

## REPUBLIC OF SURINAME



## Q&A on the ongoing discussions between the Republic of Suriname and the International Monetary Fund

*At the time of the annual meetings of the IMF and the World Bank, this Q&A aims at responding to the questions of the Surinamese population*

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### **Q1. In April a Staff Level Agreement was signed by Suriname: what does it mean and what was supposed to happen?**

In April indeed, the Republic of Suriname signed a Staff Level Agreement with the IMF staff after months of negotiations.

The negotiation had been difficult because Suriname's failure to implement previous IMF programs had damaged our credibility in the eyes of the international community.

An IMF program was viewed as indispensable by the new government because it provided a credible macroeconomic framework, very much in line with the Authorities' previous commitments, and was expected to provide affordable financing while the Authorities would obtain a reduction of the external debt.

Usually, a SLA is followed shortly by a board meeting of the IMF, if the prior actions are met. Only the board of the IMF has the authority to engage IMF funds.

### **Q2. Why then are we in October and no board meeting is in sight?**

A key issue, beyond the implementation of prior actions, is the existence of financial assurances from the bilateral creditors of Suriname (China, India, some European countries...), where they commit to engage with us to help bring our public debt on a sustainable path.

**Q3. So what is missing? Have we failed to deliver?**

The government has done its share — in fact the Surinamese population has done its share. The exchange rate has been devalued as much as the IMF requested; the budget efforts have been met; the electricity tariffs have been increased; monetary financing has stopped etc.

The evidence that the reason of the delay cannot be attributed to Suriname can be found in the press release that the Managing Director of the IMF has released on July 29. It can be found on the IMF website<sup>1</sup>.

It states that: *“Official and private creditors also have an essential role to play in supporting Suriname’s efforts to put its economy on a better path, tackle its high debt burden, and restore debt sustainability. Hence, financing assurances from Suriname’s various creditors are crucial before the IMF can provide financial support to Suriname”*.

Regarding the commercial creditors (notably the foreign bondholders), the condition required by the Fund is that we engage in good faith.

**Q4. So what is happening with the financing assurances?**

The countries that are the creditors of the Republic of Suriname are expected to engage with us to try to reach a timely and suitable debt treatment, consistent with the objective of restoring debt sustainability.

Our bilateral creditors are China, India and some European countries. We have approached all of them to get such financing assurances.

Our bilateral creditors have all responded to our request.

<sup>1</sup> <https://www.imf.org/en/News/Articles/2021/07/29/pr21236-suriname-statement-by-the-international-monetary-fund-managing-director>

The Paris Club, which groups most of the advanced economies, have responded satisfactorily, notably thanks to the support of the Netherlands and France.

However, some of the other assurances, notably from China and India, are perceived to fall short at this stage by the IMF staff. But this interpretation could evolve at any time.

This is postponing the board meeting, despite Suriname having done its share and despite the support expressed by the board members on July 29 (see press release).

#### **Q5. What can Suriname do?**

The decision to convoke a board meeting is not in our hands.

The decision is made by the IMF Executive Board, at the request of IMF staff and management and can come any time after the IMF/World Bank Annual Meetings (October 11-17, 2021).

The republic of Suriname is multiplying diplomatic efforts to break the stalemate and works with IMF management and staff to get an acceptable version (in the eyes of the IMF) of the financing assurances.