



International
Labour
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► **Suriname, Comprehensive review of the social security system**

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Executive Summary

Introduction. Suriname is experiencing one of its most severe economic crises since its independence from Dutch rule. The previous government implemented a series of measures which have aggravated the economic crisis. Irresponsible public financial management and a series of corruption scandals have eroded the government budget. The present government, therefore, finds itself in a tight economic, fiscal and political situation.

The current government has drafted a Recovery Plan 2020-2022 and a Multi-Year Development Plan 2021-2026 aiming to address the economic crisis, restore government finances and, in the medium to long run, move Suriname's economy on a healthy track. Suriname is receiving financial support from international donor agencies for this plan under stringent conditions. At the same time, government and the international donor agencies have expressed their concerns with respect to the serious and potentially destabilizing social consequences of these reforms.

In November 2021, government and the social partners signed a historic Tripartite Accord with reform of the social protection system as a top priority area. Subsequently, the Government of Suriname requested the support of the ILO to conduct a comprehensive assessment of the social protection system of Suriname. The ILO's intervention will span three phases. This report constitutes the first phase. The review and its consensual recommendations are expected to lead to the development and approval of a National Social Protection Strategy (NSPS), which will include an Action Plan (AP). In line with these outcomes, the second and third phases focus on reforming existing schemes, designing new schemes, and implementational challenges.

Structure of the report. Following an introduction and a methodological note, chapter 2 discusses economic developments, also focusing on government finances, labour market trends and the poverty situation. Chapter 3 contains a comprehensive mapping and diagnostic of the strengths and weaknesses, or challenges, of the current social protection system. Chapter 4 uses this as a point of departure in proposing a set of reform scenarios which aim to address the challenges identified in the previous chapter and provides projections of the costs of these scenarios. Chapter 5 identifies options for the government to mobilize resources (fiscal space) to finance these reform scenarios. Chapter 6 provides the conclusions and recommendations.

Economic trends. After a decade of exceptionally high economic growth, from 2015 onwards, Suriname's economy came to a halt and actually went into reverse. Structural weaknesses are the main factor responsible for this decline. These weaknesses include a high dependence on natural resources and international price fluctuations for both exports and imports, high and persistent inflation, a large public sector and an underdeveloped private sector. Moreover, these weaknesses are not from recent and therefore cannot be expected to disappear overnight. Despite this, Suriname's economic potential is enormous, but to benefit from this, urgent economic and social reforms are needed.

Government finances. Government revenues are highly dependent on the ups and downs in the mining industries (nowadays: oil, gold). On the expenditure side of the budget, public sector salaries and subsidies are major items. Government finances went off track in the years before the present government took office. Public debt peaked at 143% of GDP in 2020 and resulting high interest costs are a drain on the government's budget.

Labour market. Suriname's economic characteristics are reflected in its labour market. Large numbers of people are working in the public sector which has absorbed a large share of redundant workforce. In addition, many work in the informal sector. Unemployment and underemployment rates are high. In particular among the young workforce and many youth are neither in employment, education or training (NEET). The private sector – outside the large multinational corporations – offers low-skilled, poorly paid job opportunities. Real earnings have deteriorated during the past decade.

Poverty. The result is widespread poverty. Average earnings in the private (non-corporate) sector are around the poverty line and a large share of households (many of whom belong to the middle classes) are balancing on the edges of poverty. Earlier this year, a multidisciplinary taskforce has proposed updated poverty thresholds for various household sizes and compositions. Wages of many of the low skilled job openings are below these thresholds and quite a few people in Suriname find themselves as working poor.

The system of social protection. Suriname's contributory social protection system consists of 'Bismarck-type' occupational social insurance schemes in the sense that eligibility is conditional upon having paid contributions for a minimum period; and 'Beveridge-type' residential social insurance schemes with flat rate contributions and flat benefit amounts. In addition, there are two non-contributory social assistance programmes and a range of small provisions. Last but not least there is a base health insurance guarantee for children, elderly and recipients of social assistance.

Occupational social insurance consists of two major pension schemes, one for the private sector and one for the public sector, several (30) sector or company pension schemes, and a public health insurance scheme for the public sector. Residential social insurance and social assistance consists of 5 'flagship' programmes (AKB, MMeB, ZwHH, AOV, BAZO) and a number of smaller cash or in-kind provisions and services.

This report has provided a mapping of all these programmes and an assessment of their performance. The main conclusions are listed below.

Legislative framework

- Most of the legislative framework has been established. Two programmes do not have a proper legislative basis, these are the non-contributory financial support programmes for PWDs and vulnerable households.

Occupational social insurance

- As an important caveat, recent and reliable information to assess the performance of Suriname's occupational social insurance schemes is not available. If funds produce annual reports at all (which by law they should), it is after an extremely large lapse of time.
- Contingencies covered are limited to old age, survivors, ex-partners and sometimes disability.
- In 2021, a parental leave scheme (providing maternity benefits) has been established. This parental leave scheme has not been integrated into the existing administrations which seems inefficient.
- Major branches that are still missing are occupational injuries and unemployment insurance.
- Information on the performance of the 30, or so, sector pension funds is not available.
- Large numbers of people above the age of 18 are not covered under occupational social insurance.
- There is a disbalance in benefit levels between those who are eligible for a full occupational old age pension (those with sufficiently lengthy track records in salaried employment), and those who receive only the general old age allowance (those who never had a salaried job).

Residential social insurance and social assistance

- Levels of benefit are low across the board. Households receive benefits that, at best, cover around one third of the applicable poverty threshold; mostly (far) less. Moreover, there is no automatic adjustment mechanism for inflation. This leads to a gradual erosion of the real value for recipients.
- Coverage of the general old age allowance (AOV) is near universal. Approximately half of children are covered under the general child allowance and the remainder is covered through a top up on salaries. There is no information whether all families with (up to 4) children are covered.

- Coverage under the working age financial support programme for PWDs (FBMMeB) is around 3% of the relevant age group (18 to 59). Children and elderly with disabilities are not covered.
- Coverage under the financial support programme for vulnerable households (FBZwHH) is limited. Not more than 10% of poor households in Suriname will be covered at its best, that is, if the targeting mechanism would function well. However, the geographic spread in beneficiaries reveals that not more than a small share of poor households in the coastal and urban areas are covered – most of beneficiaries live in the two inland districts. Moreover, the length beneficiaries remain in this programme appears to be rather short which turns the programme into a rather insecure safety net provision for poor families.
- The base health insurance programme covers less than 100% of eligible categories. The contribution rates which government subsidizes for designated categories have never been adjusted and do not allow insurance companies to recover the medical costs of these insured.

Governance themes

- It is not clear whether coordination and integration between programs and objectives are rightly addressed. The overlap of objectives, and duplications in beneficiaries among the various programs, seems to indicate the need for rationalization, even given that one program can serve more than one objective.
- Management information is poor. Most programmes do not collect information which is required to assess their performance.
- The residential social insurance and social assistance programmes do not have clear objectives which – even if the management information would be there – makes it difficult to assess their performance.

Responsiveness

- Some branches in occupational social insurance which could help people to overcome unexpected temporary incapacity to work or loss of job are still missing – notably occupational injuries and unemployment insurance.
- The government was capable of responding rapidly to the social unrest following high inflation during the second half of 2022. In a short period of time a social protection benefit was implemented nationwide, reaching 50,000 households.

Expenditure

- Financial information was not (made) available to assess the financial sustainability of the occupational social insurance funds in Suriname.
- Expenditure on the five ‘flagship’ social protection programmes stands at 2.25% of GDP. Other social protection programmes consume a very small additional share of the budget.
- In 2023, a social benefit programme has been introduced and rolled-out nationwide which spends another 1% of GDP. This programme, however, is of temporary nature.

Towards a modern system of social protection in Suriname:

- Suriname has the fundamentals of a social protection floor in place. For all four guarantees of the Social Protection Floor, Suriname provides at least a basic level of protection. Both from a horizontal perspective and from a vertical perspective, there are provisions in place which can serve as a point of departure for further expansion: broadening and deepening.

- However, the scope and levels of protection of the existing programmes fall short of the needs. In addition, programmes which would cater for some specific needs, notably for children and youth, are non-existent in the present situation.

The report contains projections of the *costs* of the proposed scenarios for *social protection reform* in Suriname. Necessarily, some assumptions have been made for this exercise. These assumptions, with respect to GDP growth, inflation, government finances projections, have been based on projections from IMF. For labour market projections the report has applied its own methodology. The findings from the projections are as follows:

- The baseline (Status Quo) projections indicate a gradual increase in expenditure in occupational social insurance from 6.6% in 2022 to 7.7% in 2030. These projections need to be actuarially validated. The residential social insurance and social assistance programmes would more or less maintain their current level of spending at 2.4% of GDP.
- This report proposes a set of reforms containing additional programmes for children, some new occupational insurance branches, active labour market programmes, and increased levels of benefit of all 'flagship' programmes. This social protection reform package would address most of the challenges which have been identified in this report.
- The reform proposals would add another 0.5% of GDP to the costs of occupational social insurance, to be financed from contributions and savings in salary top-up costs (and perhaps a reform of the old age pension system as suggested in scenario O1.2 in chapter 4 of this report).
- The reform proposals, on the other hand, would lead to an increase of expenditures for the residential social insurance and social assistance programmes from currently 2.4% to around 9% of GDP by 2030.

The report has also ventured into options for the government to *finance social protection reform*:

- Several options for the government to mobilize resources to finance these costs were identified. On the revenue side of the budget there are options with some of the corporate income tax items and wealth tax. In the medium term, new concessions for off-shore oil drilling could provide additional revenues. This and other options could not be quantified. On the expenditure side there are options with public sector salaries (albeit limited) and allocations to programmes outside the scope of social protection, education and health. The latter has not been quantified. This would require a Public Expenditure Review. Other options for mobilizing fiscal space are deemed to take a much longer time to materialize and have not been assessed.
- The fiscal space which could be quantified amounts to around half of what is needed for the proposed reform package.

Recommendations, The report contains a number of recommendations, organized via the four guarantees of the social protection floor.

Health insurance

- Increase state paid contributions under the BAZO scheme to a level where insurers can recover the true costs.

Children

- Make the child allowance universal. Include all children under the programme. Consider to remove the current ceiling on the number of children for which the allowance can be received.
- Scale up the existing school feeding programme to nationwide coverage.
- Introduce two new programmes: one is a top-up allowance for children with disabilities and the other is a student stipend programme to stimulate that children leave school only after obtaining an entry certificate for the labour market or for higher education.

Working age

- Introduce new occupational insurance schemes for occupational injuries and for unemployment.
- Introduce a short-term benefits branch under the occupational pension schemes for the private and public sector and transfer the parental leave scheme there. This transfer would be under the stringent condition that the public and private sector funds improve their transparency and accounting systems.
- Increase the levels of benefit under the two financial support programmes (FBMMeB, FBZwHH).
- Scale up the FBZwHH programme into a genuine means-tested social assistance programme for poor households.
- Reinforce the PES so that it can be effective in training and job-matching for beneficiaries of the unemployment insurance scheme (once established).
- Consider a temporary exit-scheme for civil servants to facilitate their transition to the private sector.

Old age

- Increase the benefit level of the universal old age allowance two- or threefold.
- Undertake independent actuarial valuations of the current occupational pension schemes.
- Consider revising the occupational pension schemes into a top-up on the higher than current base level without increasing the replacement rates under the occupational schemes (scenario O1.2, chapter 4).

Legislation and Governance

- Introduce a 'Social Welfare' Law with the objective to put social assistance and other social welfare programmes on a strong legislative footing.
- Establish a Strategic Programme Unit to coordinate social protection in Suriname, possibly under the Minister for Labour, Employment and Youth.
- Integrate the various beneficiary registrations into one system.

Final comment on the coherence of the system

- While the combined occupational and residential social insurance system reaches a high level of coverage, the system would benefit from the translation of the development vision into a coherent system (and their schemes and programmes), guided by a set of principles capable of ensuring their objectives and financing sustainability. The social protection system in Suriname has evolved over a lengthy period, and its design does not in all aspects meet the specific needs of the country in its current stage of economic development and aspirations. The question then arises as to how the social protection system can be optimised to address both imminent and future challenges facing Suriname. To what extent are the current programs the right ones to meet these challenges? To what extent do these programs build a coherent and consistent whole? These are questions that need to be addressed in the subsequent, strategic phase of the project.

Managementsamenvatting (in Dutch)

Inleiding en verantwoording. Suriname maakt één van de meest ernstige crises door sinds haar onafhankelijkheid. De huidige regering heeft het land in een staat van achterstallig bestuurlijk en financieel-economisch onderhoud overgekregen van haar voorganger. De economie is wankel en de overheidsfinanciën zijn onder de vorige regering volledig ontspoord.

De regering heeft een herstelplan opgesteld en een meerjarig ontwikkelplan en is met IMF een traject overeengekomen waarin het een aantal structuurmaatregelen neemt om de economie te stabiliseren en de overheidsfinanciën te saneren. Hierbij wordt onderkend dat deze maatregelen offers vragen van de bevolking en met name de meest kwetsbare groepen in de samenleving pijn doen.

Mede met het oog hierop hebben regering en sociale partners een tripartiet akkoord gesloten. Eén van de speerpunten daarin is een modernisering van het stelsel van sociale zekerheid in Suriname. Dit rapport vormt de neerslag van de eerste fase van een drietrapsproces. Dit is de fase van een omvattende diagnose van het huidige sociale zekerheidsstelsel in Suriname. In de volgende fase wordt op basis van dit rapport en met brede participatie vanuit belanghebbende organisaties binnen en buiten de overheid een strategie geformuleerd naar een beter stelsel. In de laatste fase, tenslotte, gaat het om de implementatie: de hervorming van het sociaal zekerheidsstelsel in Suriname.

Opbouw van het rapport. Dit rapport is als volgt ingedeeld. Na een inleiding en een methodologisch deel volgt een hoofdstuk (hoofdstuk 2) over de economische ontwikkelingen met daarin aandacht voor de overheidsfinanciën, de arbeidsmarkt, demografie en armoede. Het volgende hoofdstuk (hoofdstuk 3) omvat een beschrijving en diagnose van de sterke punten en tekortkomingen van het huidige sociale zekerheidsstelsel. Hoofdstuk 4 pakt dit op en komt met een aantal doorgerekende scenario's met betrekking tot maatregelen en programma's die de gesignaleerde tekortkomingen adresseren. Hoofdstuk 5 inventariseert waar de overheid de middelen kan vinden om deze hervormingsmaatregelen te financieren. Het laatste hoofdstuk (hoofdstuk 6) bevat de belangrijkste conclusies en komt met een aantal aanbevelingen die bedoeld zijn om de discussie in de tweede fase (de dialoog die moet leiden tot een strategie) te voeden.

Economische ontwikkelingen. De economie van Suriname wordt gekenmerkt door een aantal zwakheden. Na een periode van uitbundige economische groei is er vanaf 2015 een omslag gekomen. In de kern hebben beide hun grond in de eenzijdige productiestructuur met een sterke afhankelijkheid van de economie van de opbrengsten van haar grondstoffen en daarmee de prijzen die hiervoor op de wereldmarkt betaald worden. Hierbij komt een topzwaar overheidsapparaat, een nauwelijks ontwikkelde private (productie-) sector, een gepolariseerd politiek klimaat en een hoge inflatie. Deze factoren hangen allemaal met elkaar samen en versterken elkaar onderling. Deze structurele zwakheden hebben bovendien een lange geschiedenis en niet van vandaag op morgen opgelost. Tot slot maken de pandemie en de huidige inflatiecrisis het door de huidige regering ingezette herstelbeleid ook nog eens extra moeilijk. Suriname heeft een enorm economisch potentieel maar het vraagt een coherent beleid en investeringen om dit potentieel te ontsluiten.

Overheidsfinanciën. De overheidsfinanciën bewegen aan de inkomstenkant sterk mee met de ontwikkelingen in de opbrengsten van grondstoffen. De uitgavenkant van de begroting, daarentegen, wordt gekenmerkt door drie posten die zowel omvangrijk als rigide zijn: de ambtenarensalarissen, subsidies en rente-uitgaven. Deze laatste vormen een last voor de begroting en hangen samen met de onder de vorige regering opgelopen staatsschuld.

Arbeidsmarkt. De Surinaamse arbeidsmarkt wordt gekenmerkt door een omvangrijke overheidssector, een eveneens omvangrijke informele sector en een hoge (brede) werkloosheid; vooral onder de jeugd. De overheid is in het verleden veel gebruikt als een ventiel voor het niet elders benutte arbeidspotentieel en draagt hier de sporen van in de vorm van een ambtenarenapparaat wat te groot is voor de omvang van het land. Daarnaast geldt voor

veel van de werkgelegenheid in de private sector dat het gaat om laaggeschoold en laagbetaald werk. De loonontwikkeling heeft na 2015 in bijna geen van de sectoren in Suriname de inflatie bijgehouden.

Armoede. Het gevolg is armoede én een grote groep (de middenklasse) die op de rand van armoede balanceert. Recente cijfers ontbreken maar het is duidelijk dat armoede in Suriname een wijdverbreid probleem vormt. Eerder dit jaar heeft een commissie advies uitgebracht over de bepaling van de armoedegrenzen voor verschillende categorieën huishoudens. Veel lonen liggen beneden deze grenzen en veel Surinamers zijn 'werkend arm' (*working poor*).

Het stelsel van sociale zekerheid. Het stelsel van sociale zekerheid in Suriname wordt gekenmerkt door een combinatie van werknemersverzekeringen, volksverzekeringen en sociale voorzieningen (in de vorm van uitkeringen en diensten). De werknemersverzekeringen zijn er voor de mensen met vaste banen bij de overheid of bij de grotere bedrijven in de private sector. De kring van verzekerden is beperkt tot huidige en voormalige gesalarieerde werknemers en uitkeringen hangen af van opgebouwde rechten. Voorbeelden zijn het pensioenfonds voor ambtenaren, het pensioenfonds voor de private sector en het staatsziekenfonds. De volksverzekeringen zijn verzekeringen waar alle ingezetenen aanspraak op maken. Uitkeringen zijn voor iedereen gelijk en de financiering vindt volledig plaats naar draagkracht (solidariteitsprincipe); voornamelijk via het belastingstelsel. Voorbeelden van deze volksverzekeringen zijn de algemene kinderbijslag, algemene ouderdomsvoorziening en basisverzekering zorg. Naast deze verzekeringen bestaat er een stelsel van voorzieningen. Mensen kunnen aanspraak maken op deze voorzieningen op basis van sociale nood. De belangrijkste voorbeelden van deze regelingen zijn de financiële bijstandsregelingen voor mensen met een beperking en voor zwakke huishoudens.

Dit rapport presenteert een omvattend overzicht van al deze regelingen op basis van de informatie die verzameld is. Tal van ministeries en uitkeringsorganisaties hebben hieraan meegewerkt. Van alle regelingen wordt de juridische grondslag beschreven alsmede de uitkeringsvoorwaarden, de aantallen verzekerden, uitkeringsontvangers, inkomsten, uitgaven en organisatie (administratie).

De bevindingen vanuit deze omvattende inventarisatie zijn als volgt.

Het bereik van de regelingen:

- Het pensioenfonds voor de private sector heeft sinds 2015 een sterke groei in verzekerden doorgemaakt. Voor de andere werknemersverzekeringen ontbreekt de informatie om hier een uitspraak over te kunnen doen.
- De algemene kinderbijslag is niet universeel. Minder dan de helft van de kinderen ontvangen een toelage. De overige kinderen worden in beginsel gecompenseerd door middel van een toeslag op het salaris van één van hun ouders maar het is niet duidelijk in hoeverre op deze manier iedereen een toelage ontvangt.
- Financiële bijstand voor mensen met een beperking geldt alleen voor mensen in de leeftijd 18 tot 60 jaar. Kinderen en ouderen vallen er buiten.
- Financiële bijstand voor zwakke huishoudens bereikt op zijn best 10% van de arme gezinnen in Suriname en met name in de kustgebieden en stedelijke gebieden veel minder dan dat.
- De algemene ouderdomsvoorziening heeft een nagenoeg volledig bereik.
- De basisverzekering zorg daarentegen bereikt niet alle groepen die er wettelijk wel voor in aanmerking komen; met name kinderen en ouderen worden nu niet volledig bereikt.

De hoogte van de uitkeringen:

- Uitkeringsniveaus zijn laag over de gehele linie.

- Veel volwassenen vallen buiten de kring van de werknemersverzekeringen. Dit creëert met name voor ouderen een enorm inkomensverschil tussen degenen die binnen of buiten deze kring vallen. De ouderen die binnen de kring vallen zijn tot nu toe vooral ex-overheidsdienaren.
- Ondanks recente aanpassingen liggen de niveaus van de uitkeringen van de meeste regelingen beneden het niveau van 2015; uitkeringsgerechtigden zijn er dus in koopkracht op achteruit gegaan.
- Met de nieuwe armoedegrenzen als maatstaf is te zien dat de uitkeringen tussen de 12% en 32% van de armoedegrenzen liggen, afhankelijk van de uitkering en gezinssamenstelling.

Rechtsgrondslag:

- Verreweg de meeste regelingen hebben een juridische grondslag; uitzonderingen zijn de financiële bijstandsregelingen voor mensen met een beperking en voor zwakke huishoudens.
- Van veel regelingen ontbreekt niettemin een duidelijke operationele doelstelling wat het lastig maakt om te beoordelen of de betreffende regeling voldoet aan het gestelde doel.

Beginselen van goed bestuur:

- Ondanks wettelijke verplichtingen publiceren de pensioenfondsen geen jaarlijkse rapporten; althans niet binnen een termijn waarop het bestuur en management nog verantwoordelijk gehouden kunnen worden voor de gerealiseerde resultaten.
- Managementinformatie is heel beperkt beschikbaar. De meeste fondsen waren niet in staat om zelfs de meest elementaire informatie aan te leveren.

Coherentie van het stelsel:

- Het sociale zekerheidsstelsel van Suriname heeft op papier heldere demarcaties tussen regelingen en hun doelgroepen. In de praktijk echter is sprake van grote leemtes en tegelijkertijd overlap in het bereik van de diverse regelingen. Deze lijken meestal niet gebaseerd op duidelijke beleidskeuzes en afwegingen.
- Horizontale coördinatie tussen de betrokken ministeries is beperkt. Dit werkt fragmentatie en ondoelmatigheden in de besteding van de beschikbare middelen in de hand.

'Shock-responsiveness':

- Een beroepsongevallenverzekering en een werkloosheidsverzekering ontbreken waardoor (tijdelijk) verlies van arbeidsvermogen door bedrijfsongevallen en tijdelijk verlies van banen door conjuncturele fluctuaties in werkgelegenheid niet adequaat opgevangen worden.
- De overheid is in staat gebleken om in een heel korte tijd een nieuwe regeling te implementeren volgend op de maatschappelijke onrust die ontstond na de enorme prijsstijgingen in het vorige najaar. Wel is de vraag waarom niet gekozen is om deze tijdelijke regeling te integreren in bestaande regelingen. Dit lijkt een gemiste kans.

Financiële duurzaamheid van het huidige stelsel:

- Dit rapport heeft geen studie kunnen maken van de financiële duurzaamheid van de werknemersverzekeringen. Hiertoe ontbrak het aan voldoende informatie. Dit vraagt om een aparte actuariële studie.
- Uitgaven aan de volksverzekeringen en sociale voorzieningen liggen op dit moment structureel op 2,25% van het bruto binnenlands product (BBP) van Suriname. Tijdelijk komt hier nog het sociaal uitkeringsprogramma bovenop waardoor de uitgaven in 2023 op ongeveer 3,25% van het BBP liggen.
- Het rapport heeft een scenario doorgerekend waarin er geen belangrijke veranderingen in het huidige stelsel doorgevoerd zouden worden. In dat geval blijven de uitgaven op de middellange termijn (2024-2030) jaarlijks stabiel op het niveau van 2,25% van het BBP.

Naar een modern stelsel van sociale zekerheid in Suriname:

- Om te beginnen: Suriname beschikt over de fundamenteën van een sociale beschermingsvloer (social protection floor). Voor alle vier de garanties (toegang tot zorg en bestaanszekerheid voor kinderen, volwassenen en ouderen) biedt het stelsel een basisniveau van sociale bescherming.
- Maar het bereik van de bestaande regelingen en de uitkeringsniveaus zijn ontoereikend. Daarnaast ontbreken regelingen die een oplossing kunnen bieden voor bestaande knelpunten; dit is met name het geval voor kinderen en jeugdigen.
- Dit rapport heeft een aantal scenario's doorgerekend die afzonderlijk en in combinatie de eerder in het rapport gesignaleerde knelpunten adresseren. Hiervoor zijn eerst een aantal aannames gemaakt met betrekking tot de economische groei, de arbeidsdeelname en werkgelegenheidsontwikkeling en het verloop van de overheidsfinanciën. Zo veel mogelijk is hierbij gebruik gemaakt van projecties van het IMF (voor economische groei en de overheidsfinanciën).
- De projecties laten voor de werknemersverzekeringen een lichte toename in de uitgaven zien: van 6,6% van het BBP in 2022 tot 7,7% van het BBP in 2030. Deze toename wordt vooral verklaard door de introductie van twee nieuwe regelingen: voor beroepsongevallen en voor werkloosheid. Deze uitgaven worden volledig vanuit premies gefinancierd.
- Voor de volksverzekeringen en sociale voorzieningen geldt een ander verhaal. Hier laten de projecties een sterke stijging van de uitgaven zien: van circa 2,5% in 2022 naar circa 9% in 2030. Deze uitgavenstijging wordt gedeeltelijk verklaard door de introductie van nieuwe regelingen en gedeeltelijk vanuit het op een hoger niveau brengen van de uitkeringen van de bestaande regelingen.

Financieringsruimte ('fiscal space):

- Financieringsruimte is gezocht vooral aan de inkomstenkant en de uitgavenkant van de begroting. Het rapport heeft vastgesteld dat veel van de ruimte reeds is ingeboekt met voorgenomen maatregelen. Zo zijn er belastingmaatregelen voorzien zoals het invoeren van een BTW-heffing en het verbreden van de belastinggrondslag voor de directe belastingen. Maatregelen die reeds voorzien zijn aan de uitgavenkant zijn een geleidelijke reductie van uitgaven aan ambtenarensalarissen (althans het aandeel van deze uitgaven in het BBP) en het hervormen van de subsidies voor diverse nutsvoorzieningen (elektriciteit en brandstof).
- Extra ruimte zit er mogelijk in een aantal kleinere belastingitems, met name waar deze in de afgelopen jaren teruggelopen zijn in inkomsten. Bij de niet-belastinginkomsten liggen contracten met betrekking tot concessies veelal voor langere tijd vast. Wel zit er mogelijk ruimte in de kleinschalige goudsector. Tot slot zijn er mogelijkheden op de middellange termijn bij het aangaan van nieuwe contracten voor de ontginning van grondstoffen. Aan de uitgavenkant zit nog besparingsruimte in de afslanking van het ambtenarenapparaat al zijn ook weer gedeeltelijke verliezen door de noodzaak van het treffen van afvloeiingsregelingen.
- Bij elkaar komt het rapport op dit moment op een financieringsruimte die ongeveer de helft bedraagt van wat nodig is voor het sociale zekerheidspakket. Hier moet nader naar worden gekeken ook in samenspraak met het ministerie van financiën en het IMF.

Aanbevelingen, het rapport komt tot de volgende aanbevelingen die ingebracht kunnen worden in de discussies met belanghebbende organisaties:

- Maak de overheidsbijdrage in de premies voor de basisverzekering zorg kostendekkend.
- Maak de algemene kinderbijslag universeel door deze uit te breiden naar alle kinderen.
- Schaal de schoolmaaltijden op naar landelijke dekking tot 14 jaar.
- Introduceer een aparte toelage voor kinderen met een beperking.
- Introduceer een studiefinanciering voor de kosten van schoolgaande kinderen tot en met 17 jaar.

- Introduceer nieuwe verzekeringen voor beroepsongevallen en werkloosheid binnen de werknemersverzekeringen.
- Breng de ouderschapsvoorziening samen met andere korte-termijn regelingen binnen de werknemersverzekeringen.
- Verhoog de uitkeringsniveaus van de twee financiële bijstandsregelingen en vergroot het bereik van met name de regeling voor zwakke huishoudens zodat alle gezinnen onder de armoedegrens er onder vallen.
- Versterk de arbeidsvoorziening en zorg voor een activerend arbeidsmarktbeleid met name ook in de relatie met de nieuw te introduceren werkloosheidsverzekering.
- Overweeg de introductie van een tijdelijke regeling voor overtollig overheidspersoneel om deze de kans te geven om een overstap naar de private sector te maken.
- Verhoog het niveau van de ouderdomsvoorziening tot het dubbele of drievoudige van het huidige niveau.
- Stimuleer onafhankelijk actuariële studies voor de fondsen.
- Overweeg een herstructurering van de ouderdomspensioenregelingen zodanig dat er een minder grote inkomensongelijkheid onder ouderen bestaat.
- Introduceer een Algemene Bijstandswet welke de sociale beschermingsprogramma's die vanuit de algemene middelen gefinancierd worden een steviger wettelijk fundament geeft.
- Installeer een strategische programma-unit met de taak om het sociale zekerheidsstelsel in Suriname te coördineren, eventueel onder de minister voor arbeid, werkgelegenheid en jeugd.
- Integreer de verschillende uitkeringsregistraties in één systeem en maak werk van een betere managementinformatie.

Tot besluit een opmerking over de coherentie van het stelsel.

- Terwijl het stelsel in haar combinatie van werknemers-, volksverzekeringen en sociale voorzieningen een hoog bereik heeft, zou het gebaat zijn van een vertaling van een ontwikkelingsvisie in een coherent stelsel, volgens beginselen die in lijn zijn met haar doelen en financiële duurzaamheid. Het stelsel van sociale zekerheid in Suriname is de resultante van een historisch evolutionair proces en het huidige ontwerp voldoet niet altijd en overall aan de eisen en wensen die het land in haar huidige staat van economische ontwikkeling stelt. De vraag is daarmee hoe het stelsel geoptimaliseerd kan worden om de huidige en toekomstige uitdagingen het hoofd te bieden. In welke mate zijn de bestaande regelingen de juiste met het oog op deze uitdagingen? In welke mate maken de huidige regelingen het stelsel tot een coherent en consistent geheel? Dit zijn vragen die in de volgende, strategische fase centraal dienen te staan.

1. Introduction

1.1. Introduction and objective

1.1.1. Introduction and objective

1.1.1.1. Introduction and objective of this report

Suriname is experiencing one of its most severe economic crises since its independence from Dutch rule (1975). Sectors which traditionally have been the mainstays of the country's economy, such as Bauxite mining, have disappeared, and others, as for example most of agriculture and industries, are suffering.

The previous government has implemented a series of measures which, unintentionally, have aggravated, rather than enlightened, the economic crisis. Imprudent public finance policy and loose public financial management have eroded the government budget (GOS, 2021a). This resulted in an increased public debt which peaked at 148% of GDP in 2020, and which was estimated still at 132% of GDP in 2022 (IMF, 2022).

The present government, therefore, finds itself in a tight economic and political situation. The current cabinet, at the start of its term, mid-2021, and in an effort to regain control on its finances and revive the economy, has distinguished three phases. These are: a crisis or urgency phase (planned to last: 9 months), a stabilization or recovery phase (the subsequent 24 months), and a growth or modernization phase (for the remainder of the cabinet's term). The government's Recovery Plan 2020-2022 (RP2020/22) and Multi-Year Development Plan 2021-2026 (MYDP2022/26) list a series of measures (185 measures, to be precise) aiming to address the economic crisis, restore government finances and, in the medium to long run, move Suriname's economy on a healthy track.

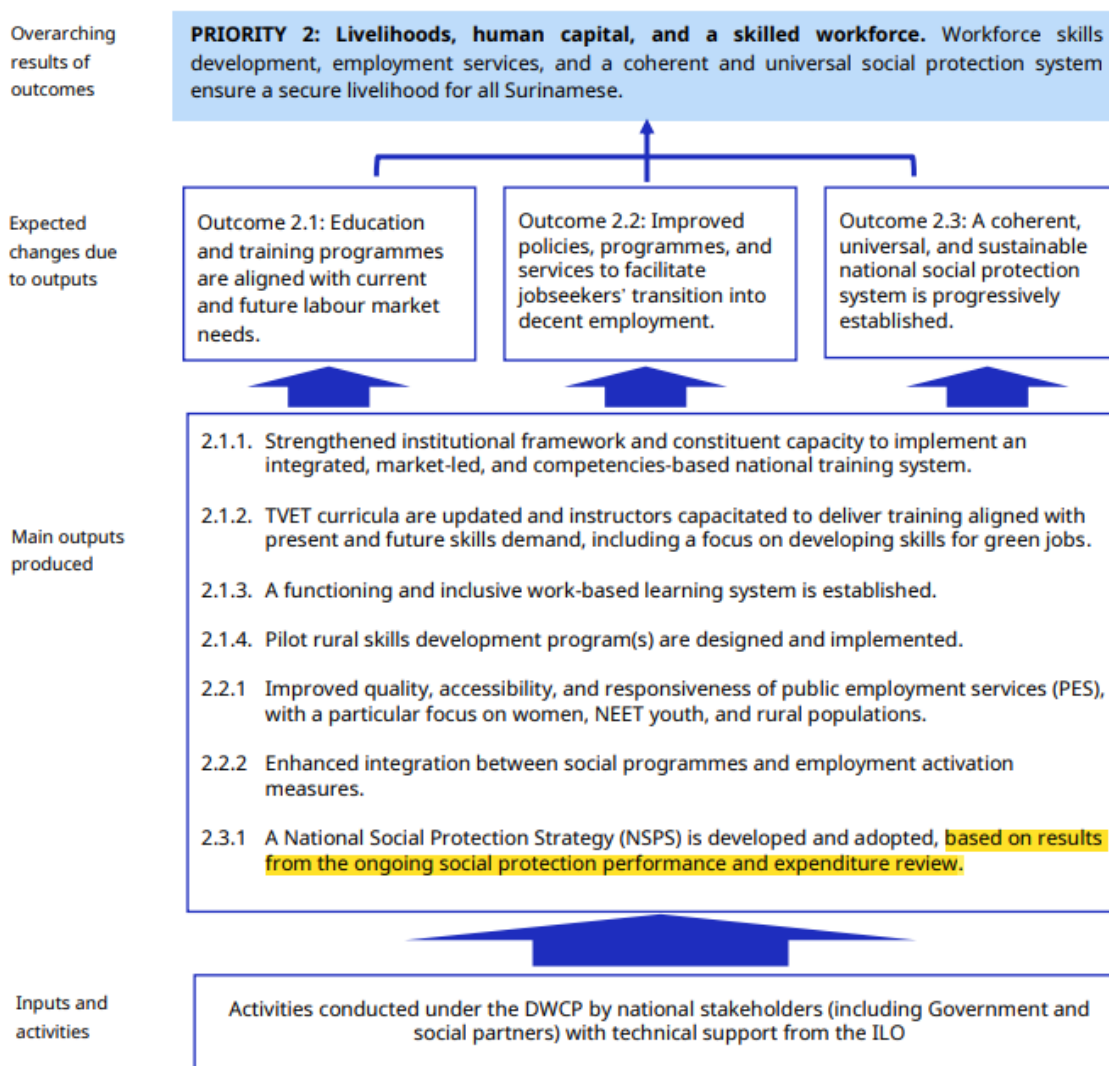
Suriname is receiving financial support from international donor agencies (IMF, IDB and World Bank) for this plan under stringent conditions. These call upon government to reform its finances, reduce public and private sector inefficiencies, cut subsidies for food and utilities, improve governance and improve its investment climate in order to be able to tap more effectively into its vast natural resources potential. **However, both government and the international donor agencies have expressed their concerns with respect to the serious and potentially destabilizing social consequences of these reforms.** Therefore, social protection is part and parcel of the broader reform plans and social protection reform is top on the agenda.

In November 2021, a historic Tripartite Accord was signed, following the establishment, September 2021, of a Special Tripartite Consultation, which is a high tripartite consultative body of the President of Suriname. The signatories in the Accord were representatives of the Office of the President, the Office of the Vice-President and a number of Ministries, including Finance and Planning, Labour, Employment Opportunity and Youth Affairs, Social Affairs and Public Housing and Internal Affairs, eight workers' federations and the two most representative employers' organizations.

The Special Tripartite Consultation (Para. 18) urged the President of Suriname to promote the execution of the social security assessment as mentioned in the Decent Country Work Programme (DWCP). Following this request, the President of the Republic of Suriname has commissioned the Ministers of Labour, Employment Opportunity and Youth Affairs, Social Affairs and Public Housing and Finance and Planning to advise the government on the issue of social security system review and to enable the assessment in 2022. Consequently, **the Government of Suriname requested the support of the ILO to conduct a comprehensive assessment of the social protection system of Suriname.**

This sets the stage for this report which has the objective to provide a comprehensive review of the social protection system of Suriname. More specifically, this review aims to be an important first step in assessing the current situation of the social protection programmes and schemes in place, and to provide guidance as to the future reforms needed with a view to progressively build a universal, adequate, sustainable and responsive social protection system, including a social protection floor, in line with Convention No 102 – which is set to be ratified by Suriname – and Recommendation No. 202 on Social Protection Floors as well as the Sustainable Development Goals (SDG), notably SDG 1.3.

