

SURINAME
National Development Strategy

Draft Final Report

On

The Poverty Eradication Program Plan of Suriname

Prepared for

The United Nations Development Programme

And

The Government of Suriname

By

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SURINAME

National Development Strategy

The Poverty Eradication Program Plan of Suriname

Vanus James
In Collaboration with
?????

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Foreword

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Abbreviations

1

Introduction

Firm foundations of the Poverty Eradication Program Plan of Suriname were set down by the Government of Suriname when it undertook to implement a locally designed program of social assistance, medium term economic management and long-term development consistent with the realities of the country. Indeed, this enabling macroeconomic management and development framework can be treated as the most important aspect of Suriname's efforts to eradicate poverty.

As is the case with the general problem of inadequate development, modern poverty is a social phenomenon. Under current economic conditions, it can be eradicated if a society employs adequate will and suitable skills. The Poverty Eradication Program set out a broad program of activities to complement and deepen the effects of the improving social and economic environment set by these policies, and to eradicate the problem of poverty in a reasonably short time. The Program implements the Poverty Eradication Strategy recently formulated and incorporated into the Multi-Annual Plan of Suriname.

The commitment of the Government of Suriname to the eradication of poverty strategy is therefore set out in the Multi-Annual Plan. This report sets out the programs that seek to express this commitment and implement this strategy, consistent with the scale of the problem and the necessary targets set out in **Annex I**. Projections of the ongoing and likely achievements over the 5 years from 2000 to 2005 are set out in **Annex II**.

The Poverty Eradication Program has two main elements, as follows:

1. A Program to Upgrade the Social Safety Net, which seeks to protect individuals and households from problems of chronic incapacity to earn and from the medium term effects of economic re-engineering.
2. A Program of Resource Development and Employment, which provides for long-term gains and sustainable eradication of poverty through the development of earned incomes.

The Program of Resource development and Employment is part of the long-term restructuring of the Suriname economy, though focused on the resources of the poor. Its basic design reflect the views of the society that the poor own or can access labor **and** capital resources that can be rapidly developed to transform the economy and eliminate the problems of poverty on a sustainable basis.

The technical projections and targets of the Poverty Eradication Program are initialized to the conditions of the first quarter of 2000 (written as 2000.1), as documented by the data presented by the UNDP's study (Neri and Menke, 2001). This initialization is useful for allowing comparisons between the baseline conditions

in 2000(1) and the changing conditions of poverty recorded by subsequent measurements. It also makes poverty planning feasible while the monitoring instruments and database are being developed.

Initialization to 2000.1 implies a principle of retroactivity in the poverty eradication program. Practically, it means that as the full poverty eradication process works, the poor increasingly find room greater than the immediate scale of their consumption problems to save and undertake the key investments needed for rapid income growth. This is a fundamental characteristic of the wealthy, long known to be necessary for rapid accumulation of capital and rapid development. This principle of retroactivity is especially relevant to Suriname, whose historical development path has generally denied the poor such room for accumulation and hence for sustainable self-help. Even though the scale of retroactivity is small in practical terms, the principle is sufficiently well entrenched in the resulting programming to comprise an important special social experiment in sustainable poverty eradication in the country.

Although the main targets are initialized by the UNDP data, most of the insights of this Poverty Eradication Program, like those in the Poverty Eradication Strategy underlying it, were derived through a process of extensive consultations with the private sector, international institutions, religious organizations, women's organizations, community-based organizations and non-government organizations, and other political and social interests in the country. Consultations addressed the scale and scope of the problem of poverty and the approach to solution. **Annex I** documents the general agreement reached on the scale of the problem and the necessary general targets for poverty reduction and for linking this program to the Multi-annual Plan.

Along with the scenario of doing nothing more than the current macroeconomic programs and social assistance, and therefore letting the momentum from the past policies continue, **Annex II** indicates the targeted outcomes from implementing the new poverty programs. These programs listed in **Annex III** the Suriname Poverty Program Matrix and described in the text below. The gains from the program of activities are expected to be substantial, not the least because they are highly development oriented.

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Context and Design of Poverty Eradication Program

The poverty eradication program fits into the general commitments of the government to undertake the financial and social costs necessary to eradicate poverty. The Multi-annual Plan indicates that Government also understands that it is necessary to continue to apply macroeconomic policies that can establish an enabling market economy and sociopolitical environment. Such an approach is intended to bring the costs and outcomes of the poverty eradication effort into line with the requirements of sustainable development, while stimulating the development and creative application of domestic resources.

Macroeconomic Management Context and Scenarios

The program to establish an enabling market economy and sociopolitical environment includes a locally designed medium term macroeconomic management process and long-term development program that takes full account of the ongoing globalization of the world economy and society.

One of its main pillars is the stabilization of prices. Since the introduction of the stabilization policies in the Second Quarter of 2000 (written hereafter as 2000.2), inflation in Suriname has increasingly been brought under control, and there have even been periods of deflation. The international experience has been that a policy to eliminate inflation, complemented by suitable transfers and employment policies, would facilitate the increase of real household income and substantially reduce poverty, typically on an exponential path in the light of associated short run multipliers that accompany rebounding investment in the economy.

Preliminary indications about the trends in inflation suggest that these effects are likely to be substantial in the planning period. Already, the IMF has reported that the inflation rate for 2001 is projected to be no more than 50%, down substantially from an average annual rate of 59.7% in 2000. The Central Bank is even more optimistic, estimating that the average annual inflation rate will be about 42% in 2001. If it is assumed that the rate of decline in the poverty rate during the year would simply increase from 2.2% to 4.4% as a result of suitable macroeconomic policies, the poverty rate at the end of 2001 could fall substantially from an initial rate of about 73% to 66%, even without additional poverty programming. Poverty programming and targeting would bring substantially more gains to the poor. The objective of government is to further speed up the process of poverty eradication by upgrading the transfer program and by focusing on the transfer of assets to the poor or by development of the key assets to the poor to provide them with a source of economic growth based on their own competitive advantage.

