Introduction
This paper is an investigation of Suriname’s fiscal and governmental health. It delves into existing structures and institutional capacities. The first section looks into the current economic situation of Suriname and future opportunities. With suggestions and recommendation for way in which Suriname can improve and create new areas for growth. The second section provides an overview of Suriname’s political structure and organization, with an emphasis paid to functionality and capacity.

Part I: Economic Development and Challenges

INTRODUCTION
This Section of our paper investigates Suriname’s current and future expectations and opportunities for economic growth. Exploring key barriers to economic growth is especially important in diagnosing what changes are needed and the prioritization of these changes. There are also key recommendation set forth for ways the Surinamese economy can be more effective, such as preparing for future growth threats, incentivizing private sector growth and increasing institutional capacity. Finally, fiscal consolidation is needed to reduce the growing fiscal deficit and provide a larger buffer to financial shocks from external variation in commodity prices, which make up roughly 30% of government revenue.

MAIN SECTORS OF ECONOMIC ACTIVITY
Suriname’s economy is dominated by public sector activities, mining, and services. Gold, aluminum and oil revenues account for roughly 30 percent of GDP and over 90 percent of total exports (Interim Strategy Note, 2). The service sector is concentrated in trade and transport activities, though personal services and transport and communication have been the fastest growing sectors (Interim Strategy Note 2). Services account for about 65 percent of GDP (Interim Strategy Note, 2). Additionally, the informal sector is relatively large and could increase World Bank estimates of GDP by up to 16 percent if measured accurately (Interim Strategy Note, 2).

Gold accounts for over three-fourths of total exports and 13 percent of fiscal revenues (Carneiro). Gold has increased in importance in terms of Suriname’s economy rising from 7
percent of total exports in 2003 to 62 percent of exports in 2013 (IMF 2012 Article IV, 7). Two large gold mining operations are expected to start in 2017 which is expected to boost exports and production. The expansion of the Gross Rosebel gold mine and the development of the Merian gold mine supported economic robust economic growth over the past decade (Alzoa, 4).

**Revenues from the Rosebel mine, which produced roughly 40 percent of gold exports in 2012, accounted for approximately 10 percent of government revenues in the form of corporate income taxes, royalties, and dividends (Chen et al., 15).** Small-scale gold mining is also an important source of income for the government. Direct fiscal revenues from these operations are small but the indirect revenue from secondary spending contributes to the considerable fiscal weight of the gold sector.

**There are two, large gold mine projects in the works currently.** In 2013 IAMGOLD expanded its existing operations and agreed to establish a joint venture with the government to cover new mining activities. The Surinamese government acquired a 30 percent participating interest on a fully paid basis (Chen et al., 15). The second, large-scale project is a joint venture between U.S. based Newmont and Alcoa with the government holding 25 percent equity (Chen et al., 15). The net effect of expanding gold mining operations is difficult to define as mining operations may substitute gold mining at an older location for the new location. Additionally, government concessions, such as possible provision of electricity at a subsidized rate for the new IAMGOLD mine detract from the overall profits.

**Oil accounts for nearly 30 percent of total revenue (Carneiro).** Oil exports are down 1.3 percent and prospects for future exports are limited by declining reserves. There are plans to expand an already existing refinery in order to counteract this trend.

**Aluminum is the third most important export.** Exports have also declined for this commodity. Aluminum exports are down 5 percent and suffer from persistently low prices (IMF 2014 Article IV Consultation).

**Under recommendations from the National Development Plan, the Government of Suriname is looking to diversify its economy towards agriculture and agro-processing (Julien, 6).** One potential area for diversification is the development and expansion of Suriname’s agricultural sector. The agricultural sector, in terms of contribution to GDP, has fallen significantly from roughly 15 percent of GDP in 1990 to 9 percent in 2012 (Derlagen et al., 8). Agricultural exports are dominated by rice and bananas, which have benefited from domestic and international protection. Domestic protection includes high agricultural tariffs, import licensing systems, and state interventions (IDB 2011, 3). Internationally, Suriname has a special commodity arrangement with the EU under the Lome Convention and Contonu Agreement that provide duty and quota-free exports of Surinamese bananas and rice to the EU (Sureau). This protection from domestic and external competition has dampened demand for productivity enhancing investment and efforts to diversity agricultural production (IDB 2011, 3).
Furthermore, a production concentration in these areas makes Suriname vulnerable to external price changes, yield volatility, and threatens food security (IDB 2011, 3).

**Other possible sectors that could contribute to diversification include ecotourism, fisheries, and hydroelectric power.** Ecotourism in Suriname could present a key opportunity to diversify away from revenues derived from finite resources. Less than 5% of Suriname’s GDP comes from tourism revenues (IsDB). Roughly 90 percent of Suriname’s land is covered by pristine rain forests and could serve as a major attraction (IsDB, 4). Other potential sources of income could be from hydroelectric power production and fisheries. Two core components of the NDP include expanding energy generation capacity and increasing agricultural outputs (IsDP, 11).

**MACROECONOMIC ORGANIZATION**

This section describes Suriname’s macroeconomic organization. Understanding the framework under which the government enacts key policies that affect macroeconomic conditions is essential for understanding both the limitations and opportunities the country has to increase macroeconomic growth and stability.

**Monetary Policy**

Monetary policy in Suriname is in principle independent but constrained by the need to keep the exchange rate stable within the band of 3.25-3.35 Surinamese Dollars (SRD) per U.S. Dollar (USD). The central bank of Suriname is headed by a governor, whose appointed by the President and reports to an independent supervisory board. While the legal classification of the exchange rate is “floating,” the IMF notes that the de facto regime is a “stabilized arrangement” due to the anchoring of the Surinamese dollar to the US dollar within a tight band. To maintain this exchange rate Suriname relies on buying and selling foreign exchange.

The Central Bank’s ability to monitor and revise reserve requirements provides some room for independent monetary policy. The Central Bank’s ability to set reserve requirements serves as a policy tool to influence liquidity and demand pressures. These policies have been used in conjunction with exchange rate policies to stabilize Suriname’s external position (IMF 2014 Article IV Consultation, 15).

Suriname’s lack of laws concerning capital controls expose the economy to rapid changes in investment flows. In the 2014 IMF Article IV Consultation, the IMF suggested steps to move forward in plans to transition to a more flexible exchange rate system to counter the volatile effects free movement of capital has on the exchange rate and the high cost of maintaining the current exchange rate regime given limited monetary policy tools. However, steps towards a more flexible exchange rate will require significant capacity building of the Central Bank and development of open market operations.

