BULLETIN #21 MAY 2025

The 21st SEOB Bulletin discusses both long-term and recent economic developments in Suriname. SEOB is an independent institution, established in June 2023, with the primary objective of monitoring the IMF program. Following the program's conclusion, SEOB now focuses on monitoring key macroeconomic indicators and advising the government and key stakeholders. The performance indicators used are based on the targets set in the IMF program. Regular statistical overviews are published on our website – www.seob.sr.

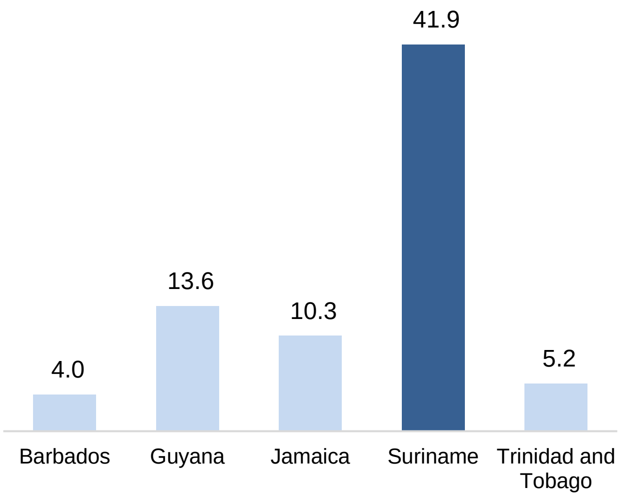
Opportunities, challenges, and policy choices

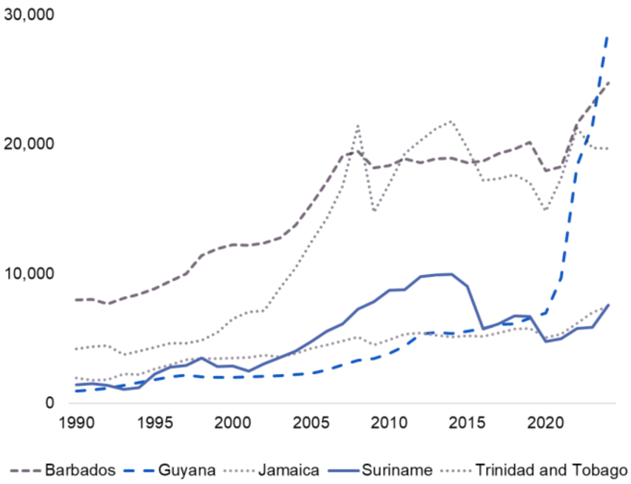
This bulletin focuses on Suriname's long-term macroeconomic trends. The key indicators examined include macroeconomic growth, inflation, the exchange rate, and public finances. The analysis reveals recurring periods of economic expansion followed by sharp downturns. SEOB advises policymakers to learn from the past to avoid repeating patterns of excessive public spending and domestic financing, which have led to currency depreciation and high inflation.

Inflation and growth

Historically, price increases (inflation) in Suriname have been significantly higher than in comparable countries in the region (Figure 1a). High inflation contributes to a decline in purchasing power, poverty, and income inequality. Inflation in peer countries, on the other hand, has followed a downward trend, stabilizing at single-digit levels, particularly below 10%. Several factors underline this difference. Comparable economies strengthened their monetary frameworks and central bank independence. They also implemented structural improvements in public finances, particularly fiscal discipline. For example, Jamaica enhanced its fiscal discipline by establishing an independent Fiscal Commission. Barbados, meanwhile, linked public sector wage increases to productivity growth. In contrast, Suriname continues to experience recurring inflation spikes, caused by large fiscal deficits and their domestic financing, resulting in currency depreciation.

Figure 1a: Average Inflation 1990–2025 (%) (left). Figure 1b: GDP per Capita in USD (right).



