Suriname in Times of COVID-19: Navigating the Labyrinth

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Suriname is facing severe macroeconomic disequilibrium characterized by large fiscal and external imbalances and a sharp decline in economic growth. Although the country is in a precarious economic situation in the short term, there are high expectations that recent developments in the oil sector will make an important contribution to economic recovery over the medium term. However, much work on policy reforms is needed to put Suriname’s economy on a sustainable path. In the coming years, policy makers have the salient task of strengthening the country’s macroeconomic policy framework and related institutions to prudently manage any proceeds from the oil sector as well as the country’s natural resource wealth. This will be important to restore and sustain macroeconomic stability, advance on socioeconomic outcomes, and stimulate competitiveness in the private sector. The COVID-19 pandemic has also elevated longstanding issues such as the lack of digitalization and Fintech and inadequate infrastructure, all of which have become even more critical to inclusive growth and development as the pandemic continues. This note examines the ongoing impact of the COVID-19 pandemic on Suriname and highlights some opportunities to achieve macroeconomic stabilization and to prepare the private sector to navigate the pandemic and support inclusive and sustainable socioeconomic recovery for Suriname.

**Keywords:** COVID-19, digitalization, macroeconomics, private sector, social protection, Suriname

**JEL Codes:** I32, N16, L25
1. Introduction

Suriname is experiencing severe macroeconomic disequilibrium stemming from an overhang of the 2015 commodity shock and the ongoing COVID-19 pandemic in the context of inadequate policy buffers. In 2015, a sharp decline in the prices of its main export commodities (gold and oil) and the cessation of alumina production pushed the economy into a deep recession. Real GDP contracted by 3.4 percent and 5.6 percent in 2015 and 2016, respectively, accompanied by relatively large twin deficits, an exchange rate devaluation, high double-digit inflation, and a rapid buildup of debt. An improvement in commodity prices and especially gold production helped return economic growth to positive territory in 2017–2019. However, the country’s fiscal and debt positions continued to deteriorate as implementation of fiscal reforms was delayed.¹

Also facing the new administration is the task of dealing with the socioeconomic and health implications of the ongoing COVID-19 pandemic.² Suriname confirmed its first imported COVID-19 case on March 13, 2020. As of September 20, the authorities confirmed a total of 4,723 cases (0.8 percent of the population). Active cases are currently at 138, with 97 COVID-19-related deaths (0.02 percent of the population), and 4,488 recovered (Figure 1). As of September 20, Suriname had the second lowest number of active cases in CCB countries,³ Barbados had 9, Guyana had 866, The Bahamas had 1,552, Trinidad and Tobago had 2,083, and Jamaica had 3,571.

Since March 2020, the authorities have continuously implemented and enforced numerous social distancing measures and restrictions to curb the spread of the virus. The most recent set of restrictions were introduced (and some reinforced) in September and include: (i) mandatory wearing of a mouth and nose cover, maintaining a physical distance of 1.5 meters and regularly disinfecting the hands; (ii) a curfew from 9:00 pm to 5:00 am; (iii) restrictions on gatherings (both private and public spaces); and (iv) limited opening of restaurants and human contact professions, but closure of entertainment venues.⁴ The ongoing COVID-19 pandemic has also impacted livelihoods. A recent IDB Survey found that the pandemic has resulted in job and income losses. There are also reported increases in domestic violence and other attendant social problems.

¹ Suriname entered a two-year IMF Stand-By Arrangement (SBA) program in 2016, but it was cancelled after one year. Proposed fiscal reforms, such as the introduction of a value added tax, reforms to improve the tax system and tax administration and reduction in electricity subsidies and rationalization of expenditures, were delayed.
² Suriname held national elections during the pandemic and had a successful transfer of power. The new administration took office in July 2020.
³ CCB refers to the countries (The Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago) that make up the Caribbean Department at the IDB.
⁴ See here for further details: https://bit.ly/3mjLkeG
Although the country is confronting a precarious socioeconomic situation in the short term, recent oil discoveries could help support economic recovery over the medium term. As of July 2020, the Apache Corporation and Total companies announced three ‘significant’ oil discoveries off the coast of Suriname. The amounts are yet to be confirmed while further exploration activities are ongoing.\(^5\)\(^6\) There are high expectations that developments in the oil sector will make an important contribution to economic recovery over the medium term. However, much work on policy reforms is needed to put Suriname’s economy on a sustainable path. In the coming years, policymakers have the salient task of preparing the country’s macroeconomic policy framework and related institutions to prudently manage any proceeds from the oil sector as well as the country’s natural resource wealth. This will be important to promote inclusive economic growth, restore macroeconomic stability, advance on socioeconomic developments, and encourage a competitive private sector. The COVID-19 pandemic has also elevated longstanding issues, such as the lack of digitalization and improving the provision and reliability of basic services such as electricity, which are critical to inclusive growth and development. In that regard, this note examines the ongoing impact of the COVID-19 pandemic on Suriname and highlights some

