

GOVERNANCE IN SURINAME

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This study surveys governance issues in Suriname. It looks at the Constitution, the National Assembly, the executive branch of government (particularly the civil service and budgetary management), the justice sector, local government, civil society and corruption. The study concludes that deficiencies in governance have adversely affected Suriname's economic and social development and that the quality of governance in many areas will have to improve if better development outcomes are to be achieved.

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**Regional Operations Department 3
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Acronyms

ADR	Alternative Dispute Resolution
ASFA	Association of Surinamese Manufacturers
BFZ	Budget and Financial Affairs Department
BGVS	Suriname National Drug Company
CARICOM	Caribbean Community
CBB	Central Budget Bookkeeping Office
CBOs	Community-based organizations
CCS	Cultural Center of Suriname
CDB	Caribbean Development Bank
CEBUMA	Central Mechanical Processing Center
CEDAW	Convention for the Elimination of All Forms of Discrimination Against Women
CGCED	Caribbean Group for Cooperation in Economic Development
CIDA	Canadian International Development Agency
CIS	Central Import Bureau
CLAD	Central National Accounts' Agency
CLO	Federation of Civil Servants Organizations
CSFE	Central Staff Body for Formation and Efficiency
CSOs	Civil society organizations
C-47	Progressive Trade Union Federation
De Moederbond	General Alliance of Trade Union Associations in Suriname
EBS	Suriname Energy Company
FAL	Federation of Farmers and Agrarians
GBS	General Bureau of Statistics
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GS	Combined Opposition
IDOS	Institute for Development Oriented Studies
IMF	International Monetary Fund
ISS	Institute of Social Studies
KKF	Chamber of Commerce
MADP	Multi-Annual Development Plan
MOECD	Ministry of Education and Community Development
MOF	Ministry of Finance
MOJP	Ministry of Justice and Police
MRD	Ministry of Regional Development
NAR	National Anti-Drugs Council
NGOs	Non-governmental organizations
NPO	National Planning Office
NVB	National Women's Movement of Suriname
OAS	Organization of American States
OKB	Independent Electoral Council
OTA	Office of Tax Administration

PLOS	Ministry of Planning and Development
PPO	Public Prosecutor's Office
RAVAKSUR	Council of Trade Unions in Suriname
RVT	Rental Value Tax
SJSSN	Foundation for Legal Cooperation between Suriname and the Netherlands
SOEs	State-owned enterprises
STINASU	Foundation for Nature Conservation in Suriname
SVSS	Foundation for a Sustainable Suriname
SZF	National Health Service Foundation
TI	Treasury Inspectorate
UNDP	United Nations Development Programme
VSB	Suriname Trade and Industry Association
VVV	United People's Assembly
WPF	Women's Parliament Forum
WRI	Warwick Research Institute

Glossary

- Agency:*** A situation where one individual or organization (an agent) undertakes an action on behalf of another (the principal).
- Corruption:*** The abuse of public power for private gain (World Bank, 1997).
- Dutch Disease:*** The adverse effects on tradable-goods sectors, such as agriculture and manufacturing, from a booming natural resource sector. The boom in the natural resource sector can be caused by either a major natural resource discovery or a change in the international price of the natural resource. The increase in wealth generated by the booming sector leads to increased demand for goods and services and causes the price of non-tradable goods to rise relative to tradable goods — a real appreciation of the exchange rate. In response, the output of non-tradables — such as construction and some services — expands while that of agriculture and manufacturing shrinks. A second effect is caused by labor and capital resources shifting from the traditional tradable and non-tradable sectors to the more profitable booming sector.
- Externalities:*** Costs or benefits resulting from an activity or transaction that accrue to persons or entities other than those engaged in it (World Bank, 1996).
- Free-rider:*** An individual or organization that does not contribute a “fair” share to the cost of providing a public good, leaving the cost to others. The “fair” share is the value that the individual or organization truly places on the provision of the good.
- Institution:*** A humanly devised constraint that shapes human interaction (North, 1990). More informally, institutions are the “rules of the game”. Institutions can be formal, such as the Constitution or the quorum rule for the National Assembly, or informal, such as codes of behavior (c.f. organization).
- Organization:*** A group of individuals bound by a common purpose to achieve objectives (North, 1990). For example: the General Bureau of Statistics, the Ministry of Finance.
- Patron-client network:*** A patron-client relationship exists where an individual of higher socioeconomic status (patron) provides material benefits or protection to an individual of lower socioeconomic status (client) in return for political support and general services (Scott, 1977). Multiple clients are attached to each patron, who may in turn be a client of a more powerful patron, thereby forming a network.

- Public good:*** A commodity or service which if supplied to one person can be made available to others at no cost, and which cannot be withheld from anybody. Consumption is *non-rival* in the sense that one person's consumption of the good does not reduce its availability to anyone else. A public good is also *non-excludable*; that is, if a producer provides it to one person it is available to everyone and the producer cannot exclude anyone else from benefiting from it.
- Principal-agent problems:*** Problems of hidden action and hidden information may arise when principals cannot perfectly and costlessly monitor their agents' action and information.
- Prisoner's dilemma:*** A decision-making dilemma where the rational choice for each individual results in the worst outcome for the group. The dilemma was originally presented in game theory as a situation where two prisoners who were partners in crime were being questioned in separate rooms. Although the best solution for both prisoners is for neither to confess, the dominant strategy equilibrium is for them both to confess. This situation arises because the prisoners cannot coordinate their actions.
- Property rights:*** The rights to use a resource or asset. This includes the right to use an asset (including transforming it), the right to earn income from an asset, and the right to transfer permanently ownership rights to another party (Eggertson, 1990).
- Rent:*** Earnings of a factor of production in excess of what is necessary to keep the factor in its present use.
- Rent-seeking:*** The process of lobbying or competing for rents. Generally, this consists of private sector agents lobbying government officials who have the power to create and allocate rents. Rent-seeking can take both legal and illegal forms. In their attempt to increase their personal wealth, rent seekers reduce the net wealth of their community by expending resources on non-productive activities.

Preface

This study is part of Regional Operations Department 3's economic and sector work program on Suriname. The series of studies produced under this program are used as inputs for the preparation of the Bank's country strategy papers for Suriname and guide the Bank's dialogue with the Government of Suriname regarding the areas and sectors of possible Bank support.

Historically, the IDB has provided major loans and technical cooperation funding for institutional strengthening and state reform, particularly for the executive branch of government. In the 1980s much of this support was focused on strengthening tax administration systems. In recent years, it has become increasingly apparent that development progress and good governance — in a broad sense — are intimately related. Recognition of this link led the IDB's member countries to give the Bank a mandate to support borrowing member countries' efforts to modernize public sectors, and strengthen public institutions, judicial systems and national parliaments (*Report of the Eighth General Increase in the Resources of the IDB, 1994*).

Executive summary

The quality of governance in Suriname will have to improve if better development outcomes are to be achieved. Suriname suffers from deficiencies in a number of aspects of governance and these have adversely affected Suriname's economic and social development.

Suriname faces several specific obstacles to good governance, including the prevalence of patron-client networks, the rich natural resource endowment, and a vulnerability to narco-trafficking. Patron-client networks have played an important role in Suriname's political-economy and have had a profound effect on governance. Patron-client networks tend to lead to an under-provision of collective goods, generate strong incentives for rent-creating economic policy interventions, bias policy-makers attention away from generalized policy formulation towards particular administrative decisions, and promote a high level of factionalism.

Suriname's natural resource endowment has probably strongly conditioned governance also. Exploitation of Suriname's large bauxite reserves has generated rents that are large in relation to the economy and non-bauxite wealth-creating activities. Recent research (Auty (2000) and Auty and Gelb (2000)) suggests that the presence of large-scale natural resource rents in developing countries can significantly affect governance, most notably by creating strong incentives for social groups to compete to "capture" government policy and as large a share of the rents as possible.

Suriname is vulnerable to narcotics trafficking and its corrosive effects on governance. Several factors, including its location and a remote, sparsely-inhabited interior, makes Suriname an ideal transit point for drugs trafficking. Weak government organizations, poorly paid government employees, and a lack of income opportunities in the legitimate economy also increase the country's vulnerability.

The current Constitution of Suriname came into force in 1987. It was drafted and introduced in a period of tremendous stress (a transition from military to civilian rule, a civil war, and a weak economic situation), and should be viewed in that light. The 1987 Constitution differs from the 1975 Constitution in a number of significant respects. The system of government was changed, the role of the state was expanded vastly, functional representation in the system of governance was formalized and decentralization was given a major boost.

The governance structure, as set out in the Constitution, does not lend itself to good governance. The Constitution is a long, wide-ranging document that establishes the system of government as a mixed presidential-parliamentary system, but establishes only weak checks and balances. On certain important constitutional matters, such as the procedures for removing a President, the Constitution lacks clarity, and this contributed to a constitutional crisis in 1999.

In line with the prevailing socialist ideology at the time of drafting, the Constitution establishes a very important role for the state. The Constitution implicitly assumes that the state will be the primary driving force of development and that the state will achieve its objectives through development plans. The Constitution places extensive social obligations on the state but no consideration was given to how costly these obligations would be and how the state would be expected to provide them. The Constitution places no restrictions on fiscal management by the executive or legislature in terms of policy choices or outcomes.

Suriname's legislature or parliament – the National Assembly – is a unicameral body with 51 members. The National Assembly is broadly representative, although small districts have a disproportionate weight.

The National Assembly's performance has been weak, particularly from 1996 to 2000. The Assembly's legal throughput has declined to very low levels and the National Assembly has not been able to hold the executive accountable adequately. As a result of the Assembly's weak performance, public confidence in the organization has fallen to very low levels. A poll in 1999 showed that the National Assembly was the least respected branch of government (Table 2, Chapter 1). Improving the Assembly's performance and regaining the public's confidence will likely require: upgrading the National Assembly's capability, improving its ability to hold the executive accountable, and improving public outreach.

Improving the effectiveness and efficiency of the executive branch of government would bring big economic and social benefits. Conversely, if improvements in the effectiveness of the executive are not made, there is a considerable risk that the quality of governance and economic performance will deteriorate further.

The executive branch of government has hindered Suriname's development by inadequately executing the core tasks of government and by consuming a large share of national resources. A primary cause of the poor performance in core tasks and high cost of government has been the over-ambitious role assigned to government. The scope of the government's activities has gone well beyond that which is generally considered to be a government's purview. The executive is overextended, trying to do too much with too little capability. As a result, it functions at a low level of effectiveness in most of its tasks.

A weak resource base has also hampered government performance. Highly-skilled civil servants and complementary inputs are extremely scarce, largely because such resources have been crowded out by the expansion of low-skilled civil service employment. The latter has contributed to the high cost of government and caused a collapse in civil service pay levels, thereby creating formidable incentive problems in retaining qualified staff. In general, civil servants are poorly motivated as a result of low pay, a general ethos in the civil service of poor performance, and the lack of prestige of the civil service.

Units, ministries and the executive branch itself are only weakly accountable for their performance to their principals. Accountability is undermined by information problems, principal-agent problems, weakness of oversight agencies, and the lack of possibilities for *exit* and *voice*.

Budgetary management has historically been one of the weakest areas of government performance. Deficiencies in budget management have contributed to macroeconomic instability and to the inefficient use of resources. By contrast, the quality of revenue management improved markedly in the middle and late 1990s, and Suriname is already following best practice with regard to taxation rates. Nonetheless, the government could increase the efficiency and effectiveness of tax administration further.

Significant problems exist in the justice sector but these are offset by important strengths. From late-1998 to 2000, a dispute between the executive and judiciary regarding the proper process for appointing the Chief Judge and Prosecutor General paralyzed an important part of the justice administration. In addition, there is a severe shortage of judges to hear both criminal and civil cases. Justice sector organizations have very little budgetary independence and budgets for the courts, prosecutor, police and prisons are administered by the Ministry of Justice. This system is inefficient and hobbles both the independence and accountability of the organizations involved in justice. Legal aid and legal literacy services have been severely curtailed because of low fees paid to attorneys taking on legal aid cases.

Suriname compares poorly with most Latin American and Caribbean countries on a prominent international measure of the rule of law, defined as an aggregation of the extensiveness and costs of crime, the enforceability of contracts and property rights, the predictability and the impartiality of the judiciary, and the extent of tax evasion. Though violent crime rates are relatively low and the judges are generally regarded as fair and impartial, slowness and delays in the judicial process, combined with a large informal sector that largely evades paying taxes and general concerns about favoritism and corruption in public sector decision-making processes, probably account for Suriname's low score on the rule of law index.

A Constitutional Court, which the Constitution denotes as the organization responsible for assessing the constitutionality of laws and acts of public officials, has not yet been formed due to lack of implementing legislation. Either formation of a Constitutional Court, or giving jurisdiction over constitutional cases to the Court of Justice — the highest court in Suriname — would meet this need.

Historically, Suriname has had a very centralized government and local government structures did not exist prior to the 1980s. It is clear that decentralization and strengthening district governments could benefit Suriname's development. However, a number of factors, such as the weak existing capacity of district governments and the weak fiscal situation, argue in favor of a cautious and gradual approach to decentralization, particularly with respect to the transfer of responsibilities and resources. Nevertheless, the government needs to move decisively to allow citizens to elect their district commissioners in order to secure the necessary accountability of district governments. While there is scope for strengthening district governments so that they can take on greater responsibilities, efforts to strengthen the sub-district (ressort) councils are likely to be wasteful at this point.

Suriname's civil society includes a wide variety of organizations, some of which are entirely autonomous of the state, while others collaborate with and even depend on, the state. Private sector organizations and labor unions are well-established and unions have long had an important influence

on governance. Other types of civil society organizations, particularly non-governmental organizations (NGOs), grew in number and importance during the 1990s.

Electoral and political participation are relatively high but civic participation has traditionally been low. Civic participation is low partly because civics is not included in school curriculum. However, several NGOs have taken the initiative to execute civic education programs.

The trend towards greater incorporation of civil society is likely to improve both the quality of development policies and the execution of government programs.

Suriname appears vulnerable to corruption because its economic and institutional systems have many of the characteristics that provide a favorable environment for corruption. The economy is highly regulated and the officials who administer many of the economic regulations often have substantial monopoly power and a large amount of discretion. Furthermore, accountability in the public sector is weak — controls and systems of accountability are weak and oversight agencies such as the Auditor's Office are largely ignored. Information generation and dissemination is modest, causing low levels of transparency in many parts of the public sector. Legal institutions for accountability and for controlling corruption are weak. Suriname does not have an anti-corruption act and although it signed the Inter-American Convention Against Corruption on March 29, 1996, the National Assembly has not ratified the Convention yet.

Many of the most appropriate options for reducing corruption in Suriname are reforms that would bring other development benefits. Thus, there is considerable synergy between reforms to directly promote economic and social development and reforms aimed at reducing corruption. Whatever the detailed elements, a viable program to reduce corruption would have to focus on reforming the economic and institutional systems that foster corruption. In particular, the program would need to focus on limiting officials' monopoly power and discretion in decision-making, and increasing accountability and transparency.

The most important challenges facing the government as it tries to improve governance are:

- Reducing the regulatory burden on the private sector in order to promote economic growth and reduce the opportunities for corruption.
- Refocusing the executive branch on its core tasks so that it can improve its effectiveness and reduce costs. This involves reducing the number of activities the government is involved in to better match its capabilities.
- Addressing human resource issues in the executive and judicial branches over time.
- Overhauling budgetary organizations and processes.
- Improving the generation and availability of information to enhance transparency and accountability.
- Strengthening checks and balances and the ability of oversight agencies to function.

- Improving the performance of the National Assembly; and
- Fostering civic education and nation building.

1. Governance in Suriname

1.1 Overview

The quality of governance in Suriname needs to improve if better development outcomes are to be achieved. Suriname suffers from deficiencies in a number of aspects of governance and these have adversely affected Suriname's economic and social development.

The governance structure, as set out in the Constitution, does not lend itself to good governance. The Constitution is incomplete or vague on important constitutional matters and such weaknesses contributed to a Constitutional crisis in mid-1999. The Constitution also does not clearly and explicitly set out the separation, and balance, of power between the executive, legislative and judicial branches of government. Such weaknesses contributed to a crisis in the judiciary in 1998-99.

The effectiveness of the three branches of government (legislature, judiciary and executive) has been limited in recent years. The legislative body, the National Assembly, was paralyzed for much of 1998 and 1999 by its failure to obtain quorum. The lack of quorum prevented the National Assembly from meeting and engaging in its business for months at a time during that period. The judicial branch of government was in a state of crisis during 1998-2000 because of a conflict between the executive and judiciary over the procedures for appointing senior figures in the judiciary. In addition, the executive is overextended, trying to do too much with too little capability. As a result, it functions at a low level of effectiveness in most of its tasks. The executive has failed to provide a conducive environment for economic growth and is also often unresponsive to citizens. Internal and external accountability are weak, often because of a severe lack of information. The executive is large in terms of its mandate and its employment, but its size reflects weakness, particularly a lack of autonomy, rather than strength. Despite its weak performance, the executive is very costly and a huge consumer of national resources. Overall, governance is applied unevenly; the formal economy in coastal areas carries a heavy regulatory burden while East Suriname is almost devoid of government presence.

Some government entities are subject to conflicts of interest. For instance, the Chairman of the Auditor's Office (Rekenkamer) is appointed by the President of the Republic, who also heads the executive branch that the Auditor's Office is supposed to oversee. In addition, the state airline and telephone companies, which have a vested interest in preserving their near monopoly powers, have represented the government (and consequently the Surinamese public interest) in international negotiations in air travel and telecommunications issues. Moreover, the Presidency itself is subject to a conflict of interest between the traditional role of being an apolitical and neutral final arbiter of disputes and the role, since 1987, of being the most powerful political actor in the country.

1.2 The impact of deficiencies in governance

Governance deficiencies have undermined Suriname’s development performance and reduced the legitimacy of public organizations. Suriname’s development performance has been poor. GDP grew only 0.7 percent per annum in real terms between 1975 and 1999 and was stagnant in per capita terms. In addition, Suriname’s social indicators improved more slowly than the average for Latin America and the Caribbean over the same period. Although it is difficult to know exactly how much of this performance can be attributed to governance deficiencies, it is clear that they have played a major part.

Societies that have experienced a strong development performance tend to share a number of characteristics or organizational principles (Table 1). These characteristics are closely related to government policies and governance. Governments play the principal role in defining formal institutions. They can also influence informal institutions over time, even though the latter are determined mainly by culture and history.

TABLE 1 Institutional characteristics of high performance societies	
Area	Characteristic
Institutional framework	Clear and realistic rules Stable and secure property rights
Information framework	Extensive use of markets as a rich source of information about resource scarcities and preferences Transparency in government
Disciplining and corrective mechanisms	Vigorous competition Checks and balances Accountability mechanisms
Social relations	High level of cooperation and trust General perception of fairness Meritocracy Commitment to impersonal principles

A growing body of empirical evidence now confirms the intuitive notion that governance affects development performance. Kaufman et al. (1999) find a strong causal relationship from good governance to better development outcomes such as higher per capita incomes, lower infant mortality, and high literacy. This is not surprising given that governments’ policies and actions play a decisive role in shaping the environment in which firms and households make decisions. In addition, a variety of studies suggest that a large government (as measured by government expenditures) and increases in government consumption slow per capita GDP growth.¹ A costly government that is also of low bureaucratic quality is especially damaging to development performance and prospects. Commander et al. (1997) found that: “A country that has a high government size ratio and a low quality of bureaucracy will on average take 239 years to double its per capita GDP as opposed to 22 years in the best case scenario of high quality and low size.”

¹ See especially Scully (1992) and Commander et al. (1997).

The links between development performance and governance also run the other way. Economic growth and good social outcomes tend to promote and reinforce good governance, while economic stagnation and poor social outcomes tend to undermine governance. Because the causation runs in both directions, vicious and positive circles can easily be established, raising the possibility of a country being trapped in a vicious circle of weak governance and poor development performance.

Poor performance by public organizations and institutions has not only undermined Suriname's development performance but has also sapped the public's trust and confidence in those organizations. A recent poll in Suriname indicated that only 13 percent of the population rated a branch of government as the institution they trusted most (Table 2).

TABLE 2	
Citizen trust in public and non-public institutions, 1999	
Most trusted institution	Percent of population
Religious organizations	32
Private sector	7
Government	7
Trade unions	6
The legal system	4
The National Assembly	2
None of the above	37
<i>Source:</i> Institute for Development Oriented Studies (IDOS) poll as reported in EIU Country Report, 2nd quarter 1999.	

1.3 Governance is inherently complicated and problematic

Governance is inherently complicated and problematic, partly because governments deal with difficult issues and often act precisely where markets fail. The provision of collective goods is often more difficult than the provision of private goods. This is especially so when it is difficult to form coalitions that support the provision of collective goods. Noting the inherent difficulties in organizing collective action, Olson (1965) argued that collective action problems will tend to produce a bias towards the interests of small groups compared with large (particularly national) groups.² This bias appears to be accentuated in Suriname by the fragmentation of the society and a general lack of information. The high degree of societal fragmentation in Suriname, along ethnic and socio-economic cleavages (see 1.4), tends to reinforce the relative ease with which small groups can be formed and also makes it less likely that individuals identify with the "national interest" and support national collective action. A general lack of information about the benefits and costs of public and collective action also makes it more difficult to identify both the benefits from national collective action and the costs of special-interest collective actions. In addition, public sector

² Olson theorized that large groups have more difficulty furthering their common interests than small groups. In a large group, an individual's contribution to a collective endeavor may not make a perceptible difference. Therefore, a rational individual will not contribute to collective action unless there is coercion or some outside inducement to lead individuals to act in the group's common interest.

accountability is less automatic and more difficult than is the case with the private sector. Goals are nuanced and multiple, unlike the single-minded goal of profit-maximization in the private sector. It is also more difficult to measure the performance of government. As a general rule, accountability is likely to be weak unless institutional structures are created to foster it. The creation of such structures is by no means automatic. Similarly, government is more prone to principal-agent problems than the private sector. Principal-agent problems can be minimized by careful design of institutional structures but again, this requires deliberate action.

Governments in developing countries face special challenges to establishing good governance. Almost by definition, scarcity of resources is far more acute in developing countries, making it difficult to adequately fund government organizations. The funding problem is exacerbated in small countries like Suriname that cannot benefit from economies of scale in governance. Furthermore, developing countries have typically had to construct governance institutions and organizations in a matter of decades whereas such institutions and organizations emerged organically over several centuries in the developed countries.

1.4 Suriname faces additional obstacles to good governance

In addition to the general difficulties associated with governance mentioned in 1.3, Suriname faces additional obstacles to good governance. The most important obstacles are: the prevalence of patron-client networks, the rich natural resource endowment, ethnic factionalization, and a vulnerability to narco-trafficking.

The prevalence of patron-client networks

Patron-client networks have played an important role in Suriname's political-economy and have had a profound effect on governance. A patron-client relationship exists where an individual of higher socioeconomic status (patron) provides material benefits or protection to an individual of lower socioeconomic status (client) in return for political support and general services (Scott, 1977). The exchange is voluntary although the disparity in the partners relative wealth, power, and status is reflected in an imbalance in exchange between them. Patron-client relationships are personal, based on face-to-face contact, and ties are informal. Generally, multiple clients are connected to each patron. In turn, patrons may be clients of other patrons, thereby generating a pyramidal network of ties. Clients are usually unconnected to each other and the client group's cohesion depends on the existence of the leader.

The basis for patron-client relations is the ability of patrons to give benefits to clients that are not available to non-clients. Private benefits — specific inducements that can be offered to one person and withheld from others — are therefore greatly favored over collective benefits, which accrue to everybody in a group. Individual patrons must transfer enough benefits to clients to keep themselves in power. As soon as a patron fails to perform, his or her followers fall away and attach themselves to a different patron. The benefits provided to clients consist either of direct government expenditures or of material benefits. Material benefits consist of privileges or property rights conveying an economic rent, such as the transfer of property or foreign exchange at below market value or the granting of income-generating opportunities such as licenses.

Patron-client relations have existed in Suriname for over a hundred years, originating in the economic relationship between plantation owners and their tenants. The ties were characterized by vertical relationships of dependence as opposed to the horizontal, cooperative relationships that developed between independent small-holders elsewhere in the world. Participation in such relationships formed part of clients' survival strategies in an environment of widespread poverty. Patron-client networks can have a profound impact on governance (Kurer, 1996). First, the preference for private benefits over collective benefits tends to lead to an under-provision of collective goods. Second, even when collective goods are provided their distribution tends to be less than optimal and skewed towards areas where patrons and clients are located. Third, patron-client networks generate strong incentives to increase the amount of rent available for distribution to clients. In turn, these incentives lead to an expansion of public sector employment, the transfer of productive capacity from the private sector to the public sector, and over-regulation of the private sector. A job in the public sector is often one of the benefits most valued by clients. In addition, expansion of the size of the state enterprise sector or increasing regulation of the private sector opens up new resources or rents that can be allocated to clients on an individualized basis. Fourth, the focus on the allocation of individual benefits inherent in a patron-client system causes policy-makers to be less concerned with generalized policy formulation and more focused on particular administrative decisions. Policy choices themselves become less the result of a clear, strategic, problem-solving process and more the *ad hoc* outcome of numerous individual demands for individual benefits. Fifth, on a broad level, patron-client networks tend to promote a high level of factionalism and undermine institutional arrangements and the legitimacy of public organizations.

Unfortunately, these corrosive effects on governance may lead to a vicious circle. Initially, the existence of a certain level of poverty creates a favorable environment for the development of patron-client networks. As the networks develop they undermine governance through the channels described above. In turn, weaker governance tends to undermine economic growth and worsen poverty. Worsening poverty then further promotes the growth of patron-client networks. Individuals in the system may become trapped in a *prisoner's dilemma* (Kurer, 1996). The best outcome for them as individuals, as well as for general welfare, is a change in the political style that abandons the patron-client networks and focuses on collective benefits. However, the worst outcome for an individual is to be unconnected to a patron-client network while the network system persists. Since a multitude of individuals find it hard to coordinate a shift from patron-client networks to a collective focus, the dominant strategy for individuals is to remain connected to a patron-client network.

Natural resource wealth

Suriname's natural resource endowment has probably strongly conditioned governance. Exploitation of Suriname's large bauxite reserves has generated rents that are large in relation to the economy. Recent research (Auty, (2000) and Auty and Gelb (2000)) suggests that the presence of large-scale natural resource rents in developing countries can significantly affect governance. This is particularly true of "point-source" natural resources, such as minerals, but less so with diffuse resources such as crops. As with bauxite revenues in Suriname, mining revenues tend to be concentrated in one or two large firms, a small labor aristocracy of mineworkers, and the government. Because the government is the major recipient of the economic rents, strong incentives

are created for social groups to compete to “capture” government policy and as large a share of the rents as possible.

The process of rent seeking can affect governance through two major channels. First, the rents can affect the nature of the state. The contests for the resource rents bias the political economy of resource-abundant countries towards factional states that serve sectional interests. Second, the existence of the rents tends to lead to a large expansion of government employment. Unlike labor unions in the private sector, where the demand for labor is derived from the production function, unions in the public sector can shift the demand for labor outward through the political process. In Suriname, a substantial part of the natural resource rents accruing to the government have been dissipated in the labor market through the creation of government employment (in excess of that required to produce goods and services) and through public sector wage increases. Although real wage increases have tended to be reversed when alumina prices (and rents) have declined, government employment has declined very little. This hysteresis effect is due partly to the fact that the expansion of government employment has further strengthened the vested interests in favor of large government employment.

In addition to creating both a direct incentive for the expansion of government employment and the means to do so, natural resource wealth has also tended to favor the expansion of government employment by contributing to a lack of alternative employment opportunities elsewhere. Auty (2000) observes that it is a stylized fact that natural resource-rich countries rely on primary product exports for longer than resource-poor countries. This delays the labor-intensive stage of the competitive industrialization model, and thus contributes to the lack of alternative employment options. Also Dutch disease effects and government attempts to boost wages in the urban sector can have detrimental impacts on productive sector employment creation (Gelb et al (1991)), which, in turn, makes it more likely that the government will be used as an employer of last resort.

Ethnic fragmentation

Although it is a source of rich cultural diversity, Suriname’s ethnic fragmentation may have hampered good governance. A growing body of research suggests that ethnic fragmentation may increase social polarization and conflict, and thereby complicate governance.

Suriname has a highly fragmented society that comprises more than seven different ethnic groups (Table 3). These ethnic groups speak more than 15 languages (Dutch, Sranantongo, Hindi, Javanese, Chinese, English and roughly nine tribal languages of the Amerindians and Maroons).

TABLE 3	
Ethnicity of population	
Ethnic group	Percent of population
Hindustani	37
Creole	31
Javanese	14
Maroon	9
Amerindian	3
Chinese	2
Others	4

Source: IDB (1994) following Government of Suriname, 1980 census.

Two groups, the Hindustanis and Creoles, account for roughly a third of the population each and no ethnic group makes up a majority. Suriname scores 74 out of 100 on the ethnolinguistic fractionalization index cited in Easterly and Levine (1997).³ This places Suriname just lower than Sierra Leone, which had an fractionalization index rating of 77 and was ranked as the fifteenth most fractionalized country in the world. Suriname is the most fragmented country in the Latin America and the Caribbean region and probably amongst the 20 most fragmented countries in the world (14 of the 15 most factionalized countries are in Africa).

This ethnic fragmentation has carried over to the political arena, where the majority of political parties have long been organized on an ethnic basis. Political parties have been closely identified with particular ethnic groups and voting has largely run along ethnic lines. Yet, Suriname has been very successful in avoiding the violent and political conflict that has plagued some other ethnically fragmented countries, and relations between ethnic groups have generally been harmonious. To a large degree, the absence of marked conflicts is due to Suriname's tradition of consensus-oriented, multi-ethnic political coalitions. Nevertheless, Suriname has not been able to escape the effects of ethnic fragmentation completely because fragmentation has added an extra consideration or dimension to policy decisions and at times added to the difficulty of achieving consensus.

Fragmented and polarized societies like Suriname are generally prone to competitive rent-seeking by the different groups. Polarization creates incentives for the groups in power to create rents for themselves (through government interventions) at the expense of society at large. In addition, polarized societies tend to have difficulty in agreeing on the provision of public goods, such as infrastructure, education and good public policies. This is partly because different groups have different preferences and the outcome generally tends toward the lowest common denominator. It also appears to be partly because representatives of interest groups with an ethnic base are likely to value only the benefits of collective goods that accrue to their groups and to discount the benefits to other groups.

³ The ethnolinguistic fractionalization index measures the probability that two randomly selected persons from a given country will not belong to the same ethnolinguistic group. The more groups there are, the higher the index. The more equally distributed the groups, the higher the index. The index was constructed for 66 countries in 1960 by Taylor and Hudson (1972).

Easterly and Levine (1997) find that greater ethnic fragmentation increases the likelihood of adopting poor policies and of under-providing growth-enhancing public goods. In addition, there is a significant negative correlation between ethnic fragmentation and school attainment, financial depth and the number of telephones per worker (which is a critical indicator of infrastructure). Ethnic fragmentation is significantly positively correlated with a black market exchange rate premium.

Vulnerability to narcotics trafficking

“The Government of the Republic of Suriname is very concerned about the problem of illicit drug-trafficking, because it poses special security problems to countries like Suriname with inadequate resources to guard hundreds of miles of shoreline and vast underpopulated land areas.” *President Wijdenbosch, October 4, 1996, address to 51st Session of the General Assembly of the United Nations.*

Suriname is vulnerable to narcotics trafficking and its corrosive effects on governance. Several factors, including its location and a remote, sparsely-inhabited interior, make it an ideal transit point for drug trafficking. Weak government organizations, poorly paid government employees, and a lack of income opportunities in the legitimate economy also increases the country’s vulnerability.

The government has taken a number of measures to control and reduce drug trafficking and use. In June 1997, the President installed a commission to monitor the drugs situation. In January 1998, the Minister of Health formed a National Anti-Drugs Council (NAR) to facilitate inter-ministerial cooperation on drugs issues. At the 27th general assembly of the Organization of American States (OAS) in June 1998, the government signed the Anti-Drugs Strategy for the Western Hemisphere that had been prepared by the OAS. And in January 1999, Suriname introduced a new narcotics law to replace a 1955 narcotics law. The new law gives heavier sentences and expands the number of punishable offenses. Last, the government prepared a Drugs Masterplan for 1997-2002, which, among other things, proposed that money-laundering should be made a punishable offense.

Notwithstanding the above measures, government officials have made it clear that drug trafficking has become a major problem. The Head of the Judicial Section of the Police Corps has estimated that roughly 26,000 kilos of cocaine are shipped to Europe each year, with a street value of slightly over US\$1 billion. Of this, he estimated that approximately US\$300 million, roughly equivalent to one-third of the legitimate formal economy, stays in Suriname. Similarly, in August 1998, the Chief of Customs claimed that Suriname had made the highest number of drug-smuggling arrests in the Caribbean Community (CARICOM).⁴ In 1998, 262 drug-related arrests were made and in the first quarter of 1999, 96 arrests were made. In May 1999, the Minister of Finance attributed a sharp depreciation of the guilder to drug traffickers scrambling to cover their foreign exchange losses, following the interception of 700 kilos of cocaine from Suriname (with a street value of US\$35 million) at Schiphol airport in the Netherlands.

⁴ The degree to which this represents a higher frequency of drug shipments or better enforcement is unclear.

Drug trafficking can undermine governance by several means. It can directly undermine and corrupt public organizations, especially law enforcement agencies, customs and the judiciary. Drug trafficking is often accompanied by increased crime levels, particularly violent crimes. It can also undermine social capital by breaking down citizens' levels of trust, thereby undermining a sense of fairness, and increasing polarization between an easy-rich minority and the poor majority. Drug trafficking provides incentives for criminality and disincentives for socially productive behavior. In the worst case, governance can be completely undermined if drug organizations “capture” the state and its policies.

1.5 Towards improved governance in Suriname

Notwithstanding the above obstacles, governance is directly amenable to public policy almost by definition and there are many feasible measures that the government can take in order to improve governance. The most important challenges facing the government as it seeks to improve governance are:

- Reducing the regulatory burden on the private sector in order to promote economic growth and reduce the opportunities for corruption;
- Refocusing the executive branch on its core tasks so that it can improve its effectiveness and reduce costs. This involves reducing the number of activities the government is involved in to better match its capabilities;
- Simplifying and “borrowing” institutions where possible;
- Addressing human resource issues in the executive and judicial branches over time;
- Overhauling budgetary organizations and processes;
- Improving the generation and availability of information to enhance transparency and accountability;
- Strengthening checks and balances and the ability of oversight agencies to function; and
- Fostering civic education and nation building.

2. The Constitution

2.1 Overview

The current Constitution of Suriname came into force in 1987. It is a long, wide-ranging document that, among other things, establishes the system of government as a mixed presidential-parliamentary system. On certain important constitutional matters, such as the procedures for removing a President, the Constitution lacks clarity, and this contributed to a constitutional crisis in 1999. The Constitution establishes a very important role for the state and this has significant implications for the government's degrees of freedom in policy-making and for Suriname's development prospects.

2.2 Major features of the Constitution

The Constitution of Suriname is a comparatively long document, consisting of 27 chapters and 183 articles over 53 pages.⁵ It is wide-ranging in scope, covering the system of government, the major functions of the branches of government, sovereignty, economic and social objectives, citizen rights and the economic and social system. Article 1 establishes that Suriname is a democracy and that the people of Suriname are sovereign.

2.2.1 System of government

The Constitution establishes the system of government as a mixed presidential-parliamentary system. From the presidential model, the Constitution adopts an executive president and vice-president. From the parliamentary model, the Constitution retains a cabinet (Council of Ministers) and a parliament (the National Assembly). This mixed system suffers from inherent tensions, particularly regarding the extent to which the President must retain the confidence of the National Assembly, a factor which contributed to the constitutional crisis of 1999.

The legislature, comprising the National Assembly, the District and Local Councils are representative, elected bodies and are established by Articles 55 and 61 which read: "The National Assembly represents the people of the Republic of Suriname and expresses their sovereign will; and the National Assembly is the highest state body" (Art. 55.1 and 2). And, "On a regional level there are two representative bodies, the District Councils and the Local Councils; a District Council is the highest politico-administrative body of the District; the Local Council is the highest politico-administrative body of the [district] constituency" (Art. 61.1-3).

⁵ By contrast, the U.S. Constitution originally had only 7 articles and 24 sections. Twenty-seven amendments have been added since 1788.

Executive authority is defined in three articles. Article 90 stipulates that the President is head of state and is responsible to the National Assembly, which elects him. Articles 99 and 116 invest executive power in the Government (President, Vice-President, and Council of Ministers) and Article 110 empowers the President to form and run the Government.

Judicial power is defined as the Authorities of the High Court of Justice including the President and Vice-President of the Court, the Attorney-General, members of the Public Prosecutors Office, and Judicial functionaries (Article 133).

The Constitution (Article 54) establishes basic principles for the functioning of government. Among other things, these principles state that no one (including politicians) is above the law, “no one shall be nominated for life in any political office”, and that “those who hold political office shall be under the obligation to fulfill their tasks in the public interest”. The principles also obligate the government to transparency.

2.2.2 Balance of the powers

Governing power is divided between the executive and the legislature. Several articles in the Constitution indicate that the executive is accountable to the National Assembly. Article 90 states that the President is answerable to the National Assembly and, in a similar spirit, Article 116.2 states that “the Government is answerable to the National Assembly”. Furthermore, Article 83 gives the National Assembly the power to amend the Constitution, elect a President and Vice-President and convene a People’s Assembly (formed of the National Assembly, district councils, and local councils). However, the Constitution also denotes the President as the head of state and head of government and gives the President considerable powers in most areas. The President has much latitude, and constitutional restrictions on the Presidency tend to be general and vague. Nevertheless, in August 2000 the newly installed President, President Venetiaan, indicated clearly that he accepted and respected the Government’s responsibilities to the National Assembly.

2.2.3 Freedoms and rights

The Constitution lays out extensive freedoms and rights for Surinamese citizens. Chapter V on Basic Rights lays out fundamental human rights, including the rights to life and liberty, freedom of opinion and expression, freedom of religion, the right of peaceful association and demonstration, and legal rights. Chapter VI sets out social, cultural and economic rights and obligations. It covers the right to work, labor rights, property rights, rights to health, education and culture, families’ rights and special protection for youth.

2.2.4 Role of the state

In line with the prevailing socialist ideology at the time of drafting, the 1987 Constitution establishes a predominant role for the state. The language and tone of the Constitution emphasizes the state compared with non-state actors, although no sector or activity is specifically prohibited for the private sector or civil society. Similarly, the tone leans towards an inward-looking self-sufficiency and “freedom from foreign domination” rather than integration with the rest of the world or the region. However, no articles explicitly prohibit foreign participation in the economy.

The Constitution implicitly assumes that the state will be the primary driving force of development and that the state will achieve its objectives through development plans. Article 40 requires the state to prepare a development plan “in order to promote socio-economic development towards a socially just society.” The Constitution foresees a mixed economy with the “joint, contemporaneous and *equal* functioning of state enterprises, private enterprises, enterprises in which the state and private persons participate in common and co-operative enterprises” [italics added].

The Constitution gives the state an important role in factor markets. With regard to the labor market, Article 27 requires the state to forbid “dismissals without good cause or on political or ideological grounds.” As a consequence of this article and related laws, many employers have had trouble reducing the size of their workforces in times of economic hardship. The state is also seen implicitly as the prime mover in the land market (see 2.2.5).

In addition, the Constitution gives the state an important role in product markets. Article 42 gives the state a general mandate to oversee trade and industry and ensure that “the method in which trade and industry are conducted shall not be contrary to national objectives and [the] public interest.” Article 49 obliges the state to produce a housing plan to provide a “sufficient number of affordable houses and state control on the use of real estate for public housing.”

The Constitution lists the social objectives that the government is required to aim for as:

- raising the standard of living;
- ensuring an equitable distribution of national income;
- ensuring a dispersion of public services and economic activities;
- protecting the environment; and
- ensuring labor’s co-management of companies, especially with regard to decisions on production, economic development and planning.

In addition, the Constitution places extensive social obligations on the state. These obligations include:

- guaranteeing citizens’ access to health care;
- providing free education (including the free “practice of science and technology”);
- eradicating illiteracy;
- providing special protection for youth;
- indicating the conditions for work, remuneration and rest to which employees are entitled;
- guaranteeing the right to work;

- taking care of “the creation of conditions” to satisfy basic needs for work, food, health-care, education, energy, clothing and communication; and
- making services of legal aid institutions accessible.

No consideration was given to how costly these obligations would be and how the state would be expected to provide them.

2.2.5 Property rights

On the surface, the Constitution establishes fairly secure property rights with respect to land. Article 34 states, among other things, that “Expropriation shall take place only in the general interest, pursuant to rules to be laid down by law and against compensation guaranteed in advance.”

However, this provision should be seen in the context of a system wherein virtually all land in the country is state-owned (referred to as “domeingrond”). The small portion of land that is privately-owned land (“eigendom” or “prive bezit”) derives from two circumstances. First, some land in coastal areas, primarily the former plantations, was issued in perpetuity as private property in the early colonial period to planters who agreed to develop the land grants. Second, in Paramaribo some small tracts of land have been issued as private property from time to time, although largely in the early colonial period.

There are several methods through which private actors can obtain access to “domeingrond.” Individuals can apply for a long lease (75 years) called “erfpacht” or a 40 year lease (“grondhuur”).⁶ Both “erfpacht” and “grondhuur” can be extended fairly easily and can even be “sold” (the lease, not the land) to another party. The government can reclaim these lands if there is evidence of substantial neglect or the land is needed for some public purpose, in which case the leaseholder is compensated with land elsewhere and the value of buildings and other non-moveable investments. In addition, citizens can apply to rent land for one year, with a provision for renewal.

The government can also issue concessions for persons to make temporary use of a property; most often for mining and timber cutting but also for other short-term activities such as cook shops, horticulture, industry and fishing.

The Constitution clouds the issue of property rights with respect to natural resource ownership and exploitation. Article 41 states:

“Natural riches and resources are the property of the nation and shall be used to promote economic, social and cultural development. The nation has the inalienable right to take complete possession of its natural resources in

⁶ In the Netherlands, *erfpacht* - which had derived from an old tenant farming system - was introduced in 1896 by the city council of Amsterdam for building lots to allow people to build houses on land owned by councils. Several other cities followed Amsterdam’s example at the beginning of the 20th century. Erfpacht was particularly useful in facilitating the development of apartment blocks.

order to utilize them to the benefit of the economic, social and cultural development of Suriname.”

Article 41, which is consistent with the Mining Decree (E-58, 1986), is a key article and has been reproduced in the 1992 Peace Accord (see below) and forms the basis of an agreement with a gold mining company (Golden Star Resources Mineral Agreement). Given that it applies to the bauxite, gold, oil and timber industries, it has implications for the principal foundations of Suriname’s economy.

2.2.6 Special provisions for the peoples of the interior

The Constitution does not mention or make special provisions for the peoples of the interior, the Amerindians and Maroons. The Constitution is completely neutral towards different ethnic and religious groups and contains numerous statements about equality of treatment. For instance, Article 8 states that:

- “1. All who are within the territory of Suriname shall have an equal claim to protection of person and property.
2. No one shall be discriminated against on grounds of birth, sex, race, language, religion, education, political opinion, economic position or any other status.”

To some extent, the void in the Constitution regarding indigenous rights has been filled by the 1992 Peace Accord, which could be considered a quasi-constitution for the interior. The Peace Accord, which was brokered by the OAS, formally ended the hostilities from 1986-92 between the national Suriname Army and rebel elements of Maroons associated with the “Jungle Commando” or Suriname National Liberation Army.

The Peace Accord is perfectly consistent with the Constitution in some respects. For example, the aforementioned Article 41 of the Constitution is reproduced in paragraph 4 of Article 1 of the Peace Accord. Furthermore, the latter article states that all parties to the Accord agreed to observe Article 41 of the Constitution.

However, Article 10 of the Peace Accord sets out alternative land rights provisions that could conflict with Article 41 of the Constitution. Article 10's major provisions include:

- The government shall endeavor that legal mechanisms be created, by which citizens who live and reside in a tribal setting will be able to secure a real title to land in their respective living areas.
- The demarcation and the size of the respective living areas, referred to above, shall be determined on the basis of a study carried out with respect thereto by the Council for the Development of the Interior.

- The traditional authorities of the citizens living in tribes or a body appointed thereto, will indicate a procedure on the basis of which individual members of a community can be considered for real titles to a plot of land in the area referred to in paragraph 2.
- Around the area mentioned in paragraph 2, the government will establish an economic zone where the communities and citizens living in tribes can perform economic activities, including forestry, small-scale mining, hunting and fishing.

As of September 1999, none of the four provisions had been acted upon and the interpretation of the wording remains unclear and contradictory. The dilemma remains: how can the provisions of Article 10 of the Peace Accord be implemented without conflicting with Article 41 of the Constitution?

2.2.7 Constitutional restrictions on fiscal management

The Constitution places no restrictions on fiscal management by the executive or legislature in terms of policy choices or outcomes. The articles on fiscal matters, Articles 149-152 and Articles 155-6, focus heavily on process, covering issues such as the scope of the budget, and the timing and manner of budget presentation. Article 156 states that “all expenditures of the state ... shall be estimated in the Budget” and Article 149 stipulates the creation of an organization to oversee government finances. However, there are no restrictions to ensure a balanced budget or that expenditures cannot exceed the estimation of resources. Nor does the Constitution stipulate what constitutes “proper” financing of a fiscal deficit as is done in many Latin American and Caribbean countries’ constitutions (IDB [1997b], *Economic and Social Progress in Latin America; Latin America After a Decade of Reforms* identified 16 countries).

2.3 Historical context of the 1987 Constitution

The 1987 Constitution was drafted and introduced in a period of tremendous stress (a transition from military to civilian rule, a civil war, and a weak economic situation), and should be viewed in that light.

The previous Constitution had been drafted and approved at the time of independence in 1975 and was adopted almost word-for-word from that of the Netherlands. As such, it had a framework of a constitutional monarchy with a ceremonial president substituted for the role of monarch (and replacing the Surinamese Governor). The President was head of state but not head of government. The head of government — equivalent to a prime minister in the English-speaking Caribbean — was called “Minister-President”.

With the 1975 Constitution, Suriname operated under a parliamentary system with ministers directly responsible to parliament. However, after several critical parliamentary gridlocks serious criticism of this model began to swell. Local constitutional scholars, among others, criticized the parliamentary model wherein the government and ministers must maintain the confidence of a parliamentary majority, arguing that the parliamentary system could not function in Suriname because of the tradition of nepotism and ethnic factionalism, in addition to the country’s small scale

and political instability. Instead, they advocated a parliament within a presidential system. Under this model, cabinet ministers would be directly responsible to an executive president elected by the National Assembly.

