is weak, which inhibit core public sector functions. Improvements in, and accumulation of, human capital is critical for Suriname's growth and economic transformation in the context of the impending oil sector bonanza and its impact on other sectors of the economy. The labor market is challenged by a significant skills gap with brain drain and talent retention being major constraints. Enhancing quality of and access to formal education and training is critical to creating a skilled workforce and increasing productivity. The institutional environment for private sector development is lagging with crucial reforms to the investment, trade and competition regime pending. Discretionary decision-making power and ad hoc decision-making have fostered a lack of predictability and a high cost of doing business. Further, addressing challenges to growth, economic diversification and job creation will require strengthening of the financial sector to support incoming financial flows and ease financing constraints faced by the private sector. **WBG engagement:** The World Bank Group (WBG) will contribute to this High Level Outcome (HLO) through two objectives to strengthen human capital and support private sector development. As strengthening governance and institutions is a cross-cutting theme, the World Bank will seek opportunities to support capacity-building and enhance public sector management. To address the skills gap, an assessment of labor market needs and support for the development of skills for the future economy will be prioritized. This will be achieved through investments in education, and engagement of the private sector, with a focus on the integration of women and disadvantaged groups into the economy thereby increasing their productivity. Strengthening Suriname's business regulatory environment is a key activity under ongoing World Bank engagement. Based on demand for advisory services to carry out Public Private Partnership (PPP) projects, the International Finance Corporation (IFC) will build on its previous engagement with the authorities and seek to work on capacity building together with the World Bank. Technical support could be provided to develop PPPs leveraging IFC´s experience in engaging in these types of projects in the Caribbean region and beyond (for example, Jamaica and Haiti). Additionally, IFC and the Multilateral Investment Guarantee Agency (MIGA) will seek opportunities to help		

[21] A lack of baseline or targets reflect a lack of data and the information available from current projects. Adjustments to baseline and targets will occur during the Performance and Learning Review (PLR) at which time additional information should become available.

[22] Percentage of total labor force (modeled ILO estimate)

[23] Percentage of total population ages 15+ (modeled ILO estimate)

grow Suriname's private sector, by mobilizing private investments and focusing on non-oil economic activities and on enabling and export-oriented sectors (for example, infrastructure and financial services).

Knowledge gaps: Knowledge gaps and data constraints are an important challenge. As discussed in the World Bank's recent Systematic Country Diagnostic (SCD) for Suriname, while statistics and estimates of offshore oil revenues are relatively recent and reliable, data constraints in many other areas are significant. Accordingly, there are data and information gaps on human capital and in sectors where the World Bank can provide technical support and IFC and MIGA could support with advisory services and crowd-in private investment. A series of diagnostics, studies and gap analyses could help to understand the constraints to enhancing human capital and developing the private sector.

SDGs associated:

- SDG 1 – No Poverty
- SDG 4 - Quality education
- SDG 5 - Gender equality
- SDG 8 – Decent work and economic growth
- SDG 9 – Industry, innovation, and infrastructure
- SDG 10 – Reduced inequalities
- SDG 11 – Sustainable cities and communities
- SDG 16 – Peace, justice and strong institutions

CPF Objective 1: Strengthen education outcomes and skills development

This is a new objective.

Intervention Logic

Rationale for the CPF objective: Economic growth will require an adequately prepared workforce, which is currently insufficient to satisfy labor market needs. Gaps in skills and training stifle the growth and productivity of firms and inhibit competitiveness of the economy. Enrolment in postsecondary education in Suriname is below the Latin America and Caribbean (LAC) regional average. This results in an inadequately trained workforce, the second most serious constraint to doing business, as identified by firms (and confirmed during consultations with the private sector). The structural change in the economy will require the labor force to acquire new knowledge and skills to meet the demands of the market. Strengthened postsecondary education, including through technical and vocational education and training, will enhance the availability of skills to support the Surinamese labor market.

Lessons learned and new knowledge at the program level: Achieving success in areas of new engagement requires close collaboration with government and other key stakeholders. Understanding capacity and institutional gaps will allow for more effective and targeted solutions to improve education quality and enhance synergies with the labor market. Knowledge gaps exist in understanding education sector expenditure and the structure of the education system.

WBG ongoing and planned support to this CPF Objective: The WBG will support Suriname's efforts to strengthen skills development through activities to improve education outcomes by implementing an assessment of the skills gaps, identifying reasons for and interventions to address dropout, and proposing entry points for implementing relevant and high-quality vocational training and supporting an efficient transition into the labor market, particularly for females and other vulnerable groups. A public finance review will provide an assessment of government spending and will inform a proposed project to address

education outcomes and skills development. The ongoing poverty and equity assessment will also provide data on vulnerable groups which will contribute to designing interventions to address human capital challenges. Where possible, IFC will seek to support client companies with skills development programs, as well as financial institutions to help build skills of workers in the financial sector. **Key risks and mitigation:** The key risks to achieving this objective are lack of prior WBG engagement on the human capital agenda in Suriname and low government capacity for implementation of reforms. These will be mitigated by enhancing WBG knowledge through analytics, close policy dialogue with the authorities at all levels and strong collaboration with other partners working in this area.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
Indicator 1.1: Youths completing a new or enhanced vocational training program in priority sectors (Number) (disaggregated by gender) **G**, **GL** **Baseline** [YEAR]: **Target** [YEAR]: **Source**: **Baseline women** [2024]: **Target women** [2029]: **Source**: Improving Education Outcomes and Skills Development Project ***Indicator 1.2***: Retention rate for secondary school students (percent) **Baseline** [YEAR]: **Target** [YEAR]: **Source**:	***SPI 1.1***: Vocational training programs incorporating student engagement with the private sector (number) **GL** **Baseline** [YEAR]: **Target** [YEAR]: **Source**: Improving Education Outcomes and Skills Development Project	**Financing Pipeline:** Improving Education Outcomes and Skills Development Project **Ongoing ASA:** Poverty and Equity Assessment **ASA Pipeline:** Suriname Vision 2050 (P504559) Education Public Finance Review
CPF Objective 2: Improve the business environment for private sector development		
This CPF Objective is related to four objectives under the Results Area 1 (Creating conducive investment climate for economic growth) of the previous CPS: (1. Improved standards for financial reporting transparency in public and private sector, 2. Improved legislative framework related to investment climate, 3. Improved regulations and infrastructure in the financial sector, and 4. Institutional capacity to facilitate investment and private sector development strengthened.)		
Intervention Logic **Rationale for the CPF objective:** Despite some progress in business environment reforms, effective implementation is challenged by institutional inadequacies, including capacity and synergies between and among agencies. Inefficient government bureaucracy and access to finance are rated among the top problematic factors to doing business in Suriname. Administrative and regulatory barriers further restrict entry to the market, thereby constraining competitiveness and leading to higher costs for goods and services. The financial sector is small, with a concentration of capital at the three largest banks. Credit to the private sector is limited and requires heavy securitization, mostly in the form of real estate. The sector would benefit from an increase in financial instruments to enhance access to capital for the private sector. A lack of competition, burdensome regulations, and state ownership in various sectors further hamper private sector		

expansion and hinder foreign investment inflows. The lack of a national credit bureau to assess private actors' credit risk is an additional access to finance constraint for the real economy. Access to finance has been recorded as the largest growth constraint for micro small and medium enterprises (MSME) who are beneficiaries of ongoing World Bank programs, especially for those who aim to pivot to export markets.

Lessons learned and new knowledge at the program level: The private sector in Suriname is dominated by small firms in non-tradeable services. The small market size and scale issue impact IFC and MIGA's ability to intervene in Suriname. Pursuing investments in the real sector has been challenging, but those in the financial sector tend to be more feasible as IFC was able to approve a trade line with a local bank during the previous CPS period, although market conditions at the time did not allow the line to be fully utilized. In the financial sector, IFC's interventions are only feasible when deploying blended finance, as this enables advisory services and products such as risk-sharing facilities with banks in an otherwise challenging domestic environment. The Caribbean Regional Private Sector Diagnostic (RPSD) published in 2023, sheds light on the structure of the private sector and cross-cutting issues to private sector growth and could help to inform IFC and MIGA's interventions to foster the development of Suriname's private sector. The World Bank's ability to support business environment reforms relies heavily on strong champions within government to navigate the country's complex lawmaking processes. Implementing reforms requires coordination between different levels of government and across multiple agencies with varying capacities. Therefore, ensuring that reforms are demand driven and consider institutional capacity constraints are critical elements to achieving success.

WBG ongoing and planned support to this CPF Objective: The World Bank will provide support on the business-enabling environment, including reforms in key areas, promote financial inclusion, and address regulatory constraints to creative and cultural industries, trade facilitation, export promotion, and the digital economy. Support for energy sector reform will continue with TA on power purchase agreements and electric mobility, with additional interventions in renewable energy. IFC will complement the World Bank's work on business environment, digitization and trade logistics, and focus on MSME finance, business infrastructure, agribusiness, renewable, energy, ICT and PPPs. In collaboration with the World Bank, IFC could support technology adoption in the financial sector through an upstream intervention to set up a digital platform for instant payments to boost financial inclusion, provided there is demand from authorities. To complement these efforts, MIGA could provide its trade finance guarantees to support trade facilitation in the country. MIGA, through the WBG Guarantee Platform, will also look for opportunities to support foreign private investors and lenders in sectors such as infrastructure (including the development of PPPs).