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\(^5\) Rystad Energy estimated that the recent oil discoveries could be about 1.4 billion barrels of oil equivalent resources. Although lower than the 8 billion oil-equivalent barrels discovered for Guyana, it is significant as Suriname’s proven oil reserves in 2018 was estimated at 87 million barrels (IMF, 2018b). See [https://oilnow.gy/featured/suriname-oil-discoveries-estimated-at-1-4-billion-barrels-rystad-energy/](https://oilnow.gy/featured/suriname-oil-discoveries-estimated-at-1-4-billion-barrels-rystad-energy/)

opportunities to achieve macroeconomic stabilization and to prepare the private sector to navigate the pandemic and support economic recovery.

The next section describes Suriname’s recent macroeconomic issues. Section 3 discusses the opportunities and priorities for Suriname’s private sector, Section 4 examines the socioeconomic impact of the pandemic, and Section 5 concludes the paper.

2. Macroeconomic Overview

Pre-COVID-19, Suriname’s economy was already in a precarious position. The country was recording large fiscal deficits, rising debt levels with a high share of foreign currency-denominated debt, low growth, disequilibrium in the foreign exchange market, low and declining international reserves, and banking sector vulnerabilities (see IMF, 2019). The ongoing COVID-19 pandemic is expected to worsen that situation in the short term. The increase in gold prices is the main upside risk for Suriname in the midst of the pandemic as gold represents 72.3 percent of merchandise exports (average for 2015–2019).7 Moreover, recent discoveries of oil and gas could help to support a return to growth over the medium term.

The country’s economy went into a deep recession in 2015 following a sharp decline in the price of its main export commodities (gold and oil) and cessation of alumina production. An improvement in commodity prices and especially gold production helped return growth to positive territory, averaging 1.9 percent in 2017–2019. In 2017, economic recovery was led by a 40 percent increase in gold production and supported by a 28 percent increase in refined petroleum production (IMF, 2018). The ongoing COVID-19 shock would mostly impact economic growth through commodity prices (an increase in gold prices and a decline in crude oil prices) and measures taken to curb the spread of COVID-19. Suriname’s economy is heavily dependent on the mining and oil sectors. With recent changes in commodity prices and the effects of COVID-19 on the domestic economy, the IMF is projecting a contraction in real GDP of -13 percent for 2020 (Figure 2).8 Better prospects are expected over the medium term on account of three ‘significant’ oil discoveries off the coast of Suriname that are yet to be quantified.

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7 Authors estimates from the Central Bank of Suriname.
The country’s fiscal revenues remain highly dependent on the crude oil and mining sectors, and expenditures are largely concentrated in non-discretionary items. For the period 2015–2018 (latest available data), central government revenues averaged 21 percent of GDP, with crude oil and gold contributing on average 26 percent of total government revenues.\(^9\) Central government expenditures over the same period averaged 30 percent of GDP, with transfers and subsidies and wages and salaries accounting for roughly 70 percent of total government spending.\(^10\) As a result, Suriname recorded fiscal deficits averaging 9 percent of GDP for the period 2015 to 2018. The IMF estimated that the fiscal deficit for 2019 was 10.4 percent of GDP. Accounting for the impact of COVID-19 and fiscal measures announced by the authorities, the fiscal deficit as a percent of GDP is expected to reach almost 14 percent of GDP in 2020. In the context of persistent fiscal deficits, exchange rate adjustments and a depressed economy, the debt-to-GDP ratio increased from 26.4 percent in 2014 to 82.3 percent in 2019. The increase in debt was largely driven by an increase in external debt, which rose from 15.5 percent of GDP in 2014 to 52.6 percent of GDP in 2019. The authorities estimated that the central government debt ratio increased to 109 percent of GDP in June 2020 and the IMF has projected that the debt ratio will further increase to 145 percent of GDP by the end of 2020 (Figure 3).

\(^9\) Total revenues as a percent of GDP increased from 18.1 percent in 2016 to 23.1 percent in 2018. The revenue improvement was largely explained by an increase in mining revenues from 3.4 percent of GDP in 2016 to 8.3 percent of GDP in 2018 (author’s calculations from Suriname’s Ministry of Finance).

