



# COUNTRY ENGAGEMENT FRAMEWORK FOR THE **REPUBLIC OF SURINAME**

Igniting Growth and Diversification and Building Human Capital for the Future  
2024–2026





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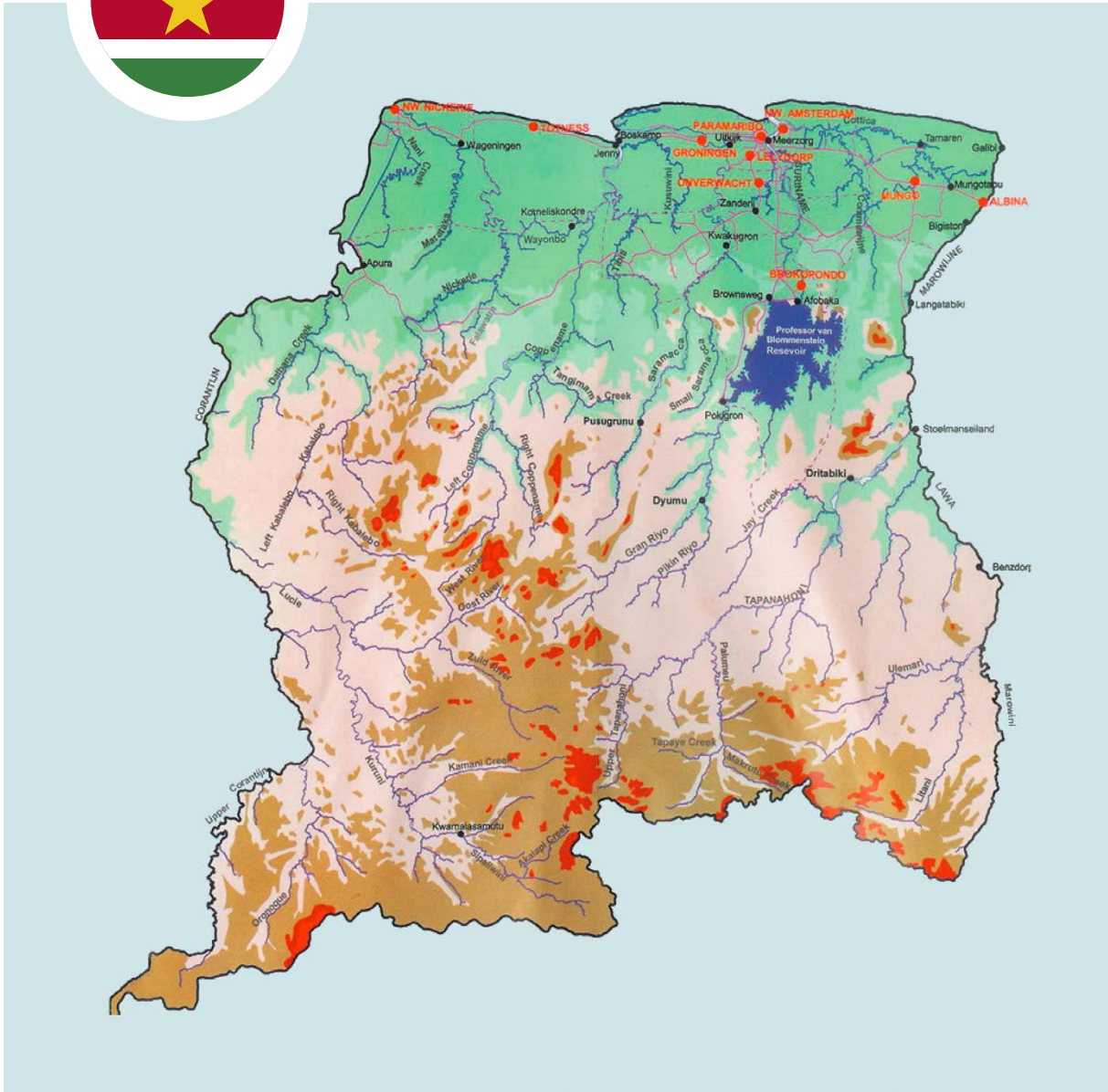
# ABBREVIATIONS

<b>CARICOM</b>	Caribbean Community
<b>CDB</b>	Caribbean Development Bank
<b>CEF</b>	Country Engagement Framework
<b>COVID-19</b>	Coronavirus disease 2019
<b>EA</b>	executing agency
<b>EBS</b>	Energie Bedrijven Suriname (National Energy Company of Suriname)
<b>EFF</b>	Extended Fund Facility
<b>EU</b>	European Union
<b>FDI</b>	foreign direct investment
<b>GDP</b>	gross domestic product
<b>GoS</b>	Government of Suriname
<b>IADB</b>	Inter-American Development Bank
<b>ICB</b>	International Competitive Bidding
<b>ICD</b>	Islamic Corporation for the Development of the Private Sector
<b>ICIEC</b>	Islamic Corporation for the Insurance of Investment and Export Credit
<b>ICT</b>	information and communications technology
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IsDBI</b>	Islamic Development Bank Institute
<b>IsDBG</b>	Islamic Development Bank Group
<b>ITFC</b>	International Islamic Trade Finance Corporation
<b>MCPS</b>	Member Country Partnership Strategy
<b>MDB</b>	multilateral development bank
<b>MDP</b>	Multi-Annual Development Plan
<b>MPI</b>	Multidimensional Poverty Index
<b>SME</b>	small and medium-sized enterprise
<b>PCI</b>	Productive Capacities Index
<b>PFM</b>	Public Finance Management
<b>PIASR</b>	Project Implementation Assessment and Support Report
<b>PMU</b>	project management unit
<b>PPFM</b>	Project Procurement and Financial Management
<b>RHP</b>	Regional Hub of Paramaribo
<b>SDGs</b>	Sustainable Development Goals
<b>SRD</b>	Surinamese dollar



<b>TVET</b>	technical and vocational education and training
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>US\$</b>	United States dollar
<b>WB</b>	World Bank





Disclaimer: The boundaries, names and designations on this map do not imply official endorsement or acceptance by the Islamic Development Bank Group.



# EXECUTIVE SUMMARY

With a population of 623,000, Suriname is an **upper-middle-income country** heavily dependent on revenues from extractive industries, especially bauxite, gold and oil. Recently, the Suriname economy experienced turbulent times due to the COVID-19 crisis, depreciating currency and falling commodity prices that fueled high public debts. Consequently, Suriname agreed to work under an International Monetary Fund (IMF) Program in December 2021. Key macroeconomic indicators improved, including inflation cooling and debt reduction.

Yet, long-standing challenges relating to Suriname's **competitiveness and the business environment** limit private-sector development **and economic diversification** while preventing economic structural transformation. Despite recent efforts to address institutional quality and governance issues, they remain important developmental challenges.

IsDB is a **key development partner** of Suriname and concluded a two-year (2014–2015) Interim Member Country Partnership Strategy (MCPS) for the country. IsDB has since extended funding and supported various projects in Suriname on the country's path to sustainable development. As of April 2024, the IsDB Group (IsDBG) approved total financing of about US\$217 million for Suriname, focusing on projects in the following sectors: energy (41.5 percent), education (21.5 percent) and health (20.1 percent).

The Multi-Annual Development Plan (MDP) 2022–2026 of the Republic of Suriname is the country's visionary development strategy. It is aligned with the Sustainable Development Goals (SDGs) and has three main objectives: diversify the economy, improve social well-being and promote sustainable development. The IsDB Institute's (IsDBI's) primary objective is to support Suriname's immediate infrastructural needs while considering

MDP targets and preparing and executing the Country Engagement Framework (CEF) Suriname 2024–2026. It aims to do this by helping the country diversify its economy and build human capital for the future while mitigating the macroeconomic imbalances through the IMF program.

The CEF for Suriname 2024–2026 will have two pillars. **Pillar 1: Igniting Growth and Diversification** will support three sectors: energy, agro-industry, and water and sanitation. **Pillar 2: Building Human Capital for the Future** will support complementary human development by focusing on health, education and affordable housing. Cross-cutting CEF pillars will include Islamic finance sector development and small and medium-sized enterprise (SME) support, climate change, women and youth empowerment, and capacity development.

In conclusion, reflecting IsDBG's continued commitment to Suriname's development for 2024–2026, the **CEF allocates** an indicative amount of **US\$235 million under the above two pillars**. To ensure successful implementation, IsDB and the Government of Suriname will set up a **steering committee** for joint programming, design, implementation and monitoring of projects within the CEF scope.









# 1. INTRODUCTION



IsDB's primary objective is to help Suriname develop the base infrastructure and human capital needed to enable the country to capitalize on its oil windfall and utilize the proceeds to shift its economy towards a diversified and resilient growth path.

[1] With a population of 623,000 and a land area of 164,000 km<sup>2</sup>, Suriname has a low population density of 3.8 inhabitants per square km. About 82 percent of the population lives in urban and semi-urban areas along the coast.

[2] Recently, the Suriname economy experienced turbulent times. Several factors affecting the macroeconomic fundamentals included the COVID-19 crisis, depreciating currency and volatile commodity prices.<sup>1</sup> During this time, the country's economy was characterized by sluggish economic growth, high inflation, structural unemployment, fiscal deficits and high public debt. The International Monetary Fund (IMF) supported the Government of Suriname's (GoS) Recovery Program 2020–2022. Suriname will be under an IMF-backed program until the end of March 2025.

[3] The country has recently seen improved rating scores thanks to tight fiscal discipline and debt restructuring under the IMF program that started in December 2021. **Suriname's credit rating was upgraded** from 'Selective Default' (SD) to 'CCC+' by the international credit rating agency S&P in December 2023.