Figure ...: The Social Protection Performance and Expenditure Review as a crucial step in the DWCP III



The ILO’s intervention will span three phases. This report constitutes the first phase. **This phase aims to initiate a participatory assessment-based national dialogue (ABND)** exercise involving relevant ministries, social protection institutions, workers’ and employers’ organizations, civil society organizations, UN agencies, and other development partners. The ABND starts with a comprehensive review of the social protection system of Suriname and contributes to forge a consensus on priorities for the implementation or extension of a nationally defined social protection floor and more comprehensive social protection systems for all. Data collection on the status of the social protection system as a basis for discussion and as a baseline for measuring progress is key in this phase. **The review and its consensual recommendations are expected to lead to the development and approval of a National Social Protection Strategy (NSPS), which will include an Action Plan (AP).** In line with these outcomes,

the second and third phases focus on reforming existing schemes, designing new schemes, and implementational challenges.

The main objectives of this comprehensive review are:

1. to identify the **scope** of the social protection system and programmes in Suriname in terms of risks and needs covered as well as existing gaps in coverage (risks and needs not covered or insufficiently covered);
2. to establish the **costs** in terms of annual expenditure (e.g. benefits and administration expenditure) and **financing structures** (e.g. the composition of the “income” of the social protection sector from different sources, such as social security contributions/general taxation, financing at different levels of the general government and private financing, domestic versus foreign financing).
3. to analyze the effectiveness of the **performance** of the existing social protection schemes in terms of its coverage, adequacy, sustainability and responsiveness. Coverage will be analysed both in terms of the proportion of the relevant population covered and in terms of the levels/quality of coverage (replacement rates vis-à-vis the national average or statutory minimum wage and poverty threshold, etc.);
4. to identify **gaps** towards design and implementation of the social protection floor in Suriname;
5. to identify **linkages** with other public policies that support the achievement of the objectives of the social protection system,
6. to identify **fiscal space** for the extension of social protection coverage; and
7. to suggest **recommendations** for the development of the NSPN and its AP.

1.1.2. Some highlights on Suriname

1.1.2.1. Economic highlights

Box 1.1.2.1 lists some demographic and economic highlights.

► [Some quick facts and figures on Suriname]

The Republic of Suriname has an estimated population of 602,500 in 2022, of which around 25% are under the age of 15, with an annual population growth rate of 1% (Government of Suriname, 2022a; World Bank, [2022a](#)). Suriname has the lowest population density in the Latin America and Caribbean region, with fewer than four inhabitants per square kilometre (SPS, [2021](#)). Two-thirds of the population is concentrated in the capital city of Paramaribo and surrounding areas, with a further 20% in rural coastal areas and 14% in the interior (Government of Suriname, [2019](#); 2022a). Indigenous peoples represent an estimated 4% of the national population, while as much as 20% of the population identify as maroon, according to national census data from 2012 (ABS, [2013](#)).

Suriname is classified as a high-middle income country, with an estimated GDP per capita of US\$4,836 in 2022 (World Bank, [2022b](#)). However, there are significant inequalities in living conditions and income at district level (Government of Suriname, [2022b](#)). At the national level, the deterioration of the economy between 2015 and 2022 has resulted in a significant decline in the purchasing power of all households, undermining the prospects of decent work for many citizens (Government of Suriname, 2022a).

The national economy is highly dependent on natural resources, especially gold, timber, oil, and gas. The mining sector accounts for over 30% of public sector revenue and gold represents more than 80% of total exports (World Bank, [2022c](#)). Over-reliance on the export of raw natural resources, lack of economic diversification, a small domestic market, and climate and environmental risks leave Suriname highly vulnerable to shocks.

Suriname's economy is exceptionally vulnerable to both changes in the physical environment and external economic factors and shocks. Suriname is the world's most densely forested country, with an estimated 93% of its territory covered by forest. Although these features make Suriname a carbon-negative country, it remains highly vulnerable to climate change and environmental degradation. Suriname's population and economic activity is concentrated in low-lying coastal areas that are increasingly vulnerable to rising sea levels. Other effects of climate change (notably, the increasing frequency and severity of droughts, floods, and severe storms), and environmental degradation caused by extractive industries (especially mining and logging), undermine the foundations of many jobs and livelihoods across sectors (e.g., Soluan et al, [2021](#)).

Several additional structural features make Suriname's economy vulnerable to shocks. A small domestic market, lack of diversification, and concentration of exports in a small number of extractive commodities (gold, oil, timber) mean that Suriname is particularly vulnerable to trade shocks, fluctuations in global commodity prices, and trends affecting specific industries. These vulnerabilities were illustrated by the adverse economic impact caused by the collapse of the Surinamese bauxite industry in 2015, which, combined with a fall in global commodity prices, drove the economy into an extended recession (UN, [2021](#)).

Although high global commodity prices made Suriname one of the fastest-growing regional economies prior to 2014, the subsequent drop in commodity prices contributed to a sharp recession in 2015-2016. Initial recovery was thwarted by the onset of the Covid-19 pandemic, leading to a contraction in GDP of almost 16% in 2020 and widespread business closures and job losses. The crisis exacerbated the government's fiscal and balance of payment problems, and ultimately led Suriname to seek the assistance of the International Monetary Fund (IMF) in 2021.¹

Suriname has an estimated labour force of 236,000 people, including 36,000 youth (15-24 years), and a resulting labour force participation rate of 54% (although the figure is significantly lower – 43% – for women). An estimated 70% of the labour force is concentrated in the urban areas along the coast (ILO modelled estimate from November [2021](#)).

Source: ILO, Decent Work Country Program 2023-2026, ILO (2022)

1.2. Methodology

1.2.1. Methodology

1.2.1.1. Methodology

Four major components, jointly, describe the methodology that has been applied in this report. These are (a) **the social protection expenditure and performance reviews**, (b) **the Core Diagnostic Instrument (CODI)**, (c) **social budgeting**, and (d) assessment of **fiscal space** for financing social protection.

a. Social protection expenditure and performance review (SPER)

The main objectives of the social protection expenditure and performance reviews are:

- to identify the scope of social protection in terms of risks and needs covered as well as existing gaps in coverage (risks and needs not covered or insufficiently covered);
- to establish the costs in terms of annual expenditure and financing structures (i.e. the composition of the “income” of the social protection sector from different sources, such as social security contributions/general taxation, financing at different levels of the general government and private financing, domestic versus foreign financing). Expenditure shall be measured both as a proportion of GDP and (in case of public expenditure) as a proportion of the overall general government expenditure;
- to analyse the effectiveness of the performance of the existing social protection schemes in terms of its coverage and adequacy. Coverage and adequacy will be analysed in terms of the proportion of the relevant population covered and in terms of the levels/quality of coverage (replacement rates etc.), respectively.

Generally, the focus should be on revealing the vulnerable groups which are not covered or whose coverage is not sufficient to alleviate or prevent poverty.

b. Core Diagnostic Instrument (CODI)

The CODI methodology aligns closely with the approach described above for the SPER. CODI has been designed to:

- Map the key elements of a social protection system in a given country, including national objectives, strategies, policies, programs, and schemes of the social protection system
- Analyse social protection system performance against national or international social protection objectives and track progress against a standardized set of Performance Criteria over time
- Serve as an evidentiary base for country dialogue on how to strengthen an social protection system and identify a set of entry level policy reform options
- Promote exchange and coordination between national and international partners.

c. Social Budget

The third component applies the ILO approach to social budgeting. The social budget methodology is an effective macro tool to manage the quantitative and financial aspects of social protection programmes in a county (Scholz et al., 2000). It essentially tracks revenue and expenditure flows related to social protection and projects these financial flows into the future. Social budgeting provides a powerful planning and management tool. Social budgeting allows one to understand, plan and manage the flows of funding related to the various social protection funds and their administrations, vis-à-vis economic and demographic developments and trends in government finance.

The first component of the social budget is a compilation of expenditures and revenues of the country's social protection system, referred to as the **Social Accounting System**. The second component, the **Social Budget**, proper, projects government finance's and social protection system's revenues and expenditures for a mid- to long-term period and conducts simulations of social spending, given credible demographic, labour participation, economic, and legislative assumptions (Scholz et al., 2000).

To manage expectations, the limited availability of crucial administrative data, and sometimes inconsistencies between data sources, has hampered the construction of a full-fledged and robust social budget. The findings in this report, in this respect, may be interpreted as a first start and an encouragement for planners in the government of Suriname to improve their management information.

d. Fiscal space and strategies for financing social protection

Fiscal space can be defined as 'the financial resources that governments can mobilize to finance a certain series of programmes, without endangering the government's current or future financial position or credibility.' (Heller 2005). The literature on fiscal space (see, for example, Ortiz et al., 2019) lists up to eight options for mobilizing fiscal space for social protection financing. For example, what is the scope for government to increase **revenues**? What can be paid from **contributions**? What are the options to curtail or redirect **public spending**? To what extent can government tap into **financial reserves** or non-financial assets? What are the options, if any, to **restructure** the general government **debt** portfolio? How can government redress **illicit financial flows**, and can government mobilize additional resources from a balanced **macroeconomic** set of **policies**. The financing strategies chapter will provide an assessment of these and, if applicable, other options.

1.2.1.2. Information sources:

Apart from desk review, the following information sources were used:

- Population: Statistics Suriname (ABS); for projections use UN-DESA Projections, mid-variant;
- Labour market information: urban regions (Paramaribo, Wanica);
- Economic data: Statistics Suriname (ABS); for projections MOF/MTFF and IMF data were used;
- Socioeconomic data: no recent HH Survey is available; Census 2012, HIES 2014 and MICS 2018;
- Poverty threshold: recent report Multidisciplinaire Werkgroep Armoedegrensbepaling;
- Government finances: Government Budget and Financieel Jaarplan, various editions. Herstelplan;
- Administrative data: SSI Questionnaire and interviews with officials from various ministries and social protection agencies.

Quick Part module "1-Key Points":

Key points

- ▶ In its currently precarious economic and social condition, Suriname is receiving financial support from international donor agencies.
- ▶ The conditions, however, are tight and have serious implications for people's livelihoods.
- ▶ In November 2021, a historic Tripartite Accord was signed and, ensuing, the Government of Suriname requested the support of the ILO to conduct a comprehensive assessment of Suriname's social protection system.
- ▶ This report aims to provide a comprehensive review of the social protection system of Suriname.
- ▶ It applies a set of methodologies, including a social protection income and expenditure review (SPER), core diagnostic instrument (CODI), social budgeting and fiscal space analysis.

2. Country Context

2.1. [Heading level 2 Num]

2.1.1. Introduction

2.1.1.1. Introduction

This chapter aims to provide context for the assessment of the current social protection system in Suriname, later in this report, by discussing the current economic and fiscal situation and trends (Section 2.2), demographic developments with a specific focus on vulnerable categories within the population (Section 2.3), and the social protection agenda of the government (Section 2.4). The final section (2.5) draws some conclusions.

2.2. Economic and fiscal trends

2.2.1. Economic trends in a longer time perspective

2.2.1.1. Economic trends in a longer time perspective

Between 2001 and 2014, Suriname recorded among the highest GDP growth rates in the Latin American and Caribbean region. However, **after 2015, economic growth has slowed down significantly** and by 2020, real per-capita GDP (USD 3.527) found itself at exactly the same level as one-and-a-half decade before (GOS, 2021a). The main factors causing both this strong initial performance and subsequent slow down, are embedded in the evolution of world market prices of Suriname's main tradable commodities (notably, gold and oil), and the demise of the bauxite production sector. Another factor has been the deterioration of the trade balance for services – predominantly professional and technical services related to the start of new mining activities (inviting professionals from overseas), and financial services – and a further weakening of the capital account – corresponding to increased profit income accruing to multinational companies abroad (GOS, 2021a). In fact, **Box 2** shows that the economic up- and downswings in the first two decades of the 21st Century, have been a reflection of a pattern with deep and ingrained economic and sociocultural roots and will not be easy to overcome in the near future.

Quick Part module “2-Box”:

Box 2: Structural economic developments, Suriname, 1975-2020

During WWII, Suriname was the world's largest producer of bauxite, from which the aluminum was fabricated that was used in aircrafts. In the post-War period, Suriname gradually lost its position as stronghold as more countries became exporters of bauxite.

In the 1950s and 60s, foreign multinationals who were active in Suriname focused on natural resources, notably: bauxite and timber. Investments were predominantly investments in infrastructure with a view to an efficient exploitation of the country's natural resources. Neither GDP per capita growth, nor jobs growth benefited much from these investments. Industries were labour extensive. There were no significant investments in human capital development. Profits from the exploitation of natural resources were not invested into the development of the local economy but, instead, channeled overseas. The focus was never on augmenting value added to the local economy. Transfers from the Dutch government had to keep the current account from collapse. In agriculture, the drive was towards increasing economies of scale. This came at the cost of large numbers of small size farmers. Already in 1972, registered unemployment recorded 13% and broad unemployment was estimated to be 30%. The years immediately before independence saw a massive brain drain: thousands of well-educated citizens emigrated to the Netherlands. Nowadays, about half the size of the population (300,000 people) live in the Netherlands.

Hence, the entire period between 1945 and 1975, the year when Suriname acquired formal independence from Dutch rule, the economy was already struggling with similar problems which have kept haunting Suriname after its independence up to the present day: an extremely narrow sided industrial structure, low productivity, jobless growth, widespread poverty, political patronage.

The latter is related to the ethnic composition of the population with creoles, ethnic Indian, Javanese, maroons all having their stakes in the political arena in a continuous process of give and take. This effectively turns politics into a market place, with positions for members of constituencies as an important currency. In this respect, the civil service functioning as an outlet for redundant labour, in particular during economic downturns, is not a new phenomenon. For example, the number of civil servants increased from 29,400 in 1975 to 39,600 in 1979 (as against 58 thousand these days).

In 1980, a small group of discontented military officers toppled the elected government. The period 1982-1999 is characterized by political volatility – internally and also externally, reflected in a deterioration of the diplomatic relations with the US, the European Union and the Netherlands. International aid came to a grinding halt.

The financial crisis in the mid-1990s (the Asian crisis) also affected Suriname due to the fall in global market prices for tradables (export prices of natural resources) and high real rates of interest which drove small scale entrepreneurs out of business. At the same time agriculture suffered from extreme draughts (due to the El Niño phenomenon). The Suriname guilder was devaluated twice in 1999, starting from 400 to 800 guilders for a dollar (to place this in reference: the Sfl/USD exchange rate in 1991 still recorded 1.8 guilders).

In many respects, the economy of Suriname was in a worse shape in 2000 than at the time of independence. Real GDP per capita was around 20% lower. Large numbers of families were reliant on financial support (remittances) from relatives in the Netherlands to sustain their livelihoods. Between 1968/69 and 1999/2000 the share of poor households in Paramaribo had tripled, from 21% to 65%, according to the statistical bureau (ABS). This did not only affect the poor and the near-poor but a large middle class as well. Job growth had been negative throughout sectors, except for the government sector. According to IDB, Suriname had become the fourth poorest country in the entire western hemisphere by 1996.

The democratic elections in 2000, initially, brought a rapid improvement in the economic situation. Good governance and reform of the public sector (in 2002, the government sector wage bill was 13% of GDP) were high on the agenda of the new government and international aid recommenced. External public debt, 50% of GDP in

2000, was reduced to less than 10% of GDP in 2010. Economic growth picked up again in this period. Exports of natural resources (increasingly gold and oil) and international price developments facilitated this high growth. In this favourable economic climate, both government and private companies regained access to bank credits to finance economic development and investment, and thus the economy spiraled upward. In 2010, Suriname was back in the ranks of middle-income countries again.

The period 2000 – 2020 saw several times of democratic coins tossing between the ‘old parties’ coalition and the new NDP. There were intermittent periods of exceptional economic growth. For example, between 2003 and 2014, Suriname was one of the fastest growing economies in the Latin American region (IDB, 2019). After 2014 however, economic growth stagnated and all the problems in the country’s economic and political structure manifested themselves in extreme vehemence. High inflation, low revenues from exports, balance of payment pressures leading to a collapse of the SRD, rising unemployment and use of the public sector as an employment outlet, consumptive government expenditure leading to high debt distress, distrust among international financial donors – all these phenomena were interlocking, mutually reinforcing, and drove the economy in a downward spiral.

The new government, elected in 2020, inherited an economy and a government finance situation in an extremely bad shape.

Source: Hans Buddingh: De Geschiedenis van Suriname (History of Suriname), Rainbow Publishers, Amsterdam, 2012

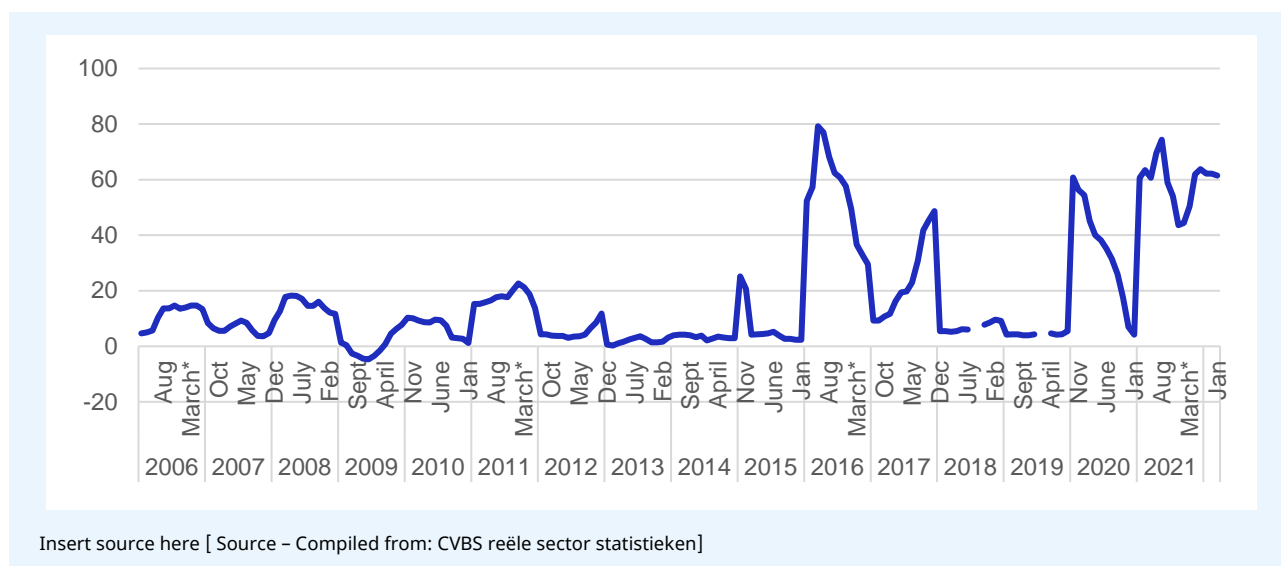
Like elsewhere in the world in 2020/21, **the Covid-19 crisis had an enormous impact on Suriname’s economy**. Closures, a curfew, and other measures brought activities in entire sectors to a virtual standstill – in particular manufacturing, construction, transport, food and accommodations and retail services. The economy shrank 19.9% (GOS, 2021b). The rate of Covid-19 related (temporary) unemployment has been estimated at 3% (GOS, 2021a). In the course of 2021, the situation initially seemed to improve with the unfolding of the vaccination programme. However, the **Russian invasion of Ukraine** in the Spring of 2022 has obfuscated, also for Suriname, any optimistic economic outlook (GOS, 2022b). Throughout the Latin American and Caribbean region economic conditions are expected to deteriorate with prices for imported commodities on the rise (IDB, 2022, GOS, 2022b). This exacerbated a situation where Suriname already experienced high inflation due to the termination of the exchange rate bandwidth vis-à-vis the US dollar. In fact, the SRD/USD exchange rate went from 7.4 before September 2020, to 21.0 on average after June 2021, and this, obviously, fueled inflation (GOS, 2021a).

The **main structural challenges** for Suriname on the economic side are its dependence on highly volatile prices for tradable commodities, an extremely high inflation, a strong reliance on the public sector and, at the same time, a poorly developed private sector (GOS, 2021c, GOS, 2022b; see also box 2).

Figure [..] reveals that inflation has been extremely volatile in the past one-and-a-half decade. Therefore, the current level of inflation – estimated at 80% is not exceptional for Suriname.

Quick Part module “3-Graphic/Image”. Click on the icon to insert the graphic.

► [Suriname, inflation 2006-2021]



The private sector is highly underdeveloped in Suriname. Although reliable estimates of the exact size are lacking, there is a sizable informal sector. Most activities in the private sector are in trading. The share of manufacturing is negligible and product and/or process innovation are virtually non-existent. Access to finance to start a business is also a challenge for SMEs in Suriname and, more in general, for nine out of ten items in the World Bank’s Ease of doing business indicator, Suriname does not appear among the top 100 countries. Overall, the country ranks at place 162 out of 190 countries (GOS, 2021c).

On the other hand, **Suriname’s potential for economic development is enormous.** It has been estimated that Suriname ranks 17th in the world, in terms of potential wealth from its natural resources (GOS, 2021a). Offshore, vast oil and gas fields have been discovered waiting to be exploited, and large multinational companies are bidding for concessions. From an economic (and government finance) perspective this is good news. However, there is also a **substantial risk** that this commercial exploitation of mineral resources could be an **excuse for not-implementing most-urgent structural economic and social reforms**, and that the outcome will merely be that history repeats itself and that a few will benefit and that for the remainder of the population, things will remain the same. The government in its multi-annual development plan acknowledges this as a serious risk, and the government’s ambition is to implement policies which effectively will increase the ‘local content’, that is to ensure that domestic enterprises become part and parcel of the chain of suppliers for these multinational drilling companies (GOS, 2021c).

Quick Part module “1-Key Points”:

Key points

- After 2015, economic growth in Suriname has slowed down due to structural weaknesses and the effects of recent crises.
- Main weaknesses are the high dependence on world markets for tradables, persistent high inflation, strong reliance on the public sector and a weak private sector.

2.2.2. Government finances: recent trends and medium-term outlook

2.2.2.1. Government finances: recent trends and medium-term outlook

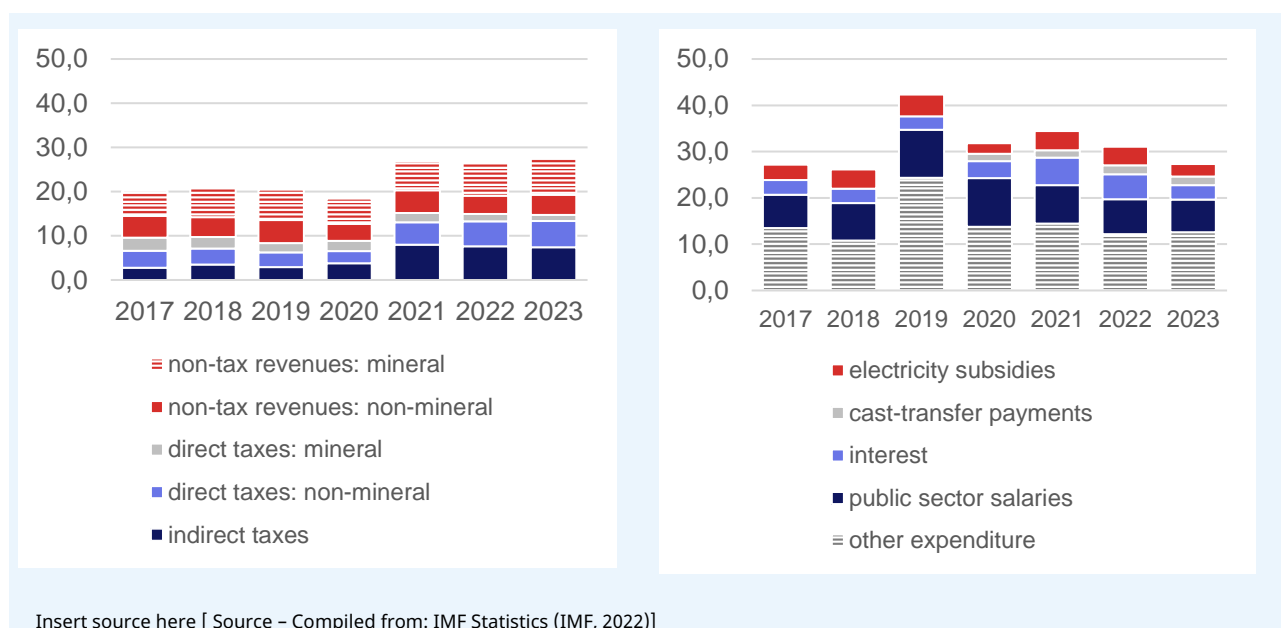
Mining and its related activities, have been an important driver for GDP growth and government finances.

In the 1950s and 1960s, Suriname used to be one of the largest producers of Bauxite in the world. In 2015, however, Bauxite mining activities were terminated. Nowadays, it is gold (USD 1.9 billion in 2020) and, to a lesser extent, oil (USD 154 million), timber (USD 89 million) and rice (USD 42 million), which are Suriname’s main export products. The government has a substantial share in the reaps. In 2021, the share of mining revenues (SRD 6.5 billion) in total government revenues was 46.8% (GOS, 2021b). Nevertheless, the contribution of the mining sector to GDP has been extremely volatile in the past and government finances have been in more ways closely connected with the ups and downs of the mining sector.

Figure [..] (lefthand side) illustrates the importance of mineral sources of revenue in the government budget in the recent past.

Quick Part module “3-Graphic/Image”. Click on the icon to insert the graphic.

► **[Suriname, Government revenues (left) and expenditures (right), in %GDP, 2017 – 2023]**



Public sector salaries, recording SRD 4,664 million in 2021 or 31% of total expenditure, **represent a large proportion of total government spending (Figure [..], righthand side)**. This is to some extent a consequence of the public sector functioning as an outlet for redundant workforce, as described earlier. However, there is more to it. It is also a reflection of a government taking overly good care of its personnel. To illustrate, the government’s RP2020/22 reserved SRD 1.3 billion in three years to compensate civil servants for a loss in their purchasing power due to high inflation. This effectively dwarfs other allocations under the heading ‘Social Safety Net’ such as SRD 180 million for elderly and SRD 272 million for vulnerable families during the same three years (GOS, 2021a).

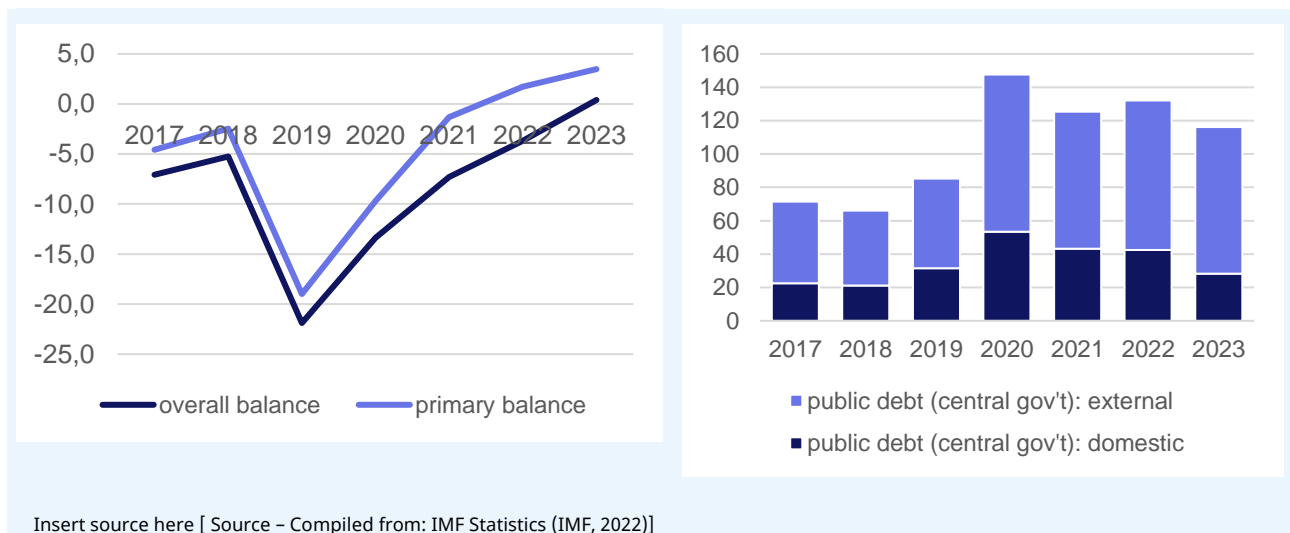
The other major component in the 2021 budget, SRD 6,564 million or 43% of total expenditure, **are subsidies and transfers**. Electricity subsidies (SRD 2,326 million in 2021, equivalent to 4% of 2021 GDP) represent more than one-third of this, and another SRD 741 was paid in 2021 as a subsidy to compensate consumers for increases in fuel prices. Apart from electricity subsidies, the government in 2021 paid SRD 720 million as a subsidy to the public

sector pension fund. This is to compensate for the time when government did not meet its obligation as an employer to pay contributions for its staff into the fund (GOS, 2021a).

Interest costs are another major item on the expenditure side of the budget. Interest payments on public debt have increased to 6.0% of GDP in 2021. This relates to the rapid accumulation of public debt in the recent past, as **Figure [..]** (righthand side) reveals. The fall in revenues and increased spending, not least on health services – both were a direct effect of the onset of the Covid-19 crisis – have caused public debt to peak at SRD 72.5 billion, 142% of GDP, at the end of 2020 (IMF, 2022). The major component in this, is external debt – that is, debt titles denoted in foreign currency. Debt servicing costs (interest and repayment of debt) have been and continue to be a large drain on government finances. For example, for 2021, debt servicing costs have been estimated at SRD 11.5 billion, equivalent to 78.5% of government revenues (GOS, 2021a). The IMF’s outlook for the medium to long term (2023-2034) forecasts a gradual fall in the GDP share of public debt to 60% of GDP in 2034 (IMF, 2023), mostly due to a primary balance (this is the overall fiscal balance minus interest costs) which is has been in surplus from 2021 onwards. **Figure [..]** lefthand side, shows the evolution of the fiscal balance and debt during the past 5 years.

Quick Part module “3-Graphic/Image”. Click on the icon to insert the graphic.

► [Suriname, Government revenues (left) and expenditures (right), in %GDP, 2017 – 2023]



Quick Part module “1-Key Points”:

Key points

- Government finances are highly dependent on receipts from natural resources extraction and the ups and downs in these industries are reflected in government revenues.
- Public sector salaries and subsidies are large items on the expenditure side.
- Suriname incurred an enormous public debt in the past 5 years.

2.2.3. The current labour market situation

2.2.3.1. Recent developments in the labour market in Suriname

Suriname’s recent economic turmoil is reflected in its labour market situation. The high dependence on industries with a low added value, notably agriculture and mining, has left large numbers of low-educated and low-skilled workers highly exposed to fluctuations in international market prices. Suriname counts numerous examples where the closure of industries has jeopardized the livelihoods of entire communities (GOS, 2021c).

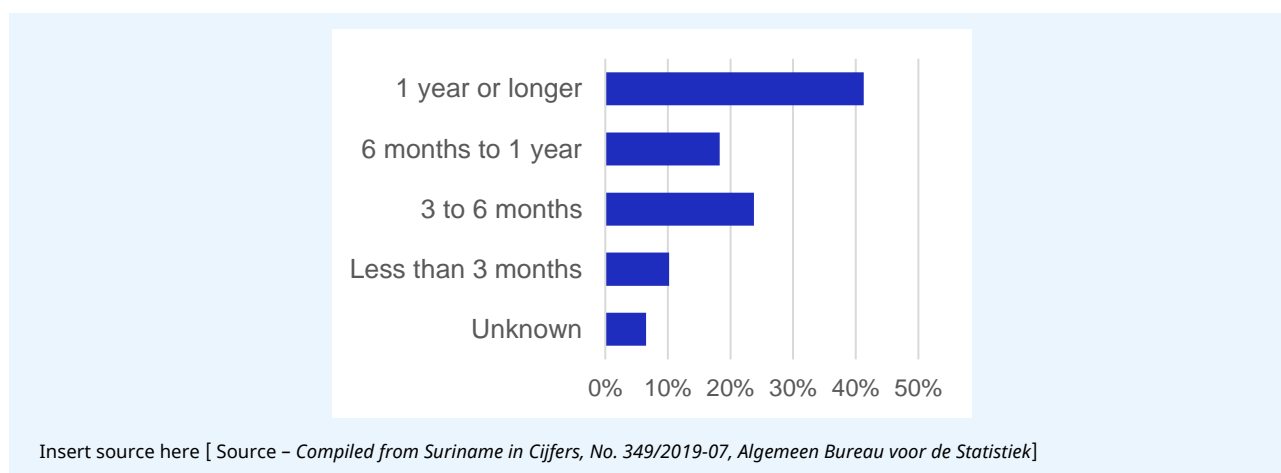
The loss of formal jobs as a result of the current crisis is likely to have pushed more workers into precarious employment in the informal economy, which has increased sharply from an estimated 22% of GDP in 2015 to as much as 75% in 2021 (ILO, 2022 [DWCP]).

Approximately half (47%) of Suriname’s working age population is not economically active; that is, not engaged in formal employment (or self-employment) or actively looking for work. Among young people, this figure rises to two-thirds (66%), while inactivity rates among women are consistently higher than the rates for men (57 per cent overall and 75% for female youth). The share of young people not in education, employment, or training (NEET) is among the highest in the Caribbean – accounting for a quarter of all young people at the national level and almost a third in rural areas. Once again, youth NEET rates are notably higher for women, rising to 36% nationally and 47% in rural areas (ILO, 2022 [DWCP]).

The National Bureau for Statistics (ABS), for the two urban districts (Paramaribo and Wanica), publishes employment and unemployment statistics – both in a narrow (ILO) definition and a broader definition. The latter includes discouraged workers: those who ceased actively to look for jobs, into the count. According to these statistics, unemployment in 2018 recorded 9.4% in the narrow definition, in the broader definition unemployment was 15.5%. After Covid-19, this broadly defined unemployment was close to 20% (GOS, 2021a). **The public sector also provides an outlet for otherwise redundant labour.** This results in a high share of public sector salaries, for example 11.4% GDP in 2020, and a number of staff which significantly exceeds comparable statistics from peer countries in the region (chapter 5). In these insecure circumstances, as described above, having a government job implies having a social safety net (GOS, 2021c).

Quick Part module “3-Graphic/Image”. Click on the icon to insert the graphic.

► [Duration of looking for work, registered unemployed, Suriname, 2018]



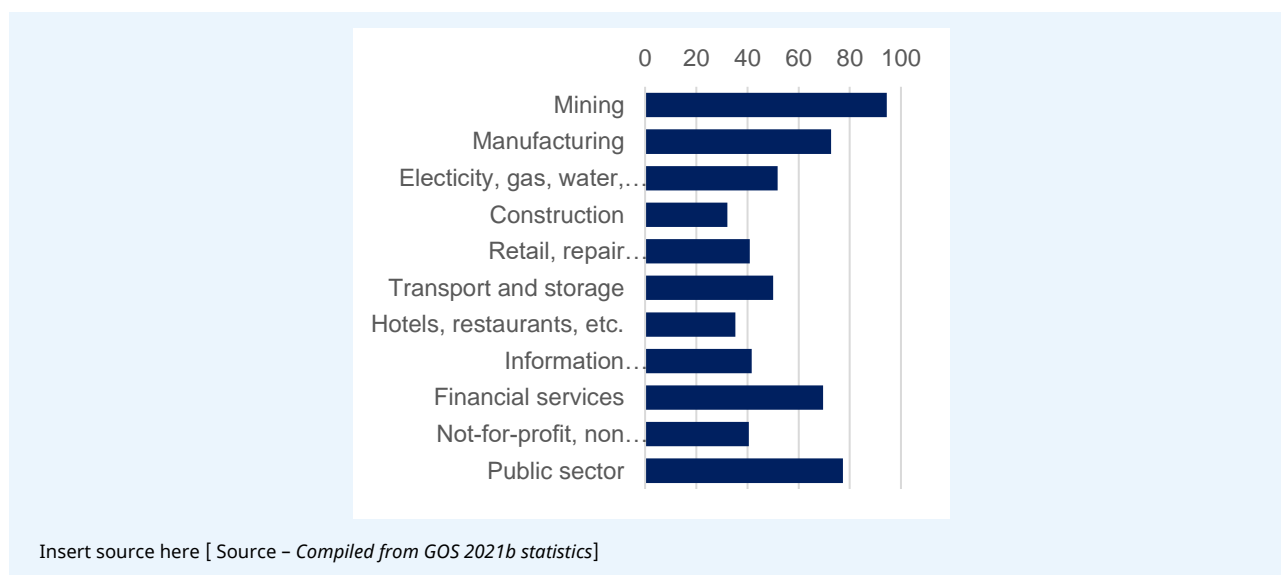
The labour market is flawed, particularly, in the low-skills end of the labour market. More than 40% of registered job seekers fail to find a job within one year, and only 10% succeed to do so within three months (Figure [1]). At the same time, particularly in the urban districts, job openings (vacancies) appear to be concentrated in the low-educated, low-skilled end of the labour market (GOS, 2023a). This raises the question whether wage levels for these

functions (simple commercial services and administrative functions) are sufficient to attract applicants. Samples of earnings in published vacancies may serve to illustrate this. For example, a telephone operator would be paid SRD 2.500 per month and a security guard would earn between SRD 2.200 – 3.200 per month. At the same time, the most recent estimate of the poverty threshold stands at SRD 5.428 for a single person and SRD 9.625, both per month, for a family with one adult and two children.² Imagine a single parent working full hours in such jobs still not being able to make ends meet (working poor).

Figure [..] shows the evolution of real earnings in Suriname 2015-2020 with a breakdown in industries. The only sector that, apparently, has kept track with inflation is the mining sector and, to a lesser extent, the public sector. Other economic activities have seen their levels of welfare eroded between 2015 and 2020.

Quick Part module “3-Graphic/Image”. Click on the icon to insert the graphic.

► **[Suriname, evolution of real earnings per sector, 2015 – 2020 (index 2015=100)]**



Quick Part module “1-Key Point”:

Key points

- Unemployment and underemployment are high – this is particularly applicable to young people.
- The share of young people not in education, employment, or training (NEET) is among the highest in the Caribbean.
- Close to half of workers are active in the informal sector.
- The public sector has served as an outlet for redundant labour in the past.
- Labour productivity is low and growth in real earnings has been negative between 2015-19.