\(^10\) Over the period 2016-2018, increases in spending were observed in subsidies and transfers (49 percent), interest payment (35 percent), capital spending (25 percent), and wages and salaries (14 percent). There was a 40 percent decline in expenditure on goods and services over the same period (author’s calculations from Suriname’s Ministry of Finance).
The *de jure* exchange rate arrangement is classified as floating. However, since early 2017 the bilateral U.S. dollar exchange rate has been remarkably stable at US$1:SRD7.52, implying a *de facto* stabilized arrangement (IMF, 2019). Over the last two years, there has been an acute shortage of U.S. dollars in the domestic economy, contributing to a precipitous increase in the parallel exchange rate. As of September 2020, the parallel market premium was estimated to be as high as 126 percent (Figure 4). In line with rising parallel market premium, headline inflation increased to 40 percent (year-on-year) at the end of August 2020 (Figure 5). The authorities devalued the exchange rate by 90 percent on September 22. The IMF is projecting that inflation could further increase to 105 percent at the end of 2020.
After recording a current account deficit of 16.4 percent of GDP in 2015, Suriname’s current account balance returned to positive territory in 2017 with a surplus of 1.9 percent of...
GDP—the result of an improvement in the terms of trade and higher gold exports. However, at the end of 2019, the Central Bank of Suriname reported a current account deficit of US$410.2 million (estimated at 10.7 percent of GDP). The current account balance slightly improved in the first quarter of 2020 to US$39 million from a deficit of US$10.7 million in 2019 Q1. International reserves declined from US$ 648.6 in November 2019 to US$564.3 million in August 2020 (Figure 6).12

Taken together, it is clear that measures to achieve macroeconomic stability should be prioritized in the short term. Some potential opportunities to achieve macroeconomic stability include: (i) strengthening of the revenue administration by improving tax and customs administration and considering the introduction of a value added tax to improve revenues and revenue collection (see IDB, 2017 for further details); (ii) streamlining and reduction of government spending with a focus on energy subsidies and transfers to state-owned enterprises (see IMF, 2016 for further details); (iii) strengthening the fiscal framework through the review and operationalization of the Savings and Stability Fund, which can guide consumption and saving choices over the medium term, as well as an improved debt management framework and a

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12 According to Fitch ratings (2020), Suriname’s unencumbered international reserves stood at USD331 million including monetary gold in November 2019. Unencumbered international reserves exclude deposits of commercial banks, mainly required reserves on foreign currency deposits held at the central bank.
credible medium-term fiscal anchor (see IMF 2018 for further details); (iv) strengthening the procedures and controls framing the relationship between the monetary and fiscal authorities (see Khadan, 2018 for further details); (v) strengthening institutions responsible for public investment, public procurement, public financial management, and internal and external audit functions (see IDB, 2017 for further details); (vi) strengthening evidence-based policymaking by reducing capacity shortfalls and introducing incentive frameworks for data production, sharing, and usage; (vii) revisiting and addressing relatively large tax expenditures; and (viii) addressing the disequilibrium in the exchange rate market (see IMF, 2019 for further details). In September 2020, the new administration announced its first set of policy measures to help stabilize the economy. These are summarized in Box 1.13

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**Box 1: In September 2020, the government announced measures to support socioeconomic recovery. The main measures are outlined below.**

- Devaluation of the exchange rate by 90 percent on September 22.
- Establishment of an emergency fund of SRD 1.5 billion (for a period of six months).
- Increase in the following social benefits to continue supporting vulnerable groups:
  - General Old Age Pensions (AOV) from SRD 525 to SRD 750 per month.
  - General Child Benefit (AKB) from SRD 50 to SRD 75 per month.
  - Financial assistance for people with a disability from SRD 375 to SRD 500 per month.
  - SRD 200 million per year for food packages for vulnerable households.
- Maintenance of the tax credit of SRD 750 per month.
- Intensification of controls on the prices of goods and services.
- Setting of maximum selling prices for 30 basic goods.
- Increase in government income by:
  - Increasing control and adjustment of royalties in small-scale gold mining.
  - Adjustment of land rental rates and rapid implementation of land conversion.
  - Increase in control of roundwood and fish exports.
  - Adjustment of sales tax on imports from 10 percent to 12 percent.
- Introduction of a solidarity tax of 10 percent: this tax applies to persons with an income of SRD 150,000 per year.
- Improved targeting of tariffs on utilities and strengthening of the institutional and operational aspects of the sector.
- Intensified communication with society to increase involvement and understanding of the proposed measures.

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13 See here for more details: [https://www.starnieuws.com/index.php/welcome/index/nieuwsitem/60734](https://www.starnieuws.com/index.php/welcome/index/nieuwsitem/60734)
3. Private Sector in Times of COVID-19

Suriname’s private sector was already challenged by an unfavorable business climate before COVID-19. The country’s Doing Business ranking was 162 out of 190 countries in 2020. Suriname improved in the “registering property” pillar, while the country regressed in getting electricity and dealing with construction permits. The improvement in registering property reflected the implementation of a unique identification number for properties, which improved the quality of the country’s land administration system. Nevertheless, the country scored lower than regional averages in 7 of the 10 pillars covered by the Doing Business report (see Figure 7): (i) starting a business; (ii) getting electricity; (iii) registering property; (iv) getting credit; (v) protecting minority investors; (vi) enforcing contracts; and (vii) resolving insolvency. On the other hand, Suriname scored better than regional averages in trading across borders and paying taxes14 (World Bank, 2019a). The results of the 2018 World Bank’s Enterprise Survey showed that the main constraints to business operations as identified by the firms were: (i) access to finance, (ii) inadequately educated workforce, and (iii) political instability.

