INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY

PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY

FOR

REPUBLIC OF SURINAME

FOR THE PERIOD FY15-FY19

October 22, 2018

Caribbean Country Management Unit
Latin America and the Caribbean Region

International Finance Corporation
Latin America and the Caribbean Region

Multilateral Investment Guarantee Agency

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The Country Partnership Strategy was discussed by the Board on 27 April 2015

CURRENCY EQUIVALENTS
Currency Unit =
US$ 1 = SRD 7.48
(24 July 2018)
FISCAL YEAR: January 1 to December 31

ABBREVIATIONS AND ACRONYMS

ACP African, Caribbean, and Pacific
ASA Advisory Services and Analytics
BoS Bureau of Statistics
CARICOM Caribbean Community
CARTAC Caribbean Regional Technical Assistance Centre
CBvS Central Bank of Suriname
CDB Caribbean Development Bank
CPI Consumer Price Index
CPS Country Partnership Strategy
CRA Coastal Resilience Assessment
DPL Development Policy Loan
DSB De Surinaamsche Bank
ECLAC Economic Commission for Latin America and the Caribbean
EITI Extractive Industries Transparency Initiative
EU European Union
FCSD Facilitating Competitiveness and Sector Diversification Project
FDI Foreign Direct Investment
FRA Flood Risk Assessment
GFDRR Global Facility for Disaster Reduction and Recovery
GNI Gross National Income
GoS Government of Suriname
GTFP Global Trade Finance Program
IaDB Inter-American Development Bank
IBRD International Bank for Reconstruction and Development
ICT Information and Communications Technology
IFC International Finance Corporation
IFI International Financing Institution
IMF International Monetary Fund
IsDB Islamic Development Bank
ISN Interim Strategy Note
MIGA Multilateral Investment Guarantee Agency
MOU Memorandum of Understanding
NDP National Development Plan
PLR Performance and Learning Review
PPP Purchasing Power Parity
SESA Strategic Environmental and Social Assessment
SME Small and Medium Enterprises
SRD Suriname Dollar
<table>
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<tr>
<th>Acronym</th>
<th>Full Name</th>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<th>World Bank</th>
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<tr>
<td><strong>Vice President:</strong></td>
<td>Jorge Familiar</td>
<td>Georgina Baker</td>
</tr>
<tr>
<td><strong>Director</strong></td>
<td>Tahseen Sayed</td>
<td>Gabriel Goldschmidt</td>
</tr>
<tr>
<td><strong>Task Team Leaders</strong></td>
<td>Denis Boskovski</td>
<td>Eduardo Wallentin</td>
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SURINAME
PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP STRATEGY

I. INTRODUCTION

1. This Performance and Learning Review (PLR) summarizes progress in the implementation of the first World Bank Group (WBG) Country Partnership Strategy (CPS) for the Republic of Suriname for the period FY15-FY19 (Report No. 91238-SR) and reflects the adjustments made to the WBG program going forward. The CPS’s principal objective is to support government’s efforts to promote a more sustainable, inclusive and diversified growth model.

2. The PLR validates the development challenges and the results areas of the Country Partnership Strategy. Creating a conducive investment climate remains essential for Suriname to catalyze economic activity and increase resilience to exogenous shocks. Likewise, increasing economic diversification remains a priority, including within the country’s two leading export-oriented sectors: extractives and agriculture. At the same time, Suriname is one of the most vulnerable countries to flooding in the world. Around 30 percent of Suriname is within a few meters above mean sea level, and therefore, it is particularly susceptible to coastal flooding and erosion. Recognizing these two priority areas, the World Bank Group developed in FY15 the very first CPS for Suriname after a hiatus of almost 30 years, with a focus on improving the investment climate and building protection from flood risks. The CPS was preceded by an Interim Strategy Note (ISN) covering FY13-14 period that solely focused on knowledge activities.

3. Soon after the CPS was discussed, changing country circumstances called for flexibility in the engagement, particularly with regards to the lending program. The fall of the commodity prices in 2015 and a serious economic downturn led to an economic crisis that, in turn, led the Government to reassess the lending program anticipated in the CPS. It requested the World Bank to prepare a Development Policy Loan (DPL), to accompany the reform program being prepared with IMF support. The proposed DPL engagement had an emphasis on improving fiscal management and the investment climate. While progress was made on the reforms being supported under the proposed DPL, its processing was held in abeyance due to the cancellation of the IMF program. As the economy began to stabilize by 2017, Government requested the World Bank to reinitiate the lending program in the CPS, as the country priorities related to improving the investment climate and enhancing resilience through flood risk management remain relevant. Moreover, given the still nascent WBG engagement, it was considered appropriate to maintain the original CPS areas where background analytical activities had been undertaken.

4. The PLR continues to have the same Results Areas as the CPS, and anticipates two lending operations, one under each results area. There is a slight shift in the formulation of the Results Areas to align these better with the planned interventions. In the first Results Area, Creating Conducive Investment Climate for Economic Growth, the World Bank plans to deliver the Facilitating Competitiveness and Sector Diversification project that will help strengthen the institutional capacity to facilitate investment and private sector development, as well as improve environmental, social and corporate governance standards. In the second Results Area, Reducing Vulnerability to Floods, the planned Sarramaca Canal System Rehabilitation project will help reduce flood risk and improve critical assets operational management in the capital city of Greater Paramaribo area. The program outlined in the PLR remains focused and selective, as earlier envisioned. It is based on more recent dialogue with the Government, the findings of recent WBG analytical work, consultations with development partners
and other stakeholders, and remains in alignment with the National Development Plan 2017-2021\(^1\) of the Government of Suriname.

**5. The PLR preparation at a mid-term period of the CPS was delayed due to the fast-changing country context.** The PLR was initiated once the direction of the program underpinning the CPS became clear. As the economy begun to recover by 2017, the World Bank and the Government reassessed the lending program. The Government requested the World Bank to re-initiate the preparation of two investment operations, one under each Results Area with continued focus for World Bank financing on resilience and competitiveness. Government exercised even greater selectivity by focusing mainly on these two areas, while not including the previously planned engagement in the education sector. The two planned lending operations, one under each results area, are now well underway. It is now also proposed to bring the preparation of the new CPS in line with the political cycle of the country (next general elections are planned for 2020), the PLR proposes to extend the CPS for two years until end FY2021.

