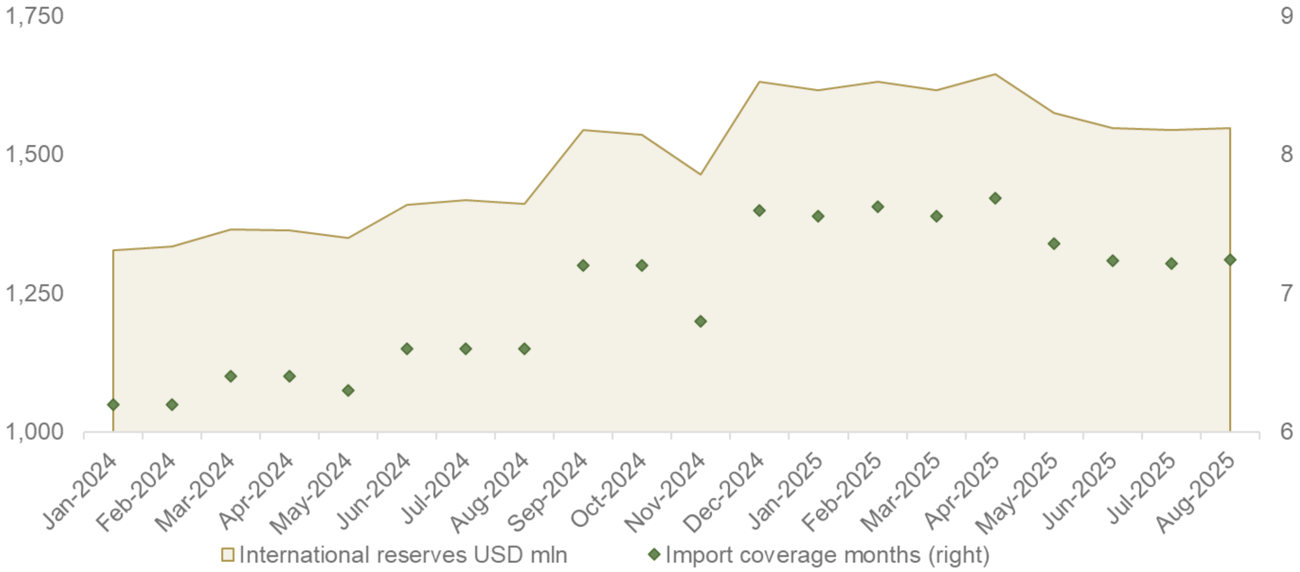
BULLETIN #25 **NOVEMBER 2025**

The 25th SEOB Bulletin discusses recent economic developments in Suriname and presents an analysis of policy consistency. SEOB is an independent institution, established on 1 June 2023 with the primary objective of monitoring the IMF-supported program. Following the completion of the IMF program, SEOB now focuses on monitoring key macroeconomic indicators and advising the government and key stakeholders. The performance indicators used are based on the objectives of the IMF program. Statistical data are regularly and clearly presented on our website – www.seob.sr.

Key developments

- Inflation continued to rise in August 2025 to 10.8%, driven by an expansion of the money supply and exchange rate depreciation. The effects of earlier exchange rate increase, and heightened uncertainty have further intensified price pressures.
- The exchange rate of the Surinamese dollar has shown an upward trend since the end of 2024, with a recent book-entry exchange rate of approximately SRD 38.4 per USD in September 2025 (around SRD 35 per USD in January 2025).
- Base money (M0) increased by 1.8% in August, despite liquidity absorption by the Central Bank of Suriname (CBvS). Broad money (M2) expanded by 5.8%, which may fuel inflationary pressures and exchange rate volatility.
- International reserves – including ringfenced reserves of commercial banks – remained stable, with import coverage of 7.2 months, well above the three-month benchmark.
- The debt ratio increased, remaining well above the statutory debt ceiling of 60%. A comprehensive approach is required, focusing on revenue strengthening, active debt management, and growth promotion.
- Average lending rates amounted to 14.6%, while average savings rates stood at 6.5%.
- The solvency of commercial banks remains strong and non-performing loans (NPLs) to gross loans amounted to 3.1% in August 2025, well below the CBvS threshold of 5%.