![Figure 7. Doing Business in Suriname](image)


The ongoing COVID-19 pandemic is affecting business operations in Suriname. The strict social distancing measures deployed by the authorities to curb the spread of COVID-19

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14 The two factors explaining Suriname’s higher scores compared to the LAC average are: (i) the time it takes to prepare, file, and pay (or withhold) taxes: 199 hours per year compared to 317 hours for LAC; and (ii) the country’s total tax and contribution rate (as a percent of profit), which is significantly lower than the LAC average: 27.9 percent compared to 47 percent. Other components of paying taxes such as number of payments per year and post-filing procedures are at similar levels.
infections has constrained the operations of non-essential businesses. The results of an IDB online survey conducted between April and July 2020 found that 46.6 percent of households reported closing their businesses, due either to the authorities’ requirement or to lack of demand.\(^{15}\) (Figure 8 shows the breakdown by income groups). While business closures were reported across all sectors, incidence of closures during the survey period were highest for hotels and restaurants (79 percent), construction (60 percent), and manufacturing (53 percent). See Khadan (2020) for further details.

![Figure 8. Business Closures during COVID-19](image)

Globally, businesses in affected sectors are adjusting to the ‘new normal’ of doing business, which entails working remotely whenever possible and ensuring social distancing at their physical place of work. This implies that adequate infrastructure and digital services are increasingly becoming a critical asset to business sustainability, resiliency, and success. Indeed, the International Data Corporation (IDC) has forecasted that half of the global economy will be digital by 2021.\(^{16}\) Therefore, transitioning to the digital space will be critical for business continuity during and after the pandemic. In that regard, there are some important areas that Suriname should continue to advance on to facilitate such a transition.

The COVID-19 pandemic has shown the importance of financial inclusion and Fintech (financial technology) services for small firms and vulnerable sections of society. As the pandemic unfolds, there is increasing reliance on services such as mobile money, Fintech services, and online banking for business transactions.\(^{17}\) However, as highlighted by the IDB (2019),\(^{18}\) Suriname is currently constrained by lack of access to financial services, especially for vulnerable

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15 See Section 4 for detail on the survey sample.
16 See [https://www.idc.com/research/viewtoc.jsp?containerId=US43171317](https://www.idc.com/research/viewtoc.jsp?containerId=US43171317)
groups such as small and micro enterprises, those in the informal sector, and poor and rural communities. The 2020 IDB/Cornell Coronavirus Survey found that Suriname had the lowest percentage of respondents in Caribbean countries reporting access to bank accounts and debit cards during the COVID-19 pandemic: only 52.2 percent of respondents indicated having access to a bank account (compared to the CCB average of 73 percent of respondents), and an even lower share (29 percent of respondents) had access to a debit card, compared to the CCB average of 70 percent of respondents. Relatedly, the percentage of firms with a bank loan or line of credit is 36.6 percent for Suriname, which reveals a limited degree of access to finance for Surinamese companies (World Bank, 2018). Moreover, compared to other Caribbean countries, although Suriname is a small country and its population is concentrated in and around Paramaribo, the country’s 11.5 branches per 100,000 adults is well below the number in other Caribbean countries such as The Bahamas (27.4), Belize (19.3), the Latin America and the Caribbean (LAC) average (15.3), and the Caribbean average (13.9). Overall, there is ample room for the country to improve access and use, by firms and households, of formal financial services such as payments, savings, credit, and insurance. This is critical to support firms and households in the context of the pandemic and prepare them for opportunities in the medium term.

Access to finance can help businesses adjust to the restrictions of the pandemic and reduce potentially long-term scaring effects on the private sector. However, as reported by firms, access to finance has been a major problem in Suriname, and the institutional framework to facilitate financing is weak. Twenty-one percent of firms identified limited access to finance as the most important obstacle to business operations in the 2018 World Bank Enterprise Survey, while the 2020 Doing Business Report ranks Suriname very low, at 181 out of 190 countries for getting credit. Moreover, apart from not needing a loan (52.2 percent of firms reported that they had no need for a loan in 2018), the main reasons firms report for not applying for loans include unfavorable interest rates (12.9 percent), unattainable collateral requirements (4.5 percent), the belief that the loan would not be approved (3 percent), overly complex application procedures for loans (2.5 percent), and other reasons that were not specified in the survey (24.9 percent). In addition, information asymmetry underlies these features, as Suriname’s credit registry coverage and credit bureau (percent of adults) is 0. The strength of legal rights index (0=weak to 12=strong), which measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitates lending, is low (2) and below regional averages. The depth of

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19 See World Bank (2018).
20 Financial depth is relatively low as measured by domestic credit to private sector as a percent of GDP: in 2018 it was 28.1 percent for Suriname compared to 54 percent for LAC (World Development Indicators database, 2020).
credit information index, which measures rules affecting the scope, accessibility, and quality of credit information available through public or private credit registries, is 0 for Suriname, implying a lack of credit information to facilitate lending decisions.