**II. MAIN CHANGES IN COUNTRY CONTEXT**

**6. Since its independence in 1975, Suriname has maintained a multi-party system\(^2\).** The 51-member unicameral National Assembly is elected every five years. Suriname has a presidential system of government, by which the President and Vice-President are elected for five-year terms by the Parliament, and the government is appointed by the President. The Nationale Democratische Partij (NDP), led by the current President of the State, has a slim legislative majority, with 26 of the 51 seats in the unicameral National Assembly, and can also count on the support of legislators from minority parties. The next general elections are due in May 2020.

**7. The economy of Suriname has been dependent on extractive industries.** The extraction and processing of abundant gold, oil, and bauxite resources have historically accounted directly for around 30 percent of GDP and as much as 90 percent of exports. Economic activity in other sectors also tends to be linked to extractives – the services sector accounts, including the large public sector - for nearly 60 percent of the economy and is dominated by construction, retail, trade, and transport activities that are closely linked to income earned from extractives. Agriculture is a historically important sector that currently accounts for about 10 percent of GDP. Supported by rising commodity prices of its mineral and oil exports, Suriname’s economy grew an average of 3.4 percent per year from 2001 through 2016, well above the 2.1 percent average for Caribbean small states. Per capita income increased from $1,390 to $6,990 over this time (GNI, Atlas method) and poverty rates declined.\(^3\)

*Recent Economic Developments*

**8. The high dependency on extractive industries caused for Suriname to be hard hit by the fall of commodity prices in 2015, exacerbated by weaknesses in macroeconomic policy and the structure of the economy.** The economy is characterized by a dominance of extractive industries, with a large public sector, and a small non-extractives private sector that generates little growth of income

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\(^1\) The Suriname National Development Plan 2017-2021 has four pillars: (i) Strengthening Development Capacity; (ii) Economic Growth and Diversification; (iii) Social progress; and (iv) Utilization and Protection of the Environment.

\(^2\) except for two periods of military rule in 1980-87 and 1990-91

\(^3\) GDP and GNI data are from World Development Indicators. Poverty trends are based on World Bank staff calculations using aggregate consumption data from the General Bureau of Statistics; household microdata are not available and there is no official national poverty line.
or jobs for the small population of 542,000.\(^4\) Mining output and industrial production fell in 2015 (by 4 and 11 percent, respectively), and GDP contracted by 5.6 percent in 2016. Government revenue from mining dropped to 3.1 percent of GDP in 2015 from 9 percent in 2013. Suralco alumina refinery cut production in half in March 2015 and idled it entirely in November the same year. The current account deficit grew to 16.4 percent of GDP in 2015—a far cry from the double-digit surplus attained in the late-2000s. Usable international reserves plummeted to 0.3 months of imports by the end of 2015.\(^5\) Agriculture contracted by 5 percent, and tourist arrivals fell by 3.1 percent during January–August 2015 compared to the same period in 2014.\(^6\)

9. A fixed exchange-rate regime during the crisis constrained adjustment, and international reserves declined sharply as the CBvS worked to maintain the peg. The real exchange rate appreciated by about 25 percent between 2011 and 2015. Reserves fell from $1 billion in December 2012 to $359 million in November 2015, when CBvS devalued the SRD by more than 20 percent (to SRD4.00 to the U.S. dollar). The General Bureau of Statistics (GBS) estimated that consumer prices jumped by 15 percent month-on-month in November 2015 in response to the hike in tariffs on water and electricity.\(^7\) Energy subsidies declined as a share of GDP but remained substantial and—ultimately—unsustainable. The adjustment that was implemented increased the housing and utilities component of the consumer price index (CPI) and pushed up year-on-year CPI inflation to 35 percent in March 2016.

### Table 1: Suriname: Key Macroeconomic Indicators and Projections, 2015-2020

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018e</th>
<th>2019f</th>
<th>2020f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth, at constant market prices %</td>
<td>-3.4</td>
<td>-5.6</td>
<td>1.7</td>
<td>1.4</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Real GDP growth, at constant factor prices %</td>
<td>-3</td>
<td>-8.9</td>
<td>-0.5</td>
<td>1.2</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Agriculture, %</td>
<td>4.2</td>
<td>1</td>
<td>11.7</td>
<td>1.1</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Industry, %</td>
<td>0.5</td>
<td>-1.9</td>
<td>5</td>
<td>1.5</td>
<td>1.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Services, %</td>
<td>-6.8</td>
<td>-8.5</td>
<td>1</td>
<td>1.4</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Inflation (CPI), %</td>
<td>6.9</td>
<td>55.5</td>
<td>22</td>
<td>8.5</td>
<td>7.5</td>
<td>7</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>-</td>
<td>-5</td>
<td>0.1</td>
<td>2.8</td>
<td>1.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Net FDI (% of GDP)</td>
<td>5.5</td>
<td>9.6</td>
<td>5.5</td>
<td>4.3</td>
<td>4.1</td>
<td>3.6</td>
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<tr>
<td>Fiscal Balance (% of GDP)(^a)</td>
<td>-9.7</td>
<td>-9.2</td>
<td>-7.2</td>
<td>-6</td>
<td>-5</td>
<td>-4.6</td>
</tr>
<tr>
<td>Public Debt (% of GDP)(^a)</td>
<td>43</td>
<td>75.8</td>
<td>72.1</td>
<td>66.9</td>
<td>70</td>
<td>72.2</td>
</tr>
<tr>
<td>Primary Balance (% of GDP)(^a)</td>
<td>-8.2</td>
<td>-7.4</td>
<td>-4.4</td>
<td>-2.4</td>
<td>-1.2</td>
<td>-0.4</td>
</tr>
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Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices

Notes: e = estimate, f = forecast

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

10. Broad based economic growth resumed in 2017 and continued during the first half of 2018 due mainly to a recovery in exports and fiscal revenue. The expansion follows a contraction during which GDP shrank by close to 10 percent since 2015, and merchandise exports fell by a third because of falling oil and aluminum volumes. A large gold mine boosted growth in 2017 and is

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\(^4\) 2012 census.

\(^5\) This figure excludes foreign currency swaps and reserve requirements on banks’ foreign currency deposits. Including those funds, gross international reserves were equivalent to 1.9 months of imports in December 2015.

\(^6\) Data from the Caribbean Tourism Organization.

