

Sector Studies

SURINAME

Rural Sector Note



FAO/World Bank Cooperative Programme
Latin America and the Caribbean Service
Investment Centre Division



This Rural Sector Note was prepared by an FAO Investment Centre mission (Paolo Lucani), within the framework of the FAO/World Bank Cooperative Programme. In FAO the Study was coordinated and supervised by Selim Mohor, Chief of the Latin America and the Caribbean Service of the Investment Centre Division.

It is based on an exhaustive review of available literature on the subject including documentation from the Surinamese Government, multilateral and bilateral donors and agencies and a field visit in February 2005 to discuss issues and options with Government officials and institutions involved in the agricultural sector.

The findings and conclusions presented in the report are the responsibility of the authors and do not represent the views of FAO or the World Bank.

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SECTOR STUDIES

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MAP OF SURINAME

AGRICULTURAL SECTOR PLAN

TABLES

ACRONYMS

ACP	Africa, Caribbean, Pacific
ADRON	Rice Research Station
Alcoa	Aluminium Company of America
ASP	Agricultural Sector Plan
ASP	Agricultural Sector Plan
BMS	Billiton Maatschappij Suriname
CARICOM	Caribbean Community
CELOS	Research Foundation on Fisheries, Forestry and Soils
CIS	Conservation International Suriname
CSNR	Central Suriname Nature Reserve
CSNR	Central Suriname Nature Reserve)
DFID	Department for International Development UK
ECLAC	Economic Commission for Latin America
EDF	European Development Fund
EIU	Economist's Intelligence Unit
EMBRAPA	Empresa Brasileira de Pesquisa Agropecuária
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FOB	Free on Board
FOT	Free on Truck
GDP	Gross Domestic Product
GEF	Global Environment Facility
GLIS	Land Registration System
GPOV	Government body responsible for the oil palm sector
I&D	Irrigation and Drainage
IADB	Inter-American Development Bank
ICZM	Integrated Coastal Zone Management
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IICA	Inter-American Institute for Cooperation on Agriculture
IMF	International Monetary Fund
IPM	Integrated Pest Management
JSOOC	Jan Starke Training Centre of the Forest Service
LAC	Latin America and the Caribbean
MAAHF	Ministry of Agriculture, Fisheries and Animal Husbandry
MDP	Multi-annual Development Plan
MFN	Most Favoured Nation
MNR	Ministry of Natural Resources
MOP	five-year medium term plan
NIMOS	National Institute for Environment and Development
O&M	Operation and Maintenance
PLOS	Ministry of Planning and Development Co-operation
PRSP	Poverty Reduction Strategy Paper
SEL	Foundation for Agricultural Experimentation
SFA	Special Framework Assistance
SML	Government para-statal holding
SRO	State Rice Organization
STINASU	Foundation for Nature Conservation

STIVI	Foundation for Fisheries Development
Suralco	Suriname Aluminium Company
The SBB	Foundation for Forest Management
UK	United Kingdom
UNDP	United Nations Development Program
USAID	US Agency for International Development
US	United States
WB	World Bank
WINBAN	Windward Island Banana Association
WTO	World Trade Organisation

SUMMARY AND CONCLUSIONS

(i) *Suriname's economy is dependent on resource-based industries particularly bauxite, oil and gold and to a lesser extent on agriculture, fishing and logging. Of the 16.4 million ha of total land in Suriname 1.5 million ha are considered to have potential as agricultural land, 85% located in the coastal plains and the remaining 15% on the river terraces in the interior. As a consequence of a long term declining trend at present there are only about 30,000 ha under annual crops mostly irrigated, about 6000 ha under perennial crops including bananas and about 20000 ha under pastures. It is estimated that there are about 12,000 holdings (down from about 24,000 in 1980). Most of the smallholders are part-time farmers.*

(ii) *The main annual crops are rice and vegetables, the main perennials are bananas/plantains, coconut and citrus. Sugarcane production has stopped in 1992 because of too high production costs, declining prices and managerial problems and industrial oil palm production has practically been discontinued since 2001. The interior population, less than 15% of the total (total population is about 450,000), is practising shifting cultivation on a subsistence basis, carried out mainly by women.*