Key risks and mitigation: The key risks include institutional inadequacies, where limited capacity and poor coordination among agencies could hinder the effective implementation of reforms aimed at improving the business environment. Additionally, bureaucratic inefficiencies present a significant challenge, as cumbersome government procedures can impede the pace of implementation. Changes in personnel could contribute to a lull in the program and risk stymieing business environment reforms. Pressure on the exchange rate can negatively impact the implementation and expansion of business support services, as well as the retention of qualified persons to staff project implementation units. To mitigate these risks, the WBG intends to continue strengthening institutional capacity and fostering inter-agency collaboration to ensure effective policy implementation. This will be complemented by building momentum in priority areas and engaging regularly with key stakeholders to drive support for the program. The Bank will continue to engage with the authorities to find solutions to mitigate the inflationary pressures.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 2.1: New business environment regulations, codes, policies or procedures adopted (number) **Baseline** [2024]: 0	***SPI 2.1***: Recommendations for electric mobility interventions in Suriname **Baseline** [2024]: no recommendations existent	**Ongoing Financing:** Competitiveness and Sector

Target [2028]: 5 **Source**: MEA, MoF ***Indicator 2.2*** Average increase in revenue of SMEs benefitting from project-related activities (percentage, disaggregated by gender) **G** **Baseline** [2024]: 0 **Target** [2029]: 15 **Source**: Competitiveness and Sector Diversification Project (P166187) **Baseline women** [2024]: 0 **Target women** [2029]: 15 **Source**: Competitiveness and Sector Diversification Project (P166187) **Indicator 2.3**: People utilizing digitally enabled services (number) **GL** **Baseline** [2024]: 0 **Target** [2029]: 0.300 million **Source**:	**Target** [2026]: Report with recommendations delivered **Source**: Suriname Electric Mobility TA ***SPI 2.2***: SMEs benefitting from capacity upgrading support (number, disaggregated by gender) **G** **Baseline** [2024]: 200 **Target** [2026]: **Source**: Competitiveness and Sector Diversification Project (P166187) **Baseline women** [2024]: 99 **Target women** [2026]: **Source**: Competitiveness and Sector Diversification Project (P166187) ***SPI 2.3***: SMEs receiving matching grants (number, disaggregated by gender) **G** **Baseline** [2024]: 26 **Target** [2026]: 150 **Source**: Competitiveness and Sector Diversification Project (P166187) **Baseline women** [2024]: 12 **Target women** [2026]: 60 **Source**: Competitiveness and Sector Diversification Project (P166187)	Diversification Project (P166187) **Financing Pipeline:** Advancing Financial Inclusion, Trade and Export Promotion Project Regional Energy Efficiency Project **Ongoing ASA:** Caribbean Regional Energy Initiative (P159107) **ASA Pipeline:** Suriname Vision 2050 (P504559) Suriname Electric Mobility TA
High Level Outcome 2 (HLO 2) – Reduced citizens' vulnerability and protection of the forest		
This HLO continues and broadens the efforts under CPS Results Area 2 (Reducing vulnerability to floods).		
High-level Outcome Indicators	**Data source**	**Current value**
1. Estimated losses from extreme hydrometeorological events 2. Score on the ND-GAIN Index[24] 3. Tree Cover Loss	1. EM-DAT: The Emergency Events database by Université Catholique de Louvain – CRED, Brussels, Belgium 2. ND-GAIN Index: https://gain.nd.edu/our-work/country-index/rankings/	1. Between 2001 and 2023, hydrometeorological extreme events costed USD 21 million 2. Score: 47.0 (2021) 3. 0.19 percent (2023)

[24] The ND-GAIN index is a composite indicator that assesses a country's vulnerability to climate change and readiness to improve resilience.

	3. Global Forest Watch, Suriname Dashboard: https://www.globalforestwatch.org/dashboards/country/SUR/	

High Level Outcome description

Rationale: With more than 70 percent of the population and economic activity concentrated along the low-lying coast, vulnerability to natural hazards is particularly acute. The impacts of natural climatic events negatively affect the country's macro-fiscal stability as resources are diverted from other development priorities, reversing gains in poverty reduction efforts. On climate change adaptation, the country is highly vulnerable to the impacts of climate change, particularly flooding, coastal erosion, heavy rainfall and higher temperatures during dry seasons. Spanning approximately 93 percent of its total land surface, Suriname's forests are of global significance both as a biodiversity hotspot and a carbon sink. As such, the protection of forests contributes to climate change mitigation.

WBG engagement: The WBG will support this HLO through targeted investments, analytics and TA to (i) strengthen resilience to shocks, including climate vulnerabilities and (ii) preserve the forest and improve the livelihoods of forest-dependent communities. The World Bank will continue to work with the government to build resilience to strengthen community preparedness and resilience through i) flood reduction infrastructure and improved access to basic infrastructure and services and ii) increased access to resilience-enhancing community infrastructure and services. Through technical and financial support, the World Bank will support local communities, including indigenous and traditional communities in the country's interior, with sustainable forest management, biodiversity conservation, and income generation activities. Suriname's engagement in voluntary carbon markets and payment for ecosystem services schemes will be supported with TA and capacity strengthening to enhance the economic benefits of participating in these markets.

Knowledge gaps: The Saramacca Canal Rehabilitation Project has substantially enhanced the Bank's knowledge of the functioning of the greater Paramaribo drainage system through the preparation of a drainage masterplan. Nevertheless, knowledge gaps and data constraints are an important challenge, particularly in other parts of the country. Hydrometeorological datasets, such as rainfall and water levels, are paramount in better understanding the potential of flooding throughout the country and for analyzing trends (e.g., precipitation change and sea level rise). These knowledge gaps will be bridged through the development of comprehensive databases (including the digitization of historical records) accompanied by training of relevant ministry staff in their use and maintenance to better manage flood events. Gaps in data collection and processing of social statistics are an impediment to informed decision-making. A new census, being undertaken by the General Bureau of Statistics is expected to fill some major data gaps in the near future.

SDGs associated:

- SDG 1 – No poverty
- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 10 – Reduced inequalities
- SDG 11 – Sustainable cities and communities
- SDG 13 – Climate action
- SDG 15 – Life on land

CPF Objective 3: Strengthen resilience to climate and disaster risks		
This objective broadens the scope of objective 6 of the previous CPS (Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area) to include enhanced fiscal capacity to respond to climate-induced events.		
Intervention Logic **Rationale for the CPF objective:** Persistent, heavy rainfall and sea level rise contribute to flooding and coastal erosion in Suriname. Increasingly, severe flooding in interior locations threaten the livelihoods of the local population. Drainage systems are outdated and lack capacity to handle the excessive rainfall. Effectively planning for climate scenarios and updated drainage systems are necessary priorities for addressing key vulnerabilities. **Lessons learned and new knowledge at the program level:** Government buy-in for investments in resilience bolsters the potential for success of reforms and interventions, and continued support for operation and maintenance. Through the ongoing Saramacca Canal System Rehabilitation Project, the government has demonstrated its support for the sector and has become familiar with Bank processes and operations, paving the way for successful future investments. Between 2016-2017, the preparation of a strategic Flood Risk Assessment (FRA) for the Greater Paramaribo Area and a Coastal Resilience Assessment, through World Bank TA, contributed to prioritizing targeted flood risk reduction interventions and the development of an evidence-based, prioritized list of targeted flood reduction investments. The FRA laid the knowledge basis for the World Bank to further engage in the disaster risk management agenda in Suriname. Additionally, the updated Greater Paramaribo Drainage Masterplan identified a set of interventions to reduce flood risk with a capital investment need of over US$ 300 million in the next 20 years. The new knowledge provides the foundation for the WBG to provide continued support for the government in building resilience to climate and disaster risks. **WBG ongoing and planned support to this CPF Objective:** The ongoing Saramacca Canal System Rehabilitation Project is contributing to reduced flood risks by upgrading critical drainage infrastructure in the Saramacca Canal and other secondary and tertiary systems; developing and upgrading guidelines and recommendations for efficiently planning and managing the Saramacca Canal drainage area, including design standards and norms/regulations; developing a flood forecasting service and implementing an emergency response in the event of a natural disaster. The proposed Suriname Preparedness and Enhancing Resilient Communities Project (P504548) will enhance the resilience of community/municipal infrastructure and strengthen the capacity of communities to prepare for and respond to disasters. The project will also support community-led preparedness and resilience through community grants to improve access to basic services and support resilient livelihoods. In addition, detailed designs will be prepared for future investments to improve local flood management and to ensure readiness for implementation in the greater Paramaribo area. Through a Catastrophe Drawdown Option (Cat-DDO) operation, the World Bank will support policy and institutional reforms to strengthen disaster risk management and climate adaptation while providing access to liquidity to the government for addressing potential shocks related to natural disasters. **Key risks and mitigation:** Unplanned urban development, weak enforcement of planning regulations and poor communication between ministries lead to risks that key drainage pathways and infrastructure space, needed to support urbanization and development, are not safeguarded for future use. These risks can be mitigated through strengthening of institutional capacity, more integrated planning, and better communication between ministries.		
CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
Indicator 3.1: Area benefitting from reduced risks of floods and Early Warning systems (ha) CC **Baseline** [YEAR]: **Target** [YEAR]:	***SPI 3.1***: Detailed designs prepared for future investments to enhance flood resilience (number) CC **Baseline** [2024]: 0 **Target** [2026]: 3	**Ongoing Financing:** Saramacca Canal System Rehabilitation (P165973)

Source: ***Indicator 3.2***: People with enhanced resilience to climate risks (number, disaggregated by gender) CC **Baseline** [2024]: 0 **Target** [2029]: 150,000 **Source**: Suriname Preparedness and Enhancing Resilient Communities Project (P504548) **Baseline women** [2024]: 0 **Target women** [2029]: **Source**: Suriname Preparedness and Enhancing Resilient Communities Project (P504548) ***Indicator 3.3***: Increased financial coverage against natural disasters (US$ million) CC **Baseline** [2024]: 0 **Target** [2029]: 20 million **Source**: Suriname Cat-DDO progress reports	**Source**: Suriname Preparedness and Enhancing Resilient Communities Project (P504548)	**Financing Pipeline:** Suriname Preparedness and Enhancing Resilient Communities Project (P504548) Suriname Cat-DDO **ASA Pipeline:** Suriname Vision 2050 (P504559)
CPF Objective 4: Preserve the forest and improve the livelihoods of forest-dependent communities		
This is a new objective.		
Intervention Logic **Rationale for the CPF objective:** Suriname is one of the three carbon negative countries in the world. Its forests provide ecosystem services important at global and local levels, including climate change mitigation, biodiversity preservation, cultural values, livelihoods and food security for communities. However, unsustainable mining practices (the leading cause of deforestation), infrastructure and urban development and agriculture combined, are putting the country's forests under pressure. Monetizing the role of Suriname's forest as a global public good for its ecosystem services, with international financial and technical support, is a key priority. Adopting and enforcing climate-smart and forest-smart mining standards will reduce deforestation. Creating sustainable economic opportunities by developing alternative forest value chains through eco-tourism and eco-services could also contribute to forest preservation efforts. In addition, strengthened environmental resource management through robust implementation of environmental-related laws and regulations with a strong regulatory framework can lead to enhanced enforcement and monitoring. Further, supporting local communities to benefit from economic and employment opportunities such as ecotourism and other forest-dependent livelihood opportunities will contribute to the goal of forest preservation. **Lessons learned and new knowledge at the program level:** World Bank engagement will build on lessons from the Strategic Environmental and Social Assessment undertaken for the mining sector which highlights that deforestation and habitat loss are key risks largely due to mining. Establishing local carbon markets may offer additional avenues for climate financing thereby incentivizing communities to preserve carbon-offsetting natural resources.		