\(^7\) GBS’s index of housing and utilities prices experienced a one-time jump of 105 percent m/m in November. Excluding this component, the CPI grew by 2.3 percent m/m in November.
projected to continue to expand. Mining revenues as well as renewed agricultural growth is boosting retail and trade activities, indirectly contributing to fiscal revenue. However, unemployment remained around 8 percent in 2017, up from 5 percent in 2015, prior to the crisis. Real GDP at market prices grew in 2017 due to equal contributions of about 1.5 percent from agriculture and industry, despite continued contractions in services.

11. **A recovery in merchandise exports boosted growth and closed the current account deficit in 2017.** Merchandise exports expanded by over 40 percent during 2017. Foreign direct investment inflows continued at around 5.5 percent of GDP, roughly half of the 2016 inflow, and were used to build up foreign reserves. Imports also recovered but remained constrained by high interest rates.

12. **A tight monetary policy helped to reduce inflation and stabilize the exchange rate.** Interbank rates reached a peak of 17.4 percent in December 2017 and have since then eased to 16.6 percent as of June 2018. Inflation rate declined to 9.1 percent at end March 2018. Exchange rates stabilized in 2017 at SRD 7.5 per U.S. dollar.

13. **A recovery in fiscal revenues reduced the fiscal deficit despite continued loose expenditure policies.** Fiscal revenues recovered by 5.4 percentage point of GDP to reach 22.2 percent of GDP in 2017 but remained below ten-year average pre-crisis levels of around 25 percent of GDP. The deficit declined, and the primary balance narrowed by 3 percentage points to 4.4 percent of GDP in 2017, despite ongoing energy subsidies. Addressing the energy subsidies posed political challenges, and absence of progress in this key area impeded the engagement of the IMF in 2016. Government debt declined slightly to 72.1 percent of GDP in 2017 from over 75 percent a year earlier but remained some 30 percentage points above end 2015 levels. Interest payments in 2017 were more than double the average for 2005-15.

**Outlook**

14. **GDP is projected to grow modestly during 2018-20 due to a steady expansion in the mining sector.** The outlook for the mining sector remains positive. The recovery in the mining sector is projected to boost fiscal revenues and narrow the fiscal deficit to 5 percent of GDP for 2019. The Rosebel gold mine which is a jointly owned mine between the government and Iamgold announced in September 2017 that it would extend the lifetime of the mine until 2030 after a new gold discovery was made. A gradual improvement in the efficiency of expenditures is projected through the implementation of expenditure policy measures. The current account is projected to remain near balance. Both gold exports and non-oil imports are projected to increase. Activities by Staatsolie oil refinery are picking up steam, reducing Suriname’s imports of refined oil products. Remittance inflows are projected to stabilize during 2019-20 at roughly 0.4 percent of GDP. Imports of services are expected to rise as the economy grows. Continued tight monetary policies are projected to stabilize the exchange rate and reduce inflation to about 7 percent by 2020. Debt is expected to decrease in 2018 to 66.9 percent of GDP owing to currency appreciation as well as growth in real GDP. Debt levels in 2019-20 are anticipated to rise as increase mining activities may lead Staatsolie to require more funding. The state oil company has already obtained US$625 million in syndicated loans from international markets in May.

**Poverty**

15. **There is no agreed official poverty rate in Suriname.** Based on a Survey of Living Conditions in 2016/2017 conducted by the Inter-American Development Bank, in association with the

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8 Source: Central Bank of Suriname (CBvS)
Electricity Company of Suriname EBS NV, the Central Bank of Suriname and other partners, the consumption poverty rate using the $5.5 a day in 2011 PPP was estimated at 28.9 percent, with only 1.7 percent of the population living under the international poverty line of $1.9 a day in 2011 PPP. Based on this survey, poverty was more prevalent in the interior region, where 61.5 percent of the population lived in poverty. The poverty headcount was lower in Great Paramaribo (22.7 percent) and the coastal region (26.8 percent). The interior region also has a higher level of inequality. The Gini coefficient for the interior region was estimated at 0.47, compared to 0.36 for the coastal region. The Gini coefficient was 0.38 for the entire country, compared to the LAC average of 0.51.

16. The poverty rate using the $5.5 a day in 2011 PPP of female-headed households was higher than for male headed households (32.9 percent compared to 26.9 percent). When categorizing households based on economic characteristics, the poverty rate is lowest for dual earners without dependent children at 6.9 percent. Single breadwinner households with dependent children tend to be among the poorest. It was estimated that 36.8 percent of single female breadwinner households and 42.3 percent of single male breadwinner households with dependent children lived in poverty. The unemployment rate has gradually increased since the onset of a recession in 2014, from 4.84 percent in 2013 to 8.12 percent in 2017. Women are twice as likely to be unemployed as men. The unemployment rate of women increased from 7.92 percent to 12.54 percent between 2013 and 2017, while that of men rose from 2.82 percent to 5.26 percent during the same period. The forthcoming Systemic Country diagnostic (SCD) - planned for FY20 - will undertake a deeper analysis of gender issues in Suriname.

III. SUMMARY OF PROGRAM IMPLEMENTATION

17. The current Suriname CPS FY15-19 is the first full strategy since the WBG re-engaged with the country in FY11, following a hiatus of nearly 30 years. A phased reengagement began in 2012 at the request of the Government, anchored by an Interim Strategy Note (ISN). The CPS program reflected a strategy of gradual engagement in the context of rather limited past experience with WBG programs, insufficient data availability and restricted knowledge base on the country. The CPS aimed to align with the Government’s stated priorities presented in their National Development Plan, while maintaining an alignment between the areas of engagement and the twin goals of reducing poverty and boosting shared prosperity. Using the WBG comparative advantage on the two CPS pillars, the program complements the support Suriname is receiving from other development partners. The CPS put forward two key Results areas: (i) Creating Conducive Investment Climate for Economic Growth, and (ii) Reducing Vulnerability to Floods. The CPS envisaged a lending program consisting of three operations: Competitiveness and Diversification project, Education project and Disaster Risk Management project, and complementing Advisory Services and Analytics (ASA) and Technical Assistance (TA), including a Report on the Observance on Standards and Codes (ROSC) follow-up and Extractive Industries TA.

18. The change in the macroeconomic circumstances in Suriname led to changes in the design of the World Bank-supported program. Soon after the CPS was approved, Suriname was hard-hit by an economic crisis due to the collapse of the world commodity prices, which resulted in a shift in the dialogue with the World Bank. In 2015, Suriname’s economy contracted, and the budget

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9 Consumption-based poverty rates. The Suriname Bureau of Statistics (BoS) conducted a survey in 2013. However, the survey data is yet to be made publicly available. The estimated poverty numbers reported here are not official.