In the event, adherence to the 1975 Constitution was terminated not because of scholarly criticism but because of a coup d'état in 1980. Although in principle the 1975 Constitution was preserved for some time after the coup, in practice the Constitution and the parliament lost their authority because an enabling act in 1980 turned over all legislative powers to the (military) Government. As a consequence, the country was ruled by decree for nearly seven years until 1987.

The Minister-President assumed senior policy-making powers, but answered to the military. Another military decree (Decree A, November 1980) established the executive presidency, and this unconstitutional arrangement in fact anticipated the changes in the 1987 Constitution. However, by 1982, the military had decided against a strong executive president and had returned to the ceremonial presidential model with the chief civilian government official once again called Minister-President. This arrangement continued until the 1987 Constitution. One decree passed during this period (Statute of Fundamental Rights and Obligations of the Surinamese People, March 1982) outlining routine civil rights such as equality, freedom of religion, freedom of the press, and freedom of assembly would be reproduced in its entirety in the 1987 Constitution.

The drafting of the 1987 Constitution took place during a transition from military to civilian rule, and was characterized by tense negotiations between civilian politicians and military officials. The negotiations took place over a two year period and resulted in a document that was acceptable to civilians and non-threatening to the military.⁷ The transition period began in 1985 with secret meetings between leaders of the major political parties and the military high command. In 1986, political leaders were incorporated into the Head Council of State ("Topberaad"), while their appointed political party representatives continued to sit in the powerless National Assembly.

In mid-1986, the so-called "Jungle Commando" insurgency broke out and placed additional pressure on the military Government to concede to civilian (and international) demands to restore democracy. On March 30, 1987, a draft of the Constitution was approved by the National Assembly. On April 7, the first Wijdenbosch Government was installed to shepherd the return to democracy and oversee free elections. A referendum on the adoption of the Constitution was held on September 30, 1987 and the new Constitution was overwhelmingly approved by the voters. General elections were set for November 25, 1987.

2.4 Major differences between the 1987 Constitution and the 1975 Constitution

The 1987 Constitution differs from the 1975 Constitution in a number of significant respects. The new Constitution changed the system of government, vastly expanded the role of the state,

⁷ Former Prime Minister and scholar Dr. Jules Sedney refers to the 1987 Constitution as a "vehicle towards democracy under armed military escort."

increased the role of the military, formalized a functional representation in the system of governance and gave a major boost to decentralization.

By far the most significant difference between the 1975 and 1987 constitutions was the transformation of the parliamentary system of governance into a mixed parliamentary-presidential system. In the present Constitution, the President is both the head of government and head of state. The Vice-President acts as the President's deputy and chairs the Council of Ministers (cabinet). Under the 1975 Constitution, the President was only the head of state and had ceremonial rather executive responsibilities. The real power lay with the Minister-President, who was equivalent to a prime minister in the English-speaking Caribbean and who has been transformed into the Vice-President. Unlike most fully presidential systems, the President and Vice-President are not elected directly. The National Assembly — which is elected by direct ballot nationwide — convenes to elect a President and Vice-President by a two-thirds majority vote. Should the necessary two-thirds majority of the National Assembly fail to materialize after two rounds of voting, a “United People's Assembly” is called into play and in conjunction with members of the National Assembly can elect a President and Vice-President by a simple majority. This occurred in the 1996 elections for the President and Vice-President.

A further innovation to the constitution was the Council of State (Arts. 173-175). In earlier constitutions the pre-independence Governor and the Minister-President (1975 Constitution) had an advisory council. Under military rule this advisory council was converted into a more powerful privy council (variously called "Beleidcentrum," "Denkgroep," and "Topberaad"). The 1987 Constitution established the Council of State, which has powers somewhere between the old Advisory Council and the military privy councils. The Council of State oversees the work of the cabinet and other lower organs of state, and advises the President, particularly on draft State Decrees and the submission of draft laws to the National Assembly. The Council of State must include representatives of labor unions and employers' associations. Thus, the 1987 Constitution included a measure of corporatism in its approach to government by incorporating these "functional groups", which is much different from the 1975 Constitution's "one man, one vote" approach.

Another major difference was the much greater role given to the military and security forces, which were identified as the “military vanguard of the people of Suriname” laboring “for the national development and the liberation of the nation” (old Articles 177.1 and 2). The 1987 Constitution initially had vague mandates for the military and peoples' militia-type structures to intervene whenever the national interest required (old Articles 177 and 178), but these articles were replaced in 1992. The Constitution initially also gave the military representation in the Council of State but such representation was later terminated. And the new Constitution made provision for a new body, the National Security Council (Art. 128), in the event that the National Assembly declared a state of emergency. In a state of emergency, the National Security Council would be convened and endowed with special security powers. Its members include the President, Vice-President, Chair of the National Assembly, two representatives from the armed forces, and one representative each from the Ministry of Justice, the Council of Ministers, and the Suriname Police Force (Arts. 129 and 130).

A final major difference is the emphasis that the 1987 Constitution places on decentralization. The Constitution devotes three chapters and seventeen articles over four pages to

set out a framework for political and administrative decentralization into ten districts and their associated localities.

2.5 The constitutional crisis of 1999

Omissions, ambiguities and a lack of clarity in the current Constitution caused a constitutional crisis in 1999. The crisis revolved around whether and how the National Assembly could remove a sitting President and Vice-President. As the crisis unfolded, it became apparent that the Constitution lacks specification of certain procedures, lacks clarity and thus is open to widely different interpretations.

The most important issue was whether the National Assembly could force the resignation of the President and Vice-President. In early May 1999, the rapid depreciation of the Suriname guilder triggered social unrest and led to calls for the resignation of the Government. On June 1, the National Assembly approved with a simple majority (27 votes in favor, 14 against and 10 abstentions) an opposition motion calling for the immediate resignation of the President and Vice-President. The President and Vice-President refused to accept the decision on constitutional grounds. The President argued that constitutionally he could not be forced to resign or removed from office, and that no article in the Constitution stated that a President could be forced to step down with a simple majority or with a two-thirds majority in the National Assembly.

Ambiguities in the Constitution led to very different interpretations of the Constitutional options. Some observers argued that the Constitution did allow the removal of a President, pointing to Article 74 which states that “The National Assembly has the following executive tasks: a) electing the President and Vice-President, and deciding on their premature resignation”. By contrast, other observers argued that the Constitution did not allow the removal of the President because Article 91 states that the President and Vice-President are elected by the National Assembly for a term of five years. Moreover, even if it is accepted in principle that the National Assembly can remove a President, no procedures are laid down in the Constitution for such a removal. Article 83 states that a two-thirds majority of the National Assembly is required for electing a President and Vice-President, but says nothing about the removal of a President.

Another constitutional ambiguity is caused by the lack of procedures for calling for elections. It is clear that the President is not authorized to disband the National Assembly, but it is unclear whether the National Assembly can disband itself (which, according to some constitutional scholars, is required for new elections).

Unfortunately, no impartial and respected authority exists to adjudicate on constitutional disputes. The Constitution stipulates that a Constitutional Court shall be established (Article 144). However, the Court itself has never been constituted because enabling legislation has not been promulgated (see Chapter 5). Given the above ambiguities and lack of clear guidance from the Constitution, political actors resolved the constitutional crisis largely by using informal rules and beliefs about generally accepted courses of action — elections for the National Assembly, and consequently for the Presidency, were brought forward by one year to May, 2000.

2.6 Conclusions

Suriname's Constitution has two major flaws: (a) it is incomplete or vague on certain important constitutional issues; and (b) it includes excessive articles on matters that do not need to be included in a constitution. The first flaw is more serious from the viewpoint of the practical applicability and functioning of the Constitution and, hence, general governance. But the second flaw could have more deleterious effects on economic and social development.

On several issues, the Constitution either completely lacks text or is vague and/or contradictory. First, as the constitutional crisis of 1999 has demonstrated, the Constitution lacks clear procedures for removing a President and/or Vice-President. A related problem is that the procedures for calling new elections and changing the duration of tenure of parliamentarians and the President/Vice-President are not clearly spelt out.

Second, the Constitution could have clarified more explicitly Suriname's system of government. Greater clarity might have prevented muddles such as an executive president being elected by parliament — a method generally reserved for selecting ceremonial presidents — rather than by direct election.

Third, the Constitution could have established some explicit rights for the peoples of the interior and set a framework or principles within which property rights in the interior could have been resolved. Admittedly the importance of the issue of property rights in the interior was difficult to foresee (the Constitution was drafted at the beginning of the civil war and well before the Peace Accord) and the Constitution's equal treatment of all Surinamese citizens is admirable. However, a more inclusive approach to the interior peoples in the Constitution and a fuller treatment of the issues that are most important to them might have given the Constitution more weight in the interior.

The Constitution incorporates many articles on matters that could have been dealt with in other less fundamental laws and documents. For instance, the text on economic and social objectives are really only policy goals and would be more appropriate in a five-year development plan than in a constitution. The extensive sections on individual and collective rights could have been included in a Bill of Rights. This flaw of "inclusion" is in some ways less serious than the flaw of "omission" described above. A constitution can still function even if it is weighed down by excessive baggage. However, the inclusion of extensive articles on matters that are not important for a constitution could be an impediment to development and may have served to undermine the authority of the Constitution.

To some extent, the Constitution locks in a predominant role for the state. If such a role had been ascribed in a lesser law or policy document, it could have easily been modified and adapted to changing beliefs and policy directions. As such, its inclusion in the Constitution constrains the policy choices available to a Government, if it wishes to abide by the Constitution. The Constitutional role assigned to the state has an adverse impact on both the executive and the private sector. The executive is burdened with commitments that are almost impossible to fulfill and which stretch its capability. On the other side of the coin, the extensive role assigned to the state impedes private sector development directly, by favoring the state in certain activities, and indirectly, by creating uncertainty about the private sector's property rights. Weingast (1993) argues that constitutions are the principal way in which states create credible limits on their own authority (to, among other things, confiscate private sector wealth by altering property rights and systems).

However, Suriname's Constitution places few restrictions on the arbitrary use of power by the state; on the contrary it increases the scope for it by giving the state such an important role in so many fields.

The inclusion of less-important provisions may have undermined the Constitution in two ways. First, because many goals and objectives laid down in the Constitution are unobtainable — at least in the short run — certain parts of the Constitution have not been observed. This has tended to devalue the authority of the Constitution. Second, the focus on temporary policy goals that were related to a specific time period, rather than to timeless principles, has increased the likelihood that the Constitution will have to be revised sooner rather than later. This is unfortunate because not only are constitutional revisions costly and disruptive, but also constitutions tend to gain weight and authority the longer they are in place.

3. The National Assembly

3.1 Overview

Suriname's legislature or parliament — the National Assembly — is a unicameral body with 51 members. The National Assembly is broadly representative, although small districts have a disproportionate weight.

The National Assembly's performance has been weak, particularly in the last four years. The Assembly's legal output has declined to very low levels and the National Assembly has not been able to hold the executive accountable adequately. As a result of the Assembly's weak performance, public confidence in the organization has fallen to very low levels. An Institute for Development Oriented Studies (IDOS) poll in 1999 showed that the National Assembly was the least respected branch of government (Table 2, Chapter 1). Improving the Assembly's performance and regaining the public's confidence will likely require: upgrading the National Assembly's capability, improving its ability to hold the executive accountable, and improving public outreach.

3.2 Role of the National Assembly in the system of governance

3.2.1 Constitutional powers

The 51-member unicameral National Assembly is elected to a five-year term by popular vote (universal adult suffrage, with eligible voters being 18 years and older). The Assembly shares legislative power with the Government defined as the President, Vice-President and the Cabinet of Ministers (see 3.2.2 on legislative-executive relations). The Assembly elects a President and Vice-President and has the right to amend or pass by simple majority any proposal of law by the Government. Article 83 states that the approval of a majority of at least two-thirds of the members of the National Assembly is necessary to amend the Constitution, convene a plebiscite, amend the electoral law, elect a President and Vice-President and convene a People's Assembly (except when it is needed to elect a President and Vice-President).

The unicameral nature of the National Assembly suits Suriname. As is the case with the countries of Central America, a single house of parliament is appropriate for countries with relatively small populations and limited national budgets.⁸

⁸ Advantages of unicameral legislatures include: (i) the potential to enact proposed legislation rapidly; (ii) greater accountability (since legislators cannot blame the other chamber if legislation fails to pass, or if citizens' interests are ignored); (iii) fewer elected officials for the population to monitor; and (iv) reduced costs to the government and taxpayers ("One Chamber or Two? Deciding Between a Unicameral and Bicameral Legislature", Legislative Research Series, Paper No. 3, National Democratic Institute for International Affairs (1998).

3.2.2 Relations with the executive

Governing power is divided between the executive and the legislature. Several articles in the Constitution indicate that the executive is accountable to the National Assembly. Article 90 states that the President is answerable to the National Assembly and, in a similar spirit, Article 116.2 states that “the Government is answerable to the National Assembly”. Furthermore, Article 83 gives the National Assembly the power to amend the Constitution, elect a President and Vice-President and convene a People’s Assembly (formed of the National Assembly, district councils, and local councils). Article 55.2 goes so far as to declare that “the National Assembly is the highest institution of the State”. However, the latter is viewed more as a political statement than a matter of fact. For, the Constitution also denotes the President as the head of state and head of government and gives the President considerable powers in most areas.

These somewhat contradictory statements stem from the Constitution’s ambiguity about whether Suriname is a parliamentary, quasi-parliamentary, or quasi-presidential state, and contributed to the basis for the 1999 Constitutional crisis (Chapter 2). The fact that the 51 members of the National Assembly rather than the voters choose and elect the President gives Suriname the basic characteristics of a parliamentary or quasi-parliamentary system, and this is in keeping with Suriname’s historical traditions. However, the lack of specification in the Constitution about the rules for a no confidence vote lessens the dependence of the President on the support of the legislature for his continuity in the position, and inclines Suriname towards a quasi-presidential system. In any case, as could be seen during the Constitutional crisis of 1999, Suriname’s mixed system resulted in confusion. A parliamentary or quasi-parliamentary system would have allowed the National Assembly to remove the President, since it was the Assembly that elected him. But there are no clear rules on how to censure or how many votes are required to remove a President. In a presidential or quasi-presidential system, a President cannot be expelled from office by a majority vote as acts of the parliament must reflect the will of the people who elected the President.

The National Assembly shares legislative power with the Government (Article 70 of the Constitution). Although the executive has taken the lead in drafting and proposing laws, the National Assembly exercises the powers of the right of amendment, initiative and interpellation as ascribed to it in the Third Section of Articles 75-79 of the Constitution. There is no implementing legislation as yet to use the right of inquiry. However, during the current session, parliament is considering draft legislation on the right of inquiry that has been presented by a Member through the right of initiative. Many articles in the Constitution could strengthen the National Assembly if a law existed to back them up. Yet it has proven very hard to draft the necessary implementing legislation without the staff and technical resources to do so.

The President chooses the Council of Ministers in consultation with the members of the National Assembly. Many members of the Cabinet are chosen from members of the parliament. After three months a nominated minister must give up his or her seat in the Assembly and is replaced by the elected substitute. The National Assembly does not rule on the President’s nominations to the Cabinet as many of the selections are done in consultation and coordination with the parliament.

The President, in consultation with the political parties that win seats in the National Assembly and form a governing coalition, chooses the State Council. The Council's members are representatives from trade unions, employer organizations, and political parties from the legislature (which varies according to number of parties represented in the National Assembly). The role of the Council is to advise the President on matters of legislation proposed by the National Assembly and see that the President's decisions on such legislation are executed by the Assembly in an orderly manner.

3.2.3 Relations with lower tier assemblies

There is little day-to-day contact between the National Assembly and the lower tier assemblies — the district and the ressort councils — partly because of the marginal role of the councils. However, on two important occasions the representatives of the District and Ressort Councils (818 members) have joined together with the 51 members of the National Assembly in an United People's Assembly (VVV). In the event of an impasse during Presidential selection in the National Assembly, (for example, if a two-thirds agreement — 34 out of 51 members — cannot be reached after two rounds of voting on the selection of the President), a VVV is convened to make a decision by simple majority. Convening a VVV has to be done in Paramaribo by the Speaker of the National Assembly, who ex-officio chairs the meeting. A VVV was convened for both the 1991 and 1996 elections of President and Vice-President.

3.3 Electoral system and membership of the National Assembly

3.3.1 Electoral system

The 51 members of the National Assembly are elected every five years in general and secret elections from ten electoral districts. Each district elects a specific number of members to the National Assembly on the basis of party list proportional representation using the highest average vote formula and a preferential voting system.⁹ Titular members are elected as substitutes at the same time as members, and they fill any vacancies that occur during the term of the National Assembly. All candidates are required to be political party members. Candidates should be citizens of Suriname, at least 21 years old, and should reside in their district for at least two years prior to elections.

The electoral system is referred to in Chapter IX of the Constitution and concerns the following issues: compulsory registration of citizens (Art. 54), establishment of political organizations (Art. 53), the electoral law (Arts. 60 and 61) and District and Constituency boundaries (Art. 160, fourth paragraph). The 1987 Electoral Laws were adopted by decree and regulate the practical organization and administration of the elections.

Simultaneously with national elections for National Assembly, elections are held at the sub-district level for Ressort Council membership from which the District Councils are formed. The number of seats allotted per District Council and per Ressort Council is determined on the basis of

⁹ Douglas W. Payne, "The 1996 Suriname Elections: Post-Election Report," (The Center for Strategic and International Studies, Washington, D.C., 1996) p. 12.

the number of inhabitants, and therefore varies widely. The number of seats to be awarded to the different political parties at the District level is calculated in proportion to the total number of seats gained on the Ressor Council level. There are no term limits for members of parliament. At any election about half the Assembly members voted in are new.

The National Assembly must be convened by the chairperson no later than thirty days after the elections have been declared absolute by the Independent Electoral Council (Art. 66). The President administers the oath of office to the eldest of the elected members who will act as chairperson. He/she, in turn, convenes the other members for a meeting in which he or she administers the oath to them. After this, the first public meeting is held in which a committee of five examines the credentials of those members present, upon which they are admitted to the National Assembly. The meeting can begin as soon as 26 members are present. When all members present are admitted they choose a speaker and deputy speaker. The National Assembly's first task after taking their seats is to choose a President and Vice-President.

Electoral contests since 1987 have been largely free of violence and turmoil. High voter turnout, averaging 73 percent over four elections, has supported the consolidation of Suriname's democratic system. Seen from one point of view, proportional representation by constituency suits Suriname's multi-ethnic culture. It provides greater equality in the distribution of power and influence. Yet the system has inherent problems. For example, the requirement to nominate candidates who reside in the electoral districts makes it particularly difficult to find qualified candidates for office from underpopulated areas in the interior.

From another viewpoint, the electoral law has been criticized for being too strongly based on proportional representation and thereby exercising little restraint on the voters from casting votes for a wide number of parties. In the case of a weak party system like that of Suriname, it furthers the persistence of fragmentation. At the level of the National Assembly voters are allowed to choose only one candidate from the list of their preferred party. At the local level voters can split their votes for candidates of more than one party provided the maximum number of council seats is not exceeded.

3.3.2 Representation in the National Assembly

The National Assembly membership is broadly reflective of the country, with a geographically and ethnically diverse base. Female representation is growing (more than 10 percent of total members in 1996, including the first woman Speaker). However, scholars and politicians alike have repeatedly pointed out that Paramaribo and Wanica are under-represented with the current distribution of National Assembly seats (Table 4). With more than 70 percent of the total population residing within their two district borders, they receive less than half the total number of National Assembly seats (24 of 51). On the other hand, the districts of Coronie and Brokopondo with just over 1 percent of the population, receive 10 percent of the seats in the National Assembly. The reasons for this inequity are deeply tangled in Suriname's history as well as its ethnic and regional political system. Over-representation was seen as a way of helping the smaller and outer-lying districts to develop.

District	Population	% of Population	NA seats on population basis	Actual number of NA seats
Brokopondo	6,649	1.6	0.8	3
Commewijne	20,298	5.0	2.6	4
Coronie	2,808	0.7	0.4	2
Marowijne	12,931	3.2	1.6	3
Nickerie	32,647	8.1	4.1	5
Para	13,329	3.3	1.7	3
Paramaribo	213,578	52.8	26.9	17
Saramacca	12,349	3.1	1.6	3
Sipaliwini	21,272	5.3	2.7	4
Wanica	68,892	17.0	8.7	7
Total	404,753	100.0	51.0	51

3.3.3 Party system

Suriname's party system is characterized by a large number of political parties, many of which are defined, albeit unofficially, by ethnic preferences and not by ideological differences. Despite the rapid turnover of small parties, most of the large parties have existed for decades. Political activity was suspended following the 1980 coup, but the ban was lifted in 1985.

There are 37 registered political parties in Suriname (in 2000). In 2000, 17 coalitions of parties competed in the elections of which only 6 parties won seats. Party statutes must be registered with the Independent Electoral Council (OKB). Only those parties that can show that they have the support of 1 percent of the Surinamese voters (approximately 1,700 people) receive permission from the Centrale Hoksens Bureau to participate in an election. Parties that do not register support from 1 percent of the electorate are not disbanded but they do not have seats in the National Assembly or local councils.

Parties often form pre-election coalitions, partly because coalitions magnify the conversion of votes into seats and partly because it is difficult for a single party to win a majority of the 51 seats in parliament. For instance, in the May 2000 election the New Front coalition obtained 66 percent of the seats in the National Assembly with 48 percent of the national vote. On occasion, coalitions have broken up following elections.

Suriname's consociational (consensus) political system has been in force for nearly 40 years and has allowed for power sharing between the ethnic based political parties. Power sharing often means apportioning of the Presidency, Vice-Presidency, chairmanship of the National Assembly, faction leader, ministries and seats in parliament.¹⁰ The system in which the president is elected by a two-thirds majority in parliament is affected by consociational politics as power sharing deals are cut between parties well before the Presidency is put to a vote by the parliament.

In the National Assembly, the government coalition does not automatically approve government proposals. The Government has to seek consensus with its own party before legislation is presented to parliament. The governing party leadership works with ministers to draft bills and tries to work out compromises within the coalition before legislation is submitted to a vote. It can be hard to reach consensus within a coalition, as minor parties do not always agree with the dominant party(ies). Nevertheless, party interests tend to dominate over national and constituent interests in the National Assembly.

3.4 Administration of the National Assembly

3.4.1 Staffing

The National Assembly is sorely understaffed. Employees' salaries are very low, making it difficult to attract good staff. There is a severe lack of managers to handle the administrative needs of the Assembly. All existing employees (approximately 45 civil servants) currently fill administrative positions. Members of Parliament do not have personal staff. Parliamentary committees are extremely weak, with few financial resources at their disposal, making it difficult to initiate legislation, deliberate, or adequately review laws originating from the government. There is a great need for professional, technical advisors and attorneys to work closely with the members in drafting, analyzing, and amending legislation. The parliament as a whole needs a department of judicial affairs.

The Assembly chooses the Speaker of Parliament and the Deputy Speaker. Members of parliament serve as the first, second, and third substitute of the deputy speaker. The National Assembly also appoints the clerk of the house and deputy clerk, but they are not members of Parliament. They assist the Speaker in the business of the parliament. The legislative agenda and order of meetings is the prerogative of the Speaker. He/she determines the agenda of a meeting, the date and the time. As Speaker, he/she represents all the members, and must try to treat them all equally by giving the opposition the opportunity to function properly. The General Secretary, also chosen by the Assembly, and Secretariat assist the Speaker in the areas of administration, staff needs, and management. The Assembly meets year round, with few recesses.

¹⁰ Tjon-A-Joe (1993).

3.4.2 Job requirements

Members of the National Assembly work part-time as legislators. Members hold jobs before they are elected and maintain them while they serve the legislature. This takes time away from what should be a full-time job as Member of Parliament. Article 61 of the Constitution states that candidates to the National Assembly should be living in the constituency or ressort for 2 years prior to the elections. Most legislators are not well prepared for the job, yet they do not receive any training or preparation prior to taking office. A technical service is needed to professionalize the entire body.

3.4.3 Financing and budgetary authority

The National Assembly has managerial but no budgetary and administrative autonomy from the executive. The Assembly is an independent body but its budget is administered by the General Department of the Ministry of Domestic Affairs. Its annual budget allocation for the year 2000 was Sf. 500 million (US\$388,000). Operating costs are given directly to the Assembly while salaries are paid to staff directly from the Ministry. While the Assembly can amend the budget bills as proposed by the executive, it has no budgetary autonomy to set its annual allocation. This makes it difficult for the Assembly to execute its duties efficiently since it is unable to request and fund its annual budgetary needs. Plans are currently underway to achieve budgetary independence from the executive branch.

3.4.4 Information systems, documentation and archives

All archives and documentation were destroyed in the 1996 fire that burned down the Parliament building. As there was no microfilm back up, there is an enormous need to reconstruct the records and the library facilities. The current library is small and houses some of the materials and information basic to the legislature's research needs. Some materials may be found in libraries in Suriname and the Netherlands. There is also a tremendous lack of basic computer equipment and training.

3.4.5 Infrastructure

The total destruction of the Parliament building has given the National Assembly an opportunity to modernize the Parliament's physical plant. Temporarily housed in the former Park Building since late 1996, the construction of a new building with new equipment, modern information systems, ample meeting space, housing for members from the interior, etc. would provide a better basis for improvements in the substantive areas in which the Assembly works.

3.4.6 Public/constituent/media relations

The Assembly has limited contact with the general public. Constituent relations are not a priority item for the members. There is minimal public information on how the Assembly works, how to contact members, and what is the status of pending legislation. The Constitution states that all meetings of the National Assembly shall be open to the public, except in special cases if it

decides to convene behind closed doors (Art. 82). However, there is often little public or media presence in Assembly meetings.

3.5 Legislative processes of the National Assembly

3.5.1 Rules of order

The National Assembly has the right to establish its own Standing Orders (rules about how the business of Parliament is conducted), which were published in 1990 by state decree. Some articles of the Standing Orders are also applicable to the People’s Assembly. Members enjoy immunity from criminal prosecution from anything they have said in the Assembly or have submitted to it in writing, except if in so doing they have made it public (Art. 88). There are no rules of ethics that stipulate members’ conduct in parliamentary business. Article 68 provides for the termination of membership of the National Assembly by “a recall of members in the manner to be laid down by law.” Without clear implementing legislation, the manner in which a member can be removed from office remains undefined.

3.5.2 Proposal, drafting and passage of legislation

The majority of legislation is drafted and proposed by the executive (Table 5). Although members of parliament have the right to propose a bill to the National Assembly, most do not have the staff, the legal training nor the resources to draft their own legislative proposals.

TABLE 5 Legislative activity 1996 - 2000			
Origin of bills proposed	Number of bills		
	Proposed	Shelved	Approved
Executive	129	44	80
of which: Budget (17 x 4) ^{1/}	-	-	68
Non-budget	-	-	12
Legislative	6	5	1
<i>Source:</i> The National Assembly			
^{1/} Each annual budget is made up of 17 bills. Thus, 68 budget bills were approved from 1996 - 2000.			

Generally it takes from two to three months from proposal to approval, but budget considerations may take more time. Some issues of urgency can be approved in as little as one week.

3.5.3 Committee system

The National Assembly appoints Standing Committees for each ministry (16 ministries as decreed in 1991). Besides these committees, there is a committee for the business of the parliament and a committee for public finances. If necessary, *ad hoc* committees may be appointed to look into a particular matter or something that needs an urgent solution. Standing Committees are meant to communicate with their respective ministers as a kind of liaison between the Parliament and the government. Each committee has seven members.

3.5.4 Consideration of law proposals

Bills or other government proposals are submitted to the National Assembly by written explanatory statement containing the history and reason for the proposed legislation. Once the National Assembly receives a proposal, a Rapporteur Committee is appointed to take the lead in the discussions of a particular piece of legislation. The Rapporteur Committee is responsible for having examined the matter prior to the session of parliament and deciding whether or not the members should consider it. The Rapporteur Committee reports its findings in a business meeting. Each Member of Parliament is entitled to comment on the work of the committee or on the draft itself. The process of considering legislation is as follows:

- The National Assembly (Rapporteur Committee and other members) comments on the draft legislation and suggests amendments if needed.
- The National Assembly decides to proceed with the discussion in public debate in which the relevant minister is present to participate in the discussion, or
- A note is sent to the minister mentioning objections, disagreements, etc. from the National Assembly. This is referred to as “preliminary note.” The minister replies with a note suggesting amendments. If the National Assembly agrees then discussions will be transferred to the public debate.
- The government (minister) replies. In his reply, the minister may indicate whether he will adopt the suggested amendments or he himself will suggest other amendments.
- Parliament reacts to the reply of the minister at the same time indicating whether or not it agrees with the reply and the amendments adopted or suggested.
- The minister replies again.
- Members of the Rapporteur Committee may only briefly say something if necessary at the same time recommending the draft for approval.
- The draft is then put to a vote. If the National Assembly resolves not to pass the bill, it must notify the President with a request to review the bill more thoroughly. All bills passed by the National Assembly and approved by the President enter into force after promulgation.

- When a draft has been approved by parliament it is sent to the President for assent after the amendments, if there are any, are incorporated and it is then published.
- Individual ministries are responsible for drafting regulations to implement new legislation.
- If necessary, the discussion between minister and parliament may go on much longer if an agreement cannot be reached about an issue which may be very important to one party or another.

3.6 Challenges to the National Assembly in carrying out its duties

3.6.1 Quorum

No meeting can be held or decision made without a quorum of National Assembly members (26). A proposal is not approved if there is a tie in a meeting in which all members present have participated in the voting. If there is a tie in the voting in which fewer than all members have participated, the item is then referred to another meeting, if a tie happens again, then the proposal is not approved.

From early 1998 to mid-2000, a chronic failure to obtain quorum paralyzed the National Assembly. Three parliamentarians in the governing coalition withdrew from the coalition in January 1998, leaving the coalition with 26 out of the 51 seats, a majority of only one. In early February 1998, another parliamentarian left the governing coalition, thereby reducing the coalition to 25 seats. As the governing coalition could not provide quorum in the National Assembly by itself, this situation meant that the President found it difficult to garner support for his policies.

The Constitution (Article 83) and the Assembly's rules of order prohibit the Assembly from starting meetings and making decisions if less than half of the members are present. Consequently, after February 1998 the opposition had the power to decide whether to provide quorum and allow the National Assembly to meet. Because it frequently decided against providing quorum, the number of days that the National Assembly could meet and conduct Assembly business declined in 1998 (Table 6). Evidently the opposition wielded significant power in its decision as to whether or not to give quorum to the governing coalition.

TABLE 6 The National Assembly: number of session days, 1996-2000	
Year	Number of days in session
1996 (Election Year)	29
1997	62
1998	52
1999	68
2000 (Election Year)	15 (only through March 2000)
Total	226
<i>Note:</i> The 226 days can be broken into 82 business meetings, of which 24 had no quorum and 194 public meetings, of which 24 could not proceed because of the quorum problem. On certain days both a public and a business meeting were convened.	
<i>Source:</i> The National Assembly.	

3.6.2 Majority rule and the constitutional crisis of 1999

The 1999 parliamentary paralysis and constitutional crisis¹¹ was due in large part to the constant changing of majority rule in the Assembly as Government and opposition veered between majorities of one or two seats as members responded to enticements across the floor or abstained from votes.

On June 1, 1999, President Wijdenbosch lost a vote of no confidence by a simple majority in parliament. The President refused to step down and accused the opposition of trying to “stage a parliamentary coup.” Although the Constitution allows for the National Assembly to remove a sitting President and Vice-President (Art. 74), the exact procedure, including even the number of votes required, is not spelled out in the Constitution.¹² It is not impossible that the National Assembly with a two-thirds vote, or the People’s Assembly with a simple majority vote could move to elect a new President and Vice-President. However, the sitting President and Vice-President may not obey this legislative dictum thus creating the possibility of the country having two Presidents and two Vice-Presidents. Ambiguities in the Constitution led to very different interpretations of the constitutional options. The constitutional crisis of 1999 was thus founded largely on differing interpretations of an unclear constitutional method of procedure on how to remove the President.

In mid-July 1999, after nearly six weeks of stalemate with the executive branch and an inability to formulate policy much less obtain quorum, the National Assembly capitulated and agreed to dissolve itself early in order that new elections be held.¹³ The President agreed to shorten his five-year term and called for new elections for a new National Assembly and District and Local Councils

¹¹ Chapter 2.

¹² Brana-Shute (1999).

¹³ Brana-Shute (1999).

to be held one year early on May 25, 2000. The opposition rejected the President's proposal but could not gather the two-thirds support needed to elect a new President.

The general elections of May 2000 resolved the quorum problem, at least temporarily. The new governing coalition has an ample majority, with 33 out of the 51 seats in the Assembly, which should ensure a degree of stability.

3.6.3 Weak provision of information from the executive

A major cause of the National Assembly's inability to hold the executive accountable is the weak provision of information from the executive to the National Assembly. This is typified by the budgetary process. When the Assembly considers approving the 17 annual budget bills it has little ability to understand or question the allocation of expenditures because the presentation is either extremely disaggregated or very aggregated (Chapter 4). Moreover, the executive generally does not present a realistic budget to the Assembly until many months after the fiscal year has begun. At the end of the process, the National Assembly has little scope for reviewing the execution of the budget because the executive provides little information on budget execution to the Auditor's Office, which is charged with monitoring government expenditures and reporting its findings to the parliament several times during the year and again in an annual report. Overall, parliament provides very little counterbalance to the executive branch. Lack of parliamentary control over economic policy and state finances have led to unchecked government spending and allegations of government corruption.

3.7 Conclusions

The National Assembly is fundamentally sound in that it broadly represents the different interests and different geographical areas of Suriname. The unicameral nature and the number of Members of the Assembly seem appropriate for Suriname's size and conditions.

However, the National Assembly's performance has been weak, particularly in the last four years. The Assembly's legal output has declined to very low levels. During 1996-2000 the National Assembly approved only 13 laws that were unrelated to the budget — an average of 3 laws per year. Nor has the National Assembly been able to hold the executive accountable adequately. As a result of the Assembly's weak performance, public confidence in the organization has fallen to very low levels. An IDOS poll in 1999 showed that the National Assembly was the least respected branch of government, with only two percent of the public citing it as the organization they respected most (Table 2, Chapter 1).

This weak performance stemmed partly from temporary problems and partly from structural problems. The major temporary problem of the last four years was the tight balance of political power in the Assembly. This led to a quorum problem which hampered the functioning of the Assembly. It also created ripe conditions for a dramatic increase in aisle-crossing, a development which served to undermine both the Assembly's functioning and public confidence in the Assembly. But the Assembly's functioning has also been hampered by more structural problems. The National Assembly has had a weak capability. Like other public organizations, the Assembly lacks adequate materials in its day-to-day operations and is weakly staffed. Many members, especially new ones, are not well prepared for the job. Moreover, most members are part-timers — and regard the

Assembly as their second job. The executive generally provides the National Assembly with insufficient or — in the case of the budget — inaccessible information (Chapter 4). This deficiency is compounded by the scarcity of information that the executive provides to the Auditor’s Office on budgetary and financial matters, thus curtailing the service that the Auditor’s Office can provide to the Assembly. Last, the Constitution is ambiguous regarding whether Suriname has a parliamentary, quasi-parliamentary or quasi-presidential system of governance. Such ambiguities blur the exact responsibility of the Assembly vis-à-vis the executive and were typified by the lack of a clear procedure for the National Assembly to remove a president during the 1999 constitutional crisis.

3.8 Recommendations

The National Assembly needs to improve its performance in three areas. First, it should seek to increase the quantity and quality of laws that it approves. Second, it should seek to hold the executive more accountable, when needed. Third, it should seek to regain the trust and confidence of the public. The National Assembly and/or government could make small and quite feasible changes in order to improve its performance in these three areas, although other more fundamental changes will take time.

3.8.1 Upgrading the National Assembly’s capability

Upgrading the Assembly’s capability will be critical to improving its performance.

Seek to increase the time that members devote to their Assembly work: The Assembly could consider requesting members to take an unpaid leave of absence from their primary jobs once they enter the National Assembly so they could dedicate themselves to the legislature more fully, or offer full-time pay for full-time dedication to the legislature. Similarly, the Assembly could set a minimum number of hours members should work in carrying out their duties and formalize it in the Standing Orders. Although it would be impossible to expect that members would become full-time parliamentarians in the short term, such a move would be desirable in the long term and the government and Assembly should take steps in that direction.

Obtain budgetary independence: The government should give the National Assembly budgetary independence and allow the Assembly managers to plan and execute their own budget as they best see fit. Budgetary autonomy would likely increase the efficiency with which the Assembly allocates and uses resources in its work. The total budget would be included in the national budget, which is considered by the National Assembly, and the Auditor’s Office could audit the financial statements of the Assembly *ex post*.

Upgrade administrative staff: Over time, as in the executive, the Assembly will need to improve remuneration for qualified staff, both administrative and professional, to enable it to attract and retain well-qualified professional and administrative staff (Chapter 4).

Rationalize staff use: The Assembly could conduct a job rationalization exercise so that staff can better carry out the tasks specified for their position.

Provide training to staff in technical and administrative areas: The Assembly should seek to improve training for professional staff and new members, particularly in the areas of functions and duties: setting legislative agendas, legislative research, drafting legislation and budget preparation. Facilitating regional exchanges for members and staff to visit other parliaments could also serve to enhance capability.

Upgrade physical and support infrastructure: Over time, and as its budget allows, the Assembly should seek to provide the building facilities, infrastructure, equipment, computer hardware and software and training necessary to process, store and retrieve vastly more information. The Assembly staff could design a modern information management system network to facilitate members' access to relevant legislative projects and proposals. Internet access would help both members and supporting staff and facilitate comparative legal research.

Modernize research facilities: Over time, and as its budget allows, the Assembly should seek to collect a greater number of library materials, update documents, and rebuild archives relating to the National Assembly and the legislative history of Suriname.

3.8.2 Improving the ability to hold the executive accountable

Improve the presentation of the budget: The executive should continue ongoing moves to improve budget coding and classification systems and use those modernization efforts to present the budget by program rather than by ministry or department (Chapter 4). This would allow budget discussions to focus on policy issues and allow members to make a better assessment of the trade-offs.

Improve the flow of data to the Auditor's Office: The executive should improve the flow of data to the Auditor's Office so that the latter is better able to conduct its oversight and reporting responsibilities.

Establish a Standing Committee for Public Accounts: The Assembly should establish a Standing Committee for Public Accounts or State Financing within the parliament to review government expenditures and provide a better opportunity for budget review.

Assign qualified staff to the Standing Committees: As its budget allows, the Assembly should assign a small, permanent staff of qualified advisers to the members and the Standing Committees.

Allow greater scope for direct questioning: The Assembly should set aside time for members to pose questions, orally or in writing, to ministers. This would improve the accountability of the executive to the representatives of the people.

Resolve constitutional ambiguities: If the opportunity arises, the government and National Assembly should seek to resolve constitutional ambiguities and improve constitutional clarity. This would clarify the role and responsibility of the National Assembly vis-à-vis the executive. Modifications should seek to define exactly Suriname's form of government: parliamentary,

presidential, or mixed; define how to remove the President and Vice-President, define how to recall a member of parliament; and define more explicitly the powers and immunities of the President.

3.8.3 Improving public outreach and regaining public confidence

The Assembly could take various steps to improve its contact with the public and regain public confidence. Improving contact would benefit Assembly members by allowing them to know better what their constituents' priorities and views are, and would also provide citizens with information about the Assembly's work.

Print and publish the legislative record and daily debates: The Assembly should print and publish the legislative record and daily debates in order to inform citizens, increase civic awareness and build public support for the Assembly.

Invite public comment on draft legislation: The Assembly should start to invite public comment on draft legislation, seek to build consensus on law proposals and interview experts and stakeholders. Such an increase in transparency would likely improve the quality of legislation, particularly in view of the weak drafting skills in the National Assembly itself, and help to build public consensus on new laws.

Establish a public/media relations office: The Assembly should seek to establish a public relations office that provides both protocol and information services. This would serve to strengthen and formalize relations with constituents and civil society.

Approve a code of conduct and ethics for parliamentarians: The Assembly should approve a code of conduct and ethics for members. This would serve to bolster conduct, help inform new members about their responsibilities, and help to rebuild public trust in parliamentarians.

4. The Executive

" In today's world the state tends to empower citizens, businesses, and social organizations, rather than controlling them or even subsidizing them. It tends to evaluate its own agencies by their results and not by their observance of bureaucratic regulations. It tries to foresee problems before they arise rather than trying to solve them later. It is more concerned with creating resources than with spending them. It decentralizes authority and adopts participatory forms of administration. It promotes competition among its suppliers. It seeks efficiency in its institutions and attempts to provide good public services to its citizens. In its attempt to provide public services, it acts mainly as a catalyst for all sectors – public, private, and voluntary groups – in order to make them capable of solving their own problems."

Enrique Iglesias, Opening Remarks to the Seminar on Justice and Development in Latin America and the Caribbean, San Jose, Costa Rica, February 1993.

4.1 Overview

Improving the effectiveness and efficiency of the executive branch of government would bring big economic and social benefits. Conversely, if improvements in the effectiveness of government are not made, there is a considerable risk that the quality of governance and economic performance will deteriorate further.

The executive branch of government — defined as central government, local government, and parastatal agencies — has hindered Suriname's development by inadequately executing the core tasks of government and by consuming a large share of national resources. A primary cause of the poor performance in core tasks and high cost of government has been the over-ambitious role assigned to government. The scope of the government's activities has gone well beyond that which is generally considered to be a government's purview.

A weak resource base has also hampered government performance. Highly-skilled civil servants and complementary inputs are extremely scarce, largely because such resources have been crowded out by the expansion of low-level civil service employment. The latter has contributed to the high cost of government and caused a collapse in civil service pay levels, thereby creating formidable incentive problems in retaining qualified staff. In general, civil servants are poorly motivated as a result of low pay, a general ethos of poor performance in the civil service, and the lack of prestige of the civil service.

Units, ministries and the executive branch itself are only weakly accountable for their performance to their principals. Accountability is undermined by information problems, principal-agent problems, weakness of oversight agencies, and the lack of possibilities for *exit* and *voice*.

Budgetary management has historically been one of the weakest areas of government performance. Deficiencies in budget management have contributed to macroeconomic instability and to the inefficient use of resources. By contrast, the quality of revenue management improved markedly in the middle and late 1990s, and Suriname is already following best practice with regard to taxation rates. Nonetheless, the government could increase the efficiency and effectiveness of tax administration further.

4.2 Structure

The executive branch of government consists of the central government, local government, and over 100 parastatal agencies. The central government consists of the presidency, the vice-presidency, the Council of State, the Auditor's Office, the Council of Ministers and 16 ministries. The President is the head of government. The Vice-President acts as his or her deputy and chairs the Council of Ministers, which is charged with executing the government's policy, preparing policy, preparing laws and administrative regulations, and inter-ministerial coordination. The Council of State, which includes representatives from labor unions and employers' associations, advises the President on general policy matters and on the content of bills and proposed state decrees. The Auditor's Office is an oversight agency whose mandate is to supervise and monitor the government's expenditures and financial management.

The number of ministries has varied over time, generally to facilitate political coalition-building rather than because of technical considerations. In 1991, the government approved a state decree (Decree on Job Description of Departments, SB 1991 No. 58) that established 16 ministries, which is the present configuration. The decree also established the responsibilities and terms of reference for each ministry.

Local government is a recent innovation in Suriname and came into existence only with the passage of the present constitution in 1987. Suriname is divided into ten administrative districts, which are administered by district administrations that report to elected district councils. These district governments rely on transfers from central government and, because of their extremely limited capacity, effectively are more supervisors of central ministries' activities in their district than executors. A second and more disaggregated tier of local government is formed by sub-district councils, which operate at the community level. The sub-district councils have no executive functions and their main responsibility is to advise the district administrations and councils.

The executive also includes slightly over 100 parastatals. The majority of these parastatals are public foundations (*stichtingen*). Such foundations are non-profit entities that are established for various public purposes. They have a legal status separate from the government and do not have to apply the Personnel Act.¹⁴ They have proliferated over time because ministers have found them useful vehicles for side-stepping civil service regulations and for enabling ministries to attract staff outside of the civil service.

¹⁴ Government Decree 1968, No. 74: "Legal Regulations for Foundations."

The remaining parastatals, numbering roughly 44, are state enterprises that produce goods and services. Outside of the bauxite and financial sectors, state enterprises play a significant role in the economy. State enterprises are controlled by sectoral ministries, whose ministers appoint the corresponding general managers and boards of the enterprises. However, the ministries of Finance, and Planning and Development Cooperation have the overall responsibility for controlling the borrowing, subsidies and investments of state enterprises. This chapter focuses on the central government and the terms “government” and “executive” are used interchangeably.

4.3 Size and resource utilization

4.3.1 Human resource utilization

The government has been an extremely large user of human resources by any measure. The government/public administration sector is by far the largest source of employment in the economy, accounting for forty-four percent of total employment (Table 7). By a different measure, the government employs nine percent of the total population, which is also high by international standards (Table 8).¹⁵

TABLE 7					
Employment by sector as a proportion of labor force					
	1980	1985	1990	1995	1998
Government	36.9	42.6	47.2	43.7	43.7
Other services	21.8	19.3	19.6	22.6	25.3
Agriculture and forestry	18.1	17.5	14.7	15.5	13.0
Industry	11.8	11.4	11.4	10.8	11.1
Mining	6.5	4.9	3.5	3.9	3.5
Electricity, water and construction	4.8	4.3	3.7	3.4	3.4
All sectors	100.0	100.0	100.0	100.0	100.0
Miscellaneous:					
Government as proportion of total population	9.8	10.4	10.8	9.1	8.9
<i>Source:</i> GBS; and IDB estimates.					

¹⁵ Unless specified to the contrary, this study defines government employment as the annual average number of persons on the government’s payroll that is handled by the Central Mechanical Processing Center (CEBUMA). This definition is analytically useful and the data are easily accessible because it corresponds to a definition used by the General Bureau of Statistics for employment statistics. However, to get closer to the true number of persons employed by general government some adjustments must be made to the payroll data. First, one must subtract about 5,000 persons who are on the government payroll but who work for state-owned enterprises or autonomous agencies, such as Telesur (the telecommunications company), Surpost (the postal service), Ashiana (a retirement home), the Cultural Center of Suriname (CCS), the Central Import Bureau (CIS), and Alliance, an agricultural parastatal. Second, one must add around 2,800 persons who are employed by ministries, particularly the police service and the Ministry of Agriculture, Animal Husbandry and Fisheries, but who not on the CEBUMA payroll.