² The earnings examples are derived from a note received from MoLEY in February 2023, the poverty threshold figures are from a National Committee on Poverty presentation for the president, January 2023.

2.3. Demographic trends and mapping vulnerable groups in Suriname

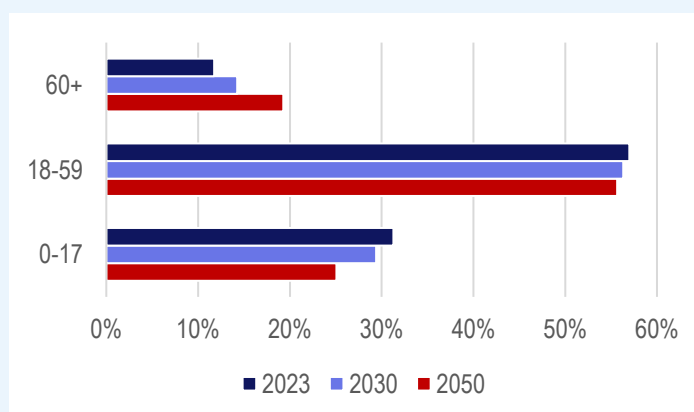
2.3.1. Demographic composition and trends

2.3.1.1. Suriname on the eve of a gradual demographic transition

In 2023, a little over 623 thousand people live in Suriname; slightly more women (313 thousand) than men (310 thousand). In 2023, 31.3% of total population are below age 18, this will reduce to 29.4% in 2030 and further to 25.1% by 2050. The share of population in its active age (18 – 59), 57.0% in 2023, will remain fairly stable at 56.3% in 2030, and 55.7% by 2050. The relative share of elderly (60 and above) will increase from 11.7% in 2023 to 19.3%, eventually, in 2050. The relative share of people aged 70 and above will double from 4.7% in 2023 to 9.9% by 2050.

These figures, even when not alarming, indicate that Suriname over time will face a process of demographic change which will have an impact on social protection needs. These figures also indicate that Suriname could benefit from its ‘demographic dividend’, that is: the share of population in its active age (the potential work force) will remain at its current level for the next few decades.

► [Suriname, demographic transition and demographic dividend, 2023, 2030, 2050]



Insert source here [Source – Compiled from GOS 2021b statistics]

2.3.1.2. Ethnic diversity

Demographically, Suriname is a diverse country with various ethnic groups, including Creoles, East Indians, Maroons, Javanese, Chinese, and indigenous peoples. These different ethnic groups contribute to the cultural richness of Suriname.

2.3.1.3. Geographical distribution

In 2023, an estimated two-third of Surinamese live in the two urban areas (Paramaribo: 42%, and Wanica: 24,6%). Another 24% live in the coastal rural areas (Nickerie, Coronie, Saramacca, Commewijne, Marowijne and Para). The remaining 9% live in the two Inland areas (Brokopondo: 2.6%, and Sipaliwini: 6.6%).

2.3.1.4. Household composition

The average household size in Suriname is 3.9 members. About 14% of households consists of one person, 36% of two or three persons, another 30% of four or five persons and 20% of households counts six persons or more.³ Slightly more than 40% of all households has a female head. More than half of all households (55%) hosts one or more children (0 – 17), and 35% of households in Suriname has one of more elderly (60+) members. Finally, 41% of households is multi-generation.

Quick Part module “1-Key Point”:

Key points	
► Suriname finds itself in a situation where it could benefit from a large and still relatively young population (the ‘demographic dividend’).	► There is a wide ethnic diversity. Most people live in the urban area (70%).
	► Household sizes are still rather large in Suriname.

2.3.2. Vulnerable groups in Suriname

2.3.2.1. Poverty threshold

To date, Suriname has no formal standard to define the poverty threshold (poverty line). In March 2023, the Multidisciplinary Taskforce for the Determination of the Poverty Threshold (Multidisciplinaire Werkgroep Armoedegrensbepaling) 2020-2023 has published its findings. Thresholds for various household sizes and compositions from earlier reports have been updated to December 2022 levels. Some selected findings with respect to poverty thresholds are: SRD 5,428 (single adult), SRD 9,625 (one adult, two children), SRD 12,138 (two adults, two children), SRD 15,209 (two adults, four children). (Sobhie and Kisoensingh, 2023).

Table: Poverty thresholds, various household types, selected years - December (in SDR/month)

	December	2016	2019	2020	2021	2022
Adult	850	1,248	2,081	3,365	5,428	
2 adults, no children	1,343	1,972	3,290	5,318	8,580	
2 adults, two children	1,896	2,790	4,654	7,523	12,138	
1 adult, two children	1,505	2,212	3,691	5,966	9,625	
2 adults, four children	2,380	3,496	5,832	9,427	15,209	

Source: Sobhie and Kisoensingh, 2023, NCVA, 2017

2.3.2.2. Mapping the poor and vulnerable in Suriname

The Suriname Survey of Living Conditions 2016/17 found that 39.2% of households were either poor or vulnerable – that is, their incomes were below 120% of the (upper bound) poverty threshold (Beuermann, 2018). The overall poverty rate was 26.2%, but the geographic disparities were high, ranging from 16.9% in Paramaribo to 51.7% in the inland district of Sipaliwini. The share of extreme poor households, while 1.7% nationally, was much higher in

³ The figures in this sub section are derived from the 2018 MICS: <https://population.un.org/Household/index.html#/countries/360>

Marrowijne (11.8%), Sipaliwini (15.8%) and Brokopondo (25.9%). Income inequality (measured by the Gini Coefficient) ranges from 0.34 to 0.39 in the urban and rural areas to 0.48 in the two inland districts (Brokopondo and Sipaliwini).

Unfortunately, there are limited disaggregated data by which to assess poverty levels across demographic and social groups. However, several recent studies indicate that poverty levels and the effects of poverty-related deprivation are disproportionately felt by women, people with disabilities, and maroon, indigenous and tribal communities in the interior (Government of Suriname, 2022a; Bureau of Gender Affairs, 2019; VIDS, [2020](#)).

2.3.2.3. Multidimensional poverty

There is a broad consensus in Suriname that poverty is best expressed by considering more dimensions than merely income. Other dimensions of deprivation, such as access to basic services and utilities are also relevant and income-poverty does not sufficiently reflect the prevalence and intensity of poverty in non-/semi-market local economies, such as the local economies that are typical for the inland areas in Suriname (Sobhie and Kisoensingh, 2023).

It has been estimated that 16% of all households in Suriname is multidimensionally poor. However, there are wide geographical disparities as multidimensional poverty in the rural inland areas is 66%, whereas in the urban areas 7% of households are classified as multidimensionally poor (Sobhie and Kisoensingh, 2023). Multidimensional poverty affects 36.2% of all children in Suriname. Children up to 24 months are most affected: 82.1% (UNICEF, 2022). Geographically, multidimensional poverty rates are highest among children in the inland areas (Brokopondo: 78.1%, and Sipaliwini: 80.1%), compared to 39.8% in the rural coastal area and 26.0% of children in urban Paramaribo and Wanica (UNICEF, 2022). The level of education of the household head and number of children in the household are important determinants: 62.4% of children in households with a head with no education or preschool only are multidimensionally poor, versus 25.6% in households where the head graduated from secondary school or higher, and multidimensional poverty is 47.2% among children in households above the mean in terms of number of children, versus 20.3% in households below the mean (UNICEF, 2022).

Multidimensional poverty is defined as being deprived in at least three out of seven dimensions (nutrition, health, educational development, child protection, water, sanitation, housing). Whereas 36.2% of children in Suriname is thus deprived in at least three dimensions, 63.3% are deprived in two dimensions and 87.4% in at least one dimension (UNICEF, 2022).

Quick Part module “1-Key Point”:

Key points

- Recently, a government taskforce has advised on poverty thresholds for various household sizes.
- The latest headcount (2016/17) recorded 25% of poor households nationwide, with huge disparities between the geographic areas.
- Nationwide, 16% of households are multidimensionally poor. However, regional disparities are wide; in particular in the inland areas, multidimensional poverty rates are high.

2.4. National priorities related to social protection

2.4.1. [Heading level 3 Num]

2.4.1.1. [Heading level 4 Num]

The Government of Suriname has embarked on a major legislative reform in the social sector. In this framework, three social laws were adopted in 2014 which are part of the development of a social protection floor in Suriname. These are the National Basic Care Act, the General Pension Act and the Minimum Wage Act. Furthermore, Suriname has other contributory elements of social security such as for industrial accidents and occupational diseases (Industrial Accidents Act 1947), which is stagnating, and maternity protection (Parental Protection Act 2019).

In 2019, Suriname and the ILO signed the Second Decent Work Country Programme (DWCP) 2019-2021, in 2023 followed by the signing of a Third Programme (DWCP SUIII 2023-2026). The DWCP represented the tripartite commitment of Government, employers' and workers' organizations to achieve Suriname's national development goals, as well as articulate a programme of action for the key areas in which the ILO's collaboration with the tripartite partners is expected to lead to positive changes in the world of work. Outcome 1.3 of the DWCP states "Social progress is advanced through social protection for vulnerable groups and increased efficiency in the social security coverage."

On another note, the Recovery Plan 2020 - 2022 (GOB, 2021a) highlights the need to implement measures in the fiscal and monetary sphere to 'rectify' the disrupted economy and also that these measures will affect many households in their daily lives. In this context, a historic Tripartite Accord was signed in November 2021 in Suriname, as was mentioned earlier.

According to Paragraph 18 of the Tripartite Accord the Government of Suriname has a 'regular social protection system' that is aimed at responding to the direct material and immaterial needs of vulnerable groups in society.

Suriname is preparing the ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102) as part of implementation of the DWCP SU II. Advice has been received by the tripartite Labour Advisory Board and the documents are now with the State Council and may be submitted shortly to the Council of Ministers. Currently, Old Age Pensions is the only branch which is fully operational. One of the major branches which is currently perceived as missing is Unemployment Insurance.⁴

2.5. Conclusions

2.5.1. [Heading level 3 Num]

2.5.1.1. [Heading level 4 Num]

After a decade of exceptionally high economic growth, from 2015 onwards, Suriname's economy came to a halt and actually went into reverse. **Structural weaknesses are the main factor responsible for this decline.** These weaknesses include a **high dependence on natural resources** and international price fluctuations for both exports and imports, high and **persistent inflation**, a **large public sector** and an **underdeveloped private sector**. Despite this, Suriname's economic potential is enormous, but to benefit from this, urgent economic and social reforms are needed.

⁴ This was expressed in an interview with officials from the Ministry of Labor, Employment and Youth Affairs, July 2022.

Government revenues are highly dependent on the ups and downs in the mining industries (nowadays: oil, gold). On the expenditure side of the budget, **public sector salaries and subsidies** are major items. Government finances went off track in the years before 2021. **Public debt** peaked at 143% of GDP in 2020 and resulting high interest costs are a drain on the government's budget.

Suriname's economic turmoil is reflected in the labour market. Large numbers of people are working in the **public sector** which has **absorbed** a large share of **redundant** workforce. The **private sector** – outside the large multinational corporations – **offers low-skilled, poorly paid job opportunities**. Many work in the informal sector. Real earnings have deteriorated during the past decade and average earnings in the private (non-corporate) sector are around the poverty line. Unemployment and underemployment rates are high. In particular among the young workforce and many **youth** are **neither in employment, education or training (NEET)**.

The demographic transition (ageing) is not yet at Suriname's doorstep. For the upcoming decades, Suriname may still benefit from a relatively young population – the share of population in its active age will remain roughly at its present level for the next few decades. **In addition to its natural resources potential, this demographic potential, if utilized well, provides a window for economic growth.**

Social protection has a crucial role in this respect. Chapter 3 will discuss the current state of social protection in Suriname to assess whether it has the characteristics that could facilitate the structural transformation which is required to capitalize on Suriname's demographic and natural potential.

3. State of Social Protection in Suriname

3.1. Introduction

3.1.1. Introduction

3.1.1.1. Introduction

Social Protection in Suriname consists of a blend of contributory and non-contributory programmes.

Four types of programmes can be distinguished: (i) pure occupational social insurance schemes, (ii) universal or resident social insurance schemes, (iii) social assistance and (iv) social services.

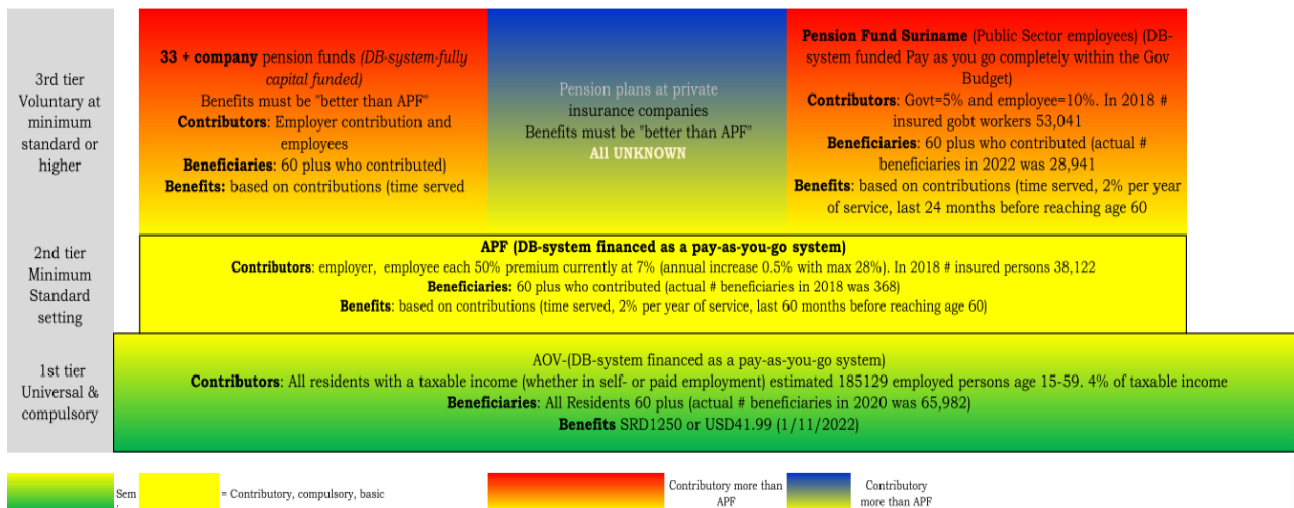
Occupational Social Insurance schemes: Essentially these are ‘Bismarck-type’ social insurance schemes in the sense that eligibility is conditional upon having paid contributions for a minimum period. The main examples are: SZF (Sickness Fund), AFP (General Pension Fund), PFS (Civil Servant Pension Fund), and around 30 corporate pension funds who fall under the umbrella of the General Pension Act, 2014, which sets the minimum standards for pension provisions.

Residential Social Insurance schemes: These are more like ‘Beveridge-type’ social insurance schemes with flat rate contributions and flat benefit amounts, that is: not dependent on past earnings levels. Moreover, contributions are collected as a component of income tax and eligibility is not dependent on having paid contributions per se, but instead on having been resident in Suriname for a certain period of time. The main examples are the AKB (General Child Allowance), AOV (General Old Age Provision) and BAZO (Basic Health Insurance). These programmes are financed from various sources, including work remuneration (AKB), contributions (AOV), and government subsidies (AKB,AOV, BAZO).

This combination of occupational and resident social insurance is also found in the Netherlands (in Dutch, these are called: ‘werknemersverzekeringen’ versus ‘volksverzekeringen’).

Figure .. shows how pension schemes in Suriname are not easily classified in the dichotomy: contribution/non-contribution.

Figure ..: The relationship between pension tiers and sources of financing (contributory/non-contributory)



Source: Simons, 2023

Social Assistance: These are cash transfers for limited target populations, entirely financed from general revenues. The main examples are the FBZwHH (Financial Support for Vulnerable Households) and FB MMeB (Financial Support for Persons with a Disability). There are also several smaller programmes – for example: allowances for triplets, financial inclusion, emergency relief assistance, allowances for extraordinary medical costs, Covid-19 relief measures, and housing subsidies for poor and vulnerable families. Together, the share in GDP of these additional (non-flagship) cash transfer programmes was approximately 0.25% in the budget 2022. Financial inclusion and allowances for medical expenses were the largest of these additional programmes.

Social Services: these are in kind provisions also for targeted categories in the population, financed from general revenues. Examples are: employment services, nutrition programmes, transport subsidies, subsidies to care institutions.

3.2. Institutional and legal frameworks

3.2.1. Legislative Basis of Social Protection in Suriname

3.2.1.1. Social Insurance

The following laws regulate Occupational Social Insurance in Suriname.

- Decree on the State Sickness Fund: DECREET van 19 november 1980, houdende machtiging tot oprichting van de Stichting Staatsziekenfonds (Staatsblad van de Republiek Suriname (St.B.) 1980 no. 120);
- General Pension Act of 2014: Wet Algemeen pensioen, WAP, 2014, 9 September 2014, St.B. No. 113;
- Civil Service Pension Act 1972 (National Ordinance of 9 December 1972 containing new regulations for the pensions of civil servants, persons assimilated to them and their surviving dependents (Official Pension Regulation 1972)), and later amendments;
- Framework Act on Pension Funds (Wet Pensioenfondsen en Voorzieningsfondsen, St.B. 2005) stipulating rules for private sector occupational pension administrations and provident funds.
- Industrial Accidents Act (Ongevallenregeling, G.B. 1947, No. 147, with later amendments): enterprises in the private sector are responsible for insuring their workers against the financial consequences of work related injuries.
- Parental Leave Act: Wet Arbeidsbescherming Gezin 2019, St.B. No. 64;

3.2.1.2. Residential Social Insurance, Social Assistance and Social Care

There are three Laws regulating the main residential Social Insurance programmes in Suriname. These are:

- General Child Allowance Act: Algemene Kinderbijslagregeling 1973 (G.B. 1973 No. 107)
- General Old Age Provision Act: WET van 20 maart 1981 tot instelling van een Algemeen Oudedagsvoorzieningsfonds (S.B. 1981 no. 30, subject to later amendmends)
- Basic Health Insurance Act: Wet Nationale Basiszorgverzekering; Staatsblad van de Republiek Suriname, 2014, No. 114.

Some other ‘flagship’ Social Assistance programs are not enshrined in legislation. These are:

- FBZwHH: Financial Assistance for Vulnerable Households programme,
- FBMMeB: Financial Assistance for Persons with a Disability programme.

Social Care programmes are not enshrined in legislation in Suriname. These programmes find their regulatory basis in the Annual Budget and their procedures and work flows are further described in operational manuals.

3.2.1.3. Active Labour Market Programmes

There is no legislation applicable for these programmes.

3.2.2. Organizational Structure of Social Protection in Suriname

3.2.2.1. Social Insurance

Regulating ministries are the Ministry of Health for the State Sickness Fund, the Ministry of Internal Affairs for the General Pension Fund and for the Civil Servant Pension Fund. The Ministry of Labor, Employment and Youth Affairs is the regulator for the Parental Leave Fund.

By Law, each of these funds has a Supervisory Commission. For the General Pension Fund, this is the Pension Council. These bodies report to either sub councils of cabinet or to the Minister (the latter is the case for the Civil Servant Pension Council and the Fund Provisions for Parental Leave). The Central Bank exerts oversight on the corporate pension funds.

Operational responsibilities are allocated to Executives. These are responsible for administering contributors and beneficiaries, collecting contributions, payment of benefits and investment of the accumulated reserve (if applicable). The activities of the Executives are regulated in State Decrees.

3.2.2.2. Social Assistance and Social Care

The Ministry of Social Affairs and Housing (MoSAH) is the regulator for most Social Assistance programmes, including the Universal Child Allowance, Financial Assistance programmes and General Old Age Allowance. For the Basic Health Care (BAZO) programme, MoSAH is responsible for the administration, but the Ministry of Health is the regulator. Oversight in the BAZO programme is with the Health Council which also advises on the provisions to be included under basic health insurance, the contribution ceilings and categories of the population who should be exempted from paying contributions. Operational responsibilities with respect to BAZO are with Executive Agency Base Care, which reports to the Health Council. This agency is responsible for collecting data for monitoring operations and the application of means-testing.

The Financial Assistance programmes for vulnerable households and Persons with Disabilities (PWDs), and Social Care are under direct administration within MoSAH.

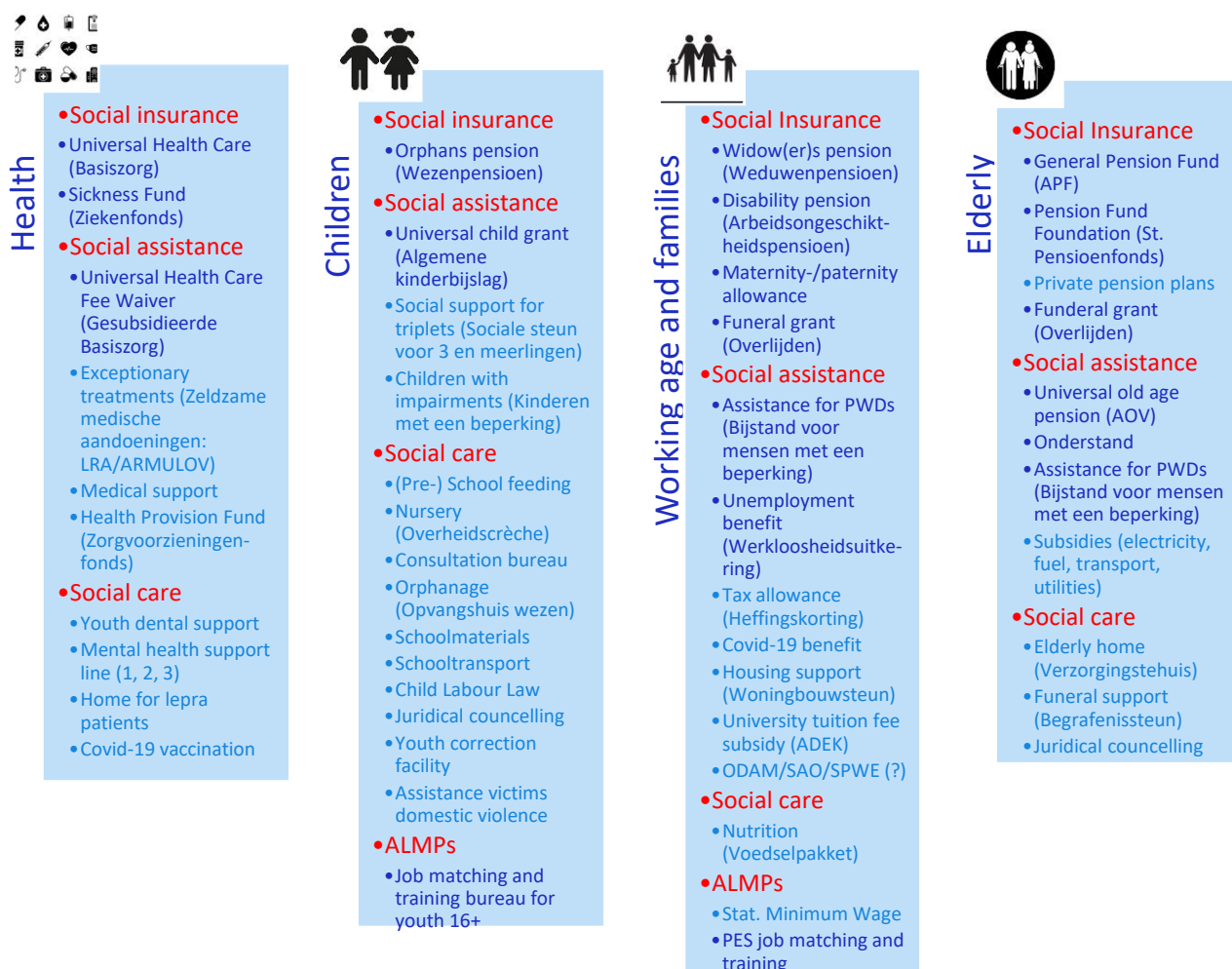
3.3. Mapping existing social protection programmes

3.3.1. Overview and mapping of social protection programmes in Suriname

3.3.1.1. Introduction and overview of social protection programmes in Suriname

The following figure lists current social programmes in Suriname. These programmes were identified in a first assessment based national dialogue (ABND) session with representatives from government ministries, employers representatives, unions and NGOs. The ones which are highlighted (dark blue) may be classified as social protection programmes.

Figure ...: Social programmes in Suriname as a result from an assessment based national dialogue (ABND)



3.3.1.2. Programmes under Social Insurance

State Sickness Fund – Staatsziekenfonds (SZF)

- **Legislative title, initial year of legislation and main legislative updates:** DECREET van 19 november 1980, houdende machtiging tot oprichting van de Stichting Staatsziekenfonds (Staatsblad van de Republiek Suriname (S.B.) 1980 no. 120)
- **Objective of the programme:** providing health services to the targeted groups

- **Target population:** eligible are active and retired civil servants (landsdienaren) and other categories which may be designated as such by the Minister of Health, as well as their dependants (in as far as these are not eligible for any other health insurance cover).
- **Revenues.** The fund’s income comes from contributions, State transfers (subsidies), and other funding sources. Contributions are paid by the employer and employee (the employer takes care of the payment which for the employee share will be deducted from earnings), and the State on behalf of categories who are deemed to have insufficient income to pay themselves.

Table. Revenues State Sickness Fund - Staatsziekenfonds Suriname

(1,000 SRD)	Base Year	Estimated
	2022	2023
Revenues (total)	1,002,772	2,397,295
of which: Revenue from contributions	977,527	2,240,518

Source: Staatsziekenfonds Suriname, Financieel Plan 2023

- **Beneficiaries.**

The table shows that the number of insured member has increased between 2017 and 2021.

Table. Beneficiaries State Sickness Fund - Staatsziekenfonds Suriname

	Historic realizations	
	2017	2021
Total	30.354	56.247
male	17.907	32.138
female	12.447	24.109

- **Administrating organization:** Ministry of Health (regulator), Supervisory Commission (Commissie van Toezicht). The administration is organised through eight offices countrywide (situated in the coastal area) and for the remote areas the administration collaborates with Medical Mission (Medische Zending), and NGO providing medical supplies and clinical services.
- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table. Expenditure State Sickness Fund - Staatsziekenfonds Suriname

(1,000 SRD)	Base Year	Estimated
	2022	2023
Expenditure: Economic categories		
Expenditure (total)	1,779,020	2,477,295
Health services (programme spending)	1,568,788	2,190,530
of which: Hospitals	402,797	604,229

Clinics	54,652	302,115
Pharmacautics	233,242	354,531
General practitioners	225,372	307,841
Medical specialists	402,797	604,229
Administration and other general services	210,232	286,764

Source: Staatsziekenfonds Suriname, Financieel Plan 2023

General Pension fund – Algemeen Pensioenfonds (APF)

- **Legislative title, initial year of legislation and main legislative updates:** The legal basis is the General Pension Act of 2014. Private sector (mandatory): Wet Algemeen pensioen, WAP, 2014, 9 September 2014, S.B. No. 113.
- **Target population:** The Law requires that each employer is obliged to purchase a pension plan for each of his/her employees which guarantees the entitlements as stipulated, and to pay the contributions to the General Pension fund. For self-employed this requirement also applies. The government is not considered as an employer in the sense of the Law.
- **Eligibility criteria:**
 - The minimum contribution period to become eligible for a pension benefit is set at 60 months (which may be intermittent) for the general pension, ex-partner and orphan branches. For the invalidity and partner pension branches, no minimum contribution period is required.
 - Accrual rate: 2%. Replacement rate is 60% of average earnings from the 60 months of contributions. Accrued entitlements are portable in case the employee switches to another job employer or sector.
 - Minimum benefit is SRD 300 per month.
 - Indexation is at least every 3 years according to the increase in the national average wage; however, subject to an actuarial assessment and following a formal request by the Pension Council.
- **Contributions and other sources of revenue.** The financing is on a PAYG basis with contributions levied from employers and employees as a main source of funding. The contribution rate (scaled premium) has been set at 3% for 2015, with an annual increase of 0.5 percentage points up to a maximum of 28% of the insurable earnings. The insurable earnings are between SRD 500 (minimum) and SRD 5,000 (maximum) per month. Insurable earnings do not include non-regular remunerations (holiday allowances, overpay, reimbursement of expenses, dividends etc.).

Employers and employees pay 50% of contributions unless it is agreed that employers pay a larger share. The minimum employer share, however, is 50%.

Other sources of income for the fund may be profits from investment and transfers (subsidies) from the government budget. The Fund’s executive (see below) operates a reserve fund which is funded from the

annual surplus between recurrent income and expenditures and can be further subsidized by the State. Regulations for management and reporting are set in a State decree (Staatsbesluit).

- **Contributors (active members).**

Table. General Pension Fund: Active members

	2017	2018	2019	2020	2021
Total	30,354	38,122	..	53,470	56,247
male	17,907	..	..	30,627	32,138
female	12,447	..	..	22,843	24,109

Source: Algemeen Pensioenfonds Jaarverslag 2017, 2018, Algemeen Pensioenfonds, 2023 (ppt slides received)

- **Benefit (type, level):** monthly cash transfer, defined benefit (see the table below).

Table: Covered categories under the General Pension Law

Coverage	Benefit(s) Offered	Eligibility Conditions	Benefit level
Employees	General pension and invalidity pension	At the age of 60.	Number of service years multiplied with the accrual rate (2%) multiplied with the average wage of the last 60 months of contribution payment;
		Completely incapacitated for work	The invalidity pension is calculated on the number of foregone years until the statutory age of retirement
Self-employed	General pension and invalidity pension	At the age of 60.	Similar to employees (under the condition that contributions have been paid)
		Completely incapacitated for work	
Partner	Partner pension	Death of the policy holder	2 months benefit after death of insured; 70% of benefit; in case the death of the partner is before the retirement age, the max. duration of the entitlement is 10 years.
Ex-partner	Ex- partner pension	Retirement of the policy holder	50% of the accrued rights for the duration of the partnership
Minors	Orphan pension	Passing of both parents	70% of benefit until reaching adult age

Source: Algemeen Pensioenfonds 2022

- **Beneficiaries.** The Fund has commenced operations in 2015 and no previous work related past histories were acknowledged; therefore, the numbers of beneficiaries are still quite low.

Table. Beneficiaries General Pension Fund (APF), 2017-2021, various branches

		2017	2018	2019	2020	2021
General pension	Total	76	111	131	144	237
	male	38	61	58	73	137

	female	38	50	73	71	100
Invalidity pension	Total	-	-	1	4	0
	male	-	-	1	3	0
	female	-	-	-	1	0
Partner pension	Total	-	-	5	21	18
	male	-	-	1	5	2
	female	-	-	4	16	16

Source: General Pension Fund (APF), 2023

Note: in the other branches (ex-partners and orphans) no beneficiaries were reported.

- **Administration:** the *regulator* is the Ministry of Internal Affairs. *Oversight*, according to Art. 14 of the Act, is regulated with the Pension Council (Pensioenraad). This body also has an advisory role vis-à-vis government including in the areas of financial management in the medium to long term and the fund’s investment policy. The Council reports to the cabinet sub council (Onderraad). The Labour Inspectorate, under the MoLEY, is the *de facto* enforcer, even in the absence of a formal mandate for this role, as this agency is the one which is most present on the work floor.⁵ *Operational responsibilities* are with the General Pension fund executive (Algemeen Pensioenfonds), which reports to the Pension Council. This agency is responsible for administering contributors and beneficiaries, collecting contributions, payment of benefits and investment of the accumulated reserve. Annually, 0.5% of the insurable wage is earmarked to cover the fund’s operational expenses.
- **Expenditure (in the base year), if possible with an economic and functional breakdown:** In line with the low number of beneficiaries, the expenditure on benefits is still rather low. In addition to the programme expenditure as indicated in the table below, the Fund incurs operational costs. These were SRD 1.998 million in 2017 and SRD 3.2 million in 2018 (APF, Annual Report 2017, 2018), and therefore higher than actual programme expenses in these years; this is normal for a fund which has commenced its operations only rather recently.

Table. General Pensions (APF), expenditure on cash transfers 2017-2021

	2017	2018	2019	2020	2021
Programme expenditure (SRD 1,000)	943	1,317	..	..	..
<i>in % GDP</i>	0.0035%	0.0049%	..	..	..

Source: Algemeen Pensioenfonds, Jaarverslag 2018

Civil Servant Pension Fund – Pensioenfonds Suriname

⁵ Recorded in an interview with the MoLEY staff, July 2022.

- **Legislative title, initial year of legislation and main legislative updates:** Civil Service Pension Act 1972 (National Ordinance of 9 December 1972 containing new regulations for the pensions of civil servants, persons assimilated to them and their surviving dependents (Official Pension Regulation 1972)), G. B. 1972 No. 150. Other relevant formal documents include: State Decree of 12 April 1977 no.4029, granting a supplement to pensions below f 4,200 per year to persons residing in Suriname (Decree Supplement Small Pensions); Decree of June 18, 1981, containing further amendments to the Civil Servants Pension Act; Decree of 29 December 1984, containing a special scheme for pensionable service (Decree Special Regulations for Pension Valid Service) (purchasing years of service in the event of study leave or leave without objection for study purposes); Resolution of 11 February 1993 no. 390, granting benefits from the State Treasury to pensioners under the Pensions Act 1932, who have reached the age of 80 or older; Act of 25 March 1997, further amending the “Official Pensions Act 1972” (amendment to Article 26, paragraph 2 of the APW: the average sum of the calculation bases is the average of the calculation bases over the last 24 months prior to the granting of the pension”; State Decree of December 22, 2008, laying down rules regarding the granting of welfare-fixed benefits to pensioners within the meaning of the “Official Pensions Act 1972” (Decree Welfare-fixed Pension Benefits) (the State Decree whereby the supplements on the pensions were made welfare-proof).
- **Target population:** see table below.

Table: Covered categories under the Civil Servant Pension Law

Coverage	Benefit(s) Offered	Eligibility Conditions
1. Civil servants in permanent employment	Pension	To be in permanent employment
2. Parastatals based on the law	Pension	To be in permanent employment
3. Special education teachers and teachers	Pension	To be in permanent employment
4. Persons who hold a permanent full position at an educational institution established by or on behalf of the State, having legal personality	Pension	To be in permanent employment
5. Beneficiaries of survivor's pension: The widow, widower and orphan of a civil servant, former or retired civil servant	Pension	Beneficiaries of survivor's pension

Source: *Pensioenfonds Suriname 2022*

- **Contributions and contributors (active members).** The financing mechanism is PAYG. The contribution rate is set at 15% (with a 10ppt employee share) of the insurable earnings (overtime compensation, compensation for expenses, child allowances, special rewards or gratifications, vacation allowances are not included in assessment base).

Table. Civil Servant Pension Fund: Active members

	2021	2022
Total	28,224	29,550

male	11,997	12,555
female	16,227	16,995

Source: Pensioenfondss Suriname, 2023

- **Benefit (type, level):** monthly cash transfer.
The level of the benefit is set at the number of service years times the accrual rate (2%), times the average wage of the last 24 months of contribution payment (defined benefit).
After 35 service years, and from the age of 55, it is possible to take up retirement.
- **Beneficiaries.** Unfortunately, data for old age pension beneficiaries after 2016 were not provided. For April 2023, however, a total of 30,096 beneficiaries was reported.

Table A. Beneficiaries Invalidation pensions, Civil Servant Pension Fund, 2016-2021

	2016	2017	2018	2019	2020	2021
total	622	641	656	650	641	610
male	277	289	296	285	280	265
female	345	352	360	365	361	345

Source: Pensioenfondss Suriname, 2023

Table B. Beneficiaries Survivors pensions, Civil Servant Pension Fund, 2016-2021

	2016	2017	2018	2019	2020	2021
total	5,256	5,371	5,467	5,549	5,596	5,727
male	485	500	521	547	570	602
female	4,771	4,871	4,946	5,002	5,026	5,125

Source: Pensioenfondss Suriname, 2023

Table C. Beneficiaries Old age pensions, Civil Servant Pension Fund, 2016-2021

	2016	2017	2018	2019	2020	2021
total	17,736	..	..	..	..	..
male	9,607	..	..	..	..	..
female	8,129	..	..	..	..	..

Source: Pensioenfondss Suriname, 2023

- **Administration:** the *regulator* is the Ministry of Internal Affairs.
Oversight, according to Art. 49 of the Act, is regulated with the Supervisory Council (Raad van Toezicht). This body also has an advisory role vis-à-vis government including in the areas of financial management in the

medium to long term and the fund’s investment policy. The Council reports to the Minister of Internal Affairs.

Operational responsibilities are with the Pension fund executive (Pensioenfonds Suriname), which reports to the Supervisory Council. This executive is responsible for administering contributors and beneficiaries, collecting contributions, payment of benefits and investment of the accumulated reserve.

- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table. Civil Servant Pensions, expenditure 2017-2021 Note: this expenditure seems far to low!

	2017	2018	2019	2020	2021
Total expenditure (SRD 1,000)	12,105	16,711	2,060	33,103	42,682
<i>in % Gov't expenditure</i>	0.16%	0.19%	0.02%	0.26%	
<i>in % GDP</i>	0.05%	0.06%	0.01%	0.09%	

Source: elaborated from government's submission to the ILO/SSI questionnaire, December 2022

Private health insurance

There are several private health insurers in Suriname. Detailed information on these has not been collected.