In this regard the 3 scenarios are provided for use in reconciliation of the Multi-annual Plan and the Poverty Reduction Program. Scenario I uses the data of the UNDP study as the poverty conditions of 2000.1. It is also assumed that the conditions of falling inflation and other macro policies cause a 2.2% fall per annum in the poverty rate. Scenario II uses the data of the UNDP study as the poverty conditions of 2000.1. It is also assumed that the conditions of falling inflation and other macro policies cause a 4.4% fall per annum in the poverty rate. Scenario III uses the data provided by the ABS as the poverty conditions of 2000.1. It is also assumed that the conditions of falling inflation and other macro policies cause a 2.2% fall per annum in the poverty rate. It is recommended that Scenario II be used as the main targets to guide finalization of the Multi-annual Plan. The poverty program was designed on the bases of this recommendation.

Design for Integration into Multi-Annual Plan

The poverty reduction program is designed to facilitate ongoing efforts to prepare a Multi-Annual Development Plan, within the context of which short to medium term macroeconomic policies and expenditures will be refined. The poverty gaps to be eliminated provide targeted minimum growth of per capita incomes to be generated for and by the poor. The targeted poverty rates and their projected rates of change provide weights for linking the targeted growth of per capita incomes of the poor with the growth of per capita income of the non-poor and the growth of per capita income of the society as a whole.

Consistent with the intentions of government, the poverty programs are designed to provide the transfers, resource employment programs, and sectoral contributions to productivity growth, by which the targeted growth of per capital incomes and falling poverty rates can be achieved in the period 2001 - 2005. It is expected that, through its resource development and employment programs¹ and its programs for sectoral productivity growth and structural change, the Multi-annual Plan will link these poverty-related per capita income growth targets to the targets of productivity growth and structural change. It is also expected that Government will also design and pursue macroeconomic policies, implemented by specific program and related annual budgets and medium term spending programs that are consistent with the development and poverty reduction targets of the Multi-annual Plan.

In this regard, government should adopt an integrated approach to the finalization of the Poverty Reduction Plan and the Multi-annual Plan, drawing of a team of domestic experts and on the international institutions such as the IMF and the UNDP.

Design for Sustainability

In recognition of the vast economic potential of the poor and the history of resource neglect, poverty eradication is initialized to conditions in 2000.1 for a period of 5

¹ Associated with these are also targets of participation rates for each resource – generally the labor-force and capital participation rates.

years. **That is, a minimum fixed program for 5 years is proposed, based on conditions existing in 2000.1.** While the program could be scaled upward annually, **downward revision** of the main elements due to successful poverty reduction will be undertaken only after 5 years. On this basis, **any implied transfer component to the employed that remains as the poverty rate falls will translate into a favorable stimulus to the poor to develop their capital and environmental resources.** The implication is that, once the poverty program is specified, it is the rest of the development program and macroeconomic policies and plans that will be adjusted in the next five years to achieve the main national development targets.

In the design of the poverty program, it is not assumed that labor is the resource that provides the poor with competitive advantage. For that reason, the poverty reduction program emphasizes, not labor demanding growth, important as that may be, but rather domestic capital-demanding growth. While labor is important, the program assumes that it is the knowledge and technology, and the related prospects for developing and meeting new needs, which provide the main advantage to the poor even though the possibilities of that advantage are perhaps not being adequately utilized in the process of income creation.

The activities in the program are designed to maximize gains from these relatively underutilized resources. That is to say, the main complement of the social services and other safety net programs is not labor demanding growth but capital-demanding growth. The central programs are relevant education for life, infrastructure development, institution building and other activities that enable creative escape from poverty and the need for poverty relief.

One consequence of this approach is that the program of activities is balanced in such a manner as to resolve the problem of allocation between consumption and investment in favor of investment. This is achieved partly by taking advantage of the recent indications that the macro policies are yielding significant dividend in order to set the absolute poverty line at a very low level of 50% of the initialized food poverty line. Thus, transfers account for less than 25% of the proposed modifications of the poverty eradication program.

The remainder of the poverty reduction program is devoted to various investments that trigger various forms of validating savings activity. Taken together with the buffer made available through the initialization mechanism, the program provides substantial room over time for economic development that raises the living standards of the poor on a sustainable basis and therefore eliminate poverty.

Development generally, and poverty eradication in particular, requires increase of the value-added generated in all sectors and increase of the contribution of industrial (capitalized) sectors to value added. For this purpose, as indicated in the Multi-Annual Plan, government aims to slacken all constraints that restrict the development of production. Within the context of this general development strategy, government will seek to eradicate poverty by easing the capital and balance of payments constraints on industrial restructuring and production flexibility. The main strategy to be adopted in this case is increasing reliance on unemployed domestic resources and growing domestic technological capacities to raise the productivity of domestic resources.

To achieve this while reducing poverty, government will take vigorous action to create employment opportunity for all types of domestic resources – labor, capital or natural resources. Adequate employment will be created by mobilizing and transforming all components of the institutional, legal and economic system that comprises the nation – the **education system, the labor laws, the social security system, laws relating to the movement of capital** – to improve the functioning of all resource markets.

The Program of Resource Development and Employment for poverty reduction to expresses commitments which government should undertake as follows:

- Decentralization of decision-making and improvement in community and private sector representation and participation;
- Overhaul of employment policies to cover all resources, not only labor;
- Development of life-long education and training in the workplace as the basis for creativity and innovation in resource use and as the basis for development of flexibility in businesses, both internally and externally, and for systematic increase in the efficiency of labor (speed of work) and capital to reduce the relative unit cost of work and production.
- Creation of opportunities and systems of innovation to develop and meet new needs in the population.
- Introduction of specific measures to remove the resource constraints faced by women within the household. This is required because the intra-household distribution of control over resources will inhibit the increase in household consumption and the reduction of poverty.

Education for life-long problem-solving learning is intended as the main response to the social ills that underlie many of the problems of poverty in Suriname, including problems such as the breakdown of family life or the demotivation that accompany poverty. The main school system currently provides for a once-for-all-time approach to the knowledge and technological capacity needed to compete and end poverty. This practice must be abandoned and the method and content of education must change to reflect the challenges of poverty eradication in a context of intensifying global competition. Preparation through schooling must now focus on the ability to learn, diagnose, and to make innovative solutions with the information acquired. Thus, education must now foster an independence of spirit and analytical ability. Such preparation is achieved only through life-long learning oriented heavily towards problem solving.