(iii) *Rice is exported duty-free within the CARICOM area and enters the EU under the Cotonou preferential trade agreements. Suriname's rice production faces a number of difficulties due to low productivity, high input costs, and a growing debt-service burden. The termination of the Cotonou agreement by 2007 will make this situation worse unless the industry becomes competitive on the world markets. This is possible: recent research shows that lowering cost of production and increasing yields is technically and economically feasible and that the Surinamese rice industry has a potential comparative advantage at least within the CARICOM area.*

(iv) *The banana industry has been affected since 1997 by the uncertainty about the future of the EU preferential policies and by management, financial and marketing and technological problems related to old infrastructure and inefficient irrigation network and poor genetic material. This situation complicated by a strike of the banana plantation workers, led in early 2003 to a suspension of production and exports. A dramatic change took place later in the year when with the assistance of grants from the EU, Surland, the state banana company, was able - under a strong new management team - to undertake a massive rehabilitation effort with the plantation of new varieties, modernisation of the irrigation network and infrastructure rehabilitation. Exports were resumed in March 2004.*

(v) *Fishery is important for its contribution to GDP and to foreign exchange earnings but also as it provides employment to about 5000 people both fishermen and staff of the 16 processing plants. Industrial fishing activities are carried out by shrimp and fisheries trawlers. The number of trawlers is decreasing because of high operating and fuel costs and also because of declining catches for over fishing. Foreign boats need licence to fish but the surveillance system has very limited means and monitoring of the catch is therefore extremely difficult.*

(vi) *Three quarters of Suriname's surface is covered with rainforest, one of the world's few remaining large blocks of pristine rainforest with still little population pressure. Suriname's forests are also home to a rich variety of plant and animal species and biodiversity. About 4 to 5 million ha in the middle belt of the country, can be used for economic timber production, the rest left as natural reserve or national parks. Timber production has been stagnating in the last few years but there are plans to increase forestry exploitation based on a strict control of licenses.*

Suriname has one of the most advanced forestry legislation, integrated by a Nature Conservation Act and a Forestry Policy paper which provide guidance for the sustainable management of forest concessions and establishment of Protection Forests. Similar attention is given to conservation of natural resources, sustainable use and conservation of biodiversity and environmental protection. A number of policy statements have been issued resulting in a moratorium on large scale logging operations in critical ecosystems and in the creation of the Central Suriname Nature Reserve (CSNR), a 1.6 million has corridor of undisturbed, uninhabited primary rain forest. The major threats to forestry and the ecosystems derive from the expansion of the mining and processing of bauxite and gold.

(vii) The Suriname land tenure system derives from the framework originally designed by the early European settlers to promote and guarantee a high level of productivity in the agricultural sector. Land was owned by the state and issued to farmers under the condition that either it was cultivated or it would be expropriated. Still today the state leases land, following the land tenure system established in the 17th century, under the conditions that the obligation to develop is met. There are a number of problems arising out of the present system which result in difficult access to land by farmers who would like to increase their holdings or start new farms, land used for speculation or left idle by absentee landowners. There is a widespread belief that if the Government of Suriname wants to create dynamic lands market and stimulate economic productivity by enlisting land as a catalyst in this process, more consideration should be given to the re-introduction of freehold title regimes not encumbered by unnecessary administrative restrictions inherited from a colonial past.

(viii) An Agricultural Sector Plan (ASP) has been completed in mid 2004 with Dutch Government assistance and it has been formally endorsed by Government. The causes of the stagnant (if not declining) agricultural sector trends are found in structural issues including mainly the state interference into production and processing activities and the proliferation of parastatal companies; this distracts the state from its primary functions it is the cause of its poor delivery in terms of adequate policies, programmes, normative and support activities. The obvious conclusion is that the State should concentrate on specific subsectors such as education, research and extension focussing on development of human resources, on creating a suitable environment for the private initiative and on normative and regulatory aspects. A number of first phase priority projects have been identified and a few of them are already being implemented with Dutch Government financing. The entire programme for a total cost of about € 46 million should be developed over a period of 5 years

(ix) In addition to the above, Dutch government funding other relevant financial assistance is provided by IDB with a Sector Civil Service Reform Program, a Poverty Reduction Project and a Technical Assistance Grant for a Sustainable Tourism Project. In the pipeline there are programmes/projects on trade, social safety nets, financial sector reforms and a project already at advanced preparation stage to finance a land tenure/land administration project as soon as there is Government formal decision to go ahead with it.