Figure 1. International Reserves and Import Coverage



Source: CBvS.

Analysis of policy consistency and budget composition

This analysis examines key themes that enhance understanding of the government's fiscal policy for 2025 and 2026. It highlights how the budget aligns with the President of the Republic of Suriname's State of the Nation Address of 30 September 2025. The analysis considers how expenditures per ministry correspond to announced policy objectives, how the local content strategy is implemented, how the budget relates to financing and debt plans, and how revenues and withdrawals are managed.

To assess the extent to which policy guidelines from the State of the Nation Address have been translated into concrete budgetary decisions, a comparison was conducted across ministries. Table 1 presents each ministry's policy priorities from the State of the Nation Address alongside the programs included in the 2026 Budget. This illustrates the degree to which policy objectives have been translated into expenditures and activities, and where further strengthening or clarification toward 2026 may be required.

The 2025 State of the Nation Address emphasizes the importance of local content as part of Suriname's development strategy, particularly in preparation for the offshore oil sector. The ambition includes:

- strengthening local participation in the oil and gas sector.
- building national capacity, knowledge, and certification frameworks.
- institutional arrangements focused on transparency and responsible governance.
- preparing society for future oil revenues.
- alignment with a stabilization and savings fund strategy.

Table 1. Comparison of Policy Priorities in the 2025 State of the Nation Address and Programmatic Implementation in the 2026 Budget by Ministry.

Ministry	Policy Priorities in State of the Nation Address (2025–2026)	Programs in 2026 Budget	Alignment*
Ministry of Home Affairs	Electoral system reform; strengthening of CBB/CHS; elections; governance	Strengthening of CBB/CHS; election management; Public Sector Reform; digitalization	H
Ministry of Foreign Affairs, International Trade and Cooperation	Active diplomacy; multilateral integration; PSA diaspora policy	Multilateral programs; economic diplomacy; PSA Institute; missions	H
Ministry of Defense	National security; border control; modernization; counter-narcotics	Security capacity; crisis response; security & intelligence	M
Ministry of Economic Affairs	Diversification; innovation; SMEs; digitalization; trade promotion	Innovation ecosystem; industrial policy; business climate	H
Ministry of Finance and Planning	Fiscal strengthening; tax collection; debt management; inflation stability	IFMIS; tax modernization; debt management; inflation control	H
Ministry of Land Policy and Forest Management	Sustainable forest policy; land use; carbon credits	Forest management programs; land policy (fragmented)	L
Ministry of Youth and Sports	Youth development; sports; community development	Sports projects; youth programs; district support	H
Ministry of Justice and Police	Rule of law; police/prosecution modernization; anti-corruption; security	Police digitalization; fire service; crime control; crisis programs	H
Ministry of Agriculture, Livestock and Fisheries	Food security; small farmers; irrigation; agro-exports	Rice, livestock, fisheries, irrigation, rural programs	H

Ministry of Oil, Gas and Environment	Local content; energy transition; oil governance; savings fund; transparency	Local content program; certification; energy transition; HSEQ; monitoring	H
Ministry of Natural Resources	Carbon credits; nature and forest policy	Forest management; nature conservation; environmental safety	M
Ministry of Education, Science and Culture	Skills; education reform; youth; "Heritage Month"	Education and cultural programs (limited visibility)	M
Ministry of Public Works and Spatial Planning	Infrastructure; housing; utilities; connectivity	Roads; utilities; meteorology; logistics; civil engineering works	L
Ministry of Regional Development	Decentralization; districts; local projects	District administration; public services; sports/youth structures	H
Ministry of Social Affairs and Public Housing	Purchasing power; poverty reduction; housing policy	Social assistance; social protection; subsidies	M
Ministry of Transport, Communication and Tourism	Aviation; tourism; connectivity	Transport investments; tourism programs; communications	H
Ministry of Public Health, Welfare and Labor	Public Health; Welfare and Poverty Alleviation; Labor and Employment; Education and Human Capital Development; Healthcare Financing and Social Protection	Public health; pharmaceutical logistics; labor frameworks	M

**Note: H = High (strong alignment); M = Medium (moderate alignment); L = Low (limited alignment).*
Source: SEOB analysis.