WBG ongoing and planned support to this CPF Objective: The Bank will continue to support the government to strengthen the legal and regulatory framework for the mining sector with the preparation of a new mining law and creation of a Minerals Institute, as well as enhancement of the mining cadaster, and strengthening geological survey and mining inspectorate capacity. Through the Global Environment Facility-financed Amazon Sustainable Landscapes Program, led by the Bank, support will be provided to improve integrated landscape management and conservation of ecosystems in the Amazon. As part of the program, stakeholders from Suriname benefit from knowledge exchange and collaboration among all Amazon countries. The Suriname Preparedness and Enhancing Resilient Communities Project being prepared will include support for community-led interventions including in indigenous and Maroon communities in the country's interior. This financing will support i) community resilience and preparedness grants for community subprojects in the areas of access to basic services and resilient livelihoods and ii) TA and capacity building for institutional strengthening of community and local authorities. The Government of Suriname is exploring opportunities for support in setting up the carbon system; advice on the purchase offers already received by government; and socializing the topic of carbon markets in the country. The World Bank will work with the government providing TA for the set-up of the necessary infrastructure to help access carbon markets, including the necessary financial, regulatory, and institutional mechanisms to participate and benefit from carbon markets, building on the strong preparations already made for Reducing Emissions from Deforestation and Forest Degradation+ (REDD+). Collaboration with other development partners, like the Inter-American Development Bank (IDB), through ongoing operations and TA in forestry management and support for environmental agencies could generate synergies and leverage for potential World Bank financing during the outer years of the CPF period. **Key risks and mitigation:** Unplanned growth of the mining sector and weak enforcement of regulations and compliance monitoring are key risks that can be mitigated through strengthening institutional capacity, public awareness and engagement. Another risk to achieving improved enforcement of environmental regulations, as measured by the number of compliance inspections carried out, is the potential shortfall in funding, as well as constraints in capacity, expertise, and technology required to perform these activities. To mitigate this risk, it is recommended to implement comprehensive training programs and provide capacity-building support aimed at bolstering the responsible agencies' monitoring capabilities.

CPF Objective Indicators	**Supplementary Progress Indicators**	**WBG Program**
Indicator 4.1: Forest under improved management effectiveness (ha) **Baseline** [YEAR]: **Target** [YEAR]: **Source**: ***Indicator 4.2***: People from forest-dependent indigenous and traditional communities with enhanced resilience to climate risks (number, disaggregated by gender) **G**, **GL**, **CC** **Baseline** [2024]: 0 **Target** [2029]: 5,000 **Source**: Suriname Preparedness and Enhancing Resilient Communities Project (P504548) **Baseline women** [2024]:	***SPI 4.1***: Government staff trained to manage, regulate and monitor the mining sector (number, disaggregated by gender) **G**, **IS** **Baseline** [2024]: 15 **Target** [2029]: 35 **Source**: Competitiveness and Sector Diversification Project (P166187) **Baseline women** [2024]: **Target women** [2029]: **Source**: ***SPI 4.2***: Forest area brought under sustainable forest management (ha) **Baseline** [YEAR]: **Target** [YEAR]:	**Ongoing Financing:** Competitiveness and Sector Diversification Project (P166187) **Financing Pipeline:** Suriname Preparedness and Enhancing Resilient Communities Project (P504548) **Ongoing ASA:** Amazon Sustainable Livelihoods Program, Phase 2 (P173602) **ASA Pipeline:** Amazon Sustainable Livelihoods Program, Phase 3 (P502116)

Target women [2029]: **Source**: ***Indicator 4.3***: Financial, regulatory and institutional mechanisms supported for carbon market participation **IS** (number) **Baseline** [2024]: 0 **Target** [2029]: 3	**Source**: ***SPI 4.3***: Institutions strengthened to better support sustainable forest management (number) **IS** **Baseline** [2024]: 0 **Target**: [3] **Source**: TA Support on Forestry and the Environment; Carbon Finance Support to Suriname TA	Suriname Vision 2050 (P504559) TA Support on Forestry and the Environment Carbon Finance Support to Suriname

G	Gender-related indicators
CC	Climate action-related indicators
GL	Indicators related to the global corporate scorecard
IS	Indicators related to institutional strengthening and governance theme

Annex 2: Completion and Learning Review Report

SURINAME: COMPLETION AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP STRATEGY FY15–FY21

Date of the Country Partnership Strategy (CPS) FY15–FY19: April 27, 2015 (Report No: 91238-SR)
Date of the Performance and Learning Review (PLR): October 22, 2018 (Report No: 31957-SR)
Period Covered by the Completion and Learning Review (CLR): FY15–FY22)

I. INTRODUCTION

1. **This Completion and Learning Review (CLR) presents the results and lessons of the World Bank Group's (WBG) Country Partnership Strategy (CPS) for Suriname during the fiscal years (FY) FY15-FY21, discussed by the Board on April 27, 2015 (Report No. 91238-SR).** This review is based on the updated results matrix in the Performance and Learning Review (PLR) - Report No. 131957-SR, October 22, 2018, which extended the CPS timeline to FY2021, and attributes results achieved until June 30, 2022 (the end of the CPS reporting period).[25] This is the first full strategy since the WBG re-engaged with Suriname in FY11, following a hiatus of nearly 30 years. The extension of the CPS period provided more time for adoption and implementation of both the non-lending and lending activities, and to align with the country's electoral cycle. The CLR assesses WBG performance in designing and implementing the CPS program. It discusses alignment with the corporate goals and highlights lessons from program implementation that will inform the preparation of the next Country Partnership Framework (CPF).

2. **The CPS sought to support the Government of Suriname's efforts to promote a more sustainable, inclusive and diversified growth model.** The CPS was aligned with Suriname's 2012-2016 National Development Plan (NDP) to promote stable, more diversified and inclusive growth, improve the country's human capital and reduce the severity of flooding and the associated impact on the population and economy. Further, the objectives of the program were also aligned with the previous multi-annual development plan 2006-2011. The program was also consistent with the WBG's twin goals of eliminating extreme poverty and boosting shared prosperity. Given that this was the WBG's first engagement with the Government of Suriname in recent years, it was agreed to take a selective approaching focusing on two Key Results Areas: (i) Creating Conducive Investment Climate for Economic Growth and (ii) Reducing Vulnerability to Floods. It also included a cross-cutting focus on enhanced poverty and gender analysis to support evidence-based policymaking. To achieve these results, the CPS envisaged a lending program consisting of three operations: a competitiveness and diversification project, an education project, and a disaster risk management project; complemented by Advisory Services and Analytics (ASA) and Technical Assistance (TA) including a poverty and gender assessment, a Report on the Observance on Standards and Codes (ROSC) follow-up and extractive industries TA.

3. **The overall CPS development outcome rating is Moderately Unsatisfactory.** Results Area 1 had five objectives, while Results Area 2 had one; each objective had a single indicator to measure progress. The development outcome rating is based on an assessment of the six objectives in the results matrix as revised during the PLR. One objective was achieved, one was mostly achieved, and four were partially achieved. Outcomes under Results Area 1 were mixed: objective 2 was achieved, with the enactment of

[25] On account of the COVID-19 pandemic, country strategies ending during FY20 and FY21 were granted a one-year waiver to go beyond the completion date of the strategy.

key regulations such as the electronic transactions law, amendments to the code of commerce and a law on business professions, while objectives 1, 3, 4 and 5 were partially achieved. Targets for International Financial Reporting Standards (IFRS) compliance were not achieved, and new capital adequacy rules came into force two years after the CPS period. Under Results Area 2, the objective of reduced flood risk and improve critical assets operational management was mostly achieved through provision of TA and the approval of the Saramacca Canal System Rehabilitation Project. The lack of results in some areas could be attributed to the reorienting of the WBG program after the economic downturn, to focus on development policy lending and pausing the preparation of investment operations. This resulted in limited opportunities for the achievement of the CPS program even with an extension of the program timeline. Additionally, some targets were outside the sphere of influence of the WBG program and interventions were not suitably targeted to achieve those results. While two investment operations were approved during the CPS period, they were rated Moderately Unsatisfactory at the end of the period as a result of, among others, deficiencies in implementation capacity and changes in the political economy which contributed to reduced ownership of the interventions.

4. **The WBG's overall performance in designing and implementing the CPS is rated as Fair.** Despite the program's implementation challenges, the WBG's continued focus on improving the investment climate and building protection from flood risks was warranted given the enduring macro-fiscal issues following the contraction in the economy and the continued vulnerability of the country to coastal flooding and erosion. Flexibility in the CPS design enabled the WBG to respond effectively to the macroeconomic volatility and impacts of the Coronavirus pandemic (COVID-19). Despite the achievement of some of the program's objectives, the results matrix had design weaknesses that made assessing impact in certain areas difficult.