**TABLE 1.** SELECTED ECONOMIC INDICATORS

	2021	2022	2023	2024*	2025*	2026*
Real GDP growth (%)	-2.7	1.0	2.1	3.0	3.0	3.0
Gross domestic product (billion US\$, current prices)	3.0	3.5	3.5	4.0	4.4	4.7
Gross domestic product per capita (US\$, current prices)	4896	5687	5667	6319	6933	7329
Inflation (%)	60.7	54.6	39.3	14.9	13.2	11.9
Unemployment rate (%)	11.2	10.9	10.6	10.3	10.0	9.9
General government gross debt (% of GDP)	119.6	120.1	107.0	93.9	83.7	77.6
Current account balance (% of GDP)	5.9	2.2	1.5	1.0	0.6	0.2

Source: IMF, *World Economic Outlook*, October 2023. \* IMF Projections

1 See Table 1. Selected economic indicators.



[4] Since 2019, real GDP growth in Suriname has decelerated after it achieved 4.9 percent in 2018. Due to the COVID-19 pandemic, the country's economy shrunk by 15.9 percent in 2020 and 2.7 percent in 2021. In 2023, Suriname's GDP was estimated at US\$3.5 billion, down by US\$474 million from the 2019 pre-COVID-19 levels. Per capita GDP remained relatively stable from 2022 to 2023, while general government gross debt decreased slightly to 107 percent of GDP. Annual inflation is expected to decrease significantly from 60.7 percent in 2021 to 15 percent by the end of 2024. However, the unemployment rate is a concern at 10.6 percent in 2023, and projected to persist at the same level from 2024 to 2026. Additionally, the current account surplus is expected to decline to 1.5 percent of GDP in 2023 due to currency fluctuations and global extractive prices.

[5] Suriname's **Country Engagement Framework (CEF) covers 2024–2026**. It is fully aligned with the country's development framework, namely the Multi-Annual Development Plan 2022–2026 and relies on IsDB's Realigned Strategy (2023–2025). IsDB's **primary objective** is to help Suriname develop the base infrastructure and human capital needed to enable the country to capitalize on its oil windfall and utilize the proceeds to **shift its economy towards a diversified and resilient growth path**.

[6] The CEF development process benefited from a country diagnostics study, thorough operations analysis and in-depth **discussions and consultations** with line ministries, development partners, commercial banks, academia and civil society. The study enabled IsDB to identify key structural challenges across energy, agricultural development, water, sanitation and housing, health and education that comprise the pillars and priorities in the context of this CEF.

[7] The IsDB Group (IsDBG) embarked on a two-year (2014–2015) interim Member Country Partnership Strategy (MCPS) for Suriname in November 2013, and its implementation was reviewed in 2019.<sup>2</sup> The CEF also incorporates the lessons learned from the implementation review of the interim MCPS for Suriname.<sup>3</sup>

[8] The government's formal acceptance of this document would convey its concurrence with the engagement framework and related work program, enabling IsDB to proceed with business development and project processing. It is important to note that the **Indicative Work Program**<sup>4</sup> does not constitute any financial commitment from IsDB at this juncture, although it provides a range of indicative project-level allocations.

2 IsDB (2019). Interim Member Country Partnership Strategy (MCPS) Suriname Implementation Review.

3 These points are discussed in IsDB (2019). Interim Member Country Partnership Strategy (MCPS) Suriname Implementation Review.

4 See Annex 1. Indicative Country Work Program and Programming Approach.

## 2. STRUCTURAL TRANSFORMATION AND COUNTRY CONTEXT



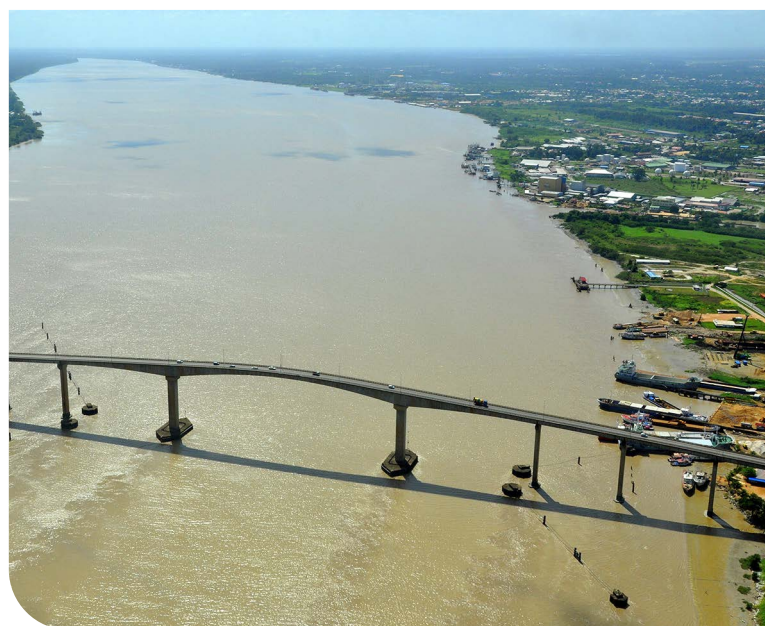
During 2019–2020, the discovery of significant offshore oil reserves promised to change Suriname’s developmental trajectory.

**[9] Extractives dependence:** Suriname is an upper-middle-income country with **heavy dependence** on revenues from **extractive industries**, especially bauxite, gold and oil.<sup>5</sup> The country’s GDP grew from US\$947 million to US\$5.2 billion over 2000–2014 as global commodity prices boomed. However, the Suriname economy faced several challenges, including further entrenchment in resource dependency, struggles in developing a buoyant private sector, a resource rents-distribution-focused policy resulting in a dominant state sector, and a lack of sufficient infrastructure development crucial to non-extractive industrialization. In addition, the capital-intensive nature of extractive industries failed to generate substantial jobs for skilled labor, leading to a brain drain.

**[10] Vulnerability to shocks:** These struggles were made starkly evident in 2015 when commodity prices fell: crude oil fell from US\$93 (per barrel) in 2014 to US\$49 in 2015; the price of aluminum dropped from a peak of US\$2,680 (per metric ton) in 2011 to US\$1,500 by the end of 2015; and the price of gold fell by 31 percent from 2012 to 2015. The confluence of reduced export earnings and government revenues from gold and oil led to significant current account and fiscal deficits – subsequently, real GDP contracted by 4.9 percent and inflation rose to 60 percent by the end of 2016, fueling public discontent. Following this crisis, Suriname faced another significant economic crisis due to the confluence of high government spending in the run-up to the 2020

election and pandemic-related stimuli. This resulted in a fiscal deficit of 12 percent in 2020, dwindling reserves, currency devaluation from Sur\$7.4/US\$ to Sur\$14/US\$, the subsequent sharp rise in inflation to 35 percent and public debt to GDP of 147.8 percent.

**[11] Lack of structural transformation:** The economy’s structure has not had any discernible structural transformation over recent decades. According to the World Bank, the share of Suriname’s GDP in 2022 was as follows: agriculture, forestry and fishing was 8.9 percent (8.1 percent in 2006); industry contributed 44.8 percent (40.1 percent in 2006); and services made up about 44.7 percent (44.2 percent in 2006) of the GDP.<sup>6</sup> Services’ high contribution to Suriname’s GDP stems mainly from a more prominent presence of the public sector rather than the private sector, unlike many developed countries. The potential for agricultural development remains strong, with around 1.5 million hectares considered suitable for agricultural production; only an estimated 120,000 hectares are used. In addition, the lack of structural upgrades and limited new investments in the agriculture sector resulted in a sectoral contribution to



<sup>5</sup> For example, according to estimates, over the period 2015–2020, oil and gold exports accounted for 85% of exports of goods and 27% of government revenues, making the economy highly vulnerable to mineral price volatility.

<sup>6</sup> See Figure 1: Value added of sectors (% GDP).



GDP of around 8 percent from 2006 to 2022. The country's low human-capital development also reduces economic growth by constraining private-sector development and productive capacities, and slowing the pace of structural transformation.

**[12] Oil discovery:** During 2019–2020, the discovery of significant offshore oil reserves promised to change Suriname's developmental trajectory. Block 58 (adjacent to the Stabroek Block that helped propel Guyana's tremendous GDP growth) has potential to increase Suriname's oil output volume manyfold while boosting new foreign direct investment (FDI) projects. With production slated to begin in 2028, Suriname's developmental priority should be prudently utilizing the oil windfall to reverse the entrenchment in extractives dependence and structural transformation.

**[13] Potential way forward:** Suriname's focus could include developing the critical human capital required to capitalize on the potential oil industry and ancillary support industries; harnessing oil proceeds to develop promising non-extractive industrialization, focusing on agro-processing and high value-added services growth in tourism; and improving institutions to facilitate FDI and setting up the institutional architecture to transparently manage oil proceeds, linked within a fiscal framework.

**[14] Key sectoral binding constraints to address:** The country must prioritize the following sectors to set Suriname's economy on this path:

- **Energy:** Upgrade transmission and distribution networks, enhance renewable energy production and access to energy in the hinterlands to facilitate agro-processing and other commercial activities





- **Transport:** Enhance access to hinterlands through expanded transport networks and developed logistical infrastructure
- **Water and sanitation:** Develop integrated waste management systems and potable water systems in the hinterlands<sup>7</sup>
- **Education:** Reduce school drop-out rates, enhance retention from secondary into post-secondary education,<sup>8</sup> improve technical and vocational education and training (TVET) and medical education, reduce education disparity between hinterlands and coastal areas, and align skills gaps with the education system
- **Health:** Reduce the brain drain from the health sector by improving working conditions, upgrading and supplementing specialized medical equipment, improving health access in the hinterlands and rehabilitation of health centers
- **Agriculture:** Address limited agricultural productivity, intensify efforts on water management and pest control, attract new investors in the sector, support sustainable agriculture and processing practices, encourage product diversification (e.g., new varieties) and penetration of new export markets.