(x) The EU concentrates its assistance on the transport sector including the harbour rehabilitation programme, reforms related to the port authority, reforms of customs and other related infrastructure works. The banana industry has been allocated about € 20 million under the SFA regional programme for the period 1999-2008, the rice sector about € 9.2 million

(xi) *Suriname is endowed with abundant natural resources and ample possibilities for a diversified agriculture. Still the growth of the sector is hampered by a number of issues which need immediate attention to avoid a future serious crisis. These are related to the overall macroeconomic environment, the lack of an appropriate legislative and incentive framework for the private sector to invest in agriculture, the still uncertain future of state owned companies, the top-down, centralised decision making process and planning strategies, the absence of active and organised farmers associations and constituencies at grassroots level, the poor state of Irrigation and Drainage (I&D) and transport infrastructure, the lack of public or private institutions or agencies which could support private initiative and facilitate contacts between producers and external markets, the disconnect between the large scale investments arranged directly by Government institutions with concessionaires and/or private investors from the outside and the local people who are rarely consulted in the decision making process and the continuing emigration of young qualified people. In this framework the small Surinamese agricultural sector which suffers from low productivity and high production costs will have to face very soon, the termination of the preferential EU trade arrangements for banana and rice, its two main crops.*

(xii) *Agricultural sector growth is important for a balanced and harmonious development of the Surinamese economy. It has impact on poverty, social and environmental issues and on a new vision of the rural areas as a space where there are opportunities for investment, employment, income generation and attractive living conditions comparable if not better than those of the towns.*

(xiii) *A first important step has recently been taken by Government with the formal endorsement of the ASP, recognising the need for structural changes and the critical importance of private sector participation to support the implementation capacity of the sector's institutions which are weak, inadequately staffed and not in the position to effectively implement an ambitious program of reforms.*

(xiv) *On this basis and considering the priorities outlined by the ASP for implementation of a first phase project and donors' commitments it is possible to envisage an approach that starting from the premise that the availability of funds to support the execution of investment projects in the agricultural sector is not a limitation (there are commitments by the Dutch and Surinamese Government for all the first phase ASP projects and by the IDB for a possible future Land Tenure project), would complement ongoing programmes and focus on a few important bottlenecks that are still left pending or have not been given the necessary relevance in terms of concrete operational solutions. These include questions related to how to cope with implementation capacity issues at all levels, how to start tackling the problem of private sector incentives to invest in agriculture, how to change the negative image that the young generation has of agriculture and how to increase the supply of technical and higher level staff.*

(xv) *Specific action programmes could be designed for this purpose to support activities in capacity building and measures to create an appropriate incentive framework for the private sector. Other components could include a new approach to small rural communities in the hinterland, some specific assistance to the Forestry Authority to be created in the near future, and complementary measures to rehabilitate and modernise the national forestry industries.*

(xvi) *The preliminary conclusions put forward in this Rural Sector Note may be used as basis for further discussions between the Government and the World Bank to ascertain the mutual interest in any programme or project follow up. Although the problem of funding does not seem to*

be a critical constraint at this stage, it may be important to underline in any future context, that eventual World Bank involvement in development financing of the agricultural sector in Suriname could be of paramount importance for the experience and comparative advantage that the Bank has in dealing with grassroots level projects, capacity building, creating an appropriate incentive framework for the private sector and agricultural services.