**Suriname: Growth Prospects and Stability**
Suriname is a small, open, commodity-based economy. Located on the Northeastern coast of South America, Suriname lies between Brazil and Guyana. Suriname’s main trading partners are the US, Belgium, United Arab Emirates, and Canada. Suriname’s economic performance, in terms of GDP per capita, and HDI ranking, lies relatively in the middle compared to other small economies. In relation to other non-island commodity economies, Suriname is slightly higher in GDP per capita but scores lower on the HDI index. The United Nations Development Program (UNDP) ranked Suriname 105th out of 187 countries surveyed for the 2012-2013 Human Development report. Major weaknesses noted by the UNDP were education, per capita income and health indicators. Despite a positive trend in economic growth, Suriname’s economy suffers from overall volatility in growth due to large exposure to volatile commodity prices in the world market. Combined with lower productivity and aging infrastructure, Suriname’s economy continues to grow but at a slower rate than growth experienced in the past five years.

Short term outlook

Short-term economic growth in Suriname is expected to be weak as a result of low commodity prices and dampening of domestic demand as a result of fiscal consolidation. Suriname’s economy grew by 4.5 percent in 2013 supported by robust performance in construction, wholesale and retail trade, and hotels and restaurants. Construction expanded by 14.1 percent, wholesale and retail trade by 8.9 percent and hotels and restaurants grew by 8.1 percent (ECLAC 2014, 1). Expansionary government spending, at 2.8 percent, also contributed to economic growth. However, the fall in exports of key mineral commodities, particularly gold, dampened growth outlooks. In the 2014 Article IV Consultation the IMF notes that significant downside risks threaten needed increases in revenue while political gridlock restricts efforts to curb government expenditure. Specific revenue risks include decreased demand for gold with U.S. federal policy normalization, slowing Chinese
growth dampening the price of a broad range of commodities, and a global glut in oil supply depresses prices (IMF Article IV 2014, 8). Given Suriname’s dependence on commodity exports, specifically gold and oil, declining prices would hurt their fiscal and external position. Furthermore, investors could be deterred by falling prices and potentially delay or cancel planned investments in the mineral sector.

A long boom in oil and gold prices supported Suriname’s strong macroeconomic position.

Gold prices peaked in 2011 at $1859.40/troy ounce (Nasdaq) while oil prices climbed to $145/barrel in 2008 (U.S. Energy Information Administration). During this period Suriname had a loose fiscal policy fueling growth of credit provision and increasing domestic demand for goods imports (IMF Article IV 2014, 4). Despite robust growth in 2013 at an IMF estimated rate of four percent, partly as a result of loose domestic fiscal policies, export volumes were negatively affected by the fall in commodity prices. Gold export volume, which accounts for nearly two-thirds of total exports, fell 4½ percent from 2012 to 2013 (IMF 2014 Article IV Press Release). Oil export volume decreased by 1 ¼ percent, down from XX% in 2012, reflecting limited oil reserves (IMF Article IV 2014, 4). As a result of falling export volumes and increased domestic demand, Suriname’s fiscal deficit increased to 6.8% of GDP in 2013 (IMF Article IV).

Macroeconomic Developments and Prospects

Looking forward, Suriname has good prospects in terms of its potential to grow its existing mineral extraction industry and also invest more in its private sector development. Suriname needs to invest in these industries in a substantive manner, with the belief that these are potential growth areas and would be a good long-term strategy.

Suriname’s macroeconomic position weakened considerably from 2012 to 2013 as gold and oil prices fell, demonstrating their wide exposure to external shocks. Further pressures on their macroeconomic position were due to the need to fulfill existing spending commitments and the government’s reform agenda, which included robust increases in public investment. Finally, policies such as the wage bill, which...
increased wages by 6 percent accounting for 9.5% of GDP in 2013, increased public government expenditures significantly (IMF 2014 Article IV Consultation, 6). In 2013 the current account balance fell by 7¼ percentage point to a deficit of 4 percent of GDP (IMF 2014 Article IV Consultation, 6). The government reaction to the deteriorating macroeconomic position was to intervene in foreign exchange markets and implement fiscal consolidation efforts.

In September 2013 the Central Bank embarked on an unsterilized foreign exchange intervention to support exchange stability. The result was a decrease in foreign reserves and a tightening of Suriname’s monetary stance, particularly through the increase in reserve requirements. The Central Bank increased reserve requirements by five percent for both Surinamese dollar deposits and foreign-currency deposits raising the Surinamese dollar cash reserve ratio to 30 percent and the cash reserve ratio for foreign currency to 50 percent (ECLAC 2014, 2). The Central Bank justified this monetary policy tightening as needed to reduce public and private sector demand pressures for imports, a significant contributing factor to the current account deficit of the balance of payments (Hoefdraad). This contraction in credit supply and resulting increase in interest rates helped depress domestic demand, which had fueled strong goods imports and fed into the declining fiscal balance.

The unsterilized foreign exchange intervention may pose serious risks to maintain a competitive exchange rate to encourage exports. Without a developed financial system to counteract the change in money supply from sales of foreign currency through open market operations of bond sales, the sale of foreign exchange led to currency appreciation. This could be especially damaging to the country, as a major source of revenue is export earnings. Currency appreciation has had a negative effect on Suriname’s terms of trade, as the value of exports had declined relative to the value of imports. The development of a bond market to mop up excess liquidity is needed to avoid currency appreciation and its subsequent effects on export prices relative to import prices. The IMF notes that a range of indicators, including real effective exchange rate, indicate that the current exchange rate may be overvalued (IMF Article IV 2014, 7). A further risk of currency appreciation is the relative decline in the price of imports leading to increased domestic demand.
With reduced foreign exchange, external investors may be more hesitant to invest resources in the Surinamese economy because they fear the country will not be able to service its external debt. This unsterilized foreign exchange intervention may be perceived especially negatively as the 2014 Article IV Consultation with the IMF predicted Suriname’s balance of payments to fall drastically in the near term. Furthermore, as the dollar strengthens, Suriname’s ability to service dollar denominated debt will decrease. Though international reserves are acceptable under the IMF’s conventional risk-weighted measure, see figure X, the more regionally specific “Small Island Developing States” measure indicates the need to increase reserves to cover 30 percent of short-term debt at remaining maturing, 15 percent of other portfolio liabilities, 10 percent of broad money and 10 percent of exports indicate the need to increase international reserves.

In addition to foreign exchange interventions, fiscal consolidation is needed to address Suriname’s large long run fiscal sustainability gap. According to IMF estimates, Suriname’s fiscal sustainability gap is roughly 12.5 percent of GDP. Declining revenues from falling commodity prices have exacerbated the fiscal sustainability gap. Given the magnitude of the fiscal sustainability gap, Suriname must balance the conflicting goals of achieving sustainability without creating an excessively large output gap. This will require a medium term adjustment focus targeting a fiscal surplus of 1.5 percent of GDP by 2019. Achieving fiscal sustainability will require both expenditure and revenue reforms.