The poverty reduction programs therefore reflect a choice to concentrate on upgraded advanced vocational training, not further development of traditional forms of higher education, and to link the training organically to business needs and demands. They treat advanced technical training, research-based innovation, and related capital development as the cornerstones of flexibility in the factor markets of Suriname. Through such programming, it is expected that labor, capital and environment in Suriname will become more capable of meeting the competitive needs of businesses.

With respect to labor and capital, the programs of training and research will increase the geographical mobility these resources, nationally and internationally. With respect to the environment, the programs will increase the number and types of persons, locally and internationally, using the national environmental heritage, and will improve the optimal sustainable commercial exploitation of these resources.

At the same time, appropriate programs are also introduced to protect the environmental heritage of Suriname and the world at large. Strong conservation programs are combined with investment in regeneration, reversal of environmental damage, public awareness and partnership with the various communities of the country.

Supporting Domestic and International Demand: Linking Poverty Reduction to Trade Policy

The Poverty Reduction Program is based on recognition that an important aspect of development is the creation and satisfaction of new needs at home and abroad. Possibilities for creating new needs are changing everywhere because lifestyles are changing, family structures are being modified, women are developing rapidly, and the elderly are staking greater claims to income earning opportunity.

Possibilities are also changing because of the need to repair the environment that has been damaged by many recent practices, such as indiscriminate gold mining or timber harvesting on the one hand, or neglect of many urban communities on the other. Satisfaction of such needs can be done by a combination of employment of existing methods, resources and products, and the development of new methods, capacities and products.

Much potential lies in the utilization of previously neglected capacities and in the development of resources, especially tacit knowledge, previously left out of the mainstream of Suriname's development effort. Substantial potential for rapid poverty reduction exists if these needs are provided for by new initiatives.

For these reasons, the poverty reduction program includes many general and some specific proposals about the **trade policies** that might best support the poverty reduction efforts.

Program Cost

The total program is expected to cost about \$50 million per annum, approximately 13.2% of Current Exports estimated provisionally at **US\$377** million for 2000. Over the planning years, 2001-2005, the program is expected to cost about US\$199 million. It should be noted that the estimates for the planning years amount to about 12% of the anticipated gross development expenditures in the Multi-Annual Plan.

This poverty reduction program is not excessive. If the policy scenario is as expected, then over the period 2001-2005, the program will be adequately financed by the increasing productivity and novelty of resource use in Suriname. The scale and quality of the challenge of poverty eradication will fall as poverty is eradicated.

3

The Programs for Poverty Reduction

The Social Safety Net

(Annual Costs of US\$10,494,961 to Achieve Transfers of \$8,790,239)

The Safety Net components of the poverty eradication program mainly seek to protect individuals and households from problems of chronic incapacity to earn.

However, a significant component provides some protection from the medium term effects of economic re-engineering as poor persons making the transition to self-sustaining employment and asset growth.

The programs modify the existing arrangements, either in value or in structure. The following modifications are recommended:

- 3.1. **Increase the value of current transfers** to the absolute poor in Suriname and change the content of transfers. The average increase per beneficiary should be equal to the size of the absolute poverty gap, which is **US\$8.27**.
- 3.2. For all food-related benefits, **introduce a Food Stamps Program** or some alternative voucher system to increase the efficiency of management and effectiveness of targeting.
- 3.3. Introduce an Institutional Strengthening Program to develop the institutional capacity of the Social Sector Ministries to deliver required services efficiently. This program should contain components of physical infrastructure upgrade, but should be mainly concerned with training, including the following:
 - A “Special Education Sector” Management Training Program, with significant targeting of currently poor public sector employees.
 - Arrangements to ensure that this Education Sector Management Training Program is established within the context of arrangements to upgrade the Vocational Training Unit into Suriname University of Technology and Competition (SUTC) 3.42

Education

- 3.4. Speed up the school construction and equipment-upgrading program. Initiate all program in the poor communities, and keep costs manageable by ensuring **a substantial community self-help component in program**.
- 3.5. Develop the secondary school system in the Interior. Special attention should be given to the Junior High Schools. The program should include development

of Dormitories and Boarding Schools for secondary school students in the Interior. In this program, meals, housing and transport, and books should be provided for all students in absolute poverty. Integrate the secondary schools development program into the job development programs for poverty eradication by making provisions for relevant work-study at the upper-levels of the secondary school system.

- 3.6. Provide books and appropriate book allowances for generally poor primary school students.
- 3.7. Develop a more comprehensive **School Feeding Program** based on private sector commercial participation and specified nutritional requirements. Target only the **food-poor** through an appropriate voucher system. Provide incentives to ensure that supply of the School Feeding Program is achieved primarily through the development of domestic agriculture.
- 3.8. Develop a "Special Education Sector" Management Training Program within the SUTC, with significant targeting of poor public sector employees (see item 3.42)
- 3.9. Lower the students - to- teacher ratio in the school system.
- 3.10. Improve the technical competence of teachers within the education system by requiring life-long problem-solving learning and periodic re-certification of all teachers. For this purpose, undertake the following steps are recommended:
 - Upgrade the Instituut Opleiding voor Leraren (IOL) to include a degree-granting component.
 - Locate the IOL within the SUTC (3.42).
 - Upgrade teacher-training facilities at Anton De Kom Universiteit Van Suriname (ADEKUS).
 - Establish a Research and Development Fund targeted at the study of poverty eradication through relevant education.

Health

- 3.11. Undertake a **comprehensive upgrading of the Social Health Insurance System**. Establish a Basic Benefit Plan within the context of a National Health Insurance System and upgrade the premium payment system and introduce a graduated co-payment (cost recovery) system that provides transfers only to the poor.
- 3.12. Examine the socioeconomic feasibility of either **privatizing the Health Insurance System or of subcontracting the implementation through existing private and semi-private institutions**.
- 3.13. Increase the efficiency of regulation of the system, **with an appropriate means testing method that limit the scope of financial transfers to the**

range of expenditures and target groups for which the transfers are designed.

- 3.14. Study and introduce appropriate regulation of the quality of health insurance coverage for all employed workers in the public and private sector, but **with sufficient flexibility to minimize upward pressures on real unit costs.**
- 3.15. Simplify and increase access to drugs at public clinics. Improve the cost recovery aspects to this program by integrating drug access into the National Health Insurance System.
- 3.16. **Upgrade and widen the network of Community-based Health Care facilities**, with special reference to the facilities available for the physically and mentally challenged. Provide financial and technical support for community-based health-care development, **but increase the self-financing capacity of the community-based facilities over time by financing access to these facilities through the National Health Insurance System.**

HIV/AIDS

- 3.17. Speed up the development of the government drug abuse and HIV/AIDS/STD response program in collaboration with supportive national and international institutions.
- 3.18. Introduce a special targeting program for the highly vulnerable group of young persons under 25. Ensure consistency between the programs that target young females and those that target young males.