SURINAME

RURAL SECTOR NOTE

1. INTRODUCTION

1.1 The Rural Sector Note has been prepared by a mission of the Investment Center of FAO on the basis of an exhaustive review of available literature on the subject including documentation from the Suriname Government, WB, IMF, IADB, IFAD, EU, GEF, UNDP, FAO, IICA, CARICOM, ECLAC, DFID, the Netherlands Government, the EIU, USAID, and a field visit in February 2005 to discuss recent and ongoing developments, issues and strategic options with Government officials of the Surinamese institutions involved in the agricultural sector¹. Representatives of multilateral and bilateral development agencies with offices in Paramaribo were also contacted.

1.2 The Note does not pretend to be a complete review of the many complex issues of the Surinamese agricultural economy. Its purpose is to update available knowledge on the sector and eventually serve as a basis for further discussions between the Government and the World Bank on programmes and projects of mutual interest for follow-up.

¹ Agricultural statistics used in the report are those published by the MAAHF. Given the absence of any recent agricultural census data they should be interpreted only as orders of magnitude.

2. BACKGROUND

General

2.1 Suriname situated on the Northeast Coast of South America, covers an area of about 164,000 sq. km of which more than 80% is tropical rainforest. Population is about 450,000 concentrated in the cultivated narrow coastal strip 620 km long. About half of it lives in the capital, Paramaribo and another 100,000 in semi-urban areas close to the capital. Large areas of the Suriname's interior are almost entirely uninhabited, except for some scattered Maroons¹ and Amerindian settlements, who still practise shifting agriculture. For a number of reasons including access to health and education facilities and unattractive employment opportunities in the rural sector, urbanisation has increased dramatically from about 50% in 1975 to the present 90%. Suriname is divided into 10 administrative districts, each headed by a district commissioner.

2.2 Besides the above Maroons and Amerindian communities, roughly one-third of the population are creole descendants of African slaves; another one-third is of Indian origin descending from Indian indentured labourers and about one-sixth are ethnically Javanese. There are also Chinese, Brazilians and Guyanese minorities. Average population growth slowed to about a half of one percent per year between 2000 and 2004, from 1,2% in the early 90's as a result of a sharp drop in fertility rates and emigration (para 13).

2.3 Suriname's climate is tropical, characterized by high rainfall, high humidity and hot temperatures which are modified by the NE trade winds. There are four seasons, two dry seasons from August to November and February to April as well as two wet seasons from April to August and November to February, although none of the seasons are completely wet or dry. Average annual precipitation in Paramaribo is 2,200 mm.

2.4 Much of Suriname's economy is dependent on the traditional resource based industries particularly bauxite, oil and gold and to a lesser extent on agriculture, fishing and logging. Main agricultural commodities are rice and bananas. Major export products include aluminium, shrimp, rice, bananas, lumber, gold and crude oil. Food imports are mainly wheat and flour, fats and oils, animal products and sugar for an estimated US\$50million per year.

2.5 With a per capita income of about US\$ 2200 in 2002 Suriname belongs to the lower middle income countries according to the World Bank classification of July 2004.

Economic Performance since the 80's

2.6 With civilian governments overthrown by military coups, the 1980s were a period of almost uninterrupted economic decline, with irresponsible fiscal and monetary policies, the suspension of international aid and investment following the period of civil unrest of 1982, and guerrilla attacks on bauxite and aluminium plants and electricity supplies. After an uneven

¹ Otherwise called "Boesnegers", descendants of slaves who had escaped from captivity.

performance in the early 1990s, an economic revival began in 1995 supported by a sharp increase in international bauxite and aluminium prices, greater openness to foreign investment and a recovery in domestic demand, facilitated by increased currency stability.

2.7 GDP expanded by an estimated 5% in 1995, 11% in 1996 and 7% in 1997, but macroeconomic stability began to deteriorate in that year, given the upward pressure on fiscal resources created by a 50% increase in public-sector salaries for civil servants. GDP growth slowed to 2.2% in 1998 amid unfavourable export prices and growing uncertainty about economic policy. Following a recession in 1999-2000, largely caused by domestic mismanagement¹, growth picked up in 2001 with an expansion of 4.5% supported by good aluminium and oil prices. In 2003 GDP expanded by 5.6% and in 2004 by 4.2%².