### Table 1. Getting Credit Indicators

<table>
<thead>
<tr>
<th></th>
<th>Suriname</th>
<th>LAC</th>
<th>Caribbean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Getting Credit total score</strong></td>
<td>2.0</td>
<td>11.2</td>
<td>9.2</td>
</tr>
<tr>
<td>Strength of legal rights index (0-12)</td>
<td>2.0</td>
<td>5.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Depth of credit information index (0-8)</td>
<td>0.0</td>
<td>6.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Credit registry coverage (% of adults)</td>
<td>0.0</td>
<td>19.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Credit bureau coverage (% of adults)</td>
<td>0.0</td>
<td>52.5</td>
<td>27.4</td>
</tr>
</tbody>
</table>

*Source: Doing Business Report (2020).*

The COVID-19 pandemic has shown that having adequate infrastructure is critical for continuation of the productive sector during the pandemic, and it is expected to play an even greater role in economic recovery.\(^{21}\) Although, Suriname’s infrastructure has improved over the years, there are still critical challenges to be addressed, especially in the context of COVID-19. More work is needed to improve basic infrastructure such as access to and reliability of electricity, which serves as the platform to support digital connectivity. In terms of the private sector, the 2018 World Bank Enterprise Survey found that almost one-third of firms reported electricity to be a major or very severe obstacle to their operations. In addition, about 88.2 percent of private firms surveyed in 2018 reported experiencing power interruptions. The frequency of power outages is mostly between once and three times in a typical month (usually with a duration of 30 minutes per interruption) and it is estimated that firms experience losses of up to an average of 3.4 percent of annual sales due to power outages (Figure 9). There are also disparities in access to electricity and other basic utilities between urban and rural areas. For instance, according to data from the World Health Organization (WHO, 2019), there are disparities in access to ‘at least basic sanitation’ in urban and rural areas: the national average is 84 percent of the population, but with 89 percent in urban areas and 75 percent in rural areas. There are wide disparities in access to sanitation services between the richest and the poorest populations, with only 50 percent of the poorest population having access to ‘at least basic sanitation,’ compared to 97 percent for the

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\(^{21}\) There are other infrastructure challenges related to deficiencies in the quality of road infrastructure, coupled with other market inefficiencies. Congestion in urban areas is driven by high motorization (40,900 vehicles/100,000 inhabitants compared with LAC (17,600 vehicles/100,000 inhabitants). The port is the main import/export gate and trade node for all relevant production locations in the country, especially for agricultural, forestry, fishing, and mining production areas. However, according to the Liner Shipping Connectivity Index, Suriname has a low level of connectivity to global shipping networks, compared with most of the sub-regional ports in the Caribbean basin. In terms of air transport, Suriname ranked lower in the quality of air transport infrastructure and airline seat kilometers (in millions) than the Caribbean and LAC regions (World Economic Forum, 2016).
richest inhabitants (WHO, 2019). For water supply services, 98 percent of the population in the urban areas have access to ‘at least basic water supply’ compared to 90 percent for rural areas. Such inequalities in access to basic services and infrastructure can hinder an inclusive recovery.

Figure 9. Electricity

Source: Author’s calculations based on data from the 2018 World Bank Enterprise Survey.

Internet usage is relatively low, but Suriname’s telephony is more positive. The World Bank estimated that in 2017 about 49 percent of the population used the internet, which is lower than the LAC average of 63 percent. In terms of the private sector, there has been a significant increase in establishments’ online presence (i.e., firms reporting that they own a website or social media page), increasing from 12 percent in 2010 to 74 percent in 2018. Also, the state of Suriname’s telephony is positive, with 15.8 fixed telephone subscriptions per 100 people, similar to the LAC average of 16.3, 12.6 fixed broadband subscriptions per 100 people, similar to the regional average of 12.1, and 141.3 mobile cellular subscriptions per 100 people, much higher than the LAC average of 107.4. Internet access in school is also perceived to be lower compared to the averages for LAC and the Caribbean (see Figure 10).