Child Health Care

- 3.19. **Introduce special nutritional supports for the child (0-6)** and for pregnant and lactating women in every community, and **design the value of the associated healthcare supports to cover full food poverty gap rather than the absolute poverty gap.**
- 3.20. **Increase the efficiency of access of children (0-6) and all food-poor children to drugs at special windows in public clinics or in school-based and community-based medical care programs.**
- 3.21. Establish a program of special subsidies to stimulate the development of efficient early childhood learning centers and day-care centers by the private sector. Develop appropriate regulations for the operation of these centers. **Rationalize the development, regulation, and location of early childhood learning centers and daycare in relation to the needs of all working parents, with special reference to the needs of poor working women.**

Land and Housing

- 3.22. Undertake a land tenure reform program, with special reference to the following:
- The right of persons in the society to access credit or to own land, without regard to marital status.
 - The resolution of historical joint tenancy problems associated with gifts and other inheritances.
 - The distribution of public land grants directly to deserving persons, without regard to marital status.
- 3.23. Provide subsidies for low cost housing. Facilitate housing development on public lands.
- 3.24. **Expand the program of community-based development of housing solutions** by introducing a program of private sector self-help and private sector incentives into the development of housing solutions. This program should include low cost land development and transfers of government-owned land, and low cost credit facilities for the construction of homes. The program should be run by an independent National Housing and Homesteading Authority, which works closely with the private sector and operates a revolving credit system. It should be developed simultaneously with the expansion of the transportation network into the Interior.
- 3.25. Link the incentives to the environmental sustainability of the housing solutions. **For this purpose, develop suitable regulations to ensure that housing solutions are complete with appropriate physical infrastructure and with an agricultural (homesteading) component.**

Resource Development Programs

(Total Costs US\$150,138,794; Annual Costs of US\$37,534,698 over 2001-2005)

Poverty reduction requires growing earning opportunity for labor and capital. With respect to labor under current economic and social conditions, it is necessary to adjust working hours and other resource employment practice at the level of the community and the business, in order to increase competitiveness while encouraging creation of employment opportunity, and to stimulate more flexibility with respect to retirement and part-time work for poverty reduction. **Much of this will have to be achieved through a growing and close collaboration between the local private sector, unions, and government.**

However, it is also necessary to undertake a full-scale upgrade of employment policies to cover all resources, not just labor. **Here, the vital collaboration is between the private sector and government, seeking to improve the orientation to development of knowledge and capital formation through the application of that**

knowledge. A major element in the program of poverty eradication is the investment in improving the earning capacity of all the resources on which the poor normally thrive. The responsibility for such investment is not that of the businesses of the poor alone. Socially and politically, it is no longer feasible to leave the large numbers of poor households to pull themselves up by their own bootstraps while providing assistance to traditionally dominant businesses. The current program is mainly to give assistance to the poor mainly as transfers from the Social Affairs Ministry or as short-term labor employment relief. Little assistance goes to their business efforts and to the development of their capital and environmental resources. **The programs of poverty reduction reverse this structure completely.**

The concept of capital in the poverty eradication program is that of created knowledge, technology and the capacity to live a long and healthy life, whether or not embodied in produced means of production or developing social institutions. This concept includes that traditional idea of human capital. In the poverty eradication program, capital development is the main plank on which enterprise development, community development and other aspect of poverty eradication will be achieved.

To ensure the most advantageous results for the poor, the programs of poverty reduction give pride of place to the following:

- Increasing the quality of education and training, research and codification of tacit knowledge, and increasing the accessibility and homogeneity of certification.
- Increasing the application of the resulting knowledge in production of new commodities and the creation of new needs.

The specific programs recommended for poverty reduction through the development and employment of all resources comprise the following:

Labor

- 3.26. Through the Business Forum, create a **PARTNERSHIP** between **government (at all levels), unions, and the private business sector** to oversee the provision of more resource employment opportunities to all types of resources.
- 3.27. **REVIEW AND UPGRADE CURRENT LABOR LEGISLATION.** Review labor legislation as it relates to working hours, contractual practices as they relate to wage-related taxation, over-time pay, and simplification of pension arrangements to include provisions at the community level IF FEASIBLE.
- 3.28. For the relief of the employed poor, introduce a minimum after tax wage set at the official poverty line. Index all after tax wages up to twice the official poverty line to inflation through a mandatory **cost of living allowance that is payable on a monthly basis.**

- 3.29. Maintain the current program of support of **Sf65,000** (US\$29) for the public servants earning within twice the official poverty line until the minimum after tax wage and cost of living allowances are fully institutionalized.
- 3.30. **Index all other wage increases to productivity growth.**
- 3.31. Through the General Bureau of Statistics, undertake to compute and publish an appropriate monthly inflation rate and an annual estimate of productivity growth by sector.
- 3.32. Undertake a program of Pension Reform to guarantee minimum pension for all. Undertake a suitable study of the benefits of moving for revenue based pension arrangements to liberalizing and privatizing the pension system in Suriname.
- 3.33. Provide the unemployed poor worker with employment relief (work) in proportion to the length of time the worker has been unemployed. **The employment relief should combine work relief with mandatory training to upgrade from low skill to semi-skilled labor capacity.**
- 3.34. Provide employment relief through a program of public sector investment to upgrade public infrastructure and develop the general tourism infrastructure, including agro-tourism facilities, development of the archeological heritage, tourism parks and access roads and nature trails. Emphasize community-based programs.
- 3.35. Require that unemployed poor persons make a personal investment in the program by acquiring additional training.
- 3.36. Develop arrangements and places for life-long education and training in the workplace and in the SUTC. Provide for financing through the Student Loans and Grants Program.
- 3.37. Develop in the SUTC an appropriate scheme for the **homogenous certification** workers, owners, and managers in knowledge and knowledge-intensive activity.
- 3.38. Introduce into the eligibility and certification criteria mandatory courses in the SUTC in self-esteem, responsibility, and the development of positive work attitudes, individual and civic rights and responsibility, and methods of effective competition.
- 3.39. Include a sustainability component to this program of work relief by providing a special package of incentives, extension and other supports to persons in the program who are **under 30** and who are willing to seek opportunities to combine lifelong learning with the establishment or expansion of businesses.
- 3.40. Through the Business Forum, establish an outreach and awareness program to target potential beneficiaries, monitor and advise participants, provide job placement services and other supports.