TABLE 8 General government employment: Proportion of labor force and total population – selected countries and regions (early 1990s)		
Country	% of labor force	% of total population
Suriname 1/	43.7	8.9
Sweden 2/	31.5	16.8
Trinidad and Tobago	20.1 3/	8.0
United States	13.5	6.8
Jamaica	8.2 4/	3.5
Japan	6.0	3.1
Africa	n.a.	2.0
Asia	n.a.	2.6
Eastern Europe and former USSR	n.a.	6.9
Latin America and Caribbean	n.a.	3.0
<p><i>Source:</i> Table 7 , IDB, and World Bank, Policy Research Working Paper 1771. 1/ 1998 2/ Sweden has a much higher labor participation rate than Suriname. 3/ 1995 4/ 1994</p>		

In line with other countries, government employment is highest in the education, health, and social affairs ministries (Appendix 1). Other large ministries include the Ministry of Justice and Police, the Ministry of Public Works and the Ministry of Regional Development. The latter includes much of the local government structures, such as district and local councils and hinterland dignitaries. The staff of district administrations are employed by central ministries and are included in their employment totals. Many ministries appear over-staffed relative to their responsibilities or constituencies. For instance, the Ministry of Education, Culture and Youth employs 3,272 non-instructional staff, 4,238 teachers directly and another 3,711 teachers indirectly, i.e. one administrator for every 2.4 teachers. The Ministry of Agriculture, Animal Husbandry and Fisheries employs 1,151 persons to supervise and assist a sector which employs 13,145, i.e. one administrator per 11 farmers, agricultural laborers or fishermen.

In most countries, the relative size of government employment depends on a variety of factors, not least of which is the role expected of government. Government tends to be larger in higher income countries and in economies that are more open to trade. Government tends to be slightly smaller in very large countries because they can benefit from economies of scale in public administration. These factors have not been important in the case of Suriname, although the country's small size, high degree of openness, and the important role assigned to government arguably have tended to bias the size of government upwards.

In Suriname political-economy factors and bauxite wealth have been much more important factors in causing an expansion of government employment. Political-economy factors, particularly the pervasiveness of patron-client networks, have produced a bias towards an expansion of public sector employment. The provision of a job in the public sector has been an attractive mechanism for politicians to secure political support because clients have valued public sector jobs highly and the benefits of such patronage have flowed exclusively to the intended recipient. Furthermore, when patrons have considered whether to expand employment in their ministry or agency, their cost-benefit calculation has undervalued the costs of increasing employment because the costs have been external to the minister or ministry. While the minister or patron has received all the benefits in terms of political loyalty from providing a client with a job, he or she has borne virtually none of the costs. The government as a whole and society have paid the costs in the form of a lower quality civil service, higher taxation and higher budget deficits.

Expansion of government employment due to this externality problem started in the late 1950s. However, government employment only took off in the 1960s, when the bauxite industry started to provide significant rents to the government and thus provide the government with the means to significantly expand government employment. Thus, Dew (1975) dates the tradition of ministers securing government employment for fellow party members or other clients to the late 1960s, which is when alumina and aluminum production started. In addition to providing the means for an expansion of government employment, bauxite wealth reinforced the incentives to do so. First, the bauxite industry is highly-capital intensive and generates very little employment directly (only about three percent of the labor force). This created a strong incentive for the government to share the rents earned by the sector with the bulk of the population that did not directly benefit from employment in the sector. Government employment was the principal vehicle for sharing the rents. Second, the bauxite industry's wealth may have created Dutch-disease effects that adversely affected employment generation in other productive sectors. This reinforced the scarcity of employment options and increased the attractiveness of public sector employment.

Bauxite rents increased the government's ability to expand government employment but did not eliminate the resource constraint. Government employment peaked at 44,083 in 1989 when international alumina prices reached their highest level in real terms in 16 years. That employment level proved unsustainable and when alumina prices declined in the early 1990s, government salaries fell swiftly, prompting an exodus of government employees. By 1993-94, when alumina prices reached their nadir, government salaries had declined to such an extent that government employment was declining by four to five percent per annum. Sharply higher alumina prices in 1995-98 allowed the government to increase government real wages more than threefold and to start to increase government employment again. Whereas in the 1980s the interaction of political-economy factors and bauxite wealth produced a significant expansion of government employment with a gradual decline in real wages, in the 1990s the interaction produced large swings in real wages and only moderate changes in the employment level.

4.3.2 Financial resource utilization

The government's utilization of financial resources has been commensurate with the extensive functions that government is expected to carry out and the sizable government employment. Total government spending has generally fluctuated between 40 and 50 percent of GDP — a very high proportion for a low-middle income country (Table 9). Moreover, government expenditures have been concentrated on government consumption: expenditures on wages and salaries and goods and services. By contrast, interest payments have been much lower than in most developing countries while transfers and subsidies have not been unusually large. Government consumption — the fiscal costs of providing government services — has generally amounted to between a quarter and one-third of GDP (Table 10).

TABLE 9							
Financial resource utilization (% of GDP)							
	1976	1980	1985	1990	1994	1996	1997
Total expenditures and net lending	43.8	37.8	51.6	41.7	29.0	52.6	45.5
Current expenditures	30.3	29.7	48.5	37.8	25.7	45.6	38.0
Total goods and services	25.9	23.6	34.6	25.2	16.7	35.8	30.5
Wages and salaries	15.2	15.9	22.6	17.2	5.3	11.5	16.6
Goods and services	10.7	7.7	12.0	8.0	11.4	24.3	13.9
Interest payments	0.2	0.4	2.4	4.5	2.0	1.0	0.6
Transfers and subsidies	4.3	5.6	11.5	8.0	7.0	8.8	6.9
Capital expenditures and net lending	13.5	8.1	3.1	3.9	3.3	7.0	7.5
Miscellaneous							
Wages and salaries							
As % of current expenditures	50.2	53.6	46.6	45.6	20.5	25.1	43.6
As % of total expenditures	34.7	42.5	43.8	41.3	18.1	21.8	36.4
As % of total revenues	34.4	40.5	74.8	48.6	15.9	21.6	40.0
Source: IMF and IDB estimates.							

TABLE 10			
Central Government consumption in Latin America and the Caribbean (1997)			
Country	Central government goods and services expenditures as a percentage of GDP	Total government expenditures as a percentage of GDP	Goods and services expenditures as a percentage of total expenditures
Suriname	30.5	45.5	67.0
Jamaica	19.3	35.0	55.1
Uruguay	16.0	20.5	77.9
Belize	15.8	27.0	58.7
Barbados	15.0	34.5	43.6
Guyana	14.4	41.4	34.8
The Bahamas	13.2	20.7	63.9
Nicaragua	11.3	32.2	35.0
Trinidad and Tobago	10.1	26.9	37.5
Haiti	10.1	14.0	72.0
Honduras	9.0	19.0	47.1
Panama	8.5	19.4	43.7
Chile	8.4	24.6	34.3
Paraguay	8.0	13.2	60.8
Ecuador	7.8	18.5	42.3
El Salvador	6.8	13.3	51.1
Costa Rica	6.4	21.0	30.6
Peru	5.8	14.4	39.9
Dominican Republic	5.3	15.4	34.3
Venezuela	4.5	21.5	20.8
Guatemala	4.1	10.7	38.3
Colombia	3.9	10.8	35.9
Argentina (1996)	3.0	17.5	17.2
Mexico	2.1	16.7	12.7
Unweighted average	9.9	22.0	44.1
<i>Source:</i> IDB, Economic and Social Database and calculations. N.B. Data unavailable for Bolivia and Brazil.			

4.4 Administration and human resource management

4.4.1 Administration

Administration of the civil service is hierarchical and based on extensive and detailed formal rules. The hierarchy is “tall” with 24 separate grades or levels. Decision-making is overwhelmingly top-down and decisional autonomy is limited to the highest grades. The almost constant growth and lack of exclusivity of the civil service, low wages compared with the private sector, and, frequently, a lack of a sense of mission has undermined the culture and morale of the civil service over time.

Administration and personnel management is divided between central units and decentralized units. The Ministry of Domestic Affairs has overall responsibility for the administrative affairs of government, and policy towards government officials and the functioning of government. A specialized unit in the ministry, the Central Staff Body for Formation and Efficiency (CSFE), is responsible for overseeing the civil service. In addition to the CSFE, each ministry or parastatal organization has its own personnel management division.

The CSFE has a mandate to: outline the programs and activities that are necessary to systematically improve the government apparatus, develop plans of action and guide the administrative divisions within different ministries, and coordinate and evaluate reorganization activities of the administrative divisions. The administrative divisions are responsible for general management of their respective ministry or unit, registering employees, recruitment, managing vacancy files and monitoring personnel management within the ministry.

The CSFE was established by a government decree in 1982 and replaced the Institute for the Civil Service, which had been established in 1974 under the supervision of the United Nations Development Programme (UNDP). The CSFE’s mandate is extremely similar to that of the Institute, and the major differences between the two organizations are: that the administrative and personnel management functions of the CSFE are dispersed (“deconcentrated”) among ministries rather than centralized as under the Institute; and that the training and education section of the former Institute was spun off to the Ministry of Education and Community Development.

4.4.2 Career structure

The Personnel Act of 1962, as modified by eight other laws and state decrees, guides personnel management of the civil service. The act sets out the basis for government employment, the rights and obligations of government officials, disciplinary measures, justification and procedures for suspension and termination of employment, and internal complaints procedures.

Appointment as a government official is mostly permanent, although temporary appointments of up to one year can be made if a person is medically ineligible for a permanent appointment, if a person is employed by another government and is temporarily assigned to the Government of Suriname, or if the appointment is for short-term activities. Government officials have a formally defined status and extensive rights. Officials are obligated to perform their activities to the best of their ability, to accurately and faithfully execute orders, and to “behave in such a way as becomes a good and faithful government official”. Where relevant, government officials must keep information gained in the performance of their duties confidential. In addition, government officials are “forbidden to accept or insist on remunerations from third parties for activities that are related to the service...” The Personnel Act distinguishes between two types of government officials: civil servants and government employees.

Recruitment and the initial placement of civil servants are crucial determinants of the quality and capability of a civil service. In most countries recruitment is conditioned by education, skills and experience, labor market behavior, and cultural traditions. In Suriname recruitment is, in theory, determined by the needs of individual units. Individual ministries thus recruit for themselves but notify the Ministry of Domestic Affairs of employment changes. The Personnel Act lays out the minimum eligibility criteria for government employment: a candidate must be at least 18 years old, must be medically fit, and must comply with certain legal requirements. These requirements do not form a high hurdle to employment and in practice screening is rarely rigorous. General education requirements are not required and the practice of drawing officials from elite feeder institutions as engaged by Japan and France, is not utilized. The lack of rigorous screening is reinforced by the greater ease of recruiting low level staff. Ministers may recruit staff for grades 1 through 12 at their own discretion. However, recruitment to grades 13-24 require the approval of the Council of Ministers. At various times the government has imposed a freeze on hiring staff but these freezes have rarely been watertight. Most notably, there was a hiring freeze for the entire civil service in 1972 and a freeze on all grades 1 through 17 in 1998/9.

Civil service jobs and pay are classified by the Mezger remuneration system, which was introduced with the assistance of the Dutch government in 1976.¹⁶ The Mezger system assigned positions into a grade on the basis of a functional analysis. Originally the civil service hierarchy was divided into 20 grades, but this was extended to 24 grades in 1990 (Table 11).

TABLE 11			
Grade and function structure			
Level	Grades	Function/Activity	Education level
F	21-24	Managers, policy advisors, research officers	University (“academic level”)
E	18-20	Leaders and managers of “D” staff, department heads	Secondary school
D	15-17	General officials	Secondary school
C	12-14	Typists, long-time staff	Secondary school
B	9-11	Manager of “A” staff, foremen	Primary school
A	2-9	Manual laborers, cleaners	Primary school

¹⁶ The fact that work on the system started nine years earlier is a reminder of the complexity and time consuming nature of establishing or reforming formal pay and classification systems.

The Personnel Act states that promotion should be based on considerations of capability, skill, reliability, and experience. In practice, seniority, personal ties and political affiliations seem to have dominated promotion decisions.

The Personnel Act provides a strong legal basis for dismissal either on the grounds of individual unsuitability or because of a reorganization of the civil service. Individual unsuitability can be caused by an unfit medical condition, incapacity, neglect of duty, uncooperative behavior, personal arrest, or legal restraint. Also article 69a states that “one or more officials, or one or more groups of government officials” may be dismissed due to a reorganization of the civil service. This requires that the President issue a statement that it is in the general interest to reorganize or downsize the civil service. Under these circumstances, government officials can be dismissed at their own request and receive up to 18 months of their most recent salary. In practice, dismissal has been extremely uncommon and problematic. The number of civil servants has decreased because of the voluntary departure of civil servants and attrition through retirement.

Little attention is paid to cadre development and access to training is uneven. Apart from *ad hoc* training that individual ministries or organizations might organize, the Ministry of Education and Community Development organizes and supervises scholarship programs that can upgrade government officials’ skills. Such programs, which are almost entirely donor-financed, have provided on-the-job training for 350 - 400 officials, and have trained 60 persons in Brazil. As such, the training tends to be concentrated on a few individuals, usually in the higher grades, with little systematic training for the majority of civil servants.

4.4.3 Pay and incentives

Salary

A unified pay scale that links grades to salary levels determines civil servants’ base salaries. The scales are derived from collective bargaining with labor unions and little reference is made to compensation in the private sector for equivalent positions. Within grades salary increments are fixed-stepped and automatic, largely based on seniority.

Teachers have traditionally had their own grade and pay scales and generally have received about 25 percent higher salaries than civil servants of equivalent positions. Traditionally, teachers have been the only exceptions to the unified scale for the civil service. However, in 1997 the government designated some parts of the civil service “strategic”. It subsequently negotiated separate, higher salaries with the “strategic” sectors, which included the health and education sectors, the army, the police, and customs and the tax office. This policy raised concern in other parts of the civil service and among civil service labor unions about changing salary relativities and, in part, contributed to an escalation of wage demands on the part of civil servants in 1997-99 and triggered a succession of strikes by different parts of the civil service.

The base salary of a civil servant can be supplemented by several allowances. For example, the director (permanent secretary) and deputy directors of ministries receive 25 percent extra salary, that is outside of the pay-scales. Civil servants who represent the government on the board of a state enterprise receive an extra allowance. This means that some directors are paid more than others because their ministry is responsible for more state enterprises. It has been estimated that roughly 100 out of the top 1,000 civil servants receive some extra official payment. All civil servants receive a bonus of 10 percent of their base salary if they are assigned to a post with greater responsibility. Also the government pays an allowance for *ad interim* positions; a special uniform allowance to government officials whose duties require a uniform; a presentation (clothing) allowance to teachers; a hazard allowance to civil servants performing dangerous work; an allowance for unusual work (e.g. working underwater); and a bonus for long-term service to government employees who have worked for the government for 25, 30, 35, and 40 years.

Civil servants' pay scales became more compressed in the 1990s (Table 12). Most salary awards to civil servants have been across-the-board. However, in certain instances the government has varied the pay raise by grade, awarding a larger percentage increase to the lower grades. In 1991, the salary award varied from 19 to 40 percent; in 1996, from 26-40 percent, and in 1998 the salary award varied from 41 to 80 percent. The gradual compression of civil servants' salaries has reflected both egalitarian concerns of successive governments and the influence of the civil service labor unions. By 1998, the compression ratio had declined to only 8:1, which was among the more compressed ratios internationally (Tables 12 and 13).

TABLE 12					
Civil service salary compression ratio over time					
(Ratio of the midpoint of the highest salary grade to the midpoint of the lowest)					
1979	1988	1991	1995	1996	1998
8.7	11.9:1	11.9:1	11.8:1	10.7:1	8.1:1
<i>Source:</i> CSFE and MOF.					

TABLE 13	
Civil service salary compression ratio compared with selected countries	
Country	Early 1990s
Malawi	30:1
Niger	15:1
Suriname	12:1
Nigeria	9:1
Uganda	8:1
Laos	7:1
<i>Source:</i> CSFE, MOF, and Barbara Nunberg, "Experience with civil service pay and employment reform: an overview", in Nunberg and Lindauer, 1994.	

The most important comparator for civil servants' salaries is salaries in the private sector. Government salaries have consistently been significantly lower than those in most economic sectors. Since 1980, average wages have been higher than government wages in every economic sector other than community and personal services, and construction. In most sectors, average wages are two to six times that of government (Table 14). These sector differentials hold within professions and are not mainly the result of different skill distributions between sectors. In 1996, a government-paid economist at the university earned US\$190-240 per month, while an economist in the mining sector earned US\$960-1,930. The general manager of a hospital earned roughly US\$660 per month, while the manager of a major hotel earned US\$3,000-3,600.

TABLE 14	
Average wages in different economic activities	
(Average wages in 1995-98)	
Economic activities	% of government wages
Mining and quarrying	595
Transport, storage and communication	498
Banking	401
Utilities	347
Trade, restaurants and hotels	218
Insurance	210
Economy-average	160
Manufacturing	145
Government	100
Community and personal services	62
<i>Source:</i> GBS and IDB.	

The real value of government salaries has fluctuated significantly over time (Table 15). Salaries declined almost continuously from a peak in 1982 to 1994. In 1994, government salaries in real terms were only 23 percent of the level in 1980. Subsequently, government salaries recovered sharply, rising more than fivefold in four years. As a result, in 1998 government salaries reached 131 percent of the level of 1980 — the highest level in eighteen years, but declined by roughly 29 percent in real terms in 1999.

		1980	1985	1990	1994	1998
Index of Real Wages (1980=100)	Government salaries	100	110	59	23	131
	Economy-wide average wage	100	108	54	33	100
Current US\$ (annual salary)	Government salaries	3,667	2,682	1,322	498	4,764
	Economy-wide average wage	5,360	3,833	1,784	1,047	6,737

Source: GBS and IDB estimates.

Government salaries have moved in line with the economy and have been closely correlated with average real wages for the whole economy. The volatility in the level of real wages, therefore, reflects macroeconomic volatility and particularly the effects of alumina boom-bust cycles. During alumina booms, such as 1995-97, the international price of alumina rises, thereby boosting government revenues. This allows the government to give generous salary awards. The alumina boom also strengthens the balance of payments and leads to a real appreciation of the exchange rate, which reinforces the growth of salaries in real terms. During alumina slumps, such as 1992-94 and 1999, the process reverses. As the international price of alumina falls, government revenues decline. The decline limits the government's ability to award sizeable salary awards to civil servants and increases the fiscal deficit. The growth of the fiscal deficit, and the depreciation of the exchange rate that accompanies balance of payments weakness, cause inflation to accelerate. As inflation outpaces nominal salary awards, the real value of civil servants' salaries declines. Notwithstanding cyclical fluctuations in the real value of government salaries, including the rapid growth of government salaries during 1995-98, the long-term trend of government salaries has been downwards.

Non-salary benefits

Non-salary benefits constitute an important part of a civil servant's total remuneration package. By far the most important benefit is that civil servants and their families are entitled to free medical treatment and coverage under the National Health Service Foundation (SZF). This benefit is extremely valuable to many civil servants. Because health coverage is a fixed cost benefit, its value relative to salary is much higher for low ranking civil servants. Also, the benefit's value relative to salary is much higher during periods of very low real wages, such as in 1993-94. The SZF health coverage is still a useful benefit for higher level civil servants but many could have better private health coverage with an equivalent position in the private sector. The leave policy for civil servants is generous and civil servants can take up to 30 days annual vacation leave. Certain civil servants are eligible for non-pecuniary awards, such as military honors. However, pension rights are not an important benefit for the civil service because every Surinamese national over 60 years old is entitled to a national pension.

Important non-salary disadvantages of government employment can include poor job motivation and a poor intellectual and physical work environment. A National Planning Office (NPO) study in 1991 indicated that a lack of involvement in work and a feeling of not being useful

was as important a factor as low salaries in the decision of highly-skilled civil servants to leave. Ex-civil servants who now work in the private sector report that their new work is more interesting and challenging, and that they have greater opportunities to learn because their supervisors are better qualified. They also cite poor maintenance of public buildings and the corresponding poor quality of the physical work environment as further cause of civil service flight to the private sector.

Incentive problems

The structure of incentives has caused a grave imbalance in the skills structure of the civil service. There is an acute skills shortage at the highest grades (the top six grades employ only 4 percent of the total civil service), and a substantial surplus of personnel at the lower grades.

TABLE 16		
Civil service: Structure by grade		
	Share of civil service employment (%)	Share of civil service wage bill (%)
Grades 18-24	4	13
Grades 12-18	24	37
Grades 1-11	71	50
Civil service total	100	100
<i>Source:</i> CSFE and IDB.		

The long-term decline in real wages and poor remuneration compared with the private sector have caused an exodus of highly-skilled staff from the civil service to the private sector and abroad. The NPO has estimated that the civil service lost 42 percent of its highly-qualified civil servants between 1985 and 1990 and a further 29 percent between 1990 and 1995. Fifty-four percent of departing high-level civil servants went abroad and 46 percent found domestic alternatives (NPO, 1999). Given these losses, the NPO estimates that the stock of highly-qualified civil servants is currently 691 (or 1,200 if teachers are included). Poor remuneration has impeded the civil service's ability to find highly-skilled replacements, with the result that either positions remain vacant or less-qualified persons are promoted. Certain salary scales used to be the exclusive preserve of university-educated civil servants. Now, however, university-educated civil servants form only a small proportion of civil servants at those grades.

By contrast, the number of civil servants in the lower grades has risen inexorably. Very few low-qualified civil servants leave voluntarily because they have strong incentives to stay. Although civil servants' salaries are often less attractive than those in the private sector, the non-salary benefits, particularly health insurance, are much better than most low-skilled civil servants could obtain in the private sector. Moreover, the civil service provides job security and weak performance is not penalized.

Even fewer civil servants leave the civil service involuntarily because it is politically difficult to do so. At times, the government has tried to stem the growth of the lower ranks of the civil service by imposing a hiring freeze on grades 1-17. However, in practice the hiring freezes have not been watertight and individual ministers have had incentives to ignore them.

A second major problem of the incentive structure within the civil service is “ghost workers” — employees who remain on the public payroll but do not work the required hours. The ghost-worker problem varies from complete “ghosts” — civil servants who do not work at all — to part-time “ghosts”, who do attend work but only for part of the time they are paid for. Because the ghost-worker phenomenon is, by nature, a problem of control and monitoring, there is little hard evidence about the extent of the problem. However, the problem is widely regarded as substantial. An informal audit of school grounds keepers by a senior Ministry of Education and Community Development (MOECD) official in 1996 found 50 percent to be ghost employees (IDB, 1998).

There are considerable attractions to being a full-time or part-time ghost worker. The civil servant collects a full-time, albeit low, salary and she and her family are entitled to the SZF medical benefits. Time not spent at the official job can be spent working in the private sector or informally, or on leisure activities. By contrast, the penalties for less than full attendance at work are generally minimal. Supervisors have very little power to dismiss or punish ghost-workers and the balance of their own incentives favors doing nothing. Senior officials report that staff were informally allowed to do other work in 1994 because of the extremely low civil service salaries prevailing then, and that it has been hard to reimpose discipline subsequently.

Senior government officials suggest that the part-time ghost work problem is more common than true “ghosts”. Some employees are deliberate ghosts, electing to spend their work hours doing something else. But many employees are *de facto* ghosts: employees that are just chronically under-employed. For example, many cleaners throughout the civil service work only two hours a day because there are so many cleaners relative to the cleaning work needed. A related but slightly different problem is that some civil servants attend work but use the office for private activities.

4.5 Financial management

Financial management is one of the weakest areas of governance in Suriname. Budgetary management is particularly weak, with adverse consequences on overall fiscal and macroeconomic management, allocation of expenditures and efficiency. The government has strengthened revenue management considerably since 1993, but could make further improvements.

4.5.1 Budgetary management

Process

GENERAL. The legal framework for the budgetary process is outdated. The Budget Act of 1952, as modified by decrees in 1955 and 1969, governs the budgetary process and the Dutch Accounting Act for Government Bodies (Comptabiliteitswet) of 1927 largely establishes the accounting rules. The budget year is the calendar year.

Since the 1969-73 period, the government has split “the” budget between a general or administrative budget and a development budget (Table 17). The budgets are divided by the source of financing rather than by the nature of expenses. The general budget is largely financed domestically and the development budget is financed externally by donors. The Ministry of Finance (MOF) is responsible for the general budget, which consists mainly of current expenditures but also

includes capital expenditures. The NPO in the Ministry of Planning and Development (PLOS) is responsible for the development budget, which consists mainly of capital expenditures but also includes current expenditures. The general budget has an annual focus. The NPO prepares the development budget also on an annual basis but within the context of a five-year development plan.

TABLE 17		
A comparison between the general and development budgets		
Name	General budget	Development budget
Sub-accounts	Ordinary account Extraordinary account	—
Source of financing	Tax revenues Local borrowing External borrowing	Foreign aid
Type of expenditures	Mostly current Some capital	Approximately 2/3rds capital Approximately 1/3rd current
Ministry responsible	MOF	PLOS
<i>Source:</i> IDB.		

The budget administration system is relatively decentralized. Each ministry has a Budget and Financial Affairs Department (Afdelingen Begrotings-en Financiële Zaken - BFZ), which liaises with the relevant MOF departments.

BUDGET PREPARATION. The preparation process for the general budget is lengthy and commences in February of the preceding year. The MOF sends a budget call letter to the heads of spending agencies. By the end of April, ministries prepare and submit expenditure estimates to the Treasury Inspectorate (TI) of the MOF, which supervises budget preparation. The TI discusses budget proposals with ministries, usually leading to a reduction in the ministries' requests. If a disagreement between the TI and a ministry's staff cannot be resolved, the Minister of Finance is notified and he discusses the issue bilaterally with the relevant minister. Once agreement has been reached on expenditure ceilings, ministries re-submit their budgets, this time showing a detailed budget breakdown.

By law (The Constitution, Article 156), the government must submit the general budget to the National Assembly by October 1 of the year preceding the budget, thereby leaving sufficient time for the National Assembly to debate and approve the budget before the end of the year. If the National Assembly does not approve the budget before January 1 of the year of execution, the government must use the budget of the previous year until the new budget is approved.

The budgetary process is undermined by the practice of significantly revising the budget throughout the year of execution. The government submits a "preliminary" budget to the National Assembly before October 1, to comply with the Constitution. However, the preliminary budget is often unrealistic and must be adjusted during its execution. The government then submits a final or revised budget to the National Assembly **near the end of the year of execution** (Table 18).

Budget	Number of major revisions to the budget	Date of approval of revised budget by the National Assembly
1990	n.a.	December 27, 1990
1991	1	November 11, 1991
1992	1	December 18, 1992
1993	1	November 17, 1993
1994	2	December 27, 1994
1995	2	December 19, 1995
1996	2	November 29, 1996

Source: Rekenkamer

PLOS prepares the development budget. It requests ministries to present a list of development projects that they would like to be included in the development budget. The projects that the ministries propose are supposed to be consistent with the Multi-Annual Development Plan (MADP). Many of the projects submitted by ministries have been previously discussed or agreed upon with donors. PLOS drops some of the projects submitted by ministries, generally because of a lack of assured donor funding rather than an unfavorable cost-benefit analysis. PLOS compiles a complete list of development projects and prepares a “Year Plan”, which it submits to the National Assembly along with the general budget of the MOF. Both budgets are prepared with a high degree of autonomy from the National Assembly.

BUDGET EXECUTION.¹⁷ A complex coding system and a diffuse organizational structure complicate budget execution. Until 1998, the budget coding system encompassed roughly 920 individual item codes (von Numer, 1998). Ministries had created more than 800 codes to cover areas where the existing code list did not have a detailed breakdown, but the codes became inconsistent and contained numerous duplications. Ministries did not coordinate on the codes and no government unit was in charge of accepting additions to the budget code structure. However, in 1998 the government initiated a project to reform the coding system.¹⁸ The project simplified the coding system, made it consistent across government and made it consistent with international standards as set out in the International Monetary Fund’s (IMF) Government Finance Statistics (GFS) guidelines. All the individual articles now sort under the various GFS aggregates. Nevertheless, the coding system still contains far too many individual codes. The new coding system was utilized for the 1999 budget.

A diffuse organizational structure further complicates budget management and execution (see Organigram on page 54). At least five different departments in the MOF (the Treasury Inspectorate, the Accounting Office, the Central Budget Bookkeeping Office, the Central Paymaster, and the Budget and Financial Affairs Department) are involved in budget execution (Appendix II).

¹⁷ Adapted from IMF (1997) and KPMG (1991).

¹⁸ The project was supported by an IDB technical cooperation project: “The Institutional Strengthening of the Economic Affairs and Treasury Departments.”

Bookkeeping is further complicated by a 12-month complimentary period after the year of the budget, during which expenditures can be made. This means that expenditures can take place 18 to 24 months after the budget estimates were first presented by line ministries (von Numers, 1998).

AUDITING AND OVERSIGHT RESPONSIBILITIES. The Central National Accountants Agency and the Auditor's Office are responsible for auditing and overseeing the government's budgetary and financial management.

The Central National Accountants' Agency (Centrale Lands Accountants Dienst - CLAD) is an autonomous parastatal organization that is under the jurisdiction of the permanent secretary of the MOF.¹⁹ The CLAD is responsible for auditing the government and state-owned enterprises. The audit controls should assess the effectiveness of management performance as well as examine the validity of financial accounts and annual financial statements. The CLAD reports to the MOF and is an instrument of accountability within the executive.

The Auditor's Office (Rekenkamer) is an independent body that was established by government decree (No. 26) in 1953 to address issues of accountability. It is responsible for: (a) assessing the control mechanisms, functions and performance of the entire executive branch of government; and (b) advising on the effectiveness, efficiency, and accountability of government policies and practices. The Auditor's Office reports mainly to the National Assembly, and hence is an instrument of external accountability. According to law the Auditor's Office must present an evaluation of the government's financial management to the National Assembly every April. The President appoints the board and chairman of the Auditor's Office, on the recommendation of the National Assembly.

In theory, the reporting chain goes as follows. The Central Budget Bookkeeping Office (CBB) and state enterprises provide annual financial statements to the CLAD, which audits them. The CLAD then submits an opinion on the government's or enterprise's accounts to the MOF, with a copy to the Auditor's Office. The Auditor's Office sends comments on the CLAD's report back to the MOF, when then submits the reports to the National Assembly.

However, in practice the information flow has been less than smooth and the theoretical reporting flow outlined above has not taken place since 1971. The effectiveness of both the CLAD and the Auditor's Office has been constrained by the scarcity of information they receive and their small staffs. The CBB has been in severe arrears and has had trouble preparing reports. So the CLAD has audited ministries directly and has helped the CBB prepare the reports for 1980-96. It sent the report for 1996 to the MOF, with a copy to the Auditor's Office in 2000. The Auditor's Office has reviewed the CLAD's reports but reportedly the MOF has not sent the reports on to the National Assembly. Similarly, the CLAD has had to help state enterprises produce and submit their annual financial statements. Most state enterprises have produced statements up to 1998 or 1999 but one or two are only up to 1994.

The CLAD was in dire straits in 1995/96, when it had a staff of only 21, none of whom were a qualified accountant. At that point it could not submit reports on state enterprises because an

¹⁹ National Decree 1971 (No. 181).

accountant is required to sign the report. Since then its staff has grown to 54, one of whom is an accountant. Correspondingly, the number of reports it produces has grown from 32 in 1995 to 286 in 1999. Nevertheless, the manager estimates that the CLAD should have 7 accountants. The Auditor's Office's limited staff includes a full-time chairman, two part-time members, one auditor, two part-time students and two secretaries. Despite this constraint, the Auditor's Office has successfully continued to submit its report to the National Assembly every April. However, the exercise is largely a formality with few, if any, consequences.

Evaluation

A sound budgetary process and well-designed budgetary institutions should allow, require and assist the attainment of three goals: sound fiscal and hence macroeconomic management, an allocation of resources that is in accordance with strategic priorities, and an efficient and effective use of resources in implementing policies and programs. Budgetary management in Suriname has scored poorly on all three goals.

MACROECONOMIC MANAGEMENT. Budgetary management has failed to deliver sound fiscal and macroeconomic management. The government has run large fiscal deficits for extended periods and has tended to conduct fiscal policy in a pro-cyclical manner. In nearly half of the years from 1980-98, fiscal deficits have been larger than 10 percent of GDP (Table 19). This situation may be improving over time and there appears to be a long-run trend towards greater fiscal equilibrium: the 1990s have witnessed relatively more years of surpluses and fewer of very high deficits than the 1980s.

TABLE 19		
Fiscal deficit outcomes: 1980-98		
Category	Years	Number of years
Fiscal surplus or balanced budget	1980 1994 1995 1996	4
Moderate deficit (between 1% and 5% of GDP)	1981 1997	2
Large deficit (between 5% and 10% of GDP)	1982 1990 1992 1993	4
Very large deficit (greater than 10% of GDP)	1983 1984 1985 1986 1987 1988 1989 1991 1998	9
<i>Source:</i> IDB based on IMF, GBS and IDB <i>Economic and Social Database</i> .		

The government's inability to manage the budget and control fiscal deficits has forced it to rely heavily upon money creation and seigniorage and, at times, to accumulate payments arrears. The government has resorted to seigniorage extremely heavily over the last two decades, which has caused significant macroeconomic disequilibria and volatility (Table 20).

TABLE 20	
Seigniorage as a percentage of GDP (average for 1980-97)	
Country	Seigniorage/GDP (%)
Suriname	10.2
Guyana	9.2
Venezuela	2.2
Barbados	0.6
Trinidad and Tobago	0.6
The Netherlands	0.4
United States	0.4

Source: IDB calculations based on IMF, *International Financial Statistics* and IDB, *Economic and Social Database*.

Note: Seigniorage/GDP is calculated as the change in base money divided by nominal GDP.

The government has also financed fiscal deficits through nonpayment of its obligations to the private sector and an accumulation of arrears. Three factors account for the growth of payment arrears: insufficient cash to fund legally authorized commitments; ministries making commitments without authorization (for which they receive no penalty); and the process of sequestration (paying bills when cash becomes available), whereby expenditure demands are suppressed rather than resolved. Payment arrears became a significant problem in 1998 and 1999. In the health sector, in particular, payment arrears reached such a level that they threatened a breakdown of the payment system in the sector.

The government has not managed aggregate demand to smooth out economic shocks. Rather, fiscal policy has tended to be pro-cyclical and has accentuated the boom-bust cycles that have originated in fluctuations in the international price of alumina. An exception to this general tendency occurred in 1995-96, when the government allowed revenues to increase faster than expenditures during an alumina boom, thereby using fiscal surpluses to dampen an economic boom and prepare for a downturn.

Two important factors have caused these deficiencies in budgetary management from a macroeconomic perspective. First, budget estimates in the preliminary budget have been unrealistic (Table 21). Therefore, they have had little credibility and could not be enforced. Second, the government has executed the budget in an accommodating and permissive manner.

TABLE 21					
Differences between preliminary budget and budget realization					
(Current Sf. millions)					
	1991	1992	1993	1994	1995
Revenues					
Preliminary budget	1,382	1,138	1,378	10,875	25,912
Revised budget	1,382	1,378	2,786	10,875	144,113
Realized	1,024	1,432	2,098	11,794	68,918
Realized/Preliminary estimates (%)	74	126	152	108	266
Expenditures					
Preliminary budget	1,609	1,748	1,996	11,359	25,764
Revised budget	2,038	1,691	3,218	17,355	152,257
Realized	1,667	1,817	2,913	12,389	65,797
Realized/Preliminary estimates (%)	104	104	146	109	255
Budget balance					
Preliminary budget	-227	-610	-617	-484	148
Realized	-643	-385	-815	-594	3,121
Inflation rate	26.0	43.7	143.5	368.5	235.6
Source: Ministry of Finance.					
Note: Budget realizations are not available for 1996-98.					

Budget estimates have been unreliable because of five factors. First, certain events, particularly salary negotiations with civil service unions, are unpredictable and have important implications for expenditure outcomes. The government allows the budget to passively accommodate salary increases, rather than using it as an active constraint during salary negotiations. Second, general macroeconomic volatility, particularly variations in the inflation rate and economic activity make it more difficult to formulate budgets. Aizenmann and Hausmann (1995) show that higher inflation and greater volatility of economic activity lead to greater systematic underestimation of the budget. In Suriname's case, the budget estimation was actually fairly accurate for 1994, the year of highest inflation. Nevertheless, budgetary managers clearly had difficulty coping with both the acceleration of inflation in 1993 and the deceleration in 1995. Third, the long budget preparation period lengthens the time in which shocks can distort the budget and it complicates the prediction of the budget outcome. Fourth, the difficulty in making budget predictions is also exacerbated by the lack of realized budgetary outcomes in the previous year because the accounts have not been closed. In practice, budgetary managers have used the previous budget as the basis for their projections. Fifth, the MOF has relied on *ad hoc* methods to make budget projections rather than a consistent projection model (IMF, 1997).

The accommodating nature of budget execution has been a second major cause of poor budgetary management. The MOF has allowed budget outlays to be determined by events instead of using the budget to determine events and outcomes. Thus, the preliminary budget does not constitute a hard budget constraint that is respected and enforced. Rather, the budget gets adjusted to fit the outcome. At a lower level of aggregation, reportedly it is not uncommon for commitment

orders to be drawn up after a good has been delivered or for commitments to be made without authorization. This degradation of budgetary institutions makes it hard to implement a sound fiscal policy.

ALLOCATION OF RESOURCES. Good budgetary procedures and institutions should ensure that resources are allocated in accordance with strategic priorities and to programs with the highest returns. In other words, budgetary procedures should ensure that the right things get financed. Although this goal is conceptually straightforward, in practice it is difficult to measure the allocative efficiency of expenditure composition because it is difficult to measure the impact of expenditure allocations on aggregate social welfare (Pradhan, 1997). In Suriname the scarcity of meaningful data on expenditures compounds this measurement problem. Nevertheless, some general observations can be made about budgetary allocations in Suriname.

At an aggregate level, the sectoral allocation of resources appears to have been broadly appropriate for development. Respectable shares of the budget have been allocated to basic health and education, the social safety net, and public infrastructure. Defense spending has generally been relatively limited.

However, the procedures and institutions for ensuring a good allocation of resources are so weak that there is considerable reason to doubt that the budgetary allocation at the program level has been anywhere close to optimal. Both the executive and the National Assembly lack the ability to set priorities. The executive generates very little data on the costs and benefits of programs and carries out little systematic analysis on programs' benefits and costs. Therefore, the executive has few technical or objective criteria by which to rank programs before submitting a budget to the National Assembly. The separation of the general and development budget further complicates the process of assessing the relative merits of programs in the different budgets. Similarly, the National Assembly has no way to assess programs or to question and re-order priorities, because the information the government provides to it does not allow for that. The budget is either highly aggregated (expenditure by ministry) or highly disaggregated (expenditure by line item). The government presents separate annual budgets for each ministry. Overall, the whole budget consists of thousands of pages of detailed expenditures, with 8,500 line items (IMF, 1997). Therefore, the information is far too extensive for the National Assembly to review.

In practice, little consideration is given to the allocation of resources and little real analysis is made of expenditure trade-offs. Sometimes this leads to perverse outcomes. For instance, in 1998 and early 1999 the government proceeded to contract the construction of two large bridges of questionable economic value and which donors were unwilling to finance. The total cost of the bridges has been estimated at US\$88 million, equivalent to roughly 12 percent of total government expenditures in 1998-99. This huge expenditure forced cutbacks elsewhere, including programs with large social and economic benefits. Most notably, the government accrued large payments arrears to the State Health Insurance Fund, thereby precipitating a breakdown in the payments and financing system of the health sector and jeopardizing health sector provision. Also, the government temporarily withdrew financing for an NGO that was the major provider of health services in the interior of the country.

The executive lacks the ability to enforce priorities. Budgetary allocations have little impact on the expenditure outcome because expenditures are driven mainly by events. Non-discretionary spending, particularly on wages and salaries tends to drive the budget. Cutbacks tend to be across-the-board on non-wage expenditures rather than selective pruning of low priority areas (IMF, 1997).

Overall government spending appears to be biased towards investment. The government devotes too many resources to capital investments with low rates of return and too few resources to maintenance and repair, and operating expenses, which are likely to have very high rates of return. This investment bias is caused largely by the separation of the general and development budgets, which causes policy-makers to pay insufficient attention to recurrent expenditure needs. This deficiency causes an excess supply of investment expenditures, excess demand for recurrent expenditure and problems of project or program sustainability. International evidence suggests that split budgets commonly bias expenditures towards investment. Research on individual states in the U.S. shows that separate capital and current budgets lead to higher expenditures on capital investment (Poterba, 1995). Donors can also contribute to the investment bias because they tend to view investment expenditures as “productive” and non-investment expenditures as unproductive or the responsibility of the government.

EFFICIENCY. Good budgetary procedures and institutions should ensure efficiency in the sense of cost effectiveness and value-for-money. Little information on the government’s cost effectiveness exists. However, the information that does exist suggests that the executive is inefficient in its use of resources and that the government has excessive staffing for a given output. For example, the Ministry of Agriculture employs one staff-member for every 10 farmers in the country (IDB, 1997). The Ministry of Education and Cultural Development employs approximately one non-instructional staff member for every 2.5 teachers. Similarly, a large number of civil servants are employed in public works relative to the size of the road network (0.45 persons per kilometer) (IDB and CDB, *Infrastructure for Development. A Policy Agenda for Suriname, 1996*). This appears to be a major reason why the cost of maintaining and rehabilitating a kilometer of road is higher in Suriname than in most Caribbean countries (Table 22).

TABLE 22	
Periodic maintenance and rehabilitation costs per kilometer of road (US dollars)	
Country	Cost (US\$)
Jamaica	445,000
Suriname	307,000
Trinidad and Tobago	265,000
Barbados	204,000
<i>Source: IDB & CDB, Infrastructure for Development. A Policy Agenda for the Caribbean, 1996.</i>	

There is also ample evidence that government provision of social services is inefficient at present (especially in education) and that considerably better outcomes could be obtained by a better use of resources. Public expenditure on education is equivalent to 5 percent of GDP and 12 percent of total government expenditures. However, the education system produces a low number of well-qualified graduates and of the students who do graduate, some, particularly those with technical-vocational training, have skills that are only marginally useful to employers. Therefore, the system

poorly equips students with skills with which they can earn a living. Nor does the system provide employers with a skilled, highly productive workforce (IDB, 1997).

Over-consumption of medicines and a long average length of stay in hospitals also points to waste and inefficiency in the health system (IDB, 1999a). In addition, general practitioners are not used efficiently.

The budgetary system contributes to the inefficient use of resources in two ways. First, it does not provide incentives for ministries and units to use resources efficiently. Second, ministries and units are constrained in their ability to act efficiently, even if they wished to do so.

The budgetary system does not generate incentives to encourage efficiency. Under the current system, budgets are determined by inputs, in particular by the payroll plus some other running costs. Therefore, funding is linked only very indirectly to output or outcomes. The quantity of inputs provided does not vary according to the efficiency with which resources are used. Therefore, ministries and government units receive no penalty for using resources inefficiently and have no incentive to increase efficiency.

Not only do ministries and individual units not have any incentive to act efficiently, but also they are constrained in their ability to act efficiently. Despite the decentralization of departments such as the Accountancy Office (Comptabiliteits) and the CBB, the funding system is highly centralized. Individual units, and to a large extent even ministries, have no control or discretion over what inputs they can use. Because the government uses the public sector as the employer of last resort, ministries and units are generally obliged to use an inefficient mix of too much labor and too few complementary inputs, such as supplies. The lack of complementary inputs sharply reduces the productivity of staff. For example, the Ministry of Education and Community Development spends roughly 89 percent of its budget on personnel and only six percent on general operation, utilities and supplies. It spends only around one percent of its budget on maintenance and repairs. As a consequence, the Director of Technical Services in the MOECD estimates that 60 percent of government schools need repair (IDB, 1998). Moreover, the micro-management of inputs is costly in terms of managers' time. Seemingly trivial activities, such as the replacement of a light bulb, can be a major undertaking for a section head.

A summary of the strengths and weaknesses of budgetary management

STRENGTHS. Suriname's budgetary institutions have certain strengths. First, spending ceilings are determined before discussions about allocation. This constrains budget negotiations at the margin to choosing between competing projects rather than between projects or a higher deficit. Second, budget institutions are somewhat hierarchical in that they give primacy to the Ministry of Finance. The Ministry of Finance negotiates bilaterally with ministries rather than collegially. This procedure increases the bargaining strength of the Ministry of Finance vis-à-vis the spending ministries. IDB research has shown that both factors contribute to lower spending and lower deficits in Latin America and the Caribbean (IDB, 1997b).

WEAKNESSES. However, Suriname's budgetary procedures, institutions, and organizations have fundamental weaknesses that more than offset those strengths. Most notably, the budget

process is too long and complicated, the organizational structure is overly complicated, and budgetary organizations suffer from general weaknesses.

Excessive preparatory time diminishes the reliability of budget estimates and dissipates the focus of budget preparation. The execution period is also too long because of the use of a complementary period. This complicates the management of budget execution, creates overlapping execution periods, and impedes accounting and auditing functions. The coding system is too detailed.

In addition to these deficiencies in the budgetary process, the organization structure is overly complicated. Two ministries prepare different parts of the budget. Within the MOF alone, five separate departments have an important role in the budget. This complicated and diffuse organizational structure hampers coordination, accuracy and speed.

The complicated budgetary process and organizational structure are compounded by general organizational weakness. Most of the departments and entities that have a role in the budgetary process suffer from weak staffing, a lack of computerization, and weak middle management.

The budgetary process takes place in a permissive culture: the budget is accommodating, there is a pervasive scarcity of accurate and useful information about the budget, and accountability is minimal. The budget is accommodating in that it adjusts to circumstances. Thus, its usefulness as a planning tool and an instrument of public policy is much diminished. The lack of accurate and useful information about the budget (either during preparation, or execution, or at the accounts stage) further diminishes the ability of the government to manage the economy and to execute strategic priorities. In addition, the lack of information undermines accountability. The National Assembly and oversight agencies, such as the Auditor's Office, have minimal ability to hold the executive accountable on budgetary matters. The MOF has little ability to hold various ministries accountable.

Given these weaknesses in budgetary process, institutions and organizations, it is unsurprising that Suriname has suffered poor budgetary outcomes. Macroeconomic management has been exceptionally weak, causing chronic macroeconomic imbalances and instability. The optimality of resource allocation has been questionable and resource use has generally been inefficient.