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22 See https://data.worldbank.org/indicator/IT.NET.USER.ZS
There is a low level of digital service provision by the public sector which can affect the private sector’s interaction with the government. Indeed, a high percentage of Surinamese firms interact with the government: in 2018, 86 percent of firms reported transactions with the government.\(^{23}\) In that context and given the ongoing restrictions associated with the pandemic, it is important for the country to invest in an integrated digital strategy. In the past five years, Suriname’s ranking on the United Nations e-Government Development Index declined from 110 in 2016 to 122 in 2020 (out of 166 countries).\(^{24}\) Suriname’s Online Service Index, which measures a government’s capability and willingness to provide services and communicate with its citizens electronically, was below regional averages: 0.29 compared to 0.50 and 0.59, respectively. The low score reflects weakness in the country’s ability to effectively deliver services digitally and leverage the attendant potential efficiencies. Also, the country’s Telecommunication Infrastructure Index, which measures the existing infrastructure required for citizens to participate in e-government, was marginally lower than regional averages: 0.55 compared to 0.57 and 0.59 for LAC and the Caribbean, respectively.\(^{25}\) Suriname’s Human Capital Index score, which measure

\(^{23}\) The largest share of firms (39 percent) reported one transaction, 25 percent of firms reported two transactions, 18 percent reported three transactions and 3.3 percent reported more than three transactions (World Bank, 2018).


\(^{25}\) Scores range from 0 to 1, where 1 corresponds to the highest-rated services provision.
citizens’ ability to use e-government services, was 0.71 compared to regional averages of 0.73 and 0.74 for LAC and the Caribbean, respectively. Suriname’s ranking on the e-Participation Index, which measures the use of online services to facilitate the provision of information by governments to citizens (e-information sharing), interaction with stakeholders (e-consultation), and engagement in decision-making processes (e-decision making), also declined from 122 in 2016 to 170 in 2020 (out of 193 countries). The country’s score of 0.25 is much lower than regional averages of 0.60 and 0.48 for LAC and the Caribbean, respectively (Figure 11). There are also disparities, as the urban coastal areas have access to better telecommunications infrastructure and information and communication technologies services.

**Figure 11. E-Government Indicators for Suriname**

Taking measures to address the abovementioned challenges would not only help the country navigate the ongoing pandemic but also capitalize on potential opportunities over the medium term. For instance, the recent oil discoveries present an opportunity to further engage local micro, small, and medium enterprises (MSMEs) in areas such as housing, tourism, agroindustry, manufacturing, and business services. This would entail a more comprehensive initiative aimed at (i) providing access to more advanced business support services by increasing the number of firms that can meet the pre-qualification requirements of the incoming companies and improving the competitiveness of existing MSMEs that can provide support/indirect services to the international companies; (ii) improving access to skilled workers (petroleum engineers, geologists, and technicians); and (iii) improving other elements of the enabling environment for

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26 There are challenges in the education system that extend to the labor market, which affect the private sector. The main ones are high dropout rates and misalignment between education, skills, and labor market demands. For example, information from the Ministry of Education, Science and Culture show that, dropout rates at the secondary school level are almost 15 percent per grade and,
local firms to take advantage of the positive spillovers from the energy sector. There are also potential opportunities for private sector investment in the agroindustry and tourism sectors. The tourism sector, in particular, is constrained by connectivity challenges internally and with international and regional markets. Suriname also has critical hurdles in terms of providing quality accommodation to tourists, facilitating payment transactions (electronic payments), and the availability and reliability of public transportation.

Some opportunities to enhance private sector growth, especially in the context of COVID-19, include (i) improving access to finance, financial inclusion/banking, and enhancing retail payment systems to create access for the Surinamese population through the use of technology; (ii) strengthening policies to increase local content and private sector involvement in the natural resources (assets) value chain; (iii) supporting the development of skills for the digital economy; (iv) continuing to reform secondary education and the TVET curriculum to better align them with the labor market, especially in a COVID-19 environment; (v) expand skills development programs in partnership with the private sector to support growth of priority sectors, the diversification agenda and connect unemployed and NEET (not in education, employment, or training) youth to jobs; and (vii) optimize public service delivery through digital platforms and technology.

consequently, graduation from this level is low. The disconnect between job creation and skills supply is illustrated by high unemployment, especially for youth, alongside skills gaps: the NEET problem is acute in Suriname, where the proportion (17 percent) of Surinamese youth not in employment, education or training was nearly equal to those employed (20 percent).
4. COVID-19 and Social Protection

This analysis of the socioeconomic impact of the ongoing pandemic on Surinamese households is based on an online socioeconomic survey conducted by the Inter-American Development Bank (IDB). The survey was conducted from April 16 to July 5, 2020. The sample size for Suriname was 1,866 individuals. Data on individuals are confidential, in accordance with the standards set by the Internal Review Board of Cornell University, which approved the survey. Of the 1,866 respondents, 54 percent were women and 46 percent men. The mean household size of the respondents was 5 and the mean age of the respondents was 42 years. In terms of the educational profile of respondents, 1.4 percent had no education, 5.5 percent had primary education, 64.1 percent had secondary education, 16.6 percent had technical/vocational certificate or diploma, 10.3 percent had university degree, and 2.1 percent had a master’s degree or higher.