Corporate Pension Funds

- There are **33 corporate pension funds** in Suriname; 30 are genuine company or sectoral pension funds and 3 are provident funds (Voorzieningsfondsen) (CBvS, 2014). Companies who operate their own pension fund include commercial and public banks, parastatals, utilities companies and multinational enterprises. These funds operate defined benefit or defined contributions pension schemes which generally are fully funded. According to the General Pension Law (General Pension Act of 2014, S.B. No. 113) these corporate funds should at least be equal or better than the APF in their provisions.
- The reserves of these corporate funds stood around 16% of GDP in 2020 (Simons, 2023).
- The Law on Pension Funds and Provident Funds (Wet Pensioenfondsen en Voorzieningsfondsen: Staatsblad, No. 75, 2005) provides the regulatory framework for these private sector pension provisions. Inter alia, this Act regulates **oversight** on these occupational pension funds with the **Central Bank**.

Parental leave

- **Legislative title, initial year of legislation and main legislative updates:**
Wet Arbeidsbescherming Gezin; Staatsblad van de Republiek Suriname, 2019, No. 64
- **Objective of the programme:** protection of motherhood, combined with leave for the male partner.
- **Target population:** salaried employees.
- **Benefit (type, level):** The female partner is entitled to 16 weeks of maternity leave; in case of twins, triplets etc. this is extended to 24 weeks. The male partner is entitled to 8 days leave.
- **Contributions and contributors (active members).** The financing mechanism is PAYG. Revenues come from contributions, government subsidies and other sources. Contributions are collected from employers

and employees (the latter through their employer), and the State can also be called upon to contribute from collected payroll tax (loonbelasting). The contribution rate is set at 1.0% (with a 0.5ppt employee share) of the insurable earnings (overtime compensation, compensation for expenses, child allowances, special rewards or gratifications, vacation allowances are not included in assessment base).

- **Benefit (type, level):** cash transfer; 100% of current earnings.
- **Beneficiaries.** Salaried workers in the public and private sector.
- **Administration:** the *regulator* is the Ministry of Labour, Employment and Youth (MoLEY). *Oversight*, a Fund has been established (FVO: Fonds Voorzieningen Ouderschapsverlof) consisting of a Board and a Bureau. The Board reports to the Minister of Labour, Employment and Youth. *Operational responsibilities* are with the fund's executive (Bureau), which reports to the Board. This executive is responsible for administering contributors and beneficiaries, collecting contributions, payment of benefits and investment of the accumulated reserve. The activities of the Bureau are regulated in a State Decree (Besluit Arbeidsbescherming Gezin, S.B. 2020, No. 41).
- **Expenditure (in the base year), if possible with an economic and functional breakdown:** N.A.

Statutory Minimum Wage

- **Legislative title, initial year of legislation and main legislative updates:**
Minimum Wage Act 2019 (Wet Minimumloon, St.B. No. 101), latest amendment: Beschikking van de Minister van Arbeid, Werkgelegenheid en Jeugdzaken van 1 maart 2023, St.B. 2023, No 43.
- **The level of the minimum wage** is set at SRD 20 per hour between 01/06/2022 and 31/12/2022, SRD 30 per hour between 01/01/2023 and 30/06/2023, and SRD 35 per hour from 01/07/2023 to date.
- This Act has replaced the Minimum Hourly Wage Act (St.B. 2014, No 112). This Act was one of three laws (together with AOV and BAZO) that aimed to establish a social protection floor ("bestaansminimum"). It set the minimum wage at SRD 4.29 per hour as of 01/01/2015 (equivalent to SRD 1,228 per month), SRD 5.22 per hour as of 01/01/2016 and SRD 6.14 per hour as of 01/01/2017. NB: the difference between the level in 2017 and 2023 (annual average: 33.7%) almost exactly copies average inflation over the same period (32.7%).
- **Governance.** There is a *National Wage Council* which has an advisory role vis-à-vis the Minister (Besluit Nationale Loonraad, St. B. 2020, No. 200). *Oversight* is with the Labour Inspectorate (Art. 7).

3.3.1.3. Programmes under Social Assistance

There are 5 main social protection programmes which could be called 'flagship programmes' in the sense that, combined, and notwithstanding that there are still some design and implementation flaws to be addressed within each of them, these programmes have the potential to provide a Social Protection Floor for Suriname.

AKB (Algemene Kinderbijslag)/General Child Allowance

- **Legislative title, initial year of legislation and main legislative updates:**
[RESOLUTIE van 27 juni 1973 No.6245, nopens vaststelling van een regeling voor algemene kinderbijslag (Algemene Kinderbijslagregeling 1973)(G.B. 1973 No. 107), gelijk zij luidt na de daarin aangebrachte wijziging bij S.B. 1982 No. 99.]
- **Objective of the programme:** providing financial support for the cost of raising children
- **Target population:** children up to the age of 17

- **Benefit (type, level):** monthly cash transfer

Table: Evolution of nominal benefit levels (per month) of selected Ministry of Social Affairs programmes: AKB

(SRD, current prices)		2015	2016	2017	2018	2019	2020	2021	2022
General Child Allowance	AKB	50	50	50	50	50	75	125	125

Source: Government of Suriname, Financieel Jaarplan 2023

- **Eligibility criteria:** caretakers of children up the age of 17, (i) who are not civil servants and/or (ii) do not receive child allowance as a component in their salary; a maximum applies of 4 children per household.
- **Contributors (if applicable):** N.A.
- **Beneficiaries:**

Table: beneficiaries of selected Ministry of Social Affairs programmes, 2017-2022: AKB

	2017	2018	2019	2020	2021	2022
Total individuals	89,519	90,207	90,533	91,191	88,659	85,861
(in % of relevant age group)	46%	46%	46%	47%	45%	44%

- **Administrating organization:** Ministry of Social Affairs and Housing (MoSAH)
- **Sources of financing:** MoSAH Budget and employers (incl. State for civil servants)
- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table: Total expenditure of selected Ministry of Social Affairs programmes, 2019-2023: AKB

	← Realizations			Budget estimates →	
Expenditures (1,000 SRD)	2019	2020	2021	2022	2023
General Child Allowance - Algemene Kinderbijslag (AKB)	52,287	53,544	116,130	138,342	260,788

FBZwHH (Financiële Bijstand voor Zwakke Huishoudens)/Financial Assistance for Vulnerable Households

- **Legislative title, initial year of legislation and main legislative updates:** This programme has no specific legal basis. The general basis is a 1999 formal document (Missive) which makes mentioning of this programme.
- **Objective of the programme:** financial support for poor and vulnerable households
- **Target population:** poor and vulnerable households
- **Benefit (type, level):** monthly cash transfer; the benefit level is currently SRD 1,250/month.

Table: Evolution of nominal benefit levels (per month) of selected Ministry of Social Affairs programmes: FBZwHH

(SRD, current prices)		2015	2016	2017	2018	2019	2020	2021	2022
Assistance Vulnerable HHs	FBZwHH	33	33	33	33	33	500	1,000	1,250

Source: Government of Suriname, Financieel Jaarplan 2023

The payment is linked to a designated card (Moni Karta), this is a prepaid card which allows the user to draw cash at the ATM and in most retail shops. The card is not linked to the user’s bank account. The card is issued by the Suriname Post Savings Bank (SPSB).

- **Eligibility criteria:** Minimum income or no income, unemployed, 21 years to 59 years. Eligible minimum age for the applicant head of household is 21 and the maximum age is 59. Children should be in the age up to 17 and the maximum number of children is set at 5. Applicants need to submit either a payment slip from their employer, a document from the tax office, or, if applicable, a proof of registration as jobseeker at the employment office. Applications need to be renewed every year.
- **Contributors (if applicable):** N.A.
- **Beneficiaries:**

Table: beneficiaries of selected Ministry of Social Affairs programmes, 2019-2022: AKB

	2019	2020	2021	2022
Total households	5,744	6,458	5,765	6,076

- **Administrating organization:** Ministry of Social Affairs and Housing (MoSAH). The claim should be filed at the local area office of the Ministry in the place or area of residence of the applicant and a medical specialist’s attest should be provided. The benefit is income-tested – currently the threshold is at a net income of SRD 4,500 above which the claim will be refuted.
- **Sources of financing:** MoSAH Budget
- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table: Total expenditure of selected Ministry of Social Affairs programmes, 2019-2023: FBZwHH

	← Realizations			Budget estimates →	
Expenditures (1,000 SRD)	2019	2020	2021	2022	2023
Financial Support for Vulnerable Households - FBZwHH	1,326	2,489	3,314	147,000	337,167

FBMMeB (Financiële Bijstand voor Mensen met een Beperking)/Financial Assistance for PWDs

- **Legislative title, initial year of legislation and main legislative updates:** This programme has no specific legal basis. The general basis is a 1999 formal document (Missive) which makes mentioning of this programme.
- **Objective of the programme:** financial support for PWDs
- **Target population:** people with severe and/or multiple disabilities.

- **Benefit (type, level):** monthly cash transfer; the benefit level is currently SRD 1,750/month.

Table: Evolution of nominal benefit levels (per month) of selected Ministry of Social Affairs programmes

(SRD, current prices)		2015	2016	2017	2018	2019	2020	2021	2022
Assistance for PWDs	FBMMeB	325	325	325	325	325	500	1,750	1,750

Source: Government of Suriname, Financieel Jaarplan 2023

The payment is linked to a designated card (Moni Karta), this is a prepaid card which allows the user to draw cash at the ATM and in most retail shops. The card is not linked to the user's bank account. The card is issued by the Suriname Post Savings Bank (SPSB).

- **Eligibility criteria:** Eligible are residents who have resided in Suriname for at least one year and in possession of a valid permit. Medical attest is required. The minimum age to qualify is 21. However, claims can be filed for children. The maximum age is 59.
- **Contributors (if applicable):** N.A.

Beneficiaries:

Table: beneficiaries of selected Ministry of Social Affairs programmes, 2017-2022: FB MMeB

	2017	2018	2019	2020	2021	2022
Total individuals	12,265	12,791	11,166	11,755	11,997	12,144
(in % of relevant age group)	3.7%	3.8%	3.3%	3.4%	3.4%	3.4%

- **Administrating organization:** Ministry of Social Affairs and Housing (MoSAH). The claim should be filed at the local area office of the Ministry in the place or area of residence of the applicant and a medical specialist's attest should be provided. The benefit is income-tested – currently the threshold is at a net income of SRD 4,500 above which the claim will be refuted.
- **Sources of financing:** MoSAH Budget
- **Expenditure, if possible with an economic and functional breakdown:**

Table: Total expenditure of selected Ministry of Social Affairs programmes, 2019-2023: FBMMeB

Expenditures (1,000 SRD)	← Realizations			Budget estimates →	
	2019	2020	2021	2022	2023
Financial Support for PWDs - FBMMeB	54,916	51,597	91,131	252,000	518,549

AOV (Algemene Ouderdomsvoorziening)/General Old Age Provision

- **Legislative title, initial year of legislation and main legislative updates:**
[WET van 20 maart 1981 tot instelling van een Algemeen Oudedagsvoorzieningsfonds (S.B. 1981 no. 30), gelijk zij luidt na de daarin aangebrachte wijzigingen bij S.B. 1981 no. 190, S.B. 1982 no. 74, S.B. 1983 no. 115, S.B. 1995 no. 12, S.B. 1995 no. 13, S.B. 2002 no. 96.]

- **Objective of the programme:** providing a base income for the target population
- **Target population:** all residents aged 60 and above (conditional on eligibility)
- **Benefit (type, level):** monthly cash transfer; the benefit level is currently set at SRD 1,250,- per month.

Table: Evolution of nominal benefit levels (per month) of selected Ministry of Social Affairs programmes

(SRD, current prices)		2015	2016	2017	2018	2019	2020	2021	2022
Old Age Allowance	AOV	525	525	525	525	525	750	1,000	1,250

Source: Government of Suriname, Financieel Jaarplan 2023

- **Eligibility criteria:** eligible are those who are resident in Suriname and either have the Surinamese nationality or have been resident for at least 10 years and have paid contributions for a similar minimum period.
- **Contributors (if applicable):** a flat 4% rate contribution applies for residents (18-59), levied through income tax.

There is a fund: the General Old Age Allowance fund (Algemeen Oudedagsvoorzieningsfonds) with a management and a board. The fund is financed from contributions and State transfers (subsidies). Contributors are residents with an income from earnings or dividends. The rate has been set at 4% of insurable income and is collected through payroll tax or income tax (the latter, for not salaried income earners). Therefore, the tax office is the unit which collects the contributions.

- **Beneficiaries:**

Table: beneficiaries of selected Ministry of Social Affairs programmes, 2017-2022: AOV

	2017	2018	2019	2020	2021
Total individuals	57,580	59,205	61,880	65,982	68,274
(in % of relevant age group)	98%	97%	98%	100%	100%

- **Administrating organization:** Ministry of Social Affairs and Housing (MoSAH)
- **Sources of financing:** MoSAH Budget
- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table: Total expenditure of selected Ministry of Social Affairs programmes, 2019-2023: AOV

Expenditures (1,000 SRD)	← Realizations			Budget estimates →	
	2019	2020	2021	2022	2023
General Old Age Pension (AOV)	365,200	445,595	745,230	1,068,000	1,281,096

- **Legislative title, initial year of legislation and main legislative updates:**

[WET van 9 september 2014, houdende regels over de invoering van een basiszorgverzekering (Wet Nationale Basiszorgverzekering; 2014, St.B. No. 114]

- **Objective of the programme:** achieving economies of scale in the cost of health care provision, and providing universal health care, that is, access to a set of basic health services for all residents, also for those who would otherwise not be able to afford those costs (St.B. 2014, No. 114, p. 22).

- **Target population:** all residents

- **Benefit (type, level):**

A. basic package of health services; all residents who have paid their contributions are eligible for a base package of health services comprising primary and secondary health care services, the latter including long-term care facilities (opname, verzorging, rehabilitatie in een verpleeghuis, Art. 3, Sub 3b, iii). In addition, the Act regulates that the government implements a revolving fund for expensive diagnostics, treatments and medicines for which residents can apply for a loan at a rate of interest of 2% per year.

B. contribution fee waiver for selected groups.

- **Eligibility criteria:** universal, applies for all residents.

Health insurance companies (private) should be accredited by the Health Council (Zorgraad) and then have an obligation to accept any resident who applies for insurance cover. In practice, most people are insured through the SZF (GOS, 2021d). Health insurers can offer the insured package for less than the maximum contribution levels that are listed below.

- **Contributors (if applicable):** Insurance is compulsory for all residents on an individual basis (members of a household should insure individually). Nominal monthly contribution rate: SRD55 (up to 16), SRD75 (17-20), SRD165 (21-59), SRD240 (60 and above). These nominal rates are prescribed in the Law. For employees, the employer should pay 50% of the contribution.

These levels can be changed by State decree (Staatsbesluit). In case of an employment relationship, the employer is responsible for the payment of the contribution and 50% of the contribution (however, not including the employee's dependants) will be paid by the employer. Self-employed are responsible for their and their dependants' contributions.

For several categories a full or partial deduction on their contributions may be applicable – this is upon the discretion of the cabinet.

Eligible are all children up to the age of 16 and all elderly from age 60 and above – both need to be Surinamese nationals. For the age 17-59, an income test is applicable⁶. Subsidized contribution rate for household members and individuals who are eligible for the ZwHH and MMEB programmes and other individuals depending on a screening (income test). The latter categories (17-59) are under the responsibility of the Ministry of Social Affairs, whereas the former (children and elderly) are under the responsibility of the Ministry of Interior. In the administration there is a distinction in the naming of both classifications: BAZO (children and elderly) and BZK (working age, eligible for the contribution waiver).

⁶ This is a rather complicated test where the household situation in terms of utility use and square meters of dwelling is considered and the household has to meet a certain bandwidth to qualify (GOS, 2021d).

- **Beneficiaries:**

Table: beneficiaries of selected Ministry of Health/Social Affairs programmes, 2017-2022: BAZO

	2017	2018	2019	2020	2021	2022
Total individuals	188,899	189,332	..	237,390	240,270	298,190
male	82,705	81,789	..	112,363	113,555	135,183
female	106,194	107,543	..	125,027	126,715	163,007

- **Administrating organization:** Ministry of Health, Ministry of Social Affairs and Housing (MoSAH) is responsible for contribution administration.

Oversight, according to Art. 13 and 14 of the Act, is regulated with the Health Council (Zorgraad). This body also has an advisory role vis-à-vis government, including on the services in the base package, the maximum contribution and categories who should be (partially) exempted from paying contributions, and tariffs and profit margin band withs for health service providers. The Health Council is also responsible for the overall quality, accessibility and financial transparency of the health system. The Council reports to the cabinet (Onderraad).

Operational responsibilities are with the Executive Agency Base Care (Uitvoeringsorgaan basiszorg), which reports to the Health Council. This agency is responsible for collecting data for monitoring operations and the means-testing, and it may receive up to a maximum of 35% of the annual transfers to the fund for its operational expenses.

- **Sources of financing:** contributions, MoSAH Budget (for contribution waivers)
- **Expenditure (in the base year), if possible with an economic and functional breakdown:**

Table: Total expenditure of selected Ministry of Social Affairs programmes, 2019-2023: BAZO fee waivers

Expenditures (1,000 SRD)	← Realizations			Budget estimates →	
	2019	2020	2021	2022	2023
Base Health Insurance, State paid contributions (BAZO/BZV)	10,252	138,432	128,124	318,743	319,000

Other Social Protection programmes in Suriname

The budget of Ministry of Social Affairs and Housing (MoSAH) hosts a number of other programmes. The following programmes, all fairly limited in size and sometimes temporary, are currently operational.

- Sociaal Beschermingsprogramma (Social Shelter Programme), this budget line provides food support for vulnerable groups.
- Programma Armoedebestrijding (Poverty Relief Programme), the main component under this budget line is food assistance for vulnerable households, also under this programme an allowance is disbursed among families with triplets for 60 months. The number of beneficiary families was 7 in 2022.
- Covid-19 related expenses, this budget line provides funeral allowances for relatives of deceased.
- School uniform programme for children (age 4 – 21) from vulnerable households.

- Excessive Medical Expenses, this budget line allows for compensations for medical expenses which are not covered under health insurance.
- Low Income Shelter Programme (LISP)/Affordable Housing Project (AHP), this is a temporary programme aiming to support construction costs of housing for low-income groups.
- Emergency relief, this budget line allows for financial support for people facing acute calamities for which they lack the financial means (funeral costs, medical supplies, expensive medical care, etcetera).

Early 2023, the **Social Benefit Programme** (Sociaal Programma Koopkrachtversterking) was established. This programme was introduced in the wake of looming social disruption following the hike in prices for basic necessities, due to international developments and government policy to phase-out energy subsidies.

In April 2023, the eligibility criterium was SRD 6,000 monthly income at the household level; or receiving a universal old age pension (AOV) or either of the two financial assistance benefits (ZwHH, MMeB). In addition, the claimant has to be at least age 21 and head of household. For people living in the inland areas and beneficiaries under the Financial Assistance programmes (ZwHH, MMeB), the threshold to qualify was set at SRD 4,500 per month. Households under this programme receive a monthly benefit of SRD 1,800, net of tax, on top of their income; hence, the benefit may top up any existing benefits, as long as the eligibility criterium is met. This amount aims to cover around one-third of low-income household expenses (calculated in October 2022 but, in light of the pace of inflation, already outdated by February 2023 when the programme was officially launched).

At the start of the programme, it was estimated that around 60,000 households in Suriname would qualify. The programme was rolled-out across the country during the first half of 2023 and beneficiaries are entitled to claim their (foregone) benefits back to the date of the launch of the programme. The duration of the benefit is 6 months. The annual cost have been estimated at SRD 1.2 billion in 2023 (0.95% of GDP).⁷

By Mid-April 2023, 52,322 households were registered under the programme; half of which from the urban areas (Paramaribo: 16,443, and Wanica 9,575).⁸

The payment is done through a digital card: the Moni Carta, or in cash.

The programme is temporary; it is set to terminate end of 2023.

3.3.1.4. Programmes under Social Care

The Ministry of Social Affairs and Housing (MoSAH) has budget lines (ranging from SRD 0.5 to 2 million) for the following social services.

- Elderly Care (Dienst Bejaardenzorg) and PWD Care (Dienst Gehandicaptenzorg), these two units provide solutions for, among other, housing, care and transport issues for their constituencies.
- Dienst Maatschappelijk Opbouwwerk and Maatschappelijke Dienst (Societal Services), providing similar services to families with children.
- Home care
- Transport subsidies for providers of medical service transportation (including taxi companies) for elderly and PWDs.
- Subsidies for private social care institutes.

⁷ Recorded in a presentation of the chief executive at the official launch of the programme, February 2023. It's ironic that at the very day of the official launch of the programme, 17 February, the social unrest culminated in riots near parliament and looting of shops in the centre of Paramaribo.

⁸ Slides "PIU Social Beneficiary Program: Status 15 April 2023", received from the programme implementation unit.

3.3.1.5. Employment Programmes

The employment service. The budget is SRD 0.6 million in 2023 (0.0006% of GDP).

Three Foundations under the Ministry of Labour, Employment and Youth Affairs are active in this field.

- The first is the Foundation for Labour Mobilisation and Development (SAO). This is a vocational training institute aiming to train, educate, re-educate jobseekers, graduates and drop-out youth and employed focusing on skills demanded on the labour market. During the period 2017 – 2021, the average number of certified trainees was 386 (MoLEY, Arbeid in Cijfers: Een trendanalyse van de arbeidsmarktstatistieken, 2023).
- The second is the Trade Union Education Institute (SIVIS). This foundation seeks to educate the general public on the role of the trade unions in the socioeconomic domain. During the period 2017 – 2021, the average number of trainees was 88 (MoLEY, *ibid.*).
- The thirds is the Foundation for Productive Work Units (SPWE). This institute focuses on basic skills and entrepreneurship training programmes for youth. Its budget is SRD 1.9 million (0.002% of GDP).

3.3.1.6. Subsidies with a Social Protection motive

The Recovery Plan 2020 – 2022 (GOS, 2021a) highlights the financial burden due to subsidies on the government's budget. In 2021, SRD 1.3 billion was allocated to the Electricity Company of Suriname (EBS). This subsidy, effectively, reduces the tariff of electricity for consumers, but high income earners and medium to large size entities are the main beneficiaries. The aim, therefore, is to switch from subsidizing the service ('object') to the vulnerable consumer ('subject').

- **Legislative title, initial year of legislation and main legislative updates:**
Decree on Subject subsidy Electricity Act [Besluit Subjectsubsidie Electriciteitswet 2021, St.B. 2021 No 89].
- **Objective of the programme:** keep the electricity bill affordable for households and small size non-profit entities and promote more efficient use of electricity.
- **Target population:** all residents and entities with small to medium capacity electricity connections.
- **Benefit level:** flat rate SRD 260 per month for eligible households and 50% of the electricity bill for vulnerable recipients (NB: this is not the same as vulnerable households, this is mainly small scale non-profit entities). The amounts can be adjusted annually by the Minister of Finance and Planning.

3.4. Assessment of the performance of current social protection in Suriname

3.4.1. Introduction

3.4.1.1. Introduction

One of the methodological tools for this report is the Core Diagnostic Instrument (CODI). Chapter 1 described the key elements of this approach – two of these are listed below:

- Map the key elements of a social protection system, including national objectives, strategies, policies, programs, and schemes of the social protection system; this was the topic of the previous chapter.
- Analyse social protection system performance against national or international social protection objectives and track progress against a standardized set of performance criteria over time.

These performance criteria can be formulated as follows:

- Inclusiveness
- Adequacy
- Appropriateness
- Rights based
- Good Governance
- Coherence
- Responsiveness
- Financial sustainability

These criteria will be used to assess the existing social protection system in Suriname. One criterion, financial sustainability, will be discussed in Section 3.5, the other criteria in this section. The remainder of this section will distinguish between occupational social insurance schemes (sub section 3.4.2) and residential (universal) social insurance and social assistance programmes (sub section 3.4.3).

3.4.2. Occupational Social Insurance

3.4.2.1. Inclusiveness

Table 1.1 shows the evolution in the number of active contributing members of the APF. The fund started its operations in 2015 and the table reveals a rapid increase in the fund's active members.

Table 1.1: General Pension Fund (APF), Number of contributors, 2016 - 2020

	Historic realizations					
	2016	2017	2018	2019	2020	2021
total	18,415	30,354	38,122	..	53,470	56,247
male	..	17,907	..	..	30,627	32,138
female	..	12,447	..	..	22,843	24,109

Source: Algemeen Pensioenfonds Jaarverslag 2017, 2018, Algemeen Pensioenfonds, 2023 (ppt slides received)

Table .. shows the number of active members in the PFS in 2022. Unfortunately, no information on previous years is available. However, unlike the APF, the PFS is a mature fund and therefore the numbers of active members will have been less progressive in the past years.

Table ..: Civil Servants’ Pension Fund (PFS), Number of contributors, 2022

Historic realizations		2022
total		29,550
male		12,555
female		16,995

Source: compiled from information received from Pensioenfonds Suriname, April 2023.

Furthermore, no information was provided with respect to the number of contributors in the SZF. Likewise, no information was available on members of the occupational pension funds.

3.4.2.2. Adequacy

Benefit levels depend on years of service and level of earnings in the 24 to 36 months before retirement, for PFS, APF respectively – this is the reference period for setting the level of benefit as a share of past earnings (replacement rate). After 35 years of services the benefit in the APF and PFS would be 70% of earnings in the reference period.

To assess whether this level of benefits is adequate, one may look at average levels of earnings.

In June 2020, the average wage level in the public sector recorded SRD 6,282 per month. Adjusted for inflation this would be SRD 15,240 in 2022. This would correspond with a pension benefit of SRD 10,667 per month for a retired former civil servant with 35 years of service.

These benefits are received on top of the universal old age pension (AOV). Calculated from the average wage this adds to the effective replacement rate another 8.2 percentage points.

Note that these are rather theoretical levels. Large numbers of retirees will not achieve an employment track record of 35 years and, hence, will be entitled to a lower benefit level. Moreover, large numbers of workers will not earn the average wage. Information received from the MoLEY indicates that a large number of jobs pay wages between SRD 3,000 to 7,000 per month. Salaries in the range of SRD 15,000 to 18,000 are typically director’s salaries. The more common salaries would earn a pension benefit, even after 35 years of service of no more than, SRD 2,100 to 4,900. Topped up with the AOV base pension, this would give benefit levels of SRD 3,350 to 6,250. If we compare this to the individual poverty line which for one adult stands at SRD 5,428 (December 2022 level), and keeping in mind that the example is a retiree with 35 years of service in salaried employment, it immediately becomes clear that a large proportion of elderly are at risk of ending up in poverty.

This is not so much a problem of pension benefit levels in itself. This is a problem of (1) many workers not achieving lengthy track records in salaried employment, and (2) it is a problem of wage levels generally being low in Suriname. And this, in turn, is a problem of labour productivity in Suriname generally being low.

With respect to the State Sickness Fund, the Law on SZF, article 9, stipulates that the insured cover is to be determined by the Board in a Regulation and at least provides cover for medical care, pharmaceuticals, neo-natal services and care and treatment in a State medical institution. No information was available as to whether the cover

is sufficient. One indicator for adequacy may be the share of medical expenditure which households pay out of their own pockets. This has been estimated at 21%.⁹

3.4.2.3. Appropriateness

The objective of the civil servants' pension fund is to ensure that civil servants and their dependants are entitled to receive a pension after their retirement age or in case of unforeseen circumstances causing invalidity or death. In 2022, the PFS insured 29,550 civil servants. In 2020, however, there were 58,240 civil servants and there are no indications that this number decreased much after. This entails that a sizable share of civil servants appears to be not covered under the civil servants' pension fund.

The objective of the private sector pension fund is to ensure that active members and their dependants are entitled to receive a pension after their retirement age or in case of unforeseen circumstances causing invalidity or death. The number of active members of the private sector fund recorded 56,247 in 2021. The total workforce in the same year is estimated at around 230,440. Subtracting the number of civil servants and allowing for salaried workers who are members in one of the approximately 30 corporate pension funds, this leaves a large share of the work force currently uncovered.

Moreover, the most recent information on numbers of retirees who are currently beneficiaries in the PFS or APF, estimated in total around 24 thousand, reveals that almost two-thirds of the elderly population are not covered in either of these two major formal sector pension schemes.

The objective of the State Sickness Fund decree is providing health services to the targeted groups. Unfortunately, the information to assess the appropriateness against the stated objective is not available.

3.4.2.4. Rights based

Social Insurance schemes are all firmly vested in legislation. In particular, the General Pension Act (2014), the Civil Service Pension Act (1972), the Decree on the Establishment of the Foundation State Sickness Fund (1980), the Law on Pension Funds and Provident Funds (2005), and the Law on Labour Protection Families (2019), are important in this respect – the latter provides the legislative basis for the Parental Leave scheme.

3.4.2.5. Governance

The Ministry of Interior Affairs is the regulator for the civil servants' pension fund (Pensioenfond Suriname) and the private sector pension fund (Algemeen Pensioenfond) and the Ministry of Health is the regulator for the State Sickness Fund and the base health care programme (BAZO/BZK). The Central Bank is responsible for the oversight on the corporate pension funds.

The three social insurance funds (APF, PFS and SZF) have supervisory boards with independent members appointed for a specific period. For the APF, according to Art. 14 of the Act, oversight is with the Pension Council (Pensioenraad). For the SZF, according to Art. 13 and 14 of the Act, oversight is with the Health Council (Zorgraad). These bodies also have an advisory role vis-à-vis government, and carry responsibility for the overall quality, accessibility and financial transparency of the service. The Councils report to the cabinet (Onderraad).

The three funds also have executive agencies for the operational management of the funds, These executives report to their respective Councils.

⁹ Source: WHO 2021, Source: <https://apps.who.int/nha/database/ViewData/Indicators/en>

The Ministry of Labour, Employment and Youth Affairs (MoLEY) is responsible for the Labour Inspectorate which has a *de facto* oversight role for the private sector pensions.

According to the legislation, the Funds have an obligation to compile an Annual Report and submit this to an accountant appointed by the Minister. The annual report needs to be submitted for approval to the Council and cabinet (Onderraad). The law also stipulates that the annual report should be published (for example, for APF this is the 'Advertentieblad'). However, it is not common to publish annual reports and annual reports from recent years were not available upon request. The last annual report that was shared by the APF is from 2019. The civil servants' pension fund (PFS) does not publish annual reports on its website. Likewise, to the extent that the SZF publishes annual reports, these were not publicly available. This affects transparency and accountability to the public.

3.4.2.6. Coherence and responsiveness

In the sound legislative framework as discussed in the previous sub section, at least from a theoretical perspective, there is one major flaw: no single Minister is responsible for the coordination between the various ministries and administrations. This also stretches towards the residential social insurance schemes and non-contributory programmes which are under the responsibility of the Minister for Social Affairs (section 3.4.3). There is no single point which oversees the entire system and this provides a major explanation for the large degree of fragmentation and lack of coordination which characterises social protection in Suriname.

Focusing on responsiveness, there are two major branches missing in social insurance:

- Work injuries, and
- Unemployment insurance

With respect to work injuries, there is the Industrial Accidents Act (Landsverordening, No. 147, 1947, with later amendments) which holds enterprises in the private sector responsible for insuring their workers against the financial consequences of work related injuries, and delegates oversight to the Labor Inspectorate.

With respect to unemployment insurance, there is no such scheme at the moment and this contributes to a situation where the public sector functions as an outlet for redundant workforce (chapter 2). This, obviously, is a highly inefficient way to deal with the employment consequences of ups and downs in the economic business cycle.

3.4.3. Residential Social Insurance and Social Assistance

3.4.3.1. Inclusiveness

Inclusiveness is about coverage: to what extent do existing programmes cover their intended population? This sub section looks into coverage rates of the various programmes in detail.

AKB (Algemene Kinderbijslag)/General Child Allowance

Table 11 shows the number of children who receive the General Child Allowance as a share of total children in the relevant age category. The table shows that, consistently over time, around 45% of eligible children actually receive the benefit. This could be due to the stipulation in the Law that household heads may receive child allowance as a component of their earnings. This is the non-visible part of the general child allowance. Whether or not there are children who do not receive the allowance, therefore, cannot be assessed. This report estimates the share of formally employed in total employment to be 55%. Intuitively, this would match rather well with the finding that 45% of children are not receiving the AKB allowance.

Table 11: Universal Child Allowance (AKB), coverage vis-à-vis children in the relevant age group (0 – 17)

	2016	2017	2018	2019	2020	2021	2022
Beneficiaries	88,867	89,519	90,207	90,533	91,191	88,659	85,861
Population 0-17	196,206	196,077	195,881	195,750	195,632	195,475	195,230
Share of population covered	45%	46%	46%	46%	47%	45%	44%

Source: author's elaboration, based on various annual government budgets and ABS Statistical Compendium

IMF estimates, based on the 2016/17 Household Living Standards Survey, indicate that around 40% of households in the lowest three quintiles of the income distribution receive the child allowance. For the upper two quintiles, this is less (IMF, 2023). However, this might well be explainable from what has been described above: salaried employees receiving the allowance as a component in their salaries.

AOV (Algemene Ouderdomsvoorziening)/General Old Age Provision

Likewise, table 2.1 shows that actual coverage in the universal old age pension programme is 100%.

Table 2.1: General Old Age Provision (AOV), coverage vis-à-vis elderly in the relevant age group (60+)

	2016	2017	2018	2019	2020	2021
Beneficiaries	55,254	57,580	59,205	61,880	65,982	68,274
Population 60+	56,409	58,555	60,876	63,302	65,884	68,271
Share of population covered	98%	98%	97%	98%	100%	100%

Source: author's elaboration, based on various annual government budgets

FBMMeB (Financiële Bijstand voor Mensen met een Beperking)/Financial Assistance for PWDs

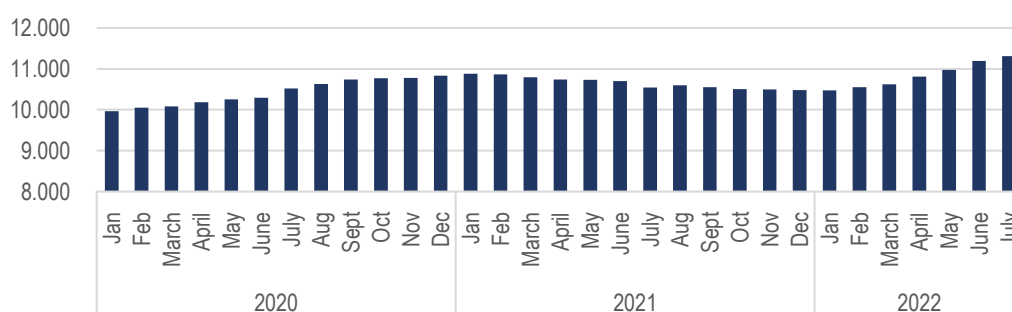
Table 2.2 and Figure 2.1 show the evolution of number of beneficiaries in the FBMMeB programme. This number is equivalent to around 3.4% of the relevant age group (18 – 59). The 2012 Census, however, reported a disability rate of 13.0% for the working age population (in their definition: 15 – 64) in Suriname (ILO, 2020).

Table 2.2: Financial Support for PWDs/FBMMeB, coverage vis-à-vis population in the relevant age group (18-59)

	2017	2018	2019	2020	2021	2022
total individuals (average year-round)	12,265	12,791	11,166	11,755	11,997	12,144
(in % of relevant age group)	3.7%	3.8%	3.3%	3.4%	3.4%	3.4%

Source: author's elaboration, based on various annual government budgets

Figure 2.1: Financial Support for PWDs, number of beneficiaries, 2020 – 2022



(Source: author's elaboration, based on information received from MoSAH, March 2023)

Table 2.3 shows that more than 95% of beneficiaries are in working age which, is in line with the age cut-off point for this programme. The table further reveals that slightly more men are among beneficiaries than women. This is not

in line with the prevalence of disabilities among working age men (7.8 - 11%) and women (10.6 - 15%)¹⁰. The numbers of persons with disabilities covered are less than the total numbers in this age group, and on top of that, the gender balance in beneficiaries does not reflect the relatively larger representation of females in the PWD population.

Moreover, the share of persons with disabilities has been estimated at 25.6 – 45.6% among male elderly, and 29.5 – 52.5% among female elderly¹¹. This group, however, is not eligible for the FBMMeB programme.

Table 10: Financial Support for PWDs, age distribution of household heads, 2021

Financial Support for PWDs	Financiële Bijstand Mensen Met een Beperking								
	Total beneficiaries, Dec. 2021	Age of claiming household member						Gender	
		less than 18	18 to 29	30 to 39	40 to 49	50 to 59	60 and above	Male	Female
	10,484	1,418	1,396	1,546	2,112	3,533	479	5,373	5,111
	100.0%	13.5%	13.3%	14.7%	20.1%	33.7%	4.6%	51.2%	48.8%

Note: this excludes the two interior districts of Brokopondo and Sipaliwini

(Source: author's elaboration, based on information received from MoSAH, March 2023)

FBZwHH (Financiële Bijstand voor Zwakke Huishoudens)/Financial Assistance for Vulnerable Households

Moving to the vulnerable households, table 11 shows that the number of households in the FBZwHH programme has been rather stable at around 6,000 during the past years. This is approximately 3% of all households in Suriname [this needs to be checked], which indicates that the programme falls short in its coverage of poor and vulnerable households.

Table 11: Financial Support for Vulnerable Households/FBZwHH, coverage

	2019	2020	2021	2022
total households (average year-round)	5,744	6,458	5,765	6,076

IMF estimates, based on the 2016/17 Household Living Standards Survey, indicate that less than 10% of households in the lowest two quintiles of the income distribution receive the financial support benefit. At the same time, the share of households receiving this benefit in the third quintile is close to 10% as well and in the upper two quintiles, still more than 5% of households receive the benefit (IMF, 2023) – this indicates that errors of exclusion and inclusion are large in the FBZwHH programme.