5. **While the overall CPS objectives remained relevant, the CPS program was adjusted during the PLR, recognizing the changing country context.** The fall of commodity prices in 2015 and a serious economic downturn led to a crisis that caused the government and the Bank to reassess the lending program anticipated in the CPS. There was a minor shift in the formulation of the Results Areas to better align with planned interventions. The first Results Area was revised from Creating a conducive environment for private sector development to *Creating Conducive Investment Climate for Economic Growth*. The second Results Area was revised from Decreased vulnerability to climate change related floods to *Reducing Vulnerability to Floods*. Changes were also made to the CPS's objectives and indicators to align with the revised Results Areas. The revised program remained focused and selective based on more recent dialogue with the government, findings of WBG analytical work, consultations with development partners and other stakeholders, and the country's updated NDP 2017-2021. At the government's request, the World Bank started preparing a Development Policy Loan (DPL) series in 2016 to build Suriname's long-term resilience to shocks while meeting urgent financing needs, as part of a planned package of financial support involving other development partners. In May 2016, the International Monetary Fund (IMF) approved a US$478 million program that was anchored in significant monetary, fiscal, and public financial management reforms. However, there was slower than anticipated progress in the reform areas (linked to commodity-driven stabilization of the economy between 2017-2019), resulting in the cancellation of the IMF program and halting of the proposed DPL. Even greater selectivity was exercised in the program with only two lending operations being approved. A planned engagement in the education sector was dropped and the cross-cutting focus on enhanced poverty and gender analysis was excluded from the revised CPS results matrix.

6. **Beginning in 2015, Suriname experienced a decline in macroeconomic conditions occasioned by the fall in commodity prices.** The price of gold and oil declined, and alumina production came to a halt, causing a shock to the economy as these three commodities accounted for 88 percent of exports and 40

percent of government revenues in 2011. Government revenue from mining also fell sharply, foreign reserves were drained, and Gross Domestic Product (GDP) growth contracted. As the crises worsened, the economy contracted, and the budget and balance of payments came under severe stress. Suriname's current account deficit was an estimated 19.4 percent of GDP in 2015, with year-on-year inflation reaching 55.41 percent in 2016. The country's economic decline was the second largest decline in Latin America and the Caribbean (LAC) during 2015/2016 (faring only better than Venezuela).

7. **To address the multiple economic crises, the authorities outlined an ambitious reform agenda to restore macroeconomic stability, supported by an IMF program approved in 2016, and including TA from the Caribbean Development Bank (CDB), the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB), and the World Bank.** Key aspects of the program included cuts to government expenditure, flotation of the exchange rate, elimination of electricity price subsidies, an increase in fuel taxes and introduction of a value added tax. To reduce the impact of these adjustments on the poor, the authorities included measures to strengthen the social safety net, including increased spending on cash transfer programs and structuring electricity prices such that the largest consumers bear more of the adjustment than small consumers.

8. **In 2017, Suriname's economy improved with positive economic growth, a decline in the unemployment rate and inflation was reduced to single digits as the exchange rate stabilized.** Real GDP grew by 1.8 percent in 2017, followed by 2.6 percent in 2018 and was expected to expand annually by about two percent. This was supported by higher gold production and a rise in commodity prices. Inflation fell to below five percent and was expected to remain low. The government also made progress in addressing fiscal imbalances as the fiscal deficit fell from 10.8 percent of GDP in 2016 to eight percent in 2017. While the growth outlook looked positive, the implementation of policy measures to strengthen the country's macro-fiscal framework led to growing public discontent. In May 2017, the government cancelled the agreement with the IMF amid anti-austerity protests and announced its own recovery plan citing the citizens' inability to bear the imposition of the stringent restrictions of the IMF program.

9. **Notwithstanding the positive economic developments between 2017-2019, a severe fiscal and balance of payments crisis began to unfold in Suriname in 2020, which continued into 2021.** Real GDP contracted by 15.9 percent in 2020 and inflation peaked at 74 percent in 2021, the highest it had been in the past two decades. The financial account balance recorded a deficit of seven percent from a surplus of 14.5 percent in 2019. The overall fiscal deficit was 13.4 percent of GDP in 2020 and the Surinamese dollar (SRD) had depreciated a cumulative 180 percent against the US dollar in January 2020.

10. **Macroeconomic imbalances were further compounded by mismanagement leading up to the 2020 general elections.** The government increased the debt limit to 95 percent of GDP up from 60 percent, and public expenditure ballooned. In hopes of securing a third term, the government campaigned by increasing social welfare spending, healthcare and infrastructure projects. Public debt increased steadily over the first nine months of 2020, and, in September, the Surinamese dollar was devalued by almost 90 percent as a result of dwindling official reserves and limited availability of foreign currency. The debt to GDP ratio increased significantly to 148 percent of GDP and the government failed to make debt payments in 2020 and 2021, leading to a downgrade of the Suriname government's credit rating to default status.

11. **The COVID-19 pandemic exacerbated domestic vulnerabilities, leading to further GDP contraction in 2021 and increased unemployment.** Although the confirmed incidence rate was low relative to regional averages, the government enacted much needed measures to contain the spread of the virus, including lockdowns and partial closure of businesses. While these measures contributed to the flattening of the curve, there were significant socioeconomic impacts that disproportionately affected the poor and other vulnerable groups. The covid-19 pandemic tested the public health system as a shortage

of basic imported medical goods left the health system ill-prepared to manage the pandemic. There was a sharp decline in household income as a result of employment losses, reduction of remittances and business closures. More than 47 percent of households reported closing their businesses due to mandatory restrictions or lack of demand. This decline impacted low- and middle-income households more severely with 20 percent of those households having reported a loss of employment when compared to 13 percent of high-income households in 2020.

12. **The 2020 elections ushered in a change in government and the new administration set about to reverse the negative socioeconomic malaise it had inherited.** By 2021, Suriname had a GDP per capita of US$5,166, below its peak of US$9,350 in 2014 and well below the LAC regional average of US$15,092. The newly elected coalition government, led by President Santokhi, took office in July 2020 and adopted a comprehensive macroeconomic stabilization program to support Suriname's resilient and inclusive recovery. The program included several revenue-enhancing and expenditure-containment measures, including the adoption of a floating exchange rate regime, a gradual reduction of energy subsidies, increased gold mining royalties and import taxes, temporary taxes on the highest income tax brackets, and introduction of a value added tax. The government also advanced negotiations on the restructuring of its bilateral and external debt. To mitigate the impact on lower income households, a budget increase was included to cover an expansion of the social safety net. The government began discussions with the IMF for support to restore stability and eliminate the macroeconomic imbalances that caused the current fiscal and balance of payments crisis. A Staff level agreement was reached with the IMF in April 2021 for an Extended Fund Facility (EFF) amounting to approximately US$688 million and was approved by the IMF Executive Board in December 2021. At conclusion of the Second Review of the EFF in May 2022, the IMF reported that the country's economic program remains on track, albeit with delays in some reform areas. The economy continues to recover from the recession but faces a range of near-term challenges including rising international food and energy prices and continued global supply chain disruptions created by Russia's invasion of Ukraine in February 2022. The challenging context helps to explain the limited achievement of results in the CPS program.

II. PROGRESS TOWARDS CPS DEVELOPMENT OUTCOMES

13. **This section evaluates the CPS performance under the two Results Areas and the six objectives as laid out in the revised results matrix in the PLR.** Results Area 1 was aligned with five CPS objectives, while Results Area 2 was aligned with one objective; each objective having a single indicator to measure progress. The overall CPF performance of moderately unsatisfactory stems from the underachievement of four out of the five objectives under Results Area 1 and underachievement of the objective under Results Area 2. Table 1 summarizes the achievement of the CPS objectives and indicator ratings while a more detailed assessment is provided in Annex 2.

Table 1: CPS Results Areas and Objectives

CPS Objective	Overall Objective Rating
Results Area 1: Creating conducive investment climate for economic growth – Moderately Unsatisfactory	
1. Improved standards for financial reporting transparency in public and private sector.	Partially Achieved
2. Improved legislative framework related to investment climate.	Achieved

CPS Objective	Overall Objective Rating
3. Improved regulations and infrastructure in the financial sector.	Partially Achieved
4. Institutional capacity to facilitate investment and private sector development strengthened.	Partially Achieved
5. Strengthened environmental, social and corporate governance standards.	Partially Achieved
Results Area 2: Reducing vulnerability to floods – Moderately Satisfactory	
6. Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area.	Mostly Achieved
Overall Development Outcome Rating: Moderately Unsatisfactory	

Results Area 1: Creating conducive investment climate for economic growth – Moderately Unsatisfactory

Objective 1: Improved standards for financial reporting transparency in public and private sector – Partially Achieved

14. **The Government of Suriname took steps to modernize the regulatory framework to govern accounting and financial reporting.** In line with the recommendation of the Bank-financed ROSC[26] completed in 2012, the Financial Statements Act,[27] the first legislation of its kind in Suriname, was promulgated in October 2017 requiring annual accounts of companies to be IFRS compliant. Asset total, turnover, and number of employees would determine the category into which each firm falls, and the level of reporting and disclosure required. For example, large firms and public interest companies (like banks, insurance companies, pension funds, credit unions, and state-owned enterprises) would need to fully comply with IFRS requirements, complete a mandatory audit and provide public disclosure. The Bank also provided support to the Suriname Chartered Accountants Institute (SCAI), the country's accounting institute, which helped to strengthen its capacity for the regulation of the audit profession in the country. The indicator for this objective was updated to reflect a change in the baseline to include the approval of the Act and an adjustment to the target from 50 percent of all enterprises to 75 percent of companies listed on the Suriname Stock Exchange.

