



TECHNICAL ASSISTANCE REPORT

SURINAME

Strengthening the Fiscal Framework Ahead of
the Anticipated Oil Boom

APRIL 2026

Prepared By

Jean Pierre Nguenang, Ervin Prifti, Harry Snoek, Clemens Mungenast

Authoring Department:

Fiscal Affairs Department

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International Monetary Fund, IMF Publications
P.O. Box 92780, Washington, DC 20090, U.S.A.
T. +(1) 202.623.7430 • F. +(1) 202.623.7201
publications@IMF.org
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Abbreviations and Acronyms

AFP	Annual Financial Plan (Financieel Jaarplan)
BD	Budget Department
BSP	Budget Strategy Paper (Begrotingsstrategie)
CARTAC	Caribbean Regional Technical Assistance Centre
CBvS	Central Bank of Suriname
CW	Comptabiliteitswet (PFM Act)
DEA	Department of Economic Affairs
DFD	Development Financing Directorate
DNA	The National Assembly
EFF	Extended Fund Facility
FAD	Fiscal Affairs Department
GFSM	Government Finance Statistics Manual
GoS	Government of Suriname
IDB	InterAmerican Development Bank
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
MFU	Macro-fiscal Unit
MTFF	Medium Term Fiscal Framework
MTEF	Medium Term Expenditure Framework
MoFP	Ministry of Finance and Planning
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIM	Public Investment Management
SDMO	Suriname Debt Management Office
SOE	State-Owned Enterprises
SPA	Planning Bureau Suriname (Stichting Planbureau Suriname)
SRD	Suriname Dollar
SSFS	Savings and Stabilization Fund Suriname
SWF	Sovereign Wealth Fund
TA	Technical Assistance
TSA	Treasury Single Account

Preface

In response to a request from Her Excellency, Mrs. Adeliën Wijnerman, Minister of Finance and Planning (MoFP) of the Government of Suriname (GoS), an IMF Fiscal Affairs Department (FAD) scoping mission visited Paramaribo during February 11–24, 2026. This was an in-person mission led by Mr. Jean Pierre Nguenang (FAD), and comprised Messrs. Ervin Prifti (FAD), Harry Snoek, and Clemens Mungenast (both FAD experts). The objective of this mission was to identify institutional gaps in public financial management (PFM) at a pivotal moment as Suriname prepares for offshore oil production to start in 2028. The mission focused on conducting a preliminary assessment of Suriname's Medium-Term Fiscal Framework (MTFF) anchored by fiscal rules.

The mission was received by Mr. Vincent Fernandez, Director of Finance in the MoFP and senior staff, including Ms. Georgetine Tjalim, Head of the Department of Economic Affairs and Ms. Ivanda Cummingsborg, Head of the Budget Department. It held extensive discussions with senior officials and technical staff from the MoFP, including the Department of Economic Affairs, the Budget Directorate, the Development Finance and Planning Directorate, the Planning Bureau Suriname, the Statistics Bureau, the Treasury Office, the Debt Management Office, and the Central Bookkeeping Office. The mission also held discussions with officials from key line ministries (Health, Education, Mining, Natural Resources). It also met with officials from the Central Bank of Suriname as well as other relevant government entities. These discussions provided a detailed understanding of current practices, institutional constraints, and reform priorities related to the implementation of fiscal rules and the MTFF.

The mission held a two-day in-person workshop with about 35 stakeholders, including a representative of the Cabinet of the Vice-President, National Assembly Members, Internal and External Auditors, and senior officials from the MoFP, and selected line ministries (Annex 1). The workshop served as a forum for technical exchange, capacity building, and clarification of roles, processes, and sequencing of reforms across institutions involved in the operationalization of the MTFF anchored to fiscal rules.

The mission concluded with a wrap-up meeting with Minister Wijnerman, the Director of Finance, and the technical counterparts, during which the team presented its preliminary findings and initial recommendations. This meeting provided an opportunity to validate the assessment, ensure alignment with the authorities' reform objectives, and discuss next steps for strengthening PFM institutions in support of a rules based fiscal framework. In addition, a coordination meeting with development partners, the World Bank and the InterAmerican Development Bank, was held to present the mission's preliminary conclusions and to discuss avenues for enhancing coordination and complementarity of technical assistance.

The mission team would like to express its sincere appreciation to the Surinamese authorities, in particular the Minister and her staff, for their close cooperation, constructive engagement, and valuable insights throughout the mission. The team is also grateful to representatives of other public institutions for their participation in discussions and for their contributions to the workshop and coordination meetings. Finally, the mission would especially like to thank Mr. Charles Amo-Yartey, IMF Representative, and his staff, for their invaluable support during the mission.

Executive Summary

As the country is approaching an oil boom by 2028, the government of Suriname (GoS) has made important progress in establishing the legal foundations of a rules based medium-term fiscal framework (MTFF). The adoption of the 2024 Public Financial Management (PFM) law (Comptabiliteitswet), introducing fiscal rules, and the revamping of the 2017 Savings and Stabilization Fund Suriname (SSFS) provide a solid basis for strengthening fiscal policy discipline.

However, despite this strong legal design, the framework is not yet operational. The prolonged political transition in 2025 along with weak institutional capacity has hindered the implementation of the new framework. Suriname's fiscal framework has shifted from legal design to implementation and sequencing. Although the PFM Act formally applies from the 2026 budget onward, the report treats 2026–27 as a transition period, during which full compliance with the new framework is not yet feasible. The challenge is to use this transition window to complete secondary legislation, strengthen institutions, and build the analytical and organizational capacity needed to ensure that the framework becomes fully operational before oil revenues begin to flow. The fiscal framework's effectiveness depends on consistent alignment among the medium-term debt anchor, annual expenditure ceilings, SSFS flows, and financing strategy. The mission, therefore, focused on technical challenges in main areas, including fiscal rules and the SSFS, the MTFF, the medium-term expenditure framework (MTEF), and the Budget Strategy Paper (BSP / *Begrotingsstrategie*).

As rules alone do not create budget discipline, the authorities are urged to further reaffirm their political commitments and urgently accelerate the implementation of the fiscal rules and the SSFS. The fiscal rules framework is conceptually well designed, centered on a medium-term debt anchor and annual primary expenditure ceilings, with the SSFS intended to support stabilization and savings objectives. Given the net-debt anchor, further progress toward integrated asset–liability management would help align debt issuance and SSFS asset accumulation. Fiscal rules and the SSFS remain largely non-operational. Key elements of an implementation decree on sustainable public finance - particularly provisions governing escape clauses, correction mechanisms, and asset liability management - have not yet been finalized. The SSFS has not yet established its governance bodies, operational procedures or investment framework, and coordination between the Ministry of Finance and Planning (MoFP) and the Central Bank of Suriname (CBvS) remains preparatory.

The authorities should make the MTFF a tool guiding Cabinet level decisions rather than remaining a technical exercise. The MTFF, intended to serve as the central organizing framework for fiscal policy, linking macroeconomic developments, fiscal objectives, and annual budgets, remains underdeveloped. Technical capacity and staffing constraints in the Department of Economic Affairs (DEA) and the Budget Department are severe, particularly as macrofiscal responsibilities expand ahead of oil production. Institutional coordination remains weak, with limited data sharing among the MoFP, the CBvS, and the Planning and Statistics Bureaus. Data limitations, especially related to the oil and gold sectors - and the absence of financing and debt modules in the MTFF model further undermine the framework's effectiveness.

Strategic budgeting needs to begin earlier, with clear political decisions taken before the annual budget is drafted. A credible MTFF requires a supporting Medium-Term Expenditure Framework (MTEF) that translates aggregate fiscal objectives into multiyear expenditure ceilings. While the 2024 PFM law provides for binding primary expenditure ceilings, budget preparation remains largely annual, with no binding ceilings for ministries and government institutions and no credible forward guidance. Existing multiannual allocations provided in the budget documentation are not aligned with the MTFF. Weak expenditure forecasting, limited baseline construction, persistent in-year expenditure overruns, and deficiencies in public investment management further undermine the credibility of medium-term expenditure planning.

The BSP should be strengthened and formally discussed and approved by the Council of Ministers. It is intended to integrate fiscal rules, MTFF, and multi-year expenditure ceilings into a single policy document guiding annual and multiannual budgets. While progress has been made in preparing a BSP for 2026, the document remains focused on the budget year only and does not yet fulfill this role. The 2026 BSP has not been discussed or approved by the Council of Ministers, does not present numerical values of fiscal rules for the oil period, and lacks a clear link between the macroeconomic outlook and the MTFF. It also fails to present multiyear expenditure ceilings, a medium-term capital spending envelope, or a coherent investment strategy. Therefore, submitting the 2027-2031 BSP to the Council of Ministers for discussion and approval would be an important step towards significantly enhancing credibility, ownership, and accountability.

Establishing key governance institutions for strengthening PFM and addressing capacity constraints are immediate priorities. The implementation of the PFM Act and the PFM Priority Action Plan (PFM-PAP) covering 2024-2028¹ has stalled, and no decision has been taken to start, for example, the preparation of the Five-Year Financial Plan due in part to the absence of a PFM Steering Committee and its Supporting Unit, as previously suggested. No decision has been taken to move the BSP from its current one-year practice to its legally required five-year horizon. Moreover, the DEA, the Budget Department, and other relevant departments within the MoFP are understaffed and institutional coordination is limited.

Addressing these gaps requires early and decisive institutional actions in 2026-27. Priority should be given to finalizing and adopting the implementing decree on sustainable public finances, operationalizing the SSFS, and establishing high-level governance arrangements to oversee implementation of the PFM reforms. Strengthening macro-fiscal capacity, improving data availability—particularly for the oil and mineral sectors—and enhancing coordination across institutions are essential to make the MTFF a genuine decision-making tool rather than a technical exercise. Table 1 provides key priorities and sequenced actions along with the responsible entity. Section VI of the report provides a comprehensive set of recommendations to operationalize fiscal rules and strengthen the medium-term PFM framework through regulatory, operational, and communication actions. Annex 6 outlines strategies for promptly addressing the capacity limitations identified in the report.

¹ Technical Assistance Report entitled “*Suriname: Developing a Public Financial Management Priority Action Plan: A technical annex on setting quarterly ceilings on expenditure commitments*,” September 2024 by Jean Pierre Nguenang, and al.

Priority Recommendations

1. Accelerate implementation of the rules-based fiscal policy and the SSFS		
1.1	Nominate a high-level Steering Committee for the implementation of the PFM and SSFS Acts	2026 / Minister of Finance
1.2	Finalize and approve the decree on sustainable public finances and decide on the start year of the first five-year financial plan	2026 / Council of Ministers
1.3	Address the capacity constraints in the DEA, the Budget Department, the Planning Bureau and key line ministries	2026/27 / Council of Ministers, MoFP, and line ministries
2. Operationalize fiscal rules and SSFS provisions through secondary legislation and transitional arrangements, without reopening core elements of primary laws		
2.1	Adopt secondary legislation and transitional arrangements to operationalize fiscal rules and SSFS provisions, without reopening core elements of primary laws.	2026 / Council of Ministers, MoFP
2.2	Strengthen macro-fiscal capacity, reporting systems, and parliamentary engagement to support phased and credible enforcement of fiscal rules.	2027 / MoFP
2.3	Adopt a formal parliamentary resolution clarifying the transitional application of the fiscal rules under the PFM Act.	2026 / MoFP
2.4	Review and adopt the numerical values for the fiscal rules	2026 / MoFP
2.5	Establish the SSFS Board along with the Investment Advisory Committee.	2026 / MoFP/ CBvS
2.6	Draft and adopt the investment strategy	2027 / SSFS Board / MoFP/ CBvS
2.7	Submit a MTFF with fiscal-rule ceilings to Parliament.	2027 / MoFP
3. Strengthen the medium-term fiscal framework		
3.1	Reestablish an interdepartmental work group, decide on, and develop one single macro-fiscal model for use by the GoS	2026 / DEA, CBvS, Planning Bureau
3.2	Improve the quality of the macro-fiscal projections by adding the financing and debt modules to the MTFF model, introducing more specific indicators for the projections, and improving the data, especially for the oil and gold sectors	2027 / DEA, Ministry of Natural Resources, Ministry of Oil and Gas
3.3	Formalize the management of the MTFF model	2027 / DEA

4. Review the MTEF process and tools		
4.1	Review and formalize the budget process and strengthen the strategic phase	2027 / Budget Department, DEA
4.2	Introduce multiannual expenditure ceilings for ministries in the 2028 budget process and prepare disaggregated baselines	2027 / Budget Department
4.3	Establish a central Public Investment Management Unit in the MoFP and build the capacity to appraise and select investment projects	2026/27 / MoFP, Dev. Finance Directorate
5. Enhancing the BSP / Begrotingsstrategie		
5.1	Improve the BSP for 2027-2031, make it law-aligned to be formally approved by the Council of Ministers	2026 / Council of Minister, MoFP, DEA, Budget Department
5.2	Prepare and submit a Five-Year Financial Plan to parliament	2026 / Council of Minister, MoFP, DEA, Budget Department
5.3	Further improve the BSP for 2028-2031 by operationalizing fiscal rules and deepening strategic content, enhanced to incorporate fiscal rules, investment planning, and fiscal risk analysis	2027 / Council of Minister, MoFP, DEA, Budget Department

I. Introduction

1. Suriname is approaching a critical juncture in its fiscal policy framework. The prospect of offshore oil production in the coming years presents an opportunity to increase growth and reduce poverty while increasing public investment to address infrastructure gaps. However, the expected oil boom also poses significant macrofiscal risks if not managed within a robust and credible policy framework. International experience shows that countries anticipating large natural resource revenues face heightened risks of procyclical fiscal policy, premature spending pressures, weakened expenditure discipline, and renewed debt vulnerabilities when institutional frameworks are not sufficiently anchored ahead of revenue inflows (Baunsgaard et al., 2012; Segura-Ubiergo et al., 2014; and Acalin et al., 2025). Against this background, strengthening Suriname’s medium-term fiscal framework (MTFF) and including the expected oil revenues ahead of the anticipated oil boom is both timely and essential.

2. In December 2024, the authorities revised their PFM Act to introduce two fiscal rules, in addition to revamping the 2017 Savings and Stabilization Fund of Suriname (SSFS). These fiscal rules include a five-year indicative target for public debt (net of SSFS assets) and binding annual ceilings on primary expenditure. The PFM priority action plan (PFM-PAP 2024-2028)², developed with FAD assistance, focuses on ensuring that annual budgets are supported by reliable medium-term projections, refining budget processes for expenditure limits, managing extrabudgetary spending, and, among other things, establishing costing standards.

3. The 2025 IMF Staff Report³ suggests rapid operationalization of the fiscal rules and SSFS through a credible multiyear fiscal plan with clear spending ceilings and the debt target, a setup of SSFS governing bodies, and investment rules. It also advises strengthening PFM systems, focusing on budgeting, and not using the SSFS for short-term political spending. In this report, the word “operational” refers to adoption of calibrated numerical values of the fiscal rules, applied through the planning instruments and reflected in the budget.

4. There has been little progress in implementing previous FAD recommendations on budget credibility and with Article IV consultation recommendations concerning fiscal anchors. Although the authorities have prepared the 2026 Budget Strategy Paper (BSP or Begrotingsstrategie), it does not serve as an official policy document, as it has not been reviewed by the Council of Ministers. The 2026 BSP covers a single year instead of the 5-year horizon required by the PFM Act. While the numerical values of the two fiscal rules are not given in the BSP, enhancing the BSP linked to the MTFF calls for more than just strong policy intentions. It also needs well-defined institutional frameworks, practical sequencing, and efficient ways to put plans into action. Although the PFM Act formally entered into force

² Technical Assistance Report entitled “*Suriname: Developing a Public Financial Management Priority Action Plan: A technical annex on setting quarterly ceilings on expenditure commitments*,” September 2024 by Jean Pierre Nguenang, and al.