Capital

- 3.41. **Provide capital with employment relief** in the form of indigenous research, life-long learning credit and business extension supports according to the length of time over which the type of resources involved have been neglected **and according to the possibilities offered by the capital for development of new technologies and new needs. In particular, develop a relevant system of indigenous research and life-long learning by doing the following:**
- 3.42. Upgrade the **Vocational Training Unit** into a **Suriname University of Technology and Competition (SUTC)**. Ensure initial capacity to meet the goal of training an additional 1000 poor students/annum in traditional job-training programs or to provide for individual commitments to poverty eradication. Strengthen the research capacity of the Vocational Training Unit during the upgrading process. Ensure the academic independence of the SUTC.
- 3.43. Establish a Students' Loan and Grants Bureau to provide loans for all poor students in post-secondary education.
- 3.44. Adopt targeting measures to ensure that **all eligible poor persons who seek training have access to funds.**
- 3.45. Establish a **research support program** in the Bureau to provide greater opportunities for the private sector to obtain financial capital for credible research.
- 3.46. Complement the training and research support program with an **Integrated Business Research and Extension Program** set up within the SUTC, with Provisions for Private Sector Investment in Research and Development Activities.
- 3.47. Develop the basis for creativity and innovation in resource use by promoting life-long education and training among entrepreneurs.
- 3.48. Provide special incentives for successful researchers to become entrepreneurs, including subsidized graduate level training in Business Management and Marketing (MBA). Include development financing for business start-ups by any qualifying student. Set eligibility conditions in relation to the amount of training completed and the potential contribution of research output to innovation and capital formation.
- 3.49. Under the general oversight of the Students' Loan and Grant Bureau, **create a complementary Soft Loan Window in affiliated indigenous financial institutions** to finance investment in businesses that seek to develop indigenous knowledge, technologies, or embodying capital and institutions. Target producers who switch to or develop activities that make more intensive use of domestic knowledge and other capital resources, and the environment.

- 3.50. Undertake a comprehensive supporting program of development of housing and tourism accommodation and related attractions throughout the country.
- 3.51. Include in this program, systematic renovation of rundown areas, including improved access to all public utilities. Also include Community-based systems for maintenance of the environment and public places, including clean-up campaigns for polluted areas.
- 3.52. Upgrade public transport through special supports for private investment in this sector.
- 3.53. Provide incentives for the private sector to participate in the expansion of water purification and distribution.
- 3.54. Provide incentives for the private sector to invest in energy-saving equipment and renewable energy supplies for housing projects.
- 3.55. Establish all programs in collaboration with the Business Forum. Provide support accordingly. Through the Business Forum, introduce specific seminars and measures to link the research programs to the technological development problems of Suriname firms, thereby ensuring that any government supported research agenda is demand driven. Ensure a clear link between the program and current trade policy.

Development of New Needs and Wants for the Domestic and International Market.

- 3.56. Move to develop markets where the private system has not delivered on its own by doing the following:
- 3.57. Provide demand-creating incentives through programs such as tax reduction, tax deductibility, and vouchers for school feeding.
- 3.58. **Provide supply-side incentives through subsidies for private sector undertakings to employ the unemployed resources.** Include a special regime of tax breaks, cost refunds and research financing for businesses that develop or employ indigenous technology and capital.
- 3.59. Support the establishment of such incentives with necessary waivers in regional and multilateral trade agreements.
- 3.60. Provide for joint research and development projects to strengthen Caribbean Single Market and Economy cooperation in the development of the research capacity of the SUTC.

Cultural Capital

- 3.61. A major component of the process of development and satisfaction of new needs and wants is through the use of music, entertainment and other cultural capital. This is a major asset that can also contribute rapidly to shaping the image of the country abroad and to market Suriname as a tourism and business destination. The proposed initiatives are the following:
- 3.62. Design an appropriate curriculum for music, entertainment and culture in all schools, and integrate some of the associated schooling into actual business place.
- 3.63. Develop a Faculty of Music, Entertainment and Culture in the SUTC. Incorporate private enterprise into the training and research programs of the SUTC **to ensure a demand-driven process.**
- 3.64. Establish a Research, Training and Extension Program to develop Culture, Music, Dance and other inputs used by Entertainment-Tourism, and to develop and implement suitable marketing strategies for the sector.
- 3.65. In collaboration with the private sector, develop the Suriname System of Museums (or Hall of Fame) to include major culture, arts and music components and archives.
- 3.66. Prepare and execute CARIFESTA.
- 3.67. Establish a well-timed system of Festivals in Suriname. Create a Festivals Committee within the Business Forum to spearhead the process.

Intellectual Property Protection

- 3.68. Given the large investments in the development of the tacit traditional and newly created knowledge of Suriname, protection of the country's intellectual property becomes vital. The program proposed is the following:
- 3.69. Establish a Center for the Creation and Protection of Intellectual Property.
- 3.70. Bring existing legislation up to standards required by the TRIPS agreement, while paying close attention to the special need to protect local archeological and traditional knowledge and the environmental potential.
- 3.71. Provide incentives to the private sector to participate actively in the protection of local intellectual property, and to embody intellectual property in suitable physical and institutional capital.
- 3.72. Support the development of a local system of Collective Management.
- 3.73. Stimulate and facilitate collaboration between the Suriname Collective Management Agency and others in the CSME.