An agenda for improvement

It is clear that the budget process, institutions and organizations will require an overhaul in order to achieve better budgetary outcomes. Some improvements, particularly in budget procedures, can be done quickly and cheaply. Other reforms, particularly in budget organizations, are more complex and will take more time. In view of the importance of sound financial management to Suriname's development prospects, improving budgetary management is a matter of urgency.

SHORT-TERM MEASURES. In the short term little can be done about organizational structure and general organizational weaknesses. However, significant gains can be achieved merely by simplifying budgetary procedures.

Abolish the complementary period: Starting with the next budget, the MOF should abolish the practice and institution of a complementary budget. Abolition of the complementary budget would simplify the management of the budget and accounting.

Shorten budget preparation time: The government should shorten the budget preparation time by starting the budget preparation cycle several months later than at present (for example, in June, rather than February). This should help to improve the accuracy of budget estimates and help to maintain the focus and momentum of budget preparation.

Reform the coding system: The MOF should reduce the number of individual budget codes and simplify the article structure. Reducing the number of individual article ceilings would produce general ceilings that are easier to manage and comply with.

Adopt a conservative bias on capital expenditures: It may be prudent to adopt a conservative bias regarding capital expenditures and other new obligations, in recognition of the fact that at the moment the government lacks the tools to budget properly for on-going and recurrent costs of projects. The present system is likely to greatly underestimate recurrent costs, and adopting a conservative bias could help to offset this bias until the government is able to raise general budgetary procedures and institutions to a level where recurrent costs can be properly projected and incorporated into budgetary decisions.

Improve the flow of data to the Auditor's Office: Although data are deficient in many respects at present, and although the Auditor's Office is poorly staffed, the cost of improving the flow of government financial data to the Auditor's Office would be minimal and would be more than justified by the boost to the ability of the Auditor's Office to conduct oversight activities.

MEDIUM-TERM MEASURES. In the medium term it will be possible to implement more fundamental changes, including reforms to the organizational structure.

Merge various MOF departments into one Budgetary Management Department: The government should consider merging the Treasury Inspectorate, Accountancy Office, the Central Bookkeeping Office, the Budget and Financial Affairs Department and the Central Paymaster into one Budget Management Department, as recommended by the IMF (1997). The new department would have a director who is equivalent to the Director of the Tax Office, and who is accountable to the Minister of Finance and Permanent Secretary of Finance for all aspects of budgetary preparation and execution. The merger would allow better communication, would improve the flow of information and data, and would enhance accountability for budget preparation and execution. It would also help to prepare for a later shift towards an Integrated Treasury Management system (see below).

Use the new coding system to improve budget presentation: The government should complete the shift to GFS-type coding and take advantage of it. Most importantly, the government should use its newly-acquired ability to aggregate item codes into useful groupings to improve and simplify the budget that it presents to the National Assembly. The government should aim to present the budget by program, as well as by ministry or department, so that budget discussions can focus on policy issues and policy-makers can make a better assessment of trade-offs.

Link budgetary allocations to outputs and outcomes: In order to start improving the efficiency with which budgetary resources are used, the government should start to link the allocation of resources to outputs and outcomes and move away from the present practice of linking funding to inputs. By putting greater emphasis on performance as a criterion for receiving funds, one can make budgets an instrument for putting pressure on public providers to be efficient. Indicators of performance should preferably be quantitative and easily measurable and verifiable. Ideally, such indicators should be selected or designed with the active involvement of the ministry or organization whose performance will be judged.

Integrate the development budget into the general budget: It is clear that the development and general budgets need to be integrated better. The IMF (1997) proposes four methods of achieving better integration, ranging from minimal procedural improvements to a complete merger of the budgets and elimination of any legislative separation. While the latter is desirable in the long-term, in the medium-term it may be more feasible to achieve integration by establishing a committee to review the interaction between the two budgets or to merge the estimates review process by issuing only one budget circular requiring only one set of estimates that covers both current and capital expenditure.

Clarify the line of accountability for the Auditor's Office: The government should consider clarifying the lines of accountability for the Auditor's Office. At present the Auditor's Office is supposed to report to both the National Assembly and President. This diffuses the mandate and also creates a conflict of interest. The Auditor's Office could be made more explicitly a tool for the National Assembly to oversee the executive. The Auditor's Office should have more independence from the executive, with its own budget that is determined by the National Assembly.

Consider measures to reduce "shocks" to budget execution: The government could consider measures that would reduce shocks to the budget during execution. In particular, it may be possible to arrange to negotiate civil servant's salary increases with trade unions at the same time as the budget is being prepared, thereby avoiding surprises during execution and ensuring that budget estimates of wage and salary expenditures (which are the largest item of government expenditures) are more realistic. In part, however, the feasibility of this measure would depend on a reasonable degree of macroeconomic stability, given that the frequency with which trade unions seek to negotiate salary increases rises with greater macroeconomic instability.

Establish an Integrated Treasury Operation: The government should consider establishing a centralized integrated treasury operation, as recommended by the IMF (1997). This would involve the creation of an integrated computerized system capable of processing the preparation, authorization, execution, accounting and reporting stages of the budget cycle.

Upgrade budget management staff: Over the long-term, it will also be necessary to address problems of general organizational weakness caused by staffing deficiencies. The government will need to raise the average qualifications, training, and problem-solving abilities of the staff handling the budget. This staffing problem is a generalized problem throughout the civil service and will have to be tackled over time (see Section 4.8.2).

4.5.2 Revenue management

The government markedly improved the quality of revenue management, specifically taxation, in the middle and late 1990s. Nevertheless, in order to reach the goal of generating sufficient public resources in an efficient, nondistortionary, equitable and sustainable manner, further reform of the tax system and strengthening of tax administration are still required.

Taxation structure and administration

Suriname has approximately 19 separate taxes but the six most important ones bring in 95 percent of total revenues (Table 23). The two major taxes on income (on companies and individuals) are the most important source of revenue, bringing in 44 percent of total tax revenues between 1998 and 2000. The two major taxes on international trade (customs duties and statistical fees) are the second most important source, accounting for 27 percent of total tax revenues in 1998-2000. The relatively high proportion of revenues derived from taxes on international trade is typical of small, open, developing countries. The two major taxes on consumption (a sales tax and a tax on gasoline) are the third largest source and have become much more significant since 1998. The tax structure is evenly balanced with respect to direct and indirect taxes.

TABLE 23		
Tax structure: Selected taxes as a percentage of total tax revenues (1996-2000)		
	1996-97	1998-2000p
Income taxes	54.8	43.6
Corporate income tax revenue	36.5	17.2
Individual income tax revenue	18.2	26.5
Principal taxes on international trade	33.9	27.4
Customs duties	27.8	22.0
Statistical fees and consent rights	6.1	5.5
Principal consumption taxes	7.4	22.6
Tax on motor fuel	7.4	5.2
Sales tax	0.0	17.4
Other taxes	3.9	6.3
TOTAL	100.0	100.0
<i>Source</i> : MOF; IMF.		

Taxes are administered by the Office of Tax Administration (OTA), which is a directorate of the Ministry of Finance. OTA is divided into two sub-directorates — the Office of Direct Taxes and the Office of Indirect Taxes (which consists mainly of the customs).

Recent reforms and improvements

The government has markedly improved the tax system and administration since 1993. Prior to 1994, revenue collection effectiveness had declined, tax rates were numerous and widely dispersed, marginal tax rates rose to high levels, compliance was poor and administration was weak. By 1993, tax revenues had fallen to only 8 percent of GDP due to the above problems, an artificially low official exchange rate (which affected the local currency revenues of bauxite company income taxes and international trade duties), low international alumina prices, and an acceleration of inflation. However, by 1995 tax revenue had more than trebled to 25 percent of GDP (Table 24).

	1993	1994	1995	1996
Tax revenue	8.0	15.4	25.4	23.6
Direct tax revenue	5.6	8.8	14.8	12.6
Corporate income tax revenue	1.6	6.7	10.9	9.4
Individual income tax revenue	3.9	2.0	3.9	3.1
Other direct tax revenue	0.1	0.1	0.0	0.1
Indirect tax revenue	3.5	6.4	11.4	11.0
Float	-1.1	0.2	-0.8	0.0

Source: MOF; IMF; GBS; and IDB.

Although the bulk of this improvement was due to macroeconomic factors such as the correction of the official exchange rate in mid-1994 and the recovery of international alumina prices in 1994-95, part of the improvement was due to improvements in tax policy and administration.

The government strengthened tax administration in three important areas: a switch to self-assessment of income tax liabilities, an improvement in the integration of taxpayer information, and enhanced auditing.²⁰ In 1995, OTA introduced a self-assessment income tax system that shifted the burden of ensuring prompt payment of income taxes from OTA to taxpayers. This move increased compliance and shortened the lag-time between a taxpayer incurring a tax liability and making a payment from several years to one year at most because under the new system taxpayers became obliged to pay every quarter and to regularize any pending unpaid obligation early in the following calendar year. In turn, the shortened lag-time sharply reduced Olivera-Tanzi effects on tax revenues, which had become significant in 1993-94 when inflation accelerated sharply. In addition, OTA integrated information on taxpayers and automated it in an integrated tax information system. Last, OTA sharply improved auditing by creating a special unit to control taxpayers and by focusing

²⁰ A Dutch technical assistance project and the IDB's "Institutional Strengthening of Tax Administration" project supported these improvements.

auditing efforts on the largest taxpayers. Given that in 1996 the top 20 taxpayers represented 51 percent of total direct tax revenues and the top 500 taxpayers represented around 80 percent, focusing on the largest taxpayers has used OTA's scarce auditing resources efficiently. The combination of these measures has increased tax compliance, reduced evasion, and increased the effectiveness of tax administration (Table 25).

TABLE 25			
Income tax compliance (1996-98)			
(Number of actual payers as a % of registered taxpayers)			
	1996	1997	1998
Corporations	66.3	73.7	72.9
Individuals	49.0	54.1	65.5
<i>Source:</i> OTA.			

After 1994, the government consolidated and simplified **tax rates** and reduced high marginal tax rates. The government collapsed corporation tax rates into a single rate, which in 1999 was 38 percent.²¹ The government brought down the marginal tax rate on individual incomes from 15-60 percent to 10-40 percent. In addition, the government reduced the number and dispersion of customs tariffs in 1994. The government consolidated multiple levels of tariffs between 0 and 100 percent into four tariff categories ranging from 5 to 40 percent, which were subsequently reduced further to a 0-20 percent range on non-CARICOM goods in 1998. Therefore, in terms of tax rates, Suriname is already following best practice and the above reforms have served to greatly simplify the tax system, reduce distortions and facilitate compliance and administration.

The government has also improved the **tax structure** by broadening the tax base through improved compliance with existing taxes and the introduction of new taxes. Most notably, the government introduced a tax on sales of goods and services in 1998 as a step towards a full-fledged value added tax.

An agenda for further improvements

Notwithstanding the above improvements, the government still has considerable scope to further improve the tax system and administration in order to increase the efficiency and effectiveness of administration, increase compliance and the credibility of tax administration, and reduce the level of evasion.²² The principal options are to:

Streamline the tax system: The government should consider abolishing several low-revenue taxes. Many of these taxes (dividend tax, wealth tax, taxes on inheritance, tax on merchandise in transit, taxes on goods in bonded warehouses) are administratively costly relative to their yield, have chronically low compliance, and create administrative costs and irritants for the private sector that are not justified by their meager benefits to the treasury. Termination of such taxes would free up

²¹ There are a few exceptions, most notably the bauxite companies which pay 40 to 45% and casinos which pay 50%.

²² See IDB (1997) Plan of Operations for the "Institutional Strengthening of the Tax Administration Office (Phase II)".

OTA's time to concentrate on other taxes (quite possibly increasing the total tax take), reduce business costs, minimize the number of difficult-to-enforce taxes and increase OTA's credibility. The tax on the rental value of land and buildings could be replaced by a property tax, which would probably raise far more revenue.

Remove inconsistencies between legislation: The government needs to remove some inconsistencies between the legislation governing different important direct taxes, such as differences in minimum taxable amounts.

Consolidate and unify tax regimes: The self-assessment regime for income taxes currently co-exists with the old assisted assessment system. The government should terminate the old assessment system because it is now redundant and consumes administrative resources that could be used more productively elsewhere.

Reform OTA's organizational structure: At present, OTA is organized by type of tax instead of by function. This structure creates overlaps and prevents a complete integration of OTA's different areas. Configuring OTA by function would be more efficient and could improve the effectiveness with which different functions are carried out.

Strengthen auditing: As noted above, the government has strengthened auditing considerably in recent years. Nevertheless, increasing the coverage and productivity of auditing is still desirable. In particular, OTA needs to expand auditing to areas where evasion is high. Moreover, OTA could increase auditing effectiveness by training staff to use data from external sources as a means of identifying delinquent taxpayers.

Strengthen collection systems: OTA could strengthen collection systems by concluding a formal agreement with the commercial banks, through which most personal taxes are paid, and by enhancing the information contained in the taxpayer master file. At present, banks do not include the Unique Taxpayer Identification Number in the receipts and often do not even list the correct taxpayer name, thereby hampering the accuracy and consistency of OTA's data. Moreover, the banks frequently fail to transfer the collected funds to the OTA's accounts on a timely basis. An agreement with the post office would enable people in the interior to pay their taxes in their local post office rather than having to come to Paramaribo.

Improve assistance to taxpayers: OTA could make more information available to the public (guides, press releases, etc) to help inform taxpayers of their rights and obligations. This would assist the public and facilitate compliance.

Strengthen the customs: The customs should strengthen procedures, particularly with respect to valuation, in order to ensure that revenues from international trade are maximized with the existing rate structure.

4.6 Performance

Good government performance consists of doing the right things (relevance), doing things well (effectiveness) and doing them efficiently (with a high output to input ratio). Good performance requires attainment of all three aspects. This section concentrates on governmental relevance and effectiveness because efficiency has already been discussed under the financial management section.

4.6.1 Relevance

An essential component of a government's performance is relevance: is it trying to do the right things? In a market economy most goods and services are best provided by the market. However, there are several important circumstances when markets fail and the government needs to act to correct these market failures.

First, not all goods and services are market goods in the sense that they are *rival* (they can be consumed once and by only one person) and *excludable* (users can be prevented from consuming the good or service). *Public goods*, such as national defense, benefit an entire country and are non-rival and non-excludable. These characteristics make it infeasible to charge for the consumption of public goods and hence private suppliers lack the incentive to supply them. Consequently, the government must step in to ensure that such public goods are provided at a socially optimal level. *Common property goods*, such as fishing areas, are non-excludable but rival. And *toll goods*, such as toll roads, are excludable but mostly non-rival. As with public goods, without government intervention markets alone will not provide socially optimal levels of common property and toll goods.

Second, some costs or benefits may be external to a firm or individual and therefore not fully taken into account in their decision-making. Such *externalities* cause private benefits and costs to diverge from the benefits and costs to society. For example, the cost of pollution (a negative externality) is much greater for society than for the polluting firm. Similarly, primary, and to a lesser extent secondary, education generates positive externalities in that it brings larger benefits to society than those accruing to the student alone. Therefore, government intervention is required to curb negative externalities and promote positive externalities.

Third, in some instances markets will fail to be competitive and therefore may fail to produce a socially optimal outcome. In certain industries, the production of market goods will be subject to increasing returns to scale thereby eliminating competition and producing a *natural monopoly*. Without government regulation, natural monopolies will tend to exploit the consumer by restricting output, raising prices, and by becoming lazy and inefficient.

Fourth, government is sometimes needed to overcome information failures. In certain situations, the market by itself will supply too little information to consumers. Government intervention is therefore necessary to overcome imperfect information in such areas as product standards and information disclosure.

Fifth, government action is sometimes needed to “complete” incomplete markets. In certain situations, private markets fail to provide a good or service, even though the cost of providing it is less than what individuals are willing to pay. These situations can arise because of coordination problems, particularly when markets are complementary (i.e. one market depends on another market) or because of inter-temporal considerations — a viable market in the future depends on certain actions in the present.

Last, government action is necessary to improve equity and protect the vulnerable. While market mechanisms may be the best method for a society to maximize its production and consumption of goods and services, competitive markets may distribute income in socially unacceptable ways. Thus some segments of society may be unable to achieve living standards that a society deems acceptable. Government action can help by redistributing income and protecting the vulnerable (the poor, the elderly, children and the disabled). Government action can also create a more level “playing field” by ensuring that everybody has the assets with which to produce an income (through complete access to basic education and basic health). The extent to which a government intervenes to improve equity depends largely on a society’s culture and values.

The picture that emerges from a comparison between the theoretical functions of government and those actually undertaken by the government in Suriname is that of an over-extended government (Table 26). The government attempts to execute virtually all of the tasks required of any government and many more. It attempts to execute many tasks that would be better either not executed at all (such as price controls) or executed instead by the private sector (such as the provision of commercial services, production of goods, and ownership of foreign exchange and land).

TABLE 26 Comparison between the theoretical activities of government and the actual activities of the government of Suriname	
Theoretical activities of government	Actual activities of the government of Suriname
1. Provision of public and other non-market goods	
a) National defense and maintenance of territorial integrity	Provision of national defense – Min. of Defense
b) Maintenance of relations with other states and international organizations	Maintenance of relations with other states etc. - Min. of Foreign Affairs, Min. of Planning and Development Cooperation and other ministries
c) Maintenance of internal order (incl. police services, fire services and prisons)	Maintenance of internal order – Min. of Justice and Police, Min. of Defense, Min. of Home Affairs
d) Provision of a legal framework	Provision of a legal framework – Min. of Justice and Police and other ministries and state entities
e) Provision of a stable macroeconomic environment (incl. a stable currency and regulation of the banking system).	Macroeconomic management – Min. of Finance and Central Bank
f) Overall planning and statistical services	Planning and statistical services – Min. of Planning and Development Cooperation, General Bureau of Statistics, Min. of Finance, Central Bank and other state entities

TABLE 26 Comparison between the theoretical activities of government and the actual activities of the government of Suriname	
2. Correction for Externalities	
Positive	
1) Maintenance of public health	Maintenance of public health – Min. of Health, BOG
2) Provision of basic education	Provision of basic education – Min. of Education
3) Support for basic research	Basic research – CELOS, Min. of Agriculture, SIRI
4) Water control and drainage	Water control and drainage – Min. of Public Works, district governments, SWM
Negative	
5) Protection of the environment	Protection of the environment – NIMOS, BOG, Min. of Natural Resources
6) Management of non-renewable resources	Management of non-renewable resources – Min. of Natural Resources
7) Garbage collection	Garbage collection – Min. of Public Works
3. Correction of Failures of Competition	
a) Public provision or regulation of private provision of drinking water and sewerage collection	State-owned Suriname Water Company
b) Public provision or regulation of private electricity distribution	Public distribution of publicly and privately generated electricity – State-owned Electricity Company of Suriname, Min. of Natural Resources
c) Public provision or regulation of private provision of telecommunications services	Public provision and regulation of private provision – State-owned Telesur and privately-owned cell-phone company
d) Regulation of port and airport services	Publicly-owned ports and airports
4. Overcoming Imperfect Information	
a) Setting product standards to protect consumers	Establishment of medical standards – Min. of Health Establishment of agricultural health standards – Min. of Agriculture
b) Ensuring proper information disclosure	Medical labeling – Min. of Health
5. Completing Incomplete Markets	
a) Ensuring functioning insurance markets	Monitoring of insurance markets – Central Bank
2) Ensuring completely functioning loan markets	Monitoring of banking sector – Central Bank
3) Mitigating coordination failures	–
6. Ensuring Social Equity and Protecting the Vulnerable	
1) Ensuring access to basic health	Ensuring access to basic health – Min. of Health
2) Ensuring access to basic education	Ensuring access to basic education – Min. of Education
c) Providing a social safety net for the vulnerable (poor, elderly, and disabled).	Providing a social safety net – Min. of Social Affairs

TABLE 26 Comparison between the theoretical activities of government and the actual activities of the government of Suriname	
4) Ensuring access to basic shelter	Providing low-income housing – Min. of Social Affairs
e) Ensuring access to justice and conflict resolution services	Providing legal aid – Min. of Justice and Police
	Other Activities Carried out by the Government of Suriname
	Regulation of prices of market goods (Min. of Trade and Industry)
	Administrative control of foreign trade – until September 1, 1999 (Min. of Trade and Industry)
	Ownership of foreign exchange (Central Bank)
	Ownership and management of land (Min. of Natural Resources)
	Intervention in the labor market (Min. of Labor)
	Management and allocation of housing (Min. of Social Affairs)
	Execution of construction of roads and public buildings (Min. of Public Works)
	Execution of road maintenance (Min. of Public Works)
	Construction of public housing (Min. of Public Works)
	Architectural services (Min. of Public Works)
	Production and distribution of medicines (BGVS)
	Air transport services (SLM)
	Electricity generation (EBS)
	Banking services (DSB, Hakrinbank, VCB, Landbouwbank and Postbaarbank)
	Hotel services (Torarica)
	Production and refining of crude oil (Staatsolie)
	Production of various agricultural commodities (various state-owned enterprises)

4.6.2 Effectiveness

The public sector's effectiveness relates to the fulfillment of its mission and attainment of its goals. In service provision functions effectiveness depends on the quality of services provided, client satisfaction, and the coverage of service provision. It is impossible to present a complete evaluation of the government's effectiveness here because of space constraints and insufficient information. Moreover, even in advanced countries where information is plentiful, government performance is intrinsically hard to measure. However, partial examination in selected areas gives a picture of pervasive, although by no means total, ineffectiveness of government.

Assessment of government effectiveness in the provision of public goods

The government's effectiveness in providing public goods has been mixed. On the one hand, the government has been successful in fulfilling the most basic function of a state: the provision of national defense and the maintenance of territorial integrity. It has also been relatively successful in maintaining relations with other states and international bodies. Similarly, the government has been relatively successful in maintaining internal order, aside from the disruptions in the interior during the 1986-92 civil war.

On the other hand, law enforcement has been uneven spatially — the rule of law is applied only minimally in the large parts of the interior and armed groups have been able to move with impunity in the District of Marowijne. In addition, the government has failed to provide macro-economic stability and a stable currency, which is a critical public good. Annual inflation averaged 40 percent between 1980 and 1999 (77 percent between 1990 and 1999). As a result, in 1999 Suriname's currency was worth only 0.17 percent of its domestic purchasing power in 1980 and only 0.20 percent of its external purchasing power (measured against the US dollar). The standard deviation of the change in the real exchange rate was 19.7 percent between 1980 and 1999. Moreover, the macroeconomic environment was not only highly volatile but also highly distorted; between 1980 and 1999 the average spread between the official and parallel exchange rates was 486 percent.

Assessment of government effectiveness in correcting for externalities

Partial evidence suggests that the government's effectiveness in correcting for externalities has declined over time. In the area of public health, the government has become less effective in controlling communicable diseases over the last 15 years (Table 27). However, it is difficult to know how much this is due to decreased government effectiveness and how much due to exogenous factors. For instance, the large growth in the number of malaria cases is probably also related to the increased population in the interior as a result of the expansion in gold refining.

TABLE 27				
Number of cases of selected communicable diseases				
Disease	1985	1990	1995	1999
Gastroenteritis (< 5 years)	1,126 *	1,175	3,143	2,630
Malaria	1,220 *	3,059	17,106	13,216
TB (incidence per 100,000)	18.2 *	17.9	17.6	23.4
Viral Hepatitis	12 *	0	10	107

Source: Bureau of Public Health (BOG).
* Totals until June 15, 1985. No other reports available for that year.

Suriname vaccinates less of its population against measles than most other countries in the region but vaccinates slightly more against diphtheria-pertussis-tetanus (Table 28).

TABLE 28		
Vaccination coverage (1997)		
Country	DPT vaccination Coverage (%) (<1 year)	Measles vaccination coverage (%) (<1 year)
Belize	86	98
Guyana	88	82
Jamaica	90	89
Suriname	90	78
Trinidad and Tobago	85	88
Venezuela	60	68
<i>Source:</i> PAHO "Health Situation in the Americas: Basic Indicators", 1998.		

The government has been partially effective at providing basic education. Coverage has been broad but the quality of education has been questionable (IDB, "Suriname: Education Sector Study," 1998). Tracer studies of recent graduates have not been conducted, but widespread skills shortages and anecdotal evidence suggest that the education system is not producing an adequate supply of qualified employees. Many graduates from the public education system do not have the skills necessary to find and hold meaningful employment, which negatively affects their life chances and obliges employers to conduct extensive training of new employees.

Assessment of government effectiveness in correcting failures of competition

The government has been ineffective at correcting failures of competition, particularly with respect to natural monopolies. Indeed, the prevailing tendency has been to reinforce monopoly positions and exacerbate monopoly behavior. In air transport, the government has restricted international carriers to SLM, ALM and KLM. Effectively, this has furnished SLM with a monopoly in flights between Suriname and countries in the western hemisphere, which has resulted in high ticket costs and restricted choice and access for consumers.

Until the 1990s, the telecommunications services sector was regarded as a natural monopoly in many countries. This justified public ownership of the telecommunications company or strong public regulation of a private telecoms company. In Suriname, the government opted for public ownership but has not been effective in regulating the public provider. As a result, Surinamese consumers have suffered poor service and high charges. On one estimate, Suriname is the highest cost destination in the western hemisphere for calls from the United States (Table 29).

TABLE 29	
Cost of a one minute international call from the US to selected countries	
Destination country	US cents
Chad Republic	137
Suriname	111
Belize	91
Guyana	87
Jamaica	73
Barbados	63
Trinidad and Tobago	61
Venezuela	44
Netherlands Antilles	26
The Netherlands	19
United Kingdom	10
<i>Source:</i> 9-Line Communications, International Long Distance Rates, August 1999.	

In 1997, the government decided to introduce competition into the sector and it authorized a privately-owned cell-phone company to operate in Suriname. The benefits of the increased competition began to show almost immediately in the form of improved service to the public and reduced international telephone rates from Suriname.

Assessment of government effectiveness in ensuring equity and protection of the vulnerable

The government has probably been most effective in ensuring equity and protecting the vulnerable. The government has ensured nearly universal access to basic health and education and as provided an extensive social safety net that, notwithstanding problems, has provided some protection to most of the vulnerable. Nevertheless, these achievements have taken place against a background of worsening poverty and increasing income inequality.²³

The government has ensured nearly universal access to basic health care services. The Ministry of Social Affairs certifies the poor and near-poor (approximately 42 percent of the population) and ensures that the disadvantaged population has access to state subsidized health care services (IDB 1999). Nearly all the remaining population is covered either through a state health insurance fund (35 percent) or through private sector employers (20 percent).

The government has succeeded in ensuring universal access to primary education and a very high coverage of pre-primary education. This compares favorably with the rest of the Caribbean region (Table 30).

²³ There are few estimates of income inequality. One systematic examination of household survey data, Horowitz and Weinhold (1998), estimated that the Gini coefficient of labor income increased from 0.42 in 1990 to 0.61 in 1993 before declining to 0.52 in 1994.

TABLE 30		
Enrollment ratios (% of Age Cohort)		
Country	Gross pre-primary	Net primary
Suriname	94	100
Jamaica	83	100
Guyana	71	n.a.
Trinidad and Tobago	8	88
Belize	n.a.	96
Barbados	n.a.	89
<i>Source:</i> IDB, Economic and Social Progress Report, 1996.		

Although Surinamese Governments have long been strongly committed to providing a social safety net and protecting the vulnerable, as evidenced by a plethora of social benefits and the significant proportion of GDP spent on social benefits (ranging in recent years from 2.8 percent in 1995 to 8.3 percent in 1992 (Institute of Social Studies (ISS), 1999)), the effectiveness of the social safety net has been mixed. Coverage has been mixed, with benefits generally reaching the poor in coastal areas but covering the interior less reliably due to logistical problems. Simons and Engberink (1997) note that the interior received a distribution of packages of basic goods only once during the six distributions in 1996-97. And while there have been relatively few problems of excluding genuinely poor in the coastal region, many non-poor have also benefitted from the social safety net. The value of the benefits has been questionable at times. The value of cash transfers collapsed under high inflation in 1992-94, but recovered somewhat in 1996-97, and the delivery and quality of in-kind transfers has become less reliable in the 1990s.

Three problems have reduced the effectiveness of the social safety net: the method of support, the diversity of programs, and targeting. First, the prevalent use of general price subsidies and in-kind transfers as a method of providing a social safety has undermined its effectiveness and efficiency. General price subsidies have been an inefficient means of alleviating poverty because the whole population — rich and poor alike — have benefitted and because general price subsidies have created negative incentive side-effects. In-kind transfers are often logistically difficult and costly and may be valued less by households than their cash equivalent. Simons and Engberink (1997) estimate that storage and distribution costs of the basic goods packages that were distributed to the poor represented 30 percent of the value of the packages. Second, the government has dispersed the social safety net in numerous programs rather than concentrating it in a few, worthwhile programs. Because the government has spread the social safety too thinly, individual programs have suffered from low benefits and high administrative and logistical costs. Dispersion has also weakened coordination. ISS (1999) notes that on one estimate there are 15 different social benefits and 15 different databases. Third, problems with targeting have also undermined the effectiveness of the social safety net. ISS (1999) attributes the targeting problems to: (a) delayed adjustment of eligibility criteria for inflation; (b) under-registration of incomes (particularly from the informal sector and from foreign remittances); (c) the use of eligibility as patronage; and (d) logistical problems with the interior. ISS (1999) also notes that government urban housing programs, which have ostensibly been part of the social safety net, have benefitted only the not-so-poor because

beneficiaries have been required to have access to land to qualify for the programs, and the programs have sponsored relatively large and expensive houses.

Assessment of government performance in non-core functions

The government has undertaken two broad types of non-core functions: market-replacing activities, such as the state production of marketable goods and services, and market-suppressing activities, such as the control on ownership and exchange of foreign currency. These non-core activities have typically been among the least successful of the government's activities.

The overall performance of state enterprises has been poor. They have generally been inefficient and have produced inferior quality goods and services. Most state enterprises have made losses due to high cost structures and inadequate pricing policies (which the government has sometimes imposed on them). As a result, subsidies to state enterprises have represented a considerable drain on the treasury. Many enterprises have been poorly managed and have inadequately provided for maintenance. In some cases, the enterprise has ceased production completely but has continued to pay its employees, as an informal extension of the social safety net. In most cases, output per worker or per guilder of capital invested compares unfavorably with private sector companies. Although the government has often controlled state enterprises' pricing policies and has subsidized their losses, in general it has received very little information from state enterprises about their financial operations (consolidated profit/loss statements, cash flow data). In this respect, most state enterprises have not been accountable to their owner — the state.

The government's market-suppressing activities have invariably been only partially effective at achieving their aims and have been undermined by the development of parallel or informal markets. The parallel markets have been quantity-clearing and have eliminated the excess demand created in the official or controlled market. Nevertheless, although parallel markets have compensated to some degree for government attempts to suppress markets, they have not undone all of the damage created by the interventions and are a distinctly second-best situation compared to free and unified markets without government intervention.

Government credibility and predictability

Government credibility and predictability are important aspects of governance that can affect the performance of a government, particularly with respect to the effectiveness of the government's economic policies and its ability to promote economic development. Government credibility — the extent to which the private sector believes that a government is honest in its stated intentions and realistically can execute them — is determined by past performance (reputation), an assessment as to whether the government has a realistic understanding of its own capabilities, and other considerations. The predictability of the business environment is a function of the predictability of changes in policies and laws, the stability of government and the security of property rights.

Credibility and predictability affect the willingness of the private sector to invest (long-term investments are particularly sensitive to credibility and predictability), the willingness of financial institutions and savers to extend credit to the government, and the propensity of asset holders to move their wealth abroad. Their impact can be important. The World Bank (1997) estimated that

gross investment averaged 12 percent of GDP in countries with low credibility and an unpredictable business environment, after controlling for other factors, but nearly 18 percent in countries with high credibility and predictable business environments.

Government credibility and predictability are difficult to measure because they are subjective perceptions of the private sector. Nevertheless, there are some indications that Suriname's private sector has perceived the government's credibility and predictability as problematic. The most influential business organization — the Suriname Trade and Industry Association (VSB) — published a memorandum in June 1998 that, among other things, complained about the lack of predictability regarding government policies on privatization, liberalization, exchange rate management, price determination and natural resource concessions. The memorandum also questioned the credibility and realism of earlier government intentions. More generally, the track record of macroeconomic volatility is likely to have eroded the credibility of macroeconomic policy management and political instability has, at times, lowered the predictability of government policies. On the other hand, certain property rights have been reasonably secure given that Suriname has no tradition of nationalizing foreign direct investments or of expropriating private investment.

4.7 Conclusions

In several respects the executive branch of government has been a substantial drag on Suriname's economic and social development. The government does not function well, resulting in poor policymaking, low quality services for the public and missed development opportunities. In addition, the government has been exceptionally costly. Together, these factors have negatively effected Suriname's development outcomes.

4.7.1 The impact of poor performance

The most significant impact of poor government performance has been that it has contributed to poor overall development performance and contributed to the stagnation of Suriname's living standards — per capita GDP in 1999 was marginally lower than that of 1975. Development performance has stalled largely because the government has not provided the public goods that are critical to the development process: macroeconomic stability and an undistorted incentive framework.

A second major impact is that the quality of services that the government has provided directly to the public has been low, in general. For instance, education and health outcomes could have been better if government had been more effective. Where state enterprises rather than the core government have provided goods and services, quality has tended to be poor. State enterprise-produced goods and services have also been relatively expensive, although the costs have been largely borne by taxpayers rather than consumers.

Poor performance has tended to erode public confidence in public organizations and institutions, thereby undermining the legitimacy and credibility of government. In turn, this has further undermined governance capacity. Last, poor government performance has stimulated the growth of informality and parallel mechanisms and systems.

4.7.2 The impact of high costs

Suriname's government has been exceptionally costly over time. Government consumption amounted to 30.5 percent of GDP in 1997—by far the highest of any Latin American and Caribbean country and well above the regional average of 9.9 percent. The high level of government consumption has had several detrimental effects. It has been a major cause of large fiscal deficits and therefore has contributed to macroeconomic disequilibrium and instability. Between 1980 and 1998, the average fiscal deficit was 10.5 percent of GDP. High government consumption has also necessitated a heavy tax burden, even though a large part of the cost has been monetized. Tax revenues averaged 19.5 percent of GDP between 1990 and 1998, which is above the average for Latin America but typical of the Caribbean. The high tax burden has reduced private consumption, caused deadweight losses and reduced the incentive for private sector investment. High government consumption has also tended to reduce national saving, and consequently the resources available for private investment. High government consumption has directly reduced government saving and it has likely reduced private saving by reducing disposable private income.

In sum, the government has absorbed resources that could have had better alternative uses. For instance, consider a couple of options if government wage and salary expenditures in 1998 had been 10 percent of GDP instead of 18 percent — that is, only twice the average level in Latin America and the Caribbean instead of over three times. The fiscal deficit could have been around 3 or 4 percent of GDP instead of 12 percent. Or, all taxes other than customs duties, the sales tax, wage tax and income tax on the bauxite companies could have been abolished.

Not only is the government costly in concrete financial terms, but the large employment of the government also entails an opportunity cost from the output and income foregone had government employees instead been employed by the private sector. It is probable that many government employees, particularly at the lower levels would have a considerably higher marginal social product in the private sector than in government.

4.7.3 What accounts for poor performance?

Four factors have contributed to poor organizational performance: overstretch, a weak resource base, a lack of accountability, and poor motivation.

Overstretch

The government has tried to do too many things, with the result that its resources have been spread too thinly. Not only has the government tried to carry out the core functions of government (providing public goods and correcting for externalities, etc), but it has gone beyond those functions to intervene in areas where the market could work adequately. The government has thus been market-replacing rather than market-supporting. In areas where the government has successfully

replaced markets it has typically done an inferior job. In many instances, market-replacing interventions have not been successful and have been undermined by parallel or informal markets. Nevertheless, even where market-replacing interventions have not been successful, the attempt to intervene has diverted limited government resources (financial resources, staff and management time) away from the government's core tasks. Because Suriname is a small country, its available pool of talent is restricted and it is unable to benefit from economies of scale in the provision of government services. Therefore, it becomes imperative that the scarce resources available to the government are directed to ensuring that the basic functions of government are carried out adequately.

A weak resource base

Government organizations have a very weak resource base with which to carry out their duties. There is an acute shortage of high quality civil servants and of complementary inputs. A substantial loss of highly-qualified civil servants over time has meant that Suriname faces a severe shortage of well-qualified individuals to run the government. The NPO has estimated that, aside from highly-qualified teachers, there are fewer than 700 highly-qualified persons to run the entire government — the civil service, government agencies and foundations. This estimate may even overstate the quantity of resources at the government's disposal because many of these persons work only part-time for the government; they work part-time in the private sector in order to supplement their income. These high ranking government officials are clearly overstretched and are able to ensure only that the government functions at a bare minimum level.

The government's functioning is also negatively affected by the lack of complementary inputs. The lack of complementary inputs like office materials (paper, ink for printers and photocopiers where they exist), functioning cars for policemen, and books for schools drastically lowers the productivity of civil servants and reduces the government's capability.

The lack of skilled civil servants and the lack of complementary inputs have been caused, at root, by three factors: a bloated civil service, lax recruitment procedures, and deficient budgeting. The growth of civil service employment in the lower ranks has crowded out higher level staff and non-salary expenditures. Experience in Suriname and in other countries has shown that the number of government employees relative to the total workforce and the level of government salaries in real terms are inversely related. Moreover, average government salaries have not only declined in real terms over time but they have become more compressed, with the higher ranks suffering disproportionate reductions in their salaries. In the last 15 years higher-end salaries have fallen both relative to the private sector and compared to abroad. As a result of this incentive problem, the government has been unable to attract and retain highly-skilled civil servants. Large numbers of highly-skilled civil servants left the civil service between 1985 and 1995 for alternative employment abroad and in the domestic private sector. There remain pockets of excellent, hard-working civil servants, who continue because of dedication to their profession or organization or because of a commitment to national service. But these are exceptional cases and are insufficient to sustain the civil service as a whole.

Given the government's inability to offer competitive salaries in order to attract highly-qualified civil servants, the government has been unable to insist on rigorous recruitment procedures. Thus, recruitment procedures have been lax and uncompetitive. Low salaries and uncompetitive recruitment procedures have undermined the prestige of civil service employment, which has reinforced the difficulty of attracting highly-qualified and motivated individuals. The combination of the growth of lower rank civil service employment, an exodus from higher ranks and lax recruitment has resulted in a situation where 71 percent of civil servants have only a primary school education.

The government has tried to improve civil service skill levels through training. However, the training provided has tended to be highly unequal, focusing on a few, privileged high-level individuals, often with trips abroad, rather than on cheaper, mass training for the bulk of civil servants at home. The training of higher-level civil servants tends to be seen as a perk and a partial compensation for a low salary.

The government and donors have also tried to overcome skills constraints through the use of foreign technical assistance (Box 1).

When confronted with severe organizational weakness, donors typically recommend technical assistance and "institutional" ("organizational" in the terminology of this study) strengthening. How effective has technical assistance and organizational strengthening been in Suriname?

The experience of numerous projects suggests that foreign technical assistance has played an important and very constructive role in bringing into Suriname new and improved techniques and methods, based on experience and lessons elsewhere in the world. However, technical assistance has not been effective over the long run when it has been used to try to shore up capacity in government organizations by substituting for skilled civil servants. Foreign consultants that merely substitute for qualified civil servants may temporarily raise an organization's capability, but that capability tends to subside back to its previous level quickly after the consultants leave. Therefore, foreign technical assistance is unable to overcome or correct for substantial distortions and it is not a substitute for correct wage policies.

Deficient budgetary institutions and policies also contribute to the lack of complementary inputs. The funding system is highly centralized and individual government units, and, to a large extent, even line ministries, have no control or discretion over what inputs they can use. Therefore, they are obliged to use an inefficient mix of too much labor and too few complementary inputs.

A lack of accountability

A lack of accountability has been a third cause of poor government performance. Accountability within the government and the accountability of the government to outsiders (the National Assembly and the general public) has been weak.

INTERNAL ACCOUNTABILITY. The difficulty of identifying and penalizing poor performance, and a divergence of interests between managers and those to whom they report, has weakened the accountability of staff and units to managers inside the public sector.

An effective process of accountability requires the successful execution of two sub-processes: an appraisal process and a punishment process (Moore, 1993). However, in the civil

service it is difficult for managers to identify poor performance and to attribute blame. This difficulty results from the pervasive lack of information in the civil service and unclear objectives for units and civil servants. More broadly, it is also difficult for managers to differentiate between individual/organizational performance deficiencies and system-wide impediments to performance.

Even where managers can identify and attribute blame, managers generally do not have the ability to penalize poor performance. Although in theory managers have the legal power to dismiss civil servants for neglect of duty or uncooperative behavior, in practice this power has not been utilized and the social and cultural institutions within government as well as the lack of precedent preclude it. Similarly it is very difficult for managers to demote staff. Nor can managers reward good performance through higher salaries or accelerated promotion.

Finally, not only must the process of accountability be able to function but there must be a willingness to use it. There are good reasons to doubt whether managers would want to hold individual staff or units accountable for their performance even if they were able to. Managers have strong incentives not to “rock the boat” and penalize staff or units for poor performance. Managers themselves are rarely held accountable or rewarded for their unit’s or ministry’s performance and therefore receive little or no benefit for penalizing staff or units. By contrast, penalizing poor performance can entail considerable personal costs in terms of loss of popularity and damage to working relationships. In this respect, managers’ incentives are at variance with the interests of their superiors or “principals” (Box 2).

Whenever one person (or organization) undertakes an action on behalf of another an *agency* relationship is created. The person undertaking the action acts as an *agent* for the other (the *principal*). In a theoretical world of perfect and costless information contracts can easily be arranged to ensure that the *agent* faithfully serves the *principal*’s best interest. However, in the real world of incomplete and costly information the *principal* cannot perfectly and costlessly monitor the *agent*’s action and information. This gives rise to problems of hidden action and hidden information.

Generally, a *principal* cannot directly observe his or her *agent*’s actions. This often leads the *principal* to estimate the *agent*’s effort based on proxies, such as outcomes. However, these proxies are also subject to information problems in that the *agent*’s effort may affect but not completely determine the outcome. Furthermore, information is often not available equally to both parties – typically *agents* know more about their tasks than their *principals*.

These information deficiencies necessitate appropriate mechanisms of inducement and enforcement. In particular, if the interests of *principals* and *agents* can be aligned, *principals* can have more certainty that their *agents* will make the right choices and expend an appropriate level of effort on their behalf.

EXTERNAL ACCOUNTABILITY. In Suriname, the executive’s accountability to both the National Assembly and the general public has been weak. Principal-agent problems pervade the relationship between the National Assembly (the principal) and the executive branch of government (the agent). The information that the government provides to the National Assembly on budgetary and other important matters is so deficient that the National Assembly has little scope for either identifying or penalizing performance deficiencies in the executive. Oversight organizations such as the Auditor’s Office hardly function and therefore are unable to provide additional information on the government’s performance to the National Assembly. Thus, the National Assembly deals with the government on the basis of asymmetric information and from a position of weakness.

The lack of accountability to clients or customers stems partly from the inherent nature of government but government policies have reinforced the lack of accountability in Suriname. When an organization's performance slips, feedback from customers is an important method by which the organization can be brought back to proper functioning. Customers have two mechanisms by which they can give feedback to an organization about that organization's performance: *exit* and *voice* (Hirschman, 1968). *Exit* consists of ceasing to buy a product whose quality has deteriorated or whose price has increased. *Voice* consists of expressing dissatisfaction to an organization's management. Exit depends on the existence of relatively close substitutes for a product or service. Where substitutes exist, competition and the possibility of exit can be a powerful inducement for good organizational performance. For, if a sufficient number of customers or clients leave, the organization's very survival may be threatened. Exit is, therefore, a powerful mechanism in the competitive market place — the typical environment for the private sector.

However, exit is a much less potent force in the public sector. First, monopoly is much more prevalent in the public sector. Most of the core government services are inherently best provided by only one agency and have no close substitutes. Moreover, as noted above, Suriname's government has often reinforced or created monopoly positions for public enterprises, thereby lessening the possibilities for exit. Even within the core central government, the government has not distinguished between agencies and activities. For example, planning is inherently a government activity and therefore justifies a planning agency or ministry. However, there is no reason why certain activities within that planning agency or ministry, such as cleaning and security provision, cannot be subjected to competition, and therefore open to exit possibilities. Second, even where exit exists, Suriname's government has tended to allow government organizations to be less responsive to it by subsidizing them. Thus, even when customers have stopped using a state company's products or services, the company has not been concerned with the loss of revenues because it has been able to transfer the resulting deficit to the treasury.

Unfortunately, the second feedback mechanism — *voice* — has also been weak in Suriname's public sector, mainly because of the weakness of institutional mechanisms for voice. Very few government organizations have customer relations bureaus or ombudsmen, where customers or clients can take their grievances. Very few organizations undertake client satisfaction surveys. Moreover, consumers are only weakly organized in consumer groups. Voice is also rarely resorted to because customer/client expectations of government services are so low. The passive acceptance of poor service may reflect the fact that most government services have experienced long, gradual declines in quality and frequency, rather than abrupt and noticeable declines.

Together, the lack of opportunities for exit and weak mechanisms for voice mean that government organizations receive little feedback from their customers and clients when their performance deteriorates. In addition, customer dissatisfaction has few if any implications for the organization, and certainly rarely threatens its existence.

In summary, all forms of holding the executive to account are weak in Suriname. These weaknesses stem partly from the inherent nature of the public sector (Table 31) and partly from causes specific to government organizations in Suriname.

TABLE 31

Contrasts in accountability between private and public organizations		
Organizational dimension	Private	Public
Internal accountability (to managers)		
Objectives	Clear, unique	Vague, multiple
Measures	Bottom line exists	Soft bottom line
Lines of authority	Clear, unique	Multiple, fractionated
Powers of management to motivate, hire, and fire	Extensive: can alter rules and incentives; can hire and fire	Often minimal: hard to change rules and incentives; hard to fire
External accountability (to customers)		
Vulnerability to dissatisfaction	Strong, impact immediate	Weak; impact often negligible or unperceived
<i>Source:</i> Adapted from Klitgaard, 1991.		

Poor motivation

A fourth cause of poor government performance has been the poor motivation of civil servants. Low pay has sapped employee enthusiasm and provided an incentive for civil servants to divert their attention to other means of earning a living. The general atmosphere of poor performance in the public sector and the inability of any one individual to affect overall performance has further undercut morale. In particular, the lack of complementary inputs with which to work not only has diminished the productivity of civil servants but also has damaged morale and motivation because civil servants have felt that they have not received sufficient support to be able to perform at a high standard. The lack of prestige associated with the civil service, which is related to the lack of exclusivity, has also lessened the motivation and morale of civil servants.