Under the guidance of the Inter-American Development Bank, the government is pursuing a variety of fiscal reforms to increase revenues including reigning in public health expenditures, tax reforms, and sales of government land to leaseholders. The government is reviewing draft legislation to institute a new Value Added Tax (VAT) law expected to begin in early 2016. Increases in revenue are also expected from tax increases on the royalty rates on the informal gold sector from 1 to 2 percent, and a 400 percent increase in concession fees for logging industries rising from 5 cents to 200 SRD (IMF selected issues). Additional revenue will be accrued through government land sales. Furthermore, a decrease in the direct tax rate, including the corporate tax rate currently at 36 percent, is expected to increase investment and

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1 The Small Island Developing States (SIDS) measure, more traditionally used, is taken from Nkunde Mwase, “How much should I hold? Reserve Adequacy in Emerging Markets and Small Islands” defined as 95 percent of short-term debt at remaining maturity, 10 percent of broad money and 35 percent of exports.
sources of revenue (trading economics). Even with these reforms, Suriname will need to tackle serious issues in its tax collection agency to increase efficiency and compliance. Net revenue gains from these reforms are difficult to calculate, as there is little data on the current revenue from royalty rates and concession revenue or on the expected value of government land sales. Finally, though there is a general consensus that decreasing direct taxes will spur investment demand, this demand is heavily contingent on other factors such as the Surinamese government’s allocation of funds towards productive assets such as investment in infrastructure and human capital to increase private sector competitiveness to attract investment.

In addition to changes in tax rates, Suriname is prioritizing modernizing its tax collection system to increase efficiency and compliance. The country suffers from low compliance, inadequate enforcement and a lack of transparency in tax collection (IDB 4). Suriname ranks 86th out of the 144 countries in the “Extent and Effect of Taxation” indicator measured by the Global Competitiveness Index. Tax avoidance is endemic. The informal sector, estimated to be almost twice the size of the formal economy, goes largely untaxed and companies in the formal sector are able to avoid paying taxes and tariffs through poor enforcement of regulations (Alzoa, 7). The Inter-American Development Bank is assisting the Government of Suriname in these efforts through several reforms in tax policy, tax administration, and customs administration. Reforms of tax policy will include increasing the clarity and comprehensiveness of tax laws to reduce discretionary decisions by administrative officials. Planned interventions include increased reliance on consumption taxes and income or wealth taxes and broadening the tax base with the implementation of the VAT. Tax administration reforms include increasing efficiency, consolidating organization, and increasing transparency. The IDB will assist in defining roles and responsibilities to encourage transparency to address tax administration inefficiencies. Finally, customs administration does not currently apply risk concepts and has an outdated administrative organization that reduces effectiveness. To address this, the IDB will bolster fiscal and para-fiscal controls to facilitate trade (IDB 10).

Efforts to curb government expenditures have been less successful given a lack of political consensus. High government spending on public wages, government pensions, and public health put considerable pressure on the government’s fiscal position. Consolidation efforts led by the current Vice President’s office may be threatened by upcoming elections in May 2015 with substantial public opposition to these efforts. The country’s fiscal deficit is due in large part to high public spending (Godfrey). However, there is substantial opposition to cutting government spending. Public wages alone, which are set to increase another 43 percent by 2017, account for 9.5 percent of GDP (IMF 2014 Article IV, 6). Government expenditures on goods and services also increased one percent despite efforts to curb expenditures. Suriname did announce a phased withdrawal of electricity subsidies, raising electricity tariffs for large corporations and foreign embassies to market rates (IMF Article IV 2014, 1). However, while electricity rates will rise for households, they will remain well below the market rate.
Given widening fiscal and external imbalances accrued in the past year, the IMF recommended Suriname refocus its development strategy to prioritize productive investments and protect the most vulnerable populations. Specific recommendations made in the 2014 Article IV Consultation included ending untargeted subsidies and containing the wage bill. However, the IMF noted that it was vital to medium-term growth prospects that the government remains committed to their investment-led strategy and continue strategic spending on goods and services and capital projects and protecting the most vulnerable segments of society.

Medium term outlook

Despite external risks from commodity prices and vulnerable fiscal position, the IMF forecasts that consolidation efforts along with private sector reforms and rising commodity price forecasts will help reverse Suriname’s slowing growth in the medium term. Suriname’s debt to GDP levels remains below the 30 percent mark indicating, under the “inverted U-curve consensus,” a positive, marginal and average effect on growth (IDB Sclerosis). Furthermore, expanded mining operations from a US$1.1 billion gold mine operated by the American mining company Newmont and expansion of gold mining operations by the Canadian owned lamgold mining company and an expansion of the Merian Gold mine is expected to increase GDP growth to peak levels of 5 percent in 2018 with a CAB surplus of 1 percent. The fiscal deficit is projected to decrease sharply from 6.8 percent in 2013 to 2.5 percent by 2019. Foreign reserves are also on an upward trend but, as reported by the IMF, remain below risk-weighted measures recommended for stability. Inflation remains moderate while gross government debt, which rose considerably in 2013, is now on a downward trend. Finally, due in part to increased private sector capacity and competitiveness from public sector reforms and increased investments, the IMF forecasts the balance of payments to return to a small surplus at 0.8 percent of GDP by 2018. The expected surplus would be especially beneficial for Suriname as significant public investments, specifically infrastructure, are needed to attract foreign investment. However, with uncertain revenue gains from fiscal reforms and limited political will to cut public expenditures, Suriname is expected to exceed the “beneficial” level of debt-to-GDP of under 30 percent by 2016. The IMF notes that, over the longer horizon, global events such as increased growth that boosts commodity prices, geopolitical happenings
that raise gold prices, discovery of new oil or mining reserves, or reforms to diversify away from the commodity sector could increase fiscal space.

**The IMF’s positive medium-term outlook is due in large part to investment projects in gold and oil are expected to increase exports and direct revenues.** Two large gold mining projects, from Iamgold and Newmont, are expected to boost production and exports when operations commence in 2018. The construction of a new state-owned oil refinery is also expected to positively affect Suriname’s external position. Additionally, the US$700 million refinery will reduce demand for imports of oil derivatives, easing pressure on the current account balance (Hoefdraad). The government will also benefit from its 25 percent share in the Newmont gold mine and taxation revenues from the expansion of Iamgold’s gold mining activities. Finally, the government expects bauxite mining operations under Alcoa to increase over the medium term, further increasing opportunities for revenue collection (Hoefdraad). These investments are particularly important for increasing government revenue, as the government collects 25% of its revenue from mineral extraction (U.S. Geological Survey Minerals Yearbook 2011).

