

## MEMORANDUM

**To:** Mr. Cesar Falconi  
Country Representative in Suriname, CCB/CSU

**From:** Michael Hennessey  
Sector Specialist, CTI/CDR

**Subject:** SURINAME. Knowledge Exchange on Models for Investment Attraction and Special Economic Zones / Export Zones. (SU-T1099)

**Date:** August 9th, 2017

### I. Background

Although Suriname experienced sustained economic growth, averaging 4.6% per year over the period 2000-2011, growth began to decline in 2012, falling to 3% and continuing to decline until reaching -7% in 2016. Suriname's economy depends mainly upon gold, oil and bauxite, showing vulnerability to unpredictable swings in international prices of these main exports. Revenues from commodity prices and bilateral grant flows have not promoted a legal and institutional framework that favors private sector investment. Thus, the authorities seek to engage in structural reforms to transition to a new economic model—one with a diversified production basket, and a less vulnerable economic base that fosters greater participation of the private sector in economic activity and attracts foreign direct investment to strengthen its skills base.

The Government of Suriname (GoS) is analyzing the possibilities to establish special economic zones (SEZs) to mobilize substantive foreign and domestic investments in non-resource-based sectors. Special Economic Zones are increasingly a policy tool of choice for governments seeking to attract foreign investment, promote export-oriented growth, and generate employment. Recent estimates indicate that there currently are more than 2,300 SEZs established in 120 countries. Well-designed SEZs have been successful as instruments for export-led development, particularly in Asia and Latin America where many zone programs have been in place for several decades. However, despite high profile successes, many SEZs around the world have failed to meet their potential. Although multiple factors contribute to the failure of an SEZ program, in most cases, they can be traced back to the initial planning stages, and derive from an ineffective regulatory and institutional framework.

PRONicaragua is an example of an investment promotion agency within the region that has distinguished the quality of its Investment Promotion and Aftercare Services. Because of its high-quality standards and implementation of world-class investment promotion best practices, the agency has earned a series of recognitions from prestigious international institutions related to the subject – most notably, garnering the accolade of one of the “Top Investment Promotion Agencies” in the world from *Site Selection* magazine in May 2016. The Government of Nicaragua also has gained ample experience in establishing and managing Special Economic Zones, operating under a single window mechanism for trade and investment.

## II. Objective

The objective of this TC is to promote intra-regional knowledge exchange between the Government of Suriname and Government of Nicaragua on good practices related to investment promotion and the operation of special economic zones. Specifically, through this visit, the Government of Suriname will seek to deepen its understanding of the structure and activities underlying PRONicaragua's approach to investment promotion, as well as its management of SEZs.

## III. Concordance with the Country's Development Policies and Strategies

This technical cooperation aligns with the Country Strategy of Suriname (GN-2873), which is focused on restoring macroeconomic stability while pursuing a long-term goal of modernizing legal and institutional frameworks. Modernization is related to: (i) the governance structure; (ii) private sector development; and (iii) human capital, with emphasis on improving education and health. Consistent with this goal of developing the private sector, the strengthening of institutions and development of legislation and policies to attract more investment, are considered high priority activities by the Government, and have been identified as policy initiatives with high potential to accelerate national development. The activities to be supported under this CT/Intra will support the Government in developing and strengthening such policy initiatives to bolster investment attraction, and in doing so, further developing the private sector in the country.

The TC is also consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) and is aligned with the regional challenge of productivity and innovation. The operation also aligns to the cross-cutting issue of institutions and the rule of law, as it will strengthen the institutional structure for investment attraction in the country.

## IV. Conformity with the Bank's Norms and Conditions

The bank has received official communications of no objection required from the authorities of the Ministry of Finance. The financing request is consistent with the objectives and standards of the Ordinary Capital Strategic Development Program for Countries (GN-2819-1, section II).

This TC has been developed in accordance with the IDB rules and conditions in terms of contributing to the integration and sharing of knowledge, technology, and good practices from one country to another, with Nicaragua sharing its experiences in relation to investment attraction and SEZ management and operations with officials from the Government of Suriname.

## V. Participants

The participants selected who would travel to **Managua, Nicaragua** for **3 days** to take part in the activity program attached to the present memorandum.<sup>1</sup>

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<sup>1</sup> It is worth noting that while some of these non-Governmental officials have high level titles in their organizations, they are participating in the visit in the context of being members of public-private councils. They do not chair these councils, and they have not been appointed to these councils by the Executive.

Participants List			
No.	Name	Title	Institution
1.	Ms. Marita Lautan-Wijnerman	Head of Legal Department: Fiscal Affairs Indirect Tax	Ministry of Finance
2.	Mr. Reynold Simons	Director	Planning Office Suriname (SPS)
3.	Mr. Armand Zunder	Representative	Council of Labor Unions
4.	Mr. Sigmund Proeve	Vice Chairman / Financial Sector Specialist	Social Economic Council (SER)
5.	Dr. Stephen MacAndrew	Representative	Suriname Business Forum

## VI. Cost

The Bank would contribute to the costs of the operation, pursuant to the following budget.

Budget in US\$					
Description	City/Country	Rate in US\$	Days	Quantity	Total in US\$
Travel Airfare (Economic class)	Paramaribo, Suriname to Managua, Nicaragua	2,000	-	5	10,000
Per Diem (Hotel, Meals & Incidentals)	Managua, Nicaragua	266	4	5	5,320
Internal Transportation	Managua, Nicaragua	500	-	1	500
<b>TOTAL</b>					<b>15,820</b>

## VII. Disbursement and Execution

The total number of activities considered in this technical cooperation shall be carried out within a period of 6 months from the date of approval. This operation will be executed by the Bank.

## VIII. Reports

The achievements of the operation, focused on lessons learned and knowledge transfer to the Bank's operating program, must be reported in the Bank's system within 120 days from the financial closure of the operation.

KNOWLEDGE EXCHANGE ON MODELS FOR INVESTMENT ATTRACTION AND SPECIAL ECONOMIC ZONES / EXPORT  
ZONES

SU-T1099

CERTIFICATION

I hereby certify that this operation was approved for financing under **Ordinary Capital Strategic Development Program for Countries (CTY)** through a communication dated July 12, 2017 and signed by Damaris Leon. Also, I certify that resources from said fund are available for **US\$15,820** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted.

CERTIFIED BY:

Original Signed

08/9/2017

Sonia M. Rivera

Date

Division Chief

Grants and Co-Financing Management Unit

ORP/GCM

APPROVED BY:

Original Signed

08/10/2017

Cesar Falconi

Date

Country Representative

Suriname

CCB/CSU