³ [Suriname: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Suriname; IMF Country Report No. 26/037; December 23, 2025](#). In its Annex VII, the report provides a possible methodology for calibrating the fiscal rules. It also suggests keeping the debt net of assets below 106.7 % of non-resource GDP by 2030 and limiting average primary spending to 53.3 % of non-resource GDP from 2026-2030.

for the 2026 budget, this report treats 2026-27 as a transition period, during which full compliance is not yet feasible.

5. The remainder of the report is organized into four further sections. Section II assesses the role of the fiscal rules and the SSFS in anchoring fiscal policy. It discusses how the SSFS can support stabilization and savings objectives without undermining budget discipline. Section III focuses on the MTFF itself, describing the main features of an MTFF and the progress made with developing an MTFF in Suriname, as well as the main areas for further strengthening. Section IV reviews the Medium-Term Expenditure Framework (MTEF), emphasizing the role of multiyear expenditure ceilings and expenditure composition in translating fiscal strategy into credible and enforceable spending plans. Section V examines the BSP as the key policy document that integrates these elements, serving as the bridge between fiscal strategy and annual budgets, and as the main vehicle for communicating the government's medium-term fiscal intentions to the Council of Ministers, Parliament, and the public. Section VI provides a comprehensive set of recommendations and corresponding actions. This report distinguishes between (i) legal design and general considerations, (ii) current practice, institutional gaps and implementation risks, and (iii) proposed recommendations and associated actions. Assessments of gaps and risks are therefore forward-looking and do not imply non-compliance unless explicitly stated.

II. Implementing Fiscal Rules and the Savings and Stabilization Funds

A. A Macro-Fiscal Perspective

6. Resource-rich countries face two core macrofiscal challenges: high revenue volatility driven by commodity prices and the exhaustibility of natural resources. In the short to medium term, volatile revenues tend to induce procyclical spending in the absence of fiscal anchors, amplifying booms and busts and increasing debt risks during downturns. In the long run, treating finite resource revenues as permanent income leads to unsustainable fiscal paths and intergenerational inequities.

7. Fiscal rules, combined with a sovereign wealth fund, offer a coherent response by delinking spending from volatile revenues, smoothing expenditure over the cycle, and building financial buffers to support sustainability after resource depletion. IMF research stresses that such frameworks must address both stabilization and long-term equity objectives, typically through a sustainability-oriented anchor complemented by binding operational rules, most often expenditure limits.

8. Sovereign wealth funds complement fiscal rules by managing resource revenues and buffers, but they do not replace fiscal discipline. IMF experience shows they are most effective when fully integrated into the budget framework, with all revenues flowing through the budget and withdrawals authorized through the annual budget process. Proper accounting treatment of fund transactions as financial operations preserves transparency and consistency with net debt anchors.

9. These considerations are particularly relevant for Suriname, given high reliance on the mineral sector in output (60 percent of GDP) and export (90 percent), and where past commodity booms were associated with procyclical spending, volatility, and debt distress. A rules-based fiscal framework operating jointly with the Savings and Stabilization Fund can fundamentally alter this pattern by smoothing spending, reducing volatility, and limiting procyclical fiscal impulses - provided it is supported by adequate institutional capacity, transparency, and political commitment.

B. The PFM Law 2024 (SB 178 2024)

10. The PFM Law 2024 establishes fiscal rules as a core pillar of Suriname's public financial management framework. It embeds them in primary legislation and anchors fiscal policy in objectives of macroeconomic stability, long term sustainability, and resilience to volatility - particularly that arising from natural resource revenues and prospective offshore oil production.

11. Fiscal rules are defined as numerical constraints on key fiscal aggregates applied over multi year periods and across the full budget cycle. Rather than stand-alone limits, they serve as guiding parameters shaping budget preparation, execution, reporting, and accountability, with explicit links to prudent fiscal management, intergenerational equity, and the avoidance of pro cyclical policy.

12. The framework rests on two numerical rules: a medium-term net debt anchor, defined as public debt net of SSFS assets, and annual ceilings on primary expenditure. The law clearly distinguishes their roles: the net debt anchor is indicative and sustainability oriented, while expenditure ceilings are binding and operational, reflecting the government's direct control over spending. The rules apply to successive five-year periods, with numerical values set at the start of each period based on macroeconomic conditions and sustainability considerations.⁴ This design provides a stable medium-term anchor while avoiding rigid long-term commitments that could prove inappropriate in a volatile, resource dependent economy.

13. Operationalization is achieved through a hierarchy of planning instruments. The Five-Year Financial Plan, submitted to Parliament, gives legal and political effect to the numerical ceilings, while the Medium-Term Fiscal Framework (MTFF), embedded in the annual budget, translates them into multiyear projections for expenditure, revenues, debt, and SSFS assets. Annual budgets must demonstrate ex ante compliance, while accountability documents (e.g., budget execution reports, annual (audited) financial statements) assess ex post outcomes.

14. The Annual Financial Plan links medium term rules to annual and multiyear budgeting by explaining compliance, documenting deviations, and specifying corrective measures. Every five years, it expands into the Five-Year Financial Plan, ensuring that the fiscal rules themselves are subject to parliamentary approval and public scrutiny.

15. The law integrates fiscal rule application with the management of the SSFS. A defining feature of the PFM Law is the explicit integration of fiscal rules with the SSFS through a net debt concept that deducts SSFS assets from gross debt. This creates neutrality between debt reduction and asset accumulation and allows flexible use of surpluses without undermining rule compliance. SSFS withdrawals to finance the budget are fully integrated into the budget process, subject to annual caps and consistency with expenditure ceilings.

16. The law combines flexibility with fiscal discipline objectives. It deliberately rejects rigid deposit and withdrawal formulas for the SSFS, placing fiscal discipline instead on expenditure and debt rules, while assigning the Fund an asset management and stabilization role. This avoids circumvention through borrowing and preserves flexibility in managing public assets and liabilities. Flexibility is further supported by a formal escape clause, allowing temporary suspension of numerical ceilings in severe emergencies, subject to parliamentary approval, detailed justification, and a credible plan to return to compliance. Suspensions are time bound and cannot extend beyond the financial year without renewed approval.

17. The Law embeds self-correction, monitoring, and accountability throughout the budget cycle. The Minister of Finance and Planning may object ex ante to budgets that risk breaching the rules, while ex post deviations must be transparently reported and corrected. Oversight is exercised by the Central National Audit Service and the Supreme Audit Court (Rekenkamer), with Parliament playing a central role in approving the rules, authorizing escape clauses, and scrutinizing deviations and corrective actions.

⁴ The first period was expected to be for four years to link the system to the election cycle.

Mapping of the legal architecture against IMF best practice criteria

18. The fiscal rules framework established by the PFM Law 2024 is well aligned with IMF best practice. It is anchored in primary legislation, applies broadly across the public sector, and is grounded in a medium-term framework through the Five-Year Financial Plan and the MTFF. Rule design is appropriate for a resource rich, volatile economy, combining an indicative net debt anchor with binding primary expenditure ceilings that focus on controllable aggregates. Integration of the SSFS into the fiscal framework follows best practice by avoiding rigid fund-based rules and embedding asset management within a balance sheet approach. Finally, the framework incorporates a clearly defined escape clause, strong transparency and audit requirements, and oversight of public entities and SOEs, supporting credibility, flexibility, and accountability while mitigating off budget fiscal risks.

C. Legal architecture of the Savings and Stabilization Fund Suriname (SSFS)

19. The SSFS Act 2024 (S.B. 2024 no. 179) establishes the SSFS as a dedicated mechanism to manage extractive revenues in support of short-term budget stabilization and long-term savings for present and future generations. The law's preamble and Article 3 explicitly define these dual objectives, while also mandating that the Fund pursue the highest feasible risk adjusted return under an approved investment policy.

20. The Fund is established as a legal entity with a statutory task and is explicitly embedded within the broader public financial management framework. Article 2 subjects the Fund to the PFM Law 2024 and requires adherence to principles of good governance, transparency, accountability, and international best practice, with explicit reference to the Santiago Principles.

21. The law clearly defines inflows. The Fund receives all State income from natural resources, deposited into foreign currency accounts at the CBvS, and recorded and reported in U.S. dollars in line with international accounting standards. The Explanatory Memorandum (Memorie van Toelichting) to the law broadens the definition of natural resource income to include comprehensive extractive receipts and links it explicitly to EITI disclosure standards, anchoring inflow transparency.

22. A defining feature of Law 179 is that the SSFS is not a spending agency. Fund resources may only be used through withdrawals to the State's account at the CBvS and are recorded as part of the State's financial assets in the government's balance sheet. Withdrawals are for general budget financing and are subject to ceilings approved annually by the National Assembly (DNA), with any increase requiring a supplementary budget. Emergency withdrawals are also routed through the budget process, consistent with the PFM Law 2024.

23. Withdrawals are capped in principle. Operationally, withdrawals require written instructions from the Minister to the Fund's Council, which then instructs the CBvS to execute transfers. The law explicitly links withdrawal decisions to the fiscal framework by requiring budget documentation to reference macro-fiscal conditions, fiscal rules, projected deficits, debt repayment plans, liquidity conditions, and asset-liability management objectives.

24. The investment framework is deliberately conservative. The Fund may invest only abroad and only in eligible foreign currency instruments, with strict prohibitions on domestic investments, leverage,

speculative derivatives, illiquid alternative assets, and conflicts of interest. These constraints are justified as safeguarding the Fund's stabilizing role, avoiding pro cyclical, preserving budget integrity, and insulating asset management from political pressures. At the same time, the law allows the investment strategy to evolve over time - from an initially liquid, low risk portfolio toward more diversified, longer horizon investments as capacity and conditions permit - and require publication and periodic review of the strategy.

25. Governance is vested on a five-member Board supported by an Investment Advisory Committee, with high qualifications and fit and proper standards, clear appointment and dismissal rules, and strong transparency requirements. Asset management is delegated to CBvS under a management agreement that protects operational independence, complemented by competitive selection of external managers.

26. The law establishes extensive transparency, audit, and evaluation requirements, including quarterly and annual reporting, internal and external audits, periodic government evaluations of Fund performance and compliance with the Santiago Principles, and strong integrity provisions. Transitional arrangements recognize that the Fund becomes fully operational only once offshore oil revenues begin to flow and address interactions with debt restructuring mechanisms affecting initial oil revenues.

Mapping of the SSFS legal architecture against IMF best practice criteria

27. The legal architecture of the Savings and Stabilization Fund Suriname (SSFS) established under Law 179 is broadly consistent with IMF guidance, the Santiago Principles, and the wider Sovereign Wealth Fund (SWF) literature, while reflecting deliberate policy choices tailored to Suriname's institutional context.

28. Law 179 assigns the SSFS two well defined purposes - budget stabilization and long-term savings - and deliberately excludes a development fund mandate. This narrow focus aligns with IMF guidance, which cautions against multiple, potentially conflicting objectives in capacity constrained settings. Consistent with best practice, the law avoids rigid rules splitting stabilization and savings, leaving the trade off to fiscal policy and asset liability considerations.

29. Law 179 reflects the principle that SWFs should be fully integrated into the fiscal framework rather than operate autonomously by authorizing withdrawals only through the annual budget approved by Parliament and rejecting mechanical deposit and withdrawal formulas. The SSFS is explicitly positioned as a financing and asset management instrument operating in support of the fiscal rules under the PFM Law 2024.

30. The Explanatory Memorandum to Law 179 describes how the flows in and out of the SSFS are to be reflected in the budget. All revenues generated from natural resources will be included in the budget, while transfers to the SSFS will appear as a negative financing entry in the budget records. Annex 2 provides an example of the medium-term fiscal framework table incorporating this approach.

31. Law 179's strict offshore investment requirement and prohibition of domestic project financing are consistent with this logic, helping to avoid Dutch disease effects and protect budget integrity. While some countries later expand the use of resource wealth as capacity improves, Law 179 deliberately leaves any

development scaling up to the budget framework, favoring simplicity and clarity of mandate. The literature highlights the role of offshore “parking funds” in managing volatility and absorption constraints in developing, resource dependent economies.

32. Law 179 aligns well with international benchmarks requiring strong governance by establishing a clear legal basis, stringent fit and proper requirements for the governing Board, separation of oversight and asset management, extensive reporting and audit requirements, and periodic evaluations of compliance with the Santiago Principles and interaction with the broader fiscal framework.

D. Gaps and risks analysis

33. The adoption of the PFM Law 2024 and the SSFS Law represents a significant institutional advancement, with few deficiencies in primary legislation. The main challenges instead relate to delayed operationalization, sequencing constraints, and institutional capacity limitations, which together risk undermining the effectiveness of an otherwise well-designed framework.

34. Operationalization of both laws has been slower than envisaged at the time of adoption. More than a year after enactment, both the fiscal rules framework and the SSFS remain largely non-operational. The Five-Year Financial Plan and the associated MTFF - legally required to activate the fiscal rules - have not yet been finalized or submitted to Parliament alongside the budget. As a result, the 2026 budget was prepared without full alignment with the fiscal rules, and subsequent adjustments have not brought it into compliance.

35. Similarly, while Law 179 provides a clear legal basis for the SSFS, key implementation steps - such as convening the working group, adopting operational decrees, approving an investment strategy, activating governance bodies, and formalizing coordination between the MoFP and the CBvS - have progressed only at a preparatory level. In practice, the SSFS exists legally but is not yet functional.

36. Political-economy factors have influenced the pace of implementation, but authorities suggested that recent high-level engagement has been significant, indicating policy commitment at the highest political level to operationalize both the fiscal rules and the SSFS. At the same time, the transition to the new budget process under the PFM Law 2024 - particularly the integration of medium-term planning and fiscal rules - has proven hard to achieve. Expectations of future oil revenues may add pressure to advance policy priorities while institutional reforms are still underway, possibly complicating sequencing and increasing implementation risks.

37. Institutional capacity constraints remain a binding bottleneck. The MOFP faces difficulties in preparing the Five-Year Financial Plan, updating the MTFF, calibrating fiscal rules, and producing supporting analysis within tight timelines, while coordination across departments remains uneven. Beyond the Ministry, additional gaps affect implementation. The statistical system does not yet produce a split between resource and non-resource GDP, limiting fiscal-rule calibration and monitoring. Oversight institutions, including the Supreme Audit Chamber, face reporting delays due to limited resources, while parliamentary familiarity with the new fiscal framework remains uneven.

Challenges specific to the fiscal rule

38. The main challenge for the application of the fiscal rule lies not in legal design, but in achieving credible and sustained implementation, which requires strengthened capacity, operational clarity, and realistic sequencing.

- **Capacity constraints pose a significant risk for fiscal-rule application.** Effective implementation depends on credible macro-fiscal forecasting to calibrate expenditure ceilings and assess compliance. Weak forecasting - particularly for oil revenues and the resource/non-resource split - undermines the MTFE and the Five-Year Financial Plan, while incomplete and inconsistent use of the MoFP's financial information system (IFMIS) further weakens implementation.
- **The escape clause is well defined in primary legislation but requires further operational specification.** Key safeguards – more narrow definition of triggering events, transparent authorization process, duration limits, re-entry paths, and independent assessment - remain to be set out in secondary legislation. These issues should be addressed through the Draft Decree on Sustainable Government Finances, without reopening the PFM Law 2024.
- **Transitional and legal risks are material.** The fiscal rule has not been applied as envisaged for the 2026 budget cycle, raising questions about how to regularize the transition period. Initiating a full amendment of the PFM Law 2024 at this stage could weaken credibility and delay implementation further. A more appropriate approach would be to seek formal parliamentary understanding or transitional arrangement regarding the implementation timeline, while preserving the core elements of the law.

Challenges specific to the SSFS

39. Despite a strong legal framework, SSFS implementation gaps remain acute. The working group, intended to support SSFS implementation, has not yet convened, governance arrangements are not operational, coordination between the MoFP and the CBvS remains incomplete, and progress on the investment strategy has been limited. Domestic expertise in asset management is scarce, increasing reliance on external support and risking further delays. As oil revenues approach, pressures could intensify, underscoring the importance of clear withdrawal procedures, operational discipline, and effective coordination with the fiscal rules' framework.

