

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **SURINAME**

**BUSINESS DEVELOPMENT AND SME SUPPORT IN SURINAME**

**(SU-T1209)**

**PROJECT DOCUMENT**

This document was prepared by the project team consisting of: Team Leader: Acosta, Geovana (PTI/CTI); Alternate Team Leader: Stevenson, Claudia (PTI/CTI); Attorney: Mendoza Benavente, Horacio (LEG/SGO); Team Members: Barrios Bastardo Andreina Del Carmen (PTI/CTI); Jung Yoojung (PTI/CTI); Medina Vasquez Exequiel Enrique (PTI/CTI);

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**PROJECT SUMMARY**

Operation Type:	Technical Cooperation
Sector:	PRIVATE FIRMS AND SME DEVELOPMENT
Subsector:	SMALL AND MEDIUM ENTERPRISE
TC Taxonomy:	Client Support
Project Number under the Operational Support Taxonomy:	N/A
Technical Responsible Unit:	PTI/CTI-Competitiveness, Technology, and Innovation Division
Unit with Disbursement Responsibility (UDR):	PTI/CTI-Competitiveness, Technology, and Innovation Division
Executing Agency:	Inter-American Development Bank

**PROJECT OBJECTIVE**

The general objective of this Technical Cooperation (TC) is to strengthen Suriname's institutional capacities to foster economic resilience and catalyze private sector growth through the mapping and analyses of initiatives that support business development and empower Micro, Small, and Medium-sized Enterprises (MSMEs), startups, and local enterprises

**FINANCIAL INFORMATION**

Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	W2C - OC SDP Window 2 - Institutions	100,000
<b>Total IDB Financing</b>		<b>100,000</b>
<b>Counterpart Financing</b>		<b>0</b>
<b>Total Project Budget</b>		<b>100,000</b>
Donors:	N/A	
Disbursement Period:	18 months	
Execution Period:	18 months	

**ADDITIONAL FINANCIAL INFORMATION**

N/A

## I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic. Suriname’s economic structure remains highly concentrated in extractive industries and labor-intensive sectors, making the country vulnerable to commodity price volatility and cyclical fluctuations** (World Bank, 2017). Gold and oil together account for approximately 86% of foreign exchange earnings, with gold mining alone representing more than 30% of the Gross domestic product (GDP) (Government of the Republic of Suriname, 2022). While this reliance has contributed to growth volatility, it also presents an opportunity to leverage revenues and resource wealth to accelerate the development of other sectors and support broader economic transformation. The discovery of substantial offshore oil reserves, for instance, could provide the fiscal space and market linkages needed to catalyze diversification. However, unlocking this potential requires stronger support for Small and Medium-sized Enterprises SMEs, which form the backbone of the economy but continue to face barriers such as regulatory complexity, limited access to finance and markets, low levels of innovation, and uneven adoption of technology, particularly outside major urban centers. Strengthening institutional capacities is therefore essential to ensure resource-driven growth translates into broad-based economic transformation and resilience.
- 1.2 **Innovation and entrepreneurship are essential to boosting productivity and building a competitive economy.** In the Caribbean, innovative firms demonstrate 26% to 35% higher productivity and up to 81% higher sales per worker compared to non-innovators, while in Latin America and the Caribbean, a 10% increase in research and development spending raises the likelihood of innovation by nearly 2%. Training workers also contribute to efficiency gains by 0.7%, while the adoption of digital technologies strengthens competitiveness by lowering costs, reducing production times, and enhancing efficiency across sectors. Entrepreneurship complements these dynamics by fostering new business creation, reallocating resources to dynamic activities, and generating jobs, with evidence showing that a 1% increase in entrepreneurial activity can raise per capita income by 0.3%. Despite these benefits, Suriname continues to face significant challenges in harnessing innovation and entrepreneurship to drive productivity and competitiveness.
- 1.3 **The process of starting a business in Suriname remains slow, complex, and costly underpinned by longstanding structural inefficiencies in the regulatory environment.** Starting a company in Suriname involves 8 procedures, takes 66 days, and costs 93.5% of per capita income. In contrast, the average for Latin America and the Caribbean is 8.1 procedures, 28 days, and 31.4% of per capita income. (World Bank, 2020). These burdensome requirements are compounded by infrastructure gaps, particularly in electricity and water services, which undermine operational efficiency and deter investment (Compete Caribbean, 2021). Beyond the startup phase, persistent challenges in trade facilitation, workforce skills and limited market access further constrain private sector growth. Businesses cite macroeconomic instability (26.5%), an inadequately educated workforce (14.2%), and limited access to land (10.5%) as key obstacles to expansion (Compete Caribbean, 2021). Moreover, inefficiencies

in the public sector, marked by weak coordination, bureaucracy, overregulation, labor rigidity, discourage business formalization and entrepreneurial activity.