Natural Resources

The recommended programs for the development and sustainable exploitation of the natural resources and land are the following:

- 3.74. Undertake an appropriate curriculum development program throughout the education system that concentrates on developing the potential of local resources and on creation of opportunity for local technical innovation and development activities related to domestic capital, with special reference to the environmental resources.
- 3.75. Through the Business Forum and the SUTC, establish appropriate research and development facilities committed to industrial and other research and extension services in support of the process of environmental conservation and development.
- 3.76. The program of research and extension should include be an integrated full-scale on-the-job secondary and post-secondary training and extension program to support accumulation and employment of the traditional knowledge capital. Its primary focus should be on the understanding, development, and creative sustainable exploitation of the biodiversity and the archeological heritage of Suriname within the context of applications in Eco and Agro Tourism, Entertainment (including Festivals), Forestry, and Horticultural trade. Recruitment and Training of Sector Regulators.
- 3.77. Introduce targeting to ensure that participating students, firms and communities seeking to become entrepreneurs in this area benefit from the loan facilities developed to support training research and business development in the SUTC.
- 3.78. Undertake studies to determine the optimal sustainable commercial exploitation programs for the natural resources of the interior, **including Gold reserves and reserves of granite, kaoline, and silica sand.**
- 3.79. Pass and enforce appropriate legislation for the elimination of mercury imports.
- 3.80. Introduce appropriate legislations and regulations, with supporting enforcement mechanisms, to ensure the environmental sustainability of all current and new activities undertaken in the country.
- 3.81. Design regulations to control the following:
 - Use of pesticides and weedicides;
 - Soil conservation;
 - Water quality preservation and water resource conservation;
 - Gold mining and other relevant mining practices;
 - Air quality; and
 - General watershed management in conjunction with preservation of the rain forest and the development of the Nature Reserves.

- 3.82. Expand current efforts to preserve and engage in sustainable economic development of the environment through programs such as the sustainable exploitation of the Central Suriname Nature Reserve.
- 3.83. Establish a pilot Eco-Tourism Resort in the Tapanahony Area in the District of Marowijne. Entrepreneurship by the Stichting Opo Buskondre Sma ai (Foundation Awake Maroons).
- 3.84. Recruit and train environmental sector regulators and conservation specialists.
- 3.85. Develop a community sensitization and community investment program to support the optimal utilization of the environmental resources of Suriname.

Public Sector Investment Program

The Public Sector Investment Program makes a vital contribution to poverty reduction because it provides major medium term relief through large scale job creation. In the light of ongoing initiatives, the program modification recommended is as follows:

- 3.86. Upgrade or develop the general infrastructure of the country, with special relevance to the needs of the sectors targeted for industrial expansion. Specific attention should be given to tourism infrastructure, including development of the archeological heritage, tourism parks and access roads and nature trails. Significant attention should also be given to creating access linkages between the Interior and the Coastal communities of the country.
- 3.87. Include a major component to create 6 main Road/Rail/Water Transportation Corridors as physical communications framework for development of the economic and social potential of the Districts - 3 National **North South** Corridors and 3 National **East-West** Corridors. Ensure integration into the system of access roads and water transportation system for econ-tourism.
- 3.88. Undertake urgent investments to refurbish and expand international air and sea communications.
- 3.89. Develop public sector institutional participation or program supports in the networking institutions that supply social supports to households and firms.
- 3.90. Collaborate with the Business Forum to establish and operate a Bureau of Standards. Join efforts to establish relevant common standards for the CSME.

Sector Focused Program

Some programs of poverty eradication are focused directly on the special needs and possibilities of the industrial sectors. The recommendations in these respects are the following:

Light Manufacturing and Services

- 3.91. Develop selected light manufacturing industries and services industries based on local technologies and resources: (1) Traditional Fashion Designs, Construction, and Marketing methods in the Apparel and Textiles Sector and related light manufacturing; (2) Woodcraft and related light manufacturing.
- 3.92. Develop the following specialist schools within the SUTC system: (1) School of Farming and Forestry; (1) School of Tourism, with suitable arrangements for extension supports, full-scale on-the-job-secondary (post-primary) and post secondary employment and training, research and development.
- 3.93. Upgrade the physical infrastructure development and production incentive programs targeted to small and medium-sized farmers and agro-industrialists supplying the local and Caribbean-wide markets.
- 3.94. Privatize selected aspects of the program of development of public infrastructure. Target community-based programs for this privatization effort. Incorporate a program of recruitment, apprenticeship and formal training of skilled and semi-skilled workers to develop a pool of contractors in Infrastructure Construction and General Engineering.

Agriculture

- 3.95. Improve agricultural infrastructure, including that of the export sector.
- 3.96. Promote small and medium-sized agriculture by improving the agricultural research and extension system and by increasing access to land and credit for women and young people.
- 3.97. Increase the level of training of personnel in research, extension and marketing.
- 3.98. Develop research facilities, upgrade personnel, and improve funding. Modernize export sector technology.
- 3.99. Rationalize state companies involved in agriculture.

Bananas

- 3.100. Invest in the development of new types of banana.
- 3.101. Undertake a program of diversification into production of other fruit for export; restructuring and privatization of **Surland**; training and adjustment facility for workers.

- 3.102. Formulate and implement a worker displacement program for the banana industry, including retraining of the youth and support for new industrial initiatives such as horticulture, service development, or mining.
- 3.103. Develop and introduce special supports for the horticultural industry.
- 3.104. Introduce appropriate aquaculture legislation and establish supporting infrastructure to stimulate and regulate development of the aquaculture industry.
- 3.105. Establishment of a Farmer's Market and Marketing facility in Paramaribo to service all agriculture.

Decentralized Decision-Making And Improvement In Community And Private Sector Participation: The Special Place of Community Development Programs

There is general agreement in Suriname that poverty reduction through the optimum operation of the resource markets in Suriname requires a high degree of decentralized decision-making at both the community and the company level. The community refers to any well-defined neighborhood of cooperation, organization and collective action anywhere in the country.

Investment initiatives in the Community and the District, and integrated community and regional development, are the main pillars of the updated program of poverty eradication in Suriname. This is so whether the activities considered are the distribution of social transfers or the development and employment of resources. For this reason, many programs are regionally targeted and designed to simulate Self-reliant Community Development.

The community-focused programs all embrace an equally important preoccupation with the dynamic age group of society, which is to say the **Youth**, and with their involvement in the development of **the Family**. This is mirrored in the extensive programming of sporting facilities and of education for life. Yet the **elderly are given the attention needed**. In response to the growing demand to abandon retirement as commonly practiced, a significant share of the program has been designed to integrate the elderly into the community development effort, especially through programs of child care.

The specific programs recommended are the following:

- 4.1. Upgrade and implement current legislation that provide for the legal definition, recognition, registration, and management of communities in Suriname.