2.8 By far the largest economic sector in Suriname is the state which accounts for about 15-17% of GDP and employs 50-60% of the total work force³. Agriculture contributes about 7 to 10% of GDP and about 15% of total employment; mining about 7% and 4% respectively (about 1500 workers in the bauxite industry and 1000 in gold mining). There is relatively large informal and financial sector which make up another 30 to 40% of GDP⁴.

2.9 Bauxite processed into alumina is the most important mineral product followed by gold and crude oil. Suriname⁵ is among the world ten largest bauxite producers with a share of 4% of the world market. The central government's earnings from the bauxite industry rose to about US\$38m in 2003, from US\$30m in 2001. Yearly about 300 million US\$ of alumina is exported. Long-term prospects for the industry depend on the Bakhuis Mountains reserves in western Suriname⁶ as existing deposits are expected to last only for another 6-7 years. Gold production should be about 7-800,000 ounces. The richest and most accessible alluvial deposits in the Marowijne district are close to depletion.

2.10 After alumina (65-70% of total recorded exports value), Suriname's main other exports are shrimp and fish (10-12%), crude oil (12%)⁷, rice 4% and lumber (1%). Banana exports have only recently been resumed (para. 16).

¹ The real GDP of 2000 was the same as that recorded in 1996.

² Past economic and political instability has been the cause of chronic inflation, extremely high compared with other Caribbean and most Latin American countries. The rate was reduced from over 100% to 60% in 2000 and it is estimated now at about 15-20%. The stabilisation programme has been supported by a currency change in 2004 from the Surinamese Guilder to the Surinamese dollar.

³ The central government has over 36000 persons on its payroll or about 40% of total employment. Adding an estimated 15000-17000 workers in about 120 public enterprises and parastatal agencies the total rises to about 60% or about 12% of the total population

⁴ It should be noted that available statistics do not adequately capture economic activity in the country. The large informal sector includes activities in gold mining, wholesale and retail trade, drug trafficking and other illicit cross border trading and it is probably underestimated. There are also substantial income transfers from abroad.

⁵ The Suriname Aluminium Company (Suralco) is a subsidiary of the Aluminium Company of America (Alcoa), and Billiton Maatschappij Suriname (BMS).

⁶ In January 2003 the Government signed a MoU with the two bauxite companies to develop the area, which has estimated reserves of 400m tonnes.

⁷ Of the 170 million proven reserves some 42 million have already been produced. The annual turnover is about 100 million US\$ with a gross profit of 37 million. The prospects for larger offshore oil deposits are promising, but to date no commercially viable deposits have been discovered.

2.11 Wages in the bauxite industry¹ and in the financial sector are significantly higher than in the rest of the economy with agricultural wages well below the average. The labour force is generally well educated (literacy over 90 percent). However, Suriname has suffered from brain drain since independence in 1975, exacerbated in the early 1980's after the military coup. A decline in purchasing power, in 1993 and 1994, resulted in a further loss of skilled workers and managerial capacity. The brain drain is likely to continue given the large under 30 population, and the limited opportunities for gainful employment.

¹ Around US\$ 400 per month for mine workers.

3. THE RURAL ECONOMY

3.1 Of the 6.4 million ha of total land in Suriname 1.5 million ha are considered to have potential as agricultural land, 85% located in the coastal plains and the remaining 15% on the river terraces in the interior. However at present there are only about 30,000 ha under annual crops mostly irrigated, about 6000 ha under perennial crops including bananas and about 20000 ha under pastures¹. About 50% of the land in farms is in small scale farms (less than 12 ha for rice) while the rest is large landholdings (parastatals/commercial farmers²) concentrated on the coastal belt. It is estimated that there are about 12,000 holdings (down from about 20,000 in 1980) most of them farmed by small family units. Most of the smallholders are part-time farmers³.