**Significant downside risks are present and may sustainably alter current IMF projections if they are realized.** Oil prices continue to fall as a result of the global gut in supply. Furthermore, weakening demand for gold, as a result of the increasing attractiveness of U.S. investments with the exit from quantitative easing, puts downward pressure on gold prices. Additionally, the IMF expects slowing growth in China to have a negative impact on a broad range of commodity prices (IMF 2014 Article IV Consultation, 8). Finally, the continued legacy of the financial crisis may dampen growth among many advanced economies, including Suriname’s major trading partners, another possible source of downward pressure on commodity prices and a possible limiting factor on foreign domestic investment needed to finance substantial investment projects (IMF 2014 Article IV Consultation, 21). Declining gold and oil prices are likely to have the most significant effects on medium-term outlook as they account for a combined 28 percent of fiscal revenue (IMF 2014 Article IV Consultation, 6).
Lower gold prices would reduce GDP, cause further deterioration of the current account balance, and reduce fiscal revenues from gold mining operations (Chen et al.). Falling gold prices would reduce income for the owners of small-scale mining operations. This would translate to lower wages and, given significant employment in gold mining operations, a reduction in domestic demand. Investment in the gold mining industry would also likely fall as expected revenues and profitability decrease. Even if production quantities remained constant, the positive contribution to GDP would likely be outweighed by the aforementioned negative impacts. The current account deficit would also widen as export values decline. Depressed domestic demand would reduce demand for imports but the fall in exports is expected to outweigh any reduction in import volume as a large portion of imports are related to FDI projects and the fact that large-scale mining operations are not directly affected by domestic demand (Chen et al. 17). Finally, government fiscal revenues from gold mining operations, which account for over 10 percent of direct fiscal revenues, would further damage the economy. This fall in revenue may force the government to enact contractionary policies which, with downward pressure on domestic demand from falling wages, would multiply the negative effects on economic growth.

Market analyst forecasts of gold prices range widely. Some market analysts expect gold prices to rally from their nearly 40 percent drop since September 2011 while others expect the market to remain neutral or bearish. Estimates range from around $1500 to $1200/troy ounce according to a variety of sources (Gold Silver Worlds). Strengthening of the dollar and renewed global activity following the Great Recession negatively affected gold prices as investors sought higher returns elsewhere. Other sources of downward pressure on gold prices could come from continued normalization of U.S. monetary policy and concurrent rise in interest rates, slow growth in China and Europe, disinflationary pressure from the sharp fall in crude oil prices (Gold Silver Worlds). However, some analysts are more positive. George Gero of RBC Capital Markets notes that anti-inflationary pressure from the global glut of crude and stimulus in Europe, China and Japan will increase demand for gold and raise prices up to $1400 by the end of 2015 (Rosenberg).

Crude oil prices have fallen almost 50 percent since June of 2014, putting downward pressure on macroeconomic growth prospects. If the IMFs predictions are correct, oil prices could stay low for some time. Low prices combined with depressed demand would be especially damaging for Suriname, as both volume and value of exports would decrease.
To fulfill positive medium term outlooks, Suriname must proceed with planned reforms to further encourage private sector development. The most effective means to do this will be continued efforts to modernize governance structures and increase institutional capacity to buffer against external shocks. Modernization of government structures will contribute significantly to the productivity and competitiveness of the private sector through easing the burden of starting a business. Measures will include streamlining government regulations to reduce the cost of starting a business and investing in productive assets to encourage investment. Increasing institutional capacity to manage revenues responsibly will help maintain macroeconomic stability. Reducing shocks to GDP growth is associated with better and more sustainable growth prospects. The government’s reform agenda, and progress so far, are described in the following section concerning government and public institutions.

GOVERNMENT AND PUBLIC INSTITUTIONS

Suriname’s governance framework has not changed significantly since its independence from the Netherlands in 1975. Since independence Suriname has largely relied on aid flows from the Netherlands to fund government operations. This aid may have served as a disincentive to modernize government structures as external funding compensated for internal inefficiencies. Suriname is currently pursuing an overhaul of government structures to modernize and increase efficiency. This section describes transition plans and the progress so far. Suriname’s success in increasing government efficiency is essential to economic growth as government and public institutions are a key barrier to private sector led growth.

The current government, under President Dési Bouterse, came to power under the “Mega Combinante” coalition with an election agenda based on modernizing Suriname’s government institutions to promote private sector development and macroeconomic growth. Key priorities of the overhaul of government institutions are transitioning the government from historical reliance on external grants, improving transparency and efficiency of government structures, promoting private sector led growth, supporting inclusive and equitable growth, and maintaining macroeconomic stability. The success of the reform agenda is largely contingent on government will to mitigate the opposition of entrenched political interest and public resistance to reforms, specifically changing social protection and government subsidy policies. Furthermore, the complex coalition in both the current government and the opposition parties
also require successful negotiations and compromises to move forward. Finally, upcoming elections in May 2015 threaten the political continuity of reform policies.

The government of Suriname formulated a five year Development plan for 2012-2016 to address challenges related to infrastructure, human development, Millennium Development Goal targets, business environment, and institutional capacity. The target of National Development Plan is to achieve an average of 6 percent real economic growth per year from inception in 2012 through 2016. This target has not been reached so far with growth averaging around 4 percent and dropping significantly in 2014. The secondary goal of the NDP is to create 5,000 new jobs per year by 2016 for a total of almost 25,000 jobs (IsDB, 1). Historical data casts doubts on the capacity of Suriname’s economy to create these jobs as, from 2006-2010 total employment increased by 8,073 persons in the labor market (IsDB 7).

The Government of Suriname is relying largely on multilateral and bilateral partners to implement the reform agenda. The 2002 Debt Act lowered the legal limit for foreign debt to 35 percent of GDP, down from 45 percent (IsDB, 6). In 2012, Suriname’s external debt was 10.3 percent allowing for considerable legal space to pursue borrowing opportunities for their investment strategy (IsDB, 6). The increase in borrowing has led to a sharp rise in external debt, which stands at 37.6 percent of GDP as of Q4 of 2014 (CBvS). Suriname is seeking US$6.9 billion in assistance from bilateral and multilateral agencies (IsDB, 1). Multilateral donors include the Inter-American Development Bank (IDB), the Agence Française de Développement (AFD), the European Union (EU), the European Commission (EC), the UN System, The World Bank (WB), and the Islamic Development Bank (IsDB). China and India are the main sources of bilateral aid.

Government institutions efficiency/transparency

Suriname’s government needs to increase institutional capacity and transparency in government policymaking. The government is currently in consultation with the IMF and other multilateral institutions to receive technical assistance in gathering statistics to inform policy decisions and design appropriate monetary policy (IMF Article IV 2014). In the 2015 Global Competitiveness Index, Suriname scored a 3.3 out of 7 on transparency of government policymaking, ranking 122nd out of the 144 countries included in the index. Lack of transparency contributes to perceptions of corruption. Suriname scored a 36 out of 100 in the 2014 Transparency International survey

Continuing efforts to improve institutional capacity, specifically in fiscal management, are needed. In the IMF’s 2014 Article IV Consultation, the IMF reiterated support for the National
Development Plan’s efforts in this area including completing installation of the Integrated Financial Management Information System, passing a Public Financial Management Law to create expenditure ceilings based on a clear fiscal anchor to promote long-run sustainability, and the establishment of a sovereign wealth fund accompanied by laws to manage how mineral-related revenues are spent to buffer against commodity price shocks and create a savings fund as finite resources are depleted.