E. Policy and implementation priorities

40. The remaining challenges do not reflect flaws in primary legislation, but rather relate to operational readiness, sequencing, and capacity constraints. Policy priorities should therefore focus on completing secondary legislation, managing the transition period transparently, and building institutional capacity to ensure credible implementation.

Completing the legal architecture through secondary legislation

41. While the PFM Law 2024 and the SSFS Law establish the core framework, timely adoption of secondary legislation is critical to operationalization.

- **The Draft Decree on Sustainable Government Finances should be finalized and adopted as a priority to operationalize the fiscal rules.** The decree can clarify fiscal aggregates, reporting requirements, methodologies for monitoring expenditure ceilings and the net-debt anchor, and procedures for demonstrating compliance in the Five-Year Financial Plan, the MTF, and annual budgets. Further detailing of escape-clause safeguards would help reduce misuse risks while preserving flexibility.
- **Secondary regulations should also be issued to operationalize Law 179, including clear budget documentation for SSFS withdrawals,** consistent fiscal and balance-sheet presentation of Fund transactions, and reporting interfaces between the SSFS and government fiscal statistics.
- **While Law 179 adopts a balance-sheet perspective, asset-liability management (ALM) remains conceptual.** There should be a more explicit discussion on operational ALM arrangements and the need to integrate the debt-management and SSFS operations – considering the risk of simultaneously accumulating low-yield financial assets while borrowing at high cost. Given the net-debt anchor, further progress toward integrated asset–liability management would help align debt issuance and SSFS asset accumulation. This gap can be addressed through operational ALM arrangements and coordination protocols between debt management and SSFS operations, without legislative changes.

Sequencing implementation realistically

42. Given current capacity and legal timelines, full application of fiscal rules for the 2027 budget cycle is no longer feasible. A phased approach should be adopted, with the objective of having the fiscal rules fully binding by 2028, while using the intervening period to finalize the Five-Year Financial Plan, MTF, and supporting systems.

43. For the SSFS, early priorities should focus on activating governance bodies, establishing basic reporting, and adopting conservative, liquidity-oriented investment policies. External expertise can play a catalytic role during the initial phase. In its initial years, the SSFS should prioritize liquidity, capital preservation, and budget-financing readiness over return maximization, with any subsequent expansion of the investment horizon contingent on demonstrated governance, reporting, and risk-management capacity.

Addressing political commitment risks through high-level engagement

44. Continued high-level political engagement remains essential. Engagement with senior decision-makers should focus on sequencing, institutional readiness, and managing expectations regarding the timing of rule enforcement.

45. Targeted briefings and training for Parliament and senior officials can strengthen shared understanding of the framework, particularly regarding transitional arrangements and the role of the SSFS as a financing and asset management tool - not a parallel spending vehicle.

Strengthening institutional capacity

46. Capacity building should be prioritized in macrofiscal forecasting, MTFF preparation, fiscal rule calibration, and balance sheet analysis within the MoFP, as well as for strengthening capacity for more transparency and disclosure. Support to the statistical office to produce resource and non-resource GDP, and to oversight bodies to reduce reporting lags, is critical. While the absence of a non-resource GDP split hampers the rule's calibration and monitoring, the authorities should not wait to have a perfect statistical solution which could delay the rule operationalization but rather consider using interim proxy measures for non-resource GDP (and non-resource primary balance).

47. For the SSFS, clear assignment of leadership responsibility within the MoFP is essential.

Temporary reliance on external expertise may be necessary while in-house capacity is developed.

Anchoring credibility ahead of the oil boom

48. Ultimately, credibility will depend on transparent management of the transition period and effective application of the framework before oil revenues surge. Prioritizing secondary legislation, realistic sequencing toward a 2028 implementation horizon, and sustained capacity development will be essential to translate Suriname's strong legal framework into durable fiscal discipline and public trust.

Recommendations

1. Accelerate implementation of the rules-based fiscal policy and the SSFS.

2. Operationalize fiscal rules and SSFS provisions through secondary legislation and transitional arrangements, without reopening core elements of primary laws.

III. Strengthening the Medium-Term Fiscal Framework (MTFF)

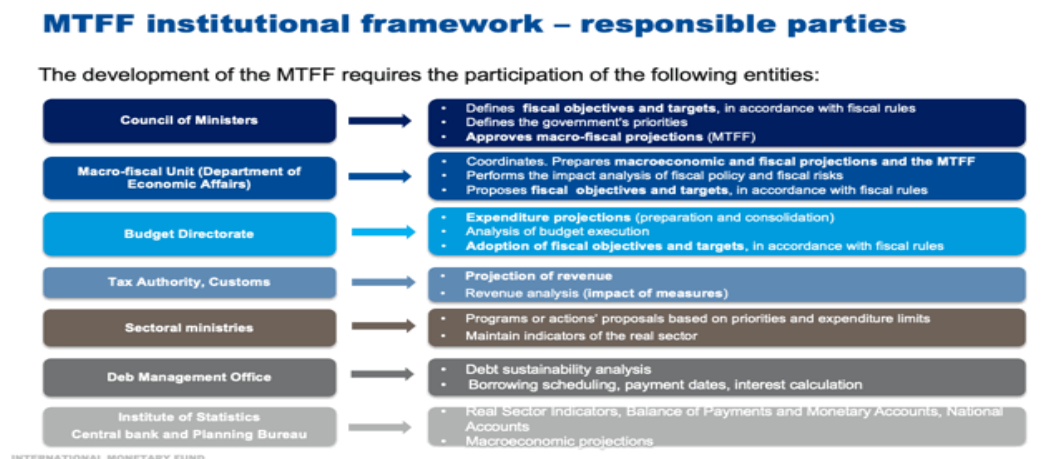
A. General Considerations

49. A medium-term fiscal framework (MTFF) is a set of projections of key macroeconomic and fiscal variables and fiscal rules and targets over the medium term (3-5 years). It provides the context under which fiscal targets are set, policy choices are determined, and realistic revenue, expenditure, and financing projections are prepared. It provides a strategic and structured approach to fiscal planning over a medium-term horizon, aiming to address the shortcomings of annual budgeting such as shortsightedness and failure to consider the future consequences of current year’s decisions. An MTFF also provides effective communication on the government’s fiscal policies, enhancing confidence.

50. The MTFF is a top-down approach to setting expenditure ceilings in line with the government’s macroeconomic and fiscal goals. In a “bottom-up” approach, individual spending units determine their spending plans, and the sum of these are compared with the available resources, as explained in detail in Section IV. Under the MTFF approach, the overall ceiling on expenditure is projected based on the available resources and the government’s targets, following which it is distributed over the spending units. Annex 3 provides more details on the MTFF process.

51. In a well-developed institutional set-up for an MTFF, many institutions should play a role in its preparation and approval (Figure 1). The process should start with the Council of Ministers defining the government’s priorities and setting the objectives and targets, where applicable in accordance with the fiscal rules. Subsequently, generally one department or unit - often in the Ministry of Finance - takes the lead in the MTFF preparation process (Box 1). It does so in close cooperation with the budget and tax departments, sectoral ministries - especially those that have expertise in important economic sectors - the organization in charge of managing public debt, and the statistics department, the central bank, and other units or institutions providing key macroeconomic data and projections for use in the MTFF. The process also ends at the Council of Ministers, which approves the MTFF.

Figure 1. The institutional framework of the MTFF: Responsible parties and their tasks



Box 1. The Macro-Fiscal Unit

In many countries, the unit in the government that is responsible for the preparation of the MTFF is called the Macro-Fiscal Unit (MFU). Given their close link with the budget process, MFU's are generally located in the Ministry of Finance. In addition to guiding the preparation of the MTFF, their tasks often include (i) preparing macroeconomic projections, including developing relevant models; (ii) analyzing macro-fiscal policies and their impact, reviewing the projections based on the execution data, and coordinating fiscal analysis within the Ministry of Finance; (iii) analyzing and monitoring fiscal risk and preparing an annual risk assessment report; and (iv) monitoring and reporting on macro-fiscal developments and proposing fiscal policy options. They often also are responsible for the preparation of the debt sustainability analysis and are a key counterpart of organizations assessing macro-fiscal developments in the country, such as the IMF. Locating the MFU high in the hierarchy of the Ministry of Finance can strengthen its position vis à vis departments that are sources of data for the macro-fiscal projections.

Source: Mission. See also: Israel Fainboim and Ian Lienert: "The Macrofiscal Function and its Organizational Arrangements," Technical Notes and Manuals, International Monetary Fund, November 2018.

52. The cooperation between many parts of the government administration and public institutions is generally formalized through government regulation. Often, countries establish an interdepartmental working group for the preparation of the MTFF, including all departments and institutions providing data or technical knowledge used in the projections. Such a working group can have a high-level and a technical level component, ensuring cooperation on both the policy and technical levels. The data sources and the roles and responsibilities of each participating organization should be clearly set; the MTFF preparation process should be guided by a detailed calendar linked with the budget calendar; and formal data sharing agreements may need to be concluded. The data provided will need to be managed and stored safely while providing access to all participants.

53. The preparation of the MTFF is an integral part of the budget preparation process. As noted above, the MTFF determines the ceiling for total expenditure in line with the government's macro-fiscal objectives and fiscal rules. Following approval by the Council of Ministers, this ceiling is, broken down by spending units by the budget department, communicated to all spending units for the preparation of their budgets. Thus, the MTFF is the first step as part of the strategic phase of the budget preparation process and needs to be ready at its start (Section IV discusses the distinction between the strategic phase and the operational phase of the budget preparation process in detail). Following the preparation of the budget and its final approval by the Council of Ministers, the MTFF is generally updated with the outcome of the budget discussions and the most recent macro-economic data before the draft budget is sent to parliament.

B. Overview of the MTFF in Suriname

54. The DEA of the MoFP has been preparing MTFFs since 2008. Initially, these were intended for the MoFP's internal use in support of the preparation of the budget and the determination of the budget's expenditure ceiling. However, since 2023, two MTFF tables have been included in the BSP and in the Annual Financial Plan (AFP).⁵ The MTFF, which includes two previous years, the year for which the

⁵ The BSP is part of the budget preparation process and has to be submitted to the Council of Ministers by April 1. The Annual Financial Plan is part of the budget documents sent to the National Assembly.

budget is being prepared and three subsequent years, is mainly intended for use for the upcoming budget and plays only an illustrative role for future years.

55. The MTFF is prepared using an Excel-based model. The model, which is maintained by 3-4 DEA staff (of which 2 full-time), contains an input sheet, an output sheet, several sheets to calculate specific revenue and expenditure items and sheets to assess the impact of shocks and to develop scenarios. Some input data, especially concerning the mineral sector, is stored in external files that are linked to the MTFF spreadsheet. The projections start with a baseline reflecting unchanged policies, which is subsequently updated to reflect new policies; the baseline projection is not separately saved in the MTFF spreadsheet.

56. The main driver of the projections is (growth in) nominal GDP. This indicator is the basis for all non-mining revenue projections, as well as for the expenditure on goods and services and capital expenditure. Wages are projected using a fixed 3 percent annual increase in the average civil service wage, and the projections for transfers are based on the monthly transfer for each type of support times the number of beneficiaries. The projections for the electricity subsidy are based on a target of a 20 percent annual decline in the subsidy, and the projections for interest payments are provided by the Debt Management Office (DMO).

57. The DEA prepares the first iteration of the MTFF for inclusion in the BSP. This MTFF is based on the version used for the draft budget for the current year, updated for changes introduced during the discussion on the current year's budget in the DNA and the latest available macroeconomic and fiscal data. Important data sources are other departments in the MoFP, the Planning Bureau Suriname (SPS), the General Bureau of Statistics (ABS), the CBvS, and the Tax Department. The DEA also uses data prepared by IMF staff during recent program or Article IV missions. Data on prices for mineral products (gold, oil) are obtained from external databases, mainly from the IMF and the World Bank. The DEA discusses the revenue projections with the Tax Department but otherwise has no discussions on the MTFF projections outside the MoFP. The MTFF is updated in September following the completion of the budget preparation discussions and before submission of the draft budget to the National Assembly (DNA).

58. The PFM Law 2024, which is to be applied starting with the budget for 2026 (article 84), formalized and substantially increased the role of the MTFF in the budget process. The Budget Strategy needs to be based on an MTFF in line with the two fiscal anchors. The 5-year financial plan at the start of each 5-year period setting the values of the fiscal anchors, and the AFPs thereafter, are to be based on an MTFF of which the methodologies and macro-fiscal data and assumptions are to be discussed in the documents.

C. Institutional Gaps

59. Under the PFM Law 2024, the MTFF has become a key element of Suriname's strategy to ensure prudent management of the expected sharp rise in oil revenue.⁶ As discussed in Section II above, other than the PFM Law 2024's implementation regulations, the basic laws are in place, and the DEA has made considerable progress over the years in preparing and updating an MTFF. However, much remains to be done to be able to fully implement the PFM Law 2024 and to build a strong MTFF.

⁶ Recent IMF projections indicate a doubling of government revenue in real terms between 2025 and 2029 (IMF, "Suriname - 2025 Article IV Consultation - Press Release; Staff Report; Staff Statement; And Statement by the Executive Director for Suriname," IMF Country Report No. 26/37, February 2026)

60. Although the law should have been applied for the 2026 budget, the MTFF and the documents for the 2026 budget were largely prepared as before. Against the background of parliamentary elections in May 2025 and the installation of a new government in July 2025, preparations for the application of the law stalled. As noted in Section II above, the Decree on Sustainable Public Finances (Staatsbesluit Houdbare Overheidsfinanciën) providing the implementation regulations of the PFM Law 2024 has not been finalized, the two fiscal anchors have not been set and applied, and the SSFS has not been created. The BSP 2026 reflected some changes but otherwise the MTFF and the budget documents remained largely as before (Section V discusses the provisions in the PFM Law 2024 for the contents of the BSP in detail). The draft 2026 budget - which was submitted in line with the law before October 1, 2025 - was withdrawn from the DNA to allow more input from the new government, but a revised draft budget is also not expected to incorporate the provisions of PFM Law 2024. Given the timing constraints, this is also expected to be the case with the 2027 budget.

61. A committee to guide the change process resulting from the PFM Law 2024 is yet to be constituted. Previous IMF technical assistance recommended that the change in the PFM legal framework be supported by a change management strategy and dedicated capacity building efforts and strongly supported the authorities' intention to establish a high-level Monitoring Committee and a technical support unit.⁷ In the absence of this Committee or other guidance, technical preparations, including for adapting the MTFF model to the provisions of the new law, did not start and familiarity about the new law and its implications outside the directly involved departments remains low.

62. The macro-fiscal function is underdeveloped, and the technical capacity and staffing constraints are a serious factor in the delay in implementing the PFM law. The DEA is responsible for adapting the MTFF to the requirements under the new law and for coordinating, and contributing to, the substantially expanded BSP and the Five Year and Annual Financial Plans. However, of the DEA's 14 staff members, distributed over 4 units, only 3-4 (of which 2 full time) are available for work on the MTFF and the budget-related documents as the others are performing tasks not related to macro-fiscal issues.⁸ Moreover, reportedly due to large remuneration gaps, experienced staff tend to move to more independent government institutions or the private sector, and it is difficult for the DEA to recruit staff with a more advanced academic degree. These constraints severely limit the DEA's ability to train for and assume the responsibilities stemming from the PFM law 2024 and to further strengthen the MTFF.

63. The MTFF model reflects its origin as an informal internal tool, it is difficult to follow by others than the directly involved staff and is not yet ready for its increased and formal role under the PFM Law 2024. The model does not include financing and debt sections, complicating the incorporation of the fiscal rules and the role of the SSFS. The data does not consistently flow from input to calculations to output, and some output data is hard coded in the cells. Also, the Excel workbook lacks a description of the contents and of the conventions and procedures used in the file, and the DEA does not have a manual providing rules for its management. Important interim steps, such as the baseline projection, are not saved, making it difficult to retrace the process. Security of the model is not assured as there are no rules for storing and backing up the data. Moreover, there is no formal calendar for the preparation of the MTFF or for the delivery of data by other departments or institutions. The DEA does not prepare ex-post assessments of the outcome against the projections, as the MTFF tool does not incorporate a calculation

⁷ Jean Pierre Nguenang et. all. op. cit.