3.2 The main annual crops are rice and vegetables, the main perennials are bananas/plantains, coconut and citrus. Sugarcane production has stopped in 1992 because of too high production costs, declining prices and managerial problems and oil palm production has practically been discontinued since 2001. The interior population, less than 15% of the total, is practising crop farming on a subsistence basis, carried out mainly by women. Shifting cultivation (slash and burn) is the norm. Smallholder produce, mostly fresh vegetables, fruits and pulses, are sold domestically and marketed through retailers in street markets or directly to consumers at home.

An Historical Perspective

Mechanized rice farming was introduced with support from Dutch development aid in the mid 50s with the creation of the Foundation for the Development of Mechanized Agriculture. The “Wageningen Project” was one of the first major initiatives in mechanized rice farming. A 5000 hectare farm was established and some 64 Dutch families immigrated to manage individual farms. The project was very successful and by 1975 large-scale agricultural undertakings dominated the sector in terms of production. By the early 1980s production in the rice sector peaked at 300.000 tons of wet paddy. In the 1960s production of bananas became increasingly significant. Two large plantations were established, one west of Paramaribo at Jacariba, and one in Nickerie, on the upper west side of the country. Regular export to Europe took place with ships built especially for the transport of the fruit that would ripen while in transit. In the 1970s two palm oil plantations were established, one in Victoria, some 80 km. south of Paramaribo, and the other at Patamacca, some 40 km south of Moengo. The palm oil factory was established at Victoria, and in addition to local consumption Suriname began to export palm oil. The sugarcane plantation at New Amsterdam was established in the 70s and remained in operation albeit partially, until 1992.

¹ Statistics to be interpreted with caution as the last agricultural census dates back to 1980.

² Not all the land in farms is cultivated. Some of these lands and especially those under parastatals responsibility are left uncultivated. Also a number of large rice farms under private management have been left idle because of marginal financial viability.

³ In 1981, the agricultural census identified 20.328 holdings of which 93% were less than 10 ha. The largest recorded holding is 10.000 ha, a government parastatal (SML), once involved in rice and livestock. Land is reported to be left idle, at present.

Crops

3.3 Rice is cultivated on about 26,000 ha¹ double cropped with a yield of about 4-4.5 tons of paddy per crop (8-9 tons per ha per year) and a total production of about 194,000 tons of paddy per year of which about one third is exported. Rice is exported duty-free within the Caribbean Community (CARICOM) area and enters the EU under the Cotonou agreement² at a lower rate of duty than non-Cotonou rice imports. Changes in the EU preference system agreed in the late 1990s are making access to the EU market more difficult for Cotonou exporters. Moreover, Suriname (and Guyana) has to compete in the main CARICOM market, Jamaica, with subsidised US PL480 rice to which Jamaica has tended to give preference for a variety of reasons including inter alia the possibility of delayed payments. With falling world market prices, the difficulties for local farmers were compounded in 1998-2000 by the need to pay for inputs at the parallel-market exchange rate, while receipts were based on the (lower) official rate. Even with restored exchange-rate stability in 2001, market prices³ were around one-third below production costs and this, together with the poor state of infrastructure, high input costs, competition from Guyanese imports and a growing debt-service burden, sharply reduced area planted and production by about 20% in 2002. From 2003, the EU has allocated € 9.5m (US\$11m) in special funding for the rice industry in Suriname to finance rehabilitation of infrastructure, credit for annual operating costs, on farm investments and research and training with the objective of supporting the rice industry in its effort to become competitive on the world markets. The Rice Research Station ADRON, has evidence that lowering cost of production⁴ and increasing yields is technically and economically feasible and that at a market price of about US\$ 220 per ton the Surinamese rice industry can still show satisfactory margins⁵.