15. **While most of the companies listed on the Suriname Stock Exchange were already publishing their annual reports, at the end of the CPS period, only three of the eleven listed companies were IFRS compliant.** Due to the economic crisis and the COVID-19 pandemic, most companies did not have the resources to satisfy the requirement to publish IFRS compliant annual financial statements. Implementation of IFRS is a complex process that requires a lot of time commitment and a good understanding of the requirements. While companies have qualified staff to support this process, they

[26] The ROSC report highlighted the weak legal and regulatory framework for financial reporting as one of the priorities that the Government of Suriname should deal with. It explicitly recommended that the Government mandates and implements international financial reporting standards for public interest entities and non-listed large companies, and simplified IFRS for other non-listed companies and medium-size enterprises (Action Plan B.8). The Interim Strategy Note that was presented to the Bank's Board of Directors on September 20, 2012 contained a detailed annex on the ROSC, including the observation that the legal and regulatory framework for corporate financial reporting, accounting, and auditing should be strengthened.

[27] The National Assembly passed the Act on Annual Accounts in 2017 to create more fiscal transparency by requiring all companies, including state-owned enterprises, to publish annual accounts based on International Financial Reporting Standards (IFRS). The law went into effect in 2020 for large companies, while it went into effect for small and medium sized companies (SMEs) in 2021. Small companies can use the IFRS for SMEs. On October 27, 2022, The National Assembly approved an extension of one year to the Act of Annual Accounts, to give companies more time to publish reports according to IFRS. Furthermore, the upper limit of small companies was raised from SRD 3 million to SRD 50 million net turnover per year.

are limited in number. For the auditing requirement, there are a limited number of auditing firms that provide these services. Only one international firm is based in Suriname, and there are not enough local firms that provide auditing services. Due to these constraints, and the risk of sanctions for non-compliance with the regulations, the Government of Suriname deferred the enforcement of the regulations until January 2022.[28] Planned World Bank engagement in this area did not materialize as there was no follow up ROSC, nor was related TA provided. The WBG's overall engagement was already limited by the country's political and economic context. Although the Bank's engagement improved following the change in government in 2020, due to COVID-19 and economic issues, this area was not prioritized. Notwithstanding the lack of continued engagement in this area, evidence shows that in 2022, the Central Bank of Suriname adopted supporting regulations[29] which require financial institutions to prepare their financial statements in line with the Financial Statements Act 2017. The SCAI, in collaboration with the government, was given responsibility to enforce the implementation of the new requirements.

Objective 2: Improved legislative framework related to investment climate - Achieved

16. **The WBG supported measures to advance investment climate reform by providing TA for the enactment of laws/amendments and policies to improve the business environment and trade facilitation.** Even though the DPL was canceled, investment climate policy and legislative reforms were implemented as part of the policy dialogue and analytical support provided by the World Bank. The trust-funded Investment Climate and Sector Competitiveness TA (P161816), which had a particular focus on agri-business, contributed the following: (i) analysis of value chain constraints in horticulture and seafood, (ii) provided data collection for a new enterprise survey, (iii) completed an inventory analysis of business licenses, and (iv) produced a mapping of processes and land tenure options for agricultural investors. These analytical and advisory support informed public sector efforts to improve the investment climate. In 2017, the government enacted an Electronic Transactions Law that provides legal status to electronic documents and signatures, including for government permits, licenses, and approvals. Amendments were enacted to the Code of Commerce to reduce the number of registration steps and eliminate the minimum capital required to start a new company. A Law on Business and Professions was enacted in 2017 to simplify licensing requirements by (i) establishing that all business activity may be conducted freely unless a license is specifically required and (ii) providing standardized appeal procedures.

17. **The government has improved public-private coordination and prioritization of trade facilitation reforms**. This outcome follows practices established in the World Trade Organization's Trade Facilitation Agreement, with the creation of a National Trade Facilitation Committee under the Ministry of Trade and Industry. Additionally, in 2018, enterprise surveys focusing on aspects of the business environment were conducted in key sectors to identify factors that constrain firms' innovation and productivity, providing recommendations for policymakers. In 2019, Suriname also improved the quality of its land administration system by implementing a unique identification number for properties.

18. **Targeted business environment reforms promoted women's participation in the economy to improve their economic opportunities.** Under the Caribbean Financial and Private Sector TA (P170614), a Women, Business and the Law scorecard and action plan was prepared for Suriname, which included eleven recommendations for amendments to various legislations to increase women's access to the job market and improve their financial prospects.[30] Of the eleven recommendations, the government

[28] In 2022, the Central Bank of Suriname adopted the regulations supporting the Bank Act, which requires the financial institutions to prepare their financial statements in line with the Financial Statements Act 2017. The Suriname Chartered Accountants Institute (SCAI), in collaboration with the government, has the responsibility to enforce the implementation of the Act.

[29] These include the Annual Audit Act 2022 and Guidelines on Financial Reporting Obligations, which require financial reports to be IFRS compliant. A central bank directive for pension and provident funds on Anti-Money Laundering, Fighting Terrorism Financing and Corruption was also promulgated.

[30] Women, Business and the Law 2021 Report

implemented nine amendments addressing gender-based discrimination in employment, protection against sexual harassment, maternal and paternal leave, protection of pregnant women from dismissal, and equal remuneration for work of equal value. These amendments contributed to improving the environment for women's participation in the labor market and improving their economic opportunities.

Objective 3: Improved regulations and infrastructure in the financial sector – Partially Achieved

19. **The Central Bank drafted guidelines for the financial sector based on IFRS which include new capital adequacy rules however, these guidelines were adopted after the CPS period.** The target for achievement of this objective was the adoption of new capital adequacy rules in line with best practices for financial sector management. The Central Bank of Suriname drafted new financial sector guidelines which updated the rules for how financial assets and liabilities are classified and measured in line with best practice recommendations included in the last Financial Sector Assessment Program (FSAP) conducted in 2014. Changes include the increase of the minimal capital requirement from 10 million SRD to 40 million SRD, adjustments to provisioning requirements and asset valuation (now based on IFRS 9), and inclusion of tier 2 capital as part of a bank's capital adequacy ratio. In 2022, these guidelines went through internal review and received input from the commercial banks. The final guidelines went into effect in 2023. While the Bank intended to provide TA to support the implementation of the FSAP recommendations, there was no engagement in this area following the change in country context and the prioritization of support in other areas.

20. **International Finance Corporation's (IFC) program also faced constraints in achieving key reforms in the financial sector.** The IFC Caribbean Bureau AS Project (568827) worked with authorities on drafting a credit reporting bill, but due to competing priorities with other projects in Suriname and the change of the Governor of the Central Bank, the project closed without the enactment of the law. The establishment and operationalization of the Credit Bureau would have had a positive impact in expanding credit operations with MSMEs. In 2012, IFC approved a trade line (Project 31568-GTFP) for the De Surinaamsche Bank (DSB) which recorded four transactions totaling US$4.06 million, to support import financing through letters of credit – equipment, heavy machinery, and vehicles. After two years, the facility was closed given the low usage of the line.

Objective 4: Institutional capacity to facilitate investment and private sector development strengthened – Partially Achieved

21. **World Bank Group support contributed to the strengthening of institutional capacity to facilitate investment and private sector development, although there was limited progress in providing targeted capacity building for key institutions as envisaged in the strategy.** In 2017, a Sector Competitiveness Analysis, overseen jointly by the World Bank and IFC, identified opportunities for private investment and diversification within the established extractives and agriculture sectors, as well as constraints to such growth. Building on the findings of this report, the trust-funded Investment Climate and Sector Competitiveness TA (TF0A3605) supported the government to advance investment climate reforms and inform future agribusiness lending operations. Activities under this TA included support for an Agribusiness Investment Task Force to initiate a fruits and vegetables investment promotion campaign; in-depth value chain analysis of horticulture and fisheries; mapping of business licensing requirements to inform implementation of a new Business and Professions Licensing Law; an Enterprise Survey update; access to land for agribusiness investment diagnostic; and investment policy and institutional framework diagnostic and reform support. In FY18, IFC signed a Memorandum of Understanding (MoU) with the Ministry of Natural Resources to identify suitable opportunities for private sector participation in the energy, mining and water sectors and to provide TA for public private partnerships (PPP). While IFC discussed potential projects with the government, there were challenges in the identification of suitable projects as PPP-specific capacity building was needed to aid the government in the project identification

process. To this end, IFC shared with the government the World Bank PPP Screening and Analytics tool, which remains to be utilized by the authorities. To move forward, the government would need to utilize the tool to conduct detailed screenings of the list of potential projects to identify those that are a priority for PPP implementation. During the FY15-19 CPS period, including the FY21-22 extended period, the Multilateral Investment Guarantee Agency (MIGA) did not have active guarantees nor were new guarantees issued in Suriname. MIGA received some inquiries for potential projects in the ports, energy, and agribusiness sectors, however these did not materialize into active projects. MIGA's engagement with the country has been limited given (i) macroeconomic weaknesses and subsequent debt default limiting foreign investments, and (ii) the demand-driven nature of MIGA's products.

22. **The Suriname Competitiveness and Sector Diversification Project (P166187) is one of the two lending operations in the Suriname portfolio**. The project included institutional capacity building activities such as making relevant agencies' systems compatible with the Electronic Single Window, supporting the implementation of the Tourism Strategy, delivering a train-the-trainer program for quality managers on export compliance, and training for government staff to manage, regulate, and monitor the mining sector. However, institutional strengthening activities have taken place in the context of building capacity to implement projects and not targeted/specialized training on investment facilitation and private sector development for key agencies as envisaged in the CPS. In addition, implementation progress for this project has been significantly delayed with little to no progress on indicators or disbursements, partly due to the COVID-19 pandemic and issues with low implementation capacity.