⁸ The four sections of the DEA are Public Finance, Research and Development, State-owned companies, and Subsidies; the responsibilities of the latter two are not related to the work on the MTFF.

of forecasting errors, thus no explanations of the deviations of the outcomes from the MTFF's projections are discussed in the BSP.

64. Cooperation with other ministries or government institutions on the MTFF is very limited.

Much of the data used by the DEA is taken from the websites of the relevant institutions, such as the ABS and the CBvS, with little contact and discussion with the relevant staff of those institutions. The lack of technical discussion on the MTFF with other departments and government institutions limits their engagement in the process, complicating obtaining the needed data. Moreover, without the benefit of the knowledge and experience of the sector staff, the credibility of the MTFF remains below its potential.

65. The data provided to the DEA and the MTFF projections are not part of a comprehensive and consistent macroeconomic model. The GDP projections from the SPS are prepared on a stand-alone basis using the production method; moreover, the SPS has serious capacity constraints undermining the credibility of the projections.⁹ The SPS discusses the GDP estimates with the CBvS on an informal basis. The CBvS has a comprehensive model including all four main economic sectors - real, fiscal, monetary and balance of payments - but the projections, including for the fiscal sector, are not shared with the DEA. The DEA's projections for the MTFF are also for the fiscal sector only and are not part of a model encompassing all four macroeconomic sectors.

66. The lack of data is especially serious in the mineral sector (gold and oil) and risks undermine an accurate calibration of the fiscal rules, compliance monitoring, and fiscal risk analysis. About 40 percent of total tax and non-tax revenue of the budget comes from the mineral sector, which is projected to increase to about 60 percent by 2029. However, data on the gold sector is limited to what the two companies provide to the Ministry of Natural Resources or becomes available through the state-owned oil company ("Staatsolie"), which participates in the two gold companies; data on the informal gold sector is weak. Regarding the projections for revenue from the new offshore oil sector, the DEA relies mostly on publicly available data, and the MoFP has no detailed information on the applicable tax regimes, restricting the ability to make reliable revenue projections. The lack of information on the mineral sector also affects the projections of the CBvS and of the SPS. These data weaknesses risk resulting in highly inaccurate revenue projections, seriously complicating the calibration of the fiscal rules, monitoring compliance with the rules and analyzing deviations between revenue projections and outcomes.

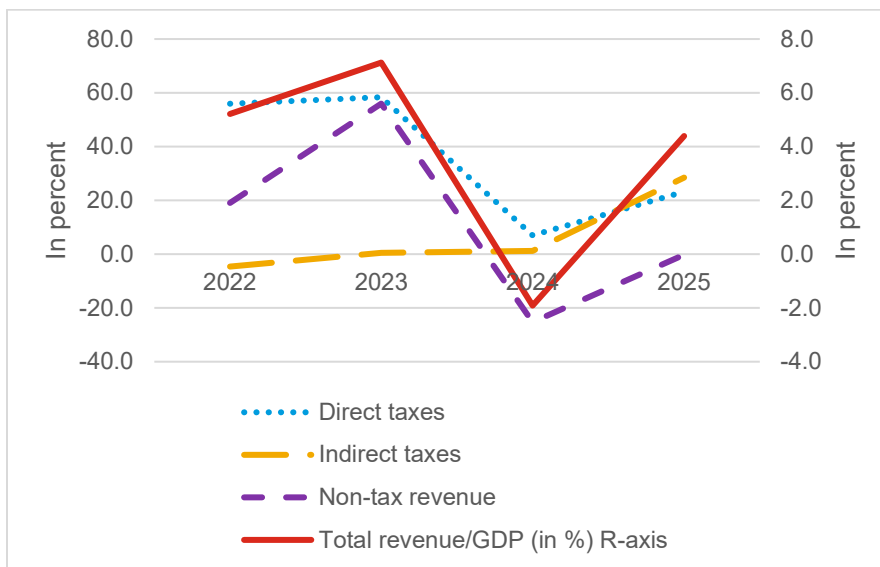
67. Figure 2. illustrates the consequences for the revenue projections of the data and methodology issues discussed above. During the last four years, all three main revenue categories showed large deviations from the budgeted amounts. On average, the sum of direct, indirect and non-tax revenue deviated 18 percent from the budgeted amount over this period and for the last three years, the sum of the three taxes scored a credibility of less than basic as defined under the Public Expenditure and Financial Accountability system.¹⁰

68. As discussed in detail in Section V, the presentation of the MTFF in the BSP and the AFP is very basic. The presentation is limited to two tables providing medium-term budget projections using different formats. The documents include descriptions of the external and domestic macro-economic environment and fiscal policies, but do not describe their impact on the MTFF.

⁹ Following the retirement of an experienced staff member, the section of the SPS producing the GDP projections consists of one recently hired staff member, who is being trained by a member of the SPS's management team.

¹⁰ An analysis of the differences between the budget projections and outcomes could usefully be added to the BSP and the AFP (Section V).

Figure 2. The gap between actual revenue and the projection in the budget, 2022-25, in percent



Source: Data provided by the authorities and the Annual Financial Plans 2022-25.

Recommendations

- 3. Reestablish an interdepartmental work group on macrofiscal, and addressing capacity constraints of the DEA, the Budget Department, and the Planning Bureau.**
- 4. Improve the macro-fiscal projections.**
- 5. Formalize the management of the MTFF model.**

IV. Developing the Medium-Term Expenditure Framework (MTEF)

A. General Considerations

69. A medium-term expenditure framework (MTEF) is a set of institutional arrangements for prioritizing, formulating, and presenting the budget with a multiyear perspective.¹¹ It is important to note that an MTEF does not refer to multiannual appropriations authorized by Parliament but complements the budget with a multiyear perspective. It includes the projections of disaggregated budget items (at a budget classification level to be decided) over the medium term (3-5 years) with a bottom-up methodology that allows identifying expenditure's current commitments that affect next years and expenditure cost pressures (baseline). The MTEF will present the budget ceilings for the next 3-5 budget years (binding or indicative) under the MTFF overall ceiling that will conform to the fiscal rules and policy targets set in the MTFF each projection year.

70. The MTEF considers the budget plans proposed by the sectors and government priorities (bottom-up) and makes it consistent with the overall medium-term budget constraint by the MTFF multi-year ceilings (top-down). Both MTFF and the MTEF reinforce each other in an iteration process to reach consistency. This sub-section will present the basic elements and tools of an MTEF: ceilings, baselines, process and presentation and the relation to Public Investment Management (PIM).

71. The MTEF offers several important advantages to the budget process and fiscal management. These benefits are reflected in its core features and its practical implications for government budgeting and policy planning.

- **Enforcement of fiscal discipline.** The MTEF enforces fiscal discipline by ensuring that future budgets are restricted to levels consistent with the government's established MTFF and predetermined rules. This approach is essential for maintaining sound fiscal policy and is often the primary motivation for adopting an MTEF.
- **Alignment of annual budgets with medium-term goals and more efficient resource allocation.** The framework ensures that the annual budget is aligned with broader medium-term fiscal objectives and more transparent priorities ensuring consistency and coherence across annual and medium-term planning.
- **Anchoring budget negotiations.** The MTEF serves as an anchor for budget negotiations by shifting the emphasis toward performance outcomes and new policy priorities, which affect savings or new spending. This approach helps to avoid the incrementalism characteristic of traditional budgeting.
- **Transparency regarding budgetary pressures.** By providing a clear framework for identifying underlying budgetary pressures and available fiscal space, the MTEF makes the negotiation process more transparent and efficient. It improves efficiency through the understanding of the cost drivers in different sectors and resource requirements of different policies.

¹¹ J. Harris, R. Hughes, G. Ljungman, and C. Sateriale, 2013, "Medium-Term Budget Frameworks in Advanced Economies: Objectives, Design, and Performance," in M. Cangiano, T. Currstine, and M. Lazare (eds.), *Public Financial Management and its Emerging Infrastructure*, IMF: Washington D.C.

- **Promotion of efficient inter-temporal planning.** The MTEF promotes more efficient planning across multiple years. This inter-temporal focus ensures that spending decisions are both sustainable and aligned with long-term fiscal policy goals creating realistic expectations about future spending envelopes. Ministries are therefore in a better position to plan their activities and commit spending within the multiannual budget constraint.

72. A medium-term budgeting perspective is demanding and requires a level of stability and predictability that typically develops over time in the context of broader PFM reforms.

Preconditions that have been identified for a well-functioning MTEF include the need for a credible and predictable annual budget embedded in prudent and accurate medium-term macroeconomic projections with established and stable fiscal objectives and rules, in the context of a comprehensive and unified budget process.

73. There is no single ideal model for an MTEF, rather, a set of choices has to be made. The design choices and institutional arrangements underpinning an MTEF refer to its construction and presentation, the medium-term budget process and the key tools for elaborating the MTEF.

74. The construction and presentation of the MTEF require design choices and key elements. These refer to the level of detail, the specific nature, and the coverage of the ceilings of the MTBF. However, it is important to bear in mind that key decisions have already been made with the fiscal rules' framework and MTEF enshrined in the PFM Act 2024, the primary expenditure ceiling and the net-debt anchor (see Section II). Key elements of an MTEF are ceilings and baselines.

75. Ceilings are limits placed on sub-aggregates or total expenditure for the purpose of constraining requests during budget preparation or unsustainable increases during execution. The detailed characteristics of ceilings may vary among countries that have adopted an MTEF. Ceilings may have different natures (see Annex 4).

76. The use of ceilings offers several benefits. A common use of ceilings is to promote fiscal discipline in budget preparation as well as in execution. But there are other benefits from the perspective of the central budget office. Principal among these are i) preventing wasted effort of line ministries that ask for much more in their budget request than can realistically be given and the time of central budget staff to reduce such a request, and, ii) anchoring realistic expectations and encouraging line ministries to make difficult decisions to maximize the efficiency of budget spending rather than relying on spending increases in budget preparation and/or execution. But the benefits can only be reaped if the ceilings are credible and credibility is built up over time.

77. Expenditure baseline projections (or short: “baselines”) are a key analytical concept in budget preparation that refers to estimates of future expenditure on the assumption that current policies remain unchanged.¹² Hidden behind this definition is the fact that costs will change, and often significantly, over time even if policies do not change. Calculating baseline involves uncovering the causes for such cost changes and assessing the magnitude of them. Baselines are an analytical tool, not a budget. For the key steps involved in a baseline exercise, see Annex 3.

¹² How to Prepare Expenditure Baselines, Fazeer Rahim, Claude Wendling, and Eliko Pedastat, How to Note, FAD, IMF, 2022

78. Baselines are a key methodology for annual and medium-term budgeting and serve several purposes.

- *Baselines are used to assess fiscal sustainability.* This can be done by calculating baselines over some period, for example three years, and determining the sum of baselines each year compared to funding constraints or identifying the cost trend for individual ministries, programs, or major line items (economic classification), such as wages.
- *Baselines are used to separate the cost of existing policies from new policies and facilitate the budget process.* A focus on new policies affects the timing and nature of budget negotiations.
- *Baselines highlight the causes of rising costs and thus facilitate their control.*
- *If they exceed available funding (“negative fiscal space”, see Annex 3.), existing services or activities must be reduced even if available funding is higher than the previous year.* But even in the opposite case (“positive fiscal space”) economies on baseline expenditure can create additional room for new policies and projects (see Annex 3.)
- Furthermore, baselines are a powerful tool for Ministries of Finance’s “budget challenge” function to keep track of value for money, facilitate the monitoring of execution and support transparency.

MTEF process

79. Good budgetary decisions require specific conditions. The latter relates to rules and information requirements and includes a medium-term perspective, a strict framework based on budget rules, an understanding of the dynamics of existing baseline spending, and a capacity to maximize the utility of these and any new expenditure. But how are such decisions made? The solution lies in proper sequencing. It is a matter of dividing the decision-making problem into sub-problems and solving them sequentially. The most important division is between a strategic budgeting phase and an operational one.

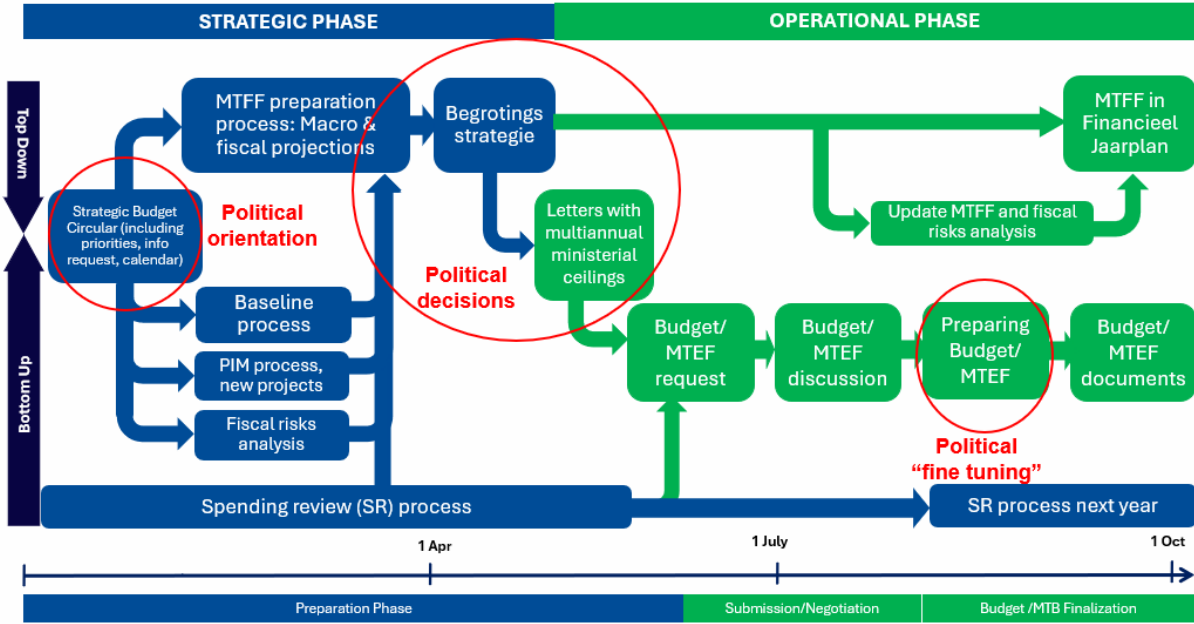
80. Optimally the strategic and therefore political decisions in the budget process take place in the first phase of the process, the “strategic phase” (see Figure 3. below). The main characteristic of strategic budgeting is that key political decisions come relatively early in the process. These relate to revenue policies, expenditure savings, efficiency or new policies, and ongoing and new projects, together with the fiscal position in view of the budget rules (such as in the PFM Act 2024). They require clarity regarding revenue projections and expenditure baselines, proposals for efficiency measures for existing baseline expenditure - ideally in a Spending Review process and analyzed and costed new measures and projects. After taking the necessary strategic fiscal and budgetary decisions, the operational phase of budgeting begins. It is good practice to conclude the strategic phase with a Budget Strategy Paper that will include the MTEF projections with the five years annual breakdown (See Section VI). The expenditure envelope will be the basis for the multiyear budget ceilings.

81. The strategic phase requires a range of information resulting from corresponding processes. These include the macro-fiscal process, which estimates revenues and fiscal space in relation to fiscal rules and baseline expenditure, and the planning process for new policies and projects. To dispose of the required information three more processes must contribute:

- The baseline estimation process, which measures expenditures under ongoing policies.
- A costing process for any new programs and projects for the budget and the MTEF.

- A spending review process, which proposes savings and efficiency measures for baseline spending. This process, if considered, can be systematized every year covering a number of programs such that every few years major programs are scrutinized.
- A process analyzing and quantifying fiscal risks for the macro-fiscal decisions and mitigation measures that can be considered in the budgets and MTEF. Fiscal risks analysis should also be included in the Fiscal Strategy Statement.