10 Statistics for the Latin America and the Caribbean are based on income, so they are not strictly comparable.
and balance of payments came under severe stress. Government revenue from mining fell sharply, foreign reserves were drained, and GDP growth contracted. In response to Government’s request, the World Bank program was refocused from investment loans to budget support, postponing two investment operations and dropping the planned Education project in the process. 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. The proposed series aimed to support the Government’s reforms related to fiscal management, investment climate, and managing risks from environmental hazards. This was to be part of a planned US$968 million package of financial support that the Caribbean Development Bank (CDB), Inter-American Development Bank (IaDB), IMF and World Bank expected to disburse between 2016 and 2018. In May 2016, the IMF approved a US$478 million program under the Stand-By Arrangement that was anchored in significant monetary, fiscal, and public financial management reforms. However, slower than anticipated progress in certain reform areas supported by the international financial institutions 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.

19. Although the lending program outlined in the CPS was temporarily altered, Suriname benefited from World Bank technical and knowledge support under both CPS Results areas. Under the first Result area related to Creating a Conducive Investment Climate for Economic Growth, the Government, through the assistance by the World Bank, undertook several measures to simplify business startup\(^{11}\) and business licensing\(^{12}\). To advance trade opportunities, the Government established a National Trade Facilitation Committee per WTO commitment, and enabled the use of electronic transactions - electronic documents and signatures - including for government permits, licenses, and approvals. The in-depth Competitiveness Analysis focused on the management of oil and mining, while the World Bank also provided a TA to promote transparency and sustainability within sector management, which resulted in the approval of Suriname as an Extractive Industries Transparency Initiative (EITI) candidate in May 2017, and the disclosure of mining licenses by the Ministry of Natural Resources online in September 2017, among other things. The 2017 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. Under the second Results area, focused on Reducing Vulnerability to Floods, the World Bank’s assistance consisted of a set of Policy Notes that contributed to better understanding of environmental standards and improving disaster risk management in the country while the Greater Paramaribo Flood Risk Management Program ASA (P159234) enhanced the Government capacity to manage flood risk in the Greater Paramaribo area through a strategic flood risk assessment and a prioritized risk reduction investment plan. The Government also completed many of the prior actions in the DPL and made substantial progress in improving its fiscal management. Among other things, it established a central government debt limit aligned with international standards, a Savings and Stabilization Fund (SSF), as well as improved the predictability and control of budget execution by instituting a requirement that budget releases to ministries will be contingent upon the Treasury’s projections and rolling out core modules of the Integrated Financial Management Information System (IFMIS) to all line ministries.

20. The delay in program implementation caused by the changing country context because of the economic downturn, resulted in a delay of the planned implementation of the original CPS operations. As the economy begun to recover in 2017, the Government and the World Bank jointly reassessed the lending program. The resumption of growth and stabilization of fiscal revenues,

\(^{11}\) the Companies Act reforms removed requirement to have Presidential approval of new business registration

\(^{12}\) Business and Professions Licensing Law – establishes (a) that all business activity may be conducted freely unless a license is specifically required and (b) standardized appeal procedures for firms
combined with the persistent level of unemployment, and undiversified economy have led to maintaining sector diversification and the development of the private sector as an area to be operationally assisted by the World Bank Group. The Government re-initiated the preparation of two investment operations, one under each Results Area with greater selectivity for World Bank financing on resilience and competitiveness, resulting in removal of the previously planned education project. The planned operations are now well underway. To allow more time for their delivery and implementation, and to bring the preparation of the new CPS in line with the political cycle of the country (next general elections are planned for 2020), the PLR proposes to extend the CPS for two years until end FY2021.

21. **The IFC program also evolved.** During the first years of the CPS period, IFC was working on establishing a Credit Bureau, an activity within the now-closed IFC Caribbean Credit Reporting program. The program focused on helping prepare credit reporting legislation as well as participation of local officials in regional Caribbean credit reporting conferences. The work ended without enactment of the law as the Central Bank was focusing in other higher priorities. As it has been the case with other countries, moving forward in this area by establishing a Credit Bureau and making it operational will have a positive impact in expanding credit operations with MSMEs. In FY12, a US$5 million operation was approved for the De Surinaamsche Bank (Project 31568-GTFP DSB Surinam) which, for the first two years, performance of the operation was satisfactory. In mid-2014, IFC granted a temporary waiver on covenants to DSB with the expectations of better results vis-à-vis the covenants in 2015. The economic events described above did not allow for that to happen and, as a result, the line was closed in 2017.

22. **The WBG is coordinating closely with other development partners.** Suriname has established partnerships with multilateral (IaDB, EU, IMF, IsDB, CDB, OPEC Fund for International Development, and UN) and bilateral development partners (Brazil, Canada, China, France, India, Netherlands, and US), through technical assistance and joint or parallel financing of investment operations in agriculture, education, financial sector development, transport, health, disaster risk management, and social protection. The Government has started engaging development partners in a more systematic manner, through the Ministry of Finance. World Bank maintains regular liaison with the donors with mutual sharing of program developments.

**IV. EMERGING LESSONS**

23. **Maintaining flexibility of engagement with changing country circumstances proved to be of fundamental importance.** The World Bank maintained close dialogue with the Government of Suriname throughout the global commodity price crisis and adapted the program in line with evolving circumstances and responding to the Government’s request. The program moved from investment projects to planning a budget support operation, accompanied with analytical work and technical assistance designed to help the country counter the effects of the exogenous circumstances. Maintaining a strong engagement on analytical and knowledge support was fundamental to developing a deeper understanding of the country context and associated issues. Due to this, the World Bank was in position to respond with agility to the Government’s renewed request for investment financing once the economic situation showed relative improvement. The engagement in Suriname demonstrated that being cognizant of emerging political economy considerations is important and, as well as the ability to take a step back and reorient the engagement when a country context dramatically changes.

24. **Suriname is a strong example of the World Bank’s value added and comparative advantage on knowledge.** The analytical work and the technical assistance delivered during the period
before and after the economic crisis helped establish the basis of the World Bank Group – Suriname cooperation. It addressed several important issues of importance for the improvement of the business environment and for addressing flooding issues, also aggravated by climate change. The analytical work also provided good learning ground for understanding capacity limitations of Government institutions, further exacerbated due to absence of previous project engagement with the World Bank Group. As a result, the WBG supported programs include stronger capacity building support for government institutions with awareness and knowledge building, and associated skills enhancement to prepare and implement World Bank-financed operations. The WBG program in Suriname will continue to benefit from the lessons learned in project management and capacity building from other countries across the Caribbean region.

