

The 13<sup>th</sup> SEOB bulletin discusses the progress of the IMF program and the main developments related to this program. The SEOB is an independent body, and its main purpose is to monitor and advise the government on the implementation of the IMF-program and economic recovery plan. This is done by looking at clear performance indicators. On our website - [www.seob.sr](http://www.seob.sr) - regular statistics and measures, related to the IMF-program, are conveniently presented.

## SIXTH REVIEW OF IMF PROGRAM COMPLETED

In June 2024, Suriname was evaluated for the sixth time under the IMF program. The sixth tranche was approved after the approval of a request for non-compliance with some performance criteria. The approval is based on corrective measures that Suriname must take to meet the pre-agreed targets. These targets include the government's current account, net international reserves, and net domestic assets. With this review completed, Suriname receives approximately USD 61.8 million from the agreed amount under the Extended Fund Facility, a special IMF lending facility.

The IMF emphasizes the importance of structural adjustments, particularly the reduction of utility subsidies and the increase of value-added tax (VAT) revenues. Fiscal discipline, combating money laundering and corruption, the social program, and strengthening institutions remain long-term priorities for Suriname. The IMF expects inflation to decrease further this year and the economy to grow by approximately 3%. It is also expected that investor confidence will strengthen. A positive note according to the IMF is the progress in restructuring the national debt and fully catching up on domestic arrears.

## IMF PROGRAM PROGRESS ANALYSIS

The SEOB notes that in the past month some progress has been made in the implementation of IMF measures based on reports from the local IMF office. The IMF places particular emphasis on anti-corruption and governance measures that require immediate attention. The SEOB calculates that as of mid-June 2024, approximately 61.6% of the measures within the IMF program have been completed (Table 1). This was around 60.5% last month. If the progress of 1.5%-2% per month continues, this underscores the importance of an IMF 2 program to reach 100% implementation.

Table 1. Status of IMF Program Measures

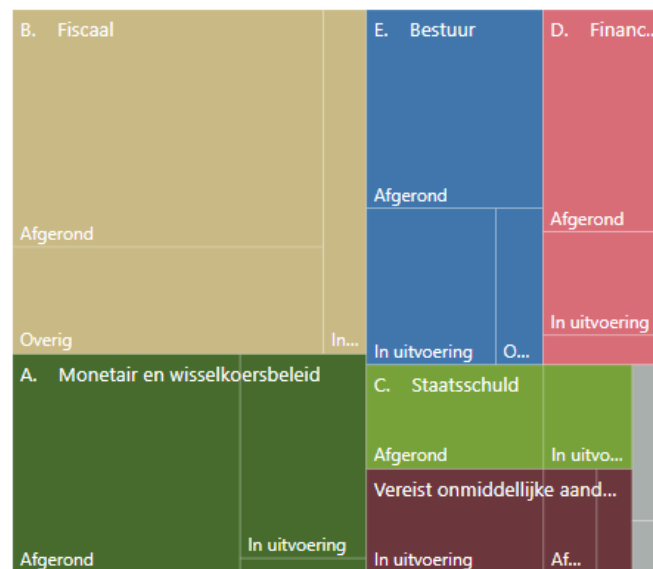
Policy Area	Completed	In Progress	Other
Monetary and Exchange Rate Policy	64.3%	33.3%	2.4%
Fiscal Policy	60.6%	12.1%	27.3%
Debt	66.7%	33.3%	0.0%
Financial Sector	62.5%	29.2%	8.3%
Governance	55.9%	32.4%	11.8%
Other	75.0%	25.0%	0.0%
<b>Total</b>	<b>61.6%</b>	<b>24.9%</b>	<b>13.5%</b>

Note: "Other" means the measure has been postponed or not yet started, or the status of the measure is unknown. Measures that require immediate attention are reviewed at each IMF review and are also part of policy areas A to F. Source: SEOB calculations with IMF monitoring matrix data.

Most outstanding measures – category "other" – are within the Fiscal and Governance areas (see Figure 1). Some important measures recently completed include:

- Submitting a legislative amendment to the National Assembly for the 1947 Foreign Exchange Regulation in consultation with IMF staff to correct any discrepancies with the amended Bank Act of 2022.
- Assessing social government expenditures and publishing a strategic plan with a timeline to improve the efficiency and effectiveness of social benefits.
- Requiring all ministries to report the status of outstanding payments to the Ministry of Finance and Planning.