**Financial institutions**

Suriname’s financial markets are underdeveloped due in large part to the lack of legal authority of the Central Bank of Suriname (CBvS) to regulate and supervise financial institutions and markets. The CBvS’s lack of authority limits their effectiveness in promoting financial sector development. Suriname ranks 171st out of 189 economies on the ease of getting credit, with a score of 10 out of 100, as measured by the World Bank’s 2015 Doing Business Report.

Suriname has made some strides in strengthening the Central Banks’ authority and effectiveness. The Central Bank’s decision to raise reserve requirements to curb growing demand pressures resulting from lose fiscal policy from 2011 through 2013 was relatively successful in maintaining macroeconomic stability. However, the cost of Central Bank operations to maintain macroeconomic stability remain relatively high as the still underdeveloped money and capital markets constrain their ability to control liquidity and its resulting effects on external competitiveness (IMF Article IV 2014 Press Release). Reforms to increase Central Bank efficiency and effectiveness include expanding its policy toolkit, updating the domestic payment system, and further developing monetary and capital markets (IMF Article IV 2014 Press Release).

Continued support of the Central Bank’s authority and institutional capacity is crucial for the government’s ability to maintain external stability. In the 2014 Article IV Consultation, the IMF encouraged Suriname’s development of open market operations to manage monetary liquidity and capacity building of ministry management practices including the recently established financial stability unit. Legislation efforts to increase the Central Bank’s legal powers to monitor and address fiscal risks through banking sector regulations include increasing the Central Bank’s authority to establish credit reporting requirements, deposit insurance, extending its ability to resolve banks, and increasing their accounting and auditing capacity will all support this effort (IMF 2014 Article IV Consultation, 16).

Suriname’s underdeveloped financial markets contribute to a lack of credit options for the private sector, limiting investment opportunities. Credit provision is essential to the dynamism of the private sector and encouragement of small and medium enterprise development. To address this issue, the Government of Suriname, with the support of the IDB, is working to update the regulatory framework to make CBvS’s authority more effective in promoting financial market growth and increasing the CBvS’s supervisory power (IDB 2011, 7).
Government expenditures

Suriname lacks a central authority to coordinate, prioritize and evaluate public investment expenditure decisions. Lack of coordination has resulted in unproductive investment and a lack of fiscal discipline needed to ensure that existing liabilities, such as infrastructure maintenance, are maintained (IDB 2011, 8). Falling aid flows make improving Suriname’s public investment strategy a high priority in the government’s reform agenda (IDB 2011, 8). Like many other problems related to government institutions, inappropriate allocation of government funds to unproductive resources can be largely attributed to a lack of regulatory framework and appropriate data to inform decision-making. Government reforms will focus on increasing the capacity to identify productive investments through updating outdated legal frameworks, establishing coordination mechanisms, and instituting a centralized authority to enforce adherence to best practices (IDB 2011, 8).

Provision of public goods

Provision of electricity, which is monopolized by the state-owned power utility Energie Bedrijven Suriname (EBS) cannot meet the demand levels. Demand for power in Suriname is growing at one of the fastest rates in the region (IDB 2011, 5). EBS has not been able to maintain and expand power infrastructure to address these needs as tariff revenues, meant to cover revenue lost through Suriname’s extensive power subsidies, has not covered operational costs (IDB 2011, 5).

Suriname’s road network, vital to economic efficiency, is not maintained well and needs to be expanded to keep pace with rising demand resulting from rapid urbanization (IDB 2011, 9). The integrity of the road network is extremely important for interregional and regional economic activities as goods from the interior, especially mining products are transported via land for trade. Maintenance effectiveness and efficiency is limited by a lack of clarity of the role of the Ministry of Public Work’s Road Authority (IDB 2011, 9).

Poor internal efficiency at the Ministry of Education and Community Development (MOECD) contributes to low quality primary and secondary education institutions (IDB 2011, 4). MOECD delivery of educational services is especially limited in the interior where educational programming is inadequately tailored to the large populations of indigenous people that live there (MDG Progress Report 2009, 29). Additional barriers to quality education include shortages of school infrastructure, overcrowding, language barriers (especially with indigenous population in the interior who do not speak Dutch), and low teaching and curriculum standards (IDB 2011, 4). Although 92 percent of children attend the first grade of primary school and enrollment of children within the compulsory schooling ages of 7-12 years is also high and in line with regional standards, less than 50 percent receive the completion certificate needed to progress to junior secondary schools (MDG Progress Report 2009, 28). Furthermore, although 20 percent of Suriname’s government budget is allocated to educational expenses, this finance has not translated into improvement in the quality of educational institutions. Much of the
budget is used to fund the large number of schools in the country’s interior that are relatively expensive to service (IDB 2011, 4). As a result of low quality education, much of the labor force in Suriname is unskilled.

**Maintaining macro stability**

Reforms to promote stable and sustainable macroeconomic growth focus on efforts to diversify the economy and bolster institutional capacity to bolster the economy against external shocks. Diversification efforts include expanding agricultural and hydro-electric power production capacities. Institutional capacity to bolster the economy against external shocks include the establishment of a sovereign wealth fund and accompanying laws to regulate revenue-related expenditures to smooth the government budget and save for the future and new institutions to foster inter-departmental coordination of budget allocation.

**Limited government supply of public goods, particularly infrastructure, constrains economic development and diversification efforts.** In the agricultural sector, efforts to diversify away from rice and bananas will require, among other things, increased government investment in research and development, and draining and irrigation infrastructure (IDB 2011, 3).

**The Central Bank’s inter-departmental working group has played an important role in adapting the current reform agenda to reflect Suriname’s weakened external position in order to maintain macroeconomic stability.** Further Central Bank actions, including the regular preparation of financial stability reports, will help inform economic policy to best fit current economic conditions to foster growth.

**Promoting private sector-led growth**

**Suriname’s complex and inefficient public institutions limit private sector competitiveness.** Suriname’s regulatory framework lacks transparency and predictability, two key traits needed to encourage entrepreneurship and investment (Alzoa, 12). Private sector activities are subject to incoherent laws dating back to the 1930s that can easily be manipulated by government officials. Furthermore, realities in the private sector do not often live up to standards designed by the law. For example, though officially business licenses are granted in 30 working days, in reality acquiring a license can take months (Alzoa, 12).

**The Surinamese Government, led by the Cabinet of the Vice President in collaboration with the Competitiveness Unit Suriname (CUS), is working to introduce a comprehensive set of reforms to address private sector inefficiencies.** The Competitiveness Unit Suriname was established to oversee and adjudicate issues arising from Suriname’s competitiveness enhancement program (Julien, 14). The CUS is tasked with coordinating government actions to increase competitiveness, identifying priority sectors for economic growth, and the development and monitoring of guides to facilitate private sector improvements and the National Competitiveness Strategy and Action Plan. The CUS is staffed with only six people, two
Promoting good governance and competitiveness are the main components of Suriname’s National Development Plan in relation to improving Suriname’s business climate. In a report prepared by the Cabinet of the Vice President, author Michael Julien noted that the number one priority needed to improve the private sector was the Government’s “turnaround efficiency” of high transaction activities including registering a business, getting permits, and import and export time frames. Proposed reforms include strengthening the rule of law and law enforcement, legal protection, revising financial and economic legislation, and the promotion of investment (Alzoa, 5). Successful promotion of the private sector will require the coordination of these reforms to reinforce their individual impacts.

