

IsDB 44th Annual Meeting Governor's speech for Suriname

Distinguished Chairman of the Board of Governors of the Islamic Development Bank, your Excellency, Dr. Bandar Hajjar, President of the Islamic Development Bank, distinguished Governors and Executive Directors of the Islamic Development Bank, ladies and gentlemen!

I would like to thank the Moroccan Government and the people of the city of Marrakesh for their cordial welcome and hospitality. It is a pleasure and privilege for me to address the 44th annual meeting of the Board of Governors of the Islamic Development Bank.

Suriname was the first country of the Western Hemisphere to become a member of the Islamic Development Bank and we cherish the constructive interactions with its professional staff. We have welcomed several staff visits in Suriname and have benefitted from the expertise and projects these visits have brought to our country. Suriname, albeit small, has enormous riches in ethnicities, cultures, and religions, and is best characterized as the best-integrated country in the world. We also see ourselves as the bridge between the Islamic Development Bank and the Western Hemisphere countries, where the bank's presence is still lacking.

In my short remarks, I would like to present you first some of our recent economic achievements and share with you our efforts to sustain these achievements by building strong institutions that will last for generations to come.

As mentioned before, our government faced an economic crisis of unprecedented proportions in 2014-16:

- In terms of government finances, oil and mining-related income fell from around 8½ % of GDP in 2012 to just 0.1 % of GDP in 2016 - the government lost almost a third of all its income in 3 years. This was compounded by the loss in revenue by the closure of the 99-year old alumina industry and from a sharp recession that ensued in 2016.
- In terms of the balance of payments, Suriname began recording external current account deficits in 2013 after nearly a decade of surpluses. These deficits were primarily related to the begin of the large-scale investments, which together account for about 35% of GDP annually during 2013-16; while

the sharp fall in gold and then oil prices, and the end of a century of alumina exports exacerbated the pressure on the balance of payments.

We have managed to overcome most of the crisis, as evidenced by the first ratings upgrade since the crisis and the overall positive assessment of the international financial institutions of our policy response and the macroeconomic outlook.

We conservatively project growth in Suriname to continue at a level of 3 percent annually over the medium term, although the upside potential is significant. Large investments are now online in the gold and oil sectors and have boosted exports and almost eliminated our balance of payments current account imbalance. In fact, the prevalence of a current account deficit is now entirely explained by a boom in machinery and equipment imports, which bodes well for the growth outlook in the country.

We are also strengthening our institutional framework, with the view to broadening our revenue base and improving public finance management and reporting. In the past, insufficient public financial management and inadequate checks and balances squandered increased mining revenues during boom periods in Suriname. Transparency of government operations is a high priority for our government, and we continue to work with regional and international partners to strengthen statistical data and information systems in national accounts, public finance, balance of payments, and monetary statistics. Already much improved data can be accessed online on the webpages of the authorities.

It is not only the oil and gold sector that is worth mentioning in Suriname. Our country is one of the most-forested and one of the most biodiverse countries of the world, with 90-95% of the country being covered by pristine Amazonian jungle. The country also records vast amounts of fresh water, and thereby an enormous potential in the agricultural sector and the possibility to export water.

Suriname has been a proud member of the Islamic Development Bank since 1997. Although we had a very small portfolio with the Bank for many years, we have in recent years ensured that the role of the bank in Suriname is increased and becomes more entrenched in the development process of our multi-faceted society. The April 2016 agreement with the Islamic Development Bank Group outlines the path for future support of our adjustment efforts through increased

concessional financial and technical support. The IDB Group and the government of Suriname formulated a work program beginning in 2017 that covers projects and grants for about US\$1.78 billion and we call on the staff of the Islamic Development Bank to intensify their efforts to make this volume of projects and grants a nearer-term reality. So far, the projects are focusing on areas such as infrastructure, agriculture and rural development, human development, Islamic banking and finance, and trade and competitiveness. The increasing pace of post-crisis development in Suriname calls for an expansion of the efforts to make these projects a reality.

In closing, I would like to avail myself of this opportunity to commend the Islamic Development Bank and its staff for the excellent work currently being done and would encourage you to continue on this path.

April 3, 2019