Figure 3. The Proposed Two Phases of the Budget Process: Strategic and Operational



Source: Mission

82. Efficient Public Investment Management (PIM) is crucial to ensuring that the expenditure under the ceiling for public investment projects can be used optimally. It is good practice to define an envelope for investment spending in the MTEF/Budget preparation process. This envelope should distinguish between the allocation for ongoing projects and that for new projects, provided there is fiscal space. To that end, the process of project identification, maturation, and selection should be well-prepared and -integrated into the MTEF/budget process. Strengthening PIM is instrumental for reaping the benefits of the additional resources and necessary before scaling-up investment spending.

B. Institutional Strengths & Gaps in Suriname

83. The situation in Suriname for the introduction of an effective MTEF is characterized by institutional strengths and gaps. Its strengths include:

- Annual ceilings are already applied and communicated to Line Ministries in the budget process to guide the budget submissions.
- There is already a quite longstanding practice of presenting multi-year allocations in the budget for information purposes.

- There are already first attempts to work with baselines. As discussed in Section III, the MTFF model starts with the baseline projections for broad spending categories, including wages, goods and services, subsidies, transfers, and investments. However, there is no standard methodology for estimating baselines.
- The fiscal rules in the PFM Act 2024 are an excellent basis to develop credible ceilings.
- PIM weaknesses are being addressed in an IDB financed project which is still in an early phase.

84. Several institutional and capacity gaps, if not addressed, may impede the successful implementation of an effective MTEF. The most important are discussed below.

- ***There is no methodology for aggregate baselines, and no disaggregated baselines are calculated.*** There are no or very few discussions of disaggregated multi-year projections by line ministries.
- ***Current ceilings contained in the BSP cover only one year and are not firm,*** and are given for wage and non-wage expenditures, with no information on capital expenditure ceiling.
- ***Concerning MTEF processes, organization, and presentation, there is not enough exchange of information and coordination in the strategic phase of budgeting.*** The Budget Department comes late in the process and is severely understaffed. Capacity issues are also evident in Line Ministries. No overall MTEF table¹³ nor ministerial tables are presented in the budget documentation. Multi-year estimates are only given at the Directorate level. Multi-year projections of expenditure by Directorates are presented in the budget for information purposes but are not consistent with the aggregate numbers of the MTFF.
- ***Public Investment projects are not very visible in the budget documentation,*** although they are included in programs. Central directives & methodologies (appraisal & selection) are very weak in the absence of a PIM central unit for projects review and selection.¹⁴

Overall, budget credibility is low (Figures 4 & 5). In-year overspending has been significant. Moreover, the projections for the outer years are not credible (see Figures 4. and 5. below).¹⁵

¹³ Broken down by ministries and state institutions.

¹⁴ See the draft IDB Report “PIM Assessment, Suriname, Support Program Public Investment Management Reform”, from September 2022

¹⁵ Following a good practice the margin could be increasing over the budget year (BY), BY+1, BY+2 to BY+4 reflecting increasing uncertainty over the horizon of the MTFF. Margins vary between one and three percent of the budget in advanced countries, for example in Sweden.

Figure 4. MTFFs 22-25 to 24-27 and Outturns 2022-2025

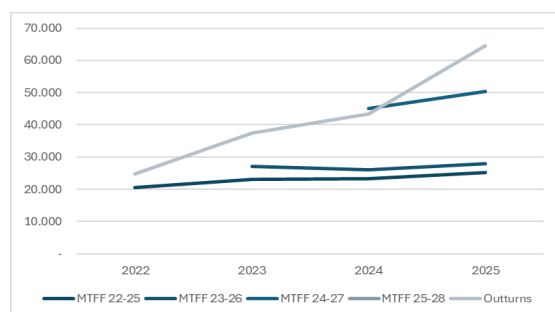
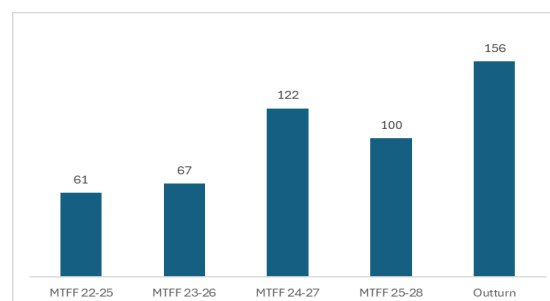


Figure 5. Year 2025 in different MTFFs (Budget 2025 = 100)



Source: Financieel Jaarplan 2022/23/24, DEA/MoFP

C. Strategies to develop MTEF in Suriname

85. The nature of the ceilings depends on the MTFF and the binding primary expenditure ceiling enshrined in the PFM Act 2024. Given the latter, a combination of binding ceilings in budget preparation and more flexibility with indicative ceilings in the budget aggregates under the binding aggregate primary expenditure ceiling in the execution of the budget may be useful. The former would not rule out holding back a small budgeting reserve that is only allocated at the end of the budget process. While indicative ceilings may provide Line Ministries with forward guidance, it makes no sense to introduce another set of binding ceilings under the binding aggregate primary expenditure ceiling. Though for transparency and credibility in the process, reconciliations showing how ceilings change from year to year should be provided in the budget documents. For international examples, see Box 22.

Box 2. International Examples of MTEFs

Jamaica

- MTEF with budget year (2026/27) plus two years broken down into recurrent and non-debt capital spending in Fiscal Policy Paper, additionally functional classification.
- In the Budget estimates multi-year projections are made for all items – to the economic breakdown of activities.
- Projects are included at the sub-program level and come with a description in the Budget estimates document.

Aruba

- MTEF with budget year (2026) plus four (2027-30) years
- No MTEF overall table with ministerial allocations, but multi-year presentation for all allocations presented in the annual budget.
- No detailed information on public investment projects in the budget document

Luxembourg

- Special law of the medium-term budget (volume 2 of the budget documentation) that is adopted along with the annual budget law.
- The time horizon is the Budget year (2026) plus three years.
- All budget lines are projected over the medium term, but in annual budget tables more details are provided as to the breakdown of the budget allocations.
- Presentation separated in current and capital expenditure with no extensive information provided on projects in the budget documentation.

Source: Budget documentation 2026/27 Jamaica, 2026 Aruba, Luxembourg

86. Multi-annual ceilings of the MTEF should be set in the BSP (*Begrotingsstrategie*) at the ministerial level and be broken down into wage, non-wage recurrent and capital ceilings. Following good practice some flexibility can be allowed to shift from non-wage recurrent to capital spending but not the reverse. The resulting MTEF ceilings will conform to the overall ceiling of the MTEF, which is binding for budget submission and approval, and the aggregate primary expenditure ceiling is binding for execution, too. A further good practice is to leave a margin for unexpected expenditure under the aggregate primary expenditure ceiling to protect it from being breached, gain credibility and anchor budget expectations.

87. The MTEF resulting from the above specifications is strongly geared towards fiscal discipline. This is a consequence of the binding nature of the aggregate primary expenditure ceiling, which is intended to ensure fiscal discipline. At the same time, the challenges in relation to the credibility of the annual budget will have to be addressed. There is no doubt that introducing the fiscal rules, the MTEF and the MTEF will change the nature of budgeting in Suriname quite substantially. The table of the overall MTEF (see Annex 4, Section d) should be included in the Annual Financial Plan (Financieel Jaarplan) while in the budget a track record of credible ceilings remains to be established.

88. An understanding of budget pressures in the short to medium term and, communication of any deviations to the MoFP is necessary. This requires a reorganization of the budget process with clear communication of the steps in the strategic and the operational phases of the budget process. The process needs to start earlier, and a more intensive exchange of information is required. During the strategic phase baselines, new policies and projects as well as fiscal risk analysis should be prepared.

89. A baseline methodology should be developed to make the MTEF credible. At the disaggregate level work could start with a selection of key pilot ministries. Beginning with five ministries, Justice, Finances, Health, Education, and Public Works, a large share of about 70% of the budget could be covered. The rest of the budget could be analyzed in the aggregate. Optimally, the baselines are ready for the strategic phase of the budget cycle. Organizing baseline exercises requires a Working Group comprising relevant directorates within the MoFP (Budget, DEA, Development finances) and Line Ministries. Developing a baseline methodology for Suriname is a technically demanding task that could be substantially facilitated by technical assistance.

90. Ongoing technical assistance with the IDB should help provide the future costs of ongoing projects and strengthen the appraisal of new projects. Technical assistance for PIM, including PPPs, is provided by the IDB. Currently a legal framework for PIM is being elaborated and the creation of a central PIM unit is proposed.

91. Serious staffing and capacity constraints in the Budget department and line ministries need to be urgently addressed. Currently, only nine of the 17 inspector positions in the Budget Department are filled, making it hard to fulfill its tasks. Line ministries are also understaffed. Well-trained staff both at the Budget Directorate and line ministries are essential to handle analytical and strategic tasks, especially developing credible binding expenditure ceilings. Additional well skilled human resources are a key precondition to prepare credible ceilings based on a coherent and consistent baseline methodology.

Recommendations

- 6. Review the MTEF process and tools by adopting a framework of different ceilings for the MTEF.**
- 7. Introduce baselines – aggregated as well as disaggregated ones – in the budgeting practice.**
- 8. Review the MTEF/ budget process, its organization, and presentation.**
- 9. Establish a central PIM Unit in the MoFP and continue the work on PIM.**

V. Enhancing the Budget Strategy Paper (BSP / Begrotingsstrategie)

A. General Considerations

92. As Suriname approaches a period of potentially transformative offshore oil production, the role of a credible and operational MTFF becomes central to macroeconomic stability, fiscal sustainability, and public confidence. Within this framework, the BSP (*Begrotingsstrategie*) plays a pivotal role as the formal instrument that translates medium-term fiscal objectives into a coherent strategy guiding annual budget preparation and execution. The BSP constitutes the central medium-term policy document under Article 3 of Suriname's PFM Act.

93. The BSP serves as the institutional bridge between policy intent and annual budgets, anchoring fiscal policy in a medium-term perspective while maintaining flexibility to respond to shocks. As discussed in the previous sections of this report, this function becomes particularly critical in the context of anticipated oil revenues.

94. International experience and IMF technical guidance emphasize that an effective BSP should rest on three interlinked pillars:

- A coherent macroeconomic narrative, clearly separated from fiscal policy decisions;
- A quantified fiscal strategy, anchored in explicit numerical rules and medium-term targets; and
- Credibility mechanisms, including debt sustainability analysis, fiscal risk disclosure, and enforceable expenditure ceilings.

B. Suriname's Institutional Strengths

95. Suriname has established a sound legal basis for the preparation of a BSP (Table 2). The PFM Act clearly specifies the requirement to prepare a BSP and defines its core contents, including macroeconomic projections, fiscal strategy, fiscal risks, and expenditure ceilings. This legal clarity provides a strong foundation for developing a credible medium-term fiscal framework.

96. The overall architecture of the BSP is broadly aligned with good international practice. The structure envisaged under Article 3 of the PFM Act closely mirrors that of peer countries. This alignment significantly lowers the reform burden, as improvements can focus on deepening content rather than redesigning the framework.

97. Although the process is informal, designated responsibilities for contributing to the drafting of the BSP have been established (Table 1). These are distributed across relevant institutions, under the coordination by the Budget Department and the Department of Economic Affairs (DEA), with defined contributions from the Budget Department, Planning Bureau, Central Bank of Suriname (CBvS), Bureau of Statistics, and the Debt Management Office. This provides a workable division of labor, which is essential for sustaining the BSP as a recurring annual product rather than an ad hoc exercise.

Table 1. Suriname – Institutional Drafting Responsibility

Budget Strategy Paper (Art 3, PFM Act) - Contents	Responsible unit / Participating units
Economic and budgetary challenges in the coming financial year	Budget Department; Department of Economic Affairs (DEA);
Budgetary principles and priorities	Budget Department, DEA
Medium-term macroeconomic projections	Planning Bureau; Central Bank of Suriname (CBvS); Bureau of Statistics
Fiscal Framework	<u>DEA</u> , Budget Department, CBvS, SSFS
Longer-term macroeconomics projections	Planning Bureau
Public Investments	Budget Department; Planning Bureau, Key Line Ministries
Fiscal risks	DEA, Debt Management Office, Budget Directorate
Budget ceilings	Budget Department

Source : Mission and Authorities

98. The 2026 BSP demonstrates tangible progress relative to previous years, thanks to previous CARTAC support. Key elements - such as an articulated set of budgetary principles, an initial discussion of fiscal rules, a macroeconomic outlook, and ministry level expenditure ceilings for the budget year - are now in place. This progress reflects growing ownership at the technical level and proves the authorities' ability to produce the document within the existing institutional constraints.

C. Suriname's Main Gaps and Areas for Improvement

99. Despite these strengths, the current BSP framework exhibits several important weaknesses that limit its effectiveness as a medium-term fiscal anchor. Most notably, the 2026 BSP was not discussed or approved by the Council of Ministers, as required by the PFM Act. The absence of high-level political endorsement weakens ownership and undermines the BSP's role as a binding policy document guiding annual budget preparation.

100. In terms of contents, the comparison between legal requirements and the existing 2026 BSP reveals several substantive gaps that limit the document's effectiveness as an MTFF anchor (Table 2). The existing BSP remains largely annual in focus and shows the following key shortcomings.

- **The Executive Summary does not yet function as a high level fiscal “contract.”** It lacks a concise presentation of headline objectives, explicit commitments to fiscal rules, and a clear explanation of how the strategy will guide annual budgets.

- **Fiscal rules are announced in 2026 without specifying their numerical values nor operationalized.** While the BSP refers to two core rules - a medium-term debt anchor and annual primary expenditure ceilings - the document does not specify their numerical values, institutional coverage, or enforcement mechanisms. Without numerical calibration, the rules cannot guide budget preparation or constrain spending decisions.
- **The separation between macroeconomic analysis and fiscal strategy remains blurred.** The macroeconomic chapter includes MTFE assumptions and fiscal aggregates that should instead be presented in a dedicated MTFE section. This overlap weakens analytical clarity and risks conflating forecasting with policy choice.
- **The medium-term dimension of the budget framework is incomplete.** While expenditure ceilings are presented for the budget year, multiyear expenditure ceilings are absent, limiting the BSP's ability to shape future budget negotiations and line ministry expectations.
- **Several chapters stipulated in the PFM Act are missing or underdeveloped**, notably:
 - A dedicated chapter on public investment, despite the heightened importance of investment quality during the oil transition;
 - Longer-term macroeconomic projections, which are essential for assessing sustainability beyond the immediate budget horizon; and
 - A robust fiscal risk analysis, including quantitative sensitivity analysis covering oil price volatility, production delays, risks related to SOEs, and climate-related risks.

Table 2. BSP Legal Requirements and Main Gaps

PFM Act Requirement	Coverage in 2026 BSP	Main Gaps
Executive summary	Included	Needs clearer fiscal commitments
Fiscal rules	Partially included	No numerical targets
Medium-term macro projections	Partial	Need strength and consistency
Medium-term fiscal framework	Weak	Fragmented across chapters
Public investment strategy	Missing	To be drafted
Fiscal risk analysis	Partial	Mostly qualitative
Multi-year expenditure ceilings	Missing	Only annual ceilings provided

Source: Mission

101. Strengthening the BSP requires both improving existing sections and drafting several missing core components (Table 2 and Box 3). Priority improvements include reinforcing the Executive Summary, clearly specifying fiscal rules with numerical values, and establishing a dedicated MTFF chapter that articulates the overall fiscal stance over a five-year horizon.

Box 3. Jamaica: A Practical Benchmark for an Operational BSP-MTFF Link

Jamaica provides a relevant comparator for Suriname in demonstrating how a budget strategy or fiscal policy document can effectively anchor medium-term fiscal management. Jamaica's Fiscal Policy Paper illustrates several design features that are directly transferable to Suriname's context. Key lessons include:

- Clear separation between the macroeconomic outlook and the MTFF, avoiding duplication and ensuring that forecasting does not substitute for policy decisions.
- Explicit numerical fiscal rules and medium-term objectives, which directly guide annual budget preparation.
- Use of the strategy document to communicate the overall fiscal stance and adjustment path over multiple years, rather than focusing narrowly on the budget year.
- Strong emphasis on expenditure discipline, with spending constrained by medium-term ceilings rather than revenue developments; and
- Transparent reporting to Parliament and the public, reinforcing accountability and credibility.