4.7.4 Why has government been so costly?

On the surface, the reason why government in Suriname has been so costly is simple — the high cost is a reflection of the large size of government. However, at a more fundamental level, the government has been costly because: (a) it has been trying to do too much; (b) resources have been misallocated and used inefficiently; and (c) often the government has paid for something it has not received.

By going beyond the core tasks of government, the government has exposed itself to extra and unnecessary costs. Hence, a significant portion of its meager resources have been spent on the wrong areas.

Second, even within the core tasks of government, resources have been misallocated and used inefficiently, thereby contributing to high costs. Most importantly, the use of government as the employer of last resort has resulted in an unproductive staff mix. There are large numbers of low ranking civil servants whose value added is negligible and perhaps even negative. There is obvious over manning relative to the tasks in most parts of government. In addition, the production mix is inefficient: there are too many staff relative to complementary inputs. Also, government expenditures on investment are too high relative to maintenance and operating expenditures. Finally, there are few incentives for government units to operate efficiently.

A third factor is that the government often has paid for something it has not received. Ghost workers are a significant source of waste, with the government paying full salaries and benefits for some employees who work only part-time or not at all. The practice of continuing to pay the multitude of ex-ministers and ex-advisors, even though they have long ceased to perform their functions, is also wasteful.

4.8 Recommendations

There is a strong and urgent need to improve the effectiveness of government and reduce its costs. Improvements would bring big economic and social development benefits. Conversely, if improvements in the effectiveness of government are not made, there is a serious risk of a continued slide in governance and economic performance with the ultimate result that Suriname becomes a “failed state”. Therefore, the principal goal of government reform should be to improve the government’s effectiveness rather than simply to cut costs. The reform agenda is huge and what can be done will inevitably be only a small part of what should be done. Nevertheless, considerable improvements are quite feasible. Many different options for reforming government are available, but the core of any plausible program should focus on addressing four central problems: overstretch, the weak resource base, the lack of accountability, and poor motivation.

4.8.1 Refocussing the government on its core tasks

A process of refocussing the government on its core tasks will have to be a critical element of improving the effectiveness of government and reducing its costs. The government should stop trying to do what markets or the private sector could do better. The government currently undertakes several market-suppressing activities, such as price controls, ownership and management of foreign exchange earnings, and ownership and management of land. In such activities markets could do a better job and government involvement leads to inefficient outcomes and contributes to the overstretch of government. The government also currently undertakes several private sector-replacing activities — particularly in the production of marketable goods and services. Termination of government involvement through the privatization of state enterprises would bring several benefits. The privatized firms would be more efficient and dynamic, the fiscal cost of subsidizing loss-making firms would be reduced, and the administrative burden on government would be lessened.

Even within agencies that perform core government tasks, the government could reduce overstretch by unbundling activities. In all ministries cleaning and security services and some staff training could be hived off to the private sector and supplied on a contractual basis. Some individual

ministries have even greater scope for putting more emphasis on their core tasks. For instance, the Ministry of Public Works could focus more on its core responsibility of managing the roads network and subcontract private sector firms to do the actual construction and maintenance of roads. The Ministry of Health could stop overseeing the Suriname National Drug Company (BGVS) (a state enterprise that has a monopoly on the production and distribution of medicines) and put more focus on regulating medicines.

By reducing its responsibilities in non-core areas, the government would be able to devote more resources and pay more attention to its core tasks — tasks that are vital and which only the government can perform. Improved macroeconomic management is one area that requires a major emphasis. Major improvements in macroeconomic management could be made by reforming and significantly upgrading budgetary procedures and organizations. Exchange rate determination is a second important aspect of macroeconomic management that requires improvement. The long history of exchange rate mismanagement by the state suggests that alternative institutions should be used to determine the exchange rate. One option would be to delegate exchange rate determination to the market. The official exchange rate would be abolished, leaving a single, economy-wide, market-determined, floating exchange rate. The central bank could smooth fluctuations in the rate by intervening in the market but would not try to supplant the market and determine the exchange rate on its own. A second option would be to “borrow” another country’s monetary institutions by irrevocably fixing the exchange rate. This could be done either through introducing a currency board and a strict rule-based system or through the wholesale adoption of a different currency, such as the dollar or Euro.

The government’s activities that correct for externalities — such as the promotion of health and education and protection of the environment and non-renewable resources — could benefit from the additional resources that are freed up as the government reduces its overstretch. A key goal should be to maintain adequate funding for the health and education sectors, whose activities generate high social returns. But the major gains in health and education outcomes will have to come from efficiency improvements and getting more value for money.

The correction of market failures is another core task that requires improvement. Here the government needs to supplement rather than undermine markets. In particular, it should strive to increase competition in the air transport and telecommunications sectors as well as strengthen the regulation of these sectors.

The government could improve its ability to protect the vulnerable by reforming the social safety net. Key methods of increasing the safety net’s effectiveness include improving targeting, strengthening management, and consolidating benefits.

4.8.2 Improving the resource base and motivation

Improving the resource base and increasing the motivation of public employees are indispensable to better government functioning. Improving the resource base and motivation necessitate successfully attracting and retaining highly-skilled civil servants for professional, technical and managerial functions, and increasing access to more complementary inputs. Because of tight fiscal constraints the central task is to rebalance government spending, spending less on low-

skilled, low output civil servants and more on highly-skilled civil servants and complementary inputs.

The government has little option but to increase spending on complementary inputs. Expenditures on most complementary inputs would have a very high rate of return because they are so scarce and currently act as a bottleneck. Relatively modest increases in complementary inputs could lead to large increases in effectiveness.

The government will have to resolve incentive issues before it is able to attract and retain highly-qualified civil servants. In particular, the government will have to raise civil service salary levels to a point where they approximate private sector levels for equivalent skills. It is infeasible and undesirable to raise real salary levels across-the-board in Suriname's current economic circumstances. It is infeasible because the government simply does not have sufficient resources to raise all government employees' salaries. Large nominal increases in civil servants' salaries would lead to large fiscal deficits and inflation, which, in turn, would erode the real value of the increases. Across-the-board salary awards would also be undesirable because there is evidence that public employment at the lower end of the civil service scales is already more attractive than private sector employment. Salaries may be lower but the fringe benefits — particularly free access to health care — job security and lax discipline in the public sector more than offset the lower salaries. Therefore, convergence with the private sector might imply a lowering of the real value of salaries at the lower end. In addition to the concern with maintaining an approximate parity with the private sector, the fundamental need to rebalance expenditures away from low-skilled civil servants makes it undesirable to further increase the incentive for low-skilled civil servants to stay.

The above implies that wage scales will have to diverge or decompress — salaries of the higher grades will have to rise faster than those of the lower grades. Highly-skilled civil servants account for less than 4 percent of total civil servants and for roughly 13 percent of the total wage bill. Because there are so few highly-skilled civil servants, the government could achieve substantial real increases in their salary levels with relatively modest increases in expenditures. For instance, the salaries of civil servants in grades 18-24 could be raised threefold in real terms, for only a 26 percent increase in the total wage bill (equivalent to 3.7 percent of GDP.) The government will need to rebalance salary incentives in the context of an overall review of civil service pay. The departure from the unified pay-scale and differential treatment of different sectors within the civil service has upset salary relativities, created sectoral rivalries and contributed to strikes. A decompression of civil service salaries would go against the grain of egalitarianism in Suriname's public sector and could be fiercely resisted by public sector unions. Concerns may also be raised about impoverishing civil servants in the lower grades. However, the validity of the latter concern is questionable given that low-level civil servants have enjoyed rapid real wage increases in the last five years and that their salaries in 1999 were over three times the levels in 1994 in real terms. Fundamentally, salary decompression is inevitable if the government's capability is to be restored. Suriname faces the basic choice between a functioning government, with decompressed salary levels, or a non-functioning government that acts as a form of welfare.

The other side of the coin of raising the salaries of the highly-skilled is reducing the cost in real terms of civil servants in the lower grades. In the long run this will require reducing the number of civil servants at the lower grades.

The first step is to stop the problem from getting worse by imposing an effective hiring freeze on the lower grades (probably 1-17). This would reverse the current situation whereby it is easier for a minister to hire lower grade civil servants than high ranking civil servants. The hiring freeze must be effective and watertight. Compliance problems have undermined previous hiring freezes. Every minister (and political party) knows that in the aggregate the government cannot afford to endlessly dole out new jobs to the low-skilled. However, individually they have an incentive to cheat and recruit people for their ministry because the political benefits are local and internal to the ministry while the costs are dispersed and mostly external to the ministry.²⁴ Solving this externality/common pool problem requires centralizing hiring authority, creating the technical capacity to monitor and enforce the freeze, and strengthening the institutional framework for the freeze. This implies a need to significantly upgrade the civil service's management information system so that the government can create a record of each civil servant in a database. In addition, it suggests an enhanced role for the CSFE in checking and monitoring the hiring freeze (Box 3).

²⁴ This problem can be viewed as a "Tragedy of the Commons" type problem, wherein a lack of restraint on the part of individuals leads to overuse and social catastrophe. In this case, instead of villagers adding cows to common grazing land, ministers or policymakers are adding personnel to the common payroll. If any one minister hires some additional staff, he or she will gain politically from the support of clients and other ministers will hardly be affected at all. However, if all or a large number of ministers hire additional staff, and this is done repeatedly over several years, eventually the size of public employment will grow beyond the government's capacity to support it. Then, either the real wage of government employees will decline, or non-wage expenditures will decline, or the fiscal deficit will grow. What is rational individually is a disaster collectively. As in all common property problems, the problem arises because property rights are imperfectly specified and individual incentives differ from the collective necessity (Shepsle and Bonchek (1997)).

Upgrading the Central Staff Body for Formation and Efficiency (CSFE)

Upgrading the quality of civil service management implies upgrading the CSFE – the organization with the responsibility for overseeing the civil service. A key goal of civil service reform should be the transformation of the CSFE into an elite organization, similar in many respects to how the National Planning Office used to be. As an elite and more respected organization with upgraded capacity, the CSFE would have the ability to manage and supervise all aspects of civil service reform. The organization would have responsibility for preparing and executing reforms at the strategic level and also for monitoring and enforcing civil service rules at a day-to-day management level. In particular, the CSFE could run an upgraded management information system, enforce a hiring freeze, and have a role in the hiring of new high level civil servants.

The second step towards rebalancing government expenditures is to get rid of “ghost-workers”. This is a politically easy measure — indeed it might even be popular with the private sector and with working civil servants. A precondition is an adequate management information system so that the government can identify and register all civil servants. The government can then compare the database of registered civil servants who are certified as attending their work with the payroll database. Experience in other countries shows that eliminating ghost-workers can often reduce the payroll by 5 to 10 percent. In addition to identifying true “ghost-workers”, it may be useful to consider reducing the number of “political ghost-workers”.

Significant rebalancing of the government’s expenditures and a big gain in the human resource base of government depend on a third measure: reducing the number of low-qualified civil servants. This would benefit the economy doubly. First, it would free up fiscal resources and allow the sought after rebalancing of government expenditures. Second, it would increase the available labor supply for the private sector. Because many civil servants would have a higher marginal social product in the private sector, their transfer from the public to private sectors would directly raise national welfare.

The central issues involved in reducing the number of civil servants revolve around the speed and method of the adjustment. In deciding on a reform strategy, the government will have to form a judgement about the benefits and costs of each approach in the context of Suriname’s political, economic and cultural environment. A gradual approach to downsizing relies on attrition to reduce numbers. The gradual approach is less disruptive to morale, has lower political costs, and has lower requirements on management. But it is slower to produce savings. Exactly how quickly attrition would reduce the number of civil servants in Suriname is unknown because the age-profile of the civil service is not known. Once a solid management information system is in place, the government would be able to construct an age-profile that could help inform the government’s civil service management strategy. In certain circumstances, attrition can produce significant savings. For example, the French government will rely entirely on attrition to reduce its employment because one-fifth of French civil servants will retire in the next five years.

A shock approach involves severance of employees. Assuming some form of compensation for departing employees, the severance package entails a large cost for the government up-front which then produces savings down the road. Although the net present value of such savings can be attractive, the up-front costs of a severance package may compromise the objectives of increasing funding for complementary inputs and higher salaries for higher grade civil servants in the short run.

Severance can be voluntary or involuntary. Involuntary severance — the identification and dismissal of a number of employees — can be politically difficult and, if the selection process is arbitrary and opaque, it can raise issues of fairness. Under voluntary severance schemes, the government designs a severance package to make it attractive for civil servants to leave the government. Hence, civil servants select themselves and volunteer to leave.

The major problem with voluntary schemes is *adverse selection*, whereby the most skilled and dynamic civil servants opt to leave, thereby reducing the average skill level of the civil service even more. *Adverse selection* is likely because it is precisely the most skilled and dynamic civil servants who are most likely to find private sector employment, although recent research on retrenchment schemes suggests that severance packages can be tailor-designed to reduce the risk of adverse selection. In Suriname, the government would have to take into account non-wage benefits, such as access to health insurance, during the design of an optimal retrenchment scheme, because they appear to be the major reasons why many low-grade civil servants find government employment attractive. In view of this, the government has been investigating the possibility of extending public health insurance to the whole country. Complete coverage of public health insurance would go a long way towards equalizing the non-wage incentives between private and public employment. Also it might not be too costly — the government already finances health care services for approximately 77 percent of the population and many of the private sector employees who have private health insurance might not use public insurance even if it was extended to cover them.

Rehiring has been another major problem with voluntary severance schemes. In many countries that have implemented voluntary severance schemes for civil servants, the government has subsequently rehired many of the departing civil servants. Thus the scheme's success in reducing the number of civil servants has been greatly reduced, while considerable public funds have been wasted supporting higher private consumption or leisure of the temporarily-severed civil servants.

If the government were to opt for the severance approach to reducing the number of civil servants, it would also have to decide on the scope of its retrenchment policy. Severance could be applied across the whole civil service or applied ministry-by-ministry. Taking a comprehensive approach would produce larger savings more quickly and has the advantage of treating all ministries equally. However, the ministry-by-ministry approach is less administratively demanding and can be combined with functional reviews of ministries, thereby allowing the retrenchment reform to be part of a larger reform of ministries. Trinidad and Tobago has followed such an approach, introducing a comprehensive reform of certain ministries' roles, administration and personnel one by one.

Two severance plans have been suggested for Suriname in recent years (Appendix III). The CSFE prepared and proposed a "Ten Steps Plan". The Warwick Research Institute, a firm of

external consultants which monitored the government's Structural Adjustment Program in 1994-96, prepared the second plan. The government has not adopted either to date.

Consideration of the choice between a gradualist and shock approach to reducing the number of low-grade civil servants must be influenced to some degree by the employment prospects for departing civil servants and the ability of the labor market to absorb a sharp increase in the supply of workers. The fact that private sector employment declined by 0.8 percent per annum from 1990-97 is not encouraging. There is no doubt that private sector employment could grow faster under the right conditions, but short-term prospects should not be exaggerated. Indeed, it was precisely the weak supply of private sector employment that originally made public sector employment so attractive and contributed to the growth of civil service employment. It is true that many civil servants already work part-time in the private sector and therefore would not have to find “new” jobs. It is also true that certain types of retrenchment, such as severance of government cleaners or guards would cause an automatic growth of private sector employment in cleaning and security contractor firms. However, it is unlikely that private contractors would need to employ as many cleaners or guards as the government has done to perform the same services. Stimulation of microenterprises is often cited as a large potential source of employment for ex-civil servants. However, the prospects for microenterprise growth also should not be exaggerated, and the potential, at least in the current economic policy environment, may be limited, except in agriculture. Consequently, there is a bit of a “chicken and egg” problem: private sector growth depends in part on a more efficient and effective government; but a rebalanced government depends in part on the presence of a dynamic private sector. This sequencing problem underlines the need to continue pursuing structural economic policy reforms to improve the environment for private sector development.

Addressing incentive problems will be a *sine qua non* for attracting highly-qualified and competent entrants to the civil service and for retaining highly-skilled staff. It would also be important to improve recruitment procedures. To some extent the two go hand-in-hand because higher salaries increase the demand for government positions and hence allow more restrictive and tighter recruitment procedures. But recruitment procedures themselves can be improved independently. The surest way to improve the quality of entrants to the civil service is to ensure that recruitment procedures are meritocratic and competitive. It may be useful to create two recruitment tracks — one for generalists and one for specialists. The generalist track would be open to top graduates from the university and could be managed directly by the CSFE. The CSFE would recruit graduates on a strictly meritocratic basis, provide them with basic civil service training and then supply them to ministries. The government would expect these entrants to be high fliers who rise quickly through the ranks. The specialist track could cater to the special needs of ministries, particularly in technical areas, such as veterinarians in the Ministry of Agriculture, Animal Husbandry, and Fisheries. The individual ministries could take the lead in identifying and screening candidates, due to their knowledge of the technical area, but the CSFE could be involved in the hiring process to ensure that certain procedures are followed.

Although the need to add to the stock of highly qualified civil servants is strong, the government could take steps to use its existing human resources more optimally. One step would be to make organizational changes that create a critical mass of skilled staff, rather than dispersing them. There appears to be scope for merging certain ministries or departments with others. For instance, the government could fold the Ministry of Labor into the Ministry of Social Affairs or merge the Macro Planning Division of the Ministry of Planning and Development into the MOF's Department of Economic Affairs. Such a merger would consolidate all the government's scarce macroeconomic planning capability (outside of the central bank) into one department. The resulting department would likely be stronger than the sum of the parts. A strong economic planning bureaucracy has been a common feature of the so-called "developmental states", which have had the most successful development experience (Leftwich, (1995)).²⁵

High government effectiveness comes not only from employing well-qualified and capable staff but also from ensuring that the civil service is motivated to perform well. Fortunately, most of the aforementioned reforms would contribute to higher morale: addressing incentive problems would probably remove the biggest bottleneck to high morale in the civil service; ensuring that civil servants are sufficiently equipped with the complementary inputs needed for their jobs would also contribute to morale; and more competitive and meritocratic recruitment procedures would raise the prestige of civil service employment. Increasing worker participation and multi-tasking could also contribute to higher morale and improved performance (Tendler, 1997).

4.8.3 Strengthening accountability

Strengthening accountability must be a third key pillar of a strategy to improve government performance. The government can take various actions to strengthen accountability in the executive (Table 32).

Improving information and transparency

Enhanced accountability requires a significant improvement in the availability and quality of information and transparency. The budget is one of the areas most in need of information improvements. An earlier section set out recommendations to improve budgetary procedures and organizations, including relatively simple and quick measures that would help to generate more useful data about the budget. The government can do much to improve the quality and utility of budget data and its availability to policymakers. This would go a long way to raising the internal accountability of managers and ministers. The government could enhance external accountability by presenting the budget to the National Assembly in a form that is useful and amenable to parliamentarians. Furthermore, the government should transmit information on budget execution to the Auditor's Office so that agency is able to fulfill its oversight duties.

Improving accountability will also require the generation of more information about government organizations' performances. Although it is difficult to measure accurately or to quantify all aspects of an organization's performance, many aspects can be measured and monitored. In particular, the government should develop output indicators for each ministry and for

²⁵ Leftwich lists Botswana and seven east and south-east Asian countries as "developmental states".

organizations within ministries. Ideally, the ministry being measured would have substantial participation in developing the output indicators used to measure its performance, along with the Ministry of Finance and the Ministry of Domestic Affairs.

The electricity sector is a major sector that would benefit from greater transparency. At present, a labyrinth of multiple government objectives and opaque accounting diminish accountability for performance in the sector. Partly as a result, electricity subsidies are a major component of government expenditures even though the country has cheap hydro-electricity.

The majority of electricity is generated privately, by a large bauxite company. As part of an agreement concerning the construction of the hydro-electricity plant, the bauxite company sells 80 million kilowatt hours (kwh) per annum to the government at US\$0.004 per kwh. Instead of selling the electricity to the state distribution and generation company, EBS, the government gives it to EBS. In return, EBS does not charge the government for the provision of electricity to government buildings and for the street lighting that EBS provides. The accounting is further muddled because the government – which is often in payments arrears – frequently deducts the cost of its electricity bills from the bauxite company's tax obligations.

The government could increase accountability and efficiency by introducing more transparency into the system. The government could remove itself from the electricity market and let the generator sell directly to the distributor. EBS could pay a surcharge to the government for the electricity it buys so cheaply. However, it would also explicitly charge the government for the provision of electricity to government buildings and for street lighting. Last, the bauxite company's tax obligations should be separated completely from the electricity market.

Increasing the consequences of poor performance

Improved accountability requires that variations in performance have consequences for organizations and individuals. Good performance should be rewarded more and bad performance punished more. Allowing managers to have more ability to advance the promotion of good performers and prevent or delay the promotion of bad performers would be an important start. Ideally, managers should be allowed and encouraged to dismiss extremely poor performers. Dismissal of one or two very poor performers could have a salutary effect on employee performance.

At the moment it is probably unrealistic and undesirable to link pay to performance. Differentiating salaries is more administratively complex than the unified pay scale system. In addition, there are risks to allowing too much discretion over salaries in a system where control systems are weak. Furthermore, despite its intuitive appeal, there is, as yet, little empirical evidence to support the notion that linking individuals pay to performance in the public sector leads to better performance. By contrast, some research indicates that teamwork and cooperation can be discouraged if rewards are too focused on individuals.

For similar reasons, establishing individual performance contracts may not be appropriate at this time. Although countries at the forefront of public administration reforms, such as New Zealand, have introduced performance contracts, managing performance contracts require a high level of capability which simply does not exist in Suriname's public sector at present.

The government can deter bad performance at the organizational rather than individual level, by hardening organizations' budget constraints. The government could also start to partially link organizations' and ministries' budgets to outputs rather than have their budgets determined by inputs, as happens now. Linking organizations' funding to their outputs or performance can provide them with a powerful incentive to improve performance.

Increase competition and the possibilities for exit

The exit of a firm or organization's customers to a rival provider is an important source of discipline and external accountability. Exit possibilities are greatest in state enterprises that produce a marketable output, such as telecommunications, airline transport or crude oil. In such activities the government should encourage competition and widen the customer's possibilities for exit. It is important not to confuse the interests of the company with the national interest. Indeed, the public interest in good quality goods and services at a low price can sometimes conflict with the company's desire to charge a high price and have an easy life. The government can best serve the public interest and promote the performance of state enterprises by removing legal and policy barriers to entry in order to foster competition. As noted above, the government has already done this in the telecommunications sector, resulting in improved service and lower prices for consumers.

However, even within the core government the government can create or reinforce exit possibilities. For instance, within individual ministries policymakers can differentiate between different activities. Certain functions such as cleaning and security services could be contracted out to private firms in a competitive market. Contracting out would provide the hiring ministry with exit possibilities and would almost certainly result in better services being provided at a lower cost. There is even scope for increasing exit possibilities in core public services. For instance, giving parents more freedom to decide which school their children will attend (i.e. increasing their exit possibilities) can serve as a quick "wake-up call" for under-performing schools.

Increase the possibilities for voice

Nevertheless, usually it will be difficult to increase the possibilities for exit in core public services because of the nature of the public good or service. Hence, it will be important to create or strengthen the institutional mechanisms by which customers, clients, and other beneficiaries can provide feedback to the public provider (voice). Some ministries or organizations could establish consumer relations bureaus in order to allow the organization to hear their clients' complaints and suggestions for better service. Government organizations could also publish citizens' charters that set out the quality of service that customers' can expect. The Ministry of Education could create school boards with substantial parental participation in them to give parents a more direct say in how the schools teaching their children are managed.

TABLE 32			
Matrix of actions by sequence			
	Re-focusing on core tasks	Strengthening the resource base	Improving accountability
Short term (Easy, quick actions)	<p>Terminate activities that displace the market (price controls, foreign exchange ownership, land ownership)</p> <p>“Borrow” institutions where possible (e.g. exchange rate management)</p>	<p>Allocate more resources for complementary inputs</p> <p>Start to decompress salaries and raise salaries of higher grades</p> <p>Upgrade civil service personnel management system</p> <p>Impose effective freeze on hiring at lower grades</p>	<p>Introduce easy changes to budgeting procedures</p>
Medium term (More difficult and structural actions)	<p>Privatize state enterprises</p> <p>Unbundle activities in government</p>	<p>Introduce medium-term measures to budgetary institutions</p> <p>Remove ghost-workers</p> <p>Reduce number of low-level civil servants either by attrition or through termination</p> <p>Upgrade CSFE</p> <p>Reform recruitment procedures for high level staff – seek to attract</p> <p>Foster esprit d’corps and morale</p>	<p>Introduce medium-term measures to budgetary institutions</p> <p>Subject remaining SOEs to competition</p> <p>Increase consequences of good or bad performance</p> <p>Increase competition and possibilities for <i>exit</i></p> <p>Increase possibilities for <i>voice</i></p>
Long term (Structural actions)		<p>Reduce number of low-level civil servants either by attrition or through termination</p> <p>Foster esprit d’corps and morale</p>	<p>Introduce long-term measures to budgetary institutions</p> <p>Increase competition and possibilities for <i>exit</i></p> <p>Increase possibilities for <i>voice</i></p>

5. The Justice Sector

5.1 Overview

The administration of justice has recently been in a state of crisis in Suriname. The highest court in the land has been embroiled in a dispute regarding the proper process for appointment of the Chief Judge and Prosecutor General. The Wijdenbosch Government (1996-2000) made those appointments through a process it maintained falls within the parameters defined by the constitution; the judiciary and the bar insist that the manner in which the executive made these appointments is improper and unconstitutional. This dispute reflects a broader challenge to the rule of law in Suriname: the constitution is not always precise in detailing the procedures for appointment and removal from office, allowing room for interpretation. This in itself is not a fatal flaw: constitutions often set out broad guidelines and leave the details to be filled in with ordinary law and court interpretation. However, legislation that would provide interpretation of the appointment process has not been drafted or approved. Most problematically, a Constitutional Court, which the constitution declares is to be the institution to rule on these sorts of issues, has not yet been formed due to lack of implementing legislation. A number of constitutional crises have characterized political life in Suriname in recent years; there is a clear need for an institution that can be the arbiter of constitutionality. Either formation of a Constitutional Court, or giving jurisdiction over constitutional cases to the Court of Justice, the highest court in Suriname, would meet this need.

Although the dispute over the appointment process paralyzed an important part of the administration of justice in the country, the fact that there is a dispute over appointment of judges and prosecutors may not, in itself, be a bad sign. Judges, the bar, civil society groups and newspaper editorialists have been willing to be very public in expressing their concern about what they see as a threat to judicial independence and the separation of powers in Suriname. This indicates that there is a consensus around the importance of judicial independence among jurists and a sizeable portion of the society, and sufficient freedom of expression to allow for voicing of these opinions.

Even before the crisis of independence of the judiciary of 1998-1999, a shortage of judges was beginning to pose a challenge to justice administration in Suriname. Having too few judges to hear cases impacts both criminal and civil cases, and contributes in a major way to one of the main complaints against the court system: slowness. Delay in processing court cases in Suriname does not result from intractable, complicated reasons, so much as simply from a shortage of judges and a need for better word processors. Though too few in number, judges are held in generally high regard and thought of as fair. This public regard for judges in Suriname represents an important strength in the administration of justice, and is in contrast to many other countries of Latin America and the Caribbean, where opinion polls indicate that public opinion of judges is not very high.

In addition to the courts and the Public Prosecutors' Office, the Ministry of Justice and Police also has an important role in the administration of justice. This ministry oversees the police and prisons, and plays an important role in drafting legislation for presentation to the legislature. Police in Suriname are battling new incursions of drug trafficking and face increasing demands for presence in the interior of the country. They also must confront the perception among the public that they may be too close to the military. On the other hand, the police have undertaken domestic violence training at the suggestion of civil society organizations and communities and begun to help mediate minor conflicts, and these efforts are thought very well of in the civil society community.

Justice sector organizations in Suriname have very little budgetary independence. Budgets for the courts, prosecutors, police and prisons are administered by the Ministry of Justice and Police. This means that courts and the Public Prosecutor's Office cannot determine how best to use the resources assigned to them; instead, they must make a request that the Ministry carry out each purchase and each hiring that they incur. This is inefficient, and hobbles both independence and accountability of the institutions of justice.

Perhaps because crime and violence do not present overwhelming difficulties to the citizens of Suriname, public pressure for capital punishment, which has been a recent phenomenon in other Caribbean countries, is not present in Suriname. Capital punishment has not been applied for over 70 years. Lower incidence of crime and violence affects courts as well as police and prosecutors: the bulk of the judges caseloads are civil rather than criminal, a situation many justice systems in the region would like to be able to emulate.

Suriname rates on the low end of the scale for Latin America and the Caribbean — about even with Jamaica and Colombia — on “the rule of law” index, which measures the perceptions of interested parties regarding such matters as the extensiveness and costs of crime, the enforceability of contracts and property rights, the predictability and the impartiality of the judiciary, and the extent of tax evasion.²⁶ Although violent crime rates are relatively low and the judiciary generally regarded as fair and impartial in Suriname, slowness and delays in the judicial process, combined with a large informal sector that largely evades paying taxes, and general concerns about favoritism and corruption in public sector decision-making processes, probably account for Suriname's low score on the rule of law index. Speeding court processes so that judicial review is a realistic option for more people, and increasing provision of legal aid and legal literacy services (severely curtailed

²⁶ Rule of Law Index developed by David Kaufman, Aart Kraay, and Pablo Zoido-Lobaton, “Governance Matters,” Washington, D.C., 1999. The index is an aggregation of most of the available cross-national indicators, based on polls of experts and on cross-country surveys of firm managers.

because of the low fees paid to attorneys taking on legal aid cases), could impact both the delivery of justice and the public perception of the justice system.

Another general indicator for the functioning of justice administration is that of how many prisoners are being held without trial, and for how long. Statistics for detention without trial in much of Latin America are truly frightening, with prisoners being held without trial for longer than the law would permit them to be incarcerated had they been convicted of the crime for which they are accused.²⁷ In Suriname, the detention period for suspects held before trial is laid down by law, which provides for a maximum pre-trial detention period of 120 days. This maximum detention period is in large part complied with, and defendants do not languish in prison for years awaiting trial. Most defendants are imprisoned during the pre-trial investigatory process, and a trial judge can order a defendant detained during trial. Police tend to detain almost all suspects for at least 14 days, even in cases of minor infractions. This has resulted in severe overcrowding in custodial prisons.

5.1.1 Legal and constitutional structure

The Suriname legal system is a civil law system, reflecting the country's Dutch heritage. The Constitution of Suriname states that the administration of justice is the responsibility of the judiciary, which is defined to include both the courts and the Public Prosecutor's Office. The Constitution sketches out the courts that are to exist, but it is fairly vague as to the balance of power between the judicial, the executive and the legislative powers. It is also somewhat imprecise as to the nominating procedure for judges, a major contributing factor to the current crisis in the administration of justice. The Constitution contains a prohibition on interference in the investigation, prosecution or judicial consideration of cases²⁸, and provides that legal aid shall be provided for the financially weak.²⁹

Impact of the resolution of the civil war on the justice sector

The presence of an Agreement for National Reconciliation and Development signed in August of 1992 between the Government of Suriname and the Maroon and Amerindian societies makes the legal structure of Suriname very interesting. This Agreement, the negotiated document that made possible an end to Suriname's civil war, represents an initial effort to grapple with how to permit the traditional legal systems of Maroon and Amerindian societies to function within or in parallel to Suriname's constitutional legal system. Many peoples of the interior rely on this

²⁷ Of prisoners being held, percentage awaiting trial: Argentina 50%; Bolivia 60%; Brazil 45%; Chile 50%; Colombia 50%; Costa Rica 30%; Dominican Republic 90%; Ecuador 69%; Guatemala 74%; Honduras 92%; Mexico 45%; Panama 65%; Paraguay 95%; Peru 72%; Uruguay 90%; Venezuela 70%. Source: Human Rights Watch.

²⁸ Chapter XV, Article 131 (3) of the Constitution reads: "Any interference in the investigation or prosecution of cases, and those pending in court, shall be forbidden."

²⁹ Chapter V, Article II (1) and (2) of the Constitution of the Republic of Suriname.

document to provide their rights within the country. The Agreement represents an effort to bring the two systems into dialogue, in that it states some of the basic legal tenets of traditional societies, but it raises as many questions as it answers. Some of the provisions of the Agreement — such as those dealing with land ownership — appear to be in conflict with the provisions of the Constitution (see Chapter 2).

The judiciary has not yet made any decisions that interpret the way in which the two documents apply -either to complement or contradict one another- though the executive, in proceeding with permits to foreign companies to mine minerals or with agreements to protect nature preserves, is making *de facto* interpretations. For the present, a certain amount of ambiguity may be useful, in that it allows some compromises and practices to form, making it possible to skirt conflict in the meantime. For example, Maroon and indigenous societies elect paramount chiefs who are paid by the national government; the authority and obligations of these chiefs, however, are not defined at law. Nevertheless, there are some dangers inherent in going along without specifically defining the way in which the two documents interact. The very nature of the traditional legal system makes it vulnerable to being overcome by a written constitutional system. For example, Maroons may tend not to look to written deeds to define land ownership rights: their system establishes land rights according to occupancy or use rather than recorded deeds. And they may not want to have to seek individual ownership of all the land in their purview: much of the land, in the system of traditional rights, is held in community ownership. The Agreement tries to mediate this gap, which is a significant one. Because Maroon and indigenous societies consider that they have been successfully exercising independence and self-governance for centuries, while the rest of the country languished in colonial dependence, they may not be quick to think of throwing over their system to adapt to the recent Constitutional system — on the contrary, they have requested that the Constitution be changed so as to recognize their fundamental rights and self-determination.

Need for political consensus to resolve justice sector issues

Dealing with the legal issues arising from the need to address these communities' rights within the context of the two "constitutions" will probably call for solutions from justice organizations that are unique to Suriname. For example, how the police work in the interior, and how land and criminal laws are written and implemented for these communities, will largely determine the ability of these societies to participate as full citizens in the Republic. Though these issues are legal issues, the challenges presented by self-governing indigenous societies are essentially political ones that go to the heart of how Surinamese define themselves and their society. Judges and police cannot, acting on their own, resolve these sorts of issues. Instead, the country, working through its elected representatives in the legislative and executive branches, will need to decide what sort of resolutions are desired. Then the justice organizations will need to assist by determining that any solutions encountered are constitutional, and are fairly and equitably implemented. Recognizing rights such as communal rights to land ownership within the constitutional system of the country will require some creative legislating and jurisprudence. It will take real effort and serious political will by all three branches of government to make it possible to respect some of the traditional rights within a constitutional framework. Political consensus will also be required to resolve human rights issues arising in the aftermath of the civil war. This, too, is an issue that confronts the justice system, but that might benefit from public discussion and consensus beyond the parameters of the justice system.

5.1.2 Prognosis

Though the administration of justice is now in crisis in Suriname, so is much of the government: the situation of crisis is not unique to the judiciary. It is remarkable that the judiciary has managed to maintain a reputation among NGOs, lawyers and citizens as relatively fair and reputable, if slow. The prosecutors and police, too, though not without problems, are for the most part performing the tasks the Constitution sets out for them. And though being a small state makes some aspects of running a justice system more challenging, it can also be an advantage: the problems of administration of justice are not overwhelmingly large or intractable in Suriname. There are not the problems of crime and violence encountered in some Caribbean countries; the case backlogs are not so terrible that they could not be eliminated in a reasonable time if the courts were functioning with the proper number of judges, managers and personnel. In essence, though administration of justice is struggling in Suriname, important strengths exist and the issue is by no means to build from scratch; rather, to build on existing strengths and deal with some basic needs.

However, it is essential to stress that the administration of justice cannot become effective, equitable, fair and timely in Suriname if there is not political consensus that it must be so and political action to make it so. The nomination process of judges must be set out in detail to ensure independence of the Court of Justice; the courts, prosecutors and police must be able to administer their own budgets; and laws to deal equitably with interior populations must be crafted. If a political consensus as to the importance of a strong, independent, fair and accessible justice sector is formed, the organizations of that sector are likely to be able to modernize to meet citizens' hopes and expectations for them.

5.2 Justice sector organizations

Table 33 provides an overview of the organizations involved in the administration of justice in Suriname:

TABLE 33 Justice sector in Suriname			
Offices	Characteristics	Supervision	Budget
1. Judiciary	Responsibility to administer justice. Defined to include the courts and the Public Prosecutor's Office (PPO).	As determined by the Constitution. Prosecutor General presides over PPO.	Controlled by the MOJP.
Court of Justice	Acts as court of appeal for all civil and criminal cases, and as trial court for some specialized cases. Severe shortage of judges: 8 full-time and 3 part-time. Requires at least 15 full-time and 10 part-time to be fully staffed.	Highest court in the land. Presided over by a President and Vice-President.	Shortage in # of judges due in part to low salaries compared to private practice. No budgetary autonomy.
Constitutional Court	Not established: pending enabling legislation. Mandate is to review constitutionality of laws and government actions.		
Cantonal Courts	1 st , 2 nd , 3 rd Cantonal courts are trial courts covering different geographic regions of the country.	Decisions can be appealed to Court of Justice.	
Lower Courts	Court Martial has jurisdiction over offenses involving military. Medical Disciplinary Tribunal deals with cases against physicians, pharmacists, and others in delivery of medical services.	Decisions can be appealed to the Court of Justice.	
Administration Staff and Libraries	Registrar's Offices exist for the Court of Justice and Cantonal Courts. Maintains court records, receives complaints, provides administrative support to courts.	Chief Registrar reports to the Chief Judge of the Court of Justice. Personnel assigned by the MOJP.	
Judges	All are members of the Court of Justice. Severe shortage.	All are appointed for life by the President of the Republic.	
Public Prosecutor's Office	Belongs to the Judicial Power according to Constitution. Headed by Prosecutor General, who is assisted by 2 solicitor generals, 15 prosecutors, and 30 administrative staff. Assisted by judicial police in investigating allegations of criminal offenses. Prepares criminal cases for court, PPO attorneys act as Counsel for Prosecution.	Appointment of Prosecutor General is for life and represents the country in and out of court.	No budgetary autonomy; must request supplies, equipment, travel funds from MOJP.
2. Ministry of Justice and	Part of the executive branch. Oversees police and prisons; approves draft	Minister reports to the President of the Republic, who appoints him.	

Police (MOJP)	legislation; maintains civil registries and administers legal aid program.		
Registries and legislative tasks	All legislative proposals reviewed by MOJP's legal department.	Proposed legislation must obtain MOJP approval.	
Legal aid bureau	Oversees assistance in civil and criminal cases. Screens cases and appoints private lawyers or law students supervised by attorneys. Few attorneys agree to take cases as fees are low.	Within the MOJP.	Fees paid to private attorneys by government too low. No real <i>pro bono</i> assistance from the bar.
Police	1,000 officers; includes Dept. of Investigations. City Police of Paramaribo employs half the force. No police academy.	Police Commissioner reports to MOJP; reports to Prosecutor General regarding investigation of criminal cases.	Assigned an annual budget but requests for many expenditures require approval by MOJP and/or Ministry of Finance.
Penitentiary system	Includes prisons for sentenced inmates; inmates awaiting trial are housed in custody prisons (i.e., jails). Alternative sentencing available for minors.	Overseen by the MOJP.	
3. Bar & Legal Education	Admission to bar requires law degree; must be sworn in as attorney to practice.	Court of Justice suggests 2 years apprenticeship with bar member prior to application.	
Bar Associations	Approximately 80 members.		
Law School	Bachelor's and Master's degree programs in law.		
4. NGOs			
Stop Violence Against Women	Carried out public awareness campaign on domestic violence; working with police.		
Stichting Juridische Samenwerking Suriname-Nederland	Organizes public education on human rights and other justice sector issues; runs training programs for judges and bar.		
Moiwana 1986	Focuses on human rights, alleviation of overcrowded custody prisons and land rights of interior peoples.		
Organization for Justice and Peace	Advocates formation of truth commission.		

5.2.1 The judicial power

COURT OF JUSTICE. The highest court in the land is the Court of Justice of Suriname, which acts as a court of appeals for all civil and criminal cases in Suriname. Acting in this capacity the Court sits *en banc*, with three judges present to hear the cases before it.

In addition to its work as a general appeals court, in two types of cases the Court of Justice acts as the trial court as well as the court of highest appeal: in cases of civil servants and government officials who institute legal procedures against the state of Suriname; and in disciplinary cases brought against lawyers, notaries or bailiffs.

CANTONAL COURTS. Below the Court of Justice are the First, Second and Third Cantonal Courts, which sit in Paramaribo in sessions run by a single judge and function as trial courts. Decisions of the Cantonal Courts can be appealed to the Court of Justice. The First Cantonal Court hears exclusively civil cases arising in the Districts of Paramaribo, Wanica, Para, Brokopondo, Commewijne and Saramacca. The Second Cantonal Court hears exclusively criminal cases that arise from every jurisdiction except Paramaribo and Commewijne; and the Third Cantonal Court hears both civil and criminal cases arising in the districts not covered by the First and Second Cantonal Courts.³⁰

LOWER COURTS. There are also two specialized trial courts for certain specialized cases. The Court-Martial has jurisdiction over offenses in which military personnel are involved. This court sits *en banc*, and is presided over by a member of the Court of Justice, with two military officers from the National Army of Suriname also serving as judges. Court-Martial decisions are appealed to the Court of Justice. In such appeals the panel of the Court of Justice is composed of the President of the Court, another Judge and a deputy from the National Army.

The Medical Disciplinary Tribunal deals with cases against physicians, pharmacists and others working in delivery of health services. It is presided over by a member of the Court of Justice, and also includes two members of the medical profession. Decisions of the Medical Disciplinary Tribunal can be appealed to the Court of Justice, which in these cases is composed of a panel presided by the President of the Court and including two other judges of the Court.

ADMINISTRATIVE STAFF AND LIBRARIES. There is a Registrar's Office for the Court of Justice and a Registrar's Office for the Cantonal Courts. The Chief Registrar of the Court of Justice reports to the Chief Judge. The Registrar's Office for the Court of Justice comprises one Deputy Registrar and seven registrars (two of whom are lawyers, and the others law students), and a Bureau Chief who oversees general court administration. The Registrar's Office for the Cantonal Courts includes three Deputy Registrars (all attorneys) 24 registrars (either lawyers or law students), and a Bureau Chief. The Registrar's Office maintains all official case files and records and provides all of the judiciary's administrative support. The Registrar's Office is also the department charged with providing members of the public with information about cases such as copies of decisions. Personnel for the Registrar's Office are sent over by the MOJP (see section 5.3.1, regarding the role of this Ministry in administering the judicial budget and personnel); in the 1960s and 1970s the Registrar was permitted to select personnel for the Registrar's Offices, and felt the office had higher quality employees and a better-functioning office that way. Bailiffs, who deliver writs of the court to parties and execute judgments, are sworn in by the court as necessary and are not court employees.

Each judge maintains his own files of judicial decisions, which make up part of the body of jurisprudence that guides judges in researching and writing decisions. There is a small legal library at the Court of Justice, and a good one at the MOJP. Judges can also use the university library, which is extensive but a long distance away from the court buildings. The Foundation for Legal Cooperation between Suriname and the Netherlands (Stichting Juridische Samenwerking Suriname-Nederland) also has a legal library that judges can use.

³⁰ Act Regulating the Organization and Composition of the Surinamese Judiciary (G.D. 1935 # 79), as amended.

The Registrar's Office for the Court of Justice maintains statistics regarding types and numbers of cases initiated and ruled on for past years, but cannot supply data on pending cases as no statistics in that regard are maintained. Statistics are not computerized, but kept by hand.

CONSTITUTIONAL COURT. The Constitution provides that there ought also to be a Constitutional Court "entrusted with judging the constitutionality of legal rules and measures created by law" — that is, to rule on the constitutionality of laws and of the actions of government officials. This court has not been established, because legislation implementing the constitutional provision has not been passed.

It is key that Suriname have a court that can rule on constitutional questions and act as a check on the power of the Parliament and executive, and provide a forum to which citizens can bring constitutional complaints against government officials (including judges). This capacity is much in need in the country, to deal with constitutional issues such as those arising from election and removal of the President, and to deal with checks and balances between the three branches of government. There are two potential ways to create this capacity: Suriname could either establish a Constitutional Court, or establish that the Court of Justice will have jurisdiction over constitutional questions. In some civil law systems (including that of the Netherlands) and most common law systems, the functions of a constitutional court and a court of highest appeal are combined in a single supreme court. Arguments for placing constitutional jurisdiction in a nation's highest court, rather than in a separate constitutional court, often include preference for having judges rule on the constitutionality of laws or acts in the context of a specific dispute, rather than establish a body that decides, in the abstract, whether laws pass muster. In systems in which the highest appellate court is also the constitutional court, however, there usually exists a set of intermediate appeals courts. This intermediate level of appeals court does not exist in Suriname: the Court of Justice is the only court of appeals.

This is an important public debate and discussion to have in Suriname: whether a Constitutional Court is needed, or whether Suriname might prefer to place jurisdiction for constitutional questions in the Court of Justice. Creation of a Constitutional Court would require determining exactly what types of cases it would have jurisdiction over, and then realigning the jurisdictions of the Court of Justice and Cantonal Courts with the new institution. There are examples in the region of countries that have separate constitutional courts, and countries that place constitutional jurisdiction in the highest court of appeals; an examination of how these models are functioning and how they might apply in Suriname might be useful in informing the discussion of how to proceed in Suriname.

Being able to place jurisdiction for constitutional disputes in the Court of Justice — either temporarily while establishing a Constitutional Court or permanently — is important in Suriname because of the judge shortage: there will be difficulty in finding judges to staff a Constitutional Court if it is created (see section 5.3.1 for discussion of the judge shortage). To combine the functions would eliminate the need to staff an entire additional court with judges, who are already in scarce supply in Suriname. At least as an interim measure the Court of Justice could assume the jurisdiction of a Constitutional Court until such time as one is established.

The Court of Justice is currently assuming some jurisdiction over constitutional issues, based on the provision of the Constitution that all legal disputes are to be submitted to the judiciary. Article 10 of the Constitution of Suriname and Article 8 of the Inter-American Convention on Human Rights state that citizens have the right to bring a case before a competent court. If the legislature fails to implement a Constitutional Court, then other, existing, courts are probably competent to hear cases. Thus change in the Constitution may not be needed in order to permit the Court of Justice to rule on constitutional issues while the Constitutional Court is not in existence. Though the Court of Justice does not have jurisdiction, for example, to declare a law passed by the Parliament to be unconstitutional and thus null and void in its entirety (Article 80, paragraph 2), the High Court can determine that a law is in conflict with the Constitution and thus decide not to apply it in a particular case.