- 4.2. Undertake a capacity-building program to develop the community infrastructure and capital (social and physical) for social and economic management of community development.
- 4.3. Upgrade and improve the Community Development Fund by introducing a community (self-help) financing (credit) component.
- 4.4. Develop a Program of Construction of Community Centers and other physical community infrastructure.
- 4.5. Introduce a schooling/coaching component into all Sports and Culture Clubs Development Programs, supported by suitable subventions.
- 4.6. Increase prizes for various competition in sports and other youth activities.
- 4.7. Establish capacity-building program targeting the Youth and relying on the results of research and development of domestic capital. This program should include financing of professional and semi-professional status for excellent performers who also maintain suitable academic standards.
- 4.8. Upgrade and maintain sporting, entertainment, and other facilities used by the Youth. Develop the school-based sports programs as a sound basis for professional participation in the International Sports Industry.
- 4.9. Develop a Family Life Enhancement Program through a Program of Community-based Housing Solutions.
- 4.10. Expand and speed up the National electrification program to encompass rural areas and Interior. Give special reference to reliance on solar, water, and other renewable energy sources in the Interior.
- 4.11. Develop community-based and community-managed housing solutions in all poor communities.
- 4.12. Introduce a systematic program of agriculture and other community or home-based production into all housing solutions.
- 4.13. Provide subsidies/grants and revenue mechanisms for the development of Community Councils for the democratic management of Community Affairs. Include special provisions for Youth Councils to be adequately represented.
- 4.14. Provide various forms of financial or in-kind assistance for community-based income generating projects, including a Self-help Financing (credit) component for the Community Councils.
- 4.15. Provide a special supplementary health insurance package for the Community-based Culture and Sports Clubs.

- 4.16. Develop a Community-based Program of Old Age Care and Assistance, and of inclusion of the elderly in day-care programs for children - Women's Centers and Association of Retired Persons.
- 4.17. Develop a program of Community and Government partnership in the management/enforcement of Parental Child Support.
- 4.18. Encourage Private Social Service Organizations dedicated to the care of the elderly and the child 0-6 years.
- 4.19. Establish **a special program of training for media workers to emphasize adequate reporting on community-based activities.**

4

Supporting Market Creation and Trade Policy

One of the important features of the Poverty Reduction Program is that it takes direct account of the need for an employment program that is consistent with the developing process of globalization, especially the pervasive influence of the WTO and its free trade agenda. The main implication of this process is that poverty reduction through resource development and employment must be achieved by participating in markets that are characterized by intensifying competition for income opportunity. Resources that are developed must either be marketed directly, licensed for use by others, or be employed to create commodities that can be sold. In any of these cases, effective policies and programs must back the process of positioning commodities in the market place and to meet new or existing needs of very demanding consumers and firms.

At the same time, driven by its concerns with “high” prices and hence high tariffs, relative to the idealized requirements of “perfect competition,” the WTO is demanding that these challenges be met without fostering the development of “monopoly,” government participation, and related imperfections in the market place. The international demands with respect to the role of monopoly must be viewed with considerable caution, given the importance of innovation and the associated inevitable process of monopoly creation, and the uncertainty surrounding the type of market behaviors that yield ideal prices under such conditions.

Within the context of the rising demands of WTO compatibility, the main trade-related proposals to meet these challenges are the following:

- 4.1 Moderate implementation of WTO Tariff Policies according to needs of the development and poverty reduction programs, leaving adequate room to compensate for potential errors of development strategy associated with WTO-compatible policy. Similarly, seek slower implementation of the tariff-related policies of the ACP-EU Cotonou Agreement with respect to agricultural commodities.
- 4.2 Establish a semi-private Suriname Industrial Investment and Market Creation Agency (SIMCA) within the Ministry of Trade and Industry to undertake or support suitable investment promotion, export promotion, and market development abroad and thus to improve export marketing capabilities to EU , FTAA and CSME.
- 4.3 Guided by the work of SIMCA, participate in the regional efforts to establish common standards within the CSME. Negotiate within the WTO for adequate time to achieve relevant international standards. Speedup the steps to achieve compliance with the Phytosanitary requirements of **WTO**.

- 4.4 Study and introduce special measures to target the markets of South America, especially Brazil.
- 4.5 As an aspect of the process of market creation, emphasize the importance of the movement of population, capital and related assets and commodities into and from regional and international economies.
- 4.6 Make special provisions for export financing and promotion, with special reference to the movement of the population and capital in support of penetration of foreign markets with new commodities.
- 4.7 Establish a tourism investment and tourism market creation component within the SIMCA. Target local and foreign tourists by taking full advantage of the developing advertisement potential of the entertainment sector and other advertisements of unspoilt environment to position Suriname in international markets and in the CSME.
- 4.8 Ensure that the SIMCA develops effective programs to promote market-related development of the assets of poor households, and of products made with those assets.
- 4.9 Exploit the full potential of the SIMCA to influence the multilateral and bilateral agreements with respect to linkages of population movement and capital movement.
- 4.10 Subject to the above conditions, utilize full potential of the EU (Cotonou) Agreement.
- 4.11 In an appropriate time frame that takes account of existing budget constraints and related trade policy supports from the international community, remove of all duties on educational items, including computers and software.
- 4.12 Integrate labor market policy with trade policy, especially as this relates to population movement and foreign market creation policy.
- 4.13 With respect to appropriate commodities, encourage CSME investment and Foreign Direct Investment. Further, exploit the full potential of the CSME, FTAA, EU, multilateral and bilateral agreements with respect to the link between international population movement and capital movement.
- 4.14 In relation to investments in lumber and the woodproducts industries, negotiate time for achieving international standards in certification of lumber and wood products. Target the CSME; FTAA; South America; EU, and consider options to collaborate with concerns in French Guyana.
- 4.15 With respect to agriculture, negotiate special arrangements (non-trade concerns or multi-functionality) in agricultural negotiations in the WTO.

- 4.16 Utilize the SIMCA to target the domestic and international market for music and sports entertainment.
- 4.17 Participate actively in the re-negotiation of the TRIPS- Agreement to lobby for suitable protection of codified or tacit traditional knowledge.