**[ 15 ] Key thematic constraints to address:** In addition to key sectoral binding constraints, addressing the following key thematic constraints in Suriname’s economy could help ensure economic growth, support transformation efforts and achieve sustainable development:

- **Islamic finance:** Unleashing the full potential of Islamic finance in the country could help increase access to finance for the private sector and SMEs
- **Climate change:** Climate change, particularly floods, could make the Suriname economy vulnerable to setbacks while the country is in the process of diversifying economic activities; in addition, there are concerns around groundwater contamination due to mining activities, which creates a need for an early warning system
- **Women and youth:** Improving the participation of women and youth in economic activities and generating employment opportunities would help them have better living conditions and help alleviate poverty, particularly among vulnerable populations

- **Capacity development:** Supporting capacity-development efforts in the country would help upgrade workforce skills and improve institutional quality.

**[ 16 ] Integrated development:** Cross-sectoral and programmatic support may also be crucial in holistically developing Suriname. Such cross-sectoral considerations could include programmatic interventions in **agro-processing** (beyond addressing needs in storage, freezing and processing facilities) and **tourism**, in ways that integrate water, energy, transport and logistical considerations. In addition, human-capital development needs to consider shortages in sustainable and affordable dwellings for lower-income groups.

**[ 17 ]** Suriname’s **Human Development Index (HDI)** has improved in recent years.<sup>9</sup> Yet, **poverty** continues to be a developmental issue, especially in the interior. According to the United Nations Development Programme (UNDP) 2023 Global Multidimensional Poverty Index (MPI), the biggest contributor to multidimensional poverty in Suriname is education (43.8 percent), followed by living standards (35.8 percent) and health (20.4 percent). Around 17,000 people in Suriname (2.9 percent of the population) were estimated to be in multidimensional poverty in 2021, according to UNDP (2023). However, Suriname’s health outcomes significantly improved during the last two decades. For example, life expectancy at birth increased from 69.9 years in 2000 to 71.5 years in 2019, and under-five-years mortality decreased from 31.3 per 1,000 live births in 2000 to 17.7 in 2020. Yet, Suriname has undergone an epidemiological transition, with non-communicable diseases (NCDs) becoming a major burden of morbidity and mortality, as well as an economic burden to individuals and the health system. Major health-sector concerns include issues related to weak health-system governance, the acute shortage of trained health professionals, an unequal distribution of healthcare resources and capacity, and the State Health Insurance Foundation’s service delivery.

**[ 18 ] Institutions and business climate:** Between 2010 and 2022, the total volume of FDI inflows in Suriname was US\$1 billion (UNCTAD, 2023). The FDI inflows/GDP ratio was only 0.1 percent in 2022 and is expected to continue at less than 1 percent over 2024–2026 (S&P, 2023).

7 Most of Suriname’s collected waste is dumped at the Ornamibo open dump, which is controlled by the Ministry of Public Works in the Wanica district. The proximity of this dump site to residential areas causes serious environmental and health problems, including degradation of natural vegetation, contamination of water sources and air pollution.

8 For example, the gross school enrollment at secondary schools decreased from 71.5% in 2012 to 65.6% in 2021 in Suriname (see *Figure 2: School enrollment, secondary*).

9 See *Figure 3: Human Development Index*.



According to the World Bank's Ease of Doing Business Index 2020, Suriname was ranked 167th out of 190 countries worldwide with a score of 47.5, reflecting major challenges hindering business. It took 66 days to start a business in Suriname in 2019, while the global average is 20 days; Brazil is 17 days. Furthermore, according to the 2022 World Governance Index (WGI), Suriname's percentile rank for government effectiveness was 15.1 (Guyana was 43.4 and Brazil was 30.7), and regulatory quality was 21.2 (Guyana was 32.5 and Brazil was 43.9).

**[ 19 ] Productivity and private-sector development:** The challenges mentioned above in education, health and institutions constrain **labor productivity and private-sector development**. Suriname's labor productivity (GDP per hour worked; in terms of constant 2017 international \$ at purchasing power parity [PPP]) was US\$20 in 2023, whereas it measured US\$69.9 in Guyana and

US\$50.4 in Puerto Rico. The evolution of Suriname's **Productive Capacities Index (PCI)** reflects existing bottlenecks such as access to appropriate financial instruments and tenors, infrastructure-related issues, and economic trade barriers that hinder growth in the private sector and among SMEs.<sup>10</sup> The index value stood at 45.9 in 2022, lower than the global average of 46.8 and of Latin America and the Caribbean at 47.7.<sup>11</sup> In particular, as a member of the Caribbean Community (CARICOM), Suriname is committed to a regionally coordinated external trade policy for the group. Several non-tariff barriers need to be eased, including proof of residency, registration with the Chamber of Commerce, and registration numbers from the Inspectorate of Customs.

**[ 20 ]** In terms of public management, several structural problems continue, such as limited capacity in **public financial management, auditing and management of**

10 The PCI is a composite index calculated by 42 indicators. It provides a quantitative measure of the three pillars (productive resources, entrepreneurial capabilities and production linkages) of a given economy, which are further broken down into eight categories: natural capital, human capital, energy, institutions, private sector, structural change, transport, and information and communication technologies. The overall PCI is a composite index that summarizes the eight categories into a single indicator (UNCTAD, 2006). A higher score implies better productive capacities.

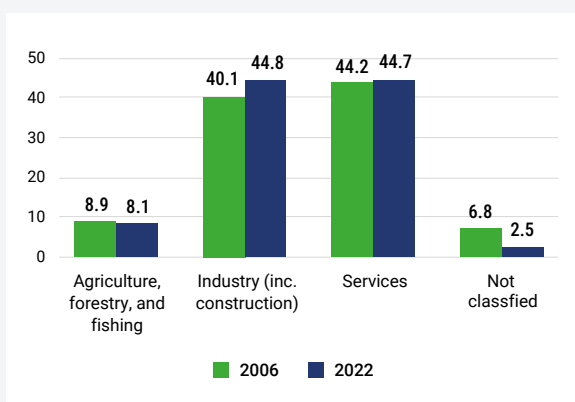
11 See Figure 4: Productive Capacities Index.

externally funded projects. The practice of rent-seeking behavior in the economy is another concern that has not improved significantly over the past years.<sup>12</sup>

[21] Recent data reveals that the Surinamese economy is on a path to recovery after a challenging period. Suriname is implementing an ambitious **economic reform agenda** that aims to do the following: restore fiscal and debt sustainability through fiscal consolidation and debt restructuring; protect the vulnerable by expanding

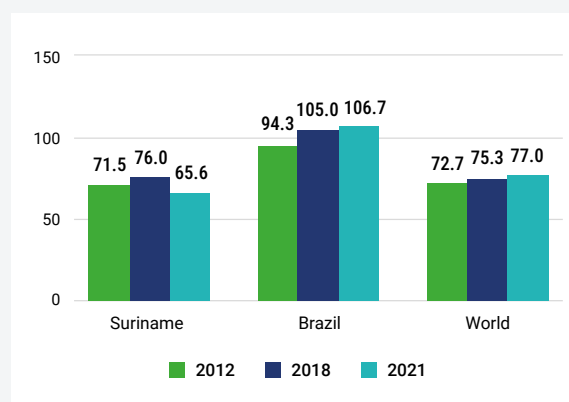
social protection; upgrade the monetary and exchange rate policy framework; address the financial sector’s vulnerabilities, and advance the anti-corruption and governance agenda. In light of the above, the overall **macroeconomic and developmental challenges** faced by Suriname can be summarized under two areas: limited economic diversification and low human-capital development. Hence, the focus of this CEF is on improving the infrastructure and human-capital base to facilitate integrated and sustainable development on these fronts.<sup>13</sup>

**FIGURE 1: VALUE ADDED OF SECTORS (% GDP)**



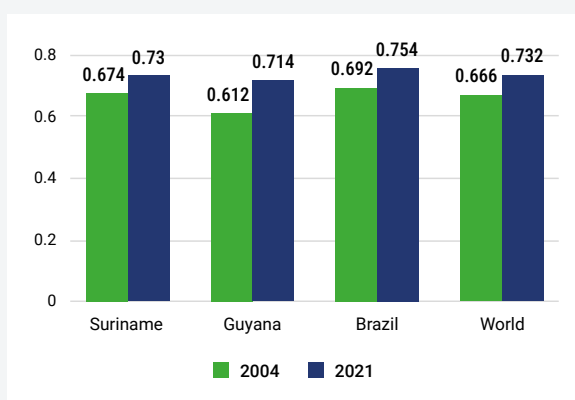
Source: World Bank

**FIGURE 2: SCHOOL ENROLLMENT, SECONDARY (% GROSS)**



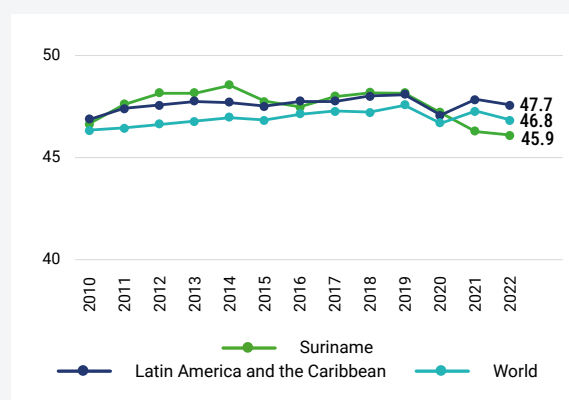
Source: World Bank

**FIGURE 3: HUMAN DEVELOPMENT INDEX**



Source: UNDP

**FIGURE 4: PRODUCTIVE CAPACITIES INDEX**



Source: UNCTAD

<sup>12</sup> World Bank (2023). Suriname Systematic Country Diagnostic. The World Bank Group.