Source: Mission.

102. Key chapters that should be drafted or substantially expanded include:

- A central MTFF chapter distinguishing pre-oil and early oil-production phases;
- A public investment chapter defining the medium-term capital envelope and principles for scaling up investment;
- An expanded fiscal risk chapter incorporating sensitivity analysis related to oil prices, production delays, SOEs, and climate risks; and
- Chapters on financing, debt management, escape clauses, and institutional accountability;
- A concluding chapter that reaffirms commitment to fiscal discipline, transparency, and sustainable use of oil revenues. It should signal that annual budgets and MTFF updates will strictly follow this strategy, as a "binding" message.

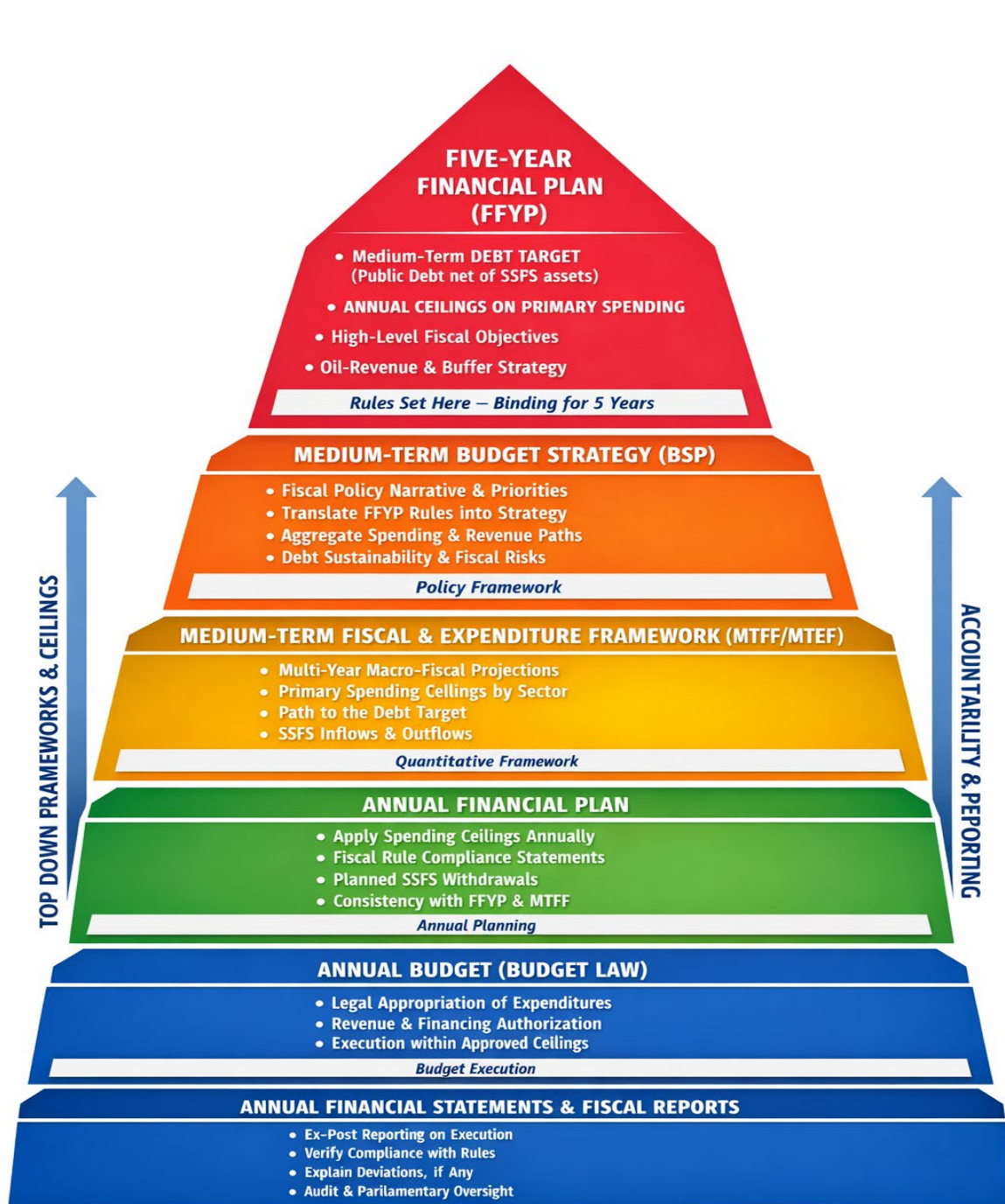
103. The Law prescribes the chapters for the BSP but for the Annual Financial Plan and the Five-Year Financial Plan, it prescribes only the contents, not the exact list of chapters. The law, therefore, gives much more freedom to develop the Annual Financial Plan and the Five-Year Financial Plan presentation that includes all BSP contents and beyond, meaning corrective actions in case of the use of escape clauses, inflows and outflows from SSFS, and audits statements. The authorities stated that the Five-year Financial Plan will be finalized by June 2026, but no draft was shared with the mission. As part of the Annual Financial Plan and the Five-Year Financial Plan, additional chapters that are legally and reputationally important include:

- **Escape Clauses and Correction Mechanisms.** This chapter should describe the conditions under which fiscal rules may be suspended, the approval and transparency mechanism, and the commitment to a return-to-rule path after shocks.
- **Institutional Arrangements and Accountability.** This should include the roles of relevant institutional entities tasked with drafting the Annual Financial Plan and the Five-Year Financial Plan, including key departments within the MoFP and SSFS governance bodies. It will emphasize reporting to Parliament and publication commitments.
- **Annexes, which are legally consistent and expected.** These should include macro tables with macroeconomic data, medium-term fiscal tables, debt dynamics (including net of SSFS assets), compliance matrices¹⁶, and risk/sensitivity tables. It could also include institutional responsibilities/calendar annex - who delivers and by when. Moreover, it should include the macro data table spanning previous years, the budget year, and the outer years, consistent with the legal requirement.

104. Figure 6 illustrates the top-down fiscal architecture established under Suriname’s PFM framework. At the top, the Five-Year Financial Plan sets the medium-term debt target (defined net of SSFS assets) and binding annual ceilings on primary expenditure, providing the core fiscal anchors for a five-year period. These rules cascade downward through the Medium-Term BSP, which articulates the fiscal policy stance and priorities, and the MTFF, which translates the strategy into quantified multi-year macro-fiscal projections consistent with the debt anchor. The annual financial plan and annual budget operationalize these ceilings on a yearly basis, while annual financial statements and fiscal reports close the accountability loop through ex-post reporting and verification of compliance. Together, the pyramid highlights the intended top-down approach, whereby medium-term fiscal rules guide annual decision-making and strengthen fiscal discipline and credibility.

¹⁶ A compliance matrix is a structured analytical table that maps each legal requirement of the fiscal rules’ framework (as set out in the PFM Act and the SSFS Law) against actual budgetary outcomes, projections, and institutional processes, to systematically assess whether and how the rules are being complied with.

Figure 6. Pyramid Diagram of Required Frameworks.



Source: Mission

Recommendations

10. Improve the BSP for 2027-2031, make it law-aligned to be formally approved by the Council of Ministers (Immediate – 2026).
11. Prepare and submit the Five-Year Financial Plan to Parliament (immediate – 2026)
12. Further improve the BSP for 2028-2031 by operationalizing fiscal rules and deepening strategic content (2027–2028).

VI. Action Plan for Strengthening the Fiscal Framework ahead of the Anticipated Oil Boom

105. This section outlines a comprehensive set of twelve (12) recommendations to operationalize fiscal rules and strengthen the public financial management framework through regulatory, operational, and communication actions.

Table 3. Suriname. Recommendations and corresponding actions

RECOMMENDATIONS & ACTIONS							
N°	Actions	Responsible Entity	2026 IM	2027	2028	TA	Type of Action (*)
Recommendation 1. Accelerate the implementation of the rules- based fiscal policy and the SSFS							
1.1	Finalize and approve the Decree on Sustainable Government Finances	Council of Ministers	X				Regulatory
1.2	Nominate a high-level Steering Committee for the implementation of the PFM & SSFS Acts	Minister of Finance	X				Operational
1.3	Decide starting year for first Five-Year Financial Plan	Council of Ministers	X				Operational
1.4	Fill the staffing gaps and develop analytical skills in DEA, Budget Department, Plan Bureau and key Line Ministries	MoFP, Line Ministries, Council of Ministers	X	X	X		Operational
1.5	Restructure the DEA along the lines of a macro-fiscal unit and attach it to the Cabinet of the Minister of Finance or the Permanent Secretary	Minister of Finance and Planning; DEA;	X	X	X		Operational, regulatory
Recommendation 2. Operationalize fiscal rules and SSFS provisions through secondary legislation and transitional arrangements, without reopening core elements of primary laws.							
2.1.	Add provisions on escape clause and ALM in draft decree on Sustainable Finance	MoFP	X				Regulatory
2.2	Adopt a formal parliamentary resolution clarifying the transitional application of the fiscal rules under Law 178.	National Assembly/Council of ministers	X				Regulatory
2.3	Kick off activities of the joint working group on the operationalization of the SSFS	MoFP and CBvS	X				Operational
2.4	Issue SSFS implementing regulations (withdrawals, reporting)	MoFP and CBvS/SSFS working group	X			X (IMF)	Regulatory

RECOMMENDATIONS & ACTIONS							
N°	Actions	Responsible Entity	2026 IM	2027	2028	TA	Type of Action (*)
2.5	Review and adopt the numerical values for the fiscal rules	MoFP/DEA	X			X (FAD / IMF)	Communication
2.6	Establish the SSFS Board along with the Investment Advisory Committee	MoFP/CvBS	X				Regulatory
2.7	Draft and adopt the investment strategy	MoEF/Investment Advisory Committee		X		X (IMF / MCM)	Operational / Communication
2.8	Submit MTFF with fiscal-rule ceilings to Parliament	MoFP	X	X	X		Communication
2.9	Train MPs on fiscal rules and SSFS oversight	MoFP / National Assembly	X			X (FAD / IMF)	Operational, communication
Recommendation 3: Strengthen the macro-fiscal function and the MTFF by improving coordination and collaboration							
3.1	Reestablish an interdepartmental working group for the MTFF and formalize interdepartmental cooperation (2026)	Minister of Finance and Planning; DEA	X				Operational, regulatory
3.2	Decide on one single macro-fiscal model for the government. (2026-28)	MoFP; CBvS; SPS		X			Operational
Recommendation 4: Strengthen the macro-fiscal function and the MTFF by improving the quality of the macro-fiscal projections							
4.1	Include financing and debt modules in the MTFF model	DEA	X	X		X (FAD / CARTAC)	Operational
4.2	Improve the availability of data on the gold and oil sectors and the capacity to project revenue from these sectors	DEA; Ministry of Natural Resources; Ministry of Oil and Gas	X	X		X	Operational
4.3	Improve the projections by applying more specific indicators	DEA	X	X	X	X	Operational
4.4	Ensure that the links in the model follow a logical flow from input to calculations to output	DEA	X	X	X	X (FAD / CARTAC)	Operational
4.5	Develop a financial programming model including all four main macro-economic sectors	DEA		X	X	X	Operational
4.6	Develop a definition of non-mineral GDP	Statistics Bureau	X			X	Operational

RECOMMENDATIONS & ACTIONS							
N°	Actions	Responsible Entity	2026 IM	2027	2028	TA	Type of Action (*)
Recommendation 5: Strengthen the MTFF by formalizing the management of the MTFF model							
5.1	Prepare a manual including rules for managing, updating and storing the MTFF model and the different version from baseline projections to BSP paper to budget documents.	DEA		X		X (FAD / CARTAC)	Operational
5.2	Include a table of contents and a description of conventions and procedures used for the projections in the workbook of the MTFF.	DEA	X			X (FAD/CAR TAC)	Operational
Recommendation 6: Review the MTEF process and tools by adopting a framework of different ceilings for the MTEF							
6.1	Issue multi-year expenditure ceilings for ministries in the Budget letters to Line Ministries	Budget		X			Operational, communication
6.2	Further differentiate the non-wage expenditure into current and investment spending	Budget		X			Operational, communication
6.3	Present the indicative ceilings of the MTEF breaking down ministerial envelopes into economic categories within the overall binding primary expenditure ceiling	Budget	X	X			Operational, communication
Recommendation 7: Introduce baselines – aggregated as well as disaggregated ones – in the budgeting practice							
7.1	Include a simplified sheet in the MTFF model for the baseline exercise	DEA, Budget Directorate		X		X (FAD/CAR TAC)	Operational
7.2	Start a more disaggregated baseline with major ministries including for example Justice, Finance & Planning, Health, Education, Public Works	Budget, Line Ministries		X	X	X (FAD/CAR TAC)	Operational
Recommendation 8: Review the MTEF/budget process, its organization, and presentation							
8.1	Review the budget process starting earlier, formalize the key stages and issue a fixed budget calendar at the beginning of the strategic phase	Budget, DEA		X			Operational, regulatory
8.2	Create a Sub-Working-Group to the Macro-fiscal Working Group charged with baseline analysis	Budget, DEA, Line Ministries		X			Operational
8.3	Include MTEF table with overall expenditure broken down to ministries and state organs in the BSP, ministerial tables in the budget	Budget	X	X			Operational

RECOMMENDATIONS & ACTIONS							
N°	Actions	Responsible Entity	2026 IM	2027	2028	TA	Type of Action (*)
	documentation and make public investment more visible						
Recommendation 9: Establish a central PIM Unit in the MoEF, and continue the work on PIM							
9.1	Continue work on public investment management (PIM) under the IDB-supported project and on fiscal risk management with support from the World Bank.	MoFP, Development Finance & Planning, Line Ministries	X	X	X	X (IDB, WB)	Operational, regulatory
9.2	Establish a PIM Unit in the MoFP and build the capacity to appraise and select investment projects	MoFP, Budget	X			X (IDB, WB)	Operational, regulatory
Recommendation 10: Improve the BSP for 2027-2031, make it law-aligned to be formally approved by the Council of Ministers							
10.1	Align the BSP structure with PFM Act requirements	DEA, Budget	X				Operational, communication
10.2	Include numerical values for the medium-term debt anchor (defined as public debt net of SSFS assets) and annual primary expenditure ceilings	DEA	X				Operational, communication
10.3	Create a dedicated MTFE chapter, while removing MTFE content from the macroeconomic chapter	DEA	X				Operational, communication
10.4	Introduce the expenditure ceilings for 5-year horizon	DEA, Budget	X				Operational, communication
10.5	Strengthen the Executive Summary to clearly state headline objectives, fiscal rules, and key risks	DEA	X				Operational, communication
Recommendation 11: Prepare and submit the Five-year Financial Plan to Parliament							
11.1	Prepare and submit the Five-year Financial Plan	Planning Bureau / MoFP	X				Regulatory Operational Communication
Recommendation 12: Further improve the BSP for 2028-2031 by operationalizing fiscal rules and deepening strategic content							
12.1	Clearly articulate the overall fiscal stance, distinguishing between pre-oil and early oil-production years	DEA		X			Operational, communication
12.2	Develop fiscal rules compliance matrices and comprehensive annex tables	DEA		X		X (FAD/CAR TAC)	Operational, communication
12.3	Introduce a dedicated public investment chapter, set a medium-term	Development Finance Directorate, Planbureau, Budget		X			Operational, communication

RECOMMENDATIONS & ACTIONS							
N°	Actions	Responsible Entity	2026 IM	2027	2028	TA	Type of Action (*)
	capital envelope and prioritization principles						
12.4	Expand fiscal risk analysis to include quantitative sensitivity analysis, particularly for oil-related risks and SOEs	DEA		X		X (IDB, WB)	Operational, communication

Nota Bene: IM: Immediate. (*) The type of action may be Operational, Regulation, Communication, or any combination of these.