i. Knowledge of COVID-19

Surinamese respondents to the survey showed good knowledge about the symptoms of COVID-19, its transmission channels, and practices to avoid infection. The IDB survey asked questions relating to persons’ knowledge of common COVID-19 symptoms, transmission channels, and recommended practices during the pandemic to reduce the risk of infection. Surinamese respondents to the survey showed good knowledge about the symptoms of COVID-19, its transmission channels, and practices to avoid infection. Reassuringly, the results showed that the majority of respondents in Suriname correctly responded to questions about the usual symptoms of the coronavirus. The respondents recognized the following common symptoms: 86.7 percent identified flu-like symptoms, 83.7 percent identified a fever, 81 percent identified a dry cough, and 76.4 percent identified a dry cough. More importantly, 86 percent of the respondents recognized that infected persons can be asymptomatic (Figure 12).

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27 The data collected have been reweighted exploiting information from representative household-level surveys across Caribbean countries. Therefore, the data collected online that were used to reproduce the results are already calibrated to meet representative socioeconomic parameters of Caribbean populations.

28 The World Health Organization listed the most common symptoms of COVID-19 as fever, dry cough, and fatigue. Less common symptoms include aches and pains, sore throat, diarrhea, conjunctivitis, headache, loss of taste or smell, a rash on skin, or discoloration of fingers or toes. The serious symptoms are difficulty breathing or shortness of breath, chest pain or pressure, and loss of speech or movement. See https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses#
According to the World Health Organization, COVID-19 primarily spreads from person to person through small droplets from the nose or mouth. The IDB survey asked respondents how they think COVID-19 is transmitted. The majority of respondents showed good knowledge of the main transmission channels. Ninety-five percent of respondents indicated that people could become infected by coming into contact with an infected person, and 90.7 percent recognized that people could become infected by touching contaminated objects and then touching their mouth/nose/eyes (Figure 13). The majority (93.3) of respondents also correctly stated that asymptomatic people could spread the virus.

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29 People can be infected by COVID-19 if they breathe in droplets from an infected person. Also, droplets can land on objects and surfaces in proximity to the person. People can become infected by touching contaminated objects then touching their eyes, nose, or mouth. See [https://bit.ly/33QyAyL](https://bit.ly/33QyAyL)
Respondents also appear to understand the need for social distancing during the pandemic. Almost 98 percent of respondents reported having heard of social distancing. In that regard, to gauge knowledge of appropriate behaviors during this pandemic, the IDB survey asked respondents to state what they believe to be non-recommended practices. The results showed that, for the most part, respondents were aware of practices to avoid COVID-19 infection. During the pandemic, 69 percent indicated that it is not recommended to go to work; 64 percent indicated that it is not recommended to go to hospitals; 64 percent indicated that it is not recommended to go shopping at the market/grocery store; 93 percent indicated that it is not recommended to go to churches or temples, over 92 percent indicated that it is not recommended to visit families and friends, 83 percent indicated that it is not recommended to go to the bank or financial institutions, and 67 percent indicated that it is not recommended to go for a walk or exercise.

ii. Job and Income Losses

The COVID-19 pandemic has resulted in reduced income and job losses for Surinamese households (Figure 14). The measures implemented to curb the spread of COVID-19 has affected all sources of household income across all income levels in Suriname. The percentage of Surinamese households reporting income below the minimum wage increased from 23.2 percent in January 2020 to 31.7 percent in April-July 2020. Income losses were from employment loss, business closures, loss of rental income for real estate and vehicle rentals, and loss of
remittances. It is important to note that 62.4 percent of respondents indicated they had a commitment from their employer to be rehired after the crisis. Low-income households were most severely impacted, particularly from employment loss (35.9 percent), compared to middle- and high-income households (27.0 percent and 14.9 percent, respectively). The data also show that a higher percentage of high-income households reported working remotely (45.8 percent) compared to their low- and middle-income counterparts (about 35 percent).

**Figure 14. Job Losses and Business Closures**

![Bar chart showing job losses and business closures by income level.](image)

Source: Author’s calculations based on data from IDB/Cornell Coronavirus Survey.