The Government of Suriname has made some progress in improving the competitiveness of the Surinamese private sector. As illustrated in Figure X, Suriname has increased its performance in terms of ease of doing business, but only slightly. The scale of Figure X shows an economy’s distance to the frontier, indicated on from 0 to 100, where zero represents the lowest performance and 100 represents best performance. As discussed in the above section on government and public institutions, the lack of progress could be due to “institutional sclerosis” in terms of increasing competitiveness and efficiency of economic institutions (CITE).

High levels of government involvement in the private sector distort market incentives, reducing private sector efficiency and competitiveness. The GOS employs 60 percent of the workforce and parastatal companies are involved in a wide variety of industries including mining, transport and telecommunication (IsDB, 11). The involvement of government officials in the private sector creates a number of problems including incentivizing corruption. Transparency International measured Suriname’s control of corruption as 42 percent, reflecting significant public opinion of elite capture and the exercise of public power for private gain.

Government enforcement of land tenure rights is inconsistent, disincentivising private sector investment. Suriname’s ranking in enforcement of property rights declined in the 2015 Global Competitiveness Index with a score of 3.3 with a ranking of 123 out of 144 countries.
The government of Suriname has made concrete steps towards increasing private sector development. Reforms are focused on modernizing the business sector to reduce investment barriers (Julien, 17). At the conclusion of the 2014 IMF Article IV Consultation, the Council of Ministers had recently approved draft laws on competition policy, establishing Limited Liability Companies, and electronic systems to register new firms. In addition, sixteen new laws were being drafted covering a wide range of areas including intellectual property rights and increasing financial access for Small and Medium Sized Industries (IMF Article IV 2014 Press Release). Though these are important first steps, the government must remain committed to reforms in order to spur private sector development.

PRIVATE SECTOR

Despite government reforms, serious barriers to the business environment productivity remain. While some regulations have been streamlined to lower the transaction costs of doing business, Surinamese policymaking and legal framework still lack transparency, reducing the efficiency and productivity of the private sector (Julien 16). One indicator of this is the substantial domestic private sector internal surplus. Though the surplus has dropped from 9.6% of GDP in 2010 to 4.7% of GDP in 2011, possibly signaling increased incentives for private investment, the consistent surplus remains a negative indicator of private sector competitiveness (IsDB, 9). Regulation of the private sector creates serious barriers to efficient industry. These barriers include large numbers of procedures required to start a business, weak business regulation, the high burden of customs procedures.

Ease of starting business

Limited access to financing is a key barrier to firm entry and success. The World Bank’s 2015 Doing Business report identified access to financing as a crucial requirement for private sector development. Under this index, Suriname scores a 47 out of 100 in the “ease of getting credit.” Government initiatives to increase financial access follow the National Competitiveness Unit’s recommendations to … (Julien, 32). The Central Bank is also working to improve financial literacy through the “Training Institute and Study” Center to coordinate training programs tailored for youth, the financial sector, small and medium enterprises, and the general public.
The Central Bank has begun collecting baseline data on financial literacy to inform curriculum (IMF Article IV 2014 Press Release).

Goods market

Suriname ranks poorly on all goods market efficiency indicators. Notably, there is a higher rate of foreign ownership and a higher extent of market dominance accompanied by very ineffective anti-monopoly policies. Government procurement policies are not efficient as the large state presence in the private sector creates unfair advantages in par-statal companies pursuing these allotments. Furthermore, foreign companies bringing in major investments are able to secure preferential treatment, sometimes to the detriment of local populations. Companies involved in major investments, particularly in the mining sector, often enter into negotiations with the government to secure incentives. While incentivizing foreign investment is not necessarily a bad thing, the lack of transparency and consistency with which the government engages in these negotiations results in a loss of trust from local industries (Alzoa, 13). The government must seriously consider the tradeoffs of incentivizing investment on competition and efficiency.

Large public sector operations in the private sector limit competition. The public sector accounts for 60 percent of employment of the active work force (Carneiro). State Owned Companies are concentrated in the mining, petroleum, energy, water, agrarian, telecommunications, transport and media sectors (IsDB 11). The long history of state control has compounded problems associated with a restrictive private sector business environment and small domestic market (Jessen, 4). High concentration in public sector employment is troubling for two main reasons. First, the cost of public wages, which have increased substantially through national legislation, puts a large burden on government budgeting measures. Second, the high wages in public sector positions discourage private sector employment, as the private sector cannot compete with public wages.

Infrastructure improvements are paramount to increasing the competitiveness and productivity of
Suriname’s private sector. The 2012-2013 World Economic Forum, global Competitiveness Report ranked Suriname 68th out of 144 countries surveyed in terms of quality of overall infrastructure (higher ranking corresponds to lower quality). Disaggregated rankings of infrastructure components are also relatively good, including air transport (99), electricity supply (91), fixed telephone lines (77), and roads (62). Suriname is seeking US$1.9 billion in loans from bilateral and multilateral sources to fund public infrastructure investment projects (IsDB, 8). Priorities in infrastructure development are investments in international and intra-regional transportation including sea, air, and road networks as well as urban development and residential housing projects (IsDB 11).

Suriname’s location makes it a strategic hub for maritime trade for both the Caribbean and Latin American markets. Substantial investment in physical infrastructure and reforms of customs and other business procedures are needed to maximize maritime potential as an engine for economic growth. The IsDB is supporting the rehabilitation of the Nieuw Nickerie Seaport to support dredging and warehousing facilities (IsDB, 19). The IsDB had previously supplied financial and technical assistance for this port but it remained inoperable due to the aforementioned constraints. Development of port infrastructure is extremely important in improving export performance and, ultimately, helping to restore the balance of payments through increased export capacity.

Labor market

Suriname’s rigid labor market discourages new entrants in the formal sector and job creation. Suriname’s labor market is characterized by non-cooperative labor relation, lack of professional management, and rigid hiring and firing practices indicating a pressing need to increase labor market flexibility (Global Competitiveness Index). Government efforts to reform these policies will need to be accompanied by the establishment of unemployment insurance to lessen the cost of employee dismissal and reduce public opposition to needed regulatory changes (IMF 2014 Article IV Consultation, 18).

The recent increase in the minimum wage, determined by the newly established labor council, may hurt efforts to increase job growth, as there is limited availability of data to determine what the appropriate rate is. Setting the minimum wage too high may inadvertently hurt private sector development as businesses move into the informal sector to align payments with actual market standards. Setting the minimum wage too high would be especially damaging for low-skilled workers who are the intended beneficiaries of this bill as their employment prospects were lowered or positions moved to the informal sector. Pushing low-skilled jobs underground would be damaging to Suriname’s fiscal position as most of the
domestic labor force is low-skilled due to high levels of immigration of higher educated personas and the low quality of educational institutions which do not prepare the population for labor-market entry.