Annex 1. Summary of the Workshop Discussions

Fiscal Rules and SSFS Implementation

The presentation summarized the findings of the IMF **FAD** mission to Suriname on fiscal rules and the Savings and Stabilization Fund (SSFS). It highlighted that Suriname has made major progress by adopting a coherent, rules-based fiscal framework ahead of rapidly rising oil revenues. The new legal architecture - anchored in a medium-term debt target net of SSFS assets, annual primary expenditure ceilings, and full integration of mineral revenues into the SSFS - was assessed as broadly aligned with international best practice and well suited to managing resource volatility. Drawing on international experience from countries such as Jamaica, Aruba, and Trinidad and Tobago, the presentation emphasized that strong institutions, transparency, and credibility are decisive for success, and identified areas where IMF technical support could be most effective, including fiscal-rule calibration, oil-revenue forecasting, parliamentary awareness-raising, and support for SSFS governance.

Authorities confirmed that the key risks have shifted from legal design to implementation. While the authorities reiterated their political commitment to operationalizing the fiscal rules and the SSFS, delays in convening working groups, capacity constraints within the Ministry of Finance and Planning and related institutions, and unresolved sequencing and legal-procedural issues have slowed progress. The Minister acknowledged that timelines for applying the fiscal rules are likely to slip, with full implementation now more realistically envisaged by 2028, and that the 2026 budget did not apply the new framework. The discussion underscored the need to focus on completing secondary legislation, managing the transition period in a legally and politically credible manner, strengthening institutional capacity, and sustaining high-level engagement to ensure that the new framework becomes operational before oil revenues surge.

The MTFF in Suriname

The presentation provided an overview of the role, general features, and preparation process of an MTFF. It defined the MTFF and explained its top-down approach to establishing expenditure ceilings. It presented the different steps and the institutions involved and their roles in the preparation process. The presentation discussed the progress regarding the role of the MTFF in Suriname, including its formalized and enhanced role in the PFM Law 2024. It noted that preparations for implementing the PFM Law 2024 have stalled, that the exchange of data and knowledge with institutions outside the MoFP is limited, and that key departments struggle with serious technical capacity and human resource constraints.

Preliminary recommendations included quickly completing the legal framework, nominating a high-level Steering Committee to guide implementation of the PFM Law 2024, and to strengthen capacity. It also recommended to complete and strengthen the MTFF model and establish an interdepartmental working group to improve data exchange and cooperation.

The discussion following the presentation focused especially on the need for better cooperation between government departments and institutions. While cooperation was said to have been good on a technical level during the years under the recent IMF program, it stalled after completion of the program.

Participants also noted the importance of having a clear definition of non-oil GDP stressed the need for penalties in case rules are not followed.

The MTEF in Suriname

The presentation laid out general concepts and their specific application in the context of current budget practices in Suriname. It started with a discussion of a number of key concepts that are relevant for developing a strong MTEF under the binding primary expenditure ceiling defined by the MTEF. Core concepts involved in an MTEF are ceilings which can have different natures (binding or indicative, annual or multiyear, etc.) and baselines which are the future costs of ongoing policies. But the new fiscal framework has also an impact on the MTEF/Budget process which should include two consecutive phases, one strategic and one operational. The strategic phase ends with the presentation of the Begrotingsstrategie at the beginning of April, the operational one ends with the transmission of the budget to the National Assembly. A further aspect that has been discussed was the relation between the MTEF and public investment. Then, strengths and weaknesses, country examples and preliminary recommendations were presented. The former relates to the existing budgeting practices of working with annual ceilings, multiyear projections of expenditures on the directorate level in the budget documentation for information purposes. Country examples were presented for Jamaica, Aruba, and Luxembourg.

Preliminary recommendations were received very well. Introducing baseline methodology and multiyear ceilings were considered important elements for the operationalization of the PFM Act 2024. Further discussions centered on process and data issues but also questions of how to deal with uncertainty within the MTEF. The proposed new process which should start at the beginning of the year raised the question of data availability. This is a concern that should be addressed but can be dealt with in the meantime. Data exchange and inclusion of line ministries in the baseline estimation process is an important element. Fiscal risk analysis and budget reserves can address uncertainties.

The Budget Strategy Paper (BSP / Begrotingsstrategie)

The presentation underscored that Suriname has made tangible technical progress in preparing the 2026 Budget Strategy Paper (BSP / Begrotingsstrategie). While the document is prepared within the Ministry of Finance and Planning and coordinated by the Department of Economic Affairs, it is still widely perceived as a technical product, rather than as a core political instrument guiding fiscal choices. The presentation noted that Suriname should move from a one-year horizon toward a full five-year strategy. Built on Jamaica country example, the Suriname's BSP document should affirm the key fiscal commitments - such as fiscal rules, medium-term objectives, and medium-term expenditure ceiling. Additionally, the presentation highlighted areas requiring enhancement or addition in the BSP to ensure greater legal alignment and strengthen its role as a bridge between policy objectives and annual budgets.

A central theme of the post-presentation discussion was the lack of political commitment of the BSP. Technical advances have not translated into effective political use of the BSP, as evidenced by the fact that the 2026 BSP was neither discussed nor approved by the Council of Ministers, nor debated in Parliament, despite explicit legal requirements to do so. Without explicit cabinet endorsement, the BSP lacks authority over line ministries, and without parliamentary discussion, it fails to anchor expectations regarding fiscal discipline. Strengthening the BSP's executive summary, clarifying numerical fiscal rules, and formally submitting the document for cabinet approval were identified as essential steps to restore credibility, secure political commitment, and re-establish the BSP as the central vehicle for medium-term fiscal strategy in Suriname.

Annex 2. The Treatment of the SSFS in the Medium-Term Fiscal Framework Tables

The start of operations of the SSFS will change the presentation of the public finance statistics. As stated in Article 4 of the SSFS Law 2024, the SSFS will receive on behalf of the State all revenue from natural resources. In its discussion on Articles 4 and 6, the Explanatory Memorandum to the law clarifies that all revenue from natural resources will be reflected in the budget and disbursed into the SSFS and that these disbursements will be recorded in the government accounts as a negative financing item. The central government budget can draw on the funds in the SSFS as needed for its financing up to the amount included in the budget approved by the DNA, which flow is also recorded as a financing item.

Table 1 provides an example of a medium-term fiscal framework table incorporating these changes. The table is based on the central government operations table 2023-31 included in the IMF's 2025 Article IV Consultation report. The example assumes that the SSFS will be operational as of 2027. Starting with that year, all revenue from the natural resource sector is reflected in the government accounts as before the creation of the SSFS “above the line” but there is a counter-entry under financing— “below the line”—reflecting the disbursement of the total amount of that revenue into the SSFS. Similar as in the case of the build-up of a deposit at the CBvS, this entry has a negative sign. The drawings from the SSFS to finance the budget are also included in the table as a financing item, but with a positive sign. This presentation shows explicitly that the drawings on the SSFS during the year are financing primary expenditure and not the revenue from natural resources in that year.

The table can be completed with additional information to assess performance compared to the rules. This includes the primary deficit and primary expenditure, including expressed as a percentage of non-mineral GDP, as well as the targeted ceiling on primary expenditure. Moreover, memorandum items can usefully include GDP and non-mineral GDP, the total amount of assets held by the SSFS and the level of gross public debt and public debt net of the assets of the SSFS.

The relationship between the budget and a SWF can also be presented in alternative ways. Under the rules of the IMF's Government Finance Statistics Manual, only the disbursements from the SWF to the budget would be included in the central government operations table; more detailed information on the revenue flows into the SSFS would be provided in separate tables or in a General Government Operations table, which includes lower-level governments and other non-budgetary government institutions. Timor-Leste includes 3 percent of its total petroleum wealth—the estimated sustainable income (ESI), calculated as the current balance of the Petroleum Fund and the net present value of expected future petroleum revenues from discovered fields with approved development plans—as revenue in the budget. In case the government draws more than the ESI, the excess is recorded as a loan under financing.

Table 1. Example of the medium-term fiscal framework table after operationalization of the SSFS (in millions of SRD)

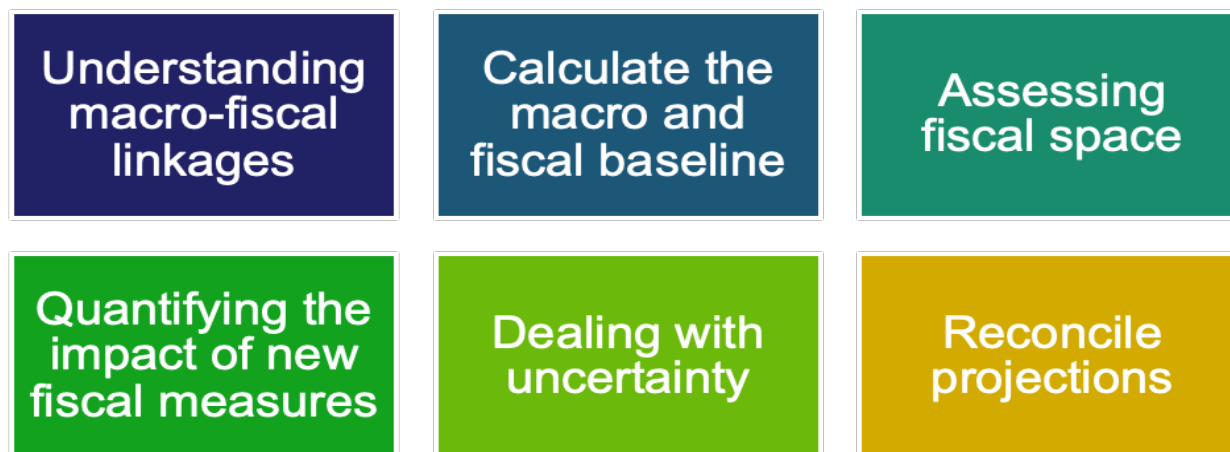
Example of the medium-term fiscal framework including SSFS flows (In millions of SRD)									
	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenues	34,751	39,411	49,236	57,126	64,966	82,214	115,737	125,615	129,869
Taxes	21,969	27,875	36,009	41,468	47,430	57,721	73,238	76,553	80,093
Direct taxes	12,160	13,660	18,753	21,502	24,740	32,232	45,381	46,166	47,066
Mineral taxes	7,152	7,886	10,481	12,237	14,169	20,661	32,835	32,600	32,374
Other direct taxes	5,008	5,774	8,272	9,265	10,571	11,571	12,546	13,566	14,692
Indirect taxes	9,809	14,215	17,256	19,966	22,690	25,489	27,857	30,387	33,027
Grants	375	101	549	416	472	0	0	0	0
Non-tax revenues	12,407	11,435	12,678	15,242	17,064	24,493	42,499	49,062	49,776
Non-tax mineral sector revenues	8,500	8,108	7,829	9,573	10,596	17,413	34,823	40,761	40,786
Other non-tax revenue	3,907	3,327	4,849	5,669	6,468	7,080	7,676	8,301	8,990
Expenditures	36,884	42,977	66,721	68,304	76,584	85,539	96,051	103,462	109,857
Primary expenditures	32,956	38,915	60,276	57,423	64,887	73,007	84,099	91,694	98,922
Interest	3,928	4,062	6,445	10,881	11,697	12,532	11,952	11,768	10,935
Overall balance (net lending/borrowing)	-2,133	-3,566	-17,485	-11,178	-11,618	-3,325	19,686	22,153	20,012
Primary balance	1,795	496	-11,040	-297	79	9,207	31,638	33,921	30,947
Primary expenditure/non-mineral GDP (in %)	44.6	42.3	57.6	48.8	49.5	50.1	51.3	49.3	47.2
Primary spending ceiling/non-mineral GDP (in %) 1/					50.6	53.4	57.1	56.4	n.a.
Net financial transactions	-5,846	-5,233	-17,485	-11,177	11,618	3,325	-19,686	-22,153	-20,012
Net acquisition of financial assets	4,935	-1,035	32,798	-5,141	-5,338	-3,450	12,370	10,932	18,125
Of which: disbursements into SSFS 2/					24,765	38,074	67,658	73,361	73,160
Of which: Disbursements from SSFS to the budget 3/					n.a.	n.a.	n.a.	n.a.	n.a.
Net incurrence of liabilities	10,781	4,198	50,283	6,036	6,280	-125	-7,316	-11,221	-1,887
Statistical discrepancy	-3,713	-1,666	0	0	0	0	0	0	0
Memorandum items:									
Nominal GDP (in millions of SRD)	139,490	147,600	163,645	179,971	198,092	350,765	469,282	497,622	521,100
Nominal non-mineral GDP (in millions of SRD)	73,900	92,100	104,600	117,743	131,048	145,860	163,888	185,882	209,800
SSFS assets (in millions of SRD)									
Gross public debt (in millions of SRD)									
Debt net of SSFS assets (in millions of SRD)									

Source: Suriname 2025 Article IV Consultation, IMF Country Report No. 26/37.
1/ Source: Suriname 2025 Article IV Consultation, Annex VII: Calibrating fiscal rules for Suriname.
2/ Consists of the sum of direct tax revenue and non-tax revenue from the natural resource sector.
3/ Data not available.

Annex 3. The MTFF's Preparation Process

The following six steps illustrate the process of preparing an MTFF (Figure 1):

Figure 1. The contents and process of the MTFF



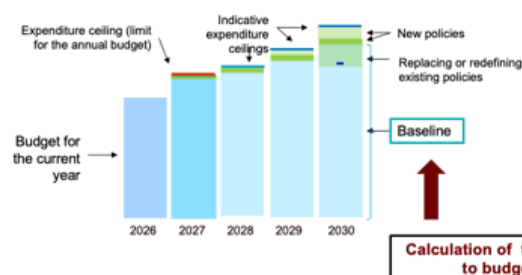
Source: Mission.

- **In addition to good macroeconomic statistics, the key to credible fiscal projections is a detailed understanding of the relations between macroeconomic developments and the main budget aggregates.** Knowing how growth, prices, imports, consumption, and other macroeconomic aggregates affect revenues and expenditures is a prerequisite for credible projections. Close cooperation between all departments and institutions that have technical know-how of important economic sectors or of data required for the projections is very important in understanding these relationships. A good understanding of the tax system also contributes to credible revenue projections.
- **The first round of projections of an MTFF should be based on current trends and policies and not include new policies.** The projections based only on trends and already adopted policies is the baseline projection, allowing insight into the effects of the macro-fiscal environment on the projections. The separate projection of the impact of new measures facilitates the decision-making process and improves the transparency of the budget and policy making (Figure below).

Figure 1. Baseline projections and fiscal space

Projections: baseline, ceiling and fiscal space

Calculate the macro and fiscal baseline



INTERNATIONAL MONETARY FUND

6

Source: Mission

- **The difference between the result of the baseline projection for revenue and expenditure and the available financing or the limits imposed by fiscal targets is called the fiscal space.** Fiscal space is the amount that is available for new policies without breaking the government's objectives for the fiscal aggregates or breaking fiscal rules. Under normal circumstances, fiscal space tends to increase over time as investment or other spending programs are completed and are, under the baseline projections, not replaced by new spending. However, while the projections would then show increasing room for new policies in the outer years of the medium-term, it needs to be considered that uncertainties also increase over time, requiring a mounting buffer in the projections.
- **The subsequent two steps are to assess the impact of new measures, followed by an assessment of the risks to the budget.** Even with the best possible projections, the budget will never turn out as it was adopted. The external environment may be different than assumed (e.g., prices for gold or oil on international markets), the domestic economy may grow less than projected or inflation may be higher, a state-owned company may unexpectedly require support, or a domestic disaster may require unforeseen expenditures. While many small risks can normally be absorbed within the budget, special measures or buffers may be needed to protect the budget against larger risks.
- **At the end of the process, the projections need to be reconciled with the objectives and the previous medium-term framework.** The previous MTF provides the medium-term fiscal objectives, and it needs to be ascertained that the new budget remains on the planned path.