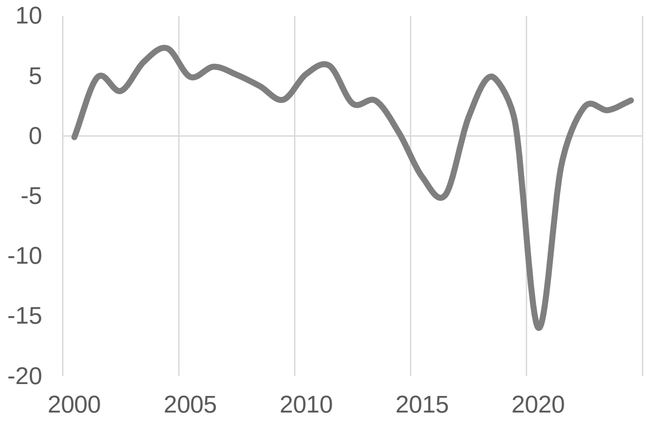


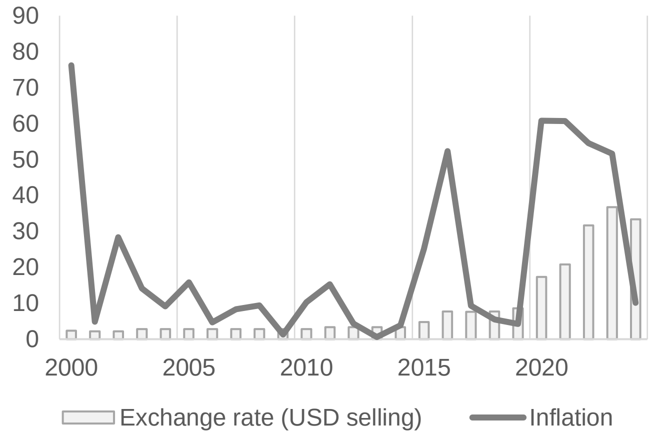
Source: World Bank.

Other economies opted for strong governance, discipline, and transparency. In the absence of structural reforms, Suriname has repeatedly faced high inflation. Budget deficits have, for example, been monetized, resulting in currency depreciation. The dependence of both the economy and public finances on the mining sector intensifies this challenge.

Periods of high inflation and uncertainty translate into a decline in welfare, measured in terms of gross domestic product (GDP) per capita. In the early 1990s, Suriname's GDP was still relatively close to that of Barbados, Guyana, and Jamaica, but those countries have since experienced significantly stronger growth (Figure 1b).
Between 2000 and 2013, the economy grew by more than 4% annually (Figure 2a) while inflation remained relatively low. After 2013, however, growth declined, particularly after the closure of Suralco. Financing government deficits caused inflation to rise above 50% annually. The situation worsened during the pandemic, and from 2020 to 2023, cumulative inflation exceeded 340%, partly due to the reforms under the IMF program (Figure 2b).

Figure 2a: GDP Growth (left). Figure 2b: Exchange Rate and Inflation (right).





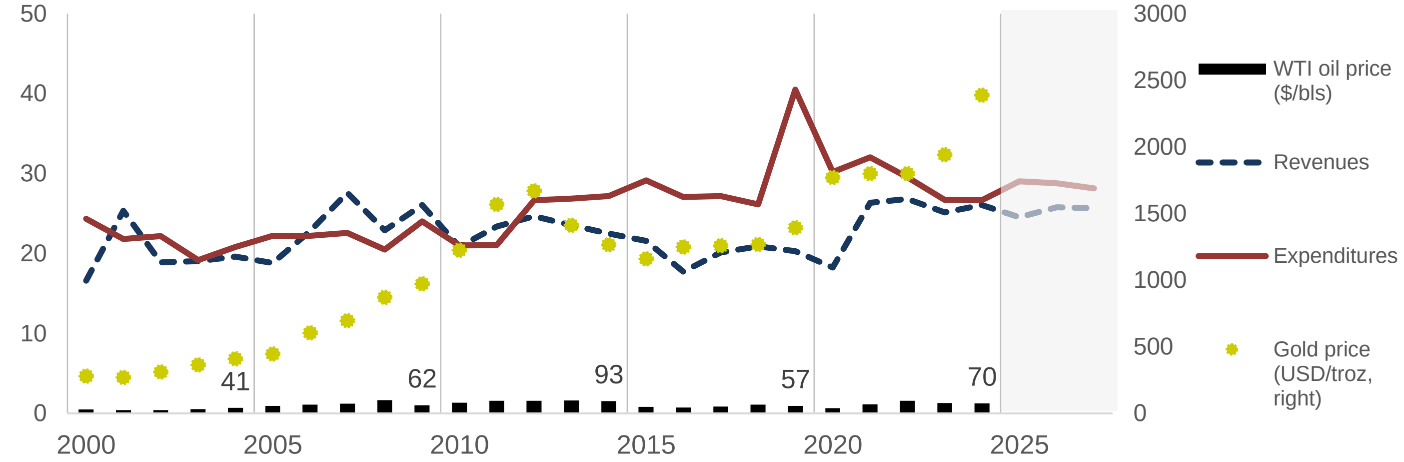
Sources: ABS and CBoS.