Objective 5: Strengthened environmental, social and corporate governance standards – Partially Achieved

23. **The program achieved limited success on enhancing environmental, social and corporate governance standards.** The in-depth 2017 Suriname Sector Competitiveness Analysis (P156216) focused on the agribusiness and extractives sector analyzing the constraints to competitiveness and increasing private investment. Recommendations included completion of a Strategic Environment and Social Assessment (SESA), advancing of the mining law and planning for a separation of regulatory and operational functions from the state-owned oil company, Staatsolie.

24. **The World Bank provided TA through the Suriname Extractive Industries Technical Assistance (P163612) to promote transparency and sustainability within the extractives sector management.** Prior engagement through a sector Policy Note in 2015 (P151822) and the Sector Competitiveness Analysis (P156216) resulted in the approval of Suriname as an Extractive Industries Transparency Initiative (EITI) candidate in May 2017.[31] By 2019, the government made a significant step in terms of transparency of licenses in the mining sector, by launching an online system for its allocation.[32] EITI implementation in Suriname has improved the availability and accessibility of data, as well as dialogue between stakeholders operating in the extractives sector, improving transparency in a participatory way, and in compliance with the EITI Standard.[33] In 2016, the Ministry of Finance and Planning started publishing detailed information on extractive revenues as part of its regular budget execution statistics.[34] The government has made additional efforts to improve governance of the sector such as publication of online maps with existing mining titles to increase transparency and has used World Bank TA to introduce improvements in mining cadaster management[35] through the Suriname Competitiveness and Sector Diversification project (P166187). The Suriname Extractive Industries Technical Assistance (P163612) financed capacity building

[31] https://eiti.org/news/suriname-becomes-52nd-country-implement-eiti
[32] https://eitisuriname.org/contracts/
[33] https://eiti.org/board-decision/2021-23
[34] https://eiti.org/countries/suriname
[35] https://www.gaf.de/gaf-ag-awarded-two-contracts-to-assist-the-suriname-ministry-of-natural-resources/

and training on EITI, benefiting stakeholders of the extractive industry sector, the EITI Secretariat, and government, industry and civil society representatives on the Multi-Stakeholder Group. Under the TA, the EITI Secretariat received training, with about 100 staff expected to be trained on the preparation of the EITI validation process and EITI implementation. However, only 41 staff were trained by the end of the project. While the training was instrumental in the functioning of the EITI Secretariat, the number of Secretariat staff and stakeholders that completed training was significantly lower than expected due in large part to the outbreak of Covid-19 in 2020 and associated restrictions.[36]

25. **Despite the reported progress under this objective, a key intervention, the SESA, remains under implementation.** The completion of the SESA, under the Suriname Competitiveness and Sector Diversification Project (P166187), was meant to underpin the environmental, social and governance standards. However, the SESA consultancy did not complete the procurement evaluation phase during the CPS period due to delays in project implementation.

Results Area 2: Reducing vulnerability to floods – Moderately Satisfactory

Objective 6: Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area – Mostly Achieved

26. **The program achieved the target of approving at least one investment for mitigating flood risks with the approval of the Saramacca Canal System Rehabilitation Project (P165973).** Between 2016 and 2017, World Bank TA supported the preparation of a strategic Flood Risk Assessment (FRA) for the Greater Paramaribo area, as well as a Coastal Resilience Assessment. The TA was financed through the African, Caribbean, and Pacific region - European Commission Natural Disaster Risk Reduction Program, and conducted in partnership with the Global Facility for Disaster Reduction and Recovery and the Surinamese government. The FRA supported the government in prioritizing targeted flood risk reduction interventions. Strategic flood hazard modeling was carried out to assess flood depth and extent for a range of rainfall and tidal scenarios in the greater Paramaribo area, and a high-level options appraisal was undertaken for evaluating mitigation proposals. Exposure and vulnerability were quantified using Annual Average Damages, and a cost-benefit analysis was then used to determine viable flood mitigation options.

27. **The FRA also led to the development of an evidence-based, prioritized list of targeted flood reduction investments (the objective's original indicator).** The list comprises 14 structural and non-structural flood risk interventions to reduce pluvial flooding in the Greater Paramaribo area. The preliminary cost-benefit analysis found that the most beneficial, strategic, and sustainable flood mitigation options included improvements to the Saramacca Canal, a key element of the drainage system for the central and western areas of Paramaribo. As a direct result of the TA, and in response to a request from the government, the **Saramacca Canal System Rehabilitation Project** (P165973) was approved in 2019 and aims to reduce flood risk for the people living in the Greater Paramaribo area and improve the operation of the Saramacca Canal System for flood risk management. The World Bank's assistance also consisted of a set of Policy Notes that contributed to better understanding of environmental standards and improving disaster risk management in the country.

28. **The Contingent Emergency Response Component (CERC) was activated under the Saramacca Canal System Rehabilitation Project in support of the government's rapid emergency COVID-19 response efforts.** The first confirmed case of COVID-19 was detected in Suriname on March 13, 2020. The Government of Suriname took actions to limit the impact of the pandemic, including closing schools and cancelling social events. The government also closed all borders and flights were cancelled. A partial lockdown was activated by the President on March 29, 2020, and the norm for social distancing was

[36] Suriname Extractive Industries Technical Assistance RE (P163612) Implementation Completion Report No: ICR00005345

increased from 1.5 meters to 2 meters. On April 9, 2020, the government declared a state of emergency and requested Bank support to finance eligible post-disaster emergency relief and recovery expenditures. In response, the CERC was activated on May 4, 2020, and the prompt response resulted into the timely purchase of essential personal protective equipment for medical workers and much-needed medical supplies and consumables that were distributed among 13 key hospitals assigned to respond to the pandemic.

29. **Under this objective, the CPS also envisaged support for improving government capacity to manage catastrophic natural events and improving related fiscal management.** Defining and implementing complementary institutional and regulatory risk reduction measures as well as risk finance mechanisms to define a sound disaster risk financing and insurance strategy were identified as activities the World Bank would support but these did not materialize. The lack of progress in these areas contributed to the rating of the objective as mostly achieved.

III. WORLD BANK GROUP PERFORMANCE

30. **The WBG's performance in designing and implementing the CPS program is rated as Fair.** The CPS was aligned with Suriname's 2012-2016 NDP and remained relevant throughout the period. The CPS design maintained programmatic flexibility and adjusted to the changing country context through the strategic use of the PLR. The WBG's performance was challenged by factors such as poor design of the results framework, weak client implementation capacity, changes in the country context, and the lack of WBG presence in Suriname. The main lesson from the implementation of the Interim Strategy Note (ISN, FY13-14) was the importance of involving government counterparts and key stakeholders from the inception of program design and fostering a close working relationship throughout implementation. While the WBG incorporated this lesson during preparation of the program and during implementation, this was constrained by the lack of WBG presence in-country which was exacerbated by travel restrictions imposed as a result of the COVID-19 pandemic. The experience from the ISN also highlighted the importance of complementing the work of other development partners. The WBG collaborated with other multilaterals to support the government's reform program and engaged with bilateral partners to address issues related to the business environment. The WBG's performance during the reporting period is assessed in two dimensions: (i) the design and relevance of the CPS; and (ii) the implementation of the CPS program.

A. CPS Design and Relevance

31. **The CPS focus areas and objectives remained aligned with the national development priorities of Suriname and the selective portfolio proved relevant to the country's needs.** This was the first full strategy since the WBG re-engaged with the country in FY11, following a hiatus of nearly 30 years. Consequently, the CPS program reflected a strategy of gradual engagement in the context of limited experience with WBG programs, insufficient data availability, and restricted knowledge base after the World Bank's re-engagement with Suriname. The key development challenges identified during preparation of the CPS included weak governance and institutional capacity, an unfavorable business climate and high vulnerability to climatic disasters, especially flooding. To address these challenges, the CPS put forward two Results Areas: (i) Creating Conducive Investment Climate for Economic Growth and (ii) Reducing Vulnerability to Floods. These areas were aligned with Suriname's 2012-2016 NDP and government efforts to promote stable, more diversified and inclusive growth, improve the country's human capital and reduce the severity of flooding and the associated impact on the population and economy. To achieve these results, the CPS envisaged a lending program consisting of three operations: a competitiveness and diversification project, an education project, and a disaster risk management project, complemented by ASA and TA including a poverty and gender assessment, an ROSC follow-up,

and an extractive industries TA. Changes to the country context led to adjustments in the CPS program and a PLR was initiated after there was clarity on the direction of the program.

32. **While the high-level design of the CPS was relevant, the intervention logic for some objectives was unclear and aspects of results measurement could have been better articulated.** The results framework featured two Results Areas, six objectives and six indicators, reflecting the limited CPS program. Some of the CPS indicators were not sufficiently specific and adequate for measuring the objectives. For example, objective 6 under Results Area 2 was "reduced flood risk and improve critical assets operational management in the Greater Paramaribo area", while the indicator was "the first critical investment for mitigating flood risks is approved and under implementation". The indicator was a process, and the link between the indicator and the result was not sufficiently clear. Some indicators were overly ambitious and outside of the scope of the WBG program. The indicator under Objective 1 relating to IFRS adoption did not have a clear program of activities that would contribute to its achievement. Objective 3 on capital adequacy rules, did not benefit from interventions under the WBG program as the FSAP was not initiated.