Table 12 shows that the majority of households receiving the FBZwHH benefit have a head between 30 and 59 years.

Table 12: Financial Support for Vulnerable Households, age distribution of household heads, 2021

Financial Support for Vulnerable HHs	Financiële Bijstand Zwakke Huishoudens						
	Total beneficiaries, Dec. 2021	Age of claiming household member					60 and above
		less than 18	18 to 29	30 to 39	40 to 49	50 to 59	
	1,259	2	97	345	406	369	40
	100,0%	0,2%	7,7%	27,4%	32,2%	29,3%	3,2%

¹⁰ These percentages have been calculated from ILO (2020) [Employability of people with disabilities in Suriname: A baseline study by the International Labour Organization and the Ministry of Labour, Suriname]. The spread is due to different sources used in the ILO report.

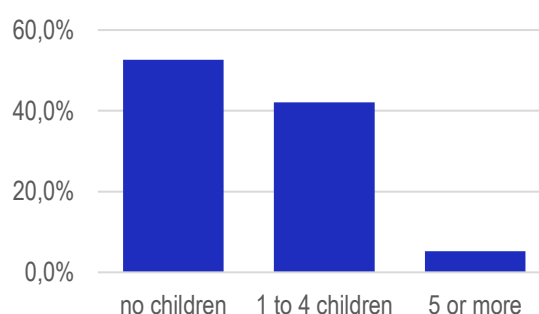
¹¹ Ibid.

Note: this excludes the two interior districts of Brokopondo and Sipaliwini
 (Source: author's elaboration, based on information received from MoSAH, March 2023)

Table 1.1 reveals that more than 50% of households in the FBZwHH programme are without children. Another 42.1% of recipient households have between 1 and 4 children. Only 5.2% of households in the FBZwHH are households with 5 children or more. Considering that 19.6% of households have 6 or more members, and considering that there is a strong relationship between the number of children and the risk of being poor (chapter 2), these figures cast some doubts on the priorities applied in the handling of claims within this programme.

Table 1.1: Financial Support for Vulnerable Households, number of children per recipient household, 2021

Financial Support for Vulnerable HHs	Financiële Bijstand Zwakke Huishoudens			
	Total number of beneficiaries, December 2021	Number of children per claimant		
		no children	1 to 4 children	5 or more
	1.259	663	530	66
	100,0%	52,7%	42,1%	5,2%



Note: this excludes the two interior districts of Brokopondo and Sipaliwini
 (Source: author's elaboration, based on information received from MoSAH, March 2023)

Table 1.2 shows that more than 95% of beneficiaries in the FBZwHH programme live in the two inland districts (Brokopondo and Sipaliwini). This is different for the FBMMeB programme, for which the geographical distribution in beneficiaries is much closer to the geographical spread of the total population. Considering the geographical distribution of poor households, the relative concentration of households from the two interior districts in the FBZwHH programme could be justified. On the other hand, the numbers of households covered in the urban and coastal rural areas are extremely low and coverage of poor households, therefore, is particularly low in these areas.

Table 1.2: Financial Support for Vulnerable Households and PWDs, geographical distribution of coverage, 2020

Financial Support for Vulnerable HHs	Financiële Bijstand Zwakke Huishoudens				Financial Support for PWDs	Financiële Bijstand Mensen Met een Beperking			
	Geographical distribution of beneficiaries, 2020					Geographical distribution of beneficiaries, 2020			
	Paramaribo	31	0.6%	Urban	Paramaribo	4,042	34.4%	Urban	
	Wanica	32	0.6%		Wanica	3,247	27.6%		
	Nickerie	68	1.2%		Nickerie	652	5.5%		
	Coronie	-	0.0%	Rural	Coronie	51	0.4%		
	Saramacca	13	0.2%		Saramacca	302	2.6%		
	Commewijne	25	0.4%		Commewijne	596	5.1%		
	Marowijne	12	0.2%		Marowijne	651	5.5%		
	Para	8	0.1%		Para	885	7.5%		
	Brokopondo	992	17.6%	Interior	Brokopondo	316	2.7%		
	Sipaliwini	4,442	79.0%		Sipaliwini	1,013	8.6%		

(Source: author's elaboration, based on information received from MoSAH, March 2023)

Table .. shows coverage for the universal health insurance scheme. In 2022, 60% of the population was registered under this scheme.

Table ..: Basic Health Care (BAZO), coverage

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Beneficiaries						
0-16	49,007	47,243	52,056	50,549	56,045	54,563
17-59	46,273	59,122	46,728	60,134	50,082	76,861
60+	17,083	18,662	14,771	16,032	29,056	31,583
Share of population covered						
0-16	52%	52%	56%	56%	60%	60%
17-59	26%	34%	26%	34%	27%	43%
60+	60%	50%	50%	41%	96%	79%

(Source: author's elaboration, based on information received from MoSAH, March 2023)

There is a wide variation in coverage rates for the three broad age groups. For the age group up to 16, coverage as a share of the relevant population is 60% in 2022, similar for boys and girls. In earlier years, coverage was lower. For example, in 2017, coverage was 55% and in the years after, it was even below this level. In the past three years, the trend has been steadily upward (52% in 2020, 56% in 2021). For the age group 17 to 59, coverage as a share of the relevant population is 27% for men and 43% for women. Coverage rates have been increasing from 2017, when they were 10% for men and 24% for women, onwards. For the age group 60 and above, coverage as a share of the relevant population is 96% for men and 79% for women. The years before 2022, coverage rates were around 60% for men and 50% for women, sometimes higher and sometimes lower.

The geographical distribution of beneficiaries (tables ..A to C) does not hold big surprises. Around 60% of beneficiaries are living in the two urban districts, 25 to 30% in the rural coastal districts and the remaining 10% in the interior districts.

Table ..A: Basic Health Care, geographical distribution of coverage, children, 2022

BAZO (Basic Health Care, age 0 – 16)	Basiszorg - Cat. 0 - 16 jaar					
	Geographical distribution of beneficiaries, 2022			% distrib. in 2022		
	Male	Female				
Paramaribo	20,098	9,308	35.6%	Urban	62.4%	
Wanica	14,851	14,809	26.8%			
Nickerie	3,274	3,159	5.8%	Rural	24.9%	
Coronie	104	91	0.2%			
Saramacca	1,301	1,214	2.3%			
Commewijne	3,159	3,083	5.6%			
Marowijne	1,205	1,145	2.1%			
Para	4,871	4,918	8.9%	Interior	12.7%	
Brokopondo	2,291	2,215	4.1%			
Sipaliwini	4,891	4,621	8.6%			
Total	56,045	54,563	100.0%			

(Source: author's elaboration, based on information received from MoSAH, March 2023)

Table ..B: Basic Health Care, geographical distribution of coverage, working age, 2022

BZK (Basic Health Care, age 17 – 59)	Basiszorg - Cat. 17 - 59 jaar						
	Geographical distribution of beneficiaries, 2022			% distrib. in 2022			
		Male	Female				
Paramaribo	14,813	24,007	30.6%	Urban	57.7%		
Wanica	13,236	21,158	27.1%				
Nickerie	8,323	7,946	12.8%	Rural	32.5%		
Coronie	212	215	0.3%				
Saramacca	1,823	2,407	3.3%				
Commewijne	4,307	5,097	7.4%				
Marowijne	916	1,634	2.0%				
Para	2,841	5,592	6.6%	Interior	9.8%		
Brokopondo	929	2,637	2.8%				
Sipaliwini	2,682	6,168	7.0%				
Total	50,082	76,851	100.0%				

(Source: author's elaboration, based on information received from MoSAH, March 2023)

Table ..C: Basic Health Care, geographical distribution of coverage, elderly, 2022

BAZO (Basic Health Care, age 60+)	Basiszorg - Cat. 60+ jaar						
	Geographical distribution of beneficiaries, 2022			% distrib. in 2022			
		Male	Female				
Paramaribo	11,0288	11,443	37.5%	Urban	59.9%		
Wanica	6,490	7,075	22.4%				
Nickerie	3,652	3,570	11.9%	Rural	30.9%		
Coronie	205	114	0.5%				
Saramacca	1,061	1,036	3.5%				
Commewijne	2,185	2,047	7.0%				
Marowijne	915	1,196	3.5%				
Para	1,461	1,305	4.6%	Interior	9.2%		
Brokopondo	403	768	1.9%				
Sipaliwini	1,396	3,029	7.3%				
Total	29,056	31,583	100.0%				

(Source: author's elaboration, based on information received from MoSAH, March 2023)

3.4.3.2. Adequacy

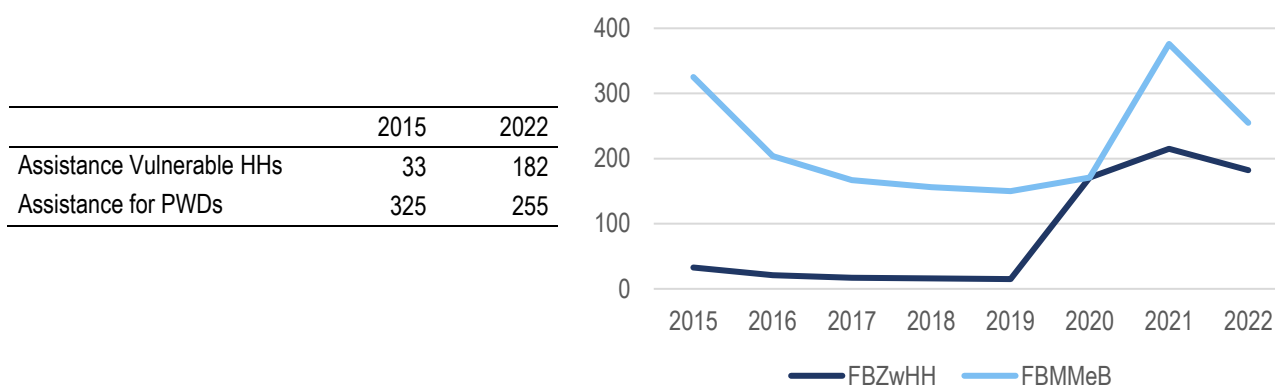
The approach in this report with respect to these programmes considers three aspects of adequacy. The first is whether the level of the benefit maintains its purchasing power over time. The second aspect looks into the two financial support programmes more in depth: do these programmes provide stable sources of income, do the benefit levels compensate for household size and to what extent do the programmes overlap (which would perhaps compensate for low levels of benefit, insofar applicable, in either of these programmes)? The last aspect looks at

various household compositions, the combinations of benefits these households might receive, and to what extent these could allow the household to escape poverty.

Erosion of benefit levels

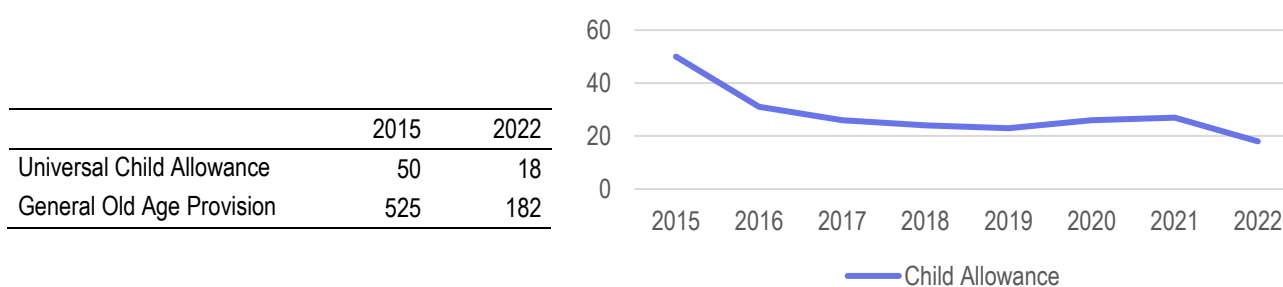
Figures 2.10 and 2.11 show that the level of social protection benefits has not improved for three out of the four flagship cash benefit programmes; the exception being the Financial Support for Vulnerable Households programme which saw an increase in 2015 prices from SRD 33 in 2015 to SRD 182 in 2022.

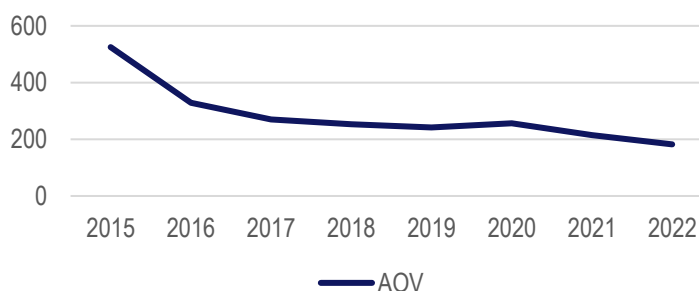
Figure 2.10: Real value of FBMMeB and FBZwHH benefit levels (SRD per month, 2015 constant prices)



Source: author's, based on Government of Suriname, Financieel Jaarplan 2023, own calculations, using IMF WEO, Oct. 2022, inflation index

Figure 2.11: Real value of Child Allowance and Old Age benefit levels (SRD per month, 2015 constant prices)





Source: author's, based on Government of Suriname, Financieel Jaarplan 2023, own calculations, using IMF WEO, Oct. 2022, inflation index

These figures reveal that benefit levels have eroded over time, despite occasional and sometimes substantial increases in nominal terms, as discussed earlier in this chapter.

Likewise, nominal monthly contribution rates for the universal health insurance scheme (BAZO/BZK) are: SRD55 (up to 16), SRD75 (17-20), SRD165 (21-59), SRD240 (60 and above). These nominal rates are prescribed in the Law and have not changed since 2014. This has primarily affected health insurers as revenues from contributions do not increase in line with health costs. In fact, private health insurance companies have ceased to offer BAZO/BZK – to date, the State Sickness Fund (SZF) is the only health insurance provider who still offers the package (UNDP/MoSAH, 2021).

Some additional proxies for adequacy with respect to the FBMMeB and FBZwHH programmes

Table 1.1 shows that, per December 2021, nearly 40% of beneficiaries in the FBMMeB programme have been there for more than four years and less than 20% has been in the programme for less than one year. This indicates a relatively stable pool of beneficiaries in this programme.

Table 1.1: Financial Support for PWDs, average length of stay in the programme, 2021

Financial Support for PWDs	Financiële Bijstand Mensen Met een Beperking				
	Total number of beneficiaries, December 2021	Years in the programme			
		less than 1 year	1 to 3 years	4 to 6 years	more than 6 years
	10,484	1,924	4,547	2,013	2,000
	100.0%	18.4%	43.4%	19.2%	19.1%

Note: this excludes the two interior districts of Brokopondo and Sipaliwini
 (Source: author's elaboration, based on information received from MoSAH, March 2023)

The benefit level in the FBMMeB program is SRD 1,750 per month. However, some recipients receive higher benefits (9.9% in 2022). The higher benefit typically is SRD 3,000 per month, but in some instances benefits could be higher. This could, for example, be the case for recipients with children. Table 1.2 indicates indeed a relationship between receiving a top-up on the benefit and the composition of the household.

Table 1.2: Financial Support for PWDs, extent to which size of household attracts a benefit top-up, 2021

Financiële Bijstand Mensen Met een Beperking
Relationship between higher benefit and size of the household

Financial Support for PWDs	Total beneficiaries with a higher benefit	Number of children per beneficiary			
		no children	1 or 2 children	3 or 4 children	5 or more
	1.040	503	314	151	72
	9,9%	4,8%	56,9%	86,3%	93,5%

Note: this excludes the two interior districts of Brokopondo and Sipaliwini
 (Source: author's elaboration, based on information received from MoSAH, March 2023)

Table 4.1 shows that far less beneficiaries are long stay in the FBZwHH programme than in the FBMMeB programme. Combined with the finding that the total number of beneficiary households has been rather constant in the past years, this indicates a fairly high turnover rate (large numbers of new entrants and exits each year).

Table 4.2: Financial Support for Vulnerable Households, average length of stay in the programme, 2021

Financial Support for Vulnerable HHs	Financiële Bijstand Zwakke Huishoudens				
	Total number of beneficiaries, December 2021	Years in the programme			
		less than 1 year	1 to 3 years	4 to 6 years	more than 6 years
	1,259	474	384	220	181
	100.0%	37.6%	30.5%	17.5%	14.4%

(Source: author's elaboration, based on information received from MoSAH, March 2023)

Table 4.3 shows the number of households who receive benefits from both financial support programmes (FBZwHH and FBMMeB). In 2021, 795 households were beneficiaries in both programmes – this is equivalent to 7.6% of all FBMMeB beneficiaries vis-à-vis 63.1% of all FBZwHH beneficiaries (this is due to the relative size of both programmes).

Table 4.3: Financial Support for Vulnerable Households and for PWDs, overlap in recipients, 2021

Financial Support for Weak HHs	Financiële Bijstand Zwakke Huishoudens	
	Number and percentage of beneficiaries in two programmes	
	795	Beneficiaries in FB MMeB and FB ZwHH, in December 2021
	63.1%	Ibid., in percent of total beneficiaries in FB ZwHH

Note: this excludes the two interior districts of Brokopondo and Sipaliwini
 (Source: author's elaboration, based on information received from MoSAH, March 2023)

Comparing benefit levels for various household types with the relevant poverty threshold

Table 4.4 compares benefit levels for various programs with the current poverty threshold. One adult, for example, in the FBMMeB program, would receive SRD 1,750, which is equivalent to 32% of the poverty threshold. If this person would be age 60 or older, he/she would receive a benefit from AOV and this would be equivalent to 23% of the poverty line. Two adults in the FBZwHH program would receive SRD 1,250, equivalent to 15% of the poverty line. Two elderly, both receiving an AOV pension, would receive SRD 2,500, which corresponds with 29% of the poverty line. Two adults in the FBZwHH programme with children would receive, including child allowance, a benefit at 12%

of the poverty line and a single parent with two children, also in the FBZwHH programme, would receive 15% of the poverty line. The universal child allowance, at SRD 125 per month, is 5.6% of the child poverty threshold.¹²

These are hardly adequate levels of income or compensation for incurred expenses (e.g. for child raising).

Table ..: benefit levels, various household compositions, as percentage of the poverty line, 2022

Composition of the household	AKB	MMeB	ZwHH	AOV	Poverty line	Benefit in % of the poverty line
Adult		1,750		1,250	5,428	23-32%
2 adults, no children			1,250	2,500	8,580	15-29%
2 adults, two children	250		1,250		12,138	12%
1 adult, two children	250		1,250		9,625	15%
2 adults, four children	500		1,250		15,209	12%

Source: Own compilation, based on administrative data and Sobhie and Kisoensingh, 2023

3.4.3.3. Appropriateness

This section discusses the extent to which social protection programmes in Suriname respond to national needs.

The objectives of the flagship programmes, retrieved from the mapping are:

- Universal Child Allowance: providing financial support for the cost of raising children
- FBZwHH: financial support for poor and vulnerable households
- FBMMeB: financial support for persons with disabilities
- General Old Age Provision: providing a base income for all residents aged 60 and above
- Base Health Care: providing universal health care, that is, access to a set of basic health services for all residents, also for those who would otherwise not be able to afford those costs

The Child Allowance covers less than half of all children and, therefore, cannot be classified as universal. However, the programme excludes children from salaried workers and civil servants and also excludes children above the maximum of 4 children per household. Hence, it is not possible to assess the actual number of children covered. The level of the allowance, however, at 5% of the applicable poverty threshold is low but as there is no clear ambition formulated with respect to the share of the cost of raising children which the programme should cover, little can be said about whether the programme is appropriate.

The two financial support programmes (FBMMeB, FBZwHH) do not list an explicit ambition with respect to the share of poor and vulnerable households, or PWDs to be covered (their scope), nor the depth of coverage, that is: the extent to which benefit levels should meet a certain threshold. In their own right, therefore, these programmes meet their objective. However, this is merely because there is no clear ambition in the objectives.

The AOV programme, with coverage rates of 100% appears to meet its stated objective of providing a base income to all in the age of 60 and above. However, at around 30% of the poverty threshold the base is rather low and the

¹² Calculated by taking the adult poverty threshold (SRD 5,428) multiplied with the equivalent factor for one child (0.41) which gives SRD 2,225.

target population is dependant on other sources of income (from other income sources or other household members) to have a level of income which would be adequate.

Health insurance coverage among children, at an average of 60%, varies across districts from above 70% in some of the coastal districts (Coronie, Saramacca, Commewijne) to less than 50% in the Sipaliwini inland district (UNICEF, 2022).¹³ The same applies to elderly with a coverage level of 60% nationwide, and even more to the working age population with coverage rates ranging around 30 to 40%. This programme, therefore, does not meet its stated objective.

3.4.3.4. Rights based

The mapping has demonstrated that most social protection programmes in Suriname are vested in legislation. The exceptions are the two financial support programmes (FBMMeB, FBZwHH).

3.4.3.5. Governance

The Ministry of Social Affairs and Public Housing (MoSAH) is responsible for the organisation, provision and oversight of non-contributory social protection programmes and for two of the three residential social insurance schemes (AKB, AOV). MoSAH's Mission Statement reads: *"Supporting vulnerable groups in society, in order to enable them to live their life in dignity."* (MoSAH & UNDP, 2021)

The Ministry of Health is the regulator for the base health care programme (BAZO/BZK). MoSAH however, is responsible for the administration of beneficiaries and the collection of contributions.

MoSAH is in a process to switch to digitalised payment of benefits. In the past it has introduced a debit card (Moni Karta) for the purpose of transferring cash to beneficiaries, but in due time the plan is to switch to bank transfers. The Moni Karta is a prepaid card, disbursed through the post office, which can be used to draw cash from ATMs or directly in some shops. This requires beneficiaries to have such an account which is a challenge, particularly in the interior districts (MoSAH & UNDP, 2021). At the same time, MoSAH has launched a digital information platform (BIS: Begunstigden Informatie Systeem). In 2021, three programmes have fully been included in BIS (AKB, FBMMeB and FBZwHH), and a fourth was underway (AOV). Yet, early 2023, the system was not used by the officials to generate the information which was requested for this report.

The executive unit for implementing the AKB resorts under the department Administrative Execution Social Provisions (Administratieve Uitvoering Social Voorzieningen: AUSV), and operates one single central office with around 20 staff. In cases when the claimant starts a salaried job, in the public or private sector, the allowance is paid as a component of earnings. In these cases, the claimant's details are erased from the BIS database. The executive unit for BAZO/BZK resorts under the sub directorate General Social Services (AMZ: Algemeen Maatschappelijke Zorg). The unit employs 60 staff and operates from various offices spread across the country, but not in the interior districts. The unit is mainly charged with the means testing procedure for applicants between 17 and 59, and works in close collaboration with the BAZO Executive which resorts under the Ministry of Health. The administration for the two Financial Support programmes is carried out in 60 MoSAH local area offices (wijkkantoren), spread across the country. The AOV executive employs 60 staff and operates as a separate directorate reporting directly to the Minister.

The majority of AOV payments is processed via bank accounts. For one-third of beneficiaries in the inland district of Sipaliwini however, cash payments occur three times a year. Payments of AKB are still in cash (MoSAH & UNDP, 2021).

BAZO/BZK uses a different information system (not BIS).

¹³ These figures are obtained from the MICS 2018.

MoSAH's sub directorate General Societal Care (AMZ: Algemeen Maatschappelijke Zorg) is also responsible for handling claims in cases of emergencies (Covid-19 deaths, funeral costs, etc.). The processing of claims is done manually.

Monitoring and evaluation is underdeveloped. For the purpose of this report, an information request was sent out to the various ministries. It turned out to be time consuming and cumbersome to process the required information. In particular on the FBMMeB and FBZwHH programmes, the information was available but it was not processed. It appears that this information is collected but not used for analytical purposes. Hence, there is a clear need for a more sophisticated management information system (MIS).

According to a recent UNICEF report government capacity is hampered by the limited number of qualified people to deliver public social services effectively and efficiently. Resources to plan, implement and monitor policies are insufficient while at the same time, capacities are constrained. Moreover, complex administration, long waiting times and need for digital knowledge may deter people from applying for social benefits (UNICEF, 2022).

3.4.3.6. Coherence

The various social protection programmes generally have clearly demarcated target populations: AKB for children, AOV for elderly, FBMMeB for working aged PWDs, FBZwHH for poor households and BAZO/BZK for people without (sufficient) earnings capacity. On paper, this constitutes a very well aligned system.

However, in practice the system is fragmented. There is limited coordination – particularly, at the executive level but also at the policy making level within the various ministries.

The use of various information systems for different benefits is highly inefficient. It is costly and it also obfuscates sight on *who* gets *what*. Hence, it becomes difficult to set priorities and target specific categories of the population if there is no single beneficiary registry. The establishment of the BIS system is a good step in the right direction but it is unclear why this is not used for all programmes, including emergency response programmes.

3.4.3.7. Shock-responsiveness

The MoSAH budget lists several items which could function as channels to disburse cash to households in need after the occurrence of a shock. Examples are Covid-19 funeral allowances and emergency relief. In 2023, the Social Benefit Programme (Sociaal Programma Koopkrachtversterking) was established. This programme was introduced as a response to the inflation crisis in the combination of government measures to reduce subsidies for fuel and other basic commodities. This programme has been implemented in a short span of time and reached more than 50,000 households within three months. While the government has been successful in setting up the organisation for this programme, it is unclear why government did not use existing administrative channels.

Quick Part module “1-Key Point”:

Key points

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3.5. Financing and expenditure review

3.5.1. Introduction

This section discusses revenues and expenditures of the various social protection programmes in Suriname. It will start with occupational social insurance schemes and, subsequently, discuss residential social insurance and non-contributory (social assistance) programmes.

3.5.2. Occupational Social Insurance

3.5.2.1. SZF

Table .. shows revenues and expenditure for the State Sickness Fund for 2022 and (preliminary) 2023.

Table ..: Revenues and expenditure, State Sickness Fund, 2022/2023

(1,000 SRD)	Estimates 2022	Budget 2023
Revenues: Economic categories		
Revenues (total)	1,002,772	2,397,295
Revenue from contributions	977,527	2,240,518
Voluntary insured	112,695	149,973
Other contribution revenues	39,348	69,973
Government (fee waivers)	222,644	895,793
BAZO	131,168	448,455
BZV	91,476	447,338
Out of pocket payments	9,136	5,489
Revenues from operations	7,930	13,102
Other sources	172	207
Expenditures (Economic classification)		
Expenditure (total)	1,779,020	2,477,295
Health services	1,568,788	2,190,530
Administration and other general services	210,232	286,764
Surplus/deficit		
(Million SRD)	-776,248	-80,000
(in %GDP)	-0.89%	-0.06%

Source: Author's compilation, based on information received from SZF

It is difficult to assess whether the SZF is financially sustainable. The 2022 preliminary outturns show a sizable deficit of SRD 776.2 million; this is 77.4% of the Funds income for 2022 (0.89% of GDP). This deficit will need to be covered from the Fund's reserves. Yet, with contribution rates for the BAZO/BZK insured at the current low levels, the SZF stands at high risk to keep incurring deficits in the future. Nevertheless, the budget 2023 forecasts a near balance. This is on the expectation of huge increases in revenues from contributions, including contribution fee waiver payments from the government, vis-à-vis a rather moderate increase in the costs for health services. It is not clear whether this expectation is warranted.

3.5.2.2. APF

Table .. shows revenues and expenditure for the private sector pension fund (APF) for 2016 to 2018. Unfortunately, it was not possible to receive more up to date information. The table shows a fund in a process of gradual maturation as can be seen in the bottom row which shows the Fund’s accumulation of wealth.

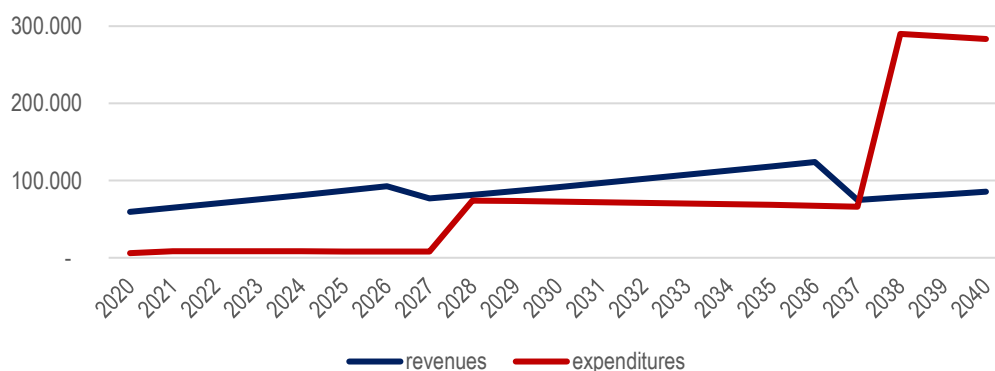
Table ..: Revenues and expenditure, Private Sector Pension Fund (APF), 2016-2018

(1,000 SRD)	Historic realizations		
	2016	2017	2018
Revenues: Economic categories			
Revenues (total)	14.199	30.901	41.095
Revenue from contributions	13.500	28.223	36.372
Profit from investment (if applicable)	699	2.678	4.723
Expenditures (Economic classification)			
Expenditure (total)	590	3.108	4.747
Income replacements (cash benefits)	590	943	1.317
Goods and services			
Administration and other general services		1.998	3.200
Other (depletion of assets)		167	230
Fund's wealth			
Surplus/deficit (1,000 SRD)	13.609	27.794	36.348
Wealth, end of year (1,000 SRD)	20.500	48.849	85.602
(in %GDP)	0,0992%	0,1816%	0,2870%

Source: Author's compilation, based on information received from APF

This report will not venture into a full fledged actuarial projection of the pension fund to assess its financial sustainability. The General Pension Law stipulates a build up in the contribution rate at 0.5 percentage points per year until, by 2029, the maximum contribution rate (28%) has been achieved. Whether this gradual increase of the contribution rate is sufficient to keep up with the progressive increase in expenditures is something this report cannot assess. Interestingly however, the APF’s 2019 Annual Report lists its own long-term projection. It is not clear to what extent this projection is based on a sound actuarial valuation. Nevertheless, figure .. shows the findings. According to the projections the fund will run into deficit after 2037.

Figure ..: Projection of revenue and expenditures, APF, 2020-2040



Source: Autor's elaboration based on the APF, 2019 Annual Report

3.5.2.3. PFS

Table 3.5.2.3 is a repetition from an earlier table in section 3.2. Unfortunately, not more detailed information was received to provide more in depth information on revenues, expenditures and accumulated wealth of the PFS.

PFS contribution revenue is estimated at SRD 1,192 million in 2023.¹⁴

Table 3.5.2.3: Civil Servant Pensions, expenditure 2017-2021 [Note: this expenditure seems far to low!]

	2017	2018	2019	2020	2021
Total expenditure (SRD 1,000)	12,105	16,711	..	33,103	42,682
in % Gov't expenditure	0.16%	0.19%	..	0.26%	0.26%
in % GDP	0.05%	0.06%	..	0.09%	0.09%

Source: elaborated from government's submission to the ILO/SSI questionnaire, December 2022

The table reveals an increasing trend in expenditure. However, with the information available it is not possible to assess the financial sustainability of the civil servant's pension fund and the extent to which fiscal space will be available to finance civil servant's pensions.

3.5.3. Residential Social Insurance and Social Assistance

Table 3.5.3 shows expenditures on the five flagship social protection programmes and other social assistance. These programmes are all financed from the MoSAH budget.

Table 3.5.3: Social Assistance expenditure, 2019-2022

Expenditures (1,000 SRD)	2019	2020	2021	2022
Total programme expenditure	577,322	717,117	1,108,984	2,150,340
General Child Allowance - Algemene Kinderbijslag (AKB)	52,287	53,544	116,130	138,342
(in % GDP)	0.17%	0.14%	0.20%	0.16%
Financial Support for PWDs – FBMMeB	54,916	51,597	91,131	252,000
(in % GDP)	0.17%	0.13%	0.15%	0.29%
Financial Support for Vulnerable Households – FBZwHH	1,326	2,489	3,314	147,000
(in % GDP)	0.00%	0.01%	0.01%	0.17%
General Old Age Pension - Algemene Oudedagsvoorziening (AOV)	365,200	445,595	745,230	1,068,000
(in % GDP)	1.16%	1.16%	1.27%	1.23%
Base Health Insurance, State paid contributions (BAZO/BZV)	10,252	138,432	128,124	318,743
(in % GDP)	0.03%	0.36%	0.22%	0.37%
Total expenditure on the 5 'Flagship' programmes	483,981	691,657	1,083,929	1,924,085
(in % GDP)	1.54%	1.80%	1.84%	2.22%
Other social assistance programmes				
Woningbouwprogramma/Subsidies for Housing for the Poor and Vulnerable	-	-	1,620	5,750
Poverty Relief Measures - Armoedebestrijding	1,647	641	6,815	144,833
Social Protection in kind (nutrition) - Sociaal Beschermingsprogramma	7,645	12,770	-	-

¹⁴ This has been calculated by adding the employers' contributions to the PFS for all ministries and state bodies in the 2023 Budget. This total has been assumed to constitute the employer's share (5%), the employees share (10%) has been added to obtain an estimate of total contribution revenue.

Financial Inclusion	-	-	-	43,300
School Uniforms initiative	-	-	-	-
Covid-19 measures (funeral cost allowance SRD 10,000 per household)	-	-	-	4,661
Emergency Relief Assistance - Bijdrage in acute noodsituaties	23	1,000	1,000	2,000
Additional Medical Costs - Meerkosten Medische Zorg	84,026	11,049	13,909	20,000
School Feeding - Schoolvoeding (Ministerie van Onderwijs)	-	-	1,711	5,711
Total programme expenditure on Social Assistance in %GDP	1.83%	1.87%	1.89%	2.48%

Source: Author's compilation, based on several Budgets/Annual Financial Plans, and data received from MoSAH

The five flagship programmes consume a large share of the total social protection budget; for example, 89.5% in 2022. In 2020 and 2021, this share was even higher (97%).

The 2023 budget lists SRD 2.7 billion, or 2.13% of GDP, for the five programmes, slightly below the 2022 figure. This however, does not include the Social Benefit Programme (Sociaal Programma Koopkrachtversterking) which was introduced earlier this year and which annual cost have been estimated at SRD 1.2 billion in 2023 (0.95% of GDP). This, together with the 0.15% of GDP remaining social protection programme spending, leads to a total budgeted social assistance expenditure in 2023 of nearly 3.25% of GDP.

This places Suriname in the ranks of countries like ... [check ILO dashboard]

Quick Part module "1-Key Point":

Key points

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3.6. Conclusions

3.6.1. [Heading level 3 Num]

3.6.1.1. [Heading level 4 Num]

There is an important distinction in the social protection architecture between ‘Bismarck-type’ *occupational* social insurance schemes and *residential* social insurance schemes, which are more like ‘Beveridge-type’ social insurance schemes with flat rate contributions and flat benefit amounts, that is: not dependent on past earnings levels. In addition to these contributory schemes, there are various non-contributory programmes, offering cash benefits and social services.

This chapter has provided a mapping of all these programmes and an assessment of their performance. Performance has been assessed along eight dimensions and the main conclusions are listed below.

Inclusiveness

- The private sector occupational pension fund (APF) has seen a rapid increase in its contributors.
- For the other funds (PFS and SZF) the information is missing to make an assessment.
- The child allowance programme is not universal. Less than half of children are included.
- The FBMMeB programme does not cover children, nor elderly.
- The FBZwHH programme covers less than 10% of poor households. In the urban and rural coastal areas, the programme covers even far less than 10% of poor households.
- The AOV programme has achieved universal coverage.
- BAZO covers less than 100% of eligible categories – notably children and elderly.

Adequacy

- Benefit levels are low across the board. In occupational social insurance the information is not available to assess accrued pension rights and the level of the (future) benefit.
- Low benefit levels are also a hallmark of the residential social insurance programmes (AKB and AOV) and social assistance. Despite recent increases, most benefit levels are below their 2015 values in real terms.
- Benefit levels are between 12 to 33% of the applicable poverty threshold, depending on household size and composition.

Appropriateness

- Large numbers of people aged 18 and older are not covered under occupational social insurance.
- There is ‘double dipping’ for beneficiaries in occupational old age pension schemes, who also benefit from AOV. This creates huge income gaps between ‘insiders’ and ‘outsiders’.
- Clear objectives or ambitions are missing in the residential and social assistance programmes. This makes it difficult, if not impossible, to assess their performance against their own targets.

Rights based

- Most schemes and programmes are well vested in legislation. This is not true for the two financial support programmes (FBMMeB and FBZwHH).

Good Governance

- Despite regulations, the pension funds do not publish annual reports – at least not on a regular basis. No annual reports from at least the last five years are publicly available. This leads to a practice where the management of the funds can make its decisions without being held accountable by the fund's members.
- Management information is underdeveloped. Most programmes were not able to provide from their systems even the most basic information.

Coherence

- The social protection system in Suriname has clear demarcations between programmes and their target groups. However, this remains rather theoretical as, in practice, there are large gaps and duplications which do not seem to be based on sound planning or prioritization.
- Horizontal coordination between ministries and administrations is, at best, limited or non-existent. This leads to inefficiencies and fragmentation.

Responsiveness

- Some branches in occupational social insurance are still missing – notably occupational injuries and unemployment insurance. Maternity is in development (parental leave scheme).
- The government was capable of responding rapidly to the social unrest following high inflation during the second half of 2022. In a short period of time a social protection benefit was implemented nationwide, reaching 50,000 households.

Financial sustainability

- Financial information was not (made) available to assess the financial sustainability of the occupational social insurance funds in Suriname.
- Expenditure on residential social insurance and social assistance has been increasing in the past few years to 2.25% of GDP. In 2023, the shock responsiveness social benefit programme adds another 1% of GDP to that figure. The five 'flagship' social protection programmes (AKB, AOV, FBMMeB, FBZwHH and BAZO) account for more than 95% of social protection expenditure (excluding the temporary social benefit).