25. A development program in a country the size of Suriname requires good coordination among development partners. The World Bank has coordinated its assistance with the other development partners throughout the CPS implementation, and through the changes of the program. WBG had regular meetings with the development partners during missions and technical discussions, starting from our initial work in the fiduciary area and in project support, and those experiences are being reflected in the current engagement with Suriname. Moreover, the WBG will continue to draw lessons and benefit from the operational experience of other partners with more longer-term history of active involvement in the country.

26. The emerging engagement in Suriname reinforces the importance of working as one WBG both from substantive perspective and in reducing transaction costs in a capacity constrained environment. IFC and the World Bank are working jointly in identifying and addressing the opportunities and constraints to investment and diversification in the agribusiness and extractives sector, where both institutions worked together on the Suriname Sector Competitiveness Analysis. Going forward, new avenues for joint IFC/MIGA/World Bank collaboration will be systematically explored to offer synergies in support of the WBG program implementation and of the Government’s market creating reforms.

V. ADJUSTMENTS TO THE CPS AND FUTURE ENGAGEMENT

27. The World Bank program in Suriname changed direction during the first two years, mainly due to the 2015-16 economic crisis. The fall of the commodity prices in 2015 caused the Government to reassess the program anticipated in the CPS and request the World Bank to prepare a Development Policy Lending, with an emphasis on improving fiscal management and investment climate. The Government managed to complete the reform actions. However, slower than anticipated progress in certain reform areas supported by the international financial institutions 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. As the economy stabilized by 2017, Government requested the World Bank re-initiate a program of investment loans related to advancing the investment climate and flood risk management, which are currently under preparation. To offer more time for adoption and implementation of both the non-lending and lending activities, and to coincide with the electoral cycle, the PLR proposes to extend the current CPS for two years, until end FY2021.

28. While the Results Areas remain the same, the PLR reflects the changes in several of the CPS’ objectives and indicators. The PLR’s Creating Conducive Investment Climate for Economic Growth results area remains focused on private sector growth. It retains the outcomes related to improved financial reporting and transparency, improved regulations in the financial sector, and strengthened environmental, social and corporate governance standards, while adapting the outcome
related to facilitation of investments with linkages to the local economy into an outcome that shows strengthened institutional capacity to facilitate investment, in order to be able to show results by the end of the extended CPS period. The outcomes related to improved customs procedures and strengthened capacity of the Ministry of Education are dropped because of Government’s change of priorities for the WBG program in the aftermath of the economic crisis. The outcome related to the second results area focused on Reducing the Vulnerability to Floods was refined to go beyond just having a plan for flood risk management (original outcome) to having the first critical investment in flood risk management approved and underway. The two cross-cutting outcome indicators related to improved capacity to analyze data on poverty and gender were dropped because the poverty methodology developed through the work on poverty methodology and poverty estimation based on the Household Budget Survey 2013/14, was not adopted by the Bureau of Statistics (BoS). Currently, Suriname does not have official poverty indicators. In addition, the delay in initiating the the CPS program, as noted in para 27, limits the anticipated CPS results. The short timeframe remaining for the implementation of the renewed CPS program, notwithstanding the two year proposed extension, puts a limit on both the number and the nature of results that can be achieved under the two lending operations and limited ASA. Further limitations are also associated with the absence of ongoing operations that could have contributed to CPS results.

Results Area 1: Creating Conducive Investment Climate for Economic Growth

29. New private investment is needed to catalyze economic activity and increase resilience to shocks in the future. As in other small Caribbean economies, Suriname’s concentrated exports and vulnerability to shocks suggest the need for economic diversification, including within the country’s two leading export-oriented sectors, extractives and agriculture. Suriname’s large public-sector wage bill compounds this need, highlighting the importance of growth in private sector jobs. The public sector also already plays a substantial role in the economy but lacks capacity to manage economic activities in a commercially oriented way. Facilitating new private investment is needed to create private sector job opportunities and strengthen economic resilience in Suriname.

30. There is significant competitive potential for increased growth and diversification, informed by the Sector Competitiveness Analysis. Agriculture already accounts for 10 percent of GDP, and Suriname has preferential market access to the Caribbean through CARICOM and historical export connections to Europe through the Netherlands. There is also significant potential for increased production of new products for export markets. The current amount of land under production is only about 20 percent of the historic maximum. Sector analysis identified potential for increased production and export especially of high-value fruit and vegetable products, as well as competitive potential of high-value fish and meat products. Suriname’s mineral and oil potential is also underexploited. Besides gold, geological studies have shown evidence of high potential for a range of minerals, including additional gold extraction, diamonds, and other minerals such as kaolin and rare earth elements. Substantial offshore oil finds in Guyana have encouraged an increase in exploratory activity in Suriname as well. New exploration and extraction has the potential to generate jobs and additional local economic opportunities in the long term. There is also potential to increase competitiveness and growth in other sectors of the economy, such as the nascent tourism industry.

31. Despite the potential, investment climate constraints and lack of institutional capacity hinder new private investment. Across sectors of the economy, limited access to finance, limited investor legal protections, and complex business regulatory requirements constrain private sector growth and investment opportunities, especially for SMEs. Within agribusiness, limited integration into global value chains, complex land titling processes, weak investment and export promotion, and limited finance for expansion of agribusiness operations hinder growth. As for the extractives sector,
the Sector Competitiveness Analysis identifies the weak governance, poor management of mining titles and lack of fiscal transparency around revenues and royalties and other revenues generated by extractives. In 2016 the Ministry of Finance stated publishing detailed information on extractive revenues as part of its regular budget execution statistics. The Government has made extensive recent efforts to improve governance of the sector and has used World Bank technical assistance to support its candidacy to the global EITI and introduce improvements in mining cadaster management. The Government has also published online maps with existing mining titles to increase transparency. But it still lacks the legal and regulatory framework, the institutional capacity to implement governance reforms as well as a long-term vision/strategy for the sector built upon updated geological data. In the oil industry, the concentration of the regulatory and commercial functions in the state-owned oil company Staatsolie creates a conflict of interest that potentially undermines equal and fair treatment for potential future investors in onshore or offshore oil. A conducive regulatory framework would provide the conditions for growing private sector investments, which could be supported by IFC and MIGA.