3.4 Until 2001 banana production (about 30-35000 tons per year) and exports (some US\$6-8million per year) made it the second most important crop after rice with a share on total exports of about 2-3%. Bananas were produced by Surland a state owned company (there are almost no smallholder's banana plantations) and were mostly exported to UK under the Lomé and Cotonou preferential agreements. Since 1997 the industry has been affected by the uncertainty about the future of the EU preferential policies, management problems, technological problems related on the one side to outdated equipment and facilities and on the other to variety problems and poor irrigation network. On the financial side there have been inconsistent exchange rates (the same as for rice-see above), declining banana prices as well as the dependence from one single exporter in the UK with banana prices set at FOB level and no control from the company on actual transport cost and further marketing arrangements. This situation complicated by a strike of the banana plantation workers, led in 2003 to a suspension of production and exports. A dramatic change took place in late 2003 with the assistance of SFA (Special Framework for Assistance) grants from the EU (para. 48) which have been used by Surland to rehabilitate the plantation (1850 ha in total in two sites of which 900 actually in production) with new varieties, modernise the irrigation network and the management system. Exports were resumed in March 2004

¹ There are more than 50,000 ha with irrigation network to be rehabilitated and suitable for rice planting of which only half utilised because farmers find uneconomic to plant.

² Previously the Lomé Convention.

³ Present prices paid to farmers are around US\$ 86 per ton of paddy which compares reasonably with import parity prices.

⁴ Minimum tillage, reduced seed rates, IPM pest control, reduced input prices through more transparent import procedures.

⁵ ADRON: Rice Research and Breeding Policy, Consultancy Report June 2001.

production reaching about 13000 tons during the first half of 2004, with yields up to about 40-50 tons per ha, the highest yields in the CARICOM countries. Output is expected to increase to 65,000 tons in 2005 as more rehabilitated land comes into production. Exports are now through a new agent in Europe connected to a network of buyers with Surland taking responsibility for transport overseas. This way, Surland receives the actual price at wholesale (FOT¹). Further expansion of the plantation is possible provided labour availability problems and future market arrangements with the EU are satisfactorily sorted out².

3.5 **Fruits and Vegetables:** Fruit growers are found in the entire coastal areas of Suriname. Some 3000 smallholders (mostly part time farmers) are reportedly involved in commercial vegetables production on about 1500 ha. Vegetables and fruits are for the local market although there are increasing exports mainly to French Guyana and the Netherlands. About 50 tons of vegetables are exported by air on a weekly basis to a niche market in the Netherlands. Fruits and vegetables are generally consumed fresh but there is a growing market for processed fruit by small to medium³ size cottage industries some of which produce for supermarkets and small retail shops. Although the quantity of raw material required by the average cottage industry is small, there are supply problems because of the scattered production pattern and the lack of interest by producers to engage in commercial production on a contractual basis because the increased scale of operations would imply increased costs of production. There are also problems of availability of quality seed and genetic material, poor technology and inputs. These issues are being looked at by a Dutch financed project and the FAO Food Security Project (para 50). There are some limited flower exports, the outcome of some private initiative in collaboration with the Belgian Government.

Livestock

3.6 The coastal plains are suitable for animal husbandry and large cattle farms had been established near the sea and up to the transitional zone to the interior region. During the civil war of the early 80s the three existing large cattle ranches (4000 ha in total) and the one in Wageningen all state owned, were abandoned and up to now there has been neither any firm intention by Government to divest those properties or restart the production units nor interest shown by private sector investors⁴. The beef herd has substantially decreased (number of cattle is not known with any certainty and a registration program is currently ongoing) and its off take in terms of animal numbers is neither sufficient to satisfy domestic meat consumption nor the

¹ Free on Truck.

² The ACP (Africa, Caribbean, Pacific) countries are allowed a preferential no import duty applied, access to EU markets while 3rd countries are applied a tariff of € 75 per ton. The quota assigned to ACP countries under the Cotonou arrangement is 750,000 tons. Licenses have been released to banana importers for the 750,000 tons and if Suriname wants to export it has to buy such licenses (€ 2.5 per box or 25% of the total price received per box) from importers. (Some Caribbean countries have such licenses as they have set up trading companies -WINBAN- for the purpose). For non ACP countries the tariff is US \$ 75 per ton within a total quota of 2.2 million tons; outside this total the tariff becomes € 680 per ton. The 2.2 million tons quota will be abolished by 2006 and it will be replaced by the MFN (Most Favoured Nation) quota. There is currently a proposal to the EU Commission for a tariff of about US\$ 230 per ton for non ACP countries as from 2007.