- 1.4 **Additionally, Suriname exhibits structural weaknesses in innovation capacity, limiting its ability to develop high-growth industries and improve productivity.** Despite survey findings indicating that businesses perceive innovation as essential, particularly for increasing sales, accessing new markets, enhancing product quality, and reducing unit costs (IDB, 2024); systemic barriers continue to hinder progress. These include lack of employee qualifications and a shortage of skilled labor, low investment in R&D, limited public-private collaboration, weak intellectual property frameworks, and an underdeveloped innovation ecosystem (IDB, 2024). Without addressing these constraints, Suriname's ability to strengthen competitiveness and transition to a more diversified and resilient economy remains limited.
- 1.5 **Access to finance and innovation funding remains a critical barrier to private sector development in Suriname, particularly for MSMEs and startups.** Credit to the private sector stood at just 15% of GDP in 2023, its lowest level since 2001 and well below regional averages, while only 16% of SMEs report having a loan or credit line, leaving an estimated USD 1.6 billion finance gap (World Bank, 2023; IMF, 2023; SME Finance Forum, 2018). Lending is heavily skewed toward consumer loans, with productive sectors receiving limited support despite their contribution to GDP, and high levels of dollarization expose banks to exchange rate risks. At the same time, there are no active venture capital, angel investors, or innovation funds, and firms rely primarily on internal resources, costly bank loans, or occasional grants, constraining innovation-led growth (IDB, 2024). Entrepreneurial networks and stakeholder collaboration remain underdeveloped, reflected in Suriname's 106th rank in the Global Entrepreneurship Index (GEI, 2024). Human capital potential is underutilized, as entrepreneurial skills, mentorship opportunities, and success stories remain scarce. These challenges limit the emergence of a robust innovation ecosystem and underscore the need for diversification and the fostering sustainable private sector growth.
- 1.6 **Finally, the low level of digital technology adoption among firms in Suriname represents a critical constraint on innovation, operational efficiency, and competitiveness.** Only 18% of businesses have introduced digital products or services, reflecting a slow uptake of technological tools essential for modernizing offerings and engaging customers. Although nearly 76% of firms demonstrate potential for advancement in digital innovation (IDB, 2024), this capacity remains largely unrealized due to structural barriers such as inadequate digital infrastructure, low digital literacy, and limited access to financing and technical support. The underutilization of mobile applications, online platforms, and data-driven tools points to persistent weaknesses in the digital ecosystem that undermine private sector modernization.
- 1.7 **Request.** Acknowledging these challenges the Ministry of Finance and Planning of Suriname has requested IDB support to the Ministry of Economic Affairs, Entrepreneurship and Technological Innovation of Suriname (EZOTI) to develop initiatives aimed to support business development, empower SMEs, startups, and local enterprises (See Annex I). The IDB will be working with EZOTI in the development of a comprehensive roadmap for strengthening the business

development ecosystem in Suriname. As part of the annual dialogue between the Bank and IDB borrowing member countries to establish the operational program, the operation has been selected to be processed and approved in 2025.