Public finances

SEOB emphasizes that public finances in Suriname remain extremely fragile. Since 2012, government spending has consistently exceeded revenues. The IMF program required strict fiscal discipline. Historically, however, expenditures have tended to increase in election years, particularly operational expenses. This is also a concern for 2025. The current year poses a direct challenge to keeping the government budget under control.

On the revenue side, Suriname continues to miss substantial tax income. According to SEOB estimates, the country loses between USD 175 and 200 million annually—around 5% to 7% of GDP—due to inefficient tax collection, evasion, and corruption. This limits policy space and the government's capacity to make essential investments.

Figure 3: Public Finances and Commodity Prices.

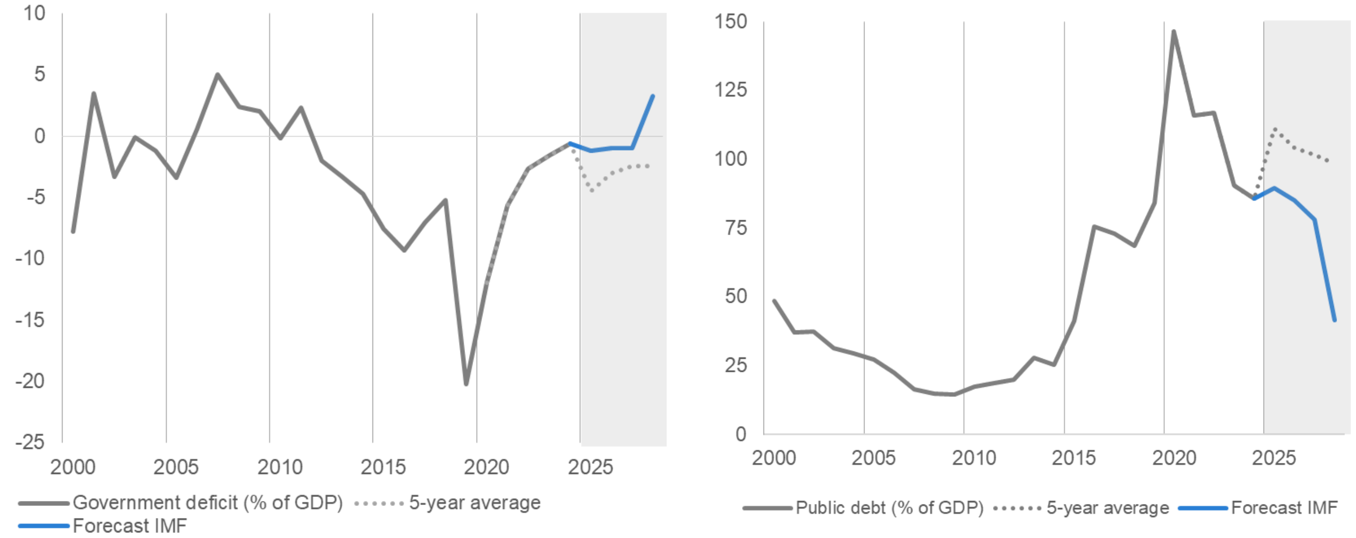


Sources: IMF, Ministry of Finance and Planning, World Bank

Over the past years, the structural fiscal deficit—persistent overspending—has impacted the national debt. Since 2013, public debt has risen exponentially due to both domestic and foreign borrowing. While the debt-to-GDP ratio remained below 35% between 2005 and 2013, it surged to nearly 150% in 2020–2021. Despite debt restructuring and IMF support, interest payments continue to weigh heavily on the budget.

SEOB expects debt pressure to persist for several years, particularly until actual oil revenues arrive around the end of 2028. In the meantime, this limits investments in education, infrastructure, and social protection. SEOB identifies major vulnerabilities without fundamental