<sup>13</sup> These findings align with the outcome of IsDBI’s (2022) Country Diagnostic Study that summarized key constraints in Suriname as follows: weak institutions, low human-capital development, poor infrastructure quality and inaccessibility of finance.



### 3. NATIONAL DEVELOPMENT PLAN

[22] The new development plan, namely the **Multi-Annual Development Plan (MDP) 2022–2026** of the Republic of Suriname, serves as a roadmap for the country’s ‘Growth and Modernization’ phase under the Santokhi–Brunswijk administration. The National Assembly approved the MDP on December 20, 2021. The SDGs are integral to the MDP. The document is a first step towards the vision for Suriname in 2050. It reflects the country’s ambitious goals to be achieved by 2050.

[23] The MDP is an important framework for achieving the country’s development objectives and aligns with the proposed **CEF for Suriname (2024–2026)**. The MDP has **five central values**: justice, inclusiveness, freedom, equality and sustainability. It acknowledges the socio-economic disruptions and aims to achieve three key objectives: diversify the economy, improve social well-being and promote sustainable development. The MDP has identified seven Strategic Action Items (SAI), as shown in *Table 2*.

**TABLE 2. OVERVIEW OF THE STRATEGIC ACTION ITEMS OF THE MDP 2022–2026**

No.	Strategic Action Item (SAI) in the MDP
1	Improving production, entrepreneurship, employment and exports
2	Solving the issue of land (rights) and housing
3	Improving social protection and employment
4	Enhancing education and healthcare services and infrastructure
5	Improving livable environment and nature, and ensuring safety
6	Investing in transport and infrastructure
7	Developing efficient and effective governance practices





# 4. ISDB'S SURINAME COUNTRY ENGAGEMENT FRAMEWORK (CEF): IGNITING GROWTH AND DIVERSIFICATION AND BUILDING HUMAN CAPITAL FOR THE FUTURE



As part of CEF Suriname 2024–2026, IsDB's primary objective is supporting Suriname's immediate infrastructural needs by helping the country diversify its economy and build human capital for the future.

## 4.1. CEF objectives

[24] The CEF is a country engagement strategy that includes interventions to support Suriname's sustainable, inclusive and resilient growth, driven by economic diversification and greater economic integration.

[25] Under its **Realigned Strategy 2023–2025**, IsDB will finance priority development projects in two strategic pillars: igniting growth and diversification, and building human capital for the future.

[26] As part of CEF Suriname 2024–2026, IsDB's **primary objective** is supporting Suriname's immediate infrastructural needs by helping the country diversify its economy and build human capital for the future, while the country mitigates the macroeconomic imbalances through the IMF program. The proposed CEF offers an important framework that enables IsDB Group to align with the **Multi-Annual Development Plan (MDP) 2022–2026** of Suriname.

## 4.2. CEF pillars

[27] IsDB will support the GoS mainly through two CEF pillars during 2024–2026.

[28] **PILLAR 1: Igniting growth and diversification.** This pillar will provide the base infrastructure required for economic activity to flourish, thus supporting Suriname's developmental efforts to address critical needs and facilitate diversification. It will focus on energy infrastructure critical rehabilitation and construction as the bedrock of broad-based economic activity. Meanwhile, to facilitate the development of Suriname's potential to become an agro-industrial hub in the CARICOM region, supporting infrastructure encompassing processing, storage and logistical facilities will be considered. Interventions in water and sanitation aim to improve infrastructure quality, such as in waste management, and improve the country's competitiveness while supporting biodiversity. There is limited land availability for housing as much of the country comprises rivers and forests. Providing affordable houses for social groups is an important intervention with potentially long-lasting positive outcomes on the country's development, given the level of poverty in inner Suriname and the increasing cost of living. Pillar 1 will also consider integrated rural development projects that combine energy, water and sanitation, affordable housing, and agro-industrial development in the hinterlands.



[29] **PILLAR 2: Building human capital for the future.** This pillar will address the development of human capital needed to build a workforce that can facilitate diversification and greater value-added in agro-processing and other promising industries such as tourism, and also has the skills to capitalize on ancillary







industries developing around the oil industry. It will, therefore, focus on improving healthcare access and quality, health infrastructure, and technical and vocational education. It will also address disparities in access to education.

**[ 30 ] Cross-cutting pillars:** Pillars 1 and 2 offer hard and soft infrastructure interventions and complement each other in multiple ways while the country exerts efforts to achieve sustainable and inclusive development in line with the MDP objectives. In terms of cross-cutting pillars, IsDB's interventions will focus on the following areas:

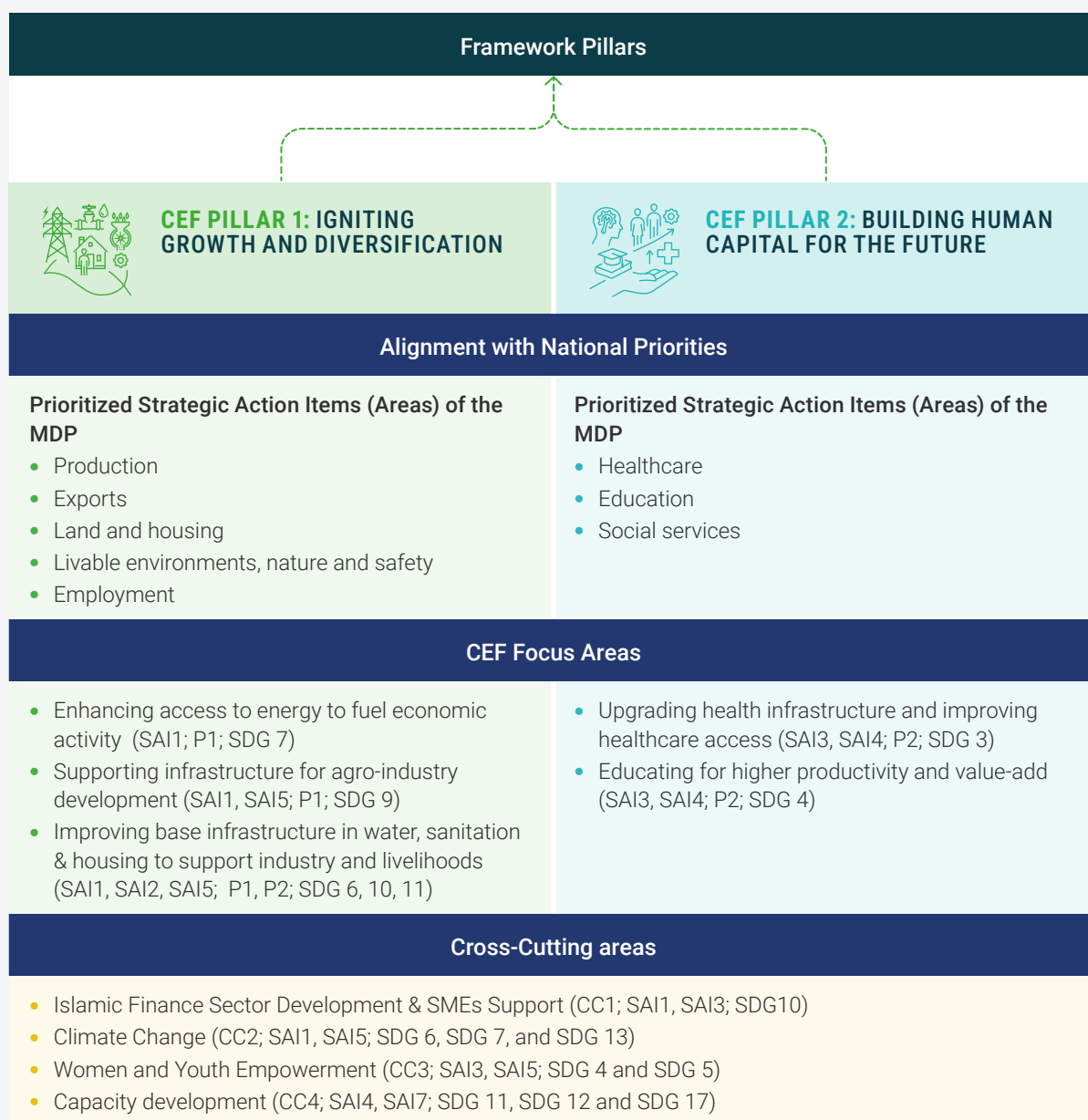
- **Islamic finance sector development and SME support:** With growing demand for Islamic banking products and Suriname's potential to become an important player in Islamic finance in the Caribbean region, IsDB will continue to engage with the Central Bank of Suriname, other development institutions, and local banks to expand alternative financing for private-sector development including SMEs.
- **Climate change:** IsDB will focus on strengthening environmental protection and climate resilience in water, sanitation and energy.

- **Women and youth empowerment:** Focus will be on gender mainstreaming and empowering youth and women in all relevant intervention areas such as education and health.
- **Capacity development:** IsDB can enhance the design and implementation quality of IsDB projects in Suriname through training designed to strengthen the institutional capacity of the executing agency (EA) and project management units (PMU).

**[ 31 ] Potential additional priorities:** The priority areas outlined in *Table 3* were based on ensuring the allocative efficiency of IsDBG's resources with due consideration to the MC priorities and key binding constraints. In addition, transport infrastructure and tourism industry developments are crucial to facilitating Suriname's transformation journey, as identified in *Chapter 2*. The Bank will consider strong intervention proposals in these areas that are aligned with an integrated and programmatic approach to developing Suriname. Specifically for the transport sector, the Bank will consider interventions geared towards improving access to hinterlands and upgrading logistical infrastructure.