Chapter 4 will discuss more in detail the medium to longer term prospects for social protection expenditure.

4. Towards a Social Protection Floor for Suriname

4.1. Introduction

4.1.1. [Heading level 3 Num]

4.1.1.1. Conceptual note on the Social Protection Floor and some notes on limitations and methodology

This chapter discusses the findings from a costing of social protection reform for Suriname. By definition, *Social protection floors are nationally defined sets of basic social security guarantees that should ensure, as a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.* (ILO/R202)

Suriname has the fundamentals of a social protection floor in place. For all four guarantees of the Social Protection Floor, Suriname provides at least a basic level of protection. There is universal health insurance, there is a general child allowance, there is a general old age allowance and there are financial support programmes for poor and vulnerable families and for people with disabilities. On top of this, for certain categories there are occupational (contributory) social insurance schemes – notably covering survivors, ex-spouses, occupational injuries, old age and, sometimes, orphans. Moreover, Suriname recently has introduced a parental leave scheme.

Therefore, both from a **horizontal** perspective (ILO/R202) and from a **vertical** perspective (ILO/C102), there is a set of provisions in place which can serve as a point of departure for further expansion: broadening and deepening.

However, chapter 3 has demonstrated that there are still quite a few deficiencies. Firstly, some programmes are **not well vested in legislation** (the financial support programmes). Secondly, for some programmes, **actual coverage may fall short of legal coverage** (child allowance). Thirdly, for most programmes, **benefit levels fall short of meeting needs**. Fourthly, lack of coordination between programmes and programme administrations may lead to a **sub optimal allocation of available resources**.

This chapter will propose various reform options that have the potential to address these flaws.

NB: the simulated reform proposals in this chapter are the **starting point for further discussion** with government and representatives of trade unions, employers and other stakeholders in Suriname. Therefore, these proposals are not to be interpreted as the final word.

There are some limitations. Firstly, due to stringent **data gaps**, some strong assumptions have to be made with respect to the expansion of occupational social insurance coverage. The cost projections of the occupational social insurance schemes, therefore, are to be interpreted as highly tentative. Further actuarial work will have to be done to produce more robust cost estimates. On the residential social insurance and social assistance side, the cost projections for some of the programmes will be on the assumption that targeting errors will be minimal. The **impact of the reform measures** in terms of closing poverty gaps **will not be reflected well** due to the fact that recent micro household income and livelihood statistics were not available. For some households the cumulation of benefits may more than lift their incomes above the poverty threshold, for others benefits may still fall short.

Furthermore, it needs to be mentioned that **social protection reform should be part of a more comprehensive reform framework**. This report's focus is on social protection spending. However, social protection is not an island. Social protection reform needs to be incorporated in a broader social and economic policy framework. For example, universal health insurance can only work well if health service facilities are in place. If the health infrastructure is underdeveloped people will still not be able to access and their health insurance card will not help them much. The same is true for child related programmes. For example, student stipends can help to prevent early dropout.

However, if the educational hardware is not in place, then children will not benefit and the ultimate objective to have a well-educated workforce will be faltered. Likewise, social protection for the working age population will only be successful if, simultaneously, the private sector will be developed so as to offer sufficient and decent job opportunities. And for people with disabilities, being entitled to some social protection benefit certainly helps but more is needed to allow them to participate fully in society. These wider social and economic conditions also need to be met in order to make social protection flourish.

Finally, as a **methodological note**, the cost projections in this chapter will be expressed in SRD and, for reference purposes, as a share of government expenditure (insofar applicable) and GDP. For the latter two, IMF projections have been used. IMF has published projections of GDP and government expenditure up to 2028 (IMF, 2023). For the remainder of the projection window (2029/30), the estimates are just linear extrapolations of IMF series. Chapter 6 will provide more details.

4.1.1.2. Projection assumptions

Table 4.1.1.2 lists the main assumptions which underlie the cost projections.

Table 4.1.1.2: Key assumptions, projection scenario

GDP growth	Follows IMF (April 2023) projections up to 2028, and a linear extrapolation of growth rates for 2028-30
Inflation	Follows IMF (April 2023) projections up to 2028, and a linear extrapolation of growth rates for 2028-30
Government Finance	Follows IMF (April 2023) projections up to 2028, and a linear extrapolation of growth rates for 2028-30
Population	Follows the UN World Population Prospects 2022 mid variant (https://population.un.org/wpp) and the UN database on household size and composition, which, for Suriname, uses MICS 2018 data: (https://population.un.org/Household/index.html#/countries/360)
Labour Force Participation Rate	Last figures 2019 (Paramaribo, Wanica), expanded to national level, and projected using average 2010-19 rates
Unemployment Rate	Last figures 2019 (Paramaribo, Wanica), expanded to national level, and projected assuming a gradual reduction in the unempl. rate to 4.4% for men and 8.0% for women
Employment	Projection outcomes follow from LFP and Unemployment
National Average Wage	Driver for the projections is labour productivity growth
Share (in-)formal in total employed	This is taken as the total number of civil servants plus active members AFP

For GDP growth rates, inflation and growth rates of government revenues and expenditures, IMF projections up to 2028 were used. For the remaining two projection years, the growth rates are linear projections of the rates in the final year of IMF projections. Population projections are taken from the 2022 UN World population prospects database. For labour force participation and employment, data from the national bureau of statistics were used. These data however, only cover the two urban areas (Paramaribo and Wanica). Pending the release of the findings from the 2022 Census, national statistics were not available. Therefore the labour force participation rates and employment to population ratios for Paramaribo and Wanica were assumed to apply nationwide. Labour force participation rates were fixed on their average historic (2010-2019) values.¹⁵ Subsequently, target rates for unemployment in 2030 were assumed (4.4% for men and 8.0% for women). These rates are equal to the averages for unemployment rates in the past (2010-2019) and the assumption, therefore, is that in the longer term unemployment for men and women will converge to these historic rates. The projections of employed simply follow from the projected number of labour force participants and unemployed. The average wage has been projected,

¹⁵ Statistics on labour force participation (LFP) rates were not available after 2019. Moreover, observing the age and gender specific LFP rates in the years 2010-2019 provided no clear trends. This warrants using the age and gender specific averages also for the projection period.

using labour productivity growth, calculated from real GDP growth and employment growth, as its driver. Finally, an assumption has been made on the share of formal and informal employment in total employment. It was assumed that the number formally employed equals the number of civil servants plus the number of active members in the APF pension scheme. For the projection years a gradual 2% annual increase in the formality rate, from an estimated 55% in 2022 to 64% by 2030, has been assumed.

Table 4.1 shows the key variables for the projections resulting from these assumptions, as well as their historic values.

Table 4.1A: Key projection variables, growth rates 2023-2030

	Average annual growth rates			
	2016-2020	2021-2022	2023-2028	2029-2030
Real GDP per capita growth	-3.37%	-1.57%	2.44%	1.78%
Population growth	1.07%	0.90%	1.00%	0.75%
Real GDP growth	-2.33%	-0.68%	3.47%	2.54%
Inflation (index: 2022=100)	23.36%	55.75%	23.55%	5.00%
GDP deflator (index: 2022=100)	20.51%	51.50%	22.55%	5.00%
Nominal GDP growth	16.97%	50.37%	26.79%	7.69%
Labour force participants	1.64%	1.01%	0.97%	0.68%
Employed	0.99%	1.49%	1.53%	1.14%
Unemployed	8.89%	-3.32%	-5.34%	-5.98%
Labour productivity growth	-3.10%	-2.12%	1.59%	1.38%
Average wage (constant prices)	-8.57%	..	1.91%	1.38%

Source: Author's own, based on data from UN, IMF and ABS, and on assumptions as described above.

Table 4.1B: Key projection variables, selected years 2022-2030

	Base Year	Projections			
	2022	2023	2024	2025	2030
Labour force participation rate	56.7%	56.7%	56.7%	56.7%	57.1%
Employed to population ratio	51.4%	51.6%	51.9%	52.2%	53.7%
Unemployment rate	9.3%	8.9%	8.5%	8.1%	5.9%

Source: Author's own, based on information from ABS and assumptions as described above.

A final note on presentation: for the currently existing programmes the tables in the subsequent sections present the Status Quo projections and, when appropriate, reform projections in the same table. This allows the reader to compare both scenarios. For new programmes, the tables only present the results from the reform scenarios.

4.2. Guarantee 1: Universal Health Care

4.2.1. [Heading level 3 Num]

4.2.1.1. Introduction

Guarantee 1: "access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;" (ILO/R202)

This section discusses the findings from a scenario that increases the state subsidies towards the BAZO programme. This addresses some of the challenges that were discussed in the previous chapter, notably the fact that the contribution rate which is subsidized from the government budget for children, elderly and categories of working aged has not been changed since 2014. This means that health insurance providers, including the SZF, cannot recover their expenses for these categories.

4.2.1.2. Scenario H1: Baseline projections for SZF and an increase in subsidies for BAZO

Table 4.2.1.2 shows the status quo projection of expenditures for the State Sickness Fund.¹⁶ The slight increase of SZF expenditure as a share of GDP in these projections is due to an assumed gradual increase in the formality rate (more insured) and an assumed medical inflation rate of 2 percentage points higher than overall inflation.

Table 4.2.1.2:

Occupational Health Insurance (SZF)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	1,567,322	3,283,973	4,674,101	5,790,247	6,922,582
<i>in %GDP</i>	1.807%	1.884%	1.990%	2.038%	2.101%

Source: Author's projections

Table 4.2.1.3 shows the findings of a scenario which increases government subsidies for designated categories of people in the BAZO scheme. Apart from all children and elderly (age 60 and older), and all recipients of benefits and their families, the assumption is that for workers in the informal sector and their family members in the working age (age 18-59) contributions will be partially subsidized by the state. For this, current contribution rates (as set in the Law) have been multiplied 5 times. For workers in the informal sector, the assumption is that 50% of the contribution rate will be paid by the state. Note that the multiplication factor that is applied is even less than inflation between 2014 and 2022 (the index for 2014 in 2022 prices is 0.14, hence prices have increased 7 times since 2014). However, as table 4.2.1.3 shows, increasing the rates with a factor 5 already leads to a sizable increase in costs for the BAZO programme from less than 0.5% of GDP currently to 1.9% of GDP in the medium term.

Table 4.2.1.3:

Base Health Insurance (BAZO/BZV)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	414,056	828,449	1,126,266	1,328,152	1,507,081
<i>in %GDP</i>	0.477%	0.475%	0.479%	0.467%	0.457%
Reform scenario, SRD 1,000	N.A.	3,411.517	4,665,311	5,533,074	6,314,402
<i>in %GDP</i>	N.A.	1.957%	1.986%	1.947%	1.916%

Source: Author's projections

¹⁶ The projections of the costs for the occupational schemes in this chapter, including the SZF, have been based on an economic model and not on an actuarial validation. The latter was beyond the scope of this report.

4.3. Guarantee 2: Children

4.3.1. [Heading level 3 Num]

4.3.1.1. Introduction

Guarantee 2: *"basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;" (ILO/R202)*

This section discusses the findings from four scenarios. The first addresses the challenge of low benefits in the current general **child allowance** (AKB) programme. The reform scenario presents the costs for a genuinely universal child allowance. In addition, the reform scenario extends the child allowance to all children, including children from salaried workers. The second scenario is an extension to the existing **school feeding** programme, both in size and in scope.

The third and fourth scenarios address some of the more fundamental challenges that were discussed in the previous chapter. The third scenario introduces a special allowance for **children with disabilities**. This allowance would provide a benefit on top of the general child allowance. The fourth scenario offers a **stipend** aimed at providing an incentive to follow **education** at least up to the age of 17 to be better prepared for the requirements of the labour market.

It is important to note that each of these reforms can be implemented gradually and progressively. For example, the proposed programme for children with disabilities can be introduced for children in a specific age category first and gradually extended to other age categories. This could facilitate the implementation process.

4.3.1.2. Scenario C.1: Universal Child Grant

Table 4.3.1.2 shows the findings of the cost projections with respect to a Universal Child Grant. The top two rows show the projections for the existing child allowance with only limited coverage and low benefits. The bottom two rows show the projections for a universal child allowance, covering all children in Suriname up to the age of 17. The level of the benefit has been set at 10% of the (adult) poverty line – this would correspond to SRD 543 per month in 2022 prices. The benefit is assumed to be adjusted for inflation on an annual basis. Administration costs have been assumed at 10% of total programme costs. The table shows that costs would be around ten-fold the costs of the existing child allowance programme. This is because the present AKB allowance is almost 5 times less and the share of all children covered lies at less than 50%. Chapter 5 will discuss options for financing this and other reform options.

Table 4.3.1.2:

General Child Allowance (AKB)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	138,159	254,576	318,632	346,389	362,476
<i>in %GDP</i>	0.159%	0.146%	0.136%	0.122%	0.110%
Reform scenario, SRD 1,000	N.A.	2,421,091	3,159,592	3,591,937	3,943,908
<i>in %GDP</i>	N.A.	1.389%	1.345%	1.264%	1.197%

Source: Author's projections

4.3.1.3. Scenario C.2: School Feeding

Current expenditure on School Feeding lies around 0.005 to 0.007% of GDP (this is not shown in the table below). Table 4.3.1.3 shows the findings of a scenario that extends this programme to include all children in Suriname up to the age of 14, to ensure that children are sufficiently nourished during lesson hours. The value of the food provision has been estimated at SRD 204 per month in 2022 prices. This amount has been adjusted for inflation throughout

the projection period. Administration costs are assumed at 10%. The extension of the programme is assumed to be phased-in gradually and therefore costs will also rise at a gradual pace to reach 0.24% of GDP in the final year of the projections.

Table..:

School Feeding	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	91,592	329,826	616,679	792,047
<i>in %GDP</i>	N.A.	0.053%	0.140%	0.217%	0.240%

Source: Author's projections

4.3.1.4. Scenario C.3: Youth disability allowance

This scenario addresses the issue that the existing FBMMeB programme does not cover children. Families with children suffering from impairments, however, face higher expenses, including transportation costs, medical costs, etcetera. Table .. shows the projected costs of a Youth disability top-up allowance programme. This allowance is set at 15% of the (adult) poverty line, that is: SRD 814 in 2022 prices and it is adjusted for inflation throughout the projection period. The programme is assumed to phase-in gradually and eventually will target an estimated 13% of children. Administration costs are 10%. This new programme is projected to cost 0.18% of GDP by 2030.

Table..:

Youth Disability	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	68,772	246,556	460,270	591,798
<i>in %GDP</i>	N.A.	0.039%	0.105%	0.162%	0.180%

Source: Author's projections

4.3.1.5. Scenario C.4: Student Stipends

The final scenario under this guarantee of children introduces a Student Stipend for children from lower income households up to the age of 17. This programme would aim to retain these children in school until the age where they can either make their entrance into the labour market or continue their education. In the latter case, scholarship schemes may be available but these are not included under the scope of social protection. The programme is assumed to have a cut-off point at the 40% percentile of the household income distribution (the three highest quintiles are excluded). The assumption further is a gradual phase-in and administration costs are 10% of total programme expenditure. Moreover, it has been assumed that the stipend varies with school types and is SRD 814 for children at primary school, SRD 1,421 for children in lower secondary school (age 12-14), and SRD 1,628 for children in upper secondary school (age 15-17) – all per month (10 months a year), in 2022 prices and adjusted for inflation. This programme would cost close to 0.4% of GDP in 2030.

Table..:

Student Stipends	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	147,489	528,129	985,159	1,266,464
<i>in %GDP</i>	N.A.	0.085%	0.225%	0.347%	0.384%

Source: Author's projections

4.4. Guarantee 3: Working Age

4.4.1.1. Introduction

Guarantee 3: *“basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability;” (ILO/R202)*

This section discusses the findings from a number of scenarios – all aiming to provide social protection for the working age population in Suriname.

The first cluster of programmes includes three occupational insurance schemes. The first scheme is the existing **parental leave** scheme. No major modifications have been assumed for this scheme. The second scheme covers **occupational injuries and disability**. For a large share of salaried workers this would be a new provision. The third scheme is an **unemployment insurance** scheme and this would be an entirely new provision. Both occupational injuries and unemployment, and to some extent disability, are branches which currently do not exist in Suriname.

The second cluster of programmes pertains to residential social insurance and social assistance programmes. It includes a **universal** programme for **persons with a disability** (PWDs) and a **social assistance** for **poor households**. These two programmes build on the current financial support programmes for these categories (FBMMeB, FBZW HH). The main challenges that were identified for these programmes in the previous chapter are their limited scope and low benefit levels. The reform scenario has assumed an expansion of the scope of the financial support for poor households to gradually reach all poor households, and an (immediate) increase in the benefit level in both programmes. With respect to the social assistance for poor households programme, additionally, a variation in the benefit level according to household size has been applied to cater for the fact that poverty thresholds (needs) for larger households are higher than those for smaller households.

The three **employment programmes** help to address some major challenges with respect to the labour market. Firstly, the training programme for urban un-/under employed may help to increase their skills and allow them to enter into (more) productive employment. Secondly, the 100 days employment guarantee for rural off-season work would allow families in the agricultural sector to sustain their livelihoods during the off-season. It is a cash for work programme and it could engage agricultural workers in projects that would benefit the community. The third programme builds on the idea that the civil service will need downsizing (chapter 5). It provides a temporary cash benefit (up to 6 months) to support redundant civil servants and facilitate a smooth transition of this group to the private sector. It could be applied as a combination with the training programme (proposed earlier) for those who need additional training to make their entrance into the private sector.

4.4.1. Social Insurance¹⁷

4.4.1.1. Scenario W.1.1: Maternity (parental leave)

Table 4.4.1 shows the cost projections for the existing parental leave scheme with a 16 weeks benefit at 100% of previous earnings for all mothers with newborns plus 8 days paid leave for the fathers. The projection includes all salaried workers including public and private sector workers. The assumption is that the scheme will mature gradually to reach 95% of eligible employees by 2030. Administration costs are assumed at 5%. The costs are projected to increase to around 0.2% of GDP. These costs are to be financed from contributions. No reform is proposed; hence, the table only shows Status Quo projections.

Table...:

¹⁷ NB: the projections of the costs for the occupational schemes in this chapter have been based on an economic model and not on an actuarial validation. The latter was beyond the scope of this report.

Parental leave (WAG)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	N.A.	58,982	229,848	466,324	648,708
<i>in %GDP</i>	N.A.	0.034%	0.098%	0.164%	0.197%

Source: Author's projections

4.4.1.2. Scenario W.1.2: OADI

Table 4.4.1.2 shows the cost projections for an occupational injuries and disability insurance (OADI) scheme for formal sector employees in the public and private sector. The benefit has been set at 70% of previous earnings and is adjusted according to annual wage increase. The projection includes all salaried workers including the public sector. Administration costs are assumed at 5% of total programme expenses. The assumption is that around 3% of all salaried workers would qualify for the benefit (NB: currently, this is only 0.3%) and that the scheme will mature gradually to reach 95% of eligible employees by 2030; by then, the costs are projected to be to around 0.6% of GDP. These costs are to be financed from contributions.

Table 4.4.1.2:

Occupational Injuries and Disability (APF/PFS)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	83,070	129,979	168,215	199,257	229,222
<i>in %GDP</i>	0.096%	0.075%	0.072%	0.070%	0.070%
Reform scenario, SRD 1,000	N.A.	225,823	801,025	1,551,502	2,079,530
<i>in %GDP</i>	N.A.	0.130%	0.341%	0.546%	0.631%

Source: Author's projections

4.4.1.3. Scenario W.1.3: Unemployment insurance

Finally, table 4.4.1.3 shows the projected costs of a newly introduced unemployment insurance scheme for formal sector workers. The benefit duration has been set at 3 months against a 60% replacement rate (benefit as a share of previous earnings). Administration costs are assumed at 10% of total programme expenses. This is because this would be an entirely new scheme with a different administrative set-up and different requirements. This will require an investment. The assumption is that the scheme will need some time to mature and costs will increase only gradually. The costs are projected to be to around 0.2% of GDP by 2030. These costs are to be financed from contributions.

Table 4.4.1.3:

Unemployment Insurance	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	104,512	339,365	575,030	648,882
<i>in %GDP</i>	N.A.	0.060%	0.144%	0.202%	0.197%

Source: Author's projections

4.4.2. Social Assistance

4.4.2.1. Scenario W.2.1: Universal PWD Allowance

The first of two social assistance programmes to be considered is the extension of the existing financial support programme for PWDs. For this FBMMeB programme, the benefit is assumed to increase to 70% of the poverty line which is twice the current benefit level. The increase of the benefit is assumed to be effective immediately from its year of introduction. The benefit level is adjusted for inflation throughout the projection period. Administration costs are set at 10%.

Table 4.4.2.1 shows the findings. Compared to the status quo projection scenario, the expenditure in the reform scenario will increase to around 0.5% of GDP in the final year.

Table 4.4.2.1:

Financial Support for PWDs (FBMMeB)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	280,095	525,550	667,797	735,994	779,784
<i>in %GDP</i>	0.323%	0.302%	0.284%	0.259%	0.237%
Reform scenario, SRD 1,000	N.A.	1,140,728	1,449,483	1,597,506	1,692,554
<i>in %GDP</i>	N.A.	0.654%	0.617%	0.562%	0.514%

Source: Author's projections

4.4.2.2. Scenario W.2.2: Social Assistance for poor families

The reform scenario has assumed an expansion of the scope of the financial support for poor households to gradually reach all poor households (set at 25% of all households), and an increase in the benefit level. The benefit level is increased and, in addition, a variation in the benefit level according to household size has been applied. For a one-person household, this scenario has maintained the benefit at its current level (23% of the adult poverty line). For a two to three person household, this scenario assumes a benefit level at 1.4 times the base level; for a 4 to 5 person household 2 times the base level is assumed, and for a 6 or more person household, the benefit is assumed to be 2.8 times the base level. In 2022 prices, this is: SRD1,267/1,809/2,714/3,619, all per month, respectively for the four household categories. The increase of the benefit is assumed to be effective immediately from its year of introduction. These benefit levels have been adjusted for inflation throughout the projection period. Administration costs are set at 10%.

Table 4.4.2.2 shows the findings. Compared to the status quo projection scenario, the expenditure in the reform scenario will increase significantly to around 1.2% of GDP in the final year.

Table 4.4.2.2:

Financial Support for Weak Households (FBZwHH)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	146,534	287,009	382,498	443,538	496,337
<i>in %GDP</i>	0.169%	0.165%	0.163%	0.156%	0.151%
Reform scenario, SRD 1,000	N.A.	446,578	1,631,229	3,092,955	4,032,655
<i>in %GDP</i>	N.A.	0.256%	0.694%	1.088%	1.224%

Source: Author's projections

4.4.3. Active Labour Market Policies

4.4.3.1. Scenario W.3.1: Vocational training for urban un-/underemployed

The first new programme would be a vocational training programme to upgrade the skills of those who are currently unemployed or underemployed with a focus on the urban districts. The programme assumes a 6 months training period and a case load of 10 participants per trainer. The trainer is paid an average wage. Administration costs have been assumed at 40%. In this component a participation incentive could be included. The programme is assumed to be phased-in gradually.

Table 4.4.3.1 shows the expenditure. In the final projection year, the programme is projected to cost 0.09% of GDP.

Table 4.4.3.1:

Vocational Training	2022	2024	2026	2028	2030
----------------------------	-------------	-------------	-------------	-------------	-------------

Reform scenario, SRD 1,000	N.A.	50,605	160,527	264,304	289,126
<i>in %GDP</i>	N.A.	0.029%	0.068%	0.093%	0.088%

Source: Author's projections

4.4.3.2. Scenario W.3.2: Cash For Work for rural off-season intervals

The second new programme aims at sustaining the livelihoods of rural agricultural sector workers and their families during the off-season. The programme assumes a 100 days per year cash-for-work period. Participants are paid 150% of the individual poverty line. Administration costs have been assumed at 40%. The programme is assumed to be phased-in gradually and it has been assumed that 60% of those who are eligible will actually participate (this is called: take-up rate).

Table 4.4.3.2 shows the expenditure. In the final projection year, the programme is projected to cost 0.09% of GDP.

Table 4.4.3.2:

Employment Guarantee	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	47,686	156,445	262,824	298,419
<i>in %GDP</i>	N.A.	0.027%	0.067%	0.092%	0.091%

Source: Author's projections

4.4.3.3. Scenario W.3.3: Temporary unemployment scheme for rationalizing the civil service

The third programme that has been simulated is a temporary benefit for laid-off civil servants with the objective to smoothen their transition to the private sector, either as salaried workers or self-employed entrepreneurs. The programme assumes that between 2024 and 2029, in a gradual pace, a total of 11.8 thousand civil servants would qualify for this programme and this group would receive a 6 month cash benefit of 60% of their previous salary to sustain their livelihoods temporarily to facilitate their search for new employment.

Table 4.4.3.3 shows the expenditure. The costs of this programme are projected to peak near 0.2% of GDP in 2026 and reduce afterwards to become zero in the final projection year.

Table 4.4.3.3:

Redundancy scheme	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	242,042	448,563	271,573	-
<i>in %GDP</i>	N.A.	0.139%	0.191%	0.096%	0.000%

Source: Author's projections

4.5. Guarantee 4: Old Age

4.5.1.0. Introduction

Guarantee 4: *"basic income security, at least at a nationally defined minimum level, for older persons."* (ILO/R202)

This section discusses the findings from two scenarios. The first (O.1.1/O.2.1) reflects the current system with one universal social pension scheme and an occupational pension scheme which provides a benefit that is entirely separate from the universal social pension. The result is that those who are eligible for the occupational pension receive a rather generous benefit with a replacement rate up to 78.2% for a retiree with average past earnings and 35 years of service. The benefit level: SRD 11,883 in this theoretical case, is almost ten times the benefit of a retiree who receives only the AOV pension (SRD 1,250). This is a huge difference.

Therefore, a second scenario (O.1.2/O.2.2) has been compiled in which the occupational pension benefit tops-up the amount of the social pension to the level of the occupational pension in the first scenario. This will generate a cost reduction in the occupational scheme which could be used to finance other branches such as the unemployment insurance scheme. In addition, this variant allows for an increase in the level of the benefit in the universal social pension, without further increasing the pension benefit in the occupational pension scheme. This will lead to further cost savings in the occupational scheme which should be taxed and channelled into the universal social pension. Chapter 5 will discuss these and other financing options in more detail.

In fact, this second variant captures the essence of the Dutch pension system.

This combined scenario for occupational and universal (residential) old age pensions **addresses** the challenge that in the current situation **benefit levels in the general old age allowance (AOV) are extremely low**. In variant O.2.1, the benefit level is more than double the present level, and in variant O.2.2, the amount of the benefit is even triple the current amount. Moreover, the combined O.1.2/O.2.2 scenario also has the effect that it reduces the enormous gap in benefit levels, currently, between those who can draw from both the occupational and the universal old age pension schemes vis-à-vis those who cannot.

4.5.1. Social Insurance

4.5.1.1. Scenario O.1.1 and O.1.2: Occupational Old Age Pension

Table 4.5.1 shows the findings of the first variant (O.1.1) for the occupational pension scheme. The table consolidates expenditures from the civil servant (PFS) and private sector (APF) schemes. The table shows that expenditure will increase to 5.3% in the final year, to be financed from contributions.

Table 4.5.1: (O.1.1)

Old Age/Survivors Pension (APF/PFS)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	4,058,203	7,390,964	10,793,158	14,132,615	17,780,315
<i>in %GDP</i>	4.680%	4.240%	4.595%	4.973%	5.395%

Source: Author's projections

In addition, table 4.5.2 shows the findings of the second variant (O.1.2) for the occupational pension scheme. It is clear from the table that this 'Dutch' variant would generate sizable cost savings for the two pension funds. These savings amount to 1.7 percentage points of GDP which could, partially, be used for other branches.

Table 4.5.2: (O.1.2)

Old Age/Survivors Pension (APF/PFS)	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	2,612,735	4,758,418	6,948,804	9,098,799	11,447,245
<i>in %GDP</i>	4.680%	2.730%	2.958%	3.202%	3.473%

Source: Author's projections

4.5.2. Social Assistance

4.5.2.1. Scenario O.2.1 and O.2.2: Residential Old Age Pension

Table 4.5.3 shows the costs of a scenario (O.2.1) which increases the level of the AOV benefit to 50% of the one-adult poverty line (the current benefit level is around 23% of the one-adult poverty line). The top two rows of the table show the costs of a scenario without the increase of the benefit level. It is obvious that the increase leads to slightly

more than double the costs for the government. The expenditure would be a little above 3% of GDP throughout the projection period.

Table...: (O.2.1)

General Old Age Pension (AOV)	2022	2024	2026	2028	2030
Status Quo scenario, SRD 1,000	1,161,296	2,422,338	3,435,745	4,200,102	4,923,771
<i>in %GDP</i>	1.339%	1.390%	1.463%	1.478%	1.494%
Reform scenario, SRD 1,000	N.A.	5,265,951	7,469,010	9,130,656	10,703,849
<i>in %GDP</i>	N.A.	3.021%	3.180%	3.213%	3.248%

Source: Author's projections

Table ... is the mirror image from table ... in the previous sub section. The government incurs 1.7 percentage point additional costs in this 'Dutch' variant (O.2.2). This additional cost derives from an increase in the level of the benefit to 70% of the one-adult poverty line. Chapter 5 will discuss options to finance these costs.

Table...: (O.2.2)

General Old Age Pension (AOV)	2022	2024	2026	2028	2030
Reform scenario, SRD 1,000	N.A.	7,372,332	10,456,614	12,782,918	14,985,389
<i>in %GDP</i>	N.A.	4,229%	4,452%	4,498%	4,547%

Source: Author's projections

4.6. Conclusions

4.6.1. [Heading level 3 Num]

4.6.1.1. Status Quo projections

Table ... consolidates the findings of the projections in the Status Quo scenario. The increase as a share of GDP in the occupational schemes to 7.7% of GDP by 2030 is mainly due to the assumption of a gradual increase in the formality rate as was explained earlier. Expenditure with respect to residential social insurance and social assistance is projected to remain rather stable around 2.4% of GDP throughout the projection period.

Table ...: ...

Social Insurance expenditure	2022	2024	2026	2028	2030
Total, SRD million	5,709	10,850	15,810	20,476	25,424
<i>in %GDP</i>	6.6%	6.2%	6.7%	7.2%	7.7%

Source: Author's projections

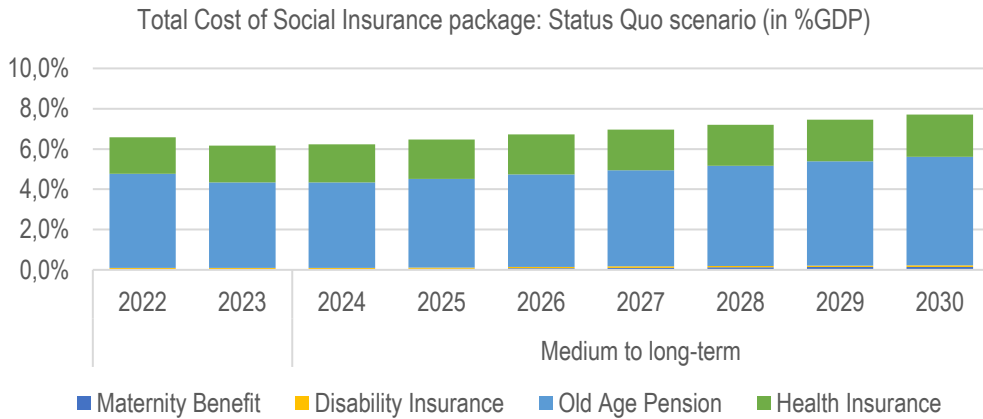
Table ...: ...

Social Assistance expenditure	2022	2024	2026	2028	2030
Total, SRD million	2,140	4,318	5,931	7,054	8,069
<i>in %GDP</i>	2.5%	2.5%	2.5%	2.5%	2.4%

Source: Author's projections

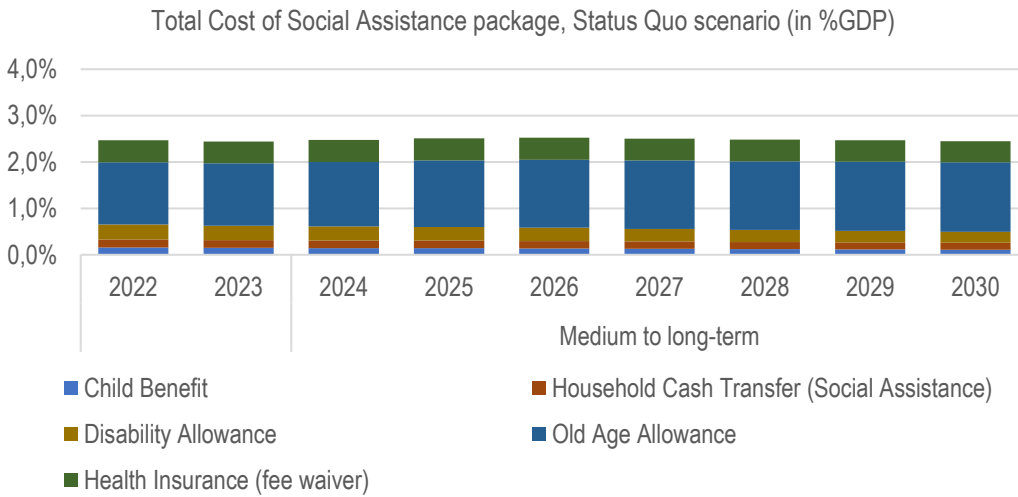
Figures 2.10 and 2.11 show the projection results in terms of total costs (as a share of GDP) and composition for occupational social insurance and residential social insurance and social assistance programmes in the status quo scenario.

Figure 2.10: ...



Source: Author's projections

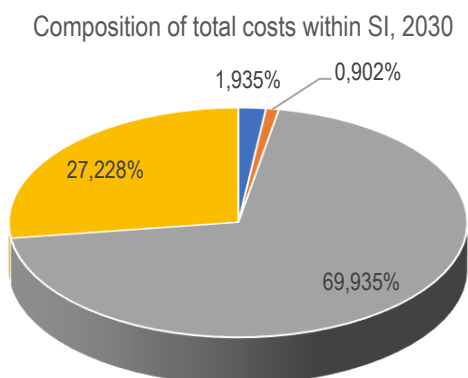
Figure 2.11: ...



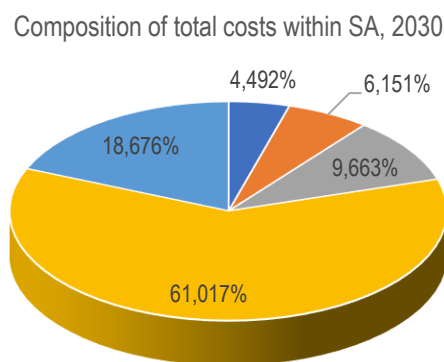
Source: Author's projections

Figure 2.11, in a different way, shows the composition of the various programmes within the envelope of social insurance and social assistance respectively. Old age pensions and health insurance are the largest components.

Figure 2.12: ...



- Maternity Benefit - formal sector
- Old Age Pension Insurance
- Disability Pension Insurance
- Health Insurance



- Child Benefit
- Household Cash Transfer (Social Assistance)
- Disability Allowance
- Old Age Allowance
- Health Insurance (fee waiver)

Source: Author's projections

4.6.2. [Heading level 3 Num]

4.6.2.1. Reform scenario projections

This section consolidates the findings from the various scenarios under the four guarantees.

Table 4.6.2.1 summarizes the scenarios:

Guarantee	Health
Scenario H.1	Occupational Health Insurance (SZF) Base Health Insurance (BAZO/BZV)
Guarantee	Children
Scenario C.1	Universal Child Allowance (AKB)
Scenario C.2	Youth Disability
Scenario C.3	School Feeding
Scenario C.4	Student Stipends
Guarantee	Working age
Scenario W1.1	Parental leave (WAG)
Scenario W1.2	Occupational Injuries and Disability (APF/PFS)
Scenario W1.3	Unemployment Insurance
Scenario W2.1	Financial Support for PWDs (FBMMeB)
Scenario W2.2	Financial Support for Weak Households (FBZwHH)
Scenario W3.1	Redundancy scheme for ex-civil servants
Scenario W3.2	Vocational Training
Scenario W3.3	Employment Guarantee
Guarantee	Old age
Scenario O.1	Old Age/Survivors Pension (APF/PFS)
Scenario O.2	Universal Old Age Pension (AOV)

Source: Author's own

Table 10.1 consolidates the findings of the projections in the SPF reform scenario. The increase as a share of GDP in the occupational schemes in this scenario vis-à-vis the status quo scenario is mainly due to the introduction of the two new schemes: occupational injuries (0.6% of GDP in 2030) and unemployment insurance (0.2% of GDP in 2030).

The expenditures with respect to residential social insurance and social assistance are projected to increase to 9.5% of GDP in 2030. This more than 7 percentage points higher than expenditure in the Status Quo scenario. This obviously raises the question: is this affordable for Suriname? Chapter 5 will venture into the options for financing this sizable increase in expenditure.

Table 10.1: ...

Social Insurance expenditure	2022	2024	2026	2028	2030
Total, SRD million	5,709	10,960	16,498	21,940	27,431
<i>in %GDP</i>	6.6%	6.3%	7.0%	7.7%	8.3%
Additional to Status Quo	N.A.	0.1%	0.3%	0.5%	1.0%

Source: Author's projections

Table 10.2: ...