reforms to revenue and expenditure policies. The new fiscal rules included in the Public Accounts Act (see SEOB Bulletin 19) are a positive step. Structural improvement in public revenue, however, depends on the political will to implement reform.

Figure 3a: Public Finances (L). Figure 3b: Public Debt as % of GDP (R).



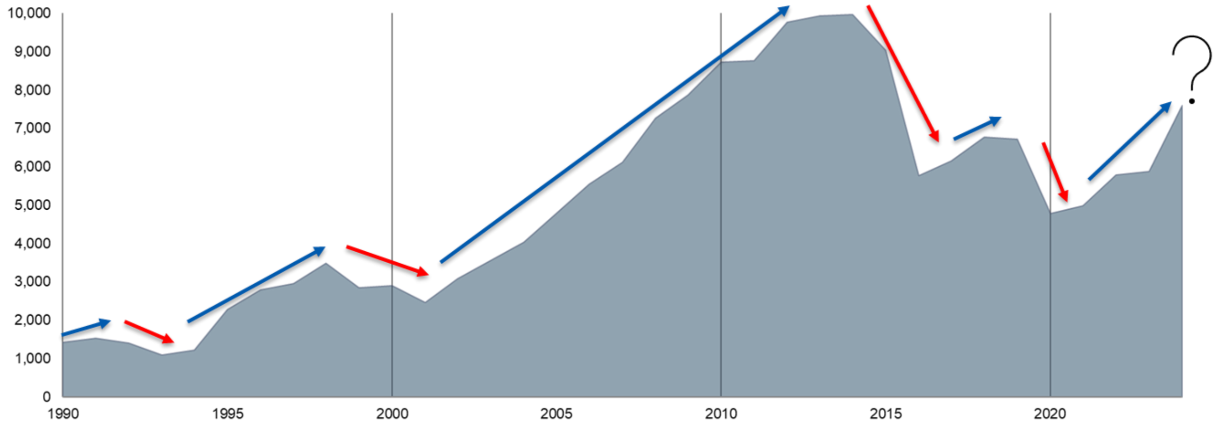
Sources: Ministry of Finance and Planning, SDMO, IMF.

Recent economic developments

Toward the end of 2024 and the start of 2025, signs of economic recovery were observed. Growth is gradually being driven by the transport, construction, and hospitality sectors. However, between January and April 2025, the SRD depreciated, leading to renewed inflation. Excessive government spending positioned the state as a source of monetary expansion. The effects of new U.S. import tariffs, not yet fully incorporated in this analysis, also present a negative outlook. In an import-dependent economy, this quickly translates into diminished purchasing power. As such, the recovery remains fragile, and maintaining fiscal discipline is crucial.

The Central Bank plays a critical role in controlling inflation, but its policy space is limited in the absence of alignment between government expenditures and monetary targets (M0 and NDA). Tools such as reserve requirement hikes, currency interventions, and open market operations can be partially effective, but only if spending aligns with revenues. Without clear coordination with fiscal policy, the effectiveness of monetary policy remains limited.

Figure 4: Suriname – GDP per Capita (USD)



Source: World Bank.