**TABLE 3. CEF PILLARS FOR SURINAME 2024–2026**



**Note:** P1–P2 and CC1–CC4 refer to the IsDB Strategic Realignment 2023–2025 pillars and cross-cutting areas; SAI1–7 to MDP Strategic Action Areas.



All interventions anticipated over the CEF timeframe will be aligned with the Sustainable Development Goals and Multi-Annual Development Plan (2022–2026).

### 4.3. IsDBG planned interventions

[32] IsDB plans to provide infrastructure financing, technical assistance and reverse linkage support to Suriname across the priority areas outlined under Pillars 1 and 2. *Annex 1* outlines the tentative work program jointly identified and prioritized with the GoS. An annual review will determine the yearly indicative financing envelope for Suriname.



[33] IsDBI plans to continue delivering its ongoing Islamic finance technical assistance through a bespoke capacity-building program for the Central Bank of Suriname (CBvS) staff. Additionally, it plans to coordinate a familiarization visit for CBvS staff to meet various stakeholders in Malaysia, such as Bank Negara Malaysia and the Center of Excellence – Kuala Lumpur (KLCOE). An Islamic finance awareness and capacity-building event is also planned in Suriname in the third quarter of 2024. As the only Islamic bank in the region, IsDB can also consider providing additional support to **Trust Bank Amanah** to strengthen its operational capacity and efficiency in cooperation with the ICD. While Islamic finance is at an early stage of development in Suriname, it can become a complementary means of financial intermediation and, potentially, serve the region beyond Suriname. However, this will require a concerted effort to create greater awareness and a robust enabling environment. IsDBI plans to continue working with the CBvS and other interested stakeholders to support this transition in the medium to long term.



[34] ITFC's import financing facility could be resumed in favor of the Republic of Suriname to secure the import of strategic commodities such as refined petroleum products, foodstuffs and pharmaceutical products. ICIEC can assist Suriname in its infrastructure endeavors through various risk-mitigation tools in partnership with multilateral development banks and developmental financial institutions to facilitate investment and trade movements. Additionally, ICD is keen to explore cooperation with other MDBs, such as via co-financing or syndication, to support the development of corporates and private sector in the country.



[35] In the areas of **cooperation and capacity development**, IsDB could offer training, capacity-building and scholarship programs to develop public and civil society institutions. Such programs should also improve the well-being of women and youth, which is paramount for sustainable development.

[36] As of 31 December 2023, the Climate Change and Environment division of the Resilience and Climate Action department committed to aligning all sovereign lending operations with the **Paris Agreement**. IsDB shall perform a structured analysis with project teams to confirm alignment with the Paris Agreement on each project considered for financing under this CEF. This action could also ensure the projects' environmental sustainability and improve Suriname's resilience to future natural or climatic shocks.

### 4.4. Key result areas

[37] All interventions anticipated over the CEF timeframe will be aligned with the SDGs and MDP (2022–2026). The CEF aims to help results within the CEF cooperation areas listed in *Table 3. Pillars of the CEF for Suriname 2024–2026*.

[38] A CEF Results Framework with more details is projected in *Annex 3. Results Framework*. Specific indicators and results from the Results-based Management Framework (RBMF) of potential projects will be aggregated in the CEF Result Framework as the Work Program is implemented. A matrix showing the alignment of the CEF with the development challenges and related results is presented in *Annex 4. Development Challenges Alignment Matrix*.

# 5. IMPLEMENTING THE COUNTRY ENGAGEMENT FRAMEWORK

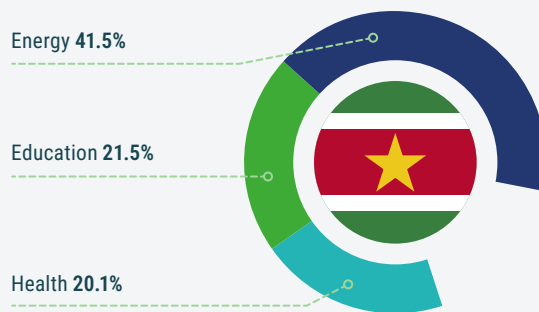
“ IsDBG has approved total financing of about US\$217 million for Suriname.

[ 40 ] **Modalities and sectoral breakdown:** IsDBG interventions focused mainly on energy (41.5 percent), education (21.5 percent) and health (20.1 percent). In terms of modes of financing, 42.4 percent are in the form of trade financing, while 44.4 percent of IsDBG interventions in project financing (excluding loans) are instalment sale (19.2 percent) and *Istisna'a* (19.5 percent), and 13.3 percent are concessional financing, mainly loan and technical assistance (TA) grant.

## 5.1. IsDBG in Suriname

[ 39 ] **Overall portfolio:** As of April 2024, IsDBG has approved total financing of about US\$217 million for Suriname. This amount includes US\$117.1 million in IsDB project financing, US\$2 million approved by ICD, US\$80 million in trade operations by ITFC, and US\$18.2 million by other IsDBG funds and operations. In addition, ICIEC has US\$1.5 million as new insurance commitments.

ISDB GROUP OPERATIONS IN SURINAME: SECTORAL BREAKDOWN







[ 41 ] **Active portfolio:** The Groupwide active portfolio has 11 operations and a total amount of US\$120.6 million, which represents 55.5 percent of the total portfolio. A total of 24 operations have been completed and amount to US\$96.7 million, representing 44.5 percent of the total portfolio.

[ 42 ] **Active portfolio performance:** Project Implementation Assessment and Support Reports (PIASRs) were conducted in 2023 for the SUR1008–Affordable Housing Project (LISP III), SUR1025–Feasibility Study and Detail Design for Health System Strengthening Project and SUR0021–Secondary and Technical Education Support Project. The average PIASR score of 0.62 was satisfactory, with SUR1008 scoring 0.31, SUR0021 scoring 0.76, and SUR1025 scoring 0.80. The only unsatisfactory project score was SUR1008 at 0.31 as no physical progress was achieved in the two years before the PIASR; significant progress has been observed after PIASR. The **overall satisfactory performance (score 0.62)** is mainly driven by project procurement performance and processing (delivery of goods, works and services compliance with schedule, cost and quality as per the contracts), compliance with conditions of financing, and project risks and sustainability.

## 5.2. Systemic portfolio issues and fiduciary matters

[ 43 ] **Implementation challenges:** Delays in start-up and extended implementation periods were observed in previous projects (e.g., SUR1008–AHP); lack of regular communication from EAs and PMUs, especially in SUR1008–AHP; and slow internal communication and responsiveness in Suriname delayed implementation progress, especially in SUR1008–AHP.

[ 44 ] **Financial management:** Timely and quality project financial auditing has been a challenge (e.g., SUR0024–Enhancing Rice Production [Reverse Linkage]). Overall, the disbursement arrangements have been satisfactory across the portfolio and regular (biweekly) portfolio follow-up meetings have been held with EA and GoS to progress implementation and achieve disbursement goals.

[ 45 ] **Project procurement:** There is a need to improve capacity and compliance with IsDB procurement requirements, along with a more organized and well-supported method for handling procurement procedures. A Regional (country) Procurement, Integrity and Financial

Management Workshop (RPIFW) will be held, preferably in 2024. RHP urges the Project Procurement and Financial Management (PPFM) Unit and the FPO to bring end-to-end service to the operations team in procurement-related work on active projects. This action will speed up implementation as it will avoid longer multistage communication.

**[ 46 ] Follow-up and oversight:** To ensure timely and effective project implementation, regular monitoring and follow-up mechanisms need improvement. Supervision and oversight should be conducted by regular physical missions, ideally two PIASR (supervision) missions per year on every project.

### 5.3. Lessons learned

**[ 47 ] Strong design and planning:** Project financing shall include the necessary funds to hire qualified staff for PMU key positions, and close country dialogue is needed to prevent delays in policy issues and political changes (e.g., SUR1008–AHP).

**[ 48 ] Financial management and auditing:** Financial management should be prioritized by conducting timely and effective financial audits, while timely preparation and submission of project audit reports are crucial for financial closure (e.g., SUR0024–Enhancing Rice Production [Reverse Linkage]). In addition, capacity-building is required for the adoption of the International Public Sector Accounting Standards (IPSAS) and the International Financial Accounting Standards (IFRS).

**[ 49 ] Procurement support:** Procurement support has been instrumental in successful procurement activities. Meanwhile, ongoing support and guidance from the IsDB procurement specialists have improved procurement processes (e.g., SUR1008–AHP and SUR0021–Secondary and Technical Education Support Project).

**[ 50 ] Enhanced oversight and communication:** Regular biweekly follow-up and progress review meetings, coupled with continued follow-up from regional hub staff through regular video conferences, PIASRs and progress reports, substantially improved project implementation effectiveness and timeliness, and prevented possible

slippages. As an exemplary practice, the Executive Table of Pending Actions weekly progress report improved the project implementation unit's (PIU's) performance, especially in the SUR1008–AHP Project.<sup>14</sup>

### 5.4. Recommendations and action plan

#### [ 51 ] Design and planning:

- Analyze risks to avoid potential delays and any related cost overruns
- Plan to develop a fallback and contingency alternate supply chain to ensure that any resource shortage is prevented
- Apply lessons learned from past projects to future operations
- Include stakeholders during design, systematic assessment and strengthening of institutional capacities
- Establish local partnerships for implementation and incorporation of accountability mechanisms to local stakeholders
- Ensure availability of implementable project pipeline
- Build partnerships with other funding bodies to secure the project funding
- Align targets according to the Results Framework (*Annex 3*).

#### [ 52 ] Financial management:

- Develop a comprehensive disbursement plan that takes into account project timelines and resource availability
- Conduct regular financial audits promptly and efficiently to ensure responsible financial practices
- Simplify the process of preparing and submitting project audit reports to aid in achieving financial closure
- Seek partnerships to acquire further finance
- Fully adopt the International Public Sector Accounting Standards (IPSAS) and the International Financial Accounting Standards (IFRS).