32. The World Bank-financed Facilitating Competitiveness and Sector Diversification (FCSD) project (P166187) will help Suriname facilitate new private investment in targeted industries through an improved investment climate, strengthened value chains, and increased access to finance to enable private sector growth and diversification. It expects to set the foundations for private sector investment in extractive industries by supporting geological data gathering and sharing, by improving the regulatory framework for extractives, which will help generate revenues, contribute to economic growth, create jobs and opportunities for local firms. It intends to also improve the social and environmental management framework. The operation will also support private investments in other high-potential value chains, such as in agribusiness, including through facilitating access to finance for SMEs. Positive results in this area could translate into follow-up investments by IFC with the private sector. During project implementation, engagement of professional women and supporting opportunities for women’s employment will be specifically focused on. In this regard, possible inclusion of gender disaggregated data for relevant project indicators is being considered.

33. These activities will build upon and leverage ongoing WBG activities in Suriname. Even though the DPL was canceled, many of the reforms in that program were successfully implemented, such as simplifications of the procedures to start and license a business, and help introduce the Electronic Transactions Law, which provides legal status to electronic documents and signatures, including for government permits, licenses, and approvals. Building on the findings of the Sector Competitiveness Analysis, the trust-funded Investment Climate and Sector Competitiveness ASA (TF0A3605) has been supporting the Government to advance investment climate reforms and inform future agribusiness lending operations. Activities under this ASA have 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. Going forward, technical assistance in the areas of financial inclusion, financial sector education, payment system and national risk assessment could be considered. Previous IFC advisory diagnostic work identified opportunities to improve customs procedures and efficiencies. The IFC has signed a MOU with the GoS to identify suitable opportunities for private sector participation in the energy, mining and water sectors and to provide capacity support for public-private partnerships. IFC is ready to move forward on this front, particularly on capacity building, once the authorities identify the right timing to do so. Institutional capacity support for the extractives sector will build on GoS efforts to implement the EITI, including with recipient-executed
grant support (TF0A6097-SR) for Extractive Industries Technical Assistance project (P163612) that has recently become effective. Project implementation capacity support will leverage similar support provided to GoS counterparts as part of the Saramacca Canal Rehabilitation IPF (P165973) that is being concurrently prepared.

**Results Area 2: Reducing Vulnerability to Floods**

34. **Suriname is one of the most vulnerable countries in the world to the impact of flooding.** Around 30 percent of Suriname is within a few meters above mean sea level, and therefore, it is particularly susceptible to coastal flooding and erosion. The socioeconomic impact of past floods in Suriname has been significant. The major floods that affected the coastal regions of Suriname in 2006 and 2008, caused a loss of 2.3 percent of GDP in just a few days, with the largest proportion of damage reported in the education and agricultural sectors (45 percent and 39 percent, respectively)\(^\text{13}\).

35. **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 and 2017, a World Bank Technical Assistance, supported by the African, Caribbean, and Pacific (ACP) region - European Commission (ACP-EU) Natural Disaster Risk Reduction Program, in partnership with the Global Facility for Disaster Reduction and Recovery (GFDRR) and the Government of Suriname (GoS), conducted a Strategic Flood Risk Assessment (FRA) for the Greater Paramaribo area and a Coastal Resilience Assessment (CRA). The FRA supported the GoS to prioritize targeted flood risk reduction interventions. Strategic flood hazard modelling 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. The FRA led to the development of an evidence-based, prioritized list of targeted flood reduction investments comprising 14 structural and nonstructural 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 study, and in response to the Government’s request, the World Bank-financed Saramacca Canal System Rehabilitation project (P165973) will aim 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. This operation is expected to yield significant benefits to the communities in the capital city area, and specially for women by reducing the impact of physical risks to their homes and livelihoods.

**Potential New Lending Engagements**

36. **IBRD’s indicative lending envelope to Suriname during the PLR is envisioned to reach around $70 million.** These funds will be allocated to the Facilitating Competitiveness and Sector Diversification and the Saramacca Canal System Rehabilitation project. Both are currently planned for delivery in the third quarter of FY19. The pace of the further utilization of the IBRD funds will be determined by Suriname’s interest and progress in implementing the program; IBRD’s overall lending capacity; and the interest of other development partners in co-financing projects. The expansion of IFC’s program will depend to a large extent on the Government’s dedication to program in the systemic areas listed in Results Area 1 and more specifically on extractive, agriculture and infrastructure sectors,

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\(^{13}\) According to the 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)
and the identification of suitable clients. In addition, once conditions improved, the closed Global Trade Finance Program (GTFP) line could be re-opened and/or new financial sector operations could be explored. MIGA currently finds limited opportunities for engagement, however the Agency will look for occasions to deploy its political risk insurance instrument to support private sector investment as the conditions develop.

VI. RISKS TO THE CPS PROGRAM

37. Overall risk to the CPS program is substantial. Suriname is just starting the first lending engagement with the WBG. While there is a considerable ownership of the Government to implement the program and utilize the assistance of the World Bank Group and the other development partners, the implementation capacity poses substantial risks that need to be addressed during implementation of the CPS program. In this regard, the WBG will work on mobilizing, together with other international financial institutions and bilateral partners, technical assistance to support the process. Key risks to the CPS program assessed as substantial include: (a) political and governance; (b) institutional capacity for implementation and sustainability; and (c) environment and social, while fiduciary risks are assessed as high.

Table 3: Systematic Operational Risk-Rating Tool

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Rating (H, S, M or L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLR</td>
<td></td>
</tr>
<tr>
<td>Political and governance</td>
<td>Moderate</td>
</tr>
<tr>
<td>Macroeconomic</td>
<td>Substantial</td>
</tr>
<tr>
<td>Sector strategies and policies</td>
<td>Substantial</td>
</tr>
<tr>
<td>Technical design of project or program</td>
<td>Moderate</td>
</tr>
<tr>
<td>Institutional capacity for implementation sustainability</td>
<td>Substantial</td>
</tr>
<tr>
<td>Fiduciary Risk</td>
<td>High</td>
</tr>
<tr>
<td>Environment and social</td>
<td>Substantial</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Moderate</td>
</tr>
<tr>
<td>Overall</td>
<td>Substantial</td>
</tr>
</tbody>
</table>

38. Macroeconomic risks. Suriname’s economic recovery depends on sustaining gold exports, which means that any unexpected production disruptions or a sharp decline in the global price of gold could derail the recovery. The country has taken efforts in protecting its economy against such shocks by creating the Savings and Stability Fund (SSF), a sovereign wealth fund, that collects mining revenue. Improvements in the fiscal balance rest on successful implementation of VAT and reforms to energy pricing, but both are technically as well as politically challenging, as delayed implementation of either would undermine the expected reduction in the budget deficit, hike debt, and constrain fiscal space for social and capital spending. Disruptions in the macroeconomic environment may significantly slow down or disrupt the implementation of the WBG program. The WBG will closely monitor the macro situation and reacting timely to address any issues through timely changes in the WBG program.