5

Poverty Monitoring, Policy Development, and Program Implementation

(Total Costs US\$6,816,000; Average Annual costs of US\$1,363,200)

Monitoring of poverty and revision of implementation schedules and initiatives in the light of changing conditions is a vital component of successful poverty eradication.

The recommended program of monitoring and policy development is the following:

- 5.1 Establish a **Committee for Poverty Eradication** within the Parliament.
- 5.2 Create a **National Poverty Eradication Directorate** dedicated to the coordination and management of the national effort to eradicate poverty. Ensure design to reflect the principle of community leadership.
- 5.3 Establish a UNDP-coordinated special **Program of Medium-Term Institutional Development Supports and Oversight** to ensure successful creation and operation of the **National Poverty Eradication Directorate**. This program should go beyond traditional technical assistance and should include at least the following elements:
 - Oversight in all poverty-focused project design and implementation;
 - Assistance with the coordination of the activities of all other international agencies, including UN System agencies, the World Bank, the IMF, and the IDB, to ensure consistency with poverty eradication targets and an integrated approach to poverty reduction;
 - Assistance with necessary continuing fundraising for program financing;
 - Assistance with the development and execution of the program of participatory poverty eradication to ensure adequate inter-ministerial consultation, decentralization and community empowerment.
 - Assistance with monitoring, evaluation, reporting **and advocacy**.
- 5.4 Locate the **Directorate** in the **Office of the Vice President**, which should exercise sufficient oversight to ensure that poverty eradication is effective and based mainly on sound long-term development principles.
- 5.5 To ensure adequate civic participation in the management and implementation process create an associated **Poverty Advisory Council** comprising representation of the following (1) District and Community-based institutions; (2) Trade Unions; (3) The Businesses Community including the self-employed, with special reference to the indigenous financial institutions; (4)

The community of NGOs, and (5) The Multilateral and Bilateral Development Agencies.

- 5.6 Develop a special **Poverty Monitoring and Policy Development Unit** in the Ministry of PLOS. Locate the primary **monitoring policy development** responsibilities in the Ministry of PLOS, given that the main targets are highly vulnerable food poor persons.
- 5.7 Ensure that suitable project-evaluation and grant writing capacities are developed within the **Poverty Monitoring and Policy Development Unit**.
- 5.8 Counterpart units should be established in the ABS, the Ministry of Labor the Ministry of Social Affairs and the SUTC/ADEKUS, all to be coordinated through the **Poverty Monitoring and Policy Development Unit** in the Ministry of PLOS.
- 5.9 Investigate and establish **mandatory education requirements** for participation in the employment-related poverty reduction program apply. Provide student loans to upgrade skills in poverty reduction management by the public sector or other related specialties.
- 5.10 Undertake an annual or Bi-annual Suriname Survey of Living Conditions. The Survey should be designed through joint consultation between the Units in the Ministry of PLOS, the ABS and the Universities, and with the Ministry of Social Affairs. The Survey should be fielded by the ABS, which should also manage the data. The data analysis and reporting should be done by a team from all the participating Ministries or by suitable consultants, under the management of the **Poverty Monitoring and Policy Development Unit** in the Ministry of PLOS.
- 5.11 Prepare an annual or bi-annual report on Living Standards and Poverty in Suriname. Prepare Bi-annual Human Development Indicators/Reports with special emphasis on the state of Human Poverty.
- 5.12 Establish a **Scientific Research Fund** within the Poverty Monitoring and Policy Development Unit. This Fund should cater for the study of poverty eradication through education, as proposed under the Social Safety Net. Establish a **Policy Databank** in the SUTC/ADEKUS. The research agenda should include critical matters such as methods of altering the intra-household distribution of income and consumption to favor more rapid poverty eradication.
- 5.13 Given the importance of the development and macroeconomic programs in the poverty-reduction effort, establish **suitable monitoring Units** within the Ministry of Finance and the Ministry of PLOS. Among other things, these Units should prepare suitable tracking reviews and forecasts of progress with respect to variables such as inflation, per capita incomes, productivity, general social progress, and the impact of various policy measures.

- 5.14 Institute Annual National Consultations on Poverty Eradication to determine the extent of responsibility of each segment of society and the specific policies and projects that could meet the remaining challenges and targets of community-based poverty eradication.

Program implementation is a socio-political process led by the institutions of governance at the level of the Community, District, and Nation. At the level of the nation or district, there are ministries with responsibilities that can be associated with the activities of the Program in some cases. In other cases, assignment by the Government is necessary. Further, for creativity, sustainability and optimality, it is the community, private sector and the supporting non-governmental institutions that must “own” and undertake the vital activities. For this reason, the following are recommended:

- 5.15 After the above institutional arrangements have been finalized, a plan implementation schedule, complete with ministerial responsibility, should be prepared through these institution arrangements and approved by the Government.
- 5.16 Given the impracticality of specifying and implementing relevant projects to successfully implement a poverty eradication program, government should establish a **Special District Empowerment and Development Commission** to investigate and recommend specific fiscal and administrative arrangements to improve the role and self-reliance/autonomy of the District-level Governance in the Poverty Eradication Program. Require comprehensive national consultations. Require reporting within one (1) year. With respect to structure, ensure suitable representation of the following:
- The UN System, including the National UN Volunteers.
 - Educators/University
 - Health Care workers
 - The Legal Community and The Judiciary

6

Financing the Poverty Eradication Program

Over the years 2001-2002, the estimated cost of the poverty reduction plan is projected at US\$199 million or US\$50 million per annum. This amounts to 13.2% of current exports. This is a substantial burden and it is expected that the government, the community-based organizations, the private sector, non-government organizations, and the international financial institutions will all contribute to the successful financing of poverty reduction. Estimates for the financing of the plan have been provided on the general assumption of the following distribution of the financing burden:

- 6.1 Government, whether directly or through support for District or community-based financing, will carry the largest share of the financial responsibilities, perhaps as much as 40% of the expenditures. The responsibilities of government should be funded in the proportions 50% by Dutch Treaty Funds and 50% by Revenues.
- 6.2 The Private Sector, the CBOs and the NGOs, along with the UN System, should be expected to carry about 20% of the expenditures.
- 6.3 Through bilateral and multilateral institutions, the international financial system should carry the remaining 40% in the form of grants or loans. **This includes taking advantage of the “*Investment Facility*” provided under the Cotonou Agreement.**