#### [ 53 ] Project procurement:

- The justification of International Competitive Bidding (ICB) open to non-member country firms is needed in Civil Works as many member countries do not yet have

<sup>14</sup> In addition to these points, the IsDB's Review (2019) on Interim MCPS of Suriname noted the following lessons learned: Ensure counterparty funding before project implementation to avoid prolonged delay or stalled project; ITFC trade finance has potential to boost the Suriname economy if the right sensitization is undertaken and capacity development is provided to both the public and private sectors; organizing regular procurement workshops for EAs enhances their technical capacity; more time and resources spent in project preparation can avoid project cancellation or scope change; establishment of local facilities, such as a soil laboratory, will help the country enhance its implementation ability; and frequent IsDB changes in focal point impede project implementation.





[55] Implementing these recommendations will help address challenges, apply lessons learned, and improve the efficiency and effectiveness of project implementation, financial management, procurement processes and oversight within the portfolio. Specific actions emanating from these recommendations are summarized in *Annex 5. Portfolio Implementation Action Plan*. For programming approach, project identification and selection guidance (see *Annex 1*). Note that this list is subject to changes based on priority, readiness factors and guidance from IsDB management. The indicative financing ranges mentioned at the project level should not be considered a commitment from IsDB. The work plan will be updated semi-annually and annually.

“ A key consideration of any IsDBG-supported project in Suriname will be resource mobilization, co-financing and complementarity with strategic partners and programs.

experience in South America, and ICB’s open method of procurement would give more value for money to the country while allowing for the participation of IsDB Member Country and non-member country contractors

- This action also avoids potential delays in project implementation due to a lack of potential bidders, and supports activities requiring imports at the project’s early stage to avoid supply-chain-related issues
- Advance procurement is highly recommended in the newly being-appraised project to gain time and to reduce the time lag between the effectiveness date and the date of first disbursement
- Strengthen the capacity of EAs and PMUs to navigate procurement processes effectively.

[54] **Follow-up and oversight:** In line with the EA’s request, conduct more frequent physical supervision missions to improve supervision and oversight, while also creating a steering committee or working group with the GoS to ensure efficient CEF implementation and monitoring.

## 5.5. Financing and resource mobilization

[56] A key consideration of any IsDBG-supported project in Suriname will be resource mobilization, co-financing and complementarity with strategic partners and programs.

[57] The indicative IsDB financing for Suriname, in the light of the CEF reconnaissance mission organized on 22–26 January 2024 in Paramaribo and discussions with the GoS, amounted to **US\$235 million for 2024–2026**.<sup>15</sup>

[58] In the CARICOM region, **development partners** show interest in supporting Suriname’s development. They include the Inter-American Development Bank, Caribbean Development Bank, World Bank and UNDP. In addition, the Arab Coordination Group, OPEC Fund for International Development and the Saudi Fund for Development could co-finance or partner with IsDBG on several projects during CEF implementation for Suriname 2024–2026.

<sup>15</sup> See *Annex 1. Indicative Country Work Program and Programming Approach* for details.



## 6. RISK MANAGEMENT



While Suriname shows signs of recovery, successfully navigating risks in the short and medium term is crucial for ensuring sustainable and inclusive economic growth.

[ 59 ] **Economic, social and environmental** risks may affect the success of IsDB interventions during the implementation of the CEF for Suriname (2024–2026). These risks range from commodity price volatility to public financial management and governance-related issues.

[ 60 ] The **upcoming elections in 2025** also pose cross-cutting risks to the economy and political landscape while the country implements the IMF-supported macroeconomic program. The scope of risks, along with possible mitigation measures, are presented in *Annex 6*.

[ 61 ] To ensure the successful implementation of the CEF, IsDBG and the GoS will set up a **steering committee** for joint programming, designing, implementation and monitoring of projects within the scope of the CEF.

[ 62 ] In summary, while Suriname shows signs of recovery, successfully navigating risks in the short and medium term is crucial for ensuring sustainable and inclusive economic growth. Continued commitment to diversification, fiscal consolidation, good governance and addressing social issues will be key to **overcoming challenges and building a prosperous future** for all Surinamese citizens.



# ANNEX 1. INDICATIVE COUNTRY WORK PROGRAM AND PROGRAMMING APPROACH

TABLE 4. INDICATIVE ISDBG WORK PROGRAM (2024–2026)

No.	CEF Year	Project Name	Sector	CEF Pillar	Ministry/ Department	Level of Readiness	Type of Financing (Sovereign or Non-sovereign)	Indicative IsDBG Financing (US\$ million)
1	2024	Expansion of Power Transmission and Distribution Systems Project (SUR1033)	Energy	Pillar 1	EBS	Being appraised as of Feb 2024	Sovereign	48*
2	TBD	Construction and Equipping the Academic Hospital of Paramaribo Project	Health	Pillar 2	Ministry of Health	FS & DED have been finalized (already financed by IsDBG)	Sovereign	100
3	TBD	Integrated Agro-processing Project	Agriculture	Pillar 1	Ministry of Agriculture	FS to be prepared	Sovereign	25
4	TBD	Nationally Appropriate Mitigation Action (NAMA) Off-grid Renewable Energy Solutions in Rural Suriname	Energy	Pillar 1	Ministry of Natural Resources & Energy	FS to be prepared/updated taking into account the 2019 report done by the Japan–Caribbean Climate Change Partnership (J-CCCP)	Sovereign	12
5	TBD	Integrated Solid Waste Management System Project	Waste Management	Pillar 1	Ministry of Public Works	FS to be updated/prepared. The formulation of studies is ongoing with the support of the IADB and AFD.	Sovereign	30
6	TBD	Boarding Facilities, Sports Facilities, and Landscaping of Anton de Kom University	Education	Pillar 2	Ministry of Education	FS to be prepared	Sovereign	15

No.	CEF Year	Project Name	Sector	CEF Pillar	Ministry/ Department	Level of Readiness	Type of Financing (Sovereign or Non-sovereign)	Indicative IsDB Financing (US\$ million)
7	TBD	<b>SME Line of Finance</b>	SME Support	Pillars 1-2	Commercial Banks	Commercial banks to be identified	Non-sovereign	5
<b>Total</b>								<b>235</b>

**Note:** The above list is not exhaustive and will be subject to additions and amendments to keep the CEF as flexible as possible while ensuring alignment, focus and selectivity principles. The proposed amount of IsDBG financing will be determined in due course by taking into consideration financial, operational and risk-assessment dimensions, as well as co-financing options and macro-level considerations.

\*SUR 1033 will be co-financed by IsDB (US\$48 million), OFID (US\$25.3 million), Saudi Development Fund (US\$20.3 million) and GoS (US\$12.5 million) with a total estimated project budget of US\$106 million.



## Programming Approach

The Regional Hub of Paramaribo will develop a tentative pipeline of potential IsDB interventions for 2024–2026 in Suriname. This list is subject to changes based on priority, readiness factors, and guidance from IsDB management. The indicative list mentioned at the project level should not be considered a commitment from IsDB. The finalization of the annual work program is expected to be completed in 2024, allowing for timely project preparation activities based on the bilateral discussions with Suriname.

- **IsDB Quality and Prioritization Requirements** are internal IsDB criteria that assess various quality and prioritization parameters for each project before it is included in the 3-year and Annual Work Programs as a Category A or Category B project.
- **Partnerships** are also essential, given the huge financing need, especially with ongoing economic turmoil that has slowed infrastructure investments. Each development partner comes with its comparative advantage and value-additions. Given the current global and country contexts, particularly in the CARICOM

region, there is a strong push among development financiers such as the Inter-American Development Bank and the Caribbean Development Bank to collaborate and co-finance. In addition, the UNDP, Arab Coordination Group, OPEC Fund for International Development and Saudi Fund for Development may join in some projects as a co-financier or a partner.

- **Processing Readiness** would include, but not be limited to, the readiness and quality of the project proposal from the executing agency, the status of internal processing and clearance of the proposal within the government bureaucracy, the status of a capable project management unit (PMU), the readiness in terms of land clearances, environmental and social safeguards and other standard prerequisites.
- **Implementation Readiness** covers all elements ensuring quality-at-implementation dimensions, such as a detailed and up-to-date financing plan, preliminary project designs (at least at the initial level), project management monitoring structures, procurement strategies and plans and pragmatic implementation schedules.



# ANNEX 2. SURINAME DONOR MAP

TABLE 5. SURINAME DONOR MAP (2023)

Development Partner (Indicative average development assistance in 2023)	Sectors										Cross-cutting themes	
	Energy	Trade and Investment	Infrastructure	Water and Sanitation	Agriculture	Environment	Poverty Reduction	Health	Governance and Public Finance	Education	Regional Cooperation	Youth and Gender
WB (US\$58 million)		✓	✓									
IADB (US\$397.5 million)	✓	✓	✓	✓	✓		✓	✓	✓	✓		
CDB (US\$251 million)	✓			✓			✓			✓		
EU (US\$14 million)						✓						

**Note:** The data was collected from open-data sources and the websites of the institutions mentioned above and, therefore, may include some differences with GoS and MDBs data. The data for other donors such as the UNDP, UN Women, China and India could not be gathered from open-data sources.

# ANNEX 3. RESULTS FRAMEWORK

This Results Framework is an indicative list of indicators from the MDP 2022–2026 that IsDB will contribute to, as well as other indicators derived from the priorities identified by this CEF. All interventions anticipated over the CEF timeframe align with the Sustainable Development

Goals (SDGs), National Priorities and specific indicators of IsDB’s Results Based Management Framework (RBMF) as potential projects from the indicative pipeline are entered into the IsDB project cycle.