Table 1 illustrates that the 2026 Budget adopts the policy direction of the 2025 State of the Nation Address, with a focus on:

- security and the rule of law.
- macro-fiscal stability and tax reform.
- economic diversification and innovation.
- social protection.
- local content and energy transition.

Beyond the qualitative comparison of policy priorities, it is essential to highlight the quantitative dimension of the 2026 Budget. The figures indicate a deficit of approximately SRD 6.3 billion, equivalent to around 3.5% of GDP. The macroeconomic environment renders this situation vulnerable, as the debt ratio remains well above the statutory ceiling, and financing costs remain high, with domestic interest rates around 14.5%.

The method of deficit financing will determine its impact on the economy and society. Should the deficit be largely financed domestically, money supply expansion may occur, increasing inflationary pressures and exchange rate stress. This is particularly relevant as the Surinamese dollar has followed a depreciation trend since the second half of 2024, declining from approximately SRD 35 per USD in early 2025 to around SRD 38.5 per USD in November 2025. Further depreciation would raise import costs and intensify inflation, placing pressure on purchasing power and macroeconomic stability.

While international reserves currently remain stable (import coverage of approximately seven months), a persistent structural deficit increases the risk of excessive monetary expansion. This necessitates strict monetary policy and consistent fiscal reforms to safeguard budget credibility. External investment flows, particularly in oil and gas projects, can provide a buffer, provided a solid institutional framework ensures effective implementation.

Based on the comparison presented in Table 1, SEOB makes the following observations:

- Strong policy–budget alignment is evident within the Ministries of Justice and Police, Home Affairs, Regional Development, Finance and Planning, Economic Affairs, Agriculture, Transport and Tourism, and the Ministry of Oil, Gas and Environment. In these sectors, the priorities articulated in the State of the Nation Address have been clearly and concretely translated into programs, budget allocations, and implementation measures. Compared to the 2025 Budget, there is also a strengthened level of resource allocation and institutional anchoring, particularly in the areas of economic diversification, security, and public sector reform.
- Partial translation of policy intentions into budgetary programs is observed in the areas of Natural Resources, Labor and Youth Affairs, Social Affairs, Education, and Spatial Planning and Environment. In these cases, policy intentions are clearly articulated in the State of the Nation Address and reflected in the budget through identifiable initiatives; however, programmatic structuring and financial detailing remain under development in some instances. This is particularly the case in sectors where implementation is multi-year in nature or where legislative and regulatory processes are still ongoing.
- Limited alignment is identified in the areas of Public Health, Public Works, and Land and Forest Management. While key policy directions are outlined in the State of the Nation Address, their translation into the available budget documentation remains limited in concreteness or is only partially phased. This observation is also linked to the availability of detailed information at the directorate level.

In addition to the budget, the debt management plan outlines how the government intends to manage existing and future debt in a sustainable manner, with specific attention to interest costs, repayments, risks, and the composition of public debt. Together with the financing plan, it provides a framework through which policy objectives, financing strategies, and debt management are aligned. A budget can only function effectively when it is anchored in a clear financing strategy and responsible debt management.

SEOB emphasizes that credible and transparent fiscal policy begins with the proper administrative recording of financial flows. Withdrawals from reserves or funds should not be recorded as ordinary revenue but should be classified under financing or debt management. When such withdrawals are presented as revenue, they create a distorted view of the government's actual fiscal space and financial position. A clear separation between revenues, expenditures, and financing is therefore essential to safeguarding trust and consistency in fiscal policy.