Potential for increasing total factor productivity of labor is low given high immigration rates of skilled labor. While medium and low-skilled emigration to the United States has declined over time (which may be more a result of tighter immigration laws than actual desire to immigrate), highly skilled labor has continued to leave the country. Skilled labor is especially damaging to Suriname’s economy given the extremely low rate of remittances, often considered a moderating factor in the negative effect of skilled labor of immigration, which represent less than .2 percent of GDP (WDI).

The ability to create new jobs in Suriname is constrained by economic dominance of extractive industries that are more capital than labor intensive. While increasing employment is a major goal of the National Development Plan, rising revenues from the extractive industries can act as a disincentive towards diversifying towards more labor-intensive industries such as agriculture (IsDB, 7). The mining sector, which dominates the export market and flows of foreign direct investment, accounts for less than 4 percent of employment (Jessen, 3). More labor intensive sectors, such as agriculture and manufacturing represent a small portion of economic activity and their development has been overshadowed by the dominance of extractive industries.

A core element of the NDP focuses on increasing skills and vocational training, particularly for Suriname’s youth. Suriname’s Net Enrollment Ratio at the secondary level is 46.6 percent and 54.6 percent for males and females respectively (IsDB, 16). The extremely low rates of youths in secondary education institutions, combined with very high rates of emigration from those that have achieved secondary education, is very damaging to the productivity and competitiveness of Suriname’s private sector. The IsDB is supporting skills education through expanding Technical and Vocational Education and Training (TVET) programs. Specific IsDB interventions to support TVET programs include, among other things, labor market analysis to develop relevant programs and increasing the quality of existing TVET institutions through financial assistance and curriculum development (IsDB 17).
Part II: Overview of the political systems of Suriname

INTRODUCTION
This section discusses political institutions in Suriname, and reviews first the formal organization of the political system, followed by an overview of current political development. Finally, a brief discussion of the rankings of Suriname according to a series of internationally comparable indicators is also provided.

Basic Structure
Suriname’s political structure is made up of the President, the national assembly and the United Peoples Assembly. The United Peoples Assembly is made up of 859 district and municipal officials who are elected by their constituents, they in turn elect the 51 member national assembly. It is then up to the national assembly to elect the President. Suriname’s political parties are made up of a series of coalitions and those coalitions are connected to communities based on ethnic group affiliation.

Figure 1. Basic Structure of the National Government

Source: Author’s illustration.

As indicated in Figure 1, the government is structured in such a way that the national assembly is elected by a general and free election and then the National Assembly elects the President. The National Assembly is the highest body in the government and consists of 51 members representing every district in the country.

The legislature is the national assembly, a 51-member body that elects the president. The national assembly is elected through national elections directly preceding the presidential election. The President is elected by the National Assembly to serve a 5-year term, and has the
full powers of the executive. In the National Assembly (Nationale Assemblee) 51 members are elected by popular vote to serve 5-year terms. Candidates are put forth by coalitions and those coalitions create a power sharing government within their parties (Embassy of the Republic of Suriname – Washington, D.C.)

**The judiciary in Suriname is unique, because it’s a structure that’s uncommon.** There is a court of justice with its own President and Vice President and they along with the members and deputy members of the court of justice are considered the judiciary. There are also two Attorney Generals, a Procurator General of the court of justice and a public prosecutions department. The main administrator of Justice is the high court of Suriname, whose members are appointed by the President in consultation with the National Assembly (Center for Government and Democracy).

**The President of Suriname has a 15-member advisory council.** That advises the president on the conduct of policy. The advisory council has two seats allotted for representatives of labor, 2 seats for employers’ organizations and proportional representation from the national assembly based on parties. The president is the chair of the advisory council (EIU 2015).

**Voting in Suriname is voluntary and is managed by the Election Council and overseen by the minister of home affairs. Eligibility requirements are standard, compared to other countries in the Caribbean and the world.** According to the electoral law of 1987, citizens of Suriname, who are 18 years of age or older and reside in Suriname are eligible to vote. There are very broad categories under which someone can be deemed ineligible to vote, they include; Those who have been deemed insane, been detained or have had their voting rights deprived by court decision.

**The upcoming elections look to be a fight for the political life of Desi Bouterse, as opposition leaders prepare to oust him as President.** More than likely the national assembly will be unable to reach a majority decision and the election will be pushed down to the 869 member United Peoples Assembly.

**The United States Department of State recently published a report warning of ‘pervasive drug related corruption at all levels of Suriname’s government’ (EIU 2015).** These kinds of allegations constitute a large threat to the legitimacy of the Surinamese government. They have the potential to become larger issues and if these allegations aren’t properly investigated and dealt with the repercussions could be considerable.
Table 1. Political Structure

<table>
<thead>
<tr>
<th>Official Name</th>
<th>Republic of Suriname</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of government</td>
<td>Democracy</td>
</tr>
<tr>
<td>Head of state</td>
<td>Desiré Delano &quot;Dési&quot; Bouterse</td>
</tr>
<tr>
<td>The executive</td>
<td>The President of the Republic of Suriname is the Head of State, Head of the Government, Chairman of the Council of State and of the Security Council. He is answerable to the National Assembly. The President has the supreme command over the armed forces and is in charge of foreign relations and therefore gives guidance to the overall foreign policy.</td>
</tr>
<tr>
<td>National legislature</td>
<td>The National Assembly is the highest institution of the State and represents the People of the Republic. This body consists of 51 members, elected per district on the basis of general and free elections by secret ballot. Members of the National Assembly are elected for a term of five years. The exercise of legislative power is jointly in hands of the national Assembly and the Government. The United People's Assembly, The United People's Assembly is made up of all 869 local, district and nationally elected officials: 712 Local Officials, 106 District Officials and 51 Parliamentarians. If non of the parties or coalitions represented in the National Assembly are able to elect a President or Vice President in the National Assembly, the Constitutions indicates that the United People's Assembly must be convened in order to choose the President and or Vice President.</td>
</tr>
<tr>
<td>Legal system</td>
<td>The Judiciary consists of the President and the Vice President of the Court of Justice, the members and deputy members of the Court of Justice, the Procurator General of the Court of Justice, two Attorneys General and the other members of the Public Prosecution Department. The administration of justice is in the hands of the President, the Vice-President, the members and deputy members of the Court of Justice who collectively constitute the Judiciary. The cognizance and adjudication of all lawsuits is exclusively entrusted to the Judiciary, unless the law states otherwise. The imposition of penalties and measures provided by law are also entrusted to the Judiciary. The supreme body of the Judiciary entrusted with the administration of justice as mentioned above is called the High Court of Justice of Suriname. This Court supervises the regular course and settlement of all court proceedings. The High Court of Justice is also the highest appealed institution.</td>
</tr>
<tr>
<td>National elections</td>
<td>Last elections held May 2010; next elections due in summer 2015</td>
</tr>
<tr>
<td>National government</td>
<td>The NDP holds 23 seats in the national assembly, while the New Front holds 14. The much small People's Alliance for Progress holds 6.</td>
</tr>
<tr>
<td>Main political organisations</td>
<td>Government: National Democratic Party (NDP) as part of the Mega Combination Alliance, Opposition Alliance: New Front for Democracy and Development</td>
</tr>
<tr>
<td>Key ministers</td>
<td>Vice President: Robert Ameerali, Minister of Home Affairs: Soewarto Moestadja, Minister of Defence: Lamure Latour, Minister of Finance: Adelen Wijnerman, Minister of Foreign Affairs: Winston Lackin, Minister of Trade &amp; Industry: Raymond Sapoen, Minister of Justice &amp; Police: Edward Belfort, Minister of Natural Resources: Jim Hok, Minister of Public Works: Ramon Abrahams, Minister of Agriculture, Animal Husbandry &amp; Fisheries: Hendrik Setrowidijo, Minister of Social Affairs &amp; Housing: Alice Amafo, Minister of Regional Development: Stanley Bettersson, Minister of Land &amp; Forestry: Simon Martosatiman, Minister of Transport, Communication &amp; Tourism: Valisi Pinas</td>
</tr>
<tr>
<td>Central Bank governor</td>
<td>Gillmore Hoefdraad</td>
</tr>
</tbody>
</table>