39. Sector strategies and policies. The WBG program is focused on helping the country’s economy in critical areas, such as strengthening value chains, increasing sector diversification, and setting the foundations for private sector investment in extractive industries. Moreover, development of adequate sector strategies and policies is important for ensuring the smooth implementation of the
private sector related activities in the country. The limited past experiences and weak country capacities pose a risk in implementation. To mitigate this risk, World Bank will work closely with the Government counterparts and provide necessary technical support. Such support will also be embedded in the investment operation.

40. **Institutional capacity for implementation and sustainability.** Implementation of the World Bank portfolio in Suriname will be challenging despite the Government’s commitment to the program. The Government intends to address implementation bottlenecks, but the risk of delayed program implementation because of weak institutional, especially fiduciary and procurement capacity, are rated as high. These challenges are also stemming from the fact that Suriname institutions have no practical experience in managing World Bank-financed operations. The focus on governance and the relatively small, focused lending program included in this CPS will help to reduce this risk. The WBG will aim to build capacity through training for Surinamese project staff and relevant ministry officials on key implementation requirements such as financial management, procurement, audit and project reporting. Suriname will also benefit from a cross-shared experience among the countries as the Caribbean program is setting up a community of practice with key officials from small states for sharing experiences and best practices.

41. **Fiduciary risks remain high.** Fiduciary risks for procurement and financial management are related to the outdated PFM legislative framework which has remained unchanged since 1975 and is not in conformity with current good practices in PFM legislation, weak country systems, and lack of capacity among other factors. The 2015 repeat Public Expenditure and Financial Accountability (PEFA) assessment noted that Suriname’s PFM environment has improved slightly in budget preparation process, debt management and use of the Treasury Single Account since 2011 but that PFM reforms are still much needed in the following areas: (i) credibility of the budget; (ii) comprehensiveness and transparency; (iii) policy-based budgeting; (iv) controls in budget execution; (v) accounting and reporting; and (vi) external scrutiny and audit. Suriname is addressing some of these reforms with assistance from other donors, such as the IDB and the IMF’s Caribbean Regional Technical Assistance Centre (CARTAC). A new PEFA assessment will be conducted with the support of the IDB sometime in 2018 or early 2019 to assess the level of reforms and to develop a new PFM reform action plan. The World Bank will participate as a peer reviewer in this new PEFA assessment.

42. **Environmental and social risks.** Environmental and social risks are also rated as substantial due to the remaining gap between national legislation and WBG environmental and social policy requirements, and capacity constraints. Against this background, the WBG will follow closely any developments regarding environmental and social-related laws and regulations and will continue to strengthen environmental and social capacity of implementing agencies and PIUs in assessing and mitigating environmental and social risks during preparation and implementation of projects in Suriname.

43. **Stakeholders risk.** The development of extractives industry and agribusiness could lead to potential social tensions and conflicts. Potential WBG investments and engagement in sensitive high growth sectors such as the extractive industries and agri-business can have a high pay-off for Suriname – though there could be reputational risks if tensions arise between the enterprises and local citizens. This is a situation that has arisen many times in the region. Given the sizable investments that could reach Suriname to exploit the vast natural resources of the country, and the Government’s weak enforcement capacity, attempts to improve social and environmental standards, corporate governance, and sustainable resource management could be compromised by various interest groups. WBG will mitigate this risk by ensuring a careful due diligence (both fiduciary and environmental/social) prior
to engaging in any potentially sensitive activities under the projects, including developing adequate communication strategy to mitigate reputational risks.
### ANNEX 1: Updated CPS Results Matrix

<table>
<thead>
<tr>
<th>Results Area 1: Creating Conducive Investment Climate for Economic Growth</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPS Objectives</strong></td>
<td><strong>Key WBG Activities</strong></td>
</tr>
<tr>
<td><strong>1.1 Improved standards for financial reporting transparency in public and private sector</strong></td>
<td>Advisory Services and Analytics: IBRD TA ROSC</td>
</tr>
</tbody>
</table>
| Indicator: Modern regulatory framework in place to govern accounting and financial reporting by all enterprises  
*Baseline:* Act on Annual Accounts approved in August 2017 mandating the implementation of IFRS by the Surinamese companies (except for small companies as defined in the Act). (2017)  
*Target:* IFRS adopted by most of the listed companies on the Suriname Stock Exchange with at least 75% of the listed companies on this stock exchange having published their first annual financial statements as per IFRS. (2021) |  |
| **1.2 Improved legislative framework related to investment climate** | Lending: Fiscal Management and Economic Competitiveness DPL (dropped)  
Advisory Services and Analytics: Suriname Macro Policy notes and TA to develop the Business and Professions Licensing Law and electronic transactions |
| Indicator: Number of critical policy reforms and legislation related to improving the investment climate approved  
*Baseline:* none (2015)  
*Target:* enactment of at least 2 laws related to investment climate reforms (2017) |  |
| **1.3 Improved regulations and infrastructure in the financial sector** | Advisory Services and Analytics: FSAP |
| Indicator: new capital adequacy rules  
*Baseline:* outdated capital adequacy rules (2014)  
*Target:* new capital adequacy rules adopted by Central Bank in line with best practices (2017) |  |
| **1.4 Institutional capacity to facilitate investment and private sector development strengthened** |  |
## 1.5 Strengthened environmental, social and corporate governance standards

**Indicator:** Improved environmental, social and governance frameworks in EI and agriculture is adopted  
**Baseline:** outdated regulatory framework (2018)  
**Target:** environmental, social and governance standards consistent with the Strategic Environmental and Social Assessment (SESA) have been adopted (2021)

**Lending:** Facilitating Competitiveness and Sector Diversification (FCSD)  
**Advisory Services and Analytics:** Extractive Industries TA

### Results Area 2: Reducing Vulnerability to Floods

#### 2.1 Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area

**Indicator:** The first critical investment for mitigating flood risks is approved and under implementation  
**Baseline:** No investment (2018)  
**Target:** at least one investment is approved. (2021)