**TABLE 6.** TENTATIVE INDICATORS AND RESULTS AREAS EXPECTED ACROSS THE CEF PILLARS-RESULTS FRAMEWORK

CEF Outcomes	Key Results Indicators
<b>PILLAR 1: IGNITING GROWTH AND DIVERSIFICATION</b>	
<b>Priority 1: Enhancing Access to Energy to fuel economic activity</b>	
<b>Improved supply and access to energy and electricity including renewable energy</b>	<i>Indicator: share of population with access to electricity (%)</i> Baseline: 80% in 2022–2026 Target: 90% in 2030
<b>Improved energy sector infrastructure, particularly transmission and distribution lines contributing to energy independence and energy efficiency needed to fuel structural transformation</b>	<i>Indicator: share of renewable energy in total final energy consumption (%)</i> Baseline: 30% in 2022–2026 Target: 35% in 2030  <i>Indicator: CO<sub>2</sub> emissions per unit of value added (tCO<sub>2</sub>/million)</i> Baseline: 0.4 tCO <sub>2</sub> /million US\$ in 2022–2026 Target: 0.1 tCO <sub>2</sub> /million US\$ by 2050
<b>Priority 2: Supporting Infrastructure for Agro-industry Development</b>	
<b>Improved agro-industry development particularly to increase value-added and support economic diversification</b>	<i>Indicator: number of agro-business clusters (unit)</i> Baseline: 3 in 2022–2026 Target: 5 by 2030  <i>Indicator: agriculture as a percentage of GDP (%)</i> Baseline: 10% in 2022–2026 Target: 12% by 2030  <i>Indicator: agricultural orientation index for public expenditure (%)</i> Baseline: 10% in 2022–2026 Target: 12% by 2030  <i>Indicator: industry processing value added as a percentage of GDP (%)</i> Baseline: 25% in 2022–2026 Target: 30% by 2030



CEF Outcomes	Key Results Indicators
<b>Priority 3: Improving base infrastructure in water, sanitation and housing to support industry and livelihoods</b>	
<b>Improved access to water and sanitation</b>	<p><i>Indicator: share of urban solid waste collected and managed through controlled facilities relative to total urban waste generated</i>                      Baseline: 10% in 2022–2026                      Target: 25% by 2030</p> <p><i>Indicator: proportion of population using safely managed drinking water services (%)</i>                      Baseline: 80% in 2022–2026                      Target: 90% by 2030</p> <p><i>Indicator: drinking water quantities sold as a percentage of gross production (%)</i>                      Baseline: 65% in 2022–2026                      Target: 80% by 2030</p> <p><i>Indicator: average length of time (hours) that areas are bare</i>                      Baseline: 24 in 2022–2026                      Target: 20 by 2030</p>
<b>Developed affordable housing projects</b>	<p><i>Indicator: proportion of urban population living in slums, informal settlements or inadequate housing (%)</i>                      Baseline: 8% in 2022–2026                      Target: 4% by 2030</p>
<b>PILLAR 2: BUILDING HUMAN CAPITAL FOR THE FUTURE</b>	
<b>Priority 1: Upgrading health infrastructure and improving healthcare access</b>	
<b>Improved access to health services by building healthcare facilities, including a hospital with a training facility to support structural transformation</b>	<p><i>Indicator: maternal mortality (per 100,000 live births)</i>                      Baseline: 79 in 2022–2026                      Target: 70 by 2030</p> <p><i>Indicator: under-5-years mortality rate (per 1,000 live births)</i>                      Baseline: 16 in 2022–2026                      Target: 14 by 2030</p> <p><i>Indicator: coverage of essential health services (%)</i>                      Baseline: 40% in 2022–2026                      Target: 45% by 2030</p> <p><i>Indicator: number of general practitioners (per 10,000 of the population)</i>                      Baseline: 12 in 2022–2026                      Target: 20 by 2030</p>

CEF Outcomes	Key Results Indicators
<b>Priority 2: Educating for higher productivity and value-add</b>	
<b>Improved access to relevant and quality education services, including TVET, will increase the quality and quantity of human capital to facilitate structural transformation</b>	<p><i>Indicator: completion rate of basic education</i> Baseline: 90% in 2022–2026 Target: 98% by 2030</p> <p><i>Indicator: participation of youth and adults in formal and non-formal education and training in the past 12 months, male</i> Baseline: 80% in 2022–2026 Target: 85% by 2030</p> <p><i>Indicator: participation of youth and adults in formal and non-formal education and training in the past 12 months, female</i> Baseline: 80% in 2022–2026 Target: 85% by 2030</p> <p><i>Indicator: percentage of youth (ages 15–24) not in education or training and not employed (%)</i> Baseline: 10% in 2022–2026 Target: 5% by 2030</p>
<b>CEF CROSS-CUTTING THEMATIC AREAS</b>	
<b>Objective CC1: Islamic finance sector development and SMEs support</b>	
<b>Supported Islamic finance and SME development</b>	<p><i>Indicator: training and capacity-building on Islamic finance targeting commercial banks and the Central Bank</i> Baseline: not available Target: not available</p> <p><i>Indicator: line of financing for SME support</i> Baseline: not available Target: not available</p> <p><i>Indicator: share of small-scale industries in total industry value added (%)</i> Baseline: 5% in 2022–2026 Target: 15% by 2030</p>
<b>Objective CC2: Climate change</b>	
<b>Supported the Government’s climate-resilient agenda and promoted the potential for the deployment of green and sustainable finance</b>	<p><i>Indicator: total per capita expenditure on the protection and conservation of all cultural and natural heritage by source of funding (public, private), type of heritage (cultural, natural) and government level (national, regional and local/municipal)</i> Baseline: \$1 per capita in 2022–2026 Target: \$3 per capita by 2030</p> <p><i>Indicator: total greenhouse gas emissions per year</i> Baseline: 2.2 Mt CO<sub>2</sub> in 2022–2026 Target: 1.7 Mt CO<sub>2</sub> by 2050</p> <p><i>Indicator: coverage of protected areas in relation to marine areas</i> Baseline: 5% in 2022–2026 Target: 10% by 2030</p> <p><i>Indicator: forest area as a percentage of total land</i> Baseline: 92% in 2022–2026 Target: 92% by 2030</p>

CEF Outcomes	Key Results Indicators
<b>Objective CC3: Women and youth empowerment</b>	
<p><b>Supported government initiatives and commitments to empowering women and youth in the country’s socio-economic development</b></p>	<p><i>Indicator: number of jobs created for youth and women</i>                      Baseline: not available                      Target: not available</p> <p><i>Indicator: share of women’s seats in national parliaments and local governments (%)</i>                      Baseline: 30% in 2022–2026                      Target: 35% by 2030</p> <p><i>Indicator: share of women in leadership positions (%)</i>                      Baseline: 20% in 2022–2026                      Target: 25% by 2030</p>
<b>Objective CC4: Capacity development</b>	
<p><b>Developed agriculture products through reverse linkage, technical cooperation</b></p> <p><b>Improved capacity of public entities and civil society organizations through technical cooperation and IsDBI’s training</b></p>	<p><i>Indicator: number of reverse linkage interventions to support Suriname in developing agricultural products like new crops and practices in sustainable farming</i>                      Baseline: not available                      Target: not available</p> <p><i>Indicator: capacity-building for the Auditing and Accounting bodies in public entities</i>                      Baseline: not available                      Target: not available</p> <p><i>Indicator: number of capacity-building activities for civil society organizations</i>                      Baseline: not available                      Target: not available</p> <p><i>Indicator: ranking on the ease-of-doing-business rankings</i>                      Baseline: 140 in 2022–2026                      Target: 80 by 2030</p>

# ANNEX 4. DEVELOPMENT CHALLENGES ALIGNMENT MATRIX

TABLE 7. DEVELOPMENT CHALLENGES ALIGNMENT MATRIX

Key Development Challenges	Multi-Annual Development Plan (MDP) 2022–2026 Response	IsDB Strategic Realignment 2023–2025	SDGs Alignment
<b>Energy: inadequate and ineffective energy infrastructure and high electricity prices hinder structural and sustainable transformation</b>	<ul style="list-style-type: none"> <li>• Increase availability, affordability, reliability and sustainability of energy</li> <li>• Conduct feasibility studies for renewable energy projects</li> <li>• Reduce the cost of new business connections</li> <li>• Set up microgrids for villages in the interior</li> <li>• Diversify the energy technology portfolio in the generation of energy as much as possible</li> </ul>	<p><b>P1.</b> Green, resilient, and sustainable infrastructure</p> <p><b>P2:</b> Inclusive Human Capital Development</p> <p><b>CC2, CC4:</b> Climate Change, Capacity Development</p>	<b>SDGs 7, 13</b>
<b>Agro-industry development: low agricultural productivity, limited value-generation (processing) capacity in agri-business-oriented infrastructures</b>	<ul style="list-style-type: none"> <li>• Stimulate value creation in the agriculture sector</li> <li>• Encourage processing of agricultural products and wood products</li> <li>• Allocate geographic center for wood processing</li> <li>• Protect agricultural lands (Land Law)</li> <li>• Develop incentive system for fish-processing plants</li> <li>• Improve training of and outreach to farmers in the public–private partnership (PPP) context</li> <li>• Establish business clusters for fruit and horticulture, livestock and possibly poultry</li> <li>• Operationalize residue and veterinary laboratory</li> <li>• Establish business clusters for the benefit of the rice sector</li> <li>• Invest in agricultural research and development to develop new crop varieties and farming practices that are more productive and sustainable</li> <li>• Improve access to markets. The government is working to improve access to markets for Guyanese agricultural products. This action includes developing new export markets and improving the transportation infrastructure to get products to market</li> <li>• Promote agri-business development by supporting the development of processing facilities, cold-storage facilities and marketing channels</li> </ul>	<p><b>P1.</b> Green, resilient, and sustainable infrastructure</p> <p><b>CC1, CC2, CC3 and CC4:</b> Islamic Finance, Climate Change, Women &amp; Youth Empowerment, Capacity Development</p>	<b>SDGs 9, 13, 15</b>