33. **The risks to the WBG program were adequately assessed and remained relevant throughout the CPS period, as some of these risks materialized.** The overall risk to the achievement of the program was rated High at CPS design and Substantial at the PLR stage reflecting a change in the WBG's risk rating system and two risks that were no longer relevant. The World Bank had recently implemented a change in its risk rating system with the adoption of the Systematic Operations Risk-Rating Tool (SORT). This new tool provided a more streamlined and systematic way of assessing risks and necessitated a recalibration of the risks identified for the CPS at the design stage. Further, two risks identified during design, (i) reputational risks for the Bank working in the mining sector, and (ii) risk of delays or changes in government priority after elections, were no longer assessed as relevant at the PLR stage. No indication of reputational risks materialized, and the PLR was completed after the 2015 elections were held. The extension of the CPS period to coincide with the next electoral cycle would mean that a new program would be prepared. Key risks identified at the PLR stage included (i) political and governance, (ii) macroeconomic, (iii) institutional capacity for implementation and sustainability, (iv) environmental and social, and (v) fiduciary. Measures to mitigate these risks were identified including (i) macro monitoring, (ii) capacity building and training for ministry officials and project staff, (iii) and close coordination with other donors and partners. With the macroeconomic decline, change in government and impacts of COVID-19, the key risks identified at program design materialized during the CPS period, with a significant impact on the WBG program as mitigation measures were either not pursued or inadequate to address the risks. The impact of these risks on program implementation is further discussed in the section below.

B. Program Implementation

34. **During the CPS period, the WBG delivered a limited program of support to Suriname, further curtailed by the changes in the country context.** The indicative lending envelope was envisioned to reach around US$70 million by the end of the CPS period with three investment operations in the pipeline. At the end of the CPS period, the current portfolio amounted to US$58 million with two investment lending operations across the two Results Areas. As previously mentioned, the planned intervention in the education sector did not materialize due to a change in government priorities as a result of the impacts of the economic crisis in 2015. Notwithstanding the limited investment operations, analytical work leveraged the policy dialogue with the government to foster a deepening of the country engagement. The analytical support provided by the WBG contributed to the strengthening of government's capacity and filled existing knowledge gaps. For example, the Greater Paramaribo Flood Risk Management Program (P159234) produced a strategic flood risk assessment and a prioritized risk reduction investment plan which enhanced the government's knowledge about flood risk in the Greater Paramaribo area and led to

the approval of the Saramacca Canal System Rehabilitation Project. Additionally, the Suriname Sector Competitiveness Analysis highlighted opportunities and constraints in the agribusiness and extractive industries which informed future WBG engagements with Suriname including the Competitiveness and Sector Diversification Project.

35. **The WBG responded in time to adapt its engagement to changes in the country context.** The fall of commodity prices in 2015 caused the government to reassess the program anticipated in the CPS and requested the World Bank to prepare a DPL, with an emphasis on improving fiscal management and the investment climate. However, slower than anticipated progress in certain reform areas supported by international financial institutions (IFI), including the IMF, led to the cancelation of the IMF program which, in turn, led to a halt in the preparation of the World Bank's proposed DPL. At the PLR stage, changes were made to the CPS objectives and indicators. The objective of facilitating investments with linkages to the local economy was changed to strengthening institutional capacity to facilitate investment to show results by the end of the extended CPS period. The objective of improved customs procedures and strengthened capacity of the Ministry of Education was dropped because of the government's change of priorities for the WBG program in the aftermath of the economic crisis. The objective in the second results area was expanded beyond a plan for flood risk management to approving and implementing the first critical investment in flood risk management. The two cross-cutting outcome indicators on improving the capacity to analyze data on poverty and gender were dropped because the Bureau of Statistics did not adopt the poverty methodology and estimation based on the Household Budget Survey 2013/14. This led to an absence of updated, official poverty information for Suriname, making it difficult to analyze poverty data and trends. These changes highlight the program's flexibility to adjust to the changes in the country context and the results areas were refocused accordingly. The two-year extension of the CPS period, through FY21, provided more time to implement the lending and non-lending activities and align with the country's electoral cycle as elections were expected in 2020. While there were adjustments to the program on account of the changing country context, the objectives of the program remained relevant as the government's development program moved to the next phase of implementation. The government's 2017-2021 development plan carried over the vision and aspirations of the previous strategy building on the achievements and pitfalls of the previous development plan. The new development plan identified four pillars: (1) strengthening development capacity, (2) economic growth and diversification, (3) social progress, and (4) utilization and protection of the environment. The CPS program remained clearly aligned with government's priorities while also recognizing the capacity constraints that limited the extent of the WBG's engagement in the country.

36. **The changes introduced at the PLR stage were focused on adjusting the program to address the change in country context and government priorities.** The main changes introduced at the PLR were to reduce the size of the country program and extend the CPS period. While these changes could have contributed to the improvement in program delivery, they fell short as implementation of the CPS program did not see much improvement post-PLR. The PLR highlighted the risk of delay due to weak institutional capacity, especially fiduciary and procurement capacity, and recommended training as a mitigation measure. However, a regional community of practice to be set up by the World Bank to provide small states a platform for sharing experiences and best practices did not materialize. The PLR did not emphasize the need for increased Bank presence in-country, nor did it address government ownership since this was not considered a risk at the time. There was also a missed opportunity to adjust the results matrix to ensure adequate monitoring and assessment of program delivery.

37. **While the investment operations were prioritized for delivery soon after the PLR, some aspects of design and limited implementation-readiness contributed to delays and bottlenecks.** The Competitiveness and Sector Diversification Project was designed with two project implementation units

(PIU) managed by different line ministries with limited sectoral linkages. This led to increased bureaucratic hurdles and a lack of coordination between the two PIUs and line agencies. Additional, key staff were not recruited or identified soon after approval, a process which saw lengthy delays in recruiting qualified staff. The lack of key project management documentation (such as the operations manual) and no advance preparation of initial procurement activities (terms of references) contributed to implementation delays.

38. **Supervision of the WBG portfolio was generally adequate though constrained by weak client capacity.** Prior to COVID-19, World Bank teams conducted several missions to Suriname, which were helpful in the initial stages to push forward the program, including getting the two investment operations approved and effective. Regular meetings with the client, monthly meetings with key consultants and project implementation reports from the PIUs were also part of the implementation support arsenal. However, the client's lack of capacity and experience with World Bank projects resulted in delayed program implementation. Suriname has a limited pool of qualified professionals with the required expertise for which development partner projects compete. The lack of an in-country WBG presence inhibited the client and partner engagement. During COVID-19, travel restrictions and virtual connectivity challenges limited the World Bank's capacity-building endeavors. Changes in the macroeconomic conditions and the political administration also contributed to the lull in implementation. Even though both investment operations were approved soon after the PLR was completed, limited headway was made in implementation and at the end of the CPS period, the operations were rated moderately satisfactory and moderately unsatisfactory.

39. **Risks identified in the CPS program materialized, posing significant challenges to program implementation.** The overhang of the 2015 commodity shock, together with inadequate policy buffers, a buildup of macroeconomic risks, and the COVID-19 pandemic, pushed the Surinamese economy into a deep recession in 2020. In response to the government's request, the CPS program was refocused from investment operations to budget support. Preparation of the Sector Competitiveness and Diversification Project and the Saramacca Canal Rehabilitation Project was postponed, and the operation planned for the education sector was dropped, in favor of a planned package of support, from IFIs, for the government's reform program. While the government completed several prior actions under a proposed World Bank DPL operation, it withdrew the budget support financing request. The increased political tensions in the country in the lead up to the 2020 elections also limited the Bank's ability to engage with the government, which hampered potential mitigation measures such as regular briefings and close collaboration with ministry officials. Fiduciary risks for procurement and financial management persisted as the existing legislative framework is quite outdated.

40. **Notwithstanding the limited program, there was relevant coordination across the WBG.** Through the joint World Bank-IFC Investment Climate team, both institutions jointly oversaw the 2017 Sector Competitiveness Analysis, identifying opportunities for private investment and diversification within the established extractives and agriculture sectors, and constraints to such growth. IFC led the technical work on the agribusiness sector scan and the associated investment promotion work, as well as on the extractives side. Technical input was also provided through insights on investment opportunities in sectors identified by the agribusiness sector scan, and possible leads in the extractives sectors. The IFC signed a Memorandum of Understanding with the Government of Suriname to identify suitable opportunities for private sector participation in the energy, mining and water sectors and to provide capacity support for PPPs building on the government and the Bank's efforts to implement the EITI. While MIGA received inquiries for new projects in Suriname, these did not materialize. Moving forward, in close collaboration with the World Bank and IFC, MIGA will look for opportunities to provide its political risk insurance for FDI in key sectors of the economy, contributing to private sector development in the country.

41. **The WBG successfully partnered with other development institutions to strengthen the impact of its program.** Given the limited WBG program with Suriname and the overall country context, partnerships with other development actors were key to advancing the country's development agenda. For example, the WBG partnered with Austria, Switzerland, and Norway to conduct an inventory analysis of the Ministry of Trade, Industry, and Tourism's business licensing requirements. During the CPS period, the World Bank started preparation of a DPL as part of a planned package of financial support for Suriname. This involved other development partners, namely, the CDB, IDB, IsDB and the IMF. While the DPL was halted, it provided lessons on the importance of greater selectivity which is necessary to ensure that reforms can be completed. It also strengthened the partnership between the WBG and other donors as there was greater consultation and coordination, including collaboration to support the development of the government's reform program. The World Bank participated in regular development partners meetings to ensure information sharing and donor coordination. A partnership with the IDB was formed to strengthen client capacity including looking at new implementation modalities. Additionally, the government began engaging development partners more systematically, through the Ministry of Finance.

IV. ALIGNMENT WITH CORPORATE GOALS

42. **The CPS program was aligned with the twin goals of eradicating extreme poverty and increasing shared prosperity in a sustainable and resilient manner, even though program outcomes were modest.** In addition, the CPS was also aligned with Suriname's 2012-2016 NDP and, although later removed, included a cross-cutting focus on enhanced poverty and gender analysis to support evidence-based policymaking. The first results area aimed to strengthen institutional capacity for investment facilitation and support the private sector which would directly impact poverty by enabling, for example, the poor to have better access to employment opportunities (following improved private sector development). By extension, access to employment would provide a wider range of income-generating opportunities. Under the second results area, the World Bank contributed to strengthening the government's capacity to manage flood risk in the Greater Paramaribo area. The strategic flood risk assessment and prioritized risk reduction investment plan, prepared through Bank-support, are necessary to mitigate flood risks, and promote the prosperity and sustainability of livelihood in the capital city. More than 350,000 people living in vulnerable settlements in the Greater Paramaribo area will benefit from the US$35 million Saramacca Canal Rehabilitation Project.