- 1.8 **Objective.** The general objective of this Technical Cooperation (TC) is to strengthen Suriname's institutional capacities to foster economic resilience and catalyze private sector growth through the mapping and analyses of initiatives that support business development and empower Micro, Small, and Medium-sized Enterprises (MSMEs), startups, and local enterprises. Specifically, the TC is expected to deliver a comprehensive roadmap for strengthening the business development ecosystem in Suriname. The roadmap should help government authorities to guide policy actions, institutional improvements, and strategic interventions aimed at fostering entrepreneurship, innovation, private sector growth, and economic diversification.
- 1.9 **Complementarity.** This TC is complementary to Suriname's national development priorities as outlined in the National Development Plan (2018–2030), which emphasizes infrastructure development, private sector growth, and human capital development. It also aligns with the Recovery Plan (2020–2022), which aimed to restore macroeconomic stability and address fiscal and balance of payments imbalances. Most importantly, the TC supports the objectives of the Multi-Annual Development Plan (MADP) 2022–2026, the government's most recent development strategy, which builds on the Recovery Plan and prioritizes diversification, resilience, and inclusive growth. Furthermore, the TC is consistent with Suriname's MSME Policy and Implementation Plan, which seeks to position the MSME sector as regionally competitive and technology-driven, with development goals centered on improving the enabling business environment, broadening access to finance, strengthening market access and productivity, and boosting entrepreneurial skills. Collectively, these national strategies provide a clear mandate for strengthening private sector development, innovation, and entrepreneurship, which this TC directly supports.
- 1.10 **Strategic Alignment.** This Technical Cooperation (TC) aligns with the objectives of the IDB Group's Institutional Strategy: Transformation for Greater Scale and Impact (CA-631), particularly with the strategic objective of: (i) boosting sustainable regional growth by strengthening institutional capacities to enhance competitiveness and business development in Suriname, facilitating the growth of small and medium-sized enterprises (SMEs) and startups through improved business development services, access to financing, and support for innovation. Additionally, this TC aligns with the following operational focus areas: (i) productive development and innovation, by promoting strategic initiatives that foster innovation, technology adoption, and market access to increase the productivity and sustainability of SMEs and startups in Suriname. The TC is strategically aligned with the Ordinary Capital Strategic Development Program (OC SDP) Window 2, Priority Area 3: Effective, Efficient, and Transparent Institutions (W2C) (GN-2819-14), which aims to strengthen the quality of institutions and policies as well as the provision of services and implementation of policies, to improve public management and promote the development of the private sector. This Technical Cooperation (TC) aligns with the IDB Group Country Strategy for Suriname 2021-2025 (GN-3065) which promote private sector competitiveness as key priorities for Suriname. Likewise, the TC is aligned with the Sector Framework for Science,

Technology, and Innovation (GN-2791-13), particularly with its line of action 3 by fostering an enabling environment for private investment and SMEs development. This TC aligns with the Private Sector pillar of ONE Caribbean, the IDB Groups regional strategy for sustainable development [GN-3201-5]. By strengthening Suriname's institutional capacity to promote economic resilience and support MSME development, it advances ONE Caribbeans objective of fostering an enabling environment for private sector productivity and inclusive growth. Lessons from this initiative can be scaled or replicated across the region.

## II. COMPONENTS

### 2.1 Components.

- a. The objective of this component is to develop a comprehensive roadmap to strengthen the business development environment and enhance competitiveness in Suriname, with a particular focus on empowering Micro, Small, and Medium-sized Enterprises (MSMEs) and startups. The roadmap will review current instruments instruments (both national and subnational level) and propose recommendations to guide policy actions, institutional improvements, and strategic interventions aimed at fostering entrepreneurship, innovation, private sector growth, and economic diversification.
- b. **Activities:**
  - i) Conduct a diagnostic review of existing policies, programs, and institutional initiatives that promote business development, innovation, and competitiveness, identifying gaps and opportunities for alignment with international best practices.
  - ii) Undertake a gap analysis of business development services, access to finance, regulatory efficiency, market access, innovation levels, and technology adoption.
  - iii) Prepare a comprehensive roadmap that includes a) Prioritized policy recommendations, actionable strategies, and implementation mechanisms to foster SME growth, entrepreneurship, and innovation in Suriname; b) Guidance and recommendations to strengthen the institutional capabilities of public agencies and business support organizations through process improvements, and enhanced coordination.
  - iv) Carry out communication and dissemination activities to ensure broad knowledge transfer and active stakeholder engagement.
- c. **Procurement** under this component will include the recruitment of consulting firms or individual experts to carry out the diagnostic assessment, gap analysis, and preparation of the business development roadmap.

- i) **Comprehensive diagnostic and gap analysis** of existing policies, programs, and institutional initiatives related to business development, innovation, and competitiveness, including an assessment of business development services, access to finance, regulatory efficiency, market access, innovation levels, and technology adoption.
- ii) **Strategic Roadmap with prioritized policy recommendations**, actionable strategies, and implementation mechanisms to foster SME growth, entrepreneurship, and innovation in Suriname. The roadmap should also include recommendations to strengthen institutional capabilities and improve coordination among relevant stakeholders.