PUBLIC PROSECUTOR'S OFFICE. The Public Prosecutor's Office (PPO), too, according to the Constitution, belongs to the Judicial Power. It is headed by the Prosecutor General, who is assisted by two Solicitor Generals, 15 prosecuting and deputy prosecuting officers, and 30 administrative staff. The PPO prepares criminal cases for presentation in court, and attorneys from the office act as counsel for the prosecution. A Constitutional prohibition on interference in the investigation or prosecution of cases applies to the PPO as well as to the courts, and thus provides for independence of the PPO from the executive and legislative powers. Citizens or groups interested in prosecution of particular cases can ask the court to request that an investigation be opened by the PPO.

The appointment of the Prosecutor General, like that of judges, is for life. The lifetime appointment to this important post is part of the reason that there is sensitivity and concern over the appointment procedure for the office. The Prosecutor General represents the Republic of Suriname in and out of court, which means that attorneys appointed by the Prosecutor General not only act as trial and appellate attorneys, but also provide legal advice and assistance out of court.

The Prosecutor General is assisted by court police in investigating allegations of criminal offenses. The police can begin an investigation on their own initiative, or the prosecutor's office can ask that an investigation be opened, or citizens can request (through the court) that an investigation be opened, as mentioned earlier. The prosecutor's office moves cases through court, and has discretion as to whether to bring a case or not, or to suspend a case that has been initiated, depending on the likelihood of winning the case and of its importance to national criminal policy or public safety.

As a hold-over from a time in which the Prosecutor General directed the Ministry of Justice and Police, the PPO also has some residual tasks that may make more sense to include in the responsibilities of the MOJP. For example, the PPO issues several types of licenses and maintains the registry for wills and for children whose parents are unknown. The Prosecutor General has requested that the MOJP assume these functions.

5.2.2 Ministry of Justice and Police

This ministry, part of the executive branch rather than the judiciary, has an important role in the administration of justice in that it oversees the police and prisons, approves draft legislation for presentation to the legislature, maintains civil registries and administers the country's legal aid program. The MOJP reports to the President of the Republic, who appoints him to the office.

All legislative proposals from all ministries are sent to the legislative department of the MOJP, where they are reviewed for their technical and legal content. The MOJP sends comments back to the originating ministry; the approval of the MOJP legislative office is required before a proposed bill can go to the Legislative Assembly for consideration. The Legal Aid Office within the Ministry of Justice screens and assigns cases to private attorneys who have signed a contract with the government to be at the disposal of the Legal Aid Bureau.

5.2.3 The Bar and law school

There are several organizations of attorneys in Suriname, among them the Bar Association, the Association of Lawyers in Suriname, and the Young Bar. Approximately 80 attorneys are members of the bar in Suriname; something like 60 of these are actively practicing law. In order to be admitted to the bar and sworn in as an attorney with the Court of Justice, one must have received a law degree. It has been the practice of the Court of Justice to require that new attorneys complete a two-year internship with a member of the bar before applying for membership, though this is not an official rule. Since 1998, new attorneys seeking to be sworn in before the Court of Justice and fully admitted to the bar also complete a training program offered for new attorneys by the Foundation for Legal Cooperation between Suriname and the Netherlands. Draft legislation to establish criteria for admission to membership in the bar is under discussion.

One higher education organization – the Anton de Kom University – offers baccalaureate and master's degree courses in law. Supporting the education of future lawyers and the continuing education of practicing lawyers through strengthening the law faculty would be an effective way to improve the quality of legal services in Suriname.

5.2.4 Non-governmental organizations focusing on the justice sector

Stop Violence Against Women is an NGO that has carried out public awareness campaigns on domestic violence and works with police training in the area of domestic violence prevention and intervention. The Foundation for Legal Cooperation between Suriname and the Netherlands organizes public education and conferences on human rights and other justice sector issues, and provides training courses for lawyers and judges. Moiwana'86 has focused on protection of human rights, including work on alleviation of overcrowded custody prisons and land rights of interior peoples, particularly the Maroons. Moiwana'86 considers these to be related issues, contending that Maroons who are displaced from their lands due to government concessions for logging and gold-mining come to Paramaribo where they do not have skills to survive and sometimes become involved in crime. The organization thus advocates reforms in concession management and land titling, as well as resettlement programs for displaced people and improved prison conditions.³¹ The Organization for Justice and Peace is a human rights organization that advocates the establishment of a truth commission, and has organized conferences and consultations on that topic.

5.3 Assessment of organizational functioning and capacities of justice sector organizations

This section sets out a brief analysis of the chief strengths and weaknesses of the organizations having a role in the administration of justice in Suriname. As a small state, one of Suriname's challenges in providing an adequate administration of justice lies in finding enough highly trained personnel to make the system function well, given that many professionals could opt for more lucrative careers in the private sector. The challenge will be to use resources, especially human resources, well, and to train and motivate the people working in the justice system. A useful strategy might be to focus on the management of organizations: on defining organizational missions, and supporting the realization of those missions through creating intelligent organizational structures, training personnel, and providing equipment and technology that is appropriate for the scale of the need and is designed by and for users. There are opportunities for using technology in Suriname (such as, for example, video hearings) to make optimal use of the scarce time of judges, police, and other justice sector personnel.

5.3.1 Judiciary

Independence

A judiciary can only act equitably to all who come before it if judges are able to decide cases purely on their merits, without giving any special favor to any party due to rank, power, wealth or position in society. The ability to render judgments equitably and fairly requires, in part, independence of the judiciary — that is, the judiciary must not be able to be unduly influenced by another branch of the government or by a private party. Thus, independence is critical to the proper functioning of the judicial power.

³¹ From *Challenges of Capacity Development: Towards Sustainable Reforms of Caribbean Justice Sectors, Volume II: A Diagnostic Assessment of Caribbean Justice Sectors*. Caribbean Group for Cooperation in Economic Development, May 2000, prepared for the IDB and CGCED by the IRIS center at the University of Maryland.

Independence of the judiciary is established in part by a process of appointing, promoting, remunerating and disciplining judges that helps assure that judges are able to rule on issues according to the merits of the case rather than according to loyalty to a political party or person. In order to act independently, a court must also have some administrative independence, including the ability to make managerial and financial decisions regarding how to use its resources in order to resolve the conflicts of a society.

APPOINTMENT OF JUDGES. The issue of judicial independence is a hotly debated one at the moment in Suriname, as the Court of Justice and the executive power of the former government engaged in a dispute over the manner of appointment of judges to the courts of Suriname. The Constitution of Suriname states, in Article 141.2, that judges “shall be appointed by the government, after consultation of the Court of Justice.” Neither a definition of “consultation” nor precise procedures for consulting are set out in the Constitution, and these terms have not been defined in law. Since enactment of the Constitution, the procedure for appointing judges has apparently been that the Court of Justice has presented nominees for judge to the government, and the government has generally accepted that recommendation, though there have been discussions and negotiations in cases in which the government felt that there was a strong argument against a candidate. Though there have apparently been attempts by military governments in the past to influence the process of appointment of judges and impose a candidate, those attempts have been resisted by judges and other justice personnel. Thus for nearly a decade a tradition was established in which the court had a major say in the selection of judges. This tradition was challenged when, in mid-1998, the government appointed a President of the Court of Justice and a Prosecutor General without consulting sitting court judges, the bar or the Lawyer’s Guild.

These appointments do appear to represent a clear break from the prior tradition of court appointments by the executive and, if they were indeed made without consultation, it is difficult to see how they can be considered to comply with the letter of the Constitution. The Judiciary has declared that these appointments represent an attack on the independence of the courts and are unconstitutional. Consequently, the court would not recognize the new appointees. The judges of the Court of Justice continued operating under the presidency of the judge who had been acting president before the disputed appointments. This stand-off continued into late 1998, when police apparently cleared the office of the acting President of the Court of Justice to make it ready for occupation by the government’s candidate. This prompted the members of the Court of Justice to renew their request that the appointments be reversed, provoked the Bar Association to declare the situation outrageous, and sparked newspaper editorials declaring that the confidence in an independent judiciary and the rule of law were at risk, and that the principle of separation of the three branches of government was in danger. Members of the Alliance for the Restoration of the Rule of Law and the Committee of Justice and Police decried the action, and a protest march was staged by opposition parties, labor union members, business community members, lawyers’ organizations, student organizations, teachers’ organizations and individual citizens. NGOs such as the Committee for Christian Churches and various human rights organizations also complained to the government. The opposition filed a request for a meeting with the National Assembly Registrar to ask that the Assembly call a public meeting to discuss the problems with the judiciary. The Association of Lawyers, the Bar Association and the Young Bar declared the appointments unconstitutional and stated that lawyers would consider actions taken by the appointees as invalid.³² Lawsuits were brought challenging the appointments. To date, the trial court has declared the appointment of the Chief Justice and several other judges he named to the Court of Justice to be improper and invalid. These decisions could be challenged in an appeal.³³

³² De Ware Tijd, October 16, 20, 22, 27 and 28 of 1998.

³³ De Ware Tijd, April 29 and May 3 of 2000.

Though the whole tumult is unfortunate and has hampered the administration of justice significantly, the broad and prolonged support for independence of the judiciary and separation of powers is remarkable and indicates that a real consensus exists in Suriname as to the importance of the fair administration of justice. Only with such a consensus is reform of the administration of justice possible; this precondition for reform does appear to exist in Suriname.

Prior to this conflict, the court seemed to have established a fair degree of independence from the executive. Court officials, business leaders, and NGOs indicate that attempts by the executive to interfere with the outcome of court cases has been negligible. This may be born out by the fact that the executive loses a good percentage of the cases that come before the courts.

The court system also has a reputation among citizens as being fair. Public confidence in courts is one measurement of independence: if a court is not independent of favoritism, it is not likely to be regarded as fair. Many NGOs and members of the bar also regard the court system as basically fair, though defendants in criminal cases of lower socio-economic classes think they face some discrimination. This general reputation for fairness is one that Suriname has reason to be proud of, and one that it should work to maintain.

FINANCIAL DEPENDENCY. Though the Constitution provides that the judiciary will be independent by providing that there will be “no interference in cases under investigation or in court,” many decisions are influenced by budgetary considerations and the budget is wholly controlled by the executive. This makes it possible for political influence to be exercised by the executive through control of the purse strings: if the executive does not want the PPO, for example, to open an investigation into a certain matter, it can simply deny prosecutors’ requests for funds to travel to the investigation site or funds for materials necessary to carry out an investigation.

That the executive and parliament set the budget of the judiciary each year is not unusual: this is standard practice in most countries throughout the Americas, though courts have varying degrees of participation in the budget-preparation process. What is somewhat unusual in Suriname is that the judiciary’s budget is administered by the MOJP, and that administrative personnel are assigned by the personnel affairs division of the MOJP rather than hired by the judiciary. This means, in practice, that judges, prosecutors and court personnel do not buy pencils or word processors or hire staff: they ask the MOJP to do so on their behalf. The Court and prosecutors must also request permission to incur expenses to travel to courthouses in the interior, etc. from the MOJP. In the case of hiring personnel, the judiciary informs the Ministry about the profile of the staff person sought, and the Ministry provides an employee, sometimes one who does not have the background the judiciary would have preferred. The MOJP is not overstepping its jurisdiction in appointing staff to the judiciary: Article 6 of Chapter II of the Decree on the Job Description of Departments 1991 states that the tasks of the MOJP include the care of “the judicial organization and the personnel affairs of the judiciary.”³⁴ However, the MOJP could delegate some budgetary control and hiring decisions to the judiciary.

Overall spending on the justice system decreased over the last decade as a share of GDP and as a share of the national budget (Table 34).

³⁴ State Decree of October 10, 1991. Inclusion of the care of the judicial organization and judicial personnel within the tasks of the MOJP would seem to make it hard to contend that the judiciary is wholly independent of the executive in Suriname.

TABLE 34						
Ministry of Justice and Police expenditures, Selected Years						
Items	1987	1990	1994	1996	1997	1998
Share of budget (%)						
MOJP	5.8	5.6	4.9	4.6	2.9	5.1
of which Dept. of Justice	1.4	1.6	0.9	1.1	0.6	1.2
Expenditures/GDP (%)						
MOJP	2.8	2.7	1.4	1.7	1.4	1.9
of which: Dept. Of Justice	0.7	0.7	0.3	0.4	0.3	0.5
<i>Source:</i> GBS, MOF and IDB.						

Judge shortage

The Court of Justice needs more judges. The entire judiciary of the country comprises only eight full-time and three part-time judges, several of whom are close to retirement age. All judges are appointed for life by the President of the Republic and all judges are members of the Court of Justice, which is presided over by a President and Vice-President. The judges of the Cantonal Courts are appointed by the President of the Court of Justice from among its members for a period of two years, a period that may be extended. The Act Regarding the Organization and Composition of the Surinamese Judiciary (G.D.1935 no. 79, as amended) provides that there may be up to fifteen full-time judges, in addition to the President, Vice President, and deputy judges. The Court probably needs 15 full-time judges, and perhaps ten part-time judges, to be fully staffed. Suriname has relatively few judges per general population in comparison with other countries (Table 35). Though the number of judges in Suriname was higher in 1996 (when there were nine active and four part-time judges) than it is today, even in 1996 the number of judges was low in Suriname in comparison to most other countries in the region and to Spain, and comparable to that of countries such as the United States and the Netherlands. Because Suriname is a small country in terms of population, which nevertheless needs to provide trial courts having adequate geographic coverage as well as appellate courts, Suriname probably should have a slightly higher percentage of judges per population than countries having large populations and which can benefit from economies of scale.

TABLE 35	
Number of judges per 100,000 population, 1993	
Country	Judges per 100,000
Netherlands Antilles	17.3
Colombia	17.1
Uruguay	15.5
Argentina	11.0
Costa Rica	11.0
El Salvador	9.0
Bolivia	8.0
Nicaragua	7.8
Ecuador	4.7
Chile	3.8
Guatemala	3.0
Spain	3.0
Suriname (1996)	2.3
United States	2.0
Netherlands	2.0
<i>Source:</i> H. N. Martinez (1998), Ministry of Justice and Police	

The judge shortage is caused, in large part, by the low salaries paid to judges in comparison with what they can earn as members of the private bar. The recruitment of young jurists to be trained for an office in the judiciary must contend with the very great attraction of a career as an attorney in a firm or working in-house as counsel to companies in trade and industry, which offer better salaries and working conditions. A judge must go through training that lasts four to five years after completion of law school (though candidates may work as a registrar while they attend judges' training); if a candidate is appointed as a judge, he then earns far less than he would have earned as a junior lawyer just out of school. Even the salary of an appeals court judge is less than that of a junior lawyer just out of school. The take-home salary of judges is so low, in fact (equivalent to approximately US\$700 per month) that only those who have an independent income can realistically be candidates for judgeships. In January 2000, judges and court staff staged a strike, protesting that their salaries had not increased in the last two years while salaries for other public officials had increased significantly. This action resulted in an increase in judges' and staff's salaries, but that increase has effectively been overtaken by inflation and devaluation of the Surinamese guilder.

There are also social restrictions inherent with a position of judge in a small society. Judges may feel, in order to avoid the appearance of partiality or subjectivity, that they must restrict their social movements to some extent. On the other hand, judges enjoy a fair degree of prestige in Suriname. In any case, most young graduates of law school go into business or private practice. Enticing more lawyers to a career as a judge will be critical to the performance of the judiciary in Suriname. This will require, in part, an attitude of openness and encouragement on the part of sitting judges to a new pool of judge candidates: capable law school graduates are likely to undertake a long course of study toward a judicial career only if they think there is a reasonably good possibility that their candidacy for judgeship will be accepted by the Court upon successful completion of the

course, and only if they are persuaded during the course that a judicial career is an intellectually rewarding and collegial one.

Because there are so few judges, the trial judges who hear cases at the level of the Cantonal Courts also sit on the Court of Justice as appellate judges. The trial judge for a case does not sit as part of the panel of judges who consider the case at the appellate level. Attorneys who argue cases before the trial and appeals courts are critical of this arrangement, and consider that the appeals court should be independent of the court of first instance. The overlap in staffing creates at least a potential conflict of interest: trial judges sitting on an appeals court panel might tend not to overturn a colleague's decision, for fear the next case might similarly overturn one of their trial court decisions. The judiciary, too, would rather that the Court of Justice judges sit only as appeals judges, and Cantonal Court judges only as trial court judges, but this is simply not possible given the limited number of judges.

Training programs for new judges, too, suffer from the too-small number of sitting judges, since these act as mentors and trainers to those studying to become judges. The caseloads for judges is so high, given that there are too few of them, that they have essentially no time to dedicate to training new judges. The judiciary has thus looked to judges in the Netherlands and the Netherlands Antilles to help with training, and this has worked quite well. From 1994 – 1998, training for judges and prosecutors was financed with assistance from the Netherlands and overseen by a Committee for the Selection Training and Supervision of the Judicature. This committee oversaw training of new law school graduates, and also encouraged candidates who already have some experience as attorneys, registrars or notaries to apply; these more experienced lawyers undergo a shorter, intensive course.³⁵ There was general agreement that the content of the training program was good. In part due to the dispute with the executive branch over the appointment process for judges, and in part due to the small number of candidates graduating, only one candidate from this program became a judge in 1998.

Since the judges' training program described above no longer exists, the Foundation for Legal Cooperation between Suriname and the Netherlands (which carries out courses for attorneys and notaries) has begun doing some training for judges. Recruiting more candidates for judgeships, and re-establishing a solid training program for aspiring judges as well as a continuing education program for serving judges, is critical to preparing judges in sufficient numbers over the next few years to meet the country's needs. The number of current candidates will barely manage to replace the number of judges that are likely to retire in the near future.

Managerial deficit

³⁵ The Committee included the Chair, director of the training center who reported to the MOJP, a judge, a prosecutor, the Deacon of the University, and an advisor who was a former Prosecutor General.

The Court of Justice has no professional managers; already overworked judges must also act as managers of the court system, with the support of the Registrar's Office which provides administrative assistance. There is a lack of managers in both the public and private sectors in Suriname in general, and the lack may be especially critical in the judiciary. Most judges do not want to be managers: they have sacrificed considerable earning potential in order to be able to hear cases and render decisions, and they have neither the training nor the inclination to carry out strategic planning, business planning, budgeting, or administrative functions. If the judiciary could hire a professional court administrator, a manager whom judges respect and could work with, this might improve the administrative functioning of the courts, as well as permit scarce judges to dedicate more time to the judicial function, where their time is best used.

The support staff of the judiciary would also benefit from the presence of a court manager to assume some of the tasks that support staff are now carrying out, and to streamline administrative work. The Registrar, who assumes many administrative tasks, in fact has a full-time workload acting as Registrar. Judicial support staff (registrars, assistants, secretaries), like judges, receive low salaries and they, too, would benefit from better training opportunities.

Timeliness of court processes

The public, the bar, the private sector, and civil society complain about delays in the judicial process, not only in the time it takes for a court decision to be rendered, but in the time between the issuance of the decision and the preparation of the formal deed of judgement. Some of the causes of delay have been discussed above: too few judges, no court manager. Each writ of complaint (the document that initiates a court proceeding) that arrives at the court is stamped with a date and a docket number and signed by the Registrar, and then goes to a judge who decides when it will be heard in court. The Registrar writes up a document stating when case will be heard, and the bailiff subpoenas the parties for a court hearing. The Court of Justice has established time periods in which judges must hear and rule on cases assigned to them. Since each judge determines how many cases he is assigned, however, it can sometimes take some time for a case to be assigned to a judge. If a party can establish that a case is very urgent, accelerated procedures apply whereby the case goes to a special judge and presentations are oral rather than written. Demand for accelerated procedures is, as can be imagined, very high.

Problems with equipment (such as frequent failures by word processing computers) and lack of secretarial personnel means that the time between the rendering of a judgment and the availability of that judgment as a public document, the formal deed of judgement, can be as long as a year. Even a summary procedure, such as a request to vacate a building, which takes only one month to be considered by a judge and have a decision entered, often languishes six more months before a typed judgement is available. This means, in turn, that the appeals process is delayed, since lawyers and parties to a case cannot file an appeal until the judgement on the basis of which the appeal will be filed has been published. Once the decision is published and an appeal is possible, it can take two to three years before an appeal can even be docketed, due to the heavy caseloads of the few judges on the Court of Justice. Thus, moving a case through trial can take one to three years, the preparation of the deed of judgment can take another year, and the appeal itself can take four to five years to be docketed and completed. Court delays affect access to justice, in that delays discourage plaintiffs from filing cases.

Perhaps because the bulk of the caseload is civil, the delays seem to apply mostly to civil cases. The Prosecutor's Office says that small criminal cases take about two months to go from apprehension of a defendant by police through to a court decision; felonies and more complicated cases take four to six months to move through the court system. A suspect can be held in custody by police for 14 days, and an additional 30 days if authorized by a prosecutor of the PPO. The PPO must ask the judge of instruction for permission to continue to detain a suspect past those 44 days during investigation; the longest term that the law permits for pre-trial detention is 120 days in total. The trial court can, however, order that a defendant be detained while the trial is carried out. It appears that, for the most part, this maximum period of 120 days is adhered to. Anyone in custody awaiting trial can make a petition to the judge of instruction for freedom, and his petition must be heard by the judge within 24 hours. Judges of instruction consider one or two such petitions most days that they are working.

Buildings and equipment

The main courthouse in Paramaribo burned down in 1989, and the court is now operating out of a former seminary. As the paper records were all destroyed in the fire, court files and records go back only to 1989. The risk of fire is also high in the current building which, like the old courthouse, is made of wood. The seminary building being used as a courthouse does not have sufficient space for hearing rooms, offices or archives, and the buildings are plagued by insects and rodents and dysfunctional air conditioning systems. Confidential documents lie on floors in hallways because archive rooms are full. All the computers in the lawyers' room are broken, and the cell blocks are in very bad shape. The trial and appellate courts are located in separate buildings from the prosecutors' offices, which is inconvenient for court officers and the public: ideally, cantonal and appeals courts as well as prosecutors and court records should all be under the same roof. Basic equipment (photocopiers, computers) is lacking.

Coverage

Before the civil war, the Cantonal Court held hearings in Nickerie, Moengo and Albina. Since the conclusion of the war, the Cantonal Courts have sat mostly in Paramaribo, and have held some sessions in Nickerie. Each case before the Cantonal Court requires a trial judge, as well as a judge who oversees the investigation and preparation stage of a case (the latter is called a judge of instruction). The judge of instruction and the trial judge must not be the same person. The trial judges hold sessions in Nickerie, but the judges of instruction remain in Paramaribo, which means that the police must bring all of the accused to Paramaribo to meet with a judge of instruction. Only a few defendants per month come from Moengo and Albina, but defendants come two to three times every week from Nickerie. The Cantonal Court would like to send judges of instruction to Nickerie, but the MOJP has considered this a very expensive option and has not approved funds for flights. This an example of a situation in which it would be more efficient for the judiciary to control its own budget: the judiciary could weigh the cost of judge travel to Nickerie against defendant travel to Paramaribo and make the least expensive choice.

For a short time the Cantonal Court held hearings by telephone, a procedure that the Dutch have used very successfully, and the judges in Suriname, too, thought it worked very well. Judges tended to hear the easier cases by telephone, and to hold hearings in person for the more difficult

cases. The Prosecutor General put an end to telephone hearings, however, concerned that the law stating that the prosecutor must bring the accused before a judge ought to be interpreted literally rather than liberally. It might be that video-conference hearings would serve both ends: they would make it possible for judges to “attend” hearings from afar, and they would permit the judge to see the defendant and consider his demeanor as well as his words, thus satisfying the Prosecutor General’s concern for the rights of the defendant to appear before a judge.

Regional integration

The Surinamese judiciary would benefit from more opportunities to be in dialogue with judicial officials from the Caribbean region. Regional seminars, workshops, courses, and other forms of information exchange would be stimulating and helpful for judges and prosecutors in Suriname, as well as for those working on drafting legislation (see Section 5.7.1). Curacao and Aruba would be good partners for information exchanges in that their legal systems, like that of Suriname, operate in Dutch. Links with other members of CARICOM, too, are vital for Suriname if it is to harmonize its legal system with that of other CARICOM members. This is made more difficult by the fact that Suriname's legal system is based on civil law and is in Dutch, while most other CARICOM countries have common law systems in English. Nonetheless, the European Union has overcome difficulties of integration of common law and civil law systems, so that a model exists for such integration.

5.3.2 Public Prosecutor's Office

The PPO, like the Court of Justice, does not have budgetary autonomy and must request supplies, equipment, and funds to travel and to initiate investigations from the MOJP. The need to request funds for each investigation means prosecutors cannot move quickly in investigations, and creates a risk of compromising the confidentiality of investigations.

Law students are recruited at the university to participate in the prosecutor training program, and those who want to be prosecutors spend four years assisting prosecutors in the PPO, and then two years completing the training program. International training of prosecutors has been concentrated in the Netherland Antilles and the Netherlands. The staff in the PPO is very young, mostly between the ages of 28 and 35. Prosecutors, like judges, tend to be dedicated to the profession — they would opt for higher-paying options in the private sector were they not very interested in prosecutorial functions. Prosecutors, like judges, would benefit from greater exposure to training activities in the region, and particularly in CARICOM countries. There is a regular exchange of ideas with prosecutors in the Netherlands, but not in the region.

Regional cooperation is all the more important given that Suriname has been used as a drop site for the illegal drug trade. Though the PPO has set up a special intelligence unit to carry out specialized investigations including those of drug trafficking, the Office does not have the staff, equipment (communications equipment, radar, helicopters, etc.), or budget necessary to deal with the recent rise in the international illegal drug trade.

Each prosecutor working in the PPO has a very high caseload; each goes to court two or three times per week. This gives prosecutors little time to prepare cases. The limited number of judges, too, makes the prosecutor's task difficult, since it is difficult to get petitions acted on quickly, even those that are time-sensitive. Prosecutors travel to Nickerie to prosecute cases. They used to go into the interior as well, but no longer do: the buildings in the interior are no longer intact, and travel is too expensive, so there is not now prosecutor coverage in the interior. They have to travel by car, as plane travel is too expensive, and a whole day of travel is involved, often in police cars that are in poor condition and break down. In complicated cases, prosecutors (as well as police) travel to the site of the crime as part of the investigative process. As many as 150 new cases can come in in a week. Statistics regarding cases — categorization by type of crime, chronology of beginning and development of investigation, trial and appeals — are generally available for preceding years but not readily available for the current year.

Both prosecutors and police consider that there is too little contact between prosecutors and police. Police need to understand better what the prosecutors have to deal with in court, and thus how to conduct investigations in a way that makes sentencing more likely. This would require training of police by prosecutors - which would place greater demands on the time of both.

Several jurists have expressed the opinion that the PPO tended to set policies that were applied across the board without exception and with no room for negotiation. The opinion was that the law sometimes gives the PPO more negotiating room than the Prosecutor General was willing to take. This could have been the result of a policy decision by the Prosecutor General, or it could be a symptom of short staffing in the office: negotiation of cases and consideration of facts and law in each case with respect to whether an exception to the rule might be permitted, takes time.

5.3.3 Ministry of Justice and Police

The MOJP performs many roles in the administration of justice in Suriname: it maintains civil registries, reviews all proposed laws before they are sent to the National Assembly, runs the legal aid service, and oversees police and prisons.

Registries, legislative tasks and legal aid bureau

As the entity responsible for maintaining the civil registries, the MOJP is required to give its opinion on whether civil society organizations should be legally recognized, to process requests to change family names or to receive a marriage dispensation. Though registries of partnerships, corporations and non-profits recognized at law are maintained by the Chamber of Commerce (a semi-governmental organization), the MOJP is required to review the by-laws and statutes of each proposed entity, and to advise the Cabinet of the President as to whether a corporation or partnership should be legally recognized. It is the Cabinet that decides whether an entity is approved or not. Moving this task out of the office of the Presidency would be a good idea, in that it would make the decision-making process more efficient, technical and decentralized. At present, it takes at least six months for an entity to receive authorization to operate as a corporation or partnership. The MOJP also has legislative tasks (see Section 5.4) and administers legal aid (see Section 5.5.2).

Police

There is a growing demand for police presence outside of Paramaribo, as people move to the interior with the increase in the tourism, lumber, and gold- and gem-mining industries. Illegal drug trade has stepped up, too, requiring more police surveillance on the coast and in the interior. Many districts outside of Paramaribo are requesting greater police presence, and the police have begun planning for placing more officers in the interior. While the police force is clearly needed for keeping the peace and maintaining order and safety in Suriname, it does not confront the sort of entrenched violence present in some of the other countries of the region.

The Police Commissioner reports to the MOJP. For matters involving the investigation of crime, however, the Commissioner reports to the Prosecutor General. Greater collaboration and the taking of joint decisions by the Minister of Justice and the Prosecutor General regarding police actions and budgets for the investigation of crime would facilitate administration of the police force.

The budget is assigned annually, but the Commissioner, like the Court of Justice and the Prosecutor General, must take each request for expenditure to the MOJP for approval, and take requests for larger expenditures to both the MOJP and the Ministry of Finance. This procedure for authorizing expenditures is a time-consuming and sometimes lengthy one. As a policy matter, it may not be productive to maintain a process that can inhibit quick action by justice organizations, and that may tempt public servants to look for shortcuts in order to get around rules which inhibit effective functioning of their offices.

Though there is no police academy as such in Suriname, officers do their basic police training in Suriname and then often do advanced work in the Netherlands or the Netherlands Antilles. Suriname is very dependent on the Netherlands for advanced training, and until 1996 also received considerable operative support from the Netherlands, which provided police cars, uniforms, buildings, etc. Dependency for advanced training in the Netherlands is problematic given that many officers who travel to receive training in the Netherlands opt to stay and work there rather than return to Suriname. It might be advantageous to work out agreements regarding advanced training with countries in the region.

Police officers have felt at times that they were not paid well under the standard government pay scale; officers often left the force to take more lucrative private security positions. Both police and firefighters were granted exemptions from government pay scale limitations and provided with salary increases in 1998.

In order to be able to comply with its obligations under international agreements regarding combating the illegal drug trade, Suriname will probably need to work closely with other countries of the region. While police in Suriname may need some additional equipment to combat the drug trade, it is probably not realistic to expect a small country such as Suriname to make huge investments in helicopters and the like.

Police in Suriname are aware that a public perception exists that the police may still be too close to the military. Both careful scrutinizing of police activity to ascertain that the force is acting independently of the military — perhaps via establishing some citizen oversight — and public outreach by the police, are needed to counter this perception. Police in Suriname would like to be able to do more community policing and crime prevention work to reach out to citizens. They have begun, in Paramaribo, to work with neighborhood watches and community groups concerned with safety. Police say that, at present, they tend to get called in only after a crime occurs.

Penitentiary system

While the riots and violence that have plagued prisons in other countries of the region have not occurred in Suriname, there are weaknesses in the penitentiary system that prison officials would like to be able to address. First, custody prisons are overcrowded; reduction in the number of detainees awaiting trial would ease the situation considerably. A policy defining which suspects should be detained and which set free during investigation, or at the completion of an investigation but prior to the initiation of trial, would help reduce the number of suspects detained. At present, police seem to detain many suspects for the whole 14-day period for which police have discretion to detain suspects, even for very minor incidents that can be investigated quickly. Measures such as permitting payment of fines for small offenses could also help reduce the population of suspects held before trial, narrowing the universe of detained suspects to those who truly need to be kept separate from society during investigation.

With respect to the prisons that hold those who have been convicted of crimes, there are few work skills training programs to give prisoners instruction in skills that are in demand in the market, such as carpentry, welding, etc. Funds and teachers are lacking for such courses. Juveniles, who are detained separately from adults, do not have many opportunities to participate in educational programs or to keep up with their schoolwork, nor are there many work skills programs for them. The law in Suriname permits judges to give minors sentences that are alternatives to detention: minors under 18 years of age can be punished with a fine or measures such as a reprimand; the most severe sentence is re-education in a government facility.

The training system for prison officials is weak, and there are not always sufficient numbers of guards and other staff on duty. The official prison staff is usually ample, but the number of people who are actually present at their jobs is small. Of 291 people on staff at one prison visited, nearly 200 were not physically present at their jobs because they were "sick" — i.e. absent and probably doing other work in the private or public sector. This problem with absenteeism is part of a broader civil service reform issue in Suriname; it is a problem that hits the penitentiary system hard, since having too few staff present can create dangerous situations for staff and prisoners.

5.4 Law-drafting and legislation

Laws are organized hierarchically in Suriname, as in most every jurisdiction. The Constitution is the preeminent authority; in the case of conflict between the Constitution and any other law, the Constitution prevails. Because of its importance, changes to the Constitution cannot be undertaken lightly, but require approval by a two-thirds vote of the National Assembly as well as government approval and promulgation.³⁶ Next in the hierarchy of laws come acts. Simple majority approval by the National Assembly makes an act valid law. Once an act is approved, its implementation often requires detailed regulations, which are approved at the level of the ministry that has responsibility for overseeing compliance with the statute. Below acts are State Decrees,

³⁶ Article 83 (3) (a) of the Constitution of the Republic of Suriname.

which are approved by the President of the Republic. Finally, ministerial decrees are approved at the ministerial level; they regulate only activity within the ministry itself.

The process by which proposed legislation moves through the executive branch before presentation to the National Assembly is complex and slow. All legislative proposals from all ministries are sent to the legislative department of the Ministry of Justice and Police, where they are reviewed for their technical and legal content. The MOJP sends comments back to the originating ministry; the approval of the MOJP legislative office is required before a proposed bill can go to the National Assembly for consideration. Once the MOJP has signed off on a bill, the originating ministry sends it to the Council of Ministers, which is chaired by the Vice President, for comments and finally to the Chair of the National Assembly. An act presented for approval to the Assembly must be signed by the MOJP, the ministry responsible for implementation of the statute, and the President of the Republic. Every proposed act sent to the legislature is accompanied by an explanatory statement setting forth the history and reason for the proposed legislation. The executive has been preparing a proposal to streamline these procedures.

In contrast, the process for policy formulation is fairly simple: a policy proposal from a Ministry goes to the Cabinet; if adopted, it goes to Council of Ministers. What the Council of Ministers approves is official government policy.

Neither ministries nor the National Assembly tend to have staff who have technical expertise in drafting laws. There are attorneys working in the National Assembly, but they do not have experience in drafting legislation — in fact, there are not many legislative drafting experts in the country. To address this need, some courses have been given by professors from the Netherlands to train legislative draftspersons. The Council of State advising the President, because of its role in reviewing and approving draft legislation, would also benefit from technical expertise in specific legislative areas under discussion or in drafting in general.

Once the National Assembly has passed a new law, often a long time passes before regulations are approved by the Ministry that is responsible for implementing the new legislation. The drafting of regulations, too, is a very particular skill for which training would be useful.

As discussed in more detail in Chapter 3, the National Assembly in Suriname has broad power under the Constitution to propose laws and establish inquiries; these powers, however, are rarely used. This hesitance on the part of the National Assembly contributes to a challenge for the rule of law in Suriname: the Constitution requires implementing legislation in a number of areas in order for its provisions to be carried out, and neither parliament nor the executive have taken the initiative to draft much of this needed legislation. The importance of acts that implement the constitutional framework cannot be understated. The Constitutional Court is an example of an organization named in the Constitution that will not exist until implementing legislation is passed. The combination of a lack of a court with clear constitutional jurisdiction and the parliament's hesitance to undertake investigations have contributed to the impasse between the executive and the judiciary with respect to the nomination procedure for Prosecutor General and for judges to the Court of Justice.

At present, there is not sufficient planning or follow-up with respect to the legislative agenda. Initiatives are sometimes begun and public interest generated — as happened with consumer law seminars, for example — but then they languish, victims of unclear legislative priorities. Suriname’s membership in CARICOM will require amending existing legislation and approving new laws; in order to accomplish this task as well as create implementing legislation necessary to complement the Constitution, Suriname will need a legislative agenda that sets priorities and establishes short- and medium-term legislative goals. The European Union has apparently provided technical assistance for the development of a strategic plan for a legislative agenda. The Office of the President has worked on systems to ensure that individual Ministries implement general policy, and has considered creating a unit within the Presidency to deal with the legislative agenda. Individual ministries are not always given clear responsibility for carrying out the government’s law reform agenda in specific areas.

In addition to needing accountability for drafting laws in certain areas, ministries need greater capacity in seeking input to proposed legislation from experts and interested parties, in building consensus among the public and legislators around the need for law reform, in drafting legislation, in following the progress of the proposed law through the National Assembly, and promptly preparing any necessary implementing regulations once the law is approved. It will be important for ministries and the National Assembly to create law-making processes that allow them to solicit the views of citizens. Hearings on laws under consideration, and periods during which comments on draft legislation are solicited, would be helpful. This would, for example, allow the private sector to comment on draft commercial and finance laws. While private sector views will naturally reflect one interest in society and need to be balanced by the consumer and regulatory views, it is in the private sector that most expertise often exists with respect to commercial legislation, and permitting private sector participation thus results in the crafting of much higher quality legislation.

5.5 Equity and access to justice

5.5.1 Overview

Suriname rates on the low end of the scale for Latin America and the Caribbean — about the same as Jamaica and Colombia — on “the rule of law” indicator, which is an aggregation of most of the available cross-national indicators of such matters as the extensiveness and costs of crime, the enforceability of contracts and property rights, the predictability and the impartiality of the judiciary, and the extent of tax evasion.³⁷ Nonetheless, the court system is generally perceived as fair by the business community, members of the bar, NGOs and citizens. Such a perception of fairness by the citizenry is not easily gained and, indeed, represents a considerable achievement. It is an advantage in working to build consensus toward judicial modernization, and it is a strength that Suriname should seek to maintain and build on. Many people do in fact use the court system in Suriname, even though services of legal aid and public defense are not provided as broadly as they should be. Improving the provision of legal aid and public defense, building on traditions of mediation outside the court system, and increasing civic education in rights and responsibilities would increase access to and equity of the justice system in Suriname.

³⁷ Rule of Law Index developed by David Kaufman, Aart Kraay, and Pablo Zoido-Lobaton, “Governance Matters,”

Washington, D.C., 1999. The index includes measures based on surveys of firm managers and those based on polls of experts.

5.5.2 Legal aid and public defense

The Legal Aid Bureau within the Ministry of Justice oversees provision of assistance in civil and criminal cases. The Bureau has a staff of five attorneys, two of whom are law students. The function of the Bureau is administrative and managerial: the Bureau screens and assigns cases to lawyers or to law students who are completing a mandatory clinical placement and who are supervised by attorneys. That is, the Bureau does not have its own attorneys to go to court: it essentially oversees assignment of cases to private sector attorneys who have signed a contract with the government indicating that they are willing to take on legal aid cases. This system, in which the Bureau assigns outside attorneys to represent legal aid clients, was devised to avoid conflict of interest. If, for example, a husband and a wife both need representation, it was seen as inappropriate to have both represented within the same Legal Aid Bureau.

The design of this program, in which the government oversees private sector lawyering on legal aid cases, appears basically sound. It has largely failed, however, because fees paid to attorneys are too low to make legal aid cases monetarily attractive, and purely *pro bono* or charitable legal assistance from the private bar has not picked up the slack. In addition, the staff of the Bureau does not have time or a system in place to permit meaningful oversight of outside attorneys assigned to cases. An oversight system that includes feedback from clients will be key to assuring that legal aid is rendered effectively. Before the fire that destroyed the courthouse, the Legal Aid Bureau was located right across the street from the courthouse. Location close to the courthouse was very convenient for legal aid clients and for judges, who could ask staff from the Bureau to assign an attorney on the spot whenever a party appeared in court without a lawyer. In addition, proximity to courtrooms meant that Bureau staff could do a better job of overseeing outside attorneys assigned to cases, since Bureau staff could sit in on hearings, and since clients unhappy with assigned attorneys could drop by the Bureau after a court appearance to comment on the quality of representation.

When the option to sign the contract to take on some legal aid cases was first offered to the legal community, nearly all private sector lawyers signed on. Now, because the fees provided to lawyers in legal aid cases are so low, most attorneys have withdrawn from this contract. Those attorneys who do accept legal aid cases must also, in order to earn an income to sustain their law practice, accept and dedicate most of their time to better-paying private cases. The fees paid in criminal cases are so low that, of the 80 attorneys in Suriname, only seven or eight undertake government-appointed criminal cases. Nonetheless, NGOs such as Stop Violence Against Women, for example, report that they have identified some good attorneys to represent poor clients. Some law firms occasionally take on legal aid cases on a charity basis.

In the 1970's there was a legal aid office functioning in the law faculty of the university that had an active practice, staffing cases with law students overseen by practicing attorneys. This office was co-financed by Ministry of Justice and the university, but the Ministry decided not to continue with the student-staffed legal aid office. Since use of student lawyers is cost efficient and trains future generations of lawyers to be concerned about and expert in the legal problems of the poor, this might be a project the MOJP would want to consider re-initiating.

Legal aid lawyers and some of the administrators working in the Legal Aid Bureau observed that the public does not always respect the legal aid help it gets for free. A client will ask that a letter or motion be drafted, or ask that a bailiff be sent out with a court subpoena, and then fail to show up in court, or to pick up documents drafted, or to inform Legal Aid that the case has been settled informally among the parties. Some of the people working in Legal Aid thought that clients should be charged small fees on a sliding scale so that the attorney's work would be valued more highly. Those working in legal aid also think the public would benefit from education about their legal rights and obligations, and about how to use legal aid services.

Funding for the Legal Aid Bureau has not been adequate to provide for basic equipment needs: for example, the Bureau has only one word processor running on outdated software. Until about 1984 detailed quarterly reports on the functioning of the Legal Aid offices were prepared. Since that date, the MOJP has assigned funds only to carry out yearly reports that list the number of cases taken on by type (family, labor, housing, criminal, etc.).

5.5.3 Capacity for resolving disputes out of the courts

Some of the cases being brought to court might be more efficiently settled outside of court. It may be that the uncertainty caused by the trauma of military takeover and civil war has caused people to seek a very official court decision and deed of judgment, and to be lukewarm to more informal methods of dispute resolution such as mediation. Nonetheless, there are some examples of situations in which mediation is working well in Suriname. In the 5th Canton, police are acting as mediators of small disputes. Similarly, in Paramaribo one police officer is assigned to assist parties to settle conflicts such as those between landlords and tenants. There are traditions of mediation among many of the ethnic groups in Suriname. For example, in Hindustani families the eldest family member is often looked to to mediate disputes; in Saramacca, it was traditionally the schoolmaster (the most educated member of the community) who mediated disputes. Maroon villages before the civil war had traditional courts and dispute resolution; their use is apparently less frequent after the war. If alternative dispute resolution methods could be developed in Suriname that build on existing traditions of conflict resolution, this might make an important contribution to resolution of disputes in communities, to violence prevention, and thus to a more efficient court system.

Interest among the bar and business community in negotiation and mediation courses offered by the Foundation for Legal Cooperation between Suriname and the Netherlands has been high. It may be that staff of the Legal Aid Bureau could be trained to be able to screen cases for appropriateness for mediation, and to make referrals to mediators where appropriate. In other countries of the region, mediation clinics set up in law faculties have also been successful and have provided the public with a fast, low-cost method of dispute resolution. The fact that there is a fair amount of informal settling of cases in Suriname is a potentially positive situation for the judicial system as well as for the citizenry. Not all cases are appropriate for resolution by mediation, but providing mediation for appropriate cases permits judges more time to focus on cases that truly merit judicial deliberation, and gives parties the option to seek resolution of a conflict through a method that allows a great deal of control and participation by the parties themselves.

5.5.4 Civic education

There is not much civic education provided to citizens regarding their legal rights and obligations, how to proceed if they think their rights have been violated, or how to use Legal Aid services. Many years ago the MOJP issued a booklet for citizens covering basic rights and obligations and how to use the court system; updating and reissuance of such a publication would probably be useful. Though it is permissible to bring cases *pro se* — that is, without the help of an attorney — cases brought *pro se* tend to take longer and result in less than optimum outcomes. Suriname might benefit from looking at the experience of court systems in other countries that have eased their caseloads and pleased the public they serve by providing simplified forms and procedures for basic legal petitions that might not require a lawyer's help.³⁸

Civil society organizations have successfully undertaken a civic education campaign in the area of domestic violence. Domestic violence is on the rise in Suriname, perhaps due to a rise in economic difficulties that increase pressures and tensions within families. In 1991, an NGO called Stop Violence Against Women was begun, concerned that domestic violence victims were not being taken seriously by the police. They carried out a public awareness campaign; the police, along with others in the society, were shocked and concerned about domestic violence as depicted in this campaign. Stop Violence Against Women worked to build good relations with police and judges, who are now seen as taking the issue very seriously. It will be important to maintain on-going training for police, court officials and attorneys regarding treatment of domestic violence victims, children as well as women. One difficulty in protecting domestic violence victims in Suriname is that there is no shelter available in which victims can stay for short periods. Suriname is signatory to the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW); local legislation has yet to be modified to implement all of CEDAW's requirements regarding non-discrimination against women.

5.6 Reform efforts and activities of donors

From 1993-1998 the Government of the Netherlands worked with Suriname's judiciary to train judges and their support staff. The Netherlands has provided operational support for police (cars, uniforms, radios) and fire brigades, hosts Surinamese police in advanced training courses held in the Netherlands, and has supported a center for youth counseling in the MOJP. The Government of the Netherlands also has supported courses and exchanges for prosecutors in the Netherlands Antilles, has assisted with the operating budget of the penitentiary system, and provided courses in law-drafting. The Netherlands has not funded any new programs since 1998, but existing programs continue to be funded. On November 25, 2000 — the 25th Anniversary of Independence — the Government of the Netherlands announced that it would finance the construction of a new courthouse. The European Union is helping with formulation of a legislative reform agenda. The

³⁸ See for example, the self-service center of Maricopa County Superior Court, Arizona, U.S.A., www.superiorcourt.maricopa.gov/ssc/sschome.html.

IDB funded a workshop on violence against women, and training in domestic violence prevention for police and social workers.

5.7 Recommendations

This section sets forth recommendations for actions to be taken in the justice sector designed to address its most critical needs. While many of these actions can be supported by assistance from donors, including the IDB, many of them will also require a political consensus in Suriname that these are actions the government and its citizens consider important to the country's future, and a political decision on the part of the executive and National Assembly.