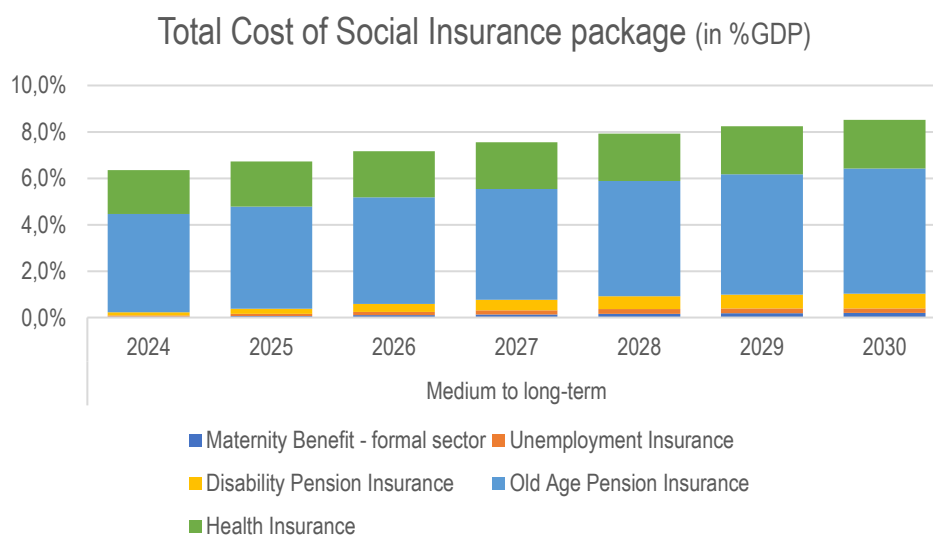
Social Assistance expenditure	2022	2024	2026	2028	2030
Total, SRD million	2,140	13,334	20,445	25,807	29,925
<i>in %GDP</i>	2.5%	7.7%	8.6%	9.1%	9.1%
Additional to Status Quo	N.A.	5.2%	6.1%	6.7%	6.7%

Source: Author's projections

Figures 10.1 and 10.2 show the projection results in terms of total costs (as a share of GDP) and composition for occupational social insurance and residential social insurance and social assistance programmes in the SPF reform scenario. Within the occupational social insurance envelope, old age pension and health insurance continue to account for the largest share in total costs.

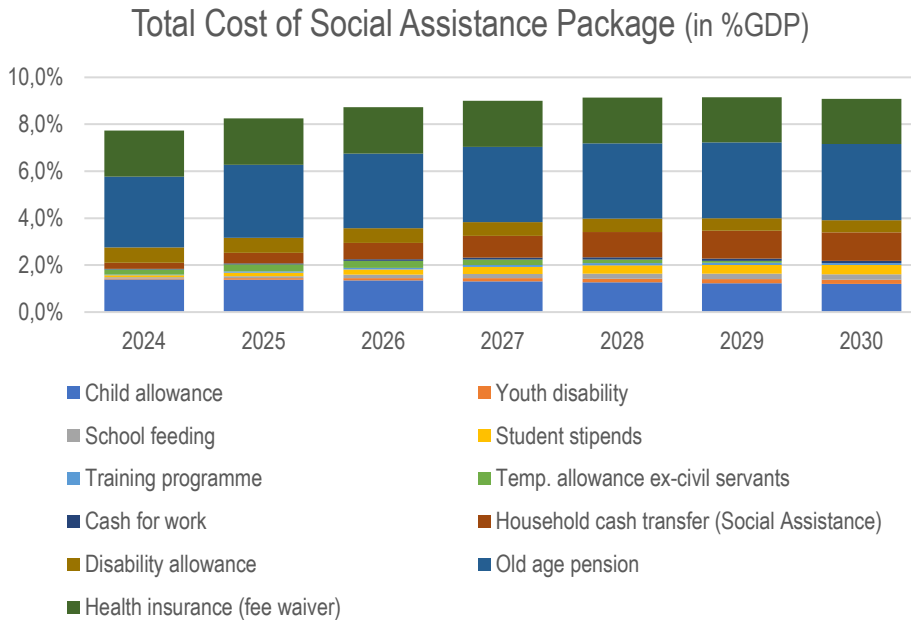
Within the residential social insurance and social assistance envelope the expenditure are less concentrated. There are more programmes, in addition to old age and health, with sizable cost shares – such as household social assistance and the child allowances.

Figure 10.1: ...



Source: Author's projections

Figure ...

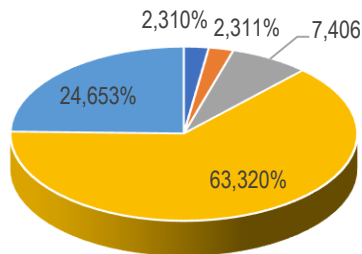


Source: Author's projections

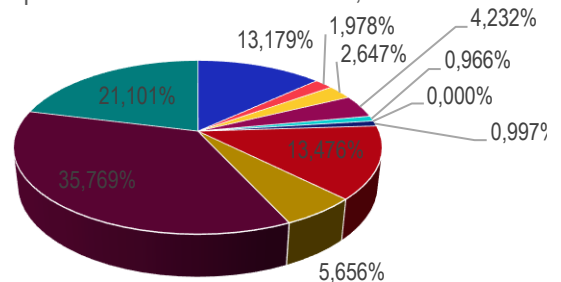
Figure .. shows the shares of the various programmes as a percentage of total costs and here the concentration of expenditure towards health and old age in occupational social insurance and more balanced distribution of costs in residential social insurance and social assistance becomes even more clear.

Figure ...

Composition of total costs within SI 2030



Composition of total costs within SA, 2030



- Maternity Benefit - formal sector
- Unemployment Insurance
- Disability Pension Insurance
- Old Age Pension Insurance
- Health Insurance

- Child Benefit
- School Feeding
- Training programme
- Cash for work programme
- Disability Allowance
- Health Insurance (fee waiver)

- Youth Disability
- Student Stipends
- Redundancy Scheme
- Household Cash Transfer (Social Ass)
- Old Age Allowance

Source: Author's projections

5. Fiscal Space for Financing Social Protection in Suriname

5.1. Introduction

5.1.1. [Heading level 3 Num]

5.1.1.1. [Heading level 4 Num]

[Preliminary Note for this chapter: recent communications have explored the options to collaborate with IMF. This would be much welcomed as the quality of the work will benefit from a concerted exercise in which both organisations bring in the best of their expertise. Obviously, this has much relevance for the contents of this chapter. Therefore, this chapter keeps close to a discussion of fiscal space within the confines of the work of the IMF on government finances in Suriname. Specifically, this chapter takes the latest IMF projections on government finances as given and seeks fiscal space within this framework.]

5.2. Government Finances 2022-2030 (Projections)

5.2.1. Introduction

5.2.1.1. [Heading level 4 Num]

This section starts with a brief economic outlook (sub section 5.2.2). The main assumptions have already been presented in the previous chapter as a reference frame for the cost projections. The next sub section (5.2.3) presents and discusses the projections for the government budget.

5.2.2. Economic Trends and Projections

5.2.2.1. [Heading level 4 Num]

There [This sub section will summarize the main thrust of the government's Multi Annual Plan as the frame of reference for macroeconomic and industrial policies...]

5.2.3. Government Finance Projections

5.2.3.1. [Heading level 4 Num]

Table .. shows the projections for government revenues and expenditures for the projection period. Up to 2028, these were taken from the latest IMF projections (IMF, 2023), for the remainder of the projection period,

Table ..

(in %GDP)	2022	2023	2024	2025	2030
Total Revenues (A+B+C)	27,7%	26,9%	26,4%	25,6%	25,6%
Current Revenues (A)	27,6%	26,4%	26,4%	25,6%	25,6%
Taxes	19,2%	16,6%	19,4%	19,1%	19,4%

Direct taxes	12,8%	9,4%	11,6%	11,4%	11,7%
of which: mineral taxes	8,2%	4,2%	6,2%	5,8%	5,2%
Indirect taxes	6,4%	7,2%	7,8%	7,7%	7,8%
Non-tax revenues	8,4%	9,7%	7,1%	6,5%	6,1%
of which: mineral non-tax revenues	6,6%	8,5%	5,2%	4,6%	4,3%
Grants (B)	0,1%	0,5%	0,0%	0,0%	0,0%
Withdrawals (loans etc.) (C)	5,9%	12,9%	2,5%	2,3%	0,0%
Total Expenditure (D)	30,6%	27,7%	27,1%	26,2%	25,8%
Current Expenditure (E)	28,3%	24,4%	23,8%	22,9%	22,4%
Salaries	8,4%	6,9%	6,8%	6,7%	6,7%
Purchases of goods and services	6,8%	3,1%	2,7%	2,5%	2,5%
Other current expenditure (excl. interest costs)	15,9%	14,9%	12,8%	12,0%	12,0%
of which: fuel and electr. subsidies	5,3%	2,7%	0,8%	0,0%	0,0%
of which: electr. subsidies	3,4%	2,4%	0,8%	0,0%	0,0%
of which: fuel subsidies	1,8%	0,3%	0,0%	0,0%	0,0%
of which: cash transfer programmes	2,2%	3,0%	3,0%	1,2%	1,1%
Interest	4,0%	2,6%	4,2%	4,2%	3,7%
Capital Expenditure	2,4%	3,3%	3,3%	3,3%	3,3%
Fiscal balance (GFS classification)	-3,2%	1,7%	1,3%	1,2%	-0,2%
Primary balance (GFS classification)	0,8%	-0,9%	5,5%	5,4%	3,5%

Source: IMF (2023) for the series 2022-2028, and for revenues, interest costs and primary balance also 2030 data; author's extrapolation of IMF projections for the other items for FY2030

Total public sector debt, as shown in table 4.1, is projected to pursue a gradual downward path to reach 60% of GDP in 2032. The composition of debt, with a high share of external debt, remains exposed to exchange rate risks.

Table :

(in %GDP)	2022	2023	2024	2025	2030
Public (central gov't) debt (%GDP)	119,2%	116,0%	102,2%	91,5%	67,9%
Domestic (%GDP)	29,6%	28,4%	20,9%	17,7%	..
Foreign (%GDP)	89,6%	87,6%	81,3%	73,8%	..

Source: IMF (2023)

The primary balance will be the anchor for the fiscal space exercise further down in this report. If the government is committed to reduce debt, and provided that this can only materialize when government revenues sufficiently exceed non-interest expenditure – as listed in the table, then this defines the scope for finding resources for social protection reform.

Section 5.3 will venture along the eight dimensions of fiscal space which are identified in the literature (for example, Ortiz et al. 2019). However, all these avenues eventually boil down to creating fiscal space either on the revenue side or the expenditure side of the budget.

In the projections in the table, social protection expenditures (cash transfer programmes) decrease from 3.0% of GDP in 2023 to 1.1% in 2030. However, the previous chapter has argued that **this will not be sufficient even to finance the current programmes**. For this, the budget should at least allocate 2.5% of GDP consistently throughout the projection period, which is 1.4 percentage point more than projected cash benefit expenditure for the medium to longer term by the IMF. Moreover, chapter 4, found that a set of social protection programmes

which would *guarantee as a minimum that over the life cycle all in need have access to essential health care and to basic income security*, a much higher budget allocation would be required. This social protection floor has been projected to cost more than 9% of GDP from 2026 onwards.

The subsequent section, therefore, faces the challenge to find fiscal space in the range of 7% to 8% of GDP throughout the projection period. Table 5.3.1 illustrates this.

Table: Fiscal space required in both scenarios

(in %GDP)	2025	2026	2027	2028	2029	2030
Status Quo Scenario	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%
Social protection reform scenario	7,1%	7,6%	7,9%	8,1%	8,1%	8,0%

Source: Author's projections

5.3. Avenues for Finding Fiscal Space

5.3.1. Introduction

5.3.1.1. [Heading level 4 Num]

The literature (for example: Ortiz et al, 2019) identifies **eight areas for governments to mobilize fiscal space for social protection financing**, these are: (i) increasing the share of contributory financing of social protection, (ii) increasing government revenues, (iii) re-prioritizing or curtailing (other) government expenditure, (iv) tapping into foreign aid, (v) restructuring public debt, (vi) tapping into fiscal and/or monetary reserves, (vii) eliminating illicit financial flows, (viii) adopting more conducive macroeconomic policies. This section explores options within these areas.

5.3.2. Expanding the Scope of Social Insurance

5.3.2.1. Aligning the occupational social insurance system with future needs

The share of those employed in the formal sector in Suriname lies just above 50%. There is a lot to gain from increasing this share and attracting more of the workforce into the formal occupational social insurance system.

Some of the proposed reforms in the previous chapter may support this. For example, institutionalizing short term benefit branches as **occupational injuries and unemployment insurance**, and perhaps in due time also sickness, may help to convince those who are currently informally employed to join occupational social insurance. These are risks which are more visible and more perceived as imminent than, for example, old age pension insurance.

If provided with the appropriate blend of instruments and integration with labour systems and tax policies, social protection can improve resilience, equity, and opportunity (Devereux & Sabates-Wheeler, 2004, Cherrier, Gassmann, Mideros Mora, & Mohnen, 2013, Holzmann & Jørgensen, 2001, Merrien, 2013). Social protection systems play a role in mitigating monetary poverty through redistribution mechanisms, and inclusive systems allow households to invest in human and physical capital which facilitates the management of risks and contributes to economic stability and social cohesion (Alderman & Yemtsov, 2014; Barrientos, 2012; Cherrier, Gassmann, Mideros Mora, & Mohnen, 2013). These objectives reflect in the **Recovery Plan**, where the **government** expresses the **intention to use social protection to ensure quality of life, human capital development and eventually develop a strong middle class**. Therefore, the objectives of income smoothing, poverty reduction and insurance

against life risk resonate in the government's vision as both drivers for the achievement of the policy objective and as outcome of specific objectives (e.g. promotion and activation of working-age adults in the labour market).

However, **the contributory schemes have been designed for a labour market which has never quite been Suriname's labour market.** Suriname's social protection system has evolved over a long period of time and bears the marks of various episodes of the country's socio-cultural and political history. Even when most programs have been initiated after the Independence in the 1970s, there are programs, and specifically elements within them, which have been inherited from the former period. **The laws** that regulate occupational social insurance in Suriname (chapter 3), up to the General Pension Act of 2014, **regulate stable labour relations with long service careers and earnings which are sufficiently high to provide a base for contributions.** Earlier in this report, it was already argued that **this is not the case for Suriname.** Moreover, the contributory Suriname social protection system was designed following the example of medium-high to high-income countries; notably, the Netherlands. The combination of the high incidence of workers on low earnings, the high share of informal employment, and the emergence of new, mostly unregulated, forms of work, further detaches the system from the reality of the labour market.

Social protection schemes could directly contribute to addressing structural drivers of poverty such as a lack of decent work or weak economic performance. Protection against life cycle risks not only relates to poverty, but also touches on issues such as labour force participation of women – for example, in the case of maternity protection, and facilitating structural transitions in the economy – and in the case of unemployment insurance (ILO, 2020). **The occupational social insurance system, as it exists, is not designed well to accommodate transformations in the labour market, including the increase in less standard forms of work.** Large categories of workers, including self-employed, are not legally obliged to be members of the contributory schemes. The uptake and membership among these categories remain low, furthered by a lack of trust in the system.

To counteract these challenges **stronger incentives** could build on a more favourable environment as the extension of services to individuals enrolling in the system. For example, **schemes can be adapted to take account of the irregular and unpredictable nature of incomes for certain categories of workers, and mobility in the labour market.** This can include putting in place simplified or flat contribution rates, proxy income measures, and alternative reference values (other than earnings wage related) to determine contributions such as the value of services or products commercialized. Nevertheless, further analysis and understanding of sectorial challenges and barriers are needed to develop specific policies for peculiar groups.

It is important to stress that these solutions **will need legal enforcement to reach the desired outcome**, and that voluntary participation alone cannot be expected to fill the coverage gaps. Many countries adopted mandatory systems to incentivize work formalization and extend social protection systems' coverage. Others make registration automatic, providing the possibility of opting out of the system. Indeed, tailored policies that embed both mandatory provisions and attractive incentives have been developed worldwide. Evidence on outcomes in cases such as in Brazil and Uruguay can provide a positive example and a model for the long term coverage expansion of the social security system in Suriname (ILO 2021 [*Extending social security to self-employed workers. Lessons from international experience*]).

This is a lengthy process, expectations that expanding coverage in formal sector occupational social insurance will help to mobilize resources for financing the social protection reform scenarios from the previous chapter cannot be high – at least not in the medium term. Therefore, while having a clear rationale in itself, the solution for the financing gap that was identified in Section 5.2 lies not here.

5.3.2.2. Financing the Occupational Injuries and Unemployment schemes

The previous chapter has proposed two new occupational social insurance schemes. These should be financed from contributions and an actuarial review can shed light on the appropriate contribution rates. However, the previous chapter also proposed a universal child grant to be financed entirely from general revenues. This means that

employers for an average wage will save **SRD 215, which is 1.4% of the average wage**. This could be **used** for an **employer’s contribution** to the new funds – whether it is sufficient would be for a follow-up actuarial review.

5.3.3. Increasing Government Revenues

5.3.3.1. Introduction

Increasing public revenues is the second avenue that could lead to enlarged fiscal space. There are four dimensions to be considered, that can work simultaneously. The first is increasing tax rates, the second is widening the tax base, the third is enhancing compliance, and the fourth is to step up other (non-tax) revenues. For Suriname, the potential broadening of the tax base resulting from an anticipated improvement of the tax administration, seems particularly relevant (IMF, 2023, GOS, 2022). With respect to increases in tax rates, higher tax rates could create some disincentives to economic activities and impact tax revenues.

Table 5.3.3.1 compares Suriname with other countries in the region. The table reveals that Suriname in terms of tax revenues as a share of GDP is in line with peer countries.

Table 5.3.3.1: Total tax revenue as % of GDP, 2017-2020

	2017	2018	2019	2020
Suriname	19.0	20.0	20.4	18.4
LAC	22.3	22.5	22.7	21.9
Caricom (i)	24.1	24.8	25.3	24.8
Middle America (ii)	21.0	21.3	21.5	20.5
South America I (iii)	19.2	19.4	19.4	18.2
South America II (iv)	27.3	27.3	27.0	26.7

i. Antigua and Barbuda, Bahamas, Barbados, Belize, Guyana, Jamaica

ii. Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Trinidad and Tobago (these are the countries for which statistics are available)

iii. Bolivia, Colombia, Ecuador, Paraguay, Peru, Venezuela

iv. Argentina, Brazil, Chile, Uruguay

Source: Author’s compilation from OECD, *Revenue Statistics Latin America and the Caribbean, 2022*; and author’s calculations for Suriname

Increasing taxes to boost revenues might be a necessary step. In general, there are six broad categories that governments can use to increase their revenues,¹⁸ these are: (i) tariffs, (ii) consumption and/or sales taxes, (iii) income taxes, (iv) corporate and financial sector taxes, (v) taxes levied on (income from) natural resources, and (vi) other revenues.

It is instructive also to distinguish between mineral and non-mineral revenues. For example, mineral revenue accounts for an estimated 48% of total government revenue in 2022, and even more in the 2023 budget (GOS, 2023b). Part of these revenues accrue from direct taxes (income tax), and another part are from royalties and dividends levied from mining companies – the latter amount to around 6.6% of GDP in 2022 and 8.5% in the 2023 budget (IMF, 2023).

¹⁸ Ortiz et al. (2019)

This section discusses direct taxes and indirect taxes and their impact on net income across the income distribution (sub sections 5.3.3.2 and 5.3.3.3) and continues to review taxes and non-tax revenues from the mineral industries (5.3.3.4). The last sub section (5.3.3.5) explores the fiscal space options from broadening the tax base by enhancing compliance.

5.3.3.2. Direct taxes and effective tax rates

The main tax revenues stem from corporate income, personal income and general sales taxation. Within these items, the following rates and (if applicable) brackets apply.

Corporate income tax (CIT), a flat rate of 25% applies on all income from dividends.

Personal income tax (PIT), the following structure applies. Income below an annual threshold of 11,356,80 SRD is exempted. For the income between SRD 11,356,80 and 19,273,80, a 8% rate applies. The interval from SRD 11.356,81 to SRD 19.273,80 is taxed at 18%, and for the following interval from SRD 19.273,81 to SRD 30.193,80 a 28% rate applies. Income above 30.193,81 SRD is taxed at a 38% top rate.

In addition to these two larger direct tax sources, there is a **wealth tax** at 0.003% of net value.¹⁹ The revenue from this wealth tax fluctuated from 0.0012 to 0.016% of GDP between 2019 to 2023. This is **extremely low in international perspective**. For example, average wealth tax revenue in a number of other Caricom countries (Antigua and Barbuda, Bahamas, Barbados, Belize, Guyana, Jamaica) was 1.5% of GDP in 2019 (OECD, 2022).

On top of income tax, **social security contributions (SSC)** may apply. All income earners pay 4% AOV contribution on their income without an exemption and for private sector employees, the social security contribution (which is 7% in 2023/APF) starts at SRD 6,000 with a ceiling at SRD 60,000. Civil servants pay a 10% social security contribution without a floor and without a ceiling.

Figure **..A** shows the average effective tax rate for salaried workers in the private sector. The figure shows that **effective tax rates** (that is, combined income tax and contributions) **are high for salaried employees below SRD 40,000** annually, which typically includes categories such as a telephone operator and a security guard. These workers already pay the top 38% rate on their marginal earnings plus 4% (AOV), plus 7% (SSC) – hence, their marginal effective tax + contributions rate is close to 50%.

Figure **..B** shows similar picture for civil servants. The **low function scales (F7/8)** also pay the top 38% rate on their marginal earnings plus 4% (AOV), plus 10% (SSC) – hence, their **marginal effective tax rate exceeds 50%**. Around **60% of civil servants in Suriname are populating these function scales**.

Three quarters of households in Suriname are estimated to have an income above SRD 72.000 (equivalent to 110% of the one-adult poverty line)²⁰. The average effective tax rates of these households are between 40 to 50% of their incomes. These households, the middle classes, are most affected by the recent cuts in electricity and fuel subsidies.

Figure **..A**: Average effective tax rates across the income distribution, salaried employees, Suriname, 2023

¹⁹ WET van 14 december 1944 tot heffing van een "Vermogensbelasting", G.B. 1944 no. 185. This may have been revised afterwards; unfortunately, information about this is missing.

²⁰ The estimate of three-quarters derives from the fact that the new social benefit programme, which targets households with an income up to SRD 6,000 per month, is expected to reach 50,000 households (which would be about one quarter of all households).

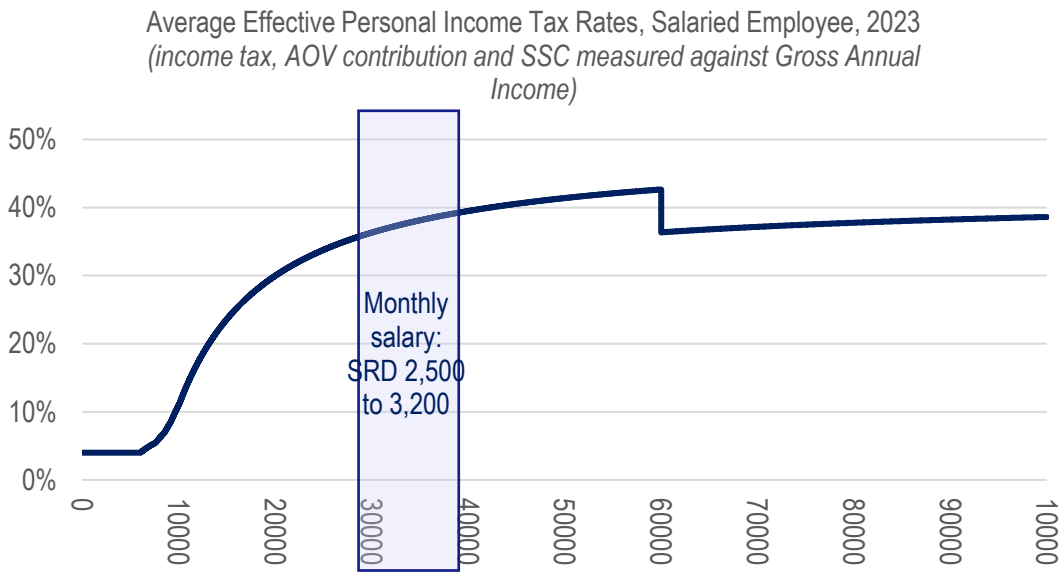
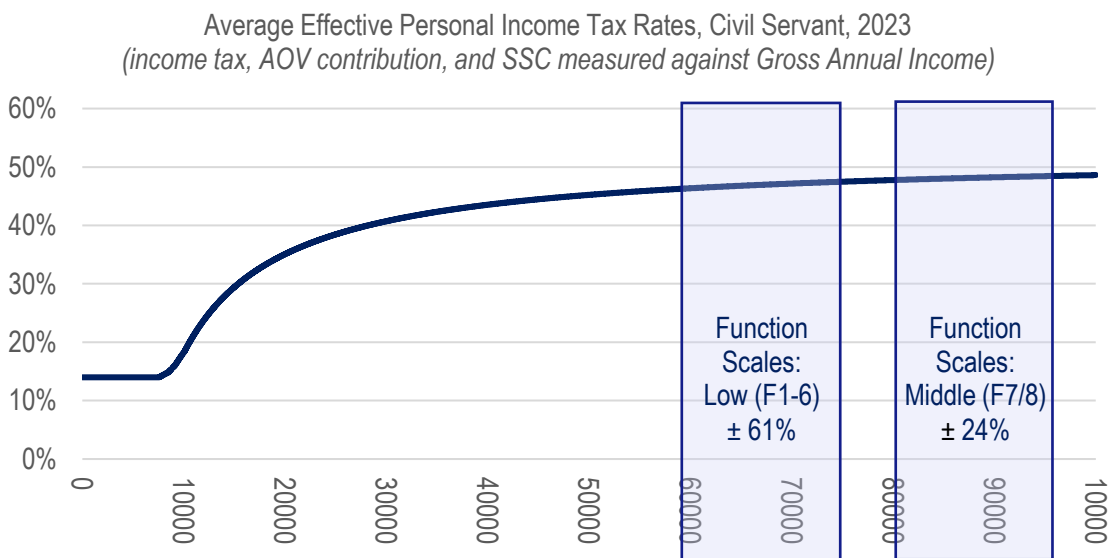


Figure 2.1B: Average effective tax rates across the income distribution, public sector, Suriname, 2023



Source (Fig. 2.1A and b): author's own elaboration, based on information from the Financieel Jaarplan 2023.

The conclusion to be drawn from these figures is that an urgent need exists to **revise the income tax brackets**. In fact, the government has announced a revision of the income tax schedule in 2023 with a view to broadening the tax base and lowering tax rates (GOS, 2022b). [check status] The rationale for this, however, is not that much fiscal space may be gained here. This is more an issue of fairness. The two figures clearly show that already from a rather low point in the income distribution there is hardly any progressivity in the tax system anymore. Perhaps, a higher than 35% top-rate could be introduced further up the income ladder. However, this will not generate much in terms of additional fiscal space as only a relatively small share of income earners would be in that bracket.

On the other hand, there would be scope for **increasing wealth taxes** as these are found to be extremely low in Suriname. The government has announced a revision of the wealth tax in 2023 (GOS, 2022b). [check status] Bringing

wealth taxes to the average of Caricom countries could already generate **more than 1% of GDP** additional revenues.

5.3.3.3. Indirect taxes and effective tax rates

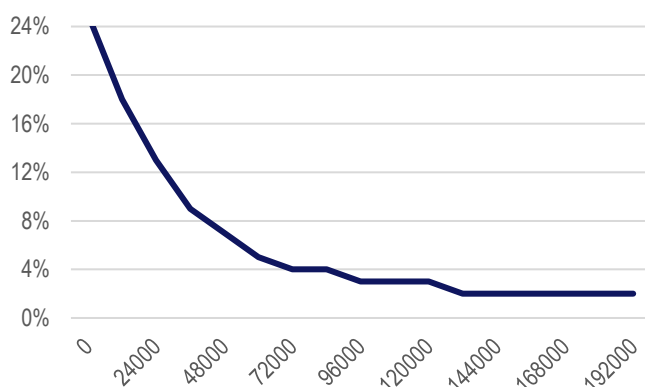
The government is switching from a general sales tax to a value added tax. This reform has been announced for long. In fact, it was actually already announced in the 1997 GST Act. However, it has been postponed many times. The main difference between a GST and a VAT is that in the former, tax is levied on all transactions along the value chain, whereas in a VAT, the tax is levied on the added value and is paid by the final consumer. This added value is independent of the number of transactions of intermediary products before the end-product reaches the consumer. Moreover, with a VAT, taxes paid on exported goods and services can be reclaimed. This should enhance competitiveness of Suriname’s tradable goods and services on international markets. Late June 2022, the president has submitted the draft VAT Act (GOS, 2022) to parliament.

The General sales tax (Act of 20 January 2021, “houdende nadere wijziging van de Wet Omzetbelasting 1997, S.B. 1997 no. 83, zoals laatstelijk gewijzigd bij S.B. 2020 no. 15”) applied the following rates: 10% on domestic commodities, 12% on imported commodities and 8% on services.

This GST will now gradually be phased out and a Value added tax (VAT) is set to replace it. The introduction of a VAT would constitute a major step in the effort of the government to increase tax revenues and, at the same time, reduce the burden of earnings and income taxes (Government of Suriname, 2022). Proposed is a 15% rate. Turnover below 1 million SRD annually will be exempted. The draft law has a list of goods and services for which a zero rate applies. These include utilities, health services and supplies, public education, public transport, life and health insurance services, financial services, supplies and services related to oil and gold extraction (annex 1 of the draft Law). Exemptions apply for real estate transactions, casinos and lotteries and imported fuels (annex 2 of the draft Law). These **exemptions are meant to make the VAT less regressive** (Government of Suriname, 2022).

Figure 10, however, shows that this only very limitedly will be the case. The figure shows the government’s estimate, when sending the draft new VAT Bill to parliament, of the incidence of effective VAT rates across the income distribution. The figure shows the regressive nature of the VAT. Low and middle income earners face much higher rates than high income earners. For example, most benefit recipients with benefits between SRD 1,250 (FBZwHH, AOV) and 1,750 (FBMMeB) face an effective VAT rate of around 15%. For middle income earners (around SRD 60,000) the effective rate has decreased to 5%, and for high income earners (SRD 144,000) the effective rate has further decreased to 2%.

Figure 10: Average effective VAT rates across the (annual) income distribution



Source: see footnote²¹

The conclusion is that **effective taxes for low and middle income earners are high**. This has implications for the feasibility of increasing the tax rate. In fact, it is not quite clear how exemptions on items such as financial services, supplies and services related to oil and gold extraction, real estate transactions, casinos and lotteries and imported fuels make the VAT less regressive; on the other hand, the **introduction of a lower tax rate on basic necessities** – as for example, rice, potatoes, vegetables, etc. – definitely would. Such a **dual rate** exists in many countries.

Another source of revenue from indirect taxes could be the **increase of consumption taxes** on selected articles which, currently, make out only a small share of total revenues from indirect taxes (table 4.1).

Table 4.1: Taxes on selected consumption articles, 2017-2023

(SRD million, current prices)	2017	2018	2019	2020	2021	2022	2023
Total indirect taxes	1,542	2,173	2,173	2,203	3,693	5,645	9,758
Excise beer	58	57	68	59	127	146	204
Excise tobacco	85	83	79	68	99	118	174
Excise on motor fuels	187	281	358	514	263	363	150
Excise on non-alcoholic beverages	40	45	51	49	111	121	161

Table 4.2: Share of taxes on selected consumption articles (in % GDP)

	2017	2023	difference
Excise beer	0.22%	0.15%	-0.06%
Excise tobacco	0.32%	0.13%	-0.18%
Excise on motor fuels	0.70%	0.11%	-0.58%
Excise on non-alcoholic beverages	0.15%	0.12%	-0.03%
			-0.85%

Source: Author's elaboration based on various Government budgets

Table 4.2 shows that even bringing the share of revenues from excises on these consumption items to their GDP share in 2017, would generate 0.85% of GDP in terms of additional revenues. Together with restoring revenues from profit taxes on some other items (for example, lotteries and casinos) to their 2017 levels, there is **scope to increase revenue from profits and indirect taxation with at least 1% of GDP**.

5.3.3.4. Mineral tax and non-tax revenues

The Government of Suriname generates revenue from the mining sector using a variety of mechanisms, including taxation, royalties, dividends and fees. The latter are due on the acquisition of mining rights. Combined, these mechanisms account for a major portion of government revenues. Specific royalty rates are not included in the Mining Decree. These rates are negotiated with the companies and laid down in a government decree. Similarly, specific corporate tax rates are not mentioned in the Mining Decree (EITI-SR, 2022).

Corporate taxes are similar to those of non-mining companies. Exemptions (such as import duties, and fuel taxes) and accelerated depreciation are available to mine operators, particularly in the lead-up to commercial production, to improve the investment climate. Operators can also establish a reinvestment reserve, in which up to 10% of

²¹https://www.dna.sr/media/352306/22_1246_Pres._Ch._Santokhi__Aanb._ontwerpwet_Wet_Belasting_over_de_toegevoegde_waarde_2022_BTW.pdf

taxable profit in a given year can be deposited into the reserve prior to tax payment, provided that the funds are reinvested in Suriname within three years (EITI-SR, 2022).

Box 3 lists the key regulations ruling activities (exploitation, trade, export, etc.) with respect to the mining industries.

Quick Part module “2-Box”:

Box 3: LAW/AGREEMENTS regulating corporate taxes, indirect taxes and non-tax revenues related to hydrocarbon activities

Corporate Income Tax act (Wet inkomstenbelasting) Income tax act 1922 G.B. 1921 No. 112, Acting G.B. 1960, No.84, as last amended by S.B. 2016

- The corporate income tax is levied based on a layering system ranging from 0% to a max of 36% on an annual basis. Before final declaration companies should apply for provisional self-assessment tax declaration on a quarterly basis.

Dividend Tax Act (Wet Dividendbelasting) G.B. 1973 No 8 Suriname levies a dividend withholding tax on dividends distributed by Suriname resident companies.

- The dividend tax rate is 25% (if no tax treaty is applicable).

Turnover Tax Act/General Sales Tax Act (Wet Omzetbelasting) S.B. 1997/83, as amended by S.B. 2013/117 and S.B. 2021/107

- Under the name of the Turnover Tax Act 1997, tax is levied in compliance with the stipulations of this law on: a. goods produced in Suriname and delivered in Suriname; b. services, mentioned in appendix no. 1 of this Law, performed in Suriname; and c. the import of goods.
- The rates of the turnover tax are: 10% for the supply of goods and on imports (25% for some imported luxury goods); 8% for the rendering of services which are included in the appendix to the law; 0% in the case of export of goods.
- On 12 August 2021, the turnover tax was amended to 12% for suppliers of goods, import of goods and services. The new **Value Added Tax** is gradually set to replace this General Sales Tax.

Act Tariff of Import & Excise (Wet invoerrechten en accijnzen) Act Tariff of Import Rights 1996 /S.B. 1995/111, last

- In 1995 the regime of import duties was brought into line with CARICOM arrangements. The tariffs of the import duties inserted in the Tariff Law of Import Duties vary from 0 to 40%. If one imports goods, the importer must pay import duties and turnover tax. Goods that are produced in the CARICOM are for the most part exempted from import duties.
- There are also various exemptions mentioned in the Tariff Law on Import Duties. Exemptions and special incentives on customs duties are found in different regulations, such as the Petroleum Act, which provides special incentives to oil companies, contractors and subcontractors of oil companies.

Law on Statistics right (Wet op Statistiekrecht) GB 1973/9 and amendments SB 1964/60 and SB 2008/28

- The Statistic right is to be paid on import and export of goods based on fixed rates.

Service Tax Mineral agreement 2013, 'Merian Gold project' between the Republic of Suriname and Suriname Gold Company LLC (Surgold) (now: Newmont Suriname LLC/NS.)

- Service tax is a withholding tax of 15% and is payable on Service fees from the start of Commercial Production of NS. This withholding tax applies to NS and all other companies involved in the project, insofar as the underlying Service fees are deducted from the levying of income tax by NS or another company involved in the project. In connection with the withholding tax, NS and all other companies involved in the Project will be responsible for withholding and paying their withholding taxes and will not be jointly or severally liable for the withholding tax obligations of another company involved in the Project.

Fuel tax (Motor Fuel Tax Excise tax act) 'Wet Verbruiksbelasting Motorbrandstoffen' (SB 1987/90), amended by S.B. 2004/79, in conjunction with the Petroleum Act 1990

- The fuel tax levied on imported and locally produced fuels is based on the ‘Wet Verbruiksbelasting motorbrandstoffen’ (SB 1987/90), (Motor Fuel Tax Excise tax act). Various other taxes are levied on imported fuels, such as import duties, statistical- and consent fees, sales taxes, and a road tax. Import duties, statistical and consent fees, sales taxes and road tax are all governed by proper laws

Source: EITI-SR, 2022

Given this regulatory framework, the following explores the options for increasing revenue from the main industries: oil, gold and timber production.

Oil

Overview. In 1980, the Staatsolie Maatschappij Suriname (State Oil Company Suriname) N.V. was established to secure the stake of the government of Suriname in the exploitation of its oil and gas reserves. The government is the single shareholder. Staatsolie holds all oil and gas rights, both onshore as well as offshore and it enters into agreements with international oil companies. The State Oil Company operates in a number of joint ventures with international companies (Shell, ExxonMobil, Elf-Aquitaine, Total). Drilling activities are both nearshore and offshore.