**iii. Quality of Life and Coping Mechanisms**

The quality of life of Surinamese was also adversely affected by higher levels of domestic violence and changing dietary habits. In Suriname, 23.8 percent of the respondents reported an increase in domestic violence within their household since the beginning of the pandemic. The increase in domestic violence was higher for low-income groups (33.1 percent) compared to middle- and high-income households (23.2 percent and 14.7 percent, respectively). There were also reported shortages of food and basic items and increases in food prices (Figures 15 and 16). For instance, almost all respondents reported a rise in food prices in April-July 2020 compared to February 2020. Relatedly, 37.9 percent of households reported eating less healthy meals than usual, and 21.0 percent reported having gone to bed hungry over the same period.
As expected, the majority of low-income households responded that they would not be able to afford basic necessities for one month. While 64.7 percent of low-income households reported having enough resources to cover basic necessities for one week, only 16.7 percent reported having enough savings to cover one month or more of basic expenses. Comparatively, 26.1 percent of middle-income households and 54.8 percent of high-income households reported having enough savings to cover one month or more of basic expenses. In May 2020, the government of Suriname focused on increasing benefits through existing social programs: the main measures announced by the government included increases in the allowance for child support, old age provision, retirees (with no previous government support), persons with disabilities, vulnerable households, unemployment benefits for persons who have lost their labor income due to COVID-19 restrictions, and social assistance benefits. The new administration has continued with most of these support programs (see Box 1). Thirty-six percent of households indicated that they were beneficiaries of existing government support programs. There was also good coverage across income groups: 40 percent for low-income households, and 36 percent and 35 percent for middle income and high-income households, respectively. Moreover, 28 percent of low-income households reported to have sourced loans, transfers, or remittances from family or friends to help cover household expenses, compared to 24.3 percent and 11.7 percent for middle-income and high-income households, respectively (Figures 17 and 18).
5. Conclusion

Suriname is experiencing a severe macroeconomic disequilibrium stemming from an overhang of the 2015 commodity shock. The ongoing COVID-19 pandemic is affecting livelihoods and lives, especially for low-income households and those that were already in a vulnerable position. The new administration has recognized the imperative for reform and adjustments with the new president indicating that “[o]ur country is on the brink of financial collapse. … The government we form will pursue a coherent policy to work together towards that one goal: the recovery of Suriname.”30 While the socioeconomic tasks facing the new administration are daunting, both immediately and in the medium term, it is not unsurmountable. The new administration acknowledged that much work on policy reforms is needed to put Suriname’s economy on a sustainable path. In the coming years, Suriname’s policymakers have the pressing task of preparing the country’s macroeconomic policy framework and related institutions to prudently manage the country’s natural resource wealth, restore macroeconomic stability, advance on socioeconomic developments, encourage a diversified private sector, and promote inclusive economic recovery. To that end, this technical note examined the ongoing socioeconomic developments and outlined policy suggestions that can help support the country’s recovery.

Restoring fiscal sustainability will require revenue and expenditure measures and an appropriate fiscal framework. Moreover, appropriate monetary and exchange rate policies and the strengthening of economic institutions, particularly the independence of the Central Bank and

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30 See https://bit.ly/2RONqFi
robust fiscal institutions, will be critical to ensuring macroeconomic sustainability over the medium term (see Khadan, 2018 for further details). In that regard, the new administration announced its first set of measures, which include rationalizing energy subsidies, adjusting taxes rates, and supporting vulnerable households (see Box 1).

Many businesses in affected sectors are required to adjust to the 'new normal' of doing business, which entails working remotely whenever possible and ensuring social distancing at their physical place of work. This implies that adequate infrastructure and digital services are increasingly becoming a critical asset to business sustainability, resiliency, and success. In that regard, some important areas that Suriname should continue to advance on to facilitate such a transition include increasing digital financial services, increasing access to and reliability of basic services such as electricity and water services, increasing public sector digitalization and internet connectivity, and supporting the development of skills for the digital economy. Moreover, with recent oil discoveries, there will be opportunities to increase the country’s private sector involvement in the value chain of the oil sector and more broadly the country’s natural resources (assets). Similarly, better alignment of education and training policies to the needs of the labor market will help to connect the unemployed and youths to jobs in priority sectors. Further research on the abovementioned policy areas is forthcoming.

Finally, in the context of COVID-19 and an austere outlook in the near term, strengthening the social protection system will be important for Suriname’s poor and vulnerable groups. Despite a relatively large number of social programs available to support vulnerable groups, Suriname’s Gini coefficient was estimated at 0.44, with poverty estimated at 26.2 percent in 2017 (see Beuermann and Flores, 2018). Preliminary evidence shows that low-income households are being adversely affected by the loss of income and jobs. In that regard, having a well-targeted social protection system with clear and objective rules of eligibility, consistent results monitoring, and data management and information systems is important for the country.

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31 The poverty thresholds were calculated using consumption data from the 2017 Suriname Survey of Living Conditions. For the overall poverty threshold, an adult needs SRD733.10, SRD590.23, and SRD533.27 a month to purchase essential food and non-food items in the Paramaribo district, other coastal areas, and the interior region, respectively.
References