Source: Embassy of Suriname in Washington, DC and Center for Government and Democracy
Major political parties and actors

Despite the small size of the country, and because of the strict proportional system as well as ethnic loyalties, politics in Suriname have traditionally involved the building of coalitions of several parties. Currently the largest coalition, which is aligned with the president, is called the ‘mega combination’ and consists of the national Democratic Party, new Suriname, the progressive workers and farmers union and the party for national unity. The next largest coalition, the new front for democracy and development, is made up of the progressive reform party, the national party of Suriname, the Surinamese labor party and the democratic alternative 91’. Much of the opposition has begun to create coalitions in an attempt to oust Bouterse as President. Recent and past controversy surrounding Bouterse, have added to the desire to oust him as President. But, as it stands the seven party member opposition group doesn’t look to have the two thirds majority required to take the Presidency in the upcoming May 2015 elections.

Table 2. 2010 Presidential and Parliamentary Election Results in Suriname

<table>
<thead>
<tr>
<th>Parties/Candidates</th>
<th>Seats Won</th>
<th>%</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010 Parliamentary Election Results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nationale Democratische Partij</td>
<td>23</td>
<td>40.22</td>
<td>95,543</td>
</tr>
<tr>
<td>New Front</td>
<td>14</td>
<td>31.65</td>
<td>75,190</td>
</tr>
<tr>
<td>People's Alliance for Progress</td>
<td>6</td>
<td>12.98</td>
<td>30,844</td>
</tr>
<tr>
<td>Party for Democracy and Development through Unity</td>
<td>1</td>
<td>5.09</td>
<td>12,085</td>
</tr>
<tr>
<td>Basic Party for Renewal and Democracy/Political Wing of the Federation of Workers and Farmers</td>
<td>0</td>
<td>5.07</td>
<td>12,043</td>
</tr>
<tr>
<td>A-Combinatie</td>
<td>7</td>
<td>4.70</td>
<td>11,176</td>
</tr>
<tr>
<td>Democratic Union Suriname</td>
<td>0</td>
<td>0.12</td>
<td>284</td>
</tr>
<tr>
<td>Permanent Prosperity Republic of Suriname</td>
<td>0</td>
<td>0.11</td>
<td>261</td>
</tr>
<tr>
<td>National Union</td>
<td>0</td>
<td>0.06</td>
<td>149</td>
</tr>
<tr>
<td>Total valid votes</td>
<td>131,806</td>
<td>100.00</td>
<td>237,575</td>
</tr>
<tr>
<td><strong>2010 Presidential Election Results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desiré Delano BOUTERSE</td>
<td></td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Chandrikapersad SANTOKHI</td>
<td></td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Total valid votes</td>
<td></td>
<td></td>
<td>51</td>
</tr>
</tbody>
</table>

Source: Center for Government and Democracy
Political parties in Suriname are split up by ethnicity. The national party of Suriname is mainly supported by the Creoles, the Progressive Reform Party is predominately supported by the Hindustan populace. Smaller parties try to appeal to constitutes based on ideology and region specific grievances (U.S. Department of State).

The NDP and the New Front have gone back and forth as the ruling party of Suriname. As shown in Table 2, the NDP holds a majority of the seats in the national assembly. Suriname had a 73% turnout with just the national assembly voting for president. In the 2010 elections there was a 98% voting turnout rate with all 875 members of the united people’s assembly voting.

The government has a large capacity problem. There seems to be little agreement between the ministries in terms of capacity reform. This has an adverse affect on all facets of the national government and coordination would do a great deal to mitigate this issue.

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>The Bahamas</td>
<td>Free</td>
<td>Mostly Free</td>
<td>Satisfactory Situation</td>
</tr>
<tr>
<td>Barbados</td>
<td>Free</td>
<td>Moderately Free</td>
<td>Satisfactory Situation</td>
</tr>
<tr>
<td>Guyana</td>
<td>Free</td>
<td>Mostly Unfree</td>
<td>Noticeable Problems</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Free</td>
<td>Moderately Free</td>
<td>Good Situation</td>
</tr>
<tr>
<td><strong>Suriname</strong></td>
<td>Free</td>
<td>Mostly Unfree</td>
<td>Satisfactory Situation</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Free</td>
<td>Moderately Free</td>
<td>Satisfactory Situation</td>
</tr>
</tbody>
</table>

Sources: 1/ Freedom House, 2/ Wall Street Journal and the Heritage Foundation, and 3/ Fraser Institute, 2014.

For the most part Suriname fares very well when compared to its Caribbean counterparts in terms of political freedom, but lack in areas such as corruption. According to American NGO Freedom house which ranks countries on a scale from free to party free to unfree, based on a number of factors. Suriname is free, but is currently trending downward due to its amnesty deal for former current President Bouterse, for crimes committed during Suriname’s military rule between 1980 and 1987. This amnesty deal is seen by Freedom House and many other organizations as a step in the wrong direction for Suriname and has the potential to make the country backslide in terms of political freedoms. The national assembly approved the amnesty deal while the country was awaiting the verdict of a trial about crimes committed during the military regime.
Suriname has also been slipping with regards to its ranking on international corruption indicators. According to Transparency International, Suriname has continued to fall its Corruption Perception Index report over the past several years, Suriname is on the lower end when compared to its Caribbean counterparts (Freedom House and Transparency International CPI 2014)
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