

SURINAME

Key conditions and challenges

Table 1 **2023**

Population, million	0.6
GDP, current US\$ billion	3.5
GDP per capita, current US\$	5528.0
International poverty rate (\$2.15) ^a	1.1
Lower middle-income poverty rate (\$3.65) ^a	4.2
Upper middle-income poverty rate (\$6.85) ^a	17.5
Gini index ^a	39.2
School enrollment, primary (% gross) ^b	98.0
Life expectancy at birth, years ^b	70.3
Total GHG emissions (mtCO2e)	13.8

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

Suriname's economy has stabilized under a program to restructure debt, modernize monetary and exchange rate policies, and address financial sector vulnerabilities. Tighter monetary policy has gradually reduced inflation. Debt sustainability has improved, but managing the fiscal deficit remains a priority ahead of the 2025 elections. Improved social protection systems would support faster poverty reduction, while a framework to manage prospective oil revenues would help sustain inclusive growth over the medium term.

Macroeconomic indicators have improved under a comprehensive package of fiscal, monetary, and financial sector reforms, supported by an IMF program. Debt restructuring, subsidy reform, and improvements in tax policy and administration have supported fiscal consolidation and improved debt sustainability. Tighter monetary policy has helped contain inflation, while greater exchange rate flexibility has supported foreign exchange reserve accumulation. Reducing financial sector vulnerabilities relies on the completion of a program of ongoing reforms.

Poverty rates are gradually declining. Approximately 17.5 percent of the population lived below the upper middle-income poverty line of US\$6.85 (2017 PPP) per day in 2022, with 46.5 percent of the population in multidimensional poverty—a broader measure devised by Suriname's Multidisciplinary Poverty Committee that includes chronic illness, education and ICT skill level, and access to medical insurance. Monetary and multidimensional poverty are markedly higher in the country's interior, where households have more children and people have lower levels of education. Reforms to social protection and education programs, as well as enhanced participation of women in the labor market, will be key for accelerating poverty reduction.

Suriname is exposed to natural disaster hazards due to irregular precipitation

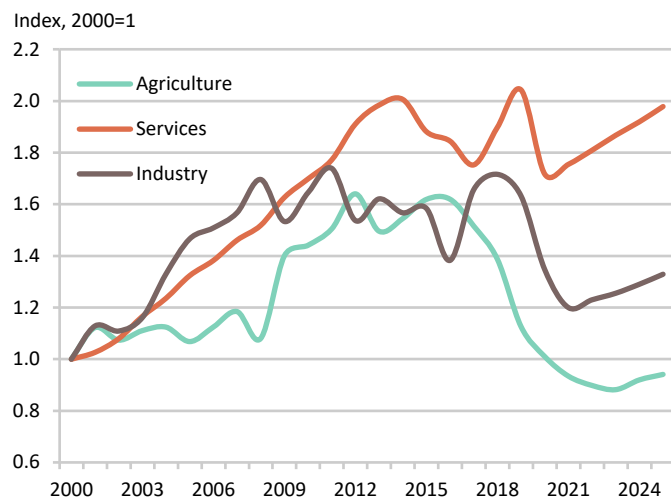
(floods and droughts). Water management is a high priority, especially in the more vulnerable interior. Recent discoveries of several offshore oil deposits should improve Suriname's economic prospects in the medium term. A final investment decision by an oil major is expected before the end of 2024, with production potentially starting in 2028. Sustaining inclusive economic growth will require strengthening the governance and institutional framework to enhance fiscal management, deliver public services, and implement climate change adaptation measures.

Recent developments

Growth accelerated modestly to an estimated 2.5 percent in 2023, up from 2.4 percent in 2022, as monetary and fiscal policy remained restrictive. Services led the expansion (transportation, hospitality, and utilities), supported by a modest recovery in industry. Inflation moderated to 16.2 percent (y-o-y) by June 2024, a significant decline from 54.6 percent (y-o-y) one year earlier as a result of tight monetary policy and fiscal consolidation. Decelerating inflation is lowering pressure on household purchasing power, especially among the poorest households.

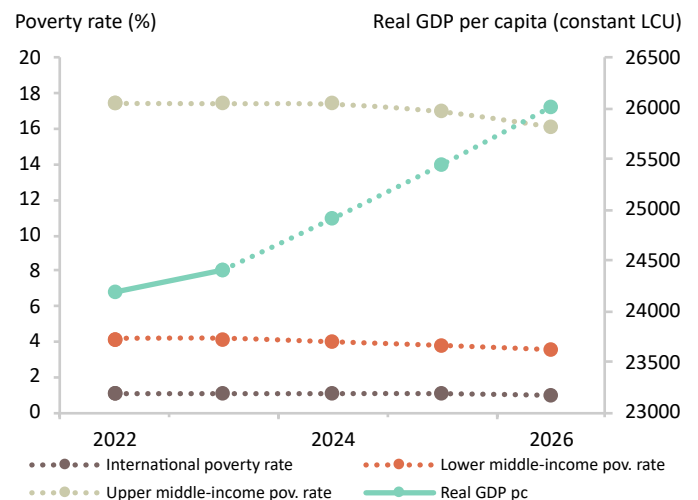
A narrower service account deficit and a stable trade deficit helped boost the current account to an estimated 4.3 percent surplus in 2023, up from 2.0 percent in 2022. External financing supported gross international reserve accumulation to an estimated 7 months of prospective imports

FIGURE 1 Suriname / Sectoral real output, index 2000=1



Sources: Suriname General Bureau of Statistics (2000-23) and World Bank (2024).