Annex 4. The MTEF Analytical Aspects

a) The nature of Ceilings

Ceilings may have different natures. They can have various degrees of bindingness or be just indicative. They can formulate absolute limits that must be respected by law. IT systems can help enforce absolute limits. However, a binding ceiling may also allow for overspending, provided that this is offset by corresponding measures in subsequent years. This is the case, for example, with the binding primary expenditure rule under the PFM Act 2024. In contrast, indicative ceilings can be exceeded without any consequences. Within an MTEF, different types of ceilings can be set for different aggregates, depending on the level at which the expenditure aggregates are located, which years in the medium-term horizon are affected, and which phase of the budget cycle is affected.

b) The relation between ceilings, baselines and fiscal space

Figure 2. Ceilings, baselines and fiscal space (=0 after adjustment)

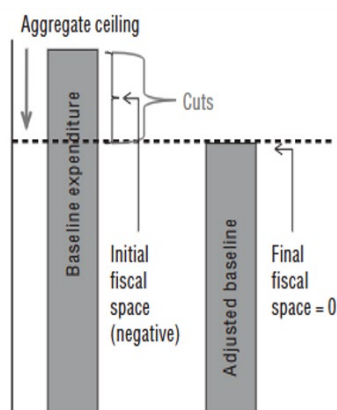
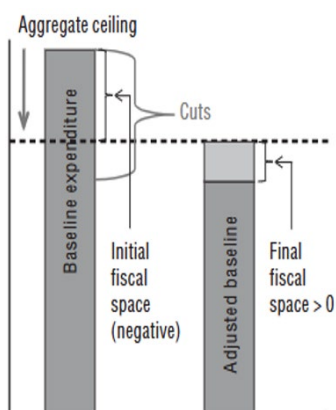


Figure 3. Ceilings, baselines and fiscal space (>0 after adjustment)



Source: Robinson, Journal on Budgeting, OECD (2013)

Figures 2. and 3. demonstrate the relation between the core concepts of ceilings, baselines and fiscal space. If baseline expenditure is higher than the ceiling, then cuts must be found to bring baseline expenditure in alignment to the ceiling (Figure X.) or even below the ceiling (Figure Y.). In the latter case fiscal space is created that can be used for new policies and projects

c) Running a baseline exercise

Baseline estimation exercises involve different steps:

1. Understanding the budget

a) Make strategic choices. These include:

- Choosing a preferred level of disaggregation (for example, main spending units/areas; programs)
- Choosing the costing approach and the tools to use
- Other decisions such as the level of effort to apply.

b) Set the base, which is the starting point of a baseline projection

c) Adjust the base by

- Identifying previous one-off spending items to remove from the base (ex. the cost of elections in the base year)
- Including the effect of past policies that have not been fully implemented in the base year.

2. Understanding and applying medium-term cost drivers

a) Identify price and volume cost drivers. This task should be performed for each level of baseline projection.

b) Link these cost drivers to macroeconomic and demographic variables (for example, consumer price index (CPI) or population growth or old (young) dependency ratio).

c) Adjust base spending by the price and volume parameters and identify costs of ongoing investment projects.

3. Sum up to get the overall baseline projections for the desired level of aggregation (for example, ministry level)

4. Aggregate for overall baselines

Source: How To Note. How to Prepare Expenditure Baselines. FAD, IMF (2022)

d) Presenting the MTEF in Suriname

VERSION FINANCIËEL JAARPLAN

MEDIUM TERM EXPENDITURE FRAMEWORK	Realization 2024	PreL. realization 2025	Estimate 2026	Estimate 2027	Estimate 2028	Estimate 2029	Estimate 2030
DEPARTMENTS							
Section 1. The Ministry of Justice and Police	XX.XXX						
Wages	XX.XXX						
Goods and services							
Subsidies and transfers							
Capital expenditure	XX.XXX						
Section 2. The Ministry of the Interior							
Wages							
Goods and services							
Subsidies and transfers							
Capital expenditure							
---	---	---	---	---	---	---	---
Section 23. The Court of Audit							
Wages							
Goods and services							
Subsidies and transfers							
Capital expenditure							
TOTAL							
Wages							
Goods and services							
Subsidies and transfers							
Capital expenditure							
Sum of primary expenditure							
MARGIN FOR UNFORESEEN EXPENDITURE							
PRIMARY EXPENDITURE CEILING							

Source: IMF Mission

Annex 5. Suriname’s Readiness to Implement a Rules-Based MTFF

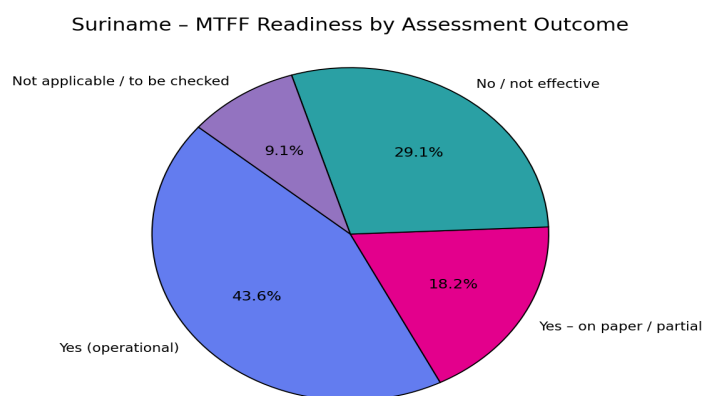
Overall Assessment

As discussed in Sections II, III, IV, and V, Suriname has made important legal and institutional progress toward establishing a Medium-Term Fiscal Framework (MTFF), particularly through the enactment of binding fiscal rules and the reform of the Savings and Stabilization Fund Suriname (SSFS). The framework satisfies most legal and institutional prerequisites but falls short in translating fiscal rules into binding expenditure ceilings supported by coherent fiscal projections and risk analysis. A credible MTFF for Suriname is one in which expenditure ceilings - rather than oil revenues - determine spending decisions, and where public debt net of SSFS assets demonstrably converges to the stated anchor.

Quantification of responses (from the checklist)

Fewer than half of the required elements are fully operational, with significant gaps remaining in expenditure ceilings, fiscal rule calibration, and fiscal risk analysis ahead of the oil boom.

Figure 4. Suriname’s MTFF Table Readiness by Assessment Outcome



Source: Mission

Strong Legal and Institutional Foundations

Suriname’s MTFF is underpinned by a robust legal framework. The Public Financial Management (PFM) Law and the SSFS Act embed two binding fiscal rules: a medium-term public debt anchor defined net of SSFS assets and annual primary expenditure ceilings. Institutional responsibilities across the Ministry of Finance and Planning (MFP) and SSFS governance bodies are clearly assigned, and the law mandates publication and parliamentary reporting. The legal framework also includes escape clauses with timebound deviations and mandatory return paths, strengthening credibility, and accountability.

In addition, the law contains an explicit fiscal responsibility statement, confirming commitment to the rules, procedures for explaining deviations, and requirements for a medium-term correction path should escape clauses be triggered. These provisions place Suriname broadly in line with international good practice at the legal design level.

Macroeconomic Framework: partially Adequate but Incomplete

The macroeconomic framework underlying the MTFF is assessed as generally credible, with transparent assumptions on growth, inflation, interest rates, exchange rates, and commodity prices. Consistency between macroeconomic assumptions and fiscal projections is noted. However, a critical weakness is the absence of an explicit separation between resource and non-resource drivers of macro-fiscal outcomes. Given Suriname's anticipated offshore oil production, this limits the framework's ability to clearly distinguish underlying fiscal policy from resource-related volatility.

Fiscal Anchors Defined, but Not Yet Operationalized

While the **debt anchor** and the **expenditure rule** are clearly specified in law, the MTFF does not yet demonstrate how the expenditure rule is **quantitatively calibrated** to ensure convergence toward the debt anchor. Fiscal objectives - such as macro-fiscal stability, buffer accumulation, and intergenerational equity - are clearly stated, and the budget strategy explicitly seeks to avoid **front-loaded spending ahead of oil production**. Nonetheless, the absence of operational calibration weakens the framework's disciplining role.

Core MTFF Projections and Rule Consistency: Key Gaps

At present, the MTFF does not yet meet the minimum requirements for a fully functioning medium-term framework. Rolling five-year fiscal projections are not systematically presented, and year-by-year primary expenditure ceilings are not effectively shown or enforced. Fiscal balances are not clearly demonstrated to be consistent with the fiscal rules, and there is no explicit mapping from expenditure ceilings to fiscal balances and debt dynamics. While debt dynamics - both gross and net of SSFS assets - are presented in the Public Debt Plan, this analysis is not yet fully integrated into the MTFF.

Encouragingly, the SSFS law explicitly prohibits the use of fund withdrawals to bypass expenditure ceilings, and annual budgets are assessed as broadly consistent with the MTFF. However, the absence of a clear, numerical rule-consistency check remains a critical weakness.

Expenditure Framework and Execution: Weak Binding Power

The MTFF currently lacks a binding aggregate primary expenditure ceiling. Although the composition of spending (wages, transfers, capital) is transparently presented, capital expenditure projections are not adequately aligned with absorptive capacity, relying instead on GDP-based forecasts. Moreover, substantial in-year spending overruns and supplementary budgets - notably in 2022, 2023, and 2025 - indicate weaknesses in expenditure discipline and undermine the credibility of the medium-term framework.

Financing Strategy: Largely Aligned but Incomplete

The MTFF articulates a clear distinction between domestic and external financing, and the debt management strategy is broadly aligned with medium-term fiscal objectives. However, the role of concessional financing is not clearly specified, and the operational rules governing SSFS withdrawals remain to be fully clarified and integrated into the MTFF framework.

Fiscal Risk Analysis: Major Gaps Ahead of the Oil Transition

Fiscal risk analysis remains underdeveloped. The BSP/MTFF does not yet include quantitative analysis of commodity price volatility, offshore oil production and timing risks, or climate and natural disaster risks. While contingent liabilities and SOEs are referenced in the PFM Law, their fiscal implications are not effectively incorporated into the MTFF. Sensitivity analysis on debt net of SSFS assets is present, but broader stress testing is lacking.

Checklist for the MTFF readiness

- **A. Legal & Institutional Foundations**
 - Fiscal rules embedded in **PFM Law / SSFS Act. Yes**
 - Two rules clearly defined: **Yes**
 - Medium-term **debt anchor (net of SSFS assets) Yes**
 - Annual **primary expenditure ceilings Yes**
 - Clear institutional responsibilities (MoFP, SSFS governance bodies) **Yes**
 - Mandatory publication and parliamentary reporting **Yes.**

- **B. PFM Act (or Fiscal Responsibility Statement)**
 - Explicit statement of commitment to fiscal rules. **Yes, in the PFM Law**
 - Confirmation of compliance with debt anchor and expenditure ceilings. **Yes, in the PFM Law**
 - Explanation of any deviations (if applicable). **Yes, in the PFM Law**
 - Medium-term return path to the rules (if escape clause triggered). **Yes, in the PFM Law**
 - Required return path to the rules (if escape clause triggered). **Yes, in the PFM law.**

- **C. Macroeconomic Framework (5 Year Horizon)**
 - Credible macro assumptions (growth, inflation, interest, FX) **Yes**
 - Explicit separation of **resource vs non-resource** drivers **No**
 - Transparent commodity price assumptions **Yes.**
 - Consistency between macro framework and fiscal projections **Yes**

- **D. Fiscal Anchors & Strategy**
 - Debt anchor clearly specified (definition, coverage, horizon). **Yes, in the PFM Law.**
 - Expenditure rule calibrated to deliver convergence to debt anchor. **No.**
 - Fiscal objectives clearly stated (stability, buffers, intergenerational equity). **Yes, in the PFM Law.**
 - Strategy avoids **frontloaded spending** ahead of oil production **Yes.**

- **E. Core MTFF Fiscal Projections**
- Rolling **5year fiscal projections** presented. **No**.
- Revenue split: resource / non-resource. **Yes**
- Primary expenditure ceilings shown year-by-year. **No, not effective**
- Primary balance and overall balance consistent with rules. **No**
- Debt dynamics presented **gross and net of SSFS assets**. Yes, in Staatsschuldenplan 2026 (Public Debt Plan)

- **F. Rule Consistency Check (Critical)**
- Expenditure ceilings → fiscal balances → debt converges to anchor. **No**.
- SSFS inflows and withdrawals fully integrated. **Not applicable**
- Does SSFS law prohibit use of SSFS to bypass expenditure ceilings. **Yes**
- Annual budget demonstrably consistent with MTFF. **Yes**.

- **G. Expenditure Framework**
- Aggregate primary expenditure ceiling binding. **No**
- Composition of spending transparent (wages, transfers, capital). **Yes**
- Capital spending aligned with **absorptive capacity**. **No, forecasts based on GDP growth**
- No substantial in-year spending overruns compared to the initial MTFF presented in the Financieel Jaarplan **NO, substantial in-year overruns and adjustments (supplementary budgets), for example 2022, 2023 and 2025 (basis: Financieel Jaarplan for years 2022-2025, data on execution provided by MoFP)**

- **H. Financing Strategy**
- Clear domestic vs external financing mix. **Yes**
- Role of concessional financing articulated. **No**
- SSFS withdrawals capped and rule based. **Yes, in principle**
- Debt management strategy aligned with MTFF. Yes [[Preface Staatsschuldenplan 2026/Public debt plan 2026]

- **I. Fiscal Risks & Stress Testing**
- Commodity price volatility analyzed. **No**
- Offshore oil timing/production risks assessed **No**
- SOEs and contingent liabilities covered. **Yes, PFM Law but not effective**
- Climate and natural disaster risks included. **No**
- Sensitivity tests on debt (net of SSFS assets). **Yes**

- **J. Escape Clauses & Correction Mechanism**
- Escape clauses clearly defined and narrow. **Yes, in PFM Law**
- Approval process specified (Parliament). **Yes, in PFM Law**

- Timebound deviation allowed. **Yes, in PFM Law**
- Mandatory medium-term correction path specified. **Yes, in PFM**

- **K. Transparency & Oversight**

- MTFE published with the budget. **Yes**
- SSFS operations fully disclosed. **Not applicable**
- Clear reporting to Parliament. **Not applicable**
- External scrutiny enabled (audit, public reporting). **Not applicable**

Annex 6. Addressing Promptly the Capacity Constraints

Institutional capacity constraints are a cross-cutting issue in the report and pose a major risk for the whole financial framework to play its role properly. As mentioned in the report, these constraints pose significant challenges for: fiscal-rule application, fiscal-rule calibration, Macro-fiscal forecasting, MTFF & MTEF preparation, Budget credibility, Budget strategy formulation, Investment management, and PFM law implementation.

Previous IMF technical assistance recommended that the change in the PFM legal framework be supported by a change management strategy and dedicated capacity building efforts, and strongly supported the authorities' intention to establish a high-level Monitoring Committee and a technical support unit.¹⁷ In the absence of this Committee or other guidance, technical preparations, including for adapting the MTFF model to the provisions of the new law, stalled..

The Government of Suriname needs a strategy to address this important issue. Not doing so may come at substantial costs in terms of a not fully operational fiscal framework, lower quality of investment projects financed with the additional revenue, and, more generally, the risks of the negative effects of a sudden increase in natural resource wealth. What is needed at this stage is to invest in the capacity to manage and use the additional revenues optimally. The strategy needs to address the very short term, and the medium term.

In the very short term high quality expertise, which is staff with strong economic and financial background, should be identified that could help strengthen the teams in the MoFP, especially in the DEA, the Budget Department, the SPS and the PIM unit that should be established as quickly as possible. An option that might be considered is to temporarily lend economists from the CBvS to the MoFP. This approach has been put into practice successfully in various nations. A second option that has been operated with success in other countries was to temporarily create an expert pool via a scheme of economists outside the regular employment scheme.

At the same time hiring procedures should be prepared to considerably step up staff numbers in the DEA, the Budget Department, and the SPS and to create the central PIM Unit. As these procedures take time, they have to start as quickly as possible to limit the time of the very short-term measure described in the previous paragraph. In the medium term, a human resource strategy should be elaborated that helps define and plan for the needs in terms of human resources.

¹⁷ Jean Pierre Nguenang et. all. op. cit.

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