The Argentine RIGI Model

Transparency and predictability are vital for internal fiscal discipline and for establishing an attractive investment climate. Argentina's RIGI model (Incentive Regime for Large Investments), introduced in July 2024, illustrates how a legally anchored framework can attract major investments in strategic sectors such as infrastructure, energy, and mining. Through fiscal incentives, exemptions from import and export duties, and guarantees of fiscal, customs, and currency stability for thirty years, the RIGI framework offers investors certainty and confidence.

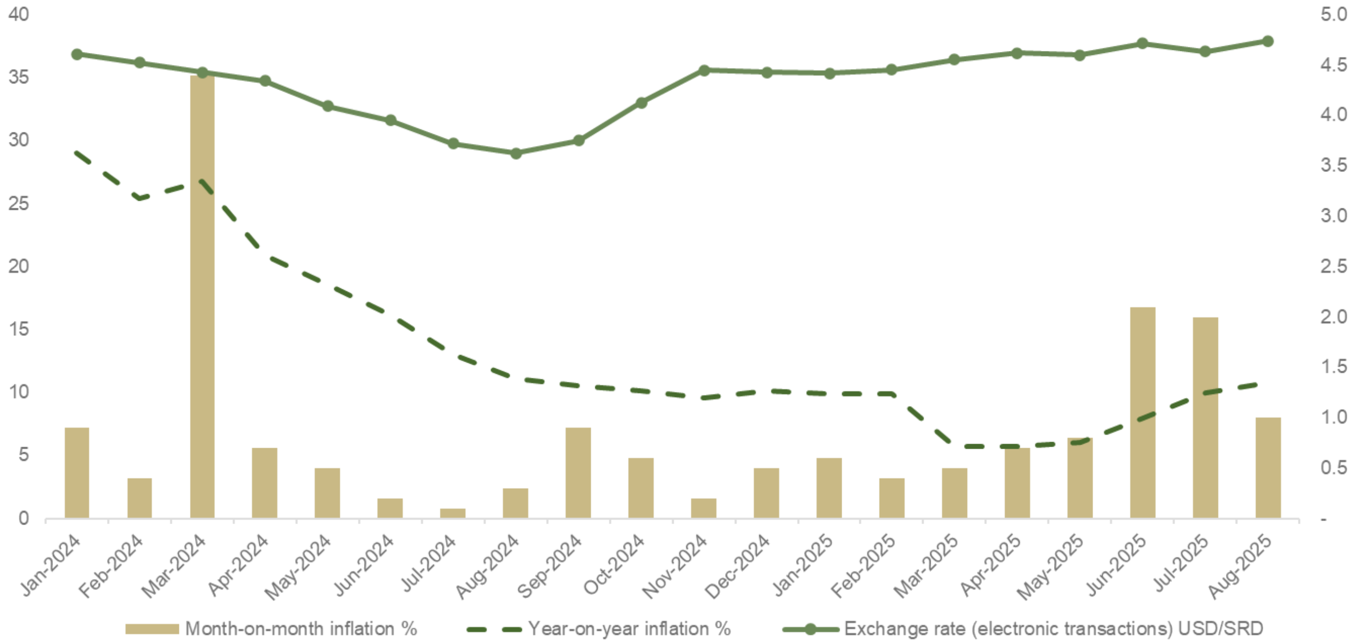
Suriname remains in a preparatory phase regarding strategic initiatives such as local content but can draw valuable lessons from the RIGI model. Just as transparent budget administration builds trust among citizens and markets, a stable investment regime fosters investor confidence. Both elements are essential to achieving sustainable growth and promoting local value creation.