5.7.1 The Judiciary

Independence

Procedures for the appointment of Court of Justice judges and the Prosecutor General must be established in sufficient detail to settle the current debate and to prevent future debates over this issue. It is important that the appointment procedures guarantee that candidates are chosen by merit and are beholden to no person or political party while serving their lifetime appointment. There are many variations of appointment procedures that would fulfil these requirements; coming to agreement on them will require a discussion that permits input from the judiciary, the executive, the bar and legal experts, representatives to the National Assembly, and the public.

The judiciary — the courts and the prosecutors — ought to have greater authority to manage the budget assigned to them by the Ministry of Justice and Police. Local authority over this budget, rather than centralized control in the Ministry, is likely to result in a better and more efficient use of scarce resources. It will also tend to make courts and prosecutors more accountable for the use of funds. Courts and prosecutors should be required to report to the MOJP and the public regarding their budgets and their use of funds, but they should not be required to seek approval *ex ante* for expenditures within the assigned budget.

Finding more judges

It is critical to the rule of law that the country recruit, train and hire more judges. This will require raising salaries for judges to make the public position more competitive with private sector employment opportunities for lawyers. Maintenance of the independence and good reputation of the judiciary will also be important to the effort to recruit more judges. Suriname might find the experience of Spain helpful in recruiting judges: Spain has recently made a successful effort to attract experienced lawyers to the bench, revising its Organic Law of Judicial Power to make it possible to appoint established and respected members of the legal profession to the judiciary by means of competitive processes based on interviews by a selection committee. The revised law also allows for judges to be appointed temporarily and for existing judges to be transferred to sit temporarily in jurisdictions other than their own.

Court management

The court system might benefit from hiring a professional court manager to supervise the budget and administration. This would eliminate the need for judges to spend time on administrative matters and would assist courts to function effectively and efficiently with the resources available to them.

Constitutional Court

Suriname will need to either establish a Constitutional Court or to place jurisdiction over constitutional matters in the Court of Justice, in order to ensure adequate judicial review of the constitutionality of government actions and laws. Discussions among the executive, judicial and legislative powers — as well as a public debate to permit the bar and other citizen groups to voice opinions — will probably be necessary to determine how the country might best proceed in this regard.

Physical plant, management systems, equipment

Improved physical plant to make courtrooms safe (reasonably fireproof) and working spaces minimally adequate is clearly necessary. Space for courtrooms, archives, a judicial library, registrars' offices, rooms for lawyers to confer with clients are woefully inadequate in the present facilities. It would be ideal if the courthouse could be near, or even contain space for, the Legal Aid Bureau and public prosecutors' offices. Small-scale, simple support systems and equipment could be installed to make the judicial process more efficient (such as additional word processors, or video conferencing equipment to permit judges to hold hearings regarding defendants in the interior without necessitating travel by judges or defendants).

Training

A training program for those who wish to become judges — to be carried out by NGOs, the law school, or the Court itself — should be re-established as soon as possible. The law school could be strengthened to ensure solid training of future generations of judges, prosecutors, public defenders, notaries, registrars and attorneys.

More regional training opportunities, especially with other CARICOM countries, would be useful for judges, prosecutors and public defenders. In fact, many justice system employees within the Ministry of Justice and Police as well as the judiciary, could benefit from training and conference opportunities with countries of the region. Prosecutors and police need to do some training jointly, so as to assure that police understand the requirements and impact of the judicial process on their investigatory process.

5.7.2 The Ministry of Justice and Police

Drafting and reviewing of new legislation

Because of its important role in preparing and reviewing new legislation, the staff of the Ministry who work on review and drafting of legislation should receive training to improve their expertise in drafting and editing legislation.

Legal aid

The MOJP would also benefit from assistance designed to address inadequacies in the provision of legal aid and public defense caused by insufficient attorney participation in the program due to the low fees paid to them. This could be done by raising fees for *pro bono* work, and/or requiring recent law school graduates to volunteer a minimum number of hours to *pro bono* work, and/or establishing positions for full-time legal aid and public defense lawyers. Suriname could also consider implementing a sliding fee scale based on ability to pay; a fee system that started from zero for those who are not able to pay and moved up to modest fees for those who do have the ability to pay might help ensure that legal service clients attribute value to the legal aid they receive.

In order to provide effective legal aid representation, the Legal Aid Bureau will need to be able to supervise outside attorneys assigned to legal aid cases. A system for supervision of cases and sufficient staff to carry it out is key to establishing an effective legal aid program. Provision of better equipment (word processors, etc.) for the Bureau would also be helpful. It might also make a great deal of sense to make mediators available to Legal Aid clients to help reduce caseload and increase client satisfaction.

Police

The government should consider carefully strengthening police presence outside of the capital. More emphasis should be put on community policing and outreach to citizens in areas such as violence prevention. The citizen perception that the police are too close to the military should be addressed, perhaps by establishing some opportunities for citizen review and comment on police conduct. The police would benefit from training agreements with countries in the region: Brazil, Barbados, Canada, and the U.S.

Close coordination between the MOJP and the Prosecutor General on police issues is important for the efficient use of police resources.

Penitentiary system

The government should seek to: reduce the time that prisoners spend in jail awaiting trial (thus reducing overcrowding in custody prisons); implement simple training programs for inmates in skills that the market requires; and make it possible for juveniles to study or do work-training. Civil service reform to eliminate the need to pay an enormous number of ghost workers would free up funds for training programs. In addition, the government should consider improving training for prison officers.

5.7.3 Coverage of justice organizations: the interior and traditional societies

Police, prosecutors and courts have very little presence in the interior of the country. The police report that more and more interior districts are requesting police services, and both judges and prosecutors would travel to the interior more often if more funds and time were available to them. Establishing the administration of justice in the interior will require that attention be paid to the rights of indigenous communities under the Peace Agreement, and mechanisms for making it possible for the traditional legal system and the constitutional system to function in tandem. The way in which police, prosecutor, legal aid and court services are provided in the interior will have to be sensitive to local legal systems.

5.7.4 Alternative dispute resolution

Suriname could implement an alternative dispute resolution (ADR) project involving courts, police, prosecutors, the Legal Aid Office, law schools and community centers, to encourage use of ADR for cases that needn't go to court, for prevention of violence and local resolution of disputes. It may be that training and support in ADR should extend to traditional justice institutions in Maroon societies. In any case, Suriname can build on local traditions of dispute resolution and violence prevention in developing an ADR program. The awareness campaigns and dispute resolution training to prevent domestic violence could be continued and expanded.

5.7.5 Law reform

In order to carry out governance reform and implement government policies, Suriname will need to formulate new legislation and modify existing laws and regulations. Thus, law reform will be one step in improving governance in Suriname. Strategic reformation of laws would include:

- Formulation of a national legislative strategy identifying the laws that need to be drafted or reformed in support of government policy objectives, with clear assignation of responsibilities among ministries and a follow-up mechanism (this strategy is absolutely critical to the reform effort).
- Review of the process by which the executive formulates and approves draft laws for consideration of the National Assembly, to determine whether there are any unnecessary bottlenecks.
- Implementation of programs, by the ministries responsible for drafting specific laws, designed to solicit input and participation from the public, and to build consensus around new legislative initiatives; and
- Implementation of training programs in legislative drafting; and technical assistance in specific areas in which new legislation is needed and in which local expertise could be supplemented with an international or regional perspective (for example, short-term assistance from an expert in banking and financial system regulation).

5.7.6 Combating the illegal drug trade

The Prosecutor General's Office and the police would benefit from formulation of a national policy (and provision of funds for its implementation) on how to deal with the drug trade. This may require reviewing international agreements and regional cooperation in this area, as it would be impossible for the government to spend vast sums on radar, surveillance equipment, aircraft and the like.

6. Local Government

6.1 History and structure

Historically, Suriname has had a very centralized government and local government structures did not exist prior to the 1980s. A government regulation of 1955 provided for the establishment of elected local bodies and the government established a Ministry of District Administration and Decentralization in 1969. But the government made little tangible progress towards establishing local government until the 1980s, when it established political representation at the local level in 10 districts and 62 sub-districts. These efforts were formalized and given greater standing with the passage of the 1987 Constitution, in which three out of twenty-eight chapters were devoted to regional government. The Act on Regional Institutions (1989 no. 44) subsequently expanded on the general provisions laid down in the Constitution.

The Constitution set out three levels of government: national government, district government, and sub-district government. As at the national level, district government is broken into representative and executive branches. The "*district councils*" (district raden) form the representative branch and the "*district administrations*" (districtsbestuur) form the executive branch.³⁹ At the sub-district level, only the representative branch exists — the "*ressort council*" (ressort raad). There are 10 district councils and 62 ressort councils.

The President appoints a *District Commissioner* for each district (two for Paramaribo).⁴⁰ The district commissioner chairs both the district council and the district administration. District and ressort councils are elected every five years at the general elections. The voters elect the ressort councils from a list of candidates and the proportion of party votes in the ressort council elections also determines the number of seats each party receives in the district councils. Most district councils have between seven and eleven members but the Paramaribo council has 21 members and the Wanica council has 15. Ressort councils have between 7 and 17 members.

³⁹ Paramaribo and Sipaliwini do not have district administrations.

⁴⁰ This follows the Dutch system, wherein the national government appoints governors of provinces and mayors. These officials fulfill a dual role, on the one hand participating in local government management and, on the other, representing the national government, particularly in areas such as public order. The Government makes the appointments on a strictly proportional basis, according to political parties' weights, and after having heard the advice of the provincial or city councils.

The *Ministry of Regional Development* oversees local government and manages the relationship between the districts and the central government. In this capacity the Ministry pays the 818 district and ressort council members for their services and pays a stipend to over 1,200 “forest dignatories”.

TABLE 36			
District population and ressort council representation			
District	Population (1995)	Number of Ressort Councils	Population per Ressort Council
Brokopondo	6,649	6	1,108
Commewijne	20,298	6	3,383
Coronie	2,808	3	936
Marowijne	12,931	6	2,155
Nickerie	32,647	5	6,529
Para	13,329	5	2,666
Paramaribo	213,578	12	17,798
Saramacca	12,349	6	2,058
Sipaliwini	21,272	6	3,545
Wanica	68,892	7	9,842
Suriname	404,753	62	6,528

6.2 Mandate

Local governments have a limited mandate that is largely restricted to small-scale infrastructure, maintenance of the local environment, and local administration. The 1989 Regional Institutions Act listed the every day responsibilities of the *district councils and administration* as:

- Supervising compliance with legal regulations, state decrees, resolutions and ministerial decrees insofar as the responsibility is not explicitly assigned to another entity.
- Maintaining public order in the district.
- Preparing district plans and the execution of approved plans.
- Administering the District Fund as well as other district revenues and expenditures.
- Maintaining secondary and tertiary roads, bridges, drainage pipes, waterways, sluices, and other public works.
- Maintaining parks and other public places.
- Supervising public health care and the public burial service.
- Fire prevention and control; and
- Fighting other disasters within the district, insofar as the task is not assigned to another entity.

However, the *district administrations* are responsible for the day-to-day management of the district. The district administration is answerable to the district council and the district commissioner.

Each district council is required to prepare an annual report/plan that reviews the previous year's accomplishments and activities, and outlines a plan for the upcoming year. The plan is expected to show what ordinances the council has approved; what resolutions the council has taken; how involved ressort councils have been; how citizens have participated; what the pressing issues of the district are and what activities will be undertaken to address such issues. The district councils must submit the district plan to the Minister of Regional Development, the State Council, and the National Assembly by March after the relevant year. District councils must convene at least once a month.

Ressort councils are charged with supervising the day-to-day administration activities undertaken by the district administration in their localities. They are required to prepare a report which mentions the most important activities performed on behalf of the locality. Ressort councils must submit the report to the district council, the district administration and the Minister of Regional Development by February after the relevant year.

The Constitution made provision for the members of the district councils to participate in the formulation of national development policy. The 1989 Regional Institutions Act elaborated on this role, specifying that district plans should be taken into account when the annual national plan is prepared and that representatives of district councils have the right to attend discussions concerning the preparation of the national plan. In practice, the central government has rarely exercised this provision.

6.3 Resources

The human resources of district governments are limited. Each district commissioner has a commissioner's office, with a staff that looks after financial, personnel, and regulatory affairs. Some district commissioner's offices also have property and technical work departments that take care of carpentry, painting, electrical work, plumbing and general maintenance tasks. The Ministry of Regional Development employs all of these staff as well as the district commissioner (Table 37). Other ministries (Public Works, Agriculture, Livestock and Fisheries, Natural Resources, Finance, Health, Education, Social Affairs, Transport, Communications and Tourism) employ their own staff in the districts to carry out their work there. These staff form the District Administration and are responsible for the bulk of the work carried out in the districts. Staff are civil servants and, like their counterparts in Paramaribo, are poorly paid and underskilled. The district councillors who supervise the district generally have 10 years of schooling (primary and four years of secondary) and little financial, legal or administrative experience. The ressort council members usually have less education and experience.

TABLE 37	
Ministry of Regional Development regular payroll (end of 1997) 1/	
	No. of persons
Total regular payroll	1,573
Headquarters staff	169
Districts payroll	1,404
Administrative staff	433
Civil works departments (Paramaribo, Wanica, Nickerie & Brokopondo)	159
District and ressort council members	812
Source: Rekenkamer and Ministry of Regional Development.	
1/ Does not include Forest Dignatories who receive a stipend from the Ministry.	

District governments have extremely limited access to financial resources. The districts have not raised own-source revenues, mainly because the legal authority for them to do so is unclear. Article 38 of the 1989 Regional Institutions Act gives district councils the authority to introduce local taxes in districts. However, the introduction and modification of taxes requires the approval of the National Assembly. In addition, the provisions of Article 38 are inconsistent with the central accounting law, which has not been updated to allow for district government revenue raising.⁴¹ Consequently, no district has introduced a tax. The Act also provides for the establishment of a District Fund, wherein revenues from local taxes can be deposited. However, the establishment of a district fund also requires approval from the National Assembly.

In addition, central government financial transfers to the districts have been very low (Table 38). The Ministry of Regional Development channels approximately 13 percent of its budget to the districts. Total funding through this channel in 1996 accounted for only 0.12 percent of total government expenditures and 0.05 percent of GDP. The allocation between districts was uneven on a per capita basis, with Sipaliwini receiving nearly half of all funding while accounting for only 5 percent of the total population. This reflects the higher costs of providing services in the interior as well as a desire to channel funds towards the economically least developed area.

Aside from a regular allocation from the Ministry of Regional Development, district governments can make *ad hoc* requests to the central government for special funding. Generally, a

⁴¹ Article 7 of the Accounting Act states that all money received by the State should be deposited at the national pay-office or a State account at a financial institution appointed by the Minister of Finance.

civil servant from Paramaribo will make an assessment of the validity of the claim before an allocation is made.

TABLE 38					
District: Financial transfers from central government (1996) 1/					
District	Sf. 1,000s	US\$ 1,000s	Share of total	US\$ per inhabitant	Population (1995)
Brokopondo	5,216	13	3.6	0.8	6,649
Commewijne	11,567	29	8.0	0.6	20,298
Coronie	4,207	10	2.9	1.5	2,808
Marowijne	6,462	16	4.5	0.5	12,931
Nickerie	11,933	30	8.3	0.4	32,647
Para	6,287	16	4.4	0.5	13,329
Paramaribo	13,561	34	9.4	0.1	213,578
Saramacca	7,702	19	5.3	0.6	12,349
Sipaliwini	67,705	167	46.8	3.2	21,272
Wanica	9,886	24	6.8	0.1	68,892
TOTAL	144,526	357	100.0	0.4	404,753
Total as % of total government expenditures	0.12				
Total as % of GDP	0.05				
<i>Source:</i> Ministry of Regional Development; MOF.					
1/ Does not include personnel costs which are paid directly by the MRD.					

Although (or perhaps because) districts have limited direct access to financial resources, they receive a large amount of indirect or in-kind resource flows. First, the Ministry of Regional Development pays the salaries of all the district government personnel (district commissioners, district and ressort councillors, and staff). These payments account for the bulk of the Ministry's budget and dwarf the direct financial transfers. Second, national ministries provide goods and services in the districts. While the district itself benefits from these services, the district government does not receive any resources as such and can only monitor the execution of the works or services.

6.4 Performance

The performance of local government can be judged against two benchmarks. If judged in terms of progress towards decentralization, local government has had only very limited success. Government in Suriname is still highly centralized in practice. The government created the structures for increased voice at the local level but did not assign either the responsibilities or the resources to local government for true decentralization. At best, the creation of local government structures has contributed to some experience in local administration and represents a start in the direction of decentralization.

However, if judged in terms of their very limited mandate, district governments have been reasonably successful. Although their financial and human resources have been weak, they have largely fulfilled the minor duties assigned to them. Most districts, other than those in the interior districts and Paramaribo have held council meetings at least two to three times a month. Nevertheless, very few district, let alone ressort, councils have prepared plans since 1996. Enthusiasm for preparing plans has declined markedly because little action was taken to follow up or implement previous plans.

The performance of the ressort councils has been more dubious than that of the district councils. Ressort councils have had minimal capabilities and in most cases have not met regularly. In early 1996, a scandal erupted when it emerged that council members in one ressort had claimed compensation payments for meeting four times a month with a 100 percent attendance over an 18 month period even though in fact they seldom met and had incomplete attendance when they did meet. The Auditor's Office estimated that this fraud had cost the government Sf.35 million (US\$86,000).

6.5 Issues

DESIRABILITY OF DECENTRALIZATION. Decentralization offers several potential benefits. First, the provision of local public services should, in theory, be better matched to local preferences in terms of both composition and amount. Thus, decentralization can improve the allocation of resources. Allocative efficiency should be superior under a decentralized system partly because different regions prefer different amounts of public services and local areas are more homogenous than nations. Local governments can tailor services more precisely to local demand than national governments. Also, local governments are physically closer to voter/consumer/ taxpayers and therefore have better access to information about local preferences than national governments. Second, decentralization can lead to greater political participation. To the extent that individuals feel that local policies have a more direct impact on their lives and that they have greater influence on such policies, decentralization will encourage political participation and greater civicness. Third, decentralization can lead to increased accountability of politicians and governments. Citizens have greater contact with local politicians and governments than national politicians and the national government. Therefore, they are able to monitor their local government's performance more closely and to discipline local politicians more effectively. To the extent that the benefits of locally-provided services are closely linked to the costs that local taxpayers have to pay, citizens also have strong incentives to monitor local governments' performance. These factors should lead to an increased government responsiveness to local needs and better organizational performance. Fourth, decentralization can lead to innovation in service provision. When different regions provide the same service in different ways, opportunities are created for innovation, learning and the transfer of "best practice."

But decentralization also entails risks and dangers. First, the potential benefits of decentralization can only be tapped if local governments function adequately. Because district governments are weaker than the national government in organization terms, they may not be able to provide services adequately. In such circumstances, decentralization could lead to lower quality service provision. Second, decentralization can accentuate problems of governance and accountability. Local governments are more prone than national governments to be captured by special interest groups and they are less able to stand up to rich, powerful individuals. Decentralization may entrench traditional regional political elites and these factors may give rise to corruption. These problems are frequent when local governments suffer from organizational weakness, civic participation is low, and control mechanisms (such as central government supervision) are weak or absent. Third, decentralization may give rise to problems of “free-riding”. If the assignments and responsibilities of local government are unclear, local governments may under-provide services in the hope that the central government will step in and provide them. Fourth, decentralization may negatively impact macroeconomic management. As spending shifts from the central to local levels, the central government will find it more difficult to coordinate national fiscal policy. The MOF has less and less control over total government expenditures and local governments may increase expenditures at a time when the central government is seeking to restrain total expenditures and aggregate demand. In addition, local governments may have an incentive to overspend if they are allowed to borrow. Generally, it is hard for central governments to avoid the impression that they implicitly guarantee local government borrowing and this may enable local governments to shift the costs of overspending onto the central government.

WHAT TASKS ARE BEST FOR LOCAL GOVERNMENT? The services that are best provided at the local level have two characteristics. First, their benefits vary geographically and are typically concentrated locally (i.e. residents outside of the district can be excluded from benefitting from the service). Second, economies of scale in the provision of the service are not important. The tasks that have these characteristics include zoning, building and business establishment authorization, waste management, and minor infrastructure provision and maintenance.

THE BEST METHODS FOR RAISING REVENUES. Local governments need income to finance the public services that they provide but generating such income can be problematic. Options for obtaining that income range from local generation to transfers from central government, including various combinations of the different methods (Table 39).

TABLE 39			
Options for securing revenues for local government			
Name	Features	Advantages	Disadvantages
Independent local taxation	Local governments determine independent tax bases, rates and have independent administration	Local government has considerable authority. Instills local accountability	Needs well developed administrative capacity. Administrative duplication and high costs. Possible inter-regional distortions from differential tax bases/rates. Possible capture by local elites
Centrally-assisted local taxation (“co-administration”)	Local governments determine tax base and rates but central government assists in administration	Local government retains autonomy. Instills local accountability. Addresses limited local government capacity and restrains influence of local elites	Possible inter-regional distortions from differential tax bases/rates
Surcharges	Central government is responsible for tax administration and local government adds a surcharge to the central government tax. The surcharge is given back to local governments	Reduced administration and compliance costs through uniform tax base and system of tax administration.	Raises national tax rates. Lose local accountability
Revenue sharing	Central government is responsible for tax policy and administration but distributes a share of certain taxes or of overall revenues to local governments according to some criteria.	Minimizes administrative and compliance costs. Local governments can benefit from buoyant national taxes.	Breaks link between benefits of local expenditures and costs of providing services (taxes). This weakens the accountability of local government, weakens the incentive to spend efficiently, promotes an upward bias in local government spending. Can have adverse macroeconomic impact and tends to boost national deficit.
Capitation grants	Central government provides grants to local governments for the provision of specific services based on number of beneficiaries.	Transfers are predictable and stable. Resources follow outputs not inputs and therefore provide an incentive for efficiency.	Lose the benefits of local choice. Local government accountable to central government rather than to citizens/taxpayers.

The benefits of decentralization in terms of better matching of services with local preferences and increased accountability are most likely to be obtained when revenues to pay for local services are raised locally. However, not many taxes are suitable for local application. Suitable local taxes have an immobile tax base (otherwise taxpayers relocate leading to a loss of tax revenue and distortions in decision-making); they are administratively simple and not subject to economies of scale in administration; they yield sufficient revenue to be worthwhile; and are visible (so that local taxpayers demand commensurate performance from their local government). Taxes on property and vehicles and user charges meet such criteria, although property taxes can be administratively complex. Transfers from the central government can plug the gap between own-revenue and expenditures, when local governments have significant expenditure responsibilities. Transfers minimize administrative costs and compliance problems, and avoid the inter-regional distortions in economic decision-making that can arise from differential tax bases/rates. However, transfers break the link between the benefits and costs of local public services, which weakens the incentives for citizens to hold local governments accountable and ensure that they spend resources efficiently. Inter-governmental transfers may also promote an upward bias in local government spending and can boost the national fiscal deficit. Several of the countries in Latin America and the Caribbean that have gone furthest in decentralization and which have legally obliged the central government to transfer resources to regional governments (Argentina, Brazil and Colombia) have experienced great difficulty in restraining the overall public sector deficit in recent years.

ACCOUNTABILITY. The current system whereby the President appoints district commissioners seriously undermines the accountability of local governments. District commissioners are the focal point of local government power and the most visible part of local government. Nevertheless, the initial selection and continuation in office of district commissioners depends not on local voters/taxpayers/citizens but on the pleasure of the Paramaribo-based President of the Republic. Therefore, notwithstanding the popular election of district council members, the ability of local populations to influence local government policies and performance is very weak. Thus, citizens cannot hold local governments accountable. Civic participation is low partly because of the inability of citizens to influence outcomes. This situation gravely weakens the justification for decentralization, the major benefits of which are assumed to be: the increased accountability, greater civic participation, and a better matching of services with local preferences.

OVERLAPPING SYSTEMS OF GOVERNMENT. In the interior of the country, the formal, Paramaribo-designed, local government structures co-exist with and overlap traditional local government structures. Maroon tribes are headed by a chief (Granman) who receives advice from lieutenants and councils of elders. Similarly, Amerindian villages have headmen who are recognized as “chiefs” by the central government. Ressort councils and, to a lesser extent, district governments, in the interior are a somewhat alien and unnatural form of local government compared with these traditional, geographically-compact and well-established forms of local government.

DISJOINT BETWEEN THEORY AND REALITY OF DECENTRALIZATION. There is a disjoint between the theory and elaborate legal construction of local government on paper and the reality of local government on the ground. The legal basis for local government is ambitious given the lack of a tradition of local government and the scarce amount of resources allocated to making it effective.

6.6 Recommendations

It is clear that decentralization and strengthening district governments could benefit Suriname's development. However, a number of factors, such as the weak existing capacity of district governments and the weak fiscal situation, argue in favor of a cautious and gradual approach to decentralization, particularly with respect to the transfer of responsibilities and resources. Nevertheless, the government needs to move decisively to allow citizens to elect their district commissioners in order to secure the necessary accountability of district governments. While there is scope for strengthening district governments so that they can take on greater responsibilities, efforts to strengthen the sub-district (ressort) councils in the near term would likely be wasteful.

6.6.1 Increase the responsibilities of district governments only gradually

The most appropriate tasks for district governments would appear to be typically local matters — zoning, minor infrastructure provision and maintenance, waste management, building and business authorization, and other license and permit issuance. It would probably be unwise to go beyond those tasks at this stage. The small size of country in terms of both geography and population means that most other goods and services could not be provided at a sufficient scale locally to be efficient. The limited resources and administrative capabilities of district governments reinforces that concern. In addition, district governments do not appear to be the best vehicles for decentralizing some services like health and education. In both cases, service provision is likely to be most effective, efficient and responsive to users' needs if managerial and operating autonomy is decentralized right down to the operational unit — a hospital or school. Hospitals already have substantial operational autonomy (IDB, 1998) and decentralization in the education sector would be best achieved by providing individual schools with autonomy in conjunction with parental involvement in school boards (IDB, 1997).

6.6.2 Rely on local revenues initially

For the short to medium term, it would be best for district governments to rely exclusively on locally-derived revenues. The macroeconomic situation is not stable, mainly because of a large fiscal deficit. Therefore, the national fiscal position is currently too weak to bear the additional burden of transferring resources to the districts. In addition, forcing district governments to rely on locally-derived revenues will enhance the local accountability and performance of district governments and politicians. It will provide incentives for spending resources efficiently and effectively. Last, a gradual transfer of expenditure responsibilities and of revenues would let district governments gain experience and prove their competence before being given greater resources and responsibilities.

Property taxes are inherently suitable for local governments. Suriname currently has a Rental Value Tax (Huurwaardebelaasting), which is levied on the actual or potential rent that a property could generate (rather than the actual value of the property itself). The Rental Value Tax (RVT) could yield far more revenues than at present and these revenues could become a significant source of revenues for district governments (Villela, 1999). Revenues from the RVT have been negligible in recent years. However, the government is revising the tax by re-registering and re-assessing the value of properties nationwide. The yield of the tax could be further boosted if the tax rate were raised and a Sf.10 million deduction for owner-occupied homes was eliminated. The weak administrative capacity of district governments and inexperience with tax administration suggests that the RVT should be co-administered with the national Office of Tax Administration, at least initially. Given the present low yield of the tax, shifting the ownership of the revenues generated from the central government to district governments would not disturb the national fiscal situation, but would increase the incentives to collect the tax effectively. District governments could also consider introducing a tax on vehicles, especially if one of their principal tasks is to maintain secondary and tertiary roads.

District governments could also generate non-tax revenues. The government collects fees for leasing its land to individuals. However, revenues from land leases are very low because of weak enforcement and low charges (Villela, 1999). As with the Rental Value Tax, land leases could provide an important source of revenues for district governments. Moreover, if district governments were allowed to keep a significant share of the revenues generated by land leases they would have strong incentives to assist the national agency that is responsible for collecting fees (Domain Kantoor), which could make the tax more productive. District governments could also charge fees for specific services, such as garbage collection. Such user charges would probably not be a large source of revenues but might cover the cost of providing the services.

Granting district governments the legal basis for raising and keeping revenues, including modifying Article 7 of the Accounting Act, is a prerequisite for enabling district governments to raise revenues, whether through taxes or fees.

6.6.3 Improve the accountability of district commissioners

The government should consider allowing citizens to elect their respective district commissioners. Only when citizens have the power to remove or select district commissioners will local governments be truly accountable to local populations. Such accountability is a pre-requisite to improved local government performance.

6.6.4 Encourage partnership between district governments and citizens/ civil society

The development of effective and responsive district governments is more likely to occur if district governments work at increasing their consultation and partnership with citizens and civil society. Greater participation in the selection, design and delivery of local goods and services would probably improve the choice and design of programs as well as raising the efficiency and effectiveness of program delivery. Achieving such participation implies that the district governments would need to be more transparent and provide more information to their communities, would have to actively build ties and consult with local communities, and would have to create feedback mechanisms, such as client or user surveys.

7. Civil Society

7.1 Overview

Suriname's civil society includes a wide variety of organizations, some of which are entirely autonomous of the state, while others collaborate with and even depend on, the state. Private sector organizations and labor unions are well-established and unions have long had an important influence on governance. Other types of civil society organizations, particularly NGOs, grew in number and importance during the 1990s (Appendix V).

Electoral and political participation are relatively high but civic participation has traditionally been low. Civic participation is low partly because civic participation is not taught in schools. However, several NGOs have taken the initiative to execute civic education programs.

The trend towards greater incorporation of civil society is likely to improve both the quality of development policies and the execution of government programs.

7.2 Definition and composition of civil society

In this study, civil society is defined as “an intermediate associational realm between state and family populated by organizations which are separate from the state, enjoy autonomy in relation to the state and are formed voluntarily by members of the society to protect or extend their interests or values.”⁴² In most societies, this associational realm includes formal as well as informal groups, professional networks, including private sector groups, NGOs, political parties, labor unions, academic institutions, research centers, etc. Civil society organizations (CSOs) may be small, community-focused groups or associations with a national profile and even an international or global reach. In some instances, interest groups and pressure groups have been created around specific issues. They may have a political agenda for a time and then disappear when the focus changes or is no longer relevant.

In Suriname, human rights, gender, environmental and economic issues dominate the concerns of civil society. This is reflective of the country itself, given its political history, the significant number of female-headed households, and a vast territory comprised of jungle and rain forests. In addition to these traditional interests in Surinamese society, many CSOs that voice their opinion feel that there should be a greater focus on the role of youth and women and other vulnerable groups in governance. To date, some political parties have targeted such

⁴² Carothers and Ottaway, “The Burgeoning World of Civil Society,” *Funding Virtue*, Carnegie Endowment for International Peace, p.9, citing Gordon White, “Civil Society, Democratization and Development (I): Clearing the Analytical Ground,” *Democratization*, vol.1, no.3 (Autumn 1994), p.379.

groups to get their support and often purport to represent their interests to ensure their participation is noted.

7.3 Scope of civil society organizations

7.3.1 Private sector

The three most important organizations representing the private sector are the VSB, the Association of Surinamese Manufacturers (ASFA), and the Chamber of Commerce (KKF). The VSB's membership (around 225 companies) spans all economic sectors, with large companies in the mining, banking and commerce sector playing a leading role. In 1998/99 the VSB broadened its scope of concern and voice beyond narrow business concerns by taking a leading role in the Combined Opposition (GS) – a movement comprising the political opposition, trade unions and the private sector that aimed to terminate the Wijdenbosch Government's term in office. Although the trigger for the formation of the GS was widespread concern about the quality of economic management, which obviously has a direct impact on the business sector, the VSB and private sector expressed concern also with other issues of governance, such as due process, corruption, and participation. The GS, and the large demonstrations that it organized, eventually succeeded in shortening the Wijdenbosch Government's term by one year.

ASFA's members (around 150) are mostly domestically-owned manufacturing companies. Thus, ASFA traditionally supported import-substitution policies and policies that favored the local industrial sector. However, more recently ASFA has promoted more outward and market-oriented policies and general economic policy liberalization. Both ASFA and the VSB have submitted economic plans and policy suggestions to the new Government.

The KKF has the largest membership of the private sector organizations (over 14,000) by virtue of its role in managing the register of companies. It places a special emphasis on promoting policies that support micro, small and medium-sized companies, large numbers of which are members of the KKF but not the VSB or ASFA. The KKF provides a range of services to companies, as well as playing a general role of advocating policies that would further private sector development. Although the KKF's membership comes from the private sector, governance of the KKF's is influenced by the government, which founded the body as a quasi-private foundation. For instance, the KKF must submit its budget for the Minister of Trade and Industry's approval.

The three dominant private sector organizations have been in the vanguard in calling for a shift in the development paradigm towards a greater role for markets and the private sector and a lesser role for the state. As such, they have been keen advocates of economic liberalization.

7.3.2 Trade unions

Trade unions are well established and have a long history. Their power is reflected in the tremendous influence they have had on wage policies, labor legislation and even — through their ability to organize paralyzing strikes at critical junctures — on political developments. The fact that several union leaders are also prominent politicians also contributes to the

overlap between labor issues and politics. The unions' role is institutionalized in representation in the Council of State and other tripartite bodies.

Trade unions have been able to secure a favorable regulatory environment for labor. A law prohibits the dismissal of employees without the approval of the Minister of Labor, thereby effectively transferring employment decisions from the economic sphere to the political sphere. In addition, government employees continue to be paid while on strike, thus greatly enhancing their ability to sustain prolonged strikes. The strong position of labor is underlined in the Constitution, which devotes five articles to trade unions and labor issues — including the freedom of employees to establish trade unions — and only one article on employers.

The multitude of individual unions are members of an umbrella group for all trade unions in Suriname — the Council of Trade Unions in Suriname (RAVAKSUR). But the most important groupings are four federations or clusters of unions — the Progressive Trade Union Federation (C-47), the General Alliance of Trade Union Associations in Suriname (De Moederbond), the Federation of Civil Servants Organizations (CLO), and the Federation of Farmers and Agrarians (FAL). Despite the grouping of unions, sectoral representation can still be complex. For instance, the Ministry of Education must deal with eleven different unions in the education sector, some of which are organized by type of school and others of which are organized by the level of education (IDB, 1998). Similarly, the MOJP must negotiate with seven different unions, some of which are affiliated with the CLO and others of which are affiliated with C-47.

7.3.3 Non-Governmental Organizations (NGOs)⁴³

Among the numerous NGOs are a varied group of development organizations, human rights and indigenous groups, women's organizations, religious and church-affiliated groups, sports clubs, community service and community-based organizations (CBOs) and academic institutions.

Development organizations

The Bureau Forum NGOs, founded in 1991, is a type of consortium or umbrella group that seeks to strengthen the capacity of NGOs, many of which have good working relationships with the government. In 1996, the Bureau included 130 member organizations, many of which were too small to receive international aid. The Bureau Forum set out to help the smallest and the weakest by grouping them together and helping them to become more professional. The Bureau's work in the interior with small and medium-sized organizations is also important where target groups include the Amerindians and Maroons. In an effort to play a complementary role to government, particularly in local areas, the Bureau coordinates its policy initiatives with the local structures in villages. It has a cooperative relationship with the Ministry of Regional Development and works with bilateral and multilateral donors to administer funds to NGOs, particularly in the provision of development aid.

Stichting Projekta (The Foundation for Women and Development) is dedicated to promote sustainable development through the empowerment of women and youth. To do so, it has a broad

⁴³ For a more detailed explanation of the work of NGOs in Suriname, see Appendix V.

program of activities including training, networking, information and education. Projekta has been a pioneer in activities involving civic education and CSO capacity building.

Human rights groups

Various human rights groups are active in Suriname, and many receive support from their international counterparts. Several professional human rights organizations were active in preparing legal briefs in the hopes of holding the military accountable for human rights violations during its reign. Although these groups continue their efforts, many individual citizens are still reluctant to demand such accountability from the military for fear of retaliation. Examples of human rights groups include the Organization for Justice and Peace, which has advocated the establishment a truth commission in Suriname and seeks to bring about implementing legislation to the Constitution concerning the state's international commitments; and Moiwana '86 seeks to promote the observance of international human rights standards, particularly civil and political rights, through the investigation of cases and their publication.

Human rights groups also play an advocacy role in helping under-represented groups such as women and children enforce protective laws. One such organization is the Bureau of Children's Rights, which works closely with the government and police in cases of abuse. Still other organizations, particularly in the interior, defend the land, mining and lumber rights of minority populations. And, human rights groups also include those CSOs that fight against racial discrimination and defend Maroon and indigenous communities' rights.

Women's organizations

Many of the women's organizations began to form in the 1970s as part of a cultural and social movement, thus following the global trend. Women, who represent just over 50 percent of the population, have steadily been making inroads in Suriname's traditionally male-dominated society. They have also been increasingly more active in civil society organizations. One notable change since the early 1990s may be found among the country's more educated women, who have been taking various initiatives toward greater gender equity. Examples of women's organizations include The National Women's Movement of Suriname, which supports female entrepreneurship through economic empowerment; the Women's Business Group Foundation, which supports women-run small enterprises; and, The Women's Parliament Forum, which was founded by Stichting Projekta, seeks to give women a greater voice in the decision-making process on national issues. Among the CSOs which provide social services for women is Stichting "Stop Violence Against Women," a foundation that has been very active in public awareness campaigns about domestic violence.

Religious groups

Civic participation in Suriname appears to occur on an individual basis and through religious organizations. Church-affiliated groups were among the first NGOs to begin working, in both the populated and remote areas, dedicating their volunteers to the delivery of health care and educational services. Among these groups today are the Association for Proper Governance and Liberalization and the Sibibusi Movement for Restoration and Unity, both of which call for greater integrity in government and the decision-making process. Countless NGOs have been organized, particularly at the community level, by religious orders directed by Catholics, Lutherans, Muslims, Hindus, and Moravians. By offering an alternative method of participation, these groups have gained support among young Surinamese, who have few options other than to back the traditional political parties.⁴⁴

Other CSOs

Sports clubs and soccer leagues. Sports clubs serve as a vehicle of citizen organization at both the national and local level and, due to their dependence on volunteer labor, are usually weakly organized. In addition to athletics, sports clubs often sponsor social and education activities for young people. These clubs work with the government (Ministry of Education, Culture and Youth), which often provides them with land and equipment.

Community service organizations. Other than religious organizations, service groups in Suriname include the Lions Club, the Rotary Club, and the Jaycees, which are quite active thanks in part to international support. The Association of Private Social Institutions is another example of service groups that is well organized, with some 50 branches throughout the country, which focuses on food production. Different from NGOs, these organizations stress the tradition and importance of volunteerism in Suriname.

Other groups which make up Suriname's civil society include: (a) small, community-based organizations; (b) the University of Suriname; (c) the Center for Democracy, a recently-established institution supporting activities to strengthen democratic structures; (d) professional networks such as the Surinamese Medical Association, Association of Regional Medical Doctors, the Bar Association, and the Association of Surinamese Economists; (e) the Institute for Public Finance; (f) the Surinamese Association of Journalists; and (g) social service delivery NGOs, particularly in the educational field, and which provide help for vulnerable groups, especially the poor and the handicapped.

7.4 The recent history of civil society in Suriname

The roots of the Suriname's civil society trace back to the mid-1960s when trends lent support to advocacy groups around the world pressuring governments for social, environmental and political change. Following the 1980 coup, the military regime exercised a great level of social control over the citizenry by establishing neighborhood organizations to defend against foreign invasion. These groups were modeled on Cuba's defense committees and overseen by the military. In December 1982, troops arrested 16 prominent civil society leaders (trade unionists, academics and

⁴⁴ Douglas Payne, "The 1996 Suriname Elections, Post-Election Report," (Center for Strategic and International Studies, Washington, D.C., 1996) p.17.

journalists) involved in an embryonic democratization movement. Perceived as leaders of a political movement, fifteen of the activists were murdered, effectively intimidating a budding civil society.

In the years following the coup, the growth of CSOs was stunted several more times by economic and political events. The economic slump in the early 1990s hit many CSOs hard and forced people to take on two or more jobs just to make ends meet. This left little time for volunteer activities, such as those required by CSOs. By 1994 polls showed that the goal of the majority of Surinamese, especially youth and professionals, was to leave the country for the Netherlands and a promise of better career opportunities and higher wages. This, too, had a negative impact on the further development of civil society as a whole and its organizational membership.

Nevertheless, the number of CSOs and their importance grew inexorably during the 1990s. In part, this growth reflected growing disillusion with the government and a sharp decline in citizens' confidence in the ability of the government alone to solve all the social and economic problems confronting the country. While political parties were well-known for supporting broad policy initiatives, CSOs were proving the important role they had to play in drawing national attention to specific issues: environment, women's rights, human rights, etc. New CSOs of all kinds began to exert their influence through various participatory means other than the electoral process.

The 1999 Constitutional Crisis gave civil society organizations an opportunity to come together around a single issue for the first time. Following the lead of labor unions and the private sector, NGOs took to the streets and proved their strength in numbers. More than a year after the protests, civil society organizations today have returned to supporting a diverse range of interests. While more empowered since the 1999 crisis, the numerous NGOs have not yet found the resources, training, or national networking opportunities to support a common goal. Peaceful co-existence among them has not yet led to co-dependence that would strengthen their role in Suriname's system of governance. Labor unions, religious organizations and the private sector continue to dominate organized civil society.

7.5 The role of civil society in the system of governance

Electoral and political participation

Voter turnout in Suriname has averaged more than 70% over the last 4 elections, which is high by international standards. In general, citizens exhibit a high interest and positive attitude toward electoral events. Political parties, not independent NGOs, are usually responsible for providing voter and civic education to the electorate. Among the electorate, women figure prominently in increasing the number of voters.

Suriname's multiparty system practices "consociationalism," in which power is shared and pacts are formed among parties. Given the ethnic nature of many of Surinamese political parties, this system lends itself to giving greater representation and participation to a higher number of ethnic groups. Nevertheless, many of the younger population (more than half of Suriname's electorate is between the ages of 18-35) are disillusioned with traditional politics and tend to vote across ethnic lines.

Civic participation

Civic participation has traditionally been low partly because of the long history of dependence on the Netherlands, and partly because of economic and political factors. On the economic side, citizen involvement is more difficult for persons with lower incomes due to the costs of membership in certain organizations and the costs of transportation necessary to participate in certain activities. In tight economic times, volunteer work becomes more difficult. On the political side, some citizens have the impression that there is nothing they can do to change government and therefore, participation is useless. Though many citizens have strong opinions, few are active in seeking change. Many may belong to groups, but few actually participate actively. Thus, the growth of CSOs since the early 1990s has not necessarily translated into a growth insofar as civic participation is concerned.

A lack of civic awareness serves as an obstacle to participation in much of the country. Civic education is not taught in schools, although a few church groups do teach civics especially to women and youth groups. IDOS, a local polling and research firm, designed media and school programs in 1996 to educate children and adults about political modernization, democratizing political parties, and environmental preservation. Also in 1996 Projekta, in collaboration with the Women's Parliament Forum, carried out Suriname's first civic education program to prepare women and other target groups of the population for the elections.

Relations with the central government

The relationship between civil society and the central government has gradually improved over time. Outright government suspicion or indifference has given way to acceptance of CSOs. Nevertheless, government support for civil society has to date been more rhetorical than real. In his 1996 inaugural speech President Wijdenbosch made several references to improving the lines of communication and consultation with a wide section of CSOs. His goals included a greater openness in government decisions, transparency in the performance of public administration, and an adherence to the principles of good governance and citizen participation in the democratic process.⁴⁵

This rhetorical support did not translate into significant funding for state-civil society cooperation, but in some cases it did lead to an improved dialogue on important development issues. For instance, in 1999 the Ministries of Finance and Regional Development invited CSOs to participate in a seminar on an "Agenda for Social Development and Poverty Reduction." This national dialogue on poverty reduction transcended ethnic, religious and political lines to include labor unions, cooperatives, women's organizations, Maroon and indigenous groups, parent-teacher associations, and other community-based organizations. The objective of the dialogue was to develop action plans that would enhance state and civil society coordination and policy formulation. The Agenda also aimed to facilitate the transformation of national social capital into income-generating activities and the strengthening of local democracy. The dialogue is helping Suriname's CSOs to move from a purely social agenda to a more active role in defining the government's role in development and poverty reduction.

⁴⁵ Address by his Excellency President Jules Albert Wijdenbosch on the Occasion of his Inauguration as President of the Republic of Suriname, September 14, 1996.

In some cases, such as the provision of social services to residents in the interior, the government has had little option but to rely on NGOs because they have proved able to provide services where the government has failed.

Relations with local governments

The role envisaged by the Constitution for the District and Local (Ressort) Councils is to serve as catalysts to expand participatory democracy in Suriname by broadening the highly centralized, colonial, and hierarchical administrative ruling structures.⁴⁶ In addition, the Councils were to recruit new local talent to mobilize resources toward the solution of local problems. Unfortunately, due to a myriad of political, managerial and economic problems, this has yet to happen.⁴⁷

As previously discussed, the late 1990s witnessed a growth of civil society organizations outside the capital. Often playing a larger role than the local government or nationally organized political parties, NGOs have grown together with the need for citizens to do things for themselves in the interior and at the community level. For this reason, they have organized by trade, gender, religious and other common interests.

Relations with the legislature

In general, civil society organizations have little contact with the National Assembly. The legislature is most often seen as a vehicle for political parties to gain power and CSOs prefer to keep separate from party politics. There is more cooperation at the local level between CSOs and Local Councils than nationally. However, groups such as *Projekta/Women's Parliament Forum*, are working to focus greater attention on issues of gender policy and ethics through the passage of applicable legislation.

7.6 Legal framework for civil society organizations

Participation according to the Constitution

⁴⁶ Article 54 of the 1987 Constitution states that, “the lower government shall have the obligation to create a process of communication with the people, for the purpose of making the government answerable to the public and to ensure the participation of the people in policy-making.”

⁴⁷ Brana-Shute (1999).

The 1987 Constitution, Suriname's legal foundation, entrenches a "democratic political system."⁴⁸ However, the Constitution was written at a time when the only voices of influence were those of the military and old, traditional political parties. Citizens' groups were rarely heard and CSOs barely knew how to coordinate their collective strength.

⁴⁸ **Article 52 in the Section on Political Democracy states "1. All political power is vested in the people and shall be exercised in accordance with the Constitution. 2. The political democracy is characterized by the participation and representation of the Surinamese people, which shall express itself through the participation of the people in establishing a democratic political system..."**

On the other hand, the intent expressed in the Constitution does reflect the desire that arose in 1987 to reform the political system. Actions toward a democratic opening were accompanied by the need to make room for newly mobilized social groups that had just begun to demand political participation and access to power. Yet within the context of Suriname's recent history, it was political parties, not citizen's groups, that were seen to represent the interests of the people of Suriname.