2.2 **Expected Results.** By the end of the Technical Cooperation, Suriname will have an action-oriented roadmap that strengthens the institutional and policy framework for business development and competitiveness. The TC will lead to improved regulatory efficiency, greater access to finance, better business environment and enhanced support mechanisms for MSMEs and startups. It will also result in stronger institutional capabilities and coordination within public agencies and business support organizations, enabling more effective program design, coordination, and implementation in private sector development.

2.3 **Beneficiaries.** The direct beneficiaries of this Technical Cooperation will be the Ministry of Economic Affairs, Entrepreneurship and Technological Innovation (EZOTI) and other public institutions involved in private sector development, innovation, and entrepreneurship promotion, which will benefit from strengthened institutional and technical capacities, improved coordination mechanisms, and access to a strategic roadmap to guide evidence-based policymaking and program design. If the roadmap is implemented, the final beneficiaries will be Micro, Small, and Medium-sized Enterprises (MSMEs), startups, and business support organizations across Suriname, which will indirectly gain from a more enabling business environment, improved access to support services, and enhanced institutional coordination, ultimately contributing to increased private sector dynamism, job creation, and greater economic resilience.

2.4 The team will explore opportunities for collaboration and synergies with the ONE Caribbean SME technical assistance facility.

### III. BUDGET

3.1 **Budget.** The total cost of the project would be US\$100,000 financed entirely by the W2C - OC SDP Window 2 – Institutions. The operation will be executed by the Competitiveness, Technology, and Innovation Division (CTI) over a period of 18 months. No local counterpart or in-kind contribution is expected.

Components	W2C-OC	Local	Total
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Component 1: Develop a comprehensive roadmap to strengthen the business development environment and enhance competitiveness in Suriname, with a particular focus on empowering Micro, Small, and Medium-sized Enterprises (MSMEs) and startups.	100,000	0	100,000
<b>Total</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>

#### IV. EXECUTION STRUCTURE

- 4.1 The TC will be executed by the Inter-American Development Bank (IDB), based on a request by the beneficiaries, in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through the Unit of PTI/CTI. This unit has extensive knowledge and experience in the designing and evaluation of policy instruments and initiatives aimed at promoting productive development and support SMEs. Direct execution by the IDB is justified by the need for agile and technically specialized implementation to build capacities into the beneficiary entity. The IDB has supported the implementation of similar initiatives in the region, which demonstrates proven capacity to ensure technical and methodological quality and knowledge transfer. At the same time, implementation will be carried out in close collaboration with EZOTI to ensure relevant and high-quality support throughout the different stages of implementation. This approach guarantees complementary execution, where the Bank contributes its technical expertise and international experience, while EZOTI absorbs this learning, brings local knowledge and creates local conditions that enable the development of the initiative. Additionally, PTI/CTI has experience in identifying and supervising consultants to ensure the quality and timeliness of the products and results of this technical cooperation.
- 4.2 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.3 **Execution and Disbursement Period.** The TC will be executed during an 18-month period.
- 4.4 **Monitoring, Reporting, and Supervision.** PTI/CTI will be responsible for execution and supervision of this TC and will coordinate with COF/CSU outputs dissemination activities and necessary progress reporting. Monitoring and

reporting are subject to the Technical Cooperation Monitoring and Reporting System (TCM).

## **V. POTENTIAL RISKS**

- 5.1 There is a risk that the project may face limitations related to: (i) the availability and quality of data on available support services for MSMEs; and (ii) the level of engagement and responsiveness from key public and private stakeholders necessary to validate findings and co-create the roadmap. These risks will be mitigated through: (i) close collaboration with stakeholders to ensure robust analysis; (ii) continuous coordination with EZOTI to ensure all relevant stakeholders participate; and (iii) communication and awareness-raising efforts to highlight the importance of strengthening MSME support services.

## **VI. EXCEPTIONS TO BANK POLICIES**

- 6.1 No exceptions to any Bank policy is contemplated for the implementation of this TC.

## **VII. ENVIRONMENTAL AND SOCIAL ASPECTS**

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

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### **REQUIRED ANNEXES:**

- Annex I: [Request from Client](#)
- Annex II: [Results Matrix](#)
- Annex III: [Terms of Reference](#)
- Annex IV: [Procurement Plan](#)