Recent economic developments

Inflation and exchange rate

In 2025, the upward inflationary trend continued. After rising to approximately 10% in July, inflation increased further by 0.8 percentage points to 10.8% in August, marking a renewed double-digit inflation rate. This development intensifies pressure on consumers and businesses and underscores the need for targeted measures to safeguard price stability. Inflation in August was largely driven by exchange rate depreciation. In September 2025, exchange rates depreciated further, with the USD increasing by 0.5% and the euro by 0.4% against the SRD. This can partly be explained by increased demand for foreign currency, while heightened uncertainty continues to exert additional pressure on the exchange rate.

Figure 2. Money Supply (in SRD million) and Monthly Inflation (in %)



Sources: ABS and CBvS.

Monetary Developments and Economic Activity

Growth in the SRD component of base money accelerated to 1.8% in August 2025. This increase was mainly driven by net government transactions, including current expenditures, despite liquidity absorption through open-market operations and foreign exchange auctions by the Central Bank. The additional liquidity exerted pressure on the exchange rate.

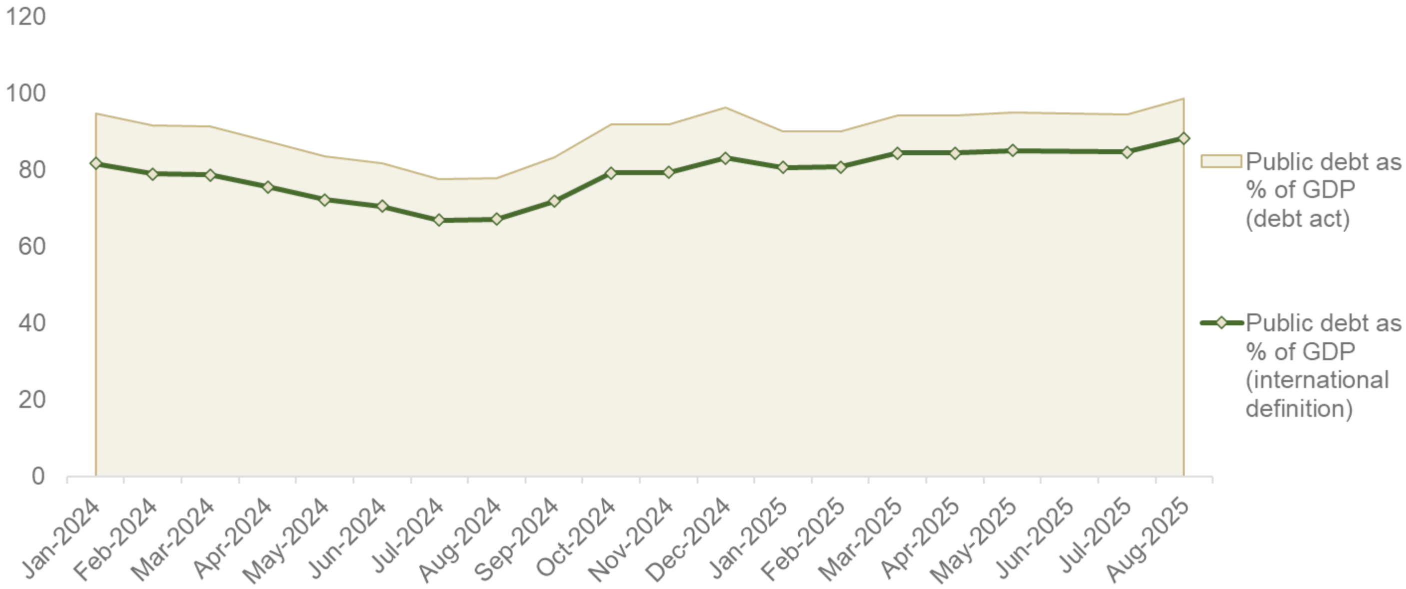
The SRD share of broad money grew by approximately 5.8% in August 2025 (July: 3.3%), largely attributable to increased government spending and expanded credit to the private sector. Should this trend persist without corresponding monetary tightening, inflationary pressures and exchange rate volatility may intensify, further straining macroeconomic balance.