Although the Constitution does not discourage the participation of non-state actors in the social and economic spheres, its institutional focus, together with the country's traditional political culture, emphasizes formal state rather than private sector or other non-governmental influences.⁴⁹

Statutory law

The Political Organizations Act of 1987 discusses the work of political parties within the system of governance. The Foundations Act of 1968 (Stichtingen) lays down the legal regulations for foundations. In Article 1 of the Foundations Act, a foundation is referred to as, "[a] corporate body, established by juridical act, that shall aim at achieving a certain objective by means of funds allocated thereto." While both acts contain clauses on how political organizations and foundations are to be registered under Surinamese law, neither act applies specifically to non-governmental organizations or CSOs.

The MOPJ, the state agency responsible for maintaining the nation's civil registries, determines the legal recognition of a CSO through review of the organization's by-laws and statutes. The Ministry then advises the President's Cabinet of its opinion and the Cabinet makes a final decision regarding registration. The CSO registration is then published in the government newspaper thus officially granting it legal status. The entire process of consideration, recommendation and decision can take six months to two years before registration is approved. Further, the registration process is often tied up in partisan politics: organizations that are looked upon favorably by the government are perceived to receive approval for registration much faster than those that are perceived to be against government's interests or policy. The difficulties with gaining approval for CSO registration often have negative impacts on participation. Many potential volunteers of CSO staff members lose interest in membership while awaiting word of approved registration.

Finally, there is no legislation or regulation on how CSOs are financed. Overall, there is limited financing available for civil society organizations, making it difficult for them to thrive. Most of the organizations that have survived economic crises are funded through overseas sources or international donor agencies. Only a few CSOs are so well funded as to ensure their financial sustainability.

7.7 Civil society organization participation in IDB projects

Civil society participation in IDB-financed programs and projects includes:

⁴⁹ Brana-Shute (1999).

- Support to micro-enterprises, credit unions, agricultural groups, small projects.

- The Domestic Violence Program, which has broad participation from women's organizations.
- The establishment of a Community Development Fund designed to improve the living conditions, economic opportunities and social well-being of the poorest communities by financing small infrastructure projects. It includes participation of non-governmental organizations in its design phase, and possibly during in execution.
- The Low Income Shelter Program includes a public-private partnership in which NGOs and CBOs have a role in project preparation and execution.

Civil society participation is particularly important for community development and poverty reduction programs. In these and other areas, NGOs should be involved in public policy design and implementation. Civil society organizations can help engage marginalized groups in effective and expanded participation. Based on the assessment of non-governmental organizations to implement projects, among other factors, CSOs can also help forge social consensus for the implementation of government programs, particularly those that seek to implement reforms.

7.8 Conclusions

A vibrant civil society is essential to good governance. A strong civil society serves to strengthen democracy, build public confidence, enforce public accountability, and ensure that the voices of traditionally excluded sectors of society are heard. In fact, recent studies have found that "...the degree to which citizens 'voices' in the public sphere are repressed or are allowed to be 'heard' is an important influence on whether the accountability necessary for government efficacy will be created."⁵⁰ In sum, the quality of development policies and their capacity to design the mechanisms for delivering government services, from schools to roads, may be greatly improved by incorporating the "voices" of civil society.

While mechanisms that serve to institutionalize the participation of civil society should be developed,⁵¹ democratic institutions must also be vigilant to the undue influence of special interest groups. In most circumstances, CSOs make strong and positive contributions toward improved governance; however, their tendency to focus on or emphasize a single issue, often to the exclusion

⁵⁰ Pritchett, L. and Kaufman, D. "Civil Liberties, Democracy, and the Performance of Government Projects," *Finance and Development*, March 1998, p.29.

⁵¹ "Governance, Democracy and Civil Society in the Caribbean Community," IDB Conference Proceedings, Christ Church, Barbados, Sept, 9-10, p.30.

of other, important concerns, can negatively affect development policies. Here, governments are not only better placed than civil society to arbitrate between competing interests and to secure the public interest, but their mandate actually requires as much.

In Suriname, regardless of a tense political history between the state and civil society, non-governmental and other organizations have been able to establish themselves and grow throughout recent years. Unfortunately, civil society has received greater rhetorical than real support in strengthening its relations with the central government, though stronger relations with local governments appear to exist. Furthermore, CSOs seem to have developed good working relationships with various state agencies — these *de facto* partnerships provide the evidence and hope that such alliances can be encouraged and multiplied. Nevertheless, the organizational capacity and cohesiveness of NGOs and other organizations of civil society in Suriname need to be strengthened.

7.9 Recommendations

In order to improve governance and secure a greater contribution from civil society, the central government should smooth the growth and strengthening of civil society. Two methods of achieving this include: (a) establishing partnerships between the central government, local government and civil society; and (b) promoting the development of linkages both between Surinamese CSOs and with regional networks to improve communication, organization building, and collective action.

A comprehensive program of civic education, including lessons in ethics and principles of accountability, would allow an informed and systematic participation by civil society on critical issues. Adding civic education to the curricula of primary and secondary schools would also foster an early and consistent sense of responsible citizenship. Civic and voter education programs made available outside the formal school setting to other sectors of the population would enhance democratic awareness and participation, which are key requirements for the tasks involved in nation-building and the pursuit of good governance.

Efforts toward decentralization would support the growth of CSOs as well as enable them to work together with regional governments to the benefit of local citizens. Some services provided by the central government could be implemented by local governments in partnership with civil society organizations. To implement such actions, laws assigning the necessary responsibilities and resources to local government for effective decentralization would be required.

8. Corruption

“It has become increasingly clear that bribery and corruption undermine good governance and the effective use of scarce aid resources.” **Robert E. Rubin, U.S. Treasury Secretary**, in *address to the Development Committee of the IBRD and IMF, September, 1996*.

8.1 The definition and causes of corruption

This report defines corruption as the abuse of public power for private gain, following the World Bank’s *World Development Report, 1997*. Hence, by definition a high level of corruption is antithetical to good governance. Corruption takes many different forms, including practices such as bribery, extortion, influence peddling, nepotism, fraud, embezzlement, and abuse of insider knowledge. Some forms of corruption, such as fraud and embezzlement, are internal to an organization (whether public or private); others, such as bribery and extortion, involve an interaction between the public and private sectors.

Corruption happens in all countries to some extent and has happened throughout time.⁵² However, the severity of corruption varies widely between countries. Corruption is not a problem of culture and is shameful in all cultures.⁵³ Rather, corruption is a problem with economic and institutional systems. Certain economic and institutional systems encourage and reward corruption while other systems allow little scope for it and punish it.

The economic and institutional environment defines the scope for corruption and the incentives to engage in it. Economic and institutional systems that raise the net benefits of corruption tend to share four characteristics: individual officials have substantial monopoly power over decision-making, they have much discretion, they are not accountable for their actions, and they operate in an environment of low transparency. These characteristics give rise to a stylized equation.⁵⁴

⁵² P. Bardhan (1997) quotes an Indian author who, in the fourth century B.C., listed 40 ways to embezzle.

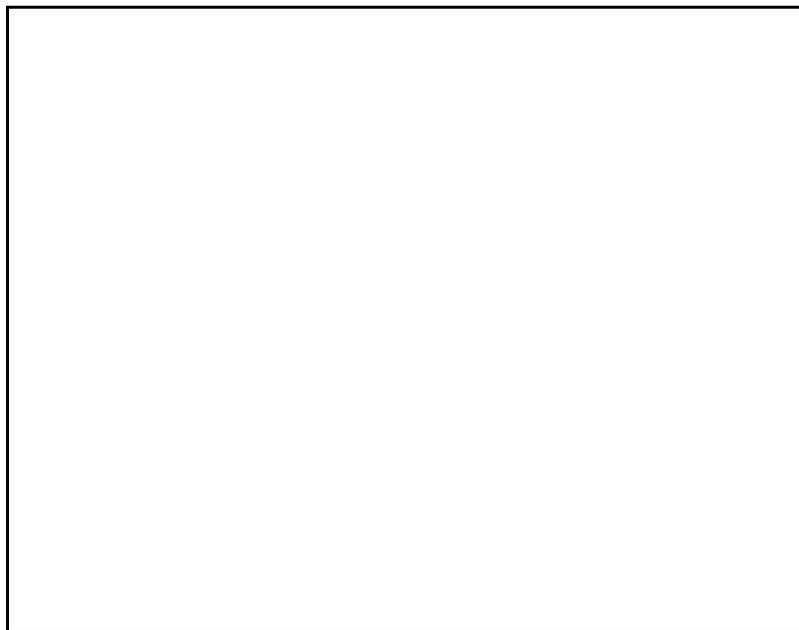
⁵³ R. Klitgaard (1991) quotes John T. Noonan, Jr. on the universality of shame regarding corruption. Although corruption is universally shameful in societies, individual organizations can develop a culture of corruption.

⁵⁴ Following Klitgaard (1991).

Corruption = Monopoly power + Discretion - Accountability - Transparency of decision-making

An official's value in a corrupt transaction depends on being the only person who can provide a good or service, or take a decision, i.e. on having monopoly power. Furthermore, the official's power depends on having substantial leeway in decision-making and in the interpretation of government rules. Not only must the official have the scope for and ability to engage in corruption but he or she must also have a very good chance of getting away with it. The chances of not being detected and punished severely are highest in an environment where information is scarce and not widely shared, where control mechanisms are weak or lacking, and where sanctions are minimal or non-existent, i.e. where transparency and accountability are low.

The above institutional characteristics coincide to a striking degree with heavily-regulated economic policy environments. Government rules and regulations in the economic sphere often create artificial scarcities of goods, services or property rights and consequently rents (earnings in excess of all relevant costs including "normal" profits) for the owners of such goods, services or property rights. For example, trade licensing rules create an artificial scarcity in the opportunity to trade and confer a rent on the recipients of trade licenses. Similarly, official administration of foreign exchange can lower the price of foreign exchange below what it would be if determined by a free market. Not only do such government regulations create a rent that is attractive, but also administration of such regulations is typically concentrated in a very limited number of officials who have substantial discretion over how to interpret and apply the regulations. Typically also, little information is available regarding the administration of such regulations and the administrators rarely, if ever, have to explain and justify their administrative decisions. As result, countries with heavy government regulation tend to have a high incidence of corruption (Graph 1).



Graph 1

Source: The Corruption Perceptions Index for 1999 was compiled by Transparency International and the 1999 Index of Economic Freedom was compiled by the Heritage Foundation and the Wall Street Journal. Both rankings in the graph were adjusted to exclude those countries that were not included in both indices.

Note: The use of both indices in no way constitutes official IDB endorsement of their precise country rankings.

Government regulations often lead to corruption because they simultaneously create both rents and the institutional characteristics that favor corruption. But economic rents can also arise without government intervention, such as those associated with natural resources. The availability of such rents provides an incentive for rent-seeking, and hence raise the probability that corruption will occur. However, natural resource rents do not automatically foster corruption unless the institutional characteristics (monopoly power, discretion, lack of accountability and transparency) are also present. Thus the relationship between natural resource rents and corruption is weaker than that between government regulations and corruption. Notwithstanding this caveat, it is probably not a coincidence that the four countries rated as most corrupt in Transparency International's 1999 Corruption Perceptions Index are all oil exporters.

The incentives for corruption, especially low-level corruption, are reinforced when civil servants' salaries are low and do not provide an adequate livelihood. Recent research finds evidence that there is somewhat less corruption where civil servants are paid well relative to similarly qualified employees in the private sector.⁵⁵

8.2 Corruption in Suriname

Suriname appears vulnerable to corruption because its economic and institutional systems have many of the characteristics that provide a favorable environment for corruption.⁵⁶ The economy is highly regulated — the Heritage Foundation ranked Suriname 129 out of 160 countries in its 1999 Index of Economic Freedom. The officials who administer many of the economic regulations often have substantial monopoly power and a large amount of discretion. The incomplete and obsolete nature of many regulations in Suriname increases the discretion of the officials who are responsible for interpreting them. Furthermore, accountability in the public sector is weak — controls and systems of accountability are weak and oversight agencies such as the Auditor's Office have been largely ignored (Chapter 4). Information generation and dissemination is modest, causing low levels of transparency in many parts of the public sector. Legal institutions for accountability and for controlling corruption are weak. Suriname does not have an anti-corruption act and although it signed the Inter-American Convention Against Corruption on March 29, 1996, the National Assembly has not ratified the Convention yet. The judiciary's independence and ability to hold the executive branch of government accountable are questionable (Chapter 5), which raises doubts about the judiciary's ability to control corruption.

⁵⁵ Caroline Van Rijkeghem and Beatrice Weder (1997): "Corruption and the Rate of Temptation. Do Low Wages in the Civil Service Cause Corruption?". IMF Working Paper 97/73.

⁵⁶ Suriname is not included in Transparency International's Corruption Index.

In addition, natural resource rents, primarily from the bauxite sector, are large relative to the economy and provide an incentive for rent-seeking. And, as noted in Chapter 1, patron-client networks are pervasive in Suriname. Last, civil servants's salaries have been markedly inferior to comparators in the private sector at times (Chapter 4). The fact that the most of the press has remained independent is one of the few factors that have tended to lessen corruption.⁵⁷

⁵⁷ Newspapers are independent but 5 of 7 television channels are government-run.

The VSB, which is the principal private sector association in the country, published a memorandum in June 1998 that listed the activities that it considered were vulnerable to corruption:

- Procurement for public works and large contracts for goods and services.
- Credit allocation from a state-run investment fund.
- Government purchase of land.
- Official foreign exchange intervention.
- A trade licensing system.

Unsurprisingly, all of these activities suffered from a monopoly of decision-making power, substantial official discretion, weak accountability and low transparency. Since the memorandum was published, government policy reforms have dramatically reduced the potential for corruption in some of the listed activities. The government closed its investment fund in early 1999 and abolished the trade licensing system in September 1999 with support from the IDB's *Agriculture and Trade Policy Reform Loan*.

8.3 The effects of corruption in Suriname

Corruption undermines governance and weakens development performance. Corruption weakens the development of democratic institutions because it violates the trust placed in public officials and undermines the legitimacy of the state. Increasing evidence indicates that corruption also damages economic development. IMF research suggests that a country that moderately reduces corruption will experience a 0.5 percentage point increase in its annual per capita GDP growth rate (Mauro, 1996)⁵⁸. Because so many factors affect economic growth, corruption does not preclude rapid economic growth. Indeed, several east Asian countries that are perceived to have relatively high levels of corruption have, until recently, experienced very rapid economic growth. But the growing evidence indicates that corruption reduces the growth rate from what it otherwise would be.

⁵⁸ The exact improvement cited by Mauro was an improvement in the country's standing on a corruption index from 6 to 8, with 0 being the most corrupt and 10 being the least corrupt.

The channels by which corruption reduces economic growth are numerous. One of the most important channels is by discouraging private investment. In addition to estimating the impact of corruption on growth, Mauro (1996) also found that the same moderate improvement in corruption cited above was associated with a four-percentage point increase in a country's investment rate. Foreign direct investment appears to be one of the components of private investment that is most sensitive to corruption. Wei (1997) estimates that moving from a low level of corruption to a relatively high level had the same effect on inward foreign direct investment as raising the marginal tax rate on foreign investment by more than 20 percentage points. Corruption may also lead to the adoption of sub-optimal economic policies. As noted above, heavy government intervention in the economy and the suppression of market forces provides an optimal environment for corruption to flourish in. Yet, as Kurer (1993) notes, the causality may also run in the reverse direction. To the extent that the gains from corruption are anticipated during the policy-formulation stage, corruption may lead to the creation of more regulations and sub-optimal government interventions in the economy. Kurer (1993) also notes two additional channels by which corruption may reduce economic growth, particularly when corruption is associated with patron-client networks. First, clientelism may lead to an over-extension of the government sector with additional activity undertaken for gains in revenue and political support rather than for additional social welfare. Second, the public sector may become severely overstaffed because staff levels are determined by considerations other than efficiency. More generally, corruption may distort sectoral priorities and project selection with sectors and projects being chosen because they offer the most scope for corrupt gains rather than the highest social returns. A handful of large-scale, non-standard, complex and capital-intensive projects typically will offer more scope for corruption than many small-scale, standardized and labor-intensive projects (Kaufmann, 1998). Corruption may also lead to a misallocation of government contracts and licenses, with a bias towards the least scrupulous and best connected rather than the most efficient or highest quality bidders. Such misallocation can cause losses in the form of higher costs to government and a lack of value for money for citizens. Corruption can also cause welfare losses by providing incentives for rent-seeking rather than productive activity. An enormous amount of time can be lost by entrepreneurs and officials engaging in corrupt activities, which come at the expense of productively running firms and governments. Gray and Kaufmann (1998) cite evidence showing that entrepreneurs in more corrupt countries spend a greater amount of time negotiating with government officials than in less corrupt countries. Such a diversion of time can be especially costly in small, poor countries which, like Suriname, suffer from an acute scarcity of highly-qualified staff in the public sector.

In addition to distorting governments' policies and choices and causing inefficiencies, corruption may also reduce the effectiveness of government services. The existence of corruption may create an incentive for government officials to slow down the provision of government services in order to extract a bribe. Similarly, corruption may skew the distribution of government services towards the clients of politicians rather than the most needy or best deserving. Furthermore, corruption may undermine the credibility and discipline of state organizations, thereby weakening their performance and ability to enforce regulations in key areas, such as tax collection and environmental management.

8.4 Options for reducing corruption

The government has many options for reducing corruption which, because it stems from a problem with economic and institutional systems, is eminently amenable to policy. Some observers, for example Bardhan (1997) and Mauro (1998), have underlined the persistence of corruption and the obstacles to reducing it. Nevertheless, the fact that some countries have successfully reduced corruption, even in a short space of time, argues for realism rather than fatalism in addressing corruption. Furthermore, many of the most appropriate options for reducing corruption in Suriname are reforms that would bring other development benefits. Thus, there is considerable synergy between reforms to directly promote economic and social development and reforms aimed at reducing corruption. Whatever the detailed elements, a viable program to reduce corruption would have to focus on fixing the economic and institutional systems that foster corruption. In particular, the program would need to focus on limiting officials' monopoly power and discretion in decision-making, and increasing accountability and transparency.

8.4.1 Reducing the opportunities for corruption by limiting monopoly power and discretion

The most important element of a government plan to reduce corruption should be a reduction in the opportunities for corruption. This implies reforming economic policies and institutions to avoid policies and regulations that grant monopoly power or obstruct competitive market mechanisms. The government has already made much progress in reducing the scope for corruption associated with barriers to trade. The government greatly simplified the tariff structure by consolidating tariffs into four categories in 1994 and then eliminated quantitative restrictions and trade licensing requirements for all but a handful of products in 1999. Additional areas in need of attention are unification of exchange rates into a single, market-determined rate, minimizing regulations, licensing requirements and other barriers to entry, and demonopolizing and privatizing government assets. Privatizing land and state enterprises, which has barely begun in Suriname, would be especially important. However, the government would need to ensure that a privatization program is transparent and well-managed, given that the privatization process in many countries has itself been a large source of corruption.

8.4.2 Strengthening the mechanisms for monitoring and punishment by enhancing accountability and transparency

The measures discussed above would reduce but not eliminate opportunities for corruption. Thus, a second important element of a plan to reduce corruption should focus on increasing the probability that corruption will be detected and punished appropriately. This implies a need to increase transparency and accountability. Transparency can be enhanced by improving data and information flows within the public sector, from the executive to the National Assembly, and from the executive to the general public. The procurement process and government expenditure management are areas that are particularly in need of increased transparency and more information dissemination. Installing a modern and efficient electronic procurement system could greatly enhance transparency in government procurement. Establishing clear standards for reporting and general procedures could make accountability easier. Stronger accountability will also require stronger monitoring and enforcement organizations. Organizations with auditing responsibilities, such as the Auditor's Office and the CLAD, should be priorities for strengthening. Judicial organizations will also need to be strengthened in order to enhance capabilities for investigation, prosecution and judgement. Penalties for wrong-doing will need to be increased and utilized.

External accountability could be enhanced by involving citizens, unions, NGOs and the media in the fight against corruption. The establishment of hot lines and citizen oversight boards can tap an important source of information on corruption and the maintenance of a free press can be particularly powerful mechanism of external accountability.

The government could choose to go beyond reforming the economic and institutional systems and launch a campaign against corruption. A common feature of successful anti-corruption campaigns is the prosecution of some prominent corrupt figures to break the culture of impunity and to send a clear signal that the rules of the game have changed. However, enforcement measures need to be implemented in a careful and transparent manner if the campaign is not to degenerate into a "witch-hunt" or become politicized.

8.4.3 Less useful measures

Several other measures often feature in governments' anti-corruption strategies but would likely bring little benefit for Suriname. Some countries, notably Hong Kong and Botswana, have established anti-corruption watchdog agencies. However, many observers attribute most of the success of such countries in reducing corruption to the other more fundamental reforms in their economic and institutional systems. Moreover, in a survey public officials and members of civil society in developing countries rated anti-corruption watchdog agencies the least effective of possible anti-corruption measures (Kaufmann, 1997). An additional consideration in Suriname's context of acute scarcities of human and budgetary resources, is that establishing an extra governmental organization might divert resources from where they could be used to greater effect, such as strengthening the Auditor's Office.

The introduction of new laws and regulations against corruption may curb corruption if they raise the probability and severity of punishment. However, in the absence of a change in the incentives for corruption, additional laws and regulations may not lead to changes in behavior, especially if the systems to implement them do not exist, but may simply add to the number of rules that are not observed.

Appendix I

General government employment by ministry (December 31, 1996)		
Ministry	Number of employees	% of Total
Education, culture and sport	11,339	30.8
(Education)	(10,623)	--
(Culture, sport and youth)	(716)	--
Health	4,483	12.2
(Hospitals)	(2,650)	--
(Environmental control)	(1,302)	--
Justice and police	2,961	8.1
Regional development	2,817	7.7
(Central staff)	(919)	--
(District and ressort councils)	(662)	--
(Forest dignatories)	(1,236)	--
Social affairs and housing	2,495	6.8
Public works	2,472	6.7
(Contractors)	(1,085)	--
Defense	2,284	6.2
Natural resources	1,555	4.2
Finance	1,522	4.1
Domestic affairs	1,309	3.6
Agriculture, animal husbandry and fisheries	1,151	3.1
Transport, communications and tourism	1,004	2.7
Trade and industry	602	1.6
Labor	493	1.3
Planning and development cooperation	139	0.4
External affairs	138	0.4
TOTAL	36,764	100.0

Source: Verslag Rekenkamer, 1996 and CEBUMA.

Appendix II

The budget execution process

Authorization: The Treasury Inspectorate (Thesaurie Inspectie -TI) is responsible for the overall supervision of the budget execution process. It is also first in the budget execution chain, issuing authorizations for expenditures included in the budget. There are two channels for authorizations — an automatic channel and a special allocation channel. Personnel costs and other non-discretionary recurrent costs are approved automatically on a quarterly basis up to a quarter of the yearly budget allocation. All other items require a special allocation authorization. Expenditures below Sf. 50,000 (roughly US\$38 as of April 2000) can be approved by TI. Expenditures greater than Sf50,000 must be approved by the Minister of Finance.

Commitments: Once TI has authorized a payment, the general administration department in the spending ministry can issue a commitment order (*bestelbon*), which states the item, quality and total cost of the proposed purchase. The general administration department sends a copy of the commitment order to the BFZ of the same spending ministry, which prepares a *borderel*. The *borderel* contains information about the expenditure item, the commitment and the payment.

Verification and delivery: Two agencies must verify the *borderel* and the delivery of the order before a payment order can be made. First, the Accountancy Office (Comptabiliteits CO)⁵⁹ in the relevant ministry checks the information on the *borderel*, verifies that there is enough space under the article ceiling to accommodate the envisaged expenditures. If the CO approves the expenditure, the ministry proceeds to order the good or service from the supplier and the CO sends the *borderel* to the Central Budget Bookkeeping Office (Centrale Begrotings Boekhouding -- CBB) of the spending ministry. The CBB simply makes a record. Second, once the delivery has been made or service performed, the head of the department making the order must verify the amount delivered and the cost to the BFZ of that ministry.

Payment: Once verification is complete, the BFZ creates a payment order (*reçu*). The Central Paymaster (Centrale Betaaldienst — CBD) processes the payment order. The supplier of the good or service can then either collect payment from the Paymaster or from his own bank. The entire process from authorization to payment generally takes three weeks (if funds are available).

⁵⁹ Although their main office is part of the MOF, both the Accountancy Office and the Central Budget Bookkeeping Office have a unit stationed in each ministry.

Bookkeeping: The head CBB, which is located in the MOF, receives a copy of the borderel once the CBD has made the payment and in theory should use it to prepare accounts of the general budget. In practice, however, the CBB does not have the capacity to enter the data from the borderellen into computer files, despite being equipped with relatively sophisticated computer hardware. The last year of complete accounts based on borderellen information is 1988. The CBB has prepared final accounts for 1995 without borderellen information and is currently working on the accounts for 1996 and 1997.

Personnel expenditures are handled differently than goods and services expenditures. Ministries' personnel units and Comptabiliteits departments verify the payroll of employees for the Center for Mechanical Processing of Data (CEBUMA). CEBUMA then prepares payment lists for the Central Paymaster, who makes monthly payments for wages and salaries to all government employees. A fraction of government employees, mainly contractors, cleaners and part-time workers are paid in cash.

Appendix III

Existing proposals for civil service reform

THE TEN STEPS PLAN (Central Staff Organ for Formation and Efficiency, March 1994)

In March 1994, the Central Staff Organ for Formation and Efficiency (CSFE) in the Ministry of Domestic Affairs proposed a plan for comprehensively restructuring the government, redefining the tasks and organizational structure of government, and reducing the number of civil servants through a compulsory redundancy scheme. The central objective of the plan was to achieve a smaller, more efficient and more decisive government. The plan was formulated in ten steps:

Step 1. Consultation with those involved

The reformers would hold consultations to arrive at consensus on the necessity of reform, the extent of reduction in government size, and the overall approach. Consultations would be held with the National Assembly, the tripartite consultative body (with representatives from government, private sector and unions), labor unions, and the managers and staff of the civil service.

Step 2. Inventory of duties

The reformers would determine the role and functions of government.

Step 3. Determination of the terms of reference

The Council of Ministers would approve the terms of reference for and description of government organizations.

Step 4. Reduction of personnel subject to the importance and nature of the positions

The government would reduce the number of government employees according to step three. Various critical agencies (the Tax Department, the Planning Office, the Auditor's Office, the CLAD, and the CSFE itself) would be spared from the cuts. The directors (permanent secretaries) of each ministry would identify staff to be cut and would submit a proposal to the Council of Ministers.

Step 5. Discussion concerning core roles

Following on from steps two and three, the CSFE would propose to the Council of Ministers an outline of the following:

- Core roles: duties that need to be performed by the government itself.

- Tasks: duties the government wants to stay responsible for but which can be executed by non-government actors.
- Private tasks: duties which may be executed entirely by the private sector but which are considered important by the government.
- Nontraditional tasks: tasks that the government does not want to control at all.

Step 6. Provision of replacement employment

The government would provide replacement employment by placing terminated employees in self-sufficient companies and providing temporary pay supplements or temporary purchase guarantees to the companies. Some companies could be involved in activities previously undertaken by the government.

Step 7. Establishment of the “new” structure of the government

The CSFE would formulate a proposal to be submitted to the Council of Ministers, for the adjusted organizational structure of the government, following on from Step 5.

Step 8. Organization of the new main structure

The CSFE would identify new divisions, in consultation with directors of the new ministries and departments.

Step 9. Determination of the formation per department

The CSFE would map out in detail how many employees would be employed in each new division, their grade, and the position they would hold. The CSFE tentatively expected that the correct size of the government should be around 20,000 civil servants, implying that around 15,000 civil servants would have to be laid off, or detached from government as state companies are privatized.

Step 10. Consolidation and improvement of the civil service

Finally, the CSFE would monitor the quality of the civil service to ensure that the “brain drain” is terminated and that appointments are not made according to political considerations. To do this, the Ten Steps Plan identified the need for a substantial improvement in civil servants’ pay and fringe benefits. In addition, the Plan identified the need to introduce a personnel management and information system to enable the government to monitor staff.

The Ten Steps Plan identified several factors that would be critical to the success of the plan: the need for high level support, the need to upgrade the CSFE and make it report directly to the Council of Ministers, and the involvement of the civil service and labor unions in the execution of the plan.

**A CIVIL SERVICE REFORM PLAN
(The Warwick Research Institute (WRI), July 1994)**

In July 1994, WRI proposed a civil service reform plan that centered around a voluntary redundancy scheme. Its central objective was to “allow a greater concentration of available resources on a more highly-skilled and committed civil service”. It focused almost exclusively on reducing the number of government employees. The key elements of the scheme were:

- The scheme should be open for a maximum of one year.
- The scheme should be available only to full-time (non contract) lower grade civil servants (where excess staffing is concentrated).
- Redundancy payments should be based on three years of annual salary and allowances based on three broad salary groupings. Redundancy payments would be lump sum to avoid future claims for civil service salary increases and to avoid the impression that the decision to join the scheme is reversible.
- Those accepting the scheme would remain eligible for free medical care under the SZF scheme. Contributions for those accepting the scheme will be funded through the establishment of a donor-financed foreign currency trust fund.
- Accumulated pension rights would be frozen from the date of acceptance of the redundancy scheme. Individuals would therefore be eligible for pensions according to the number of years worked prior to the acceptance of redundancy.
- The benefits from the redundancy scheme should not be reduced in any way in the event that the beneficiary obtain future employment outside of the civil service.
- Those accepting redundancy would be required to sign a legally binding commitment not to be re-recruited by the government on a permanent or contract basis within a seven year period.
- Those with less than three years to retirement would be eligible for a maximum of their accumulated salary and benefits between the date of acceptance and the date of their retirement.
- The government must provide a clear commitment to limit new recruitment to essential posts based on a technical justification.
- The government must provide a clear and well-publicized commitment to enforce attendance requirements.
- The government must provide a clear commitment to support the work of the Ministry of Internal Affairs in the reform of government ministries.

- The scheme would include provision for the funding of technical assistance and hardware to computerize the personnel register.

WRI noted that the success of the proposed redundancy scheme would depend heavily on the opportunities for private sector employment and recommended that the government direct its attention towards encouraging private sector development. In particular, it recommended that the government work with the National Forum of NGOs to develop programs to promote training and the development of small businesses.

WRI proposed that the scheme be targeted towards the 70 percent of civil servants who were at the salary grade 12 or below. They accounted for approximately 50 percent of total salary payments. WRI excluded the education sector from the scheme. Therefore, WRI estimated that 21,600 civil servants would be eligible and it projected that as many as 10,000 civil servants might volunteer to enter the scheme. It estimated that as of 1994 the total cost of the scheme would be US\$8.9 million. However, since 1994 civil servants salaries have more than trebled in real terms, thereby substantially raising the cost of such a scheme. WRI noted that the main savings from the scheme would occur over time.

Appendix IV

The links between justice systems and development

Justice systems impact on civic, social and economic development. A functioning justice system can contribute to civic development by strengthening democracy and by restraining the arbitrary use of power by the executive and legislative branches of government. In doing so, a justice system helps to establish the rule of law and to generate public confidence in that country's political institutions. Justice systems also help to establish the rule of law by regulating citizens' interactions with each other and by punishing anti-social behavior. Aside from being desirable in and of themselves, these functions of justice systems may contribute to citizens' perceptions of fairness and help to build social capital, thereby promoting economic development indirectly.

Justice systems, particularly criminal justice systems, also contribute to social development by enhancing citizens' personal security, by tending to lower violence, and by providing fair, efficient and humane treatment for criminals.

Justice systems, especially civil justice systems, may also affect economic development performance. Effective administration of civil justice — characterized by consistent and fair enforcement of laws, and the quick and inexpensive resolution of disputes — is likely to bolster the environment for private sector development by: (a) increasing the security of property rights; (b) increasing the predictability of economic returns; and (c) lowering transactions costs. However, to date empirical evidence to support the notion that effective justice systems benefit economic development is limited, mainly because of measurement problems. One of the few researchers to investigate the link contends that “There is no clear, empirical evidence of the economic costs of weak legal systems” (Weder, 1995).

Nevertheless, the most systematic regression analysis on the links between the judiciary and economic growth to date found that the degree to which individuals expect to be subject to vague and equivocal rules and procedures in the judiciary has a large and significant impact on economic growth (Weder, 1995). This finding is reinforced by a large survey of entrepreneurs carried out for the World Bank's *World Development Report*, 1997. That survey reported that over 70 percent of entrepreneurs in developing countries said that judicial unpredictability was a major problem in their business operations.

By contrast, other World Bank economists who carried out a detailed comparative analysis of the legal and regulatory environments for business transactions in Brazil and Chile concluded that “our findings warn against a preoccupation with formal legal and regulatory reform as an immediate means to promote economic development” (Stone, Levy and Paredes, 1996). They found that although defects in the legal and regulatory system undoubtedly contributed to an inferior business environment in Brazil, Brazilian firms had found effective substitutes for the lack of efficient regulation and inexpensive conflict resolution. Furthermore, Brazilian firms rated defects in the legal system as much lesser obstacles than macroeconomic instability and labor and tax regulations. Given these findings, the authors argue that legal and regulatory reforms should be ranked against other reforms that may consume the time, energy and political capital of a reform-minded government, in order to identify which constraints are binding and which are merely a nuisance. In Brazil’s case, they conclude that “legal and institutional reform, while ultimately important for attaining the full potential of an economy, can wait for the resolution of more urgent and binding constraints to private-sector development.”

Four principal conclusions emerge from the limited evidence on the links between justice systems and economic development so far. First, it is likely that effective civil justice systems do contribute to a better economic development performance. Second, the advisability of embarking on justice sector reform depends on the status of other reforms and on the state of the justice sector. Justice reforms are likely to make most sense after the so-called “first generation” of reforms have been carried out and entrenched. Where a country is still grappling with macroeconomic stability and basic structural reforms, the pay-off to justice system reform is likely to be lower and the reforms may extract an opportunity cost by crowding out other reforms. In addition, the benefits from moving from a poor justice system to an average system may well be greater than from moving from an average justice system to a good system. Third, the importance of the quality of justice administration is likely to grow as an economy becomes more advanced and characterized by a greater sophistication and diversity in transactions. Fourth, the fairness and predictability of a judiciary appear to be more important for economic development than the speed and efficiency of the system.

Appendix V

Non-governmental organizations (NGOs)

Development organizations

The Bureau Forum NGOs, established in 1991, represents some large groups as well as small, rural groups. The focus is on groups dedicated to sustainable development. It coordinates the actions and programs of the rural NGOs to prevent a duplication of efforts. The Bureau provides smaller organizations with training and guidance so they can be more efficient.

In 1994 the Forum began offering a program of capacity building to NGOs in administration, organizational development and community awareness. It also offers training in project development, management and sustainability. The Bureau believes that NGOs should be self-sufficient and not rely on the government for sustainability. The Bureau conducted a survey in six regions of Suriname so rural NGOs could better know their target groups and design projects to respond to their needs. The work of the Bureau in the interior with small and intermediary organizations is important, where target groups include Amerindians and Maroons. In an effort to play a complementary role to government, particularly in the local areas, the Bureau coordinates its policy initiatives with the local structures in villages. It has a cooperative relationship with the Ministry of Regional Development.

The Bureau works with bilateral and multilateral donors to administer funds to NGOs, particularly in the provision of development aid for productive sectors. Financing for the Bureau comes from the Government of the Netherlands through the Government of Suriname. Some grant funds are given to member NGOs while other funding is for the Bureau to provide NGO training.

The Foundation for Women and Development (Stichting Projekta) was founded in 1993. The organization's main objectives are to promote sustainable development through the empowerment of women; to stimulate development choices for women and to encourage the participation of women in decision making at all levels. The organization also has a focus on youth empowerment. Its program of activities includes:

Training: Projekta has developed a capacity building training program — funded by a Dutch NGO, CORDAID — which aims at strengthening grassroots and medium-sized NGO's, with a specific focus on organization and management, gender and policy and project-oriented work. The program has been implemented successfully more than once in the capital (1996-1998) and is now being implemented in the Districts.

Projekta was the first NGO in Suriname that implemented training and other activities in civic education. A training in Gender and Community Development was carried out for the District Council and Ressor Council members in 1998, funded by CIDA's Gender Equity Fund. From 1996-2000 several training courses in political tools and strategies (basic and advanced) were implemented for the Women's Parliament Forum (WPF) and other women who were active or wanted to be engaged in politics. This training was funded by the Embassy of the Netherlands. For the elections of 1996 Projekta, in collaboration with the WPF, hosted a campaign "choose wise, vote for a woman." For the elections of 2000, Projekta hosted a "Women and Leadership Program," financed by the IDB, for the WPF and other women candidates. Projekta also initiated the foundation of the Women's Parliament Forum.

Two other projects aimed at public awareness raising on human rights and democracy through the media and school debates. Basic gender training was carried out for individuals in different districts (1998-2000). Two workshops were held in 2000, one for initiating standardization among gender trainers and one specifically for the training of male co-trainers.

Information and education: Projekta has hosted various seminars and workshops for discussion on gender and development. Research has been done in the field of women and their participation in politics. Projekta was also involved in research on NGO's linked to the government's policy regarding women (1990-1995).

Networking: Projekta initiated the formation of the "Konmakandra Network", a platform of 23 women's organizations, which has a monthly meeting with its members in order to exchange information and support each other where necessary. Since its formation Projekta has established a range of international contacts and is actively involved in discussions about worldwide issues.

Stichting Natuurbehoud Suriname (Foundation for Nature Conservation in Suriname, STINASU) conducts research and provides nature education. Since it is a semi-governmental organization, funding is drawn from nature tourism activities in the nature reserves and nature parks of Suriname.

Foundation for a Sustainable Suriname (SvSS), founded in 1998, is an environmental NGO. The initiative was motivated by the threat of dumping of foreign, toxic-waste products in Surinamese territories. Within the framework of social-economic development and poverty relief in Suriname, the SvSS seeks to promote protection of the natural environment, while searching for the fragile balance between humans, plants and animals. SvSS seeks to accomplish its goals through: (a) environmental awareness-raising; (b) the collection and distribution of information regarding the quality of our natural habitat; (c) presenting proposals and providing advice to the government, private institutions, and individuals regarding environmental issues; and (d) cooperation with local and international organizations which share common interests.

Human Rights groups

The Organization for Justice and Peace is a pressure group founded in 1987 that concerns itself with human rights violations. It is Christian faith-oriented, but members represent all religious denominations. The organization has proposed various pieces of implementing legislation to the Constitution concerning human rights. In 1992 the National Assembly adopted several of these legal reform proposals. In 1996 the Organization urged the government to create a Truth Commission to investigate human rights violations between 1980 and 1990. It also sponsored a civic education program on TV for all citizens to respect human rights. The Organization's pressure tactics include letter writing campaigns, mobilizing citizens, and one-on-one meetings with the President and the National Assembly. It receives its funding through members' dues and community support.

Moiwana'86 is a human rights organization that was established in 1987, following the national army's massacre of about 50 Maroon civilians at Moiwana (District of Marowijne) in November 1986, during the civil war. Its main goal is to promote the observance of international standards on human rights, particularly civil and political rights. To that end, Moiwana'86 documents and investigates human rights abuses; publicizes human rights violations; pressures the authorities on their responsibilities towards human rights; gives assistance to victims of human rights violations; and promotes the importance of human rights among the public.

Training and educational organizations

Stichting Juridische Samenwerking Suriname-Nederland (Foundation for Legal Cooperation between Suriname and the Netherlands) was established in 1989 with the aim of strengthening legal practice in Suriname. *SJSSN* manages a law library, organizes public education and conferences on justice sector issues. Recently, the Ministry of Justice and Police requested the *SJSSN* to set up a system of professional, permanent training for judges, notary public, and new and experienced members of the Bar Association.

Women's organizations

Women's Parliament Forum was founded on the initiative of Projekta in 1993. Although it has no formal relationship with the National Assembly, in 1994 it began to act much like a shadow parliament by holding meetings and hearings that gave women a greater role in the decision-making process on national issues. As a focal point for women's issues and organizations, it receives strong participation from grassroots groups.

The Women's Forum has held seminars on issues important to women generally, and Forum staff conduct gender policy studies and offer training. The Forum was quite active in the 1996 and 2000 elections by publicly debating issues that were before the National Assembly, thus bringing public attention to the work of the Assembly. The Forum places particular attention on working with the Members of Parliament to set budget priorities that are "gender sensitive" or, priorities that benefit women. In the 2000 elections the Forum also ran a voter education campaign targeting women voters and trained women candidates from all the contending parties (9 women were elected to the National Assembly in 2000). The Forum has provided training for local elected authorities on issues of community development

and gender inclusion in development policies. The Women's Forum receives some funding from the Government of the Netherlands.

Since 1991, the foundation Stichting "Stop Violence Against Women" has carried out public awareness campaigns on domestic violence and works with police to provide training in the area of domestic violence prevention and intervention. The NGO works with low-income women and children to provide them with better access to justice. It has a volunteer staff. It receives some international funding and some local support for its activities.

National Women's Movement of Suriname (NVB), established in 1992, seeks sustainable gender equity and gender equality in Surinamese society through the empowerment of individual women and women's groups, especially grassroots groups. The economic empowerment of women is a key goal of the NVB that includes activities to increase the access of women microentrepreneurs to knowledge, information, technology, credit, land and markets. NVB works to also increase the participation of women in non-traditional female occupations and increase the access of women to adequate housing. Other activities focus on the institutional strengthening of women's groups, promoting women's rights, networking and involving a broad sector of ethnic groups in NVB activities.

Appendix VI

List of persons who assisted the study

The government officials, representatives of civil society, and IDB staff who assisted the study either by meeting the November 1996 and August 2000 missions, sharing information and data, or commenting on the draft of the study are:

The Government of the Republic of Suriname

Ministry of Domestic Affairs

Mr. A Gravenstein, Director (1996)
Mr. Boldewijn, Head of CSFE (1996)

Ministry of Education

Mrs. M. Levens, Senior Policy Advisor (1996)

Ministry of Finance

Mr. R. May, Director of Taxes
Mr. W. Resida, Head of Treasury Inspectorate
Mrs. S. Khedoe, Head of Department of Economic Affairs
Mr. R. Braam
Mr. B. von Numers (consultant)
Ms. E. Zutphen (consultant -1996)

Ministry of Justice and Police

Mr. C. Hunsel, Chief of Police
Mr. L. Latour, Director of Central Penitentiary (1996)
Mr. B. Nandoe, Head of Legal Aid Bureau
Mrs. M. Soeknandhan, Head of Research Department (1996)
Mr. M. Elshot, Coordinator, RAIO (1996)

Other Justice Sector

Ms. H. Rozenblad, Public Prosecutor
Mr. R. Oosterling, Chief Justice (1996)
Mr. A. Gangaram Panday, Judge (1996)
Mrs. C. Karsters-de-Rijp, Registrar (1996)
Mr. R. Brijobhokun, Office of the Registrar of the Court of Justice

Ministry of Labour

Mr. C. Marika, Director a.i. (1996)

Ministry of Planning and Development

Mr. S. Tjon-Ahin, Director (1996)
Mrs. L. Monsels-Thompson, Director, National Planning Office
Mrs. C. de Rooij, Head of Macroeconomic Planning Division (1996)
Mrs. de Haas (1996)
Ms. L. Menke (1996)

Ministry of Regional Development

Mrs. J. Lo A Njoe-van Varsseveld, Director
Mr. Witte
Mr. Rogers
Mr. Ramlekhan, District Commissioner of Saramacca (1996)

The National Assembly

Mrs. M. Djawalapersad, Chairperson (1996)
Mr. E. Bleau, Registrar
Mr. F. Hooplot, Deputy Registrar

Prominent Parliamentarians

Mr. R. Venetiaan, Head of NPS and former President (1996)
Mr. A. Kruisland, Member of Parliament for NPS (1996)
Mr. A. Watson, Member of Parliament for NDP (1996)

Cabinet of the President

Mr. I. Graanoogst, Director (1996)

Auditor's Office (Rekenkamer)

Mr. H. Prade, Chairman (1996)

Bureau of Public Health

Mr. L. Resida, Director

CEBUMA

Mr. Tjitrotaroen, Head

CLAD

Mr. S. Noordwijk, Manager

General Bureau of Statistics

Mr. I. Sno, Director
Mr. Pasiran, Head of Enterprise Statistics

SURLAND

Mr. Silos, Managing Director (1996)

Representatives of Civil Society and Private Sector

ABN-Amro

Mr. A. de Vette (1996)

Bar Association

Mr. F. Kruisland, Chairman (2000)

Mr. R. van Ritter, Chairman (1996)

Center for Democracy

Mr. J. Sedney

Chamber of Commerce

Mr. R. Ameerli, Chairman

Mr. Naarendorp

Mr. J. Wijdenbosch

Ms. M. Tsie A. Foeng, Secretary (1996)

CLO

Mr. H. Sylvester, Chairman (1996)

FORUM NGOs

Mrs. M. Levens, Chairperson (1996)

Mr. R. Landveld, Program Coordinator (1996)

Moiwana '86

Ms. M. Silos

National Women's Movement

Mrs. S. Staphorst, Chairperson (2000)

Ms. J. Ooft, Secretary (2000)

Ms. F. Crenne, Treasurer (2000)

Ms. R. Wonder, Commissioner (2000)

Organization for Justice and Peace

Mrs. Ilse Labadie

Projekta

Ms. N. Bandhoe

Ms. A. Castilho

Skilled Persons Consultary Group

Mr. R. Parmessar, Chairman (1996)

Stichting Juridische Samenwerking

Ms. G.L. de Miranda, Secretary

Stop Violence Against Women

Mrs. D. Halfhide (2000)

Mrs. N. Raveles (1996)

Suriname Trade and Industry Association (VSB)

Mr. M. Meyer, Chairman

Mr. E. Isselt

Mr. J. Tjang-A-Sijn

Mr. H. Ramdhani

Mr. H. Bueno de Mesquita, Director a.i. (1996)

University of Suriname

Mr. H. Breeveld, Coordinator of the Department of Public Administration (1996)

Women's Parliament Forum

Mrs. M. Brunnings-Stolz (2000)

Ms. C. Etnel (2000)

Ms. M. Fernandes (1996)

Ms. M. Schmeitz (1996)

Yellow Birds Sportsclub

Mr. W. Orlando Renfrum, Chairman (1996)

International Organizations and Community

Belgian Embassy

Mr. E. Windels, Head of Development Section (1996)

Dutch Embassy

Mr. R. van Trigt, Head of Development Cooperation Section (1996)

Mr. Bakker, Economist (1996)

European Union

Mr. T. Dudermel

OAS

Amb. J. Edmunds, Representative

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