**Lending:** Saramacca Canal System Rehabilitation project  
**Advisory Services and Analytics:** Greater Paramaribo Flood Risk Management Program TA

**Key Partners:** Ministry of Public Works; IADB; EU (through the ACP/EU facility)
### ANNEX 2: Matrix of Changes to Original CPS Results Matrix

<table>
<thead>
<tr>
<th>Original Outcomes</th>
<th>Revised and New Outcomes</th>
<th>Rationale for change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-Cutting focus: Poverty and Gender</td>
<td></td>
<td>No change</td>
</tr>
<tr>
<td>Analysis to Support Evidenced-Based Policy Making</td>
<td></td>
<td>No change</td>
</tr>
<tr>
<td>outcome: Improved capacity to measure and analyze data on poverty and gender</td>
<td>Dropped</td>
<td>There was an attempt to work with the Bureau of Statistics (BoS) in 2016 on poverty methodology and poverty estimation based on the Household Budget Survey 2013/14, but the methodology was not adopted by the BoS. Currently, Suriname does not have official poverty indicators and the BoS did not officially publish any results from the IDB-financed Household Budget Survey 2013/14.</td>
</tr>
<tr>
<td>Outcome: Poverty and gender analysis available for policy formulation</td>
<td>Dropped</td>
<td></td>
</tr>
<tr>
<td>Results Area 1: Creating a conducive environment for private sector development</td>
<td>Results Areas 1: Creating Conducive Investment Climate for Economic Growth</td>
<td>No change</td>
</tr>
<tr>
<td>Outcome: Improved standards for financial reporting transparency in public and private sector</td>
<td>No change</td>
<td>In consultation with the Government counterparts, the World Bank stopped working on customs procedures. This indicator is, therefore, replaced by one on investment climate reforms</td>
</tr>
<tr>
<td>Outcome: Improved customs procedures</td>
<td>Dropped</td>
<td></td>
</tr>
<tr>
<td>Outcome: Improved regulations and infrastructure in the financial sector</td>
<td>No change</td>
<td></td>
</tr>
<tr>
<td>Outcome: Strengthened management capacity in the Ministry of Education</td>
<td>Dropped</td>
<td>The outcome was dropped on the request of the Government with the change of the priorities of the WBG program during the economic crisis 2015/16.</td>
</tr>
<tr>
<td>Outcome: Investments with linkages to the local economy facilitated</td>
<td>Changed into: Strengthened institutional capacity to facilitate</td>
<td>The changed outcome better reflects the expected results of the FCSD Project</td>
</tr>
<tr>
<td>Original Outcomes</td>
<td>Revised and New Outcomes</td>
<td>Rationale for change</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Outcome: Strengthened environmental, social and corporate governance standards</strong></td>
<td>investment and private sector development</td>
<td></td>
</tr>
<tr>
<td>Results Area 2: Decreased vulnerability to climate change related floods</td>
<td>No change</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome: Improved flood risk management in Paramaribo</strong></td>
<td><strong>Outcome: Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area</strong></td>
<td>The original indicator has been achieved in December 2017. The new indicator is linked to the forthcoming IPF.</td>
</tr>
<tr>
<td>Indicator: A comprehensive plan for flood risk management has been developed and updated with a focus on Paramaribo</td>
<td>Indicator: The first critical investment for mitigating flood risks is approved and under implementation Baseline: No investment (2018) Target: at least one investment is approved.</td>
<td></td>
</tr>
</tbody>
</table>
### ANNEX 3: Matrix Summarizing Progress towards CPS

#### Results Area 1: Creating Conducive Investment Climate for Economic Growth

<table>
<thead>
<tr>
<th>CPS Objectives</th>
<th>Progress to Date</th>
<th>Key WBG Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome: Improved standards for financial reporting transparency in public and private sector</strong>&lt;br&gt;Indicator: Modern regulatory framework in place to govern accounting and financial reporting by all enterprises&lt;br&gt;<em>Baseline:</em> Act on Annual Accounts approved in August 2017 mandating the implementation of IFRS by the Surinamese companies (except for small companies as defined in the Act).&lt;br&gt;<em>Target:</em> IFRS adopted by most of the listed companies with at least 75% of the listed companies having published their first annual financial statements as per IFRS.</td>
<td>ON TRACK</td>
<td>IBRD TA ROSC</td>
</tr>
<tr>
<td><strong>Outcome: Improved legislative framework related to investment climate</strong>&lt;br&gt;Indicator: Number of critical policy reforms and legislation related to improving the investment climate approved&lt;br&gt;<em>Baseline:</em> none&lt;br&gt;<em>Target:</em> enactment of at least 2 laws related to investment climate reforms</td>
<td>COMPLETED</td>
<td>Fiscal Management and Economic Competitiveness DPL</td>
</tr>
<tr>
<td><strong>Outcome: Improved regulations and infrastructure in the financial sector</strong>&lt;br&gt;Indicator: new capital adequacy rules&lt;br&gt;<em>Baseline:</em> outdated capital adequacy rules</td>
<td>COMPLETED</td>
<td>FSAP</td>
</tr>
</tbody>
</table>
**Target:** new capital adequacy rules adopted by Central Bank in line with best practices

<table>
<thead>
<tr>
<th>Outcome: Investments with linkages to local economy facilitated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator: Supporting existing and new investments through strengthened institutions</td>
</tr>
<tr>
<td>Baseline: 0</td>
</tr>
<tr>
<td>Target: 2 investments</td>
</tr>
<tr>
<td><strong>Outcome:</strong> Strengthened environmental, social and corporate governance standards</td>
</tr>
<tr>
<td>Indicator: Improved environmental, social and governance frameworks in EI and agriculture is adopted</td>
</tr>
<tr>
<td>Baseline: outdated regulatory framework</td>
</tr>
<tr>
<td>Target: environmental, social and governance standards consistent with the Strategic Environmental and Social Assessment (SESA) have been adopted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results Area 2: Reducing Vulnerability to Floods</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPS Objectives</td>
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<tr>
<td>Outcome: Reduced flood risk and improve critical assets operational management in the Greater Paramaribo area</td>
</tr>
<tr>
<td>Indicator: The first critical investment for mitigating flood risks is approved and under implementation</td>
</tr>
<tr>
<td>Baseline: No investment (2018)</td>
</tr>
<tr>
<td>Target: at least one investment is approved.</td>
</tr>
</tbody>
</table>