How can Suriname achieve sustainable economic prosperity?
Achieving sustainable economic prosperity requires strong leadership, a clear national vision, and policies that transcend party lines. Inconsistent policy has negatively affected GDP per capita (see Figure 4). Periods of increasing prosperity are repeatedly interrupted by suboptimal policy decisions. Suriname's most recently measured level of GDP per capita—approximately USD 7,500 in 2024—matches the level already reached in 2009.

Brief review of the IMF Program

Suriname's Extended Fund Facility with the IMF, initiated in 2021, concluded in March 2025. The IMF reported: 'The main economic objectives have been achieved: the economy is growing at around 3%, inflation has declined, public debt is decreasing, and the Central Bank of Suriname has strengthened its independence and financial position.' Suriname also regained access to international capital markets and restructured its external debt. Key reforms implemented under the program include:

- Reduction of fuel subsidies and partial reduction in utility tariffs.
- Adoption of a new procurement law.
- Approval of a new budget law and the Sovereign Wealth and Stabilization Fund Act.
- Recapitalization of the Central Bank and publication of overdue annual reports.
- Introduction of VAT legislation.
- Enforcement of a new Central Bank Act.
- Asset quality reviews of commercial banks.
- Strengthening the anti-money laundering (AML/CFT) framework.

While progress has been made, some important actions remain unimplemented, particularly those related to governance and anti-corruption—such as the public disclosure of the assets of politically exposed persons.

Outlook and recommendations

SEOB supports a follow-up IMF-program with a strong focus on institutional strengthening. Continued cooperation with the IMF remains essential to further reinforce the country's economic foundation. The emphasis of this next phase should not lie in direct household interventions but in establishing a stable fiscal and financial framework. Maintaining sound public finances through at least 2028 is critical. This will help Suriname avoid a dual inflation wave: first, between 2026 and 2028 due to fiscal pressures and depletion of cash reserves; and later, due to oil revenues spent without a clear long-term vision—posing the risk of inflation driven by a resource curse.

SEOB maintains that the sacrifices made by society during the IMF program must not be rendered in vain. The following recommendations aim to strengthen Suriname's socio-economic foundation, and include but are not limited to:

Institutional strengthening

Institutional strengthening involves modernizing policies and legislation, building institutional capacity, and reducing political interference through greater autonomy. Strengthening institutions such as the Central Bank of Suriname, Customs, the Ministry of Finance and Planning, CLAD, the Audit Chamber, the Debt Management Office, the Planning Bureau, and the General Bureau of Statistics is vital to ensure sustainable development. The SEOB strongly recommends transforming the Tax Authority into an autonomous body to structurally enhance government revenues.

Good Governance and integrity

Good governance and integrity are essential pillars of a strong nation and a healthy economy. In this context, SEOB recommends:

- Restructuring or privatizing loss-making state-owned enterprises in a transparent manner.
- Establishing a national AML/CFT institute and implementing the recommendations from NRA 2.
- Fully enforcing the Anti-Corruption Act and the Public Procurement Act.

Public finances

Balanced public revenue and expenditure streams are the foundation of a sound economy. In addition, SEOB advises:

- Broadening the tax base.
- Targeted investments in education, healthcare, and infrastructure.
- Rationalizing the civil service.
- Reducing the debt-to-GDP ratio.
- Operationalizing the Suriname Savings and Stabilization Fund with a robust governance structure and a clear ringfencing framework.

Monetary policy and capital market development

A credible monetary policy, supported by a well-functioning capital market, is essential for economic stability. SEOB advises:

- Transitioning from monetary targeting to interest rate or inflation targeting.
- Developing the money and capital markets.
- Strengthening payment systems and improving their efficiency.

Social stability and inclusion

Social cohesion increases public support for policy. In this regard, SEOB recommends:

- Reforming the social support program with a focus on effectiveness.
- Providing targeted assistance to vulnerable groups.
- Emphasizing the importance of inclusive policies and citizen participation.

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