International companies interested in executing petroleum operations in Suriname can do so based on Article 5 of Petroleum Law 1990 (SB 1991/7). According to this article, Staatsolie can sign petroleum agreements with third parties after approval from the Ministry of Natural Resources. Through the petroleum agreement, Staatsolie transfers its rights to explore, develop and produce hydrocarbons in a contract area (Block) to a contractor (EITI-SR, 2022). Between 2010 and 2019, 30 year-contracts have been signed for the production of around 10 blocks, these are all operational (EITI-SR, 2022). In 2020, Total and Petronas have made a number of consecutive discoveries in offshore blocks, turning Suriname into a worldclass hydrocarbon source (EITI-SR, 2022). The government estimates this field’s potential at approximately 11 billion barrels (GOS, 2022b).²² The production will not start before 2025.

Production through 2016-2022 has been rather consistent around 6.0 million barrels crude oil (GOS, 2022b). This is equivalent to 16.4 thousand barrels per day. This ranks Suriname somewhere around position 65 in the world. To compare, in 2021, the world’s largest three oil producers, the United States, Russian Federation and Saudi Arabia produced over 10 million barrels per day.²³

The value of oil production decreased from SRD 506 million (1.7% of GDP) in 2018 to SRD 432 million (1.1% of GDP) in 2020 (EITI-SR, 2022). In 2020, oil and gas exports represented 12.9% of total exports of Suriname.

Employment in the industry is around 1,150 persons, three-quarters of which are male (EITI-SR, 2022).

Tax revenues. Mining companies are charged regular corporate income tax. Companies also pay fuel taxes in their inputs. However, exemptions may apply. Exemptions from fuel taxes are granted through the Tax Authority (a directorate under the Ministry of Finance and Planning) and would follow the regimes on tax exemptions laid out in treaties, laws or decrees for certain kinds of organizations (EITI-SR, 2022). State Enterprises and contractors will also be exempt from import and export duties on imported and exported industrial means, materials, goods or equipment of whatever nature, which are used for petroleum activities (EITI-SR, 2022). Corporate income taxes from oil companies have been SRD 81 million in 2021 and an estimated SRD 162 million in 2022 (GOS, 2022b).

Non-tax revenues. Royalties ...

The government also generates revenues from dividends through its 100% participation in Staatsolie Maatschappij Suriname N.V. Dividends have been SRD 837 million in 2021 and SRD 1,013 million in 2022 (GOS, 2022b).

²² Measured against a conservative USD 60 price per barrel, this represents a net present value of 244% 2022 GDP.

²³ Retrieved from: <https://worldpopulationreview.com/country-rankings/oil-production-by-country>

Gold

Overview. There are two methods distinguished for gold mining in Suriname: 1) Artisanal and small-scale gold mining; and 2) Industrial scale gold mining.

With respect to the industrial scale gold mining a small number of multinational companies are active in Suriname. Rosebel Gold Mines N.V. (a daughter of Canadian owned IAMGOLD), exploiting the country's largest gold mine in the Brokopondo district. The government owns 5% of the share capital in the N.V. The second largest field is the Merian Gold project, owned and operated by Surgold (a daughter of US owned Newmont Mining Corporation). Newmont Suriname LLC owns 75% of shares and on behalf of the government the State Oil Power Company Suriname (SPCS) owns the remaining 25% of the share capital. Since 2020, a new joint venture was created to exploit a third concession, the Pikin Saramacca project. In this joint venture, Rosebel Gold Mines N.V. holds 70% and the SPCS 30% of the invested share capital (EITI-SR, 2022).

The artisanal and small-scale mining activities have been practiced for centuries. At times its turnover can exceed that of industrial mining. Estimates are that the number of workers carving a living in this sector are around 60,000 – most of them not registered and a large part of them migrants from abroad. In particular in this artisanal and small-scale mining there are substantial environmental issues: water pollution, waste dumping, deforestation, landscape destruction, to name a few. There is the Mining Decree (1986) which regulated the sector. However, there is little oversight. One third of the estimated number of small-scale miners have registered to receive a permit: a Gold Sector Registration Card (EITI-SR, 2022).

Concessions are granted for exploration (3 years, twice renewable), and exploitation (up to 25 years, renewable). Concessions for exploitation to Rosebel Gold Mines N.V. and Newmont Suriname LLC were extended/granted in 2013 and therefore are due to terminate in 2038.

Production. The value of gold production decreased from SRD 5.2 billion (17.8% of GDP) in 2018 to SRD 5.6 billion (14.5% of GDP) in 2020 (EITI-SR, 2022). In 2021, gold exports represented ...% of total exports of Suriname.

Employment in the industry is around 2,000 persons, 90% of which are male (EITI-SR, 2022).

Tax revenues. Mining companies are charged regular corporate income tax. Corporate income tax revenues were SRD 2,374 million in 2021, and SRD 4,344 million in 2022 – this is equivalent to 4.0% of GDP and 15.7% of government revenue (2022), resp. to 5.0% of GDP and 18.1% of government revenue (2023).²⁴

Non-tax revenues. Up to 2015, royalties on gold were 1% for artisan and small-scale entrepreneurs. In 2015, rates were increased to 2.75% and from 1st January 2022, further to 4.5%. However, in Guyana, for example, the rate is 7% and this drives much of artisan gold exports to channel their routes through Suriname. Small-scale miners sell their gold to licensed exporters and it is at this point where royalty fees are collected.

For the international companies the rates are negotiated. For example, the mineral agreement with Newmont Suriname LLC: according to this agreement NS Shall pay or arrange for the company to pay a royalty to the Republic of Suriname of 6% on the Net Smelter Returns (EITI-SR, 2022). The second example: Rosebell is charged a royalty of 2.25% of gold production, provided that the price of gold is under USD 425 per ounce. The 2.25% royalty is divided as follows: 2% goes to the state (split between State-owned Grassalco, 20% and the Treasury, 80%), and 0.25% is transferred to the Suriname Environmental Mining Foundation (EITI-SR, 2022). Moreover, it was agreed at the signing that should the price of gold exceed USD 450 per ounce, a royalty of 6.5% is charged on all revenues earned as a result of pricing higher than USD 450. This position has resulted in very significant royalty revenues for the government, given the high gold prices since the agreement was originally negotiated (EITI-SR, 2022).

Table .. shows that gold prices since 2017 consistently have exceeded the USD 450 benchmark.

²⁴ Calculated from USD values as reported in GOS, 2022b.

Table: Gold price development, 2017-2023

	Historic					Projections	
	2017	2018	2019	2020	2021	2022	2023
Gold price (USD)	1,257	1,269	1,392	1,770	1,747	1,722	1,685

Source: IMF, 2023

Receipts from royalties were SRD 1,534 million in 2021, and SRD 2,736 million in 2022 – this is equivalent to 2.6% of GDP and 10.2% of government revenue (2022), resp. to 3.2% of GDP and 11.4% of government revenue (2023).²⁵

The government can also generate revenues through direct ownership of mining operations. For example, the government has 5% free equity participation in the Rosebel gold mine and has negotiated an option to acquire to acquire a total of 40% of a new joint venture with IAMGOLD to expand the mine. For Newmont, the government decided to exercise its option to participate through Staatsolie in a fully-funded 25% equity stake in the Merian gold mine (EITI-SR, 2022). In 2022, the entire revenues from dividends, as recorded on the government budget, accrued from Staatsolie N.V. (GOS, 2022b).

Timber

Production This is Suriname's third largest export product. The production of raw timber has increased from 486 thousand m³ in 2015 to 1.1 million m³ in 2019 (GOS, 2022b). The government expects production export of raw timber to stabilize at around 0.75 million m³, whereas the export of processed timber will rise (GOS, 2022b). For this to materialize, investments in processing plants will be required.

Tax and non-tax revenues The government estimates tax and non-tax revenues from timber at SRD 471.2 million in 2022, increasing to SRD 572.8 million in 2023 (GOS, 2022b)- the 2022 figure is equivalent to 0.5% of 2022 GDP and 2.0% of government revenue in the same year. The anticipated increase has much to do with the fact that export duties are in USD and hence, the government benefits from the depreciation of the SRD (GOS, 2022b).

Conclusion. Most of existing contractual agreements in the extractive industries extend well into the 2030s and there is little chance of success in renegotiating the terms as this would be a 'zero sum game' and contractors cannot be expected to voluntarily agree to a downgrading of their contract terms.

However, there are two avenues for government to find additional space from natural resources. The first is new contracts, for example for newly discovered oil fields. This will materialize only in the medium to longer term.

The second could be a further **increase in the rate of royalties on artisan and small scale gold extraction**. These are currently 4.5%, which is still low in international perspective and also, effectively, compared to the large scale companies (these pay rates up to 6.5% above the USD 450 threshold). The high market price for gold leads to large windfall profits for these artisan and small-scale providers. Suppose government would increase the rate to 6%, this would generate an estimated **0.4% of GDP additional revenues**.²⁶

²⁵ The 2022 figure was calculated from USD values as reported in GOS, 2022b.

²⁶ This has been calculated using the increase in government revenue from 2.6 (2021) to 3.2 (2022) percentage points, deflated against the percentage increase in the market price for gold.

5.3.3.5. Tax administration

The government acknowledges that improvements are needed in the tax administration in order to increase compliance. This is work in progress. The government is working on tax fraud administration legislation (Wet Financiële Fraude Dienst) and upgrading the Tax administration to become a Tax Authority (GOS, 2022b).

5.3.3.6. Concluding remarks on fiscal space on the revenue side

This section scoped a range of tax and non-tax revenue options. The consolidated findings are listed in the following table.

Table..: Fiscal space from various revenue measures

(% GDP)	2030
Wealth tax	1.0%
Profit tax	0.15%
Indirect tax	0.85%
Gold (small producers)	0.4%
Oil	P.M.
Exemptions	P.M.
Tax administration	P.M.
Total	2.4% + P.M.

Note: P.M. means that it was not possible to quantify the measure's revenues.

Besides these measures, the question may be whether much fiscal space is to be found on the revenue side of the budget in the first place. In 2022, the government of Suriname collected up to 27.7% of GDP in terms of revenue. The country is not performing bad in this respect. For example, Suriname's GDP share of revenue is not far behind the average of Latin America and Caribbean countries, recording 30.2% of GDP (IMF, 2023a).

5.3.4. Rationalizing Government Expenditure

5.3.4.1. Introduction

A third main avenue is to look at resources government is spending on alternative programmes. Is it possible to find such resources within the expenditure envelope? There are two possibilities here, government can either reprioritize existing programmes, or government can make resources available when these existing programmes can be implemented in a more cost-effective manner. In other words, existing programmes can be terminated, scaled down or implemented at lower costs.

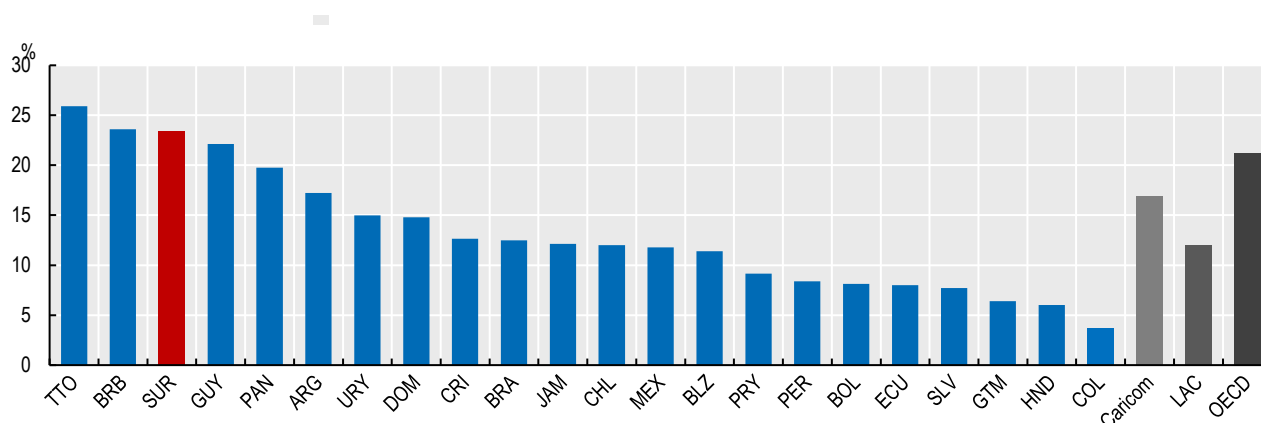
Ortiz et al. (2019) point to the complications that tend to arise in this approach, which are well known from the public choice literature. Existing programmes represent vested interests, not just at the level of beneficiaries, but with staff in implementing agencies and/or political leadership/representatives as well. All these actors have a stake in these programmes and may organize resistance against initiatives to terminate or scale down these programmes. Nevertheless, re-prioritizing and/or rationalizing public expenditure is an avenue that needs to be explored when government aims for fiscal space. Instruments that have proven to be useful are Public Expenditure Reviews and thematic budgets. These may help in producing suggestions to, replace high-cost, low-impact

components, eliminate inefficiencies in the implementation of programmes including, of course, at the level of the administration of these programmes.²⁷ This goes beyond the scope of this report.

5.3.4.2. Public sector salaries

The present government inherited an oversized civil service when it came to office in 2020 (chapter 2). Figure 5.3.4.2 shows the share of Suriname’s civil service as a percentage of total employment in a regional perspective.²⁸

Figure 5.3.4.2: Share of public sector employees in total employment, 2018/2020



Source: OECD (<https://doi.org/10.1787/888934091600>); for Suriname elaborated from *Suriname in Cijfers*, No. 349/2019-07, Algemeen Bureau voor de Statistiek.

Expenditure on public sector salaries in 2020 peaked at 10.5% of GDP. In the 2023 budget, this has reduced to 6.9% and in the IMF’s projections expenditure on public sector salaries are projected to stabilize at 6.7% of GDP in the medium to long term.

Chapter 4 has proposed a redundancy programme to facilitate the reduction of the size of the civil service. In total, an estimated 11.8 thousand people could roll into this programme which would reduce the number of civil servants to below 40 thousand. This would bring the share of public sector employees in total employed by 2029 to approximately 18% which would be close to the average of Caricom countries.

Table 5.3.4.3 shows the savings vis-à-vis the expenditure on the proposed redundancy scheme. In the final projection year, net savings are projected at approximately 0.7% of GDP.

Table 5.3.4.3:

	2024	2025	2026	2027	2028	2029	2030
Redundant civil servants	2,031	2,743	2,777	2,108	1,422	719	-
Cumulative (mid year)	2,031	4,773	7,550	9,659	11,081	11,800	11,800
Average salaries (SRD)	90.000	117.630	137.745	154.136	167.546	175.924	184.720
Cumulative savings (in %GDP):	0.14%	0.27%	0.44%	0.57%	0.65%	0.68%	0.66%
Cost of the redundancy scheme:	0.14%	0.19%	0.19%	0.14%	0.10%	0.05%	0.00%

²⁷ Ortiz et al. (2019).

²⁸ A caveat applies here: the data on peer countries pertain to 2018 (these were the most recent available), whereas for Suriname the 2020 figure was taken.

Net savings (in %GDP):	0.00%	0.08%	0.25%	0.42%	0.55%	0.63%	0.66%
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Source: Author's projections

In addition to this, there could be a saving from a 10% cut in salaries of the higher scales in the civil service. In chapter it was mentioned that in the RP2020/22, a SRD 1.3 billion compensation was offered to civil servants to ease their increase in living expenses. This corresponds to an across the board 10% increase in public sector salaries, equivalent to approximately 0.75% of GDP annually, which has not been reduced after 2022. This report proposes to reverse this 10% salary increase for the higher scales (function level 9 and higher, earning between SRD 120,000 and SRD 220.000 in 2023). This would generate another 0.13% of GDP savings.

Table .. summarizes the annual fiscal space that could be found in rationalizing the government wage bill.

Table...: Fiscal space from public sector salaries

	2024	2025	2026	2027	2028	2029	2030
Cumulative savings (in %GDP):	0.13%	0.21%	0.38%	0.55%	0.68%	0.76%	0.79%

Source: Author's projections

5.3.4.3. Subsidies

In 2022, Suriname ranked amongst the lowest of countries in the world in terms of its electricity rates. The rate in Suriname was 0.065 USD whereas the global average was 10 dollar cents higher (EY, 2022). These low rates were possible due to a subsidies from the government budget tot the state-owned electricity company of Suriname.

This company, N.V. Energiebedrijven Suriname (EBS) is a state-owned electricity company responsible for generation, transmission, and distribution of power to end-users. The company has approximately 1,200 employees and provides power to about 178 thousand connections. Additionally, EBS distributes LPG throughout Suriname through its subsidiary Ogame N.V. EBS's low historical tariff was insufficient to cover the company's operational and capital costs and has since been increased by 100% in July 2021 and further with ... early 2023. EBS has been largely dependent on the Government of Suriname (GOS) subsidies (EY, 2022).

During the period reviewed in a consultancy report that was published May 2022 (EY, 2022), 2017-2021, EBS incurred losses in every year. However only after the devaluation in 2020/2021 were there losses at the gross profit line which indicates direct cost are not being met. In FY20 and FY21 losses further increased due to foreign exchange losses from the devaluation of the SRD (EY, 2022). EBS is technically insolvent throughout the historical period. As a result of its poor financial performance, its net liabilities position has been growing year over year. EBS has not been repaying any of its liabilities towards the government (effectively the government's subsidy into EBS). As at January 2022, EBS's debt to the state recorded approximately SRD 5.26 billion (EY, 2022), this is equivalent to 8.9% of end-2021 GDP.

One of the key recommendations in the report is for the government to renegotiate power purchase agreement (PPA) contracts with State Oil Power Company Suriname (SPCS) to enable an efficient use of power generation and reduce some of the foreign currency exposure. EBS currently uses hydro power (the most cost-effective generation source), followed by thermal power purchased from SPCS, then any excess required is provided from EBS's plants. SPCS supplied power, however, costs 62% more than using EBS owned plants. Since EBS has already incurred the capital costs to increase their plant's capacity and the cost to increase the utilization their plants are marginal, this source should be used directly after Hydro power, rather than purchasing from SPCS, according to the report. However, given that a take or pay arrangement exist between SPCS and the government (denominated in USD) exposes the company to foreign currency risk and must be used before utilizing their own plants. The report recommends that EBS should seek to optimize the mix of generation sources by cost and minimize the exposure

to currency risk. The government should therefore renegotiate the PPA contracts and delegate the accountability to EBS, in line with leading practices (EY, 2022).

In a recent bid, the SPCS has proposed to prolong the existing contract with the government for the supply of power from its Afobaka hydropower plant for another period until 2038. This could open a window for the government to renegotiate the terms in the contract. There are strong indications that SPCS could generate sizable cost reductions in its operations. For example, due to arrears in maintenance the plant’s generators are reported to operate at only 84% of their full capacity.²⁹

Another recommendation for the government is to either increase LPG retail prices or separate the LPG unit from EBS, as this consistently is making losses. This affects EBS’ ability to break even as the electricity revenues are subsidizing the LPG business (EY, 2022).

The EY report suggests some fundamental changes in the policies that affect EBS to become sustainable. The first one being its tariff model. EBS cost are driven by cost of fuel and the exchange rate. Both can fluctuate significantly while the tariff is fixed. Unless the tariff is set high enough to cover such fluctuations, there will always be – except if oil prices go down and the SRD appreciates – a mis-match between revenue and direct cost, therefore making it difficult to maintain a break even or generate profitable outcome. Fluctuations in direct variable costs, that is, fuel prices, will ultimately affect EBS’s total direct cost. As such, the report recommends that the government should consider implementing a combination tariff scheme with (i) a fixed tariff element to cover the fixed costs and (ii) a floating/variable tariff scheme that is reviewed and revised periodically (quarterly/semi-annually) to cover the variable costs which are out of EBS’s control. In conjunction with this, the government of Suriname could design its subsidy policy, according to the report (EY, 2022).

These recommendations were written in a time when the oil price was high. Table 1 shows that the oil price has been volatile in the period 2017 to 2022. Oil prices are projected to decrease in the IMF projections. However, there is of course the risk that this will turn out quite different – currently, the oil price is around USD 80. In this case the recommendation for the government to keep subsidizing the variable cost could be expensive for the budget. The alternative and less costly option for the government could be to introduce a **special allowance scheme to support poor and vulnerable households specifically for the higher tariffs** in combination with a cap on the tariffs to maintain pressure on EBS to reduce inefficiencies. This special allowance scheme could be called upon when energy prices would exceed a certain accepted threshold and withdrawn when prices fall below this threshold.³⁰

Table..:

	Historic					Base Year	Projections		
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Oil price (USD/barrel)	52.8	68.3	61.4	41.8	69.2	96.4	73.1	68.9	67.0
Subsidies to EBS (%GDP)	2.9%	2.8%	2.7%	2.3%	4.0%	3.4%	2.4%	0.8%	0.0%

Source: author’s elaboration based on EY, 2022 and IMF, 2023

²⁹ Recorded from a newspaper article in Dagblad Suriname, 8 August 2023

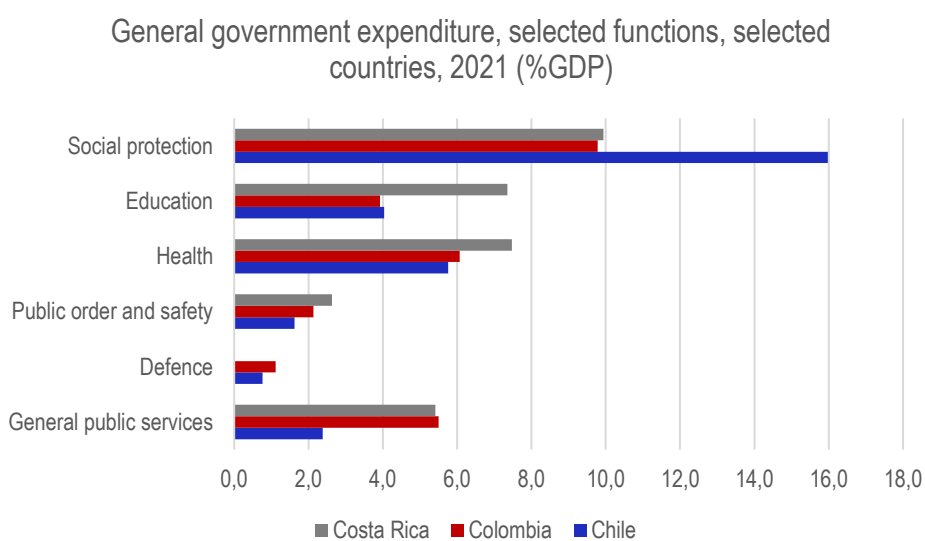
³⁰ Note that this special allowance scheme could build on the Subject subsidy electricity Act Decree that has already been introduced.

5.3.4.4. Functional expenditure

In 2022, programme spending on social protection recorded 2.5% of GDP. In addition, government expenditure on education was 2.8% of GDP and government spending on health 2.4% of GDP. [this sub section requires more research and discussion – request MOF for a COFOG budget table!]

Figure .. shows government spending in three countries in the region for which COFOG data were available. The figure shows that, whereas Costa Rica and Chile are countries with a higher GDP per capita and therefore arguably can spend more; Colombia with a rather comparable level of wealth (GDP/capita was USD 6,664 in 2022, vis-à-vis USD 5,858 for Suriname), spends as much as 9.8% of its GDP on social protection.

Figure ..:



Source: OECD, <https://stat.link/nlij94>

5.3.4.5. Concluding remarks on fiscal space on the expenditure side

This section has considered options for rationalizing the public sector wage bill and energy subsidies. There is scope for a reduction in public sector salary expenses but to remain realistic, the potential savings will not be high and part of the savings should be used to offer a decent exit for ex-civil servants to find their inroad into private sector employment. There is considerable scope for reducing energy subsidies. However, this has already been factored in the IMF’s projections that this report uses as a benchmark. The same applies to the savings to be generated from an upgrading of the tax administration.

Reprioritizing functional (programme) spending to increase the share of social protection expenditure (and education and health) could be an option that warrants further investigation.

5.3.5. Tapping into foreign aid

5.3.5.1. [Heading level 4 Num]

In 2023, the government is expecting SRD 500 million in grants and SRD 7.9 billion in loans, from various bilateral and multilateral donors. The Netherlands, the European Union and the Global Fund are the major donors. IDB and IMF are the major multilateral agencies providing loans. These grants and loans come with conditions. Some of these resources are earmarked for social protection measures – for example for measures for children of relief

measures for poor and vulnerable families. This report will not venture into options for increased tapping into foreign aid as there are no imminent signs that this would be a realistic scenario.

[Note: the following sub sections (5.3.6 and 5.3.7) could benefit from inputs from MOF and/or IMF specialists; the author has not ventured into a thorough independent assessment of these two avenues.]

5.3.6. Restructuring Government Debt

5.3.6.1. [Heading level 4 Num]

In 2022, total public debt recorded 119.2% of GDP. External public debt was 89.6% and domestic debt (in SRD) recorded 29.2%. Ironically, debt denoted in SRD has benefited from the depreciation and high inflation as in 2020, domestic debt still was more than 50%.

IMF assesses the long-term debt distress risk is as moderate. The debt to GDP ratio is projected decline to touch at 60% of GDP around 2032. However, the government's financing needs are projected to increase in the medium to long term due to rollovers of existing debt. This, emphasizes IMF, underscores the importance of maintaining fiscal discipline in the long term (IMF, 2023b).

It is beyond the scope of this report to undertake an independent assessment of debt dynamics under alternative assumptions.

5.3.7. Exploring Fiscal and Monetary Reserves

5.3.7.1. [Heading level 4 Num]

Suriname hosts a sizable number of state-owned enterprises who are active in utilities, telecommunication, financial services, etc. There are numerous examples of countries who have privatized their state-owned enterprises and governments have collected returns from these transactions. These returns could be invested in a sovereign wealth fund and the returns could be used for recurrent spending, including social protection spending.

Government could even retain a share in these companies to maintain control at the strategic and operational level. There is ample evidence that retaining control is crucial to protect the interests of the consumers of these services. The privatization of water distribution in Bolivia or even pensions in Chile have demonstrated that the new private ownership seldom ranks the interests of the consumers where it should – to put it mildly.

However, it is questionable whether, in their current state, any of the state-owned enterprises would be attractive for private investors. Most likely, a restructuring of management and of the regulatory environment would need to come first. This report does not consider this to be a viable avenue for mobilizing fiscal space in the near future.

Monetary reserves are also not readily available. Given the fragility of the SRD, the Central Bank needs to keep a fair amount of foreign currency in reserve, first to establish, and subsequently to maintain, exchange rate stability and control inflation.

Last but not least, it deserves mentioning that with an estimated 275% of annual GDP's oil and a still expanding gold sector, the government in the longer term – provided that public debt has been put on a sustainable path – could follow the Norwegian and Chilean example and establish a sovereign wealth fund.

5.3.8. Eliminating Illicit Financial Flows

5.3.8.1. [Heading level 4 Num]

Corruption has been persistent and widespread throughout all levels of government in Suriname in the recent and more distant past. The son of the former president has been convicted in a US federal court and the former president himself is on an Interpol list for the accusation of drugs trafficking. And as recent as in 2020, the former Minister of Finance and ex-governor of the Central Bank under the previous Bouterse administration were prosecuted for fraud, embezzlement and violating bank and anti-corruption laws following the disappearance of USD 200 million from the bank's accounts.

Trafficking is a another major problem. The extended borders with neighbouring countries, covered with dense rain forests, are hard to monitor and offer ample opportunities for trafficking gold and drugs. Related to it, money laundering is another issue. Experts describe the network of exchange boots (cambios), casinos and jewelleries in and around Paramaribo as hotspots for laundering receipts from illegal trafficking of gold and drugs (Yansura et al., 2022).

Weak institutions, limited technical capacities and poorly implemented legislation and regulations offer opportunities for a wide range of criminal activities, including money laundering, drugs and gold trafficking, illegal logging and corruption (Yansura et al., 2022).

What has been ingrained in the governance culture for so long cannot be expected to have disappeared overnight with the inception of the present government. For things to change, it will take time. Reliable estimates on the size of illicit financial flows are not available and neither will it be realistic for this report to put a number on the fiscal space which could accrue from a more vigorous anti-corruption practice.

5.3.9. Macroeconomic Policies

5.3.9.1. [Heading level 4 Num]

The government's macroeconomic policies have been discussed in section 5.2.2. The government with its RP2020/22 and Multiannual Plan 2022-26 has set clear macroeconomic guidelines and this report has little value to add in this respect, except emphasizing that implementation is key to achieve the objectives.

6. Conclusions and Recommendations

6.1. Conclusions

6.1.1. Conclusions

6.1.1.1. Economic and fiscal situation

The main conclusions with respect to Suriname's economic and government finances situation are as follows.

- Suriname's economy suffers from several **persistent weaknesses** which render it highly vulnerable to fluctuations in global markets. These weaknesses include a high dependence on natural resources and international price fluctuations for both exports and imports, high and persistent inflation, a large public sector and an underdeveloped private sector.
- Government **revenues** are highly dependent on the ups and downs in the **mining industries**. On the expenditure side of the budget, **public sector salaries** and **subsidies** are major items. Government finances went off track in the years before the present government took office. Public debt peaked at 143% of GDP in 2020 and resulting high **interest costs** are a drain on the government's budget.
- Large numbers of people are **working in the public sector** which has absorbed a large share of redundant workforce and many others work in the **informal sector**. Real earnings have deteriorated during the past decade and average earnings in the private (non-corporate) sector are around the poverty line. Unemployment and underemployment rates are high.

6.1.1.2. Social Protection Expenditure and Performance Review

The following lists, in a clustered way, the main conclusions from the review of the social protection system in Suriname.

Typology of Suriname's social protection system

- **Suriname has the fundamentals of a social protection floor in place.** For all four guarantees of the Social Protection Floor, Suriname provides at least a basic level of protection. Both from a **horizontal** perspective and from a **vertical** perspective, there are provisions in place which can serve as a point of departure for further expansion: broadening and deepening.
- Suriname's contributory social protection system consists of 'Bismarck-type' **occupational social insurance** schemes in the sense that eligibility is conditional upon having paid contributions for a minimum period, and 'Beveridge-type' **residential social insurance schemes** with flat rate contributions and flat benefit amounts. In addition, there are two non-contributory **social assistance** programmes and a range of small provisions. Last but not least **there is a base health insurance** guarantee for children, elderly and recipients of social assistance.
- Occupational social insurance consists of two major pension schemes, one for the private sector and one for the public sector, several (30) sector or company pension schemes, and a public health insurance scheme for the public sector.
- Residential social insurance and social assistance consists of 5 '**flagship**' programmes (AKB, MMeB, ZwHH, AOV, BAZO) and a number of smaller cash or in-kind provisions and services.

Legislative framework

- Most of the legislative framework has been established. **Two programmes do not have a proper legislative basis**, these are the non-contributory financial support programmes for PWDs and vulnerable households.

Occupational social insurance

- First of all, recent and reliable **information** to assess the performance of Suriname's occupational social insurance schemes **is not available**. If funds produce annual reports at all (which by law they should), it is after an extremely large lapse of time.
- Contingencies covered are **limited** to old age, survivors, ex-partners and sometimes disability.
- In 2021, a parental leave scheme (providing maternity benefits) has been established. This **parental leave scheme has not been integrated into the existing administrations** which seems inefficient.
- Major branches that are still missing are **occupational injuries** and **unemployment insurance**.
- Information on the performance of the 30, or so, sector pension funds is not available.
- Large numbers of people above the age of 18 are **not covered under occupational social insurance**.
- There is a **disbalance in benefit levels** between those who are eligible for a full occupational **old age pension** (those with sufficiently lengthy track records in salaried employment), and those who receive only the general old age allowance (those who never had a salaried job).

Residential social insurance and social assistance

- **Levels of benefit are low across the board**. Households receive benefits that, at best, cover around one third of the applicable poverty threshold; mostly (far) less.
- Moreover, there is **no automatic adjustment mechanism** for inflation. This leads to a gradual erosion of the real value for recipients.
- Coverage of the **general old age allowance** (AOV) is near **universal**. Approximately half of children are covered under the **general child allowance** and the remainder is covered through a top up on salaries. There is no information whether all families with (up to 4) children are covered.
- Coverage under the working age financial support programme for PWDs (FBMMeB) is around 3% of the relevant age group (18 to 59). Children and elderly with disabilities are not covered.
- **Coverage** under the financial support programme for **vulnerable households** (FBZwHH) is **limited**. Not more than 10% of poor households in Suriname will be covered at its best, that is, if the targeting mechanism would function well. However, the geographic spread in beneficiaries reveals that not more than a small share of poor households in the coastal and urban areas are covered – most of beneficiaries live in the two inland districts. Moreover, the length beneficiaries remain in this programme appears to be rather short.
- The **base health insurance programme covers less than 100% of eligible** categories. The contribution rates which government subsidizes for designated categories have never been adjusted and do not allow insurance companies to recover the medical costs of these insured.

Governance themes

- It is not clear whether **coordination and integration** between programs and objectives are rightly addressed. The overlap of objectives, and duplications in beneficiaries among the various programs, seems to indicate the need for rationalization, even given that one program can serve more than one objective.
- **Management information is poor.** Most programmes do not collect information which is required to assess their performance.
- The residential social insurance and social assistance programmes do **not have clear objectives** which – even if the management information would be there – makes it difficult to assess their performance.

Expenditure

- Expenditure on the five **'flagship' social protection programmes** stands at **2.25% of GDP**. Other social protection programmes consume a very small additional share of the budget.
- In 2023, a social benefit programme has been introduced and rolled-out nationwide which spends another 1% of GDP. This programme, however, is of temporary nature.

6.2. Recommendations

6.2.1. Recommendations

6.2.1.1. Recommendations for social protection reform

This sub section contains a number of recommendations, organised via the four guarantees of the social protection floor.

Health insurance

H.1. Increase state paid contributions under the BAZO scheme to a level where insurers can recover the true costs.

Children

C.1. Make the child allowance universal. Include all children under the programme. Consider to remove the current ceiling on the number of children for which the allowance can be received.

C.2. Scale up the existing school feeding programme to nationwide coverage.

C.3. Introduce two new programmes: one is a top-up allowance for children with disabilities and the other is a student stipend programme to stimulate that children leave school with an entry certificate for the labour market or for higher education.

Working age

W.1. Introduce new occupational insurance schemes for occupational injuries and for unemployment.

W.2. Introduce a short-term benefits branch under the occupational pension schemes for the private and public sector and transfer the parental leave scheme there.

W.3. Increase the levels of benefit under the two financial support programmes (FBMMeB, FBZwHH).

- W.4. Scale up the FBZwHH programme into a genuine means-tested social assistance programme for poor households. Integrate the various beneficiary registrations into one system.
- W.5. Reinforce the PES so that it can be effective in training and job-matching for beneficiaries of the unemployment insurance scheme (once established).
- W.6. Consider a temporary exit-scheme for civil servants to facilitate their transition to the private sector.

Old age

- OA.1. Increase the benefit level of the universal old age allowance two- or threefold.
- OA.2. Undertake independent actuarial valuations of the current occupational pension schemes.
- OA.3. Consider revising the occupational pension schemes into a top-up on the higher than current base level without increasing the replacement rates under the occupational schemes.

Governance

- G.1. Establish a Strategic Programme Unit to coordinate social protection in Suriname, possibly under the Minister for Labour, Employment and Youth.

6.2.1.2. Costing and financing social protection reform

This sub section contains an overview of the findings from the cost and financing projections.

Costing social protection reform in Suriname

- The **baseline** (Status Quo) **projections** indicate a gradual increase in expenditure in occupational social insurance from 6.6% in 2022 to 7.7% in 2030. The residential social insurance and social assistance programmes would more or less maintain their current level of spending at 2.4% of GDP.
- This report proposes a set of reforms containing additional programmes for children, some new occupational insurance branches, active labour market programmes, and increased levels of benefit of all 'flagship' programmes. **This social protection reform package would address most of the challenges which have been identified in this report.**
- The reform proposals would add another 0.5% of GDP to the costs of occupational social insurance, to be financed from contributions and savings in salary top-up costs.
- The reform proposals, on the other hand, would **lead to an increase of expenditures for the residential social insurance and social assistance programmes from currently 2.4% to around 9% of GDP by 2030.**

Financing social protection reform

- This report has identified several options for the government to **mobilize resources to finance these costs**. On the revenue side of the budget there are options with some of the corporate income tax items and wealth tax. In the medium term, new concessions for off-shore oil drilling could provide additional revenues. This and other options could not be quantified. On the expenditure side there are options with public sector salaries (albeit limited) and allocations to programmes outside the scope of social protection, education and health. The latter has not been quantified. This would require a Public Expenditure Review. Other options for mobilizing fiscal space are deemed to take a much longer time to materialize and have not been assessed.

- **The fiscal space which could be quantified amounts to around half of what is needed for the proposed reform package.**

Final comment on the coherence of the system

- While the combined occupational and residential social insurance system reaches a high level of coverage, the system would benefit from the **translation of the development vision into a coherent system** (and their schemes and programmes), guided by a set of principles capable of ensuring their objectives and financing sustainability. The social protection system in Suriname has evolved over a lengthy period, and its **design does not in all aspects meet the specific needs of the country in its current stage of economic development and aspirations**. The question then arises as to how the social protection system can be optimised to address both imminent and future challenges facing Suriname. To what extent are the current programs the right ones to meet these challenges? To what extent do these programs build a coherent and consistent whole?
- These are questions that could be addressed in the subsequent, strategic phase of the project.

If this falls within the scope of the report, I would strongly suggest a general recommendation for the Govt to start the gradual incorporation of informal companies into the formality based on ILO R204. This is also part of DWCP SU III. The Govt has plans in a rudimentary phase to do so.

I would also suggest for your consideration a general recommendation regarding the productivity of companies which maybe have linkages to the sustainability of SP systems

References

[to be completed!]

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Quick Part module “5-Contact Details”:

The Contact details box is aligned with the text and has to be **positioned at the bottom of the last page**. If there are footnotes at the bottom of the last page, position this Contact details box underneath the last footnote by using “Shape Format→Square”.

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