Figuur 1. Status IMF measures



Source: Calculations of SEOB.

## SEOB CELEBRATES FIRST ANNIVERSARY

On June 1, 2024, the Suriname Economic Oversight Board (SEOB) celebrated its first anniversary. The primary objective of the SEOB remains to monitor and advise the government on the implementation of the IMF program and the associated economic indicators. The SEOB also evaluates the impact of IMF measures on the economy and society. The SEOB aims to continue informing all stakeholders about the progress of the IMF program in a rational, integrated, and transparent manner.

### Achievements 2023-2024

Since its establishment on June 1, 2023, the SEOB has engaged in numerous discussions to gain insights into the progress and challenges of the IMF program. Some of these discussions included meetings with the technical team of the Tripartite Consultation, high-level meetings with the IMF mission in the context of the 4th, 5th, and 6th reviews, and consultations with various stakeholders including the Ministry of Finance and Planning, the Tax Authority, the Suriname Debt Management Bureau, and AML-PIU.

From these discussions, significant results have been achieved and information about macroeconomic and fiscal data has been translated more transparently to society. This information is presented in the form of statistics on the website [www.seob.sr](http://www.seob.sr). In addition, the impact of IMF measures on society is communicated through a monthly bulletin. The background of the measures and challenges are also communicated to society through information sessions with stakeholders from the private, public, and civil sectors.

Collaborations have been formed with various institutions to provide macroeconomic information. Additionally, the SEOB has been acknowledged by the IMF as an independent dialogue partner, highlighting the quality and reliability of its work.

## Challenges

Despite the successes achieved, the SEOB identifies many areas requiring attention. Implementing the current IMF program continues to be challenging for all parties involved. The upcoming pre-election and election periods may add further pressure. Therefore, the SEOB emphasizes the importance of long-term commitment from all stakeholders to ensure the program's success.

Maintaining the engagement of the consultation body and aligning the agendas of SEOB and stakeholders also presents a challenge. Furthermore, the implementation of the IMF program remains an ongoing challenge for all involved due to limited government capacity and political misalignment. The SEOB remains committed to independent and strict monitoring of the IMF program from the perspective of the private sector.

## OUTLOOK AND RECOMMENDATIONS

The SEOB advocates for a follow-up IMF program to strengthen institutions, ensuring that the achievements of the current IMF program are sustained. The new IMF program should also ensure that the government manages its finances sustainably after the current program ends. The follow-up program should focus on strengthening budgetary controls, improving transparency and accountability, and building capacity within government institutions such as the Tax Authority, the Supreme Audit Institution, CLAD, and the Debt Management Office. Sustainable public finances should be a priority, with the social program designed for maximum efficiency. Additionally, the SEOB advocates for the establishment of a national AML/CFT institution.

- Within the IMF program, the emphasis in recent times has been mainly on measures in the areas of "Good Governance" and "Anti-Corruption." The SEOB believes that implementing these measures will promote the institutional strengthening of Suriname, especially with the end of the IMF program in sight.
- The SEOB stresses the importance of combating fraud, corruption, and money laundering (AML/CFT) to create a good investment climate, attract investors, and ensure a level playing field for businesses in Suriname. The World Bank estimates that 5% of GDP is lost annually worldwide due to corruption.
- In line with this, the SEOB stresses the importance of implementing CFATF recommendations and recommends including members from the private and banking sectors in the National Anti-Money Laundering Commission and AML-PIU. This inclusion is essential to meet compliance requirements, particularly within the banking sector.
- The SEOB advocates for the planned establishment of key institutions in Suriname to prepare them for the (offshore) oil and gas industry. While investments in this sector are expected to stimulate economic growth, it is crucial to also address how income equality can be positively influenced. The SEOB continues to emphasize the need for a comprehensive local content plan that aligns education and labor supply with industry demand. Furthermore, it is essential to develop policies to manage the environmental impacts of the oil and gas sector.

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