FIGURE 2 Suriname / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

in 2023, up from 6.5 months in 2022. The Surinamese dollar appreciated to SRD 29/USD by July 2024 partially reversing a sharp depreciation that began in 2020.

Fiscal policy focused on debt sustainability, improving the quality of public spending, and social assistance programs to protect the vulnerable. A series of revenue and expenditure measures contributed to an estimated primary surplus of 1.4 percent of GDP in 2023, including a phaseout of energy subsidies, expanded VAT coverage of goods and services, and the removal of unregistered workers from public payrolls. Cash transfers helped mitigate the impact of higher energy prices on the vulnerable, as social assistance spending increased to 2.3 percent of GDP in 2023 (from 1.9 percent in 2022).

Debt restructuring negotiations with most official and private creditors have been completed. Standard and Poor raised Suriname's credit rating to CCC+ with a stable outlook in December 2023 following the successful exchange with private bondholders. Adherence to prudent fiscal reforms and policies will be critical ahead of upcoming elections.

Financial sector indicators highlight chronic vulnerabilities in the banking system related to capital adequacy and asset quality,

which will require timely implementation of recapitalization plans.

Outlook

Real GDP growth is projected to accelerate to 2.9 percent in 2024, driven by a gradual recovery of services and industry, supported by higher public investment spending in non-oil sectors. Growth is expected to continue over the medium term supported by infrastructure investment for the oil and gas sector. Inflation is anticipated to continue decelerating over the medium term, supported by restrictive monetary and fiscal policy. Driven by economic growth and lower inflation, poverty is projected to decline to 16 percent in 2026.

The fiscal deficit is expected to narrow, supported by a broader VAT, new fuel taxes, and increased non-tax revenues supported by lease rates and fees. Subsidy expenditure is expected to continue declining, driven by electricity and gas price adjustments. Fiscal consolidation will create space to scale up social spending and growth-enhancing infrastructure investments, including for climate adaptation.

Over the medium term, public investment in oil infrastructure is expected to modestly increase the fiscal deficit. The current account surplus will narrow as capital imports for investment projects rise, and compression measures end.

The government aims to expand coverage of social assistance programs, introduce digital payments, and regularly update payment amounts in line with inflation. The 2024 budget allocates 3.1 percent of GDP for social protection. A new cash transfer program aims to support the elderly and low-income households, covering approximately one-fifth of the population. Data on the effectiveness and impact of this program are currently not available.

Over the long term, offshore oil revenues are expected to further increase fiscal space. A robust institutional and fiscal framework will be essential to manage the potential impact of Dutch Disease (declining competitiveness of other sectors of the economy), vulnerability to commodity price shocks, and environmental impacts. Enhancing macroeconomic institutions, governance, and human capital is critical to mitigating risk and creating a foundation for efficient and equitable management of future revenues.

TABLE 2 Suriname / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023	2024e	2025f	2026f
Real GDP growth, at constant market prices	-2.4	2.4	2.5	2.9	3.0	3.1
Real GDP growth, at constant factor prices	-2.4	2.4	2.5	2.9	3.0	3.1
Agriculture	-7.5	-3.9	-1.8	4.3	2.3	2.4
Industry	-10.9	2.5	2.1	2.8	3.0	3.5
Services	2.2	3.1	3.2	2.8	3.1	3.0
Inflation (consumer price index)	59.1	67.8	36.7	17.2	14.5	9.5
Current account balance (% of GDP)	5.4	2.0	4.3	1.2	1.0	0.8
Net foreign direct investment inflow (% of GDP)	-3.8	0.1	-1.8	-0.5	0.2	0.3
Fiscal balance (% of GDP)^a	-5.6	-2.6	-1.9	-1.0	-0.1	-0.5
Revenues (% of GDP)	26.1	25.6	27.4	25.4	25.7	26.0
Debt (% of GDP)^a	114.9	113.2	98.2	87.2	82.0	78.0
Primary balance (% of GDP)^a	-0.5	1.0	1.4	2.7	3.7	3.3
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	..	1.1	1.1	1.1	1.1	0.8
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b,c}	..	4.2	4.2	4.0	3.8	3.5
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	..	17.5	17.5	17.3	16.6	16.0
GHG emissions growth (mtCO₂e)	-0.2	1.0	1.1	1.8	1.9	2.0
Energy related GHG emissions (% of total)	19.4	20.1	20.8	21.8	22.9	24.1

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

Notes: e = estimate, f = forecast.

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

b/ Calculations based on CONLAC harmonization, using 2022-SSLC. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.

c/ Projection using neutral distribution (2022) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.