Key Development Challenges	Multi-Annual Development Plan (MDP) 2022–2026 Response	IsDB Strategic Realignment 2023–2025	SDGs Alignment
<p><b>Water and sanitation:</b> inadequate water and sanitation, waste management infrastructure to support human capital development and sustainable development</p>	<ul style="list-style-type: none"> <li>Invest in water and sanitation by building new water-treatment plants, expanding the distribution network and rehabilitating existing infrastructure</li> <li>Adopt the four water laws (Drinking Water Quality Control Act, Groundwater Act, Groundwater Protection Areas and Water Authority Act)</li> <li>Replace, expand and rehabilitate the water-supply network in the various districts</li> <li>Expand the number of projects, especially in the interior, to purify surface water for consumption</li> <li>Implement the feasibility study on water requirements in 2040</li> <li>Adopt the Nature Protection Act</li> <li>Consider PPP for waste management and treatment</li> <li>Introduce a deposit for plastic and glass packaging materials</li> <li>Establish an Environmental Authority</li> </ul>	<p><b>P1:</b> Green, resilient, and sustainable infrastructure</p> <p><b>CC2, CC4:</b> Climate Change, Capacity Development</p>	<p><b>SDGs 6, 13</b></p>
<p><b>Human capital:</b> underdeveloped health infrastructure and skills shortages hindering structural transformation</p>	<ul style="list-style-type: none"> <li>Invest in health infrastructure to improve access to quality healthcare by building new hospitals and clinics (primary healthcare service centers), expanding the distribution of medical supplies, and training more healthcare workers</li> <li>Enhance the capacity of health institutions such as the Ministry of Health and the new (planned) Academic Hospital Project</li> <li>Establish partnerships with NGOs, institutions and organizations to promote a healthy lifestyle</li> <li>Invest in education and training to improve the skills of the workforce by expanding access to primary and secondary education, providing technical and vocational training, and supporting higher education</li> </ul>	<p><b>P2:</b> Inclusive Human Capital Development</p> <p><b>CC3:</b> Women and Youth Empowerment</p>	<p><b>SDGs 1, 3, 4, 8, 9, 10, 11</b></p>

Key Development Challenges	Multi-Annual Development Plan (MDP) 2022–2026 Response	IsDB Strategic Realignment 2023–2025	SDGs Alignment
<p>Limited economic diversification and underdeveloped private sector</p>	<ul style="list-style-type: none"> <li>• Support the development of SMEs to create jobs and boost economic growth. This includes providing access to finance, training, and business development services</li> <li>• Ensure greater access to markets</li> <li>• Improve the investment climate to attract foreign investment and encourage entrepreneurs and SMEs. This includes simplifying the regulatory environment, improving infrastructures and providing tax incentives (e.g., Transfer Pricing Regulation Law)</li> <li>• Promote PPPs</li> </ul>	<p><b>P2.</b> Inclusive Human Capital Development</p> <p><b>CC1, CC2, CC3 and CC4:</b> Islamic Finance, Women &amp; Youth Empowerment, Capacity Development</p>	<p><b>SDGs 8, 9, 10, 12, 17</b></p>
<p>Issues related to the quality of governance and institutions</p>	<ul style="list-style-type: none"> <li>• Decentralize of governance</li> <li>• Realize systems, structures and processes to ensure transparency, efficiency, effectiveness, accountability and fairness.</li> <li>• Fight corruption and strengthen laws on corruption, anti-money laundering and financing terrorism</li> </ul>	<p><b>P2:</b> Inclusive Human Capital Development</p> <p><b>CC2, CC4:</b> Climate Change, Capacity Development</p>	<p><b>SDGs 2, 5, 6, 9, 11, 16</b></p>

# ANNEX 5. PORTFOLIO IMPLEMENTATION ACTION PLAN

TABLE 8. PORTFOLIO IMPLEMENTATION ACTION PLAN

Code	Project name	Ops	Appr. (US\$ m)	Disb. (US\$ m)	Issues	Actions Required	Responsible Entity	By When
SUR1008	Affordable Housing Project	Instalment Sale	25	5	The project is active and progressing.	Contracts for vacant positions in PIU should be signed.	EA PIU	March 2024
		Loan	10	3		Seizure of Project Richelieu to be lifted. GoS contribution to the project is required (SRD3.3 M). A new contract with the promotions and outreach company to increase public accessibility is required. Site preparation and utility construction in Voorburg is required. A contract should be signed with an engineer and supervision consultant for Richelieu	EA PIU MoF EA PIU	May 2024 June 2024 May 2024
SUR1025	Feasibility Study and Detail Design for Health System Strengthening Project	Loan	2.2	1.9	All disbursements were finalized.	Project closure is initiated.	IsDB	April 2024



Code	Project name	Ops	Appr. (US\$ m)	Disb. (US\$ m)	Issues	Actions Required	Responsible Entity	By When
SUR0021	Secondary and Technical Education Support Project	Ins. Sale	7.2	0.07	The project is active and progressing. All activities will be finalized by August 2024.	All activities will be finalized	EA PMU IsDB	August 2024
		Istisna'a	19.2	18				September 2024
		Ser. Ijara	4.4	2				
SUR1032	Agri-food Systems Transformation Accelerator (ASTA) project in Suriname to upgrade the pineapple value chain Project	Grant	0.3	-	The project is active and progressing. The Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Development Organization (UNIDO) will be the project's executing agencies. FAO and UNIDO have supported the pineapple sector in Suriname since 2018 and are currently sponsoring several initiatives, including this project. IsDB will fund the project with a US\$300,000 grant.  The subject TA grant operation (US\$0.3 m) being processed by the Economic Empowerment Department was approved by H.E. the President on 16 January 2023 (see Annex 3), while the TA Grant Agreement is still to be signed.	A TA Grant Agreement to be signed between the Bank and the Government. This will form the primary obligation and the basis under which the Bank will make the US\$ 300,000 grant available to the recipient member country.  An Implementation Agreement (IA) to be signed between the UN agency as the implementing agency and the Government as the recipient of the TA.	GoS IsDB	April 2024
							GoS UNIDO	April 2024

# ANNEX 6. RISKS TO CEF AND MITIGATION MEASURES

**TABLE 9. RISKS TO CEF AND MITIGATION MEASURES**

Risks	Scale	Mitigation
The ongoing IMF program in Suriname and upcoming elections in 2025 in the country can reduce or delay GoS's participation in project budgets.	<b>High</b>	IsDB will follow up and monitor the budget allocation process and counterpart fund allocation during project implementation.
Rent-seeking behaviors might limit private-sector development.	<b>High</b>	Reducing government intervention and promoting competitiveness.
Suriname is making strides in improving its public sector capacity, but progress has been slow. More efforts can be made to facilitate more robust project implementation.	<b>High</b>	IsDB might target its efforts toward building capacity in the public sector to attract and retain highly qualified staff and support measures for transparency and accountability.
Project management-related delays like procurement and disbursement delays, high costs (remoteness and lack of connectivity), and difficulty in attracting skilled staff may impact the pace of implementation.	<b>Medium</b>	PMU should be formed to ensure full compliance, coordination, and timely and in-cost project completion. Regional (country) Procurement, Integrity, and Financial Management Workshop (RPIFW) for Suriname will be conducted to familiarize and raise awareness of relevant executing and implementing agencies on IsDBG's Procurement, Integrity and Project Financial Management Policies and Procedures.
The limited project preparation and implementation capacity of the agencies in the country (as mentioned in the Interim MCPS Suriname Implementation Review, 2019) due to institutional bureaucracy, lack of coordination and insufficient inter-institutional collaboration can cause institutional risks.	<b>Medium</b>	Establishing local partnerships and making capacity-building a central element of a country's intervention strategy can mitigate this risk. IsDB will closely monitor and help improve the capacities during project implementation. Besides, under the IMF program, the country has been taking steps to improve national institutions' capacities.
Price escalations and scope changes during implementation are often a potential risk to cost overrun in Suriname. The high inflation and devaluation of the currency may pose some price increases during the period of the CEF for Suriname.	<b>Medium</b>	Adequate contingencies, supervision and monitoring by IsDB will be included. Conservative cost estimates using recent projects will be adopted in estimates.
Unexpected, prolonged and harsh weather conditions can cause delays. Floods, in particular, may cause some interruptions or delays in the implementation of some infrastructure projects.	<b>Medium</b>	Harsh weather conditions will be considered while planning project duration. Extended work hours and work on holidays can be inducted if needed. The seasonality will also be taken into consideration in the planning stage to have a realistic picture for the execution of projects.

Risks	Scale	Mitigation
<p>Low participation of firms in procuring Civil Works contracts can reduce cost-effectiveness.</p>	<p><b>Medium</b></p>	<p>Most companies that work in Civil Works from Member Countries are not interested in projects in Suriname due to a lack of experience in the region or remoteness. It is, therefore, often not possible to attract such companies for projects in Suriname. To avoid any delays and also find the most effective companies that will deliver the projects on the ground to avoid potential delays in the implementation of the project, practices of other MDBs should be consulted while fulfilling IsDB rules and regulations.</p>
<p>Given the heavy dependence on extractives, commodity price volatility at the global scale might increase export revenue and reduce the current account balance.</p>	<p><b>Medium</b></p>	<p>IsDB will support diversification of the Suriname economy by implementing the CEF. Any deterioration in the current account balance may limit the potential public financial contribution. Relevant contingencies should be taken into consideration to mitigate such risks.</p>



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