The CBvS Monthly Economic Activity Index (MEAI) indicates signs of growth from the first half of 2025 onward. Over the 12-month period from May 2024 to April 2025, compared to May 2023 to April 2024, MEAI growth amounted to approximately 0.5%. Growth was primarily driven by trade and transport, while industrial activity, particularly due to lower gold production, had a dampening effect.

International reserves

In August 2025, international reserves remained at a relatively solid level, reflecting import coverage of approximately 7.2 months. Total reserves, including commercial bank reserves, amounted to USD 1.55 billion, keeping the external position well above the minimum requirement of three months of import coverage. Compared to July, reserves increased slightly by 0.3%. Close monitoring remains essential, as reserve adequacy is critical to maintaining exchange rate stability, absorbing external shocks, and sustaining confidence in macroeconomic policy.

Figure 3. Public Debt According to the Statutory Definition (% of GDP)



Sources: Ministry of Finance and Planning; SDMO.

Public debt

In August 2025, public debt as a percentage of GDP increased slightly compared to the previous month. Under the international definition, the debt ratio rose to 88.3%, an increase of 3.7 percentage points. Public debt remains well above the statutory ceiling of 60% of GDP, subdivided into 25% domestic and 35% external debt. Should fiscal deficits persist, SEOB expects continued pressure on debt levels in the coming months. Accordingly, emphasis must remain on active and professional debt management, focused on optimizing maturities, interest costs, and risks to ensure long-term debt sustainability and strengthen investor confidence.

Banking sector

In August 2025, the banking sector presented a healthy picture. Average lending rates remained stable at a high level of 14.5%, keeping the cost of borrowing high. Average savings rates remained at 6.5%. The solvency ratio decreased slightly to 22.3% but remains well above the internationally accepted standard of 8%, indicating a persistently strong capital position. Gross non-performing loans (NPLs) as a percentage of loans stood at 3.1%, well below the CBvS threshold of 5%. Compared to 2024, this represents a substantial improvement. This improvement is the result of the banks' execution of an Asset Quality Review and the improved repayment capacity of borrowers. The combination of relatively expensive loans, declining savings rates, and credit risks necessitates vigilant risk management to safeguard financial stability.

SEOB recommendations

The Surinamese economy remains fragile. While inflation declined earlier in the year to single-digit levels, it rose again in August 2025. Exchange rate pressures and structural fiscal deficits remain sources of concern. SEOB emphasizes that strengthening institutions is essential for macroeconomic stability and recommends:

- maintaining strict fiscal discipline to preserve achieved stability and anchor recovery sustainably.
- enhancing fiscal transparency and establishing a coherent medium-term fiscal policy framework.
- broadening revenue sources through an investment regime similar to the RIGI model.
- adopting an integrated strategy to break the cycle of deficits, inflation, and exchange rate pressure, combining fiscal consolidation with structural reforms and targeted economic diversification.
- ensuring the government budget reflects integrated public policy, with ministries linking expenditure to revenue generation.
- transparently divesting non-strategic, loss-making state-owned enterprises that require substantial subsidies.
- enacting the procurement law to safeguard transparency, clear rules, and cost control in public procurement.
- strengthening and maintaining international reserves through export growth and investment promotion, particularly via diversification beyond mining, including agriculture, fisheries, agro-processing, services, and (eco-)tourism.
- developing a joint production and export growth strategy between the government and the private sector.
- closely monitoring inflation and protecting vulnerable groups through targeted social programs.
- pursuing active public debt management.
- building sustainable human capital within key institutions such as the Tax Authority, Customs, and ministries, alongside improving digital tax collection and customs duties.
- ensuring coordination between fiscal and monetary policy to limit inflationary pressure and stabilize the SRD, while safeguarding central bank independence in line with the 2022 Central Bank Act.

- preserving financial stability through prudent bank lending, particularly to SMEs and households, without weakening capital buffers.
- restoring confidence through consistent policy implementation and clear communication of the socioeconomic strategy for the coming years.

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