Evolution of Poverty Reduction and Shared Prosperity

43. At the end of the CPS reporting period, about one in four people in Suriname (26 percent of the population) live on less than US$5.50 a day, compared to an estimated poverty rate of between 26 to 31 percent at the beginning of the CPS program. The poverty rate is much higher in the interior region where more than half the population live in poverty, which was the same at the start of the CPS program. Extreme poverty (percentage of the population with income below US$1.90 a day) was estimated at five percent. Data on extreme poverty was not available at the time of CPS preparation.

Evolution in Key Macroeconomic Developments

44. As of mid-2020, the government adopted a comprehensive program of policy measures for fiscal and debt sustainability, monetary and exchange rate policy, financial sector stability, and governance to address the macroeconomic imbalances. After two years of sharp contractions in economic activity, a gradual resumption of economic growth is expected between 2022-24 to nearly 3 percent per year. This projection hinges on the successful implementation of the macroeconomic stabilization program. The longer-term outlook may be more positive following the discoveries of several offshore oil deposits in 2020.

New or Emerging Country Development Issues

45. Suriname was heavily impacted by the pandemic, worsening the existing domestic vulnerabilities. Critical sectors, such as mining and oil, took major hits. Many employees in the services and sales sectors experienced temporary job losses. Significant pressures were put on government revenues and expenditures, adding to the fiscal imbalances the economy was already experiencing prior to the pandemic. The pandemic has adversely impacted learning due to school closures and limitations in rolling out distance learning. This learning loss will weigh in on labor productivity going forward, putting the students of low-income households at a disadvantage.

V. LESSONS LEARNED

46. **In designing the new WBG program, the results framework should include relevant and adequate indicators to properly assess progress towards achieving results.** There needs to be a clear connection between outcomes, objectives and indicators. The link to the achievement of shared prosperity and poverty reduction also needs to be strongly articulated. Having CPS objectives defined by a single indicator unnecessarily restricts the opportunities for contributing to results achievement and risks the success of the program, particularly in the context of known macroeconomic and political vulnerabilities and institutional capacity challenges. The PLR process should be fully exploited to make appropriate mid-course adjustments to the WBG program and revise objectives and results indicators accordingly.

47. **The government's ownership of the country program, particularly after a change in political administration, is essential for successful implementation.** This CPS was the first WBG country strategy since the WBG re-engaged with Suriname in FY11. While there was initial buy-in for the country program, a lack of clear ownership and prioritization of key activities negatively impacted implementation. The World Bank's absence on the ground and the government's COVID-19 restrictions contributed to reduced engagement with the counterparts at a time when heightened engagement was critical. The change in government in 2020 and the Bank's weak management of the transition in terms of strengthening the relationship with the client, were contributing factors. In a country with a limited program and institutional capacity constraints, in-country engagement with the client should be prioritized and combined with other measures such as periodic portfolio meetings with implementing units, the Ministry of Finance and Planning, and the Bank's teams. During the electoral period, a Country Portfolio Performance Review (CPPR) roadmap with a defined action plan could ensure efficient portfolio implementation during the political transition. Additionally, when elections result in a change of government, policy notes can support the dialogue with the new administration and provide opportunities for engagement on the Bank's program in the country.

48. **Strengthening institutional and technical capacity within sector agencies and executing units is key to mitigating implementation deficiencies.** Implementation capacity of the executing agency and sector ministry should be assessed during project preparation. TA activities to strengthen institutional capacity needs, identified during preparation, are essential and should be built into each operation. More targeted support through TA should be considered to tackle structural issues that may require policy adjustments or administrative/procedural revisions. Hands-On Expanded Implementation Support can provide effective support during project start-up to fast-track implementation. Periodic CPPRs can provide an opportunity for stocktaking and addressing challenges during program implementation. Centralizing core functions across projects, such as procurement and financial management, may also be useful to mitigate the impacts of limited capacity by building a human resource pool.

49. **Accessing and using quality data for decision-making continues to be challenging and should be prioritized in the upcoming CPF.** While important knowledge gaps were identified in the program, key interventions such as the poverty and gender assessments were dropped. Across sectors, statistical information is undermined by limitations in availability and quality of data. As the WBG deepens its engagement with Suriname and aims to expand the country program in the next CPF cycle, there is an opportunity to fill critical knowledge gaps for a better understanding of the country and laying a strong foundation for the WBG's engagement. Data generation and collection, through monitoring and evaluation mechanisms, should be standard across projects with the added objective of supporting the institutionalization of data generation and collection within the sector agency. Collaboration with development partners can also help to address these issues to complement the Bank's engagement.

50. **Simplicity in project design and early preparation of key inputs documents can enhance implementation readiness.** Going forward, the design of IPF operations should limit the number of agencies and counterparts involved in project implementation to ensure clear delineation of responsibility and increase ownership. The preparation of key documents such as project operation manuals, terms of references, and the identification of implementing agency personnel could start earlier (e.g., after the decision meeting). Where relevant, a Program for Results operation could support continuity in sectors where there is strong engagement and where reforms require long-term investment. This can also contribute to good implementation by simplifying outcomes linked to disbursement incentives and by building institutional capacity for implementation.

51. **IFC can create high developmental impact for the private sector by managing the right approach and strategy, while close collaboration between the World Bank and IFC can help strengthen pipeline programs.** Due to the small size of transactions, there have been limited opportunities for institutions like IFC. In addition, the significant presence of the government in the economy affects competitiveness and limits private sector development and innovation. Therefore, IFC's approach can include options to bring down the cost of financing and provide local currency financing to respond to market needs so that it can support sectors beyond the financial sector. The World Bank and IFC can build on the collaborative approach showcased through the jointly produced Caribbean Regional Private Sector Diagnostic (RPSD). This is an example of how the institutions can come together to identify ways to boost private sector participation in key sectors and reduce cross-cutting constraints to private investment.

Annex 3: Selected Indicators of Bank Portfolio Performance Management

Selected Indicators* of Bank Portfolio Performance and Management

As of Date 09/02/2024

Indicator	FY21	FY22	FY23	FY24
Portfolio Assessment				
Number of Projects Under Implementation [a]	2.0	2.0	2.0	2.0
Average Implementation Period (years) [b]	2.2	3.2	4.2	5.1
Percent of Problem Projects by Number [a, c]	50.0	50.0	0.0	0.0
Percent of Problem Projects by Amount [a, c]	39.7	39.7	0.0	0.0
Percent of Projects at Risk by Number [a, d]	50.0	50.0	0.0	0.0
Percent of Projects at Risk by Amount [a, d]	39.7	39.7	0.0	0.0
Disbursement Ratio (%) [e]	5.3	2.0	14.5	16.4
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US$)				
Average Supervision (US$/project)				
Memorandum Item				
Proj Eval by IEG by Number				
Proj Eval by IEG by Amt (US$ millions)				
% of IEG Projects Rated U or HU by Number		0.0		
% of IEG Projects Rated U or HU by Amt				

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4: Operations Portfolio (IBRD)

As of Date: 09/02/2024

Closed Projects

IBRD/IDA*	
Total Disbursed (Active)	20.58
of which has been repaid(1)	0.00
Total Disbursed (Closed)	
of which has been repaid	
Total Disbursed (Active + Closed)	20.58
of which has been repaid	0.00
Total Undisbursed (Active)	37.42
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	37.41820774

Active Projects

		Last PSR Supervision Rating			Original Amount in US$ Millions					Difference Between Expected and Actual Disbursements a/	
Project ID	**Project Name**	**Development Objectives**	**Implementation Progress**	**Fiscal Year**	**IBRD**	**IDA**	**Grants**	**Cancel.**	**Undisb.**	**Orig.**	**Frm Rev'd**
P166187	SR Competitiveness & Diversification MST	MS	MS	2020	23.0	0.0		0.0	15.4	11.0	5.0
P165973	SR Saramacca Canal System Rehabilitation	MS	S	2019	35.0	0.0		0.0	22.0	22.0	0.0
Overall Result					**58.0**	**0.0**		**0.0**	**37.4**	**33.0**	**5.0**

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 5: Donor Mapping

Development Area	CDB	IsDB	IDB	IMF	UNDP/ UNFPA	UNESCO/ UNICEF	EU	FAO/ IICA	PAHO/WHO	AFD	NL	Canada	USA
Institutional Capacity/Public Sector Reform	X		X	X	X		X	X	X		X		
Public Financial Management	X		X	X	X								
Statistical Capacity			X		X								
Agriculture		X	X		X		X						
Energy	X		X		X		X	X					
Transport/Infrastructure			X										
Urban Planning and Housing		X	X			X							
Natural Resources	X		X				X			X			
Environmental Protection and Flood Management			X				X			X	X		X
Climate Change	X		X		X		X			X	X		X
Private Sector Development and Business Climate Reform	X		X				X				X	X	
Education	X	X	X		X	X	X				X	X	X
Social Protection			X										
Gender-based Violence					X		X		X			X	X
Rural Livelihoods Development			X				X	X		X		X	
Health		X	X			X			X	X	X	X	X
Culture and Art			X			X					X		X

CDB – Caribbean Development Bank; IsDB – Islamic Development Bank; IDB – Inter-American Development Bank; IMF – International Monetary Fund; UNDP – United Nations Development Program; UNFPA – United Nations Population Fund; UNESCO – United Nations Educational, Scientific and Cultural Organization; UNICEF – United Nations Children Fund; EU – European Union; FAO – Food and Agriculture Organization, IICA – Inter-American Institute for Cooperation on Agriculture; PAHO/WHO – Pan American Health Organization/World Health Organization; AFD – Agence Française de Développement (French Development Agency) ; NL – Netherlands; USA – United States of America