³ There are about 10 medium size fruit and vegetable processing plants operating at 40% capacity because of irregular supplies.

⁴ Issue related to access to land and difficulties in obtaining import licenses for cattle have reportedly been quoted as main constraints for perspective private sector investors.

potential demand by livestock farmers for herd build up. In dairy the country is about 50% self sufficient with an average daily production of about 15,000 litres of which 4-5000 litres is fresh milk by some 350 registered double purpose producers and the rest is reconstituted milk from imported milk powder¹. There has been little investment in dairy farms development in the last few years as price of fresh milk at farm gate was too low for the business to be profitable. Only recently farm gate prices have been increased to more remunerative levels. A significant investment was recently made in a modern meat processing plant licensed to comply with the most stringent export requirements, but the plant has not yet been able to start production and it is reported to be in financial difficulties.

3.7 The swine and poultry industries are relatively developed with the production of pork meat being able to meet total domestic consumption unlike poultry meat of which about 60% has to be imported. Both the poultry and swine industries depend totally on imported feed mixed locally with corn and rice and suffer common problems of too high feed costs and for poultry, the competition from imported cheaper products from USA and Brazil. The poultry industry suffers from the traditional ups and downs characteristic of a situation at the margin of economic feasibility.

Fisheries

3.8 Fishery in Suriname is important not only for its contribution to GDP and to foreign exchange earnings (about US\$ 40-50million per year) but also as it provides employment to about 5000 people both fishermen and staff of the 16 processing plants. The fishery industry includes industrial (offshore), coastal, brackish-water and freshwater fisheries, and aquaculture.

3.9 Industrial fishing activities include the shrimp-trawling fishery, finfish trawlers, pelagic fisheries trawlers and seabob (Guyana type boats) trawlers. The number of trawlers has decreased from 170 in 1978 to 120 at present (of which 100 for shrimp) because of high operating and fuel costs and also because of declining catches for over fishing². Foreign boats need licence to fish but the surveillance system is not up to the required standards and monitoring of the catch therefore extremely difficult.

3.10 The industrial fish and shrimps processing plants buy their raw material from artisanal fishermen, catch from the shrimp trawlers, the fish trawlers and from Venezuelan hand liners and produce smoked and salted products, according to Surinamese standards. Fish is mainly exported to Europe (54%), USA (30%), the Caribbean (9.5%), shrimps to Japan (90%), Europe and USA.

3.11 Suriname has an extensive waterway network. Freshwater fish found in waterways in the interior and swamp areas in the coastal plains and brackish water fish in the estuaries of the main rivers contribute an important part of the diet of the population. For the interior population it is often the only source of animal protein³. Attempts have been made for fish culture in the Van

¹ Milk powder is imported from The Netherlands at subsidized prices. The final consumer price is therefore lower than the price paid to the producer for fresh milk.

² A biomass inventory program to investigate resources is needed for the whole subregion including the Guyanas, Surinam, Brazil, Venezuela i.e. the Guyana shelf.

³ Gold mining in the interior may have a relevant hazardous impact on the population of the interior because of mercury pollution of rivers and consequent contamination of fish.

Blommenstein Lake with poor results because of the presence of predatory species (piranhas) and obstructions by dead trees.

3.12 Two companies are involved in aquaculture mainly for shrimp production but are struggling to remain competitive as feed and larvae have to be imported.

Forestry, Environment, Natural Parks

3.13 About 15 million hectares out of the total 16.4 million are covered with rainforest representing one of the world's few remaining large blocks of pristine rainforest with still little pressure from growing population moving in to clear new land for agriculture. Suriname's forests are also home to a rich variety of plant and animal species and biodiversity. The SBB (Foundation for Forest Management - a Government body under the Ministry of Natural Resources: MNR) estimates that of the 15 million ha, 10 million are not suitable for timber exploitation and should be maintained as reserves to ensure the environmental management of the clean water catchments areas and biological diversity and that about 4 to 5 million ha can be used for timber production. These latter are located in the middle belt of the country (the forestry belt)¹.

3.14 The 1990s saw several foreign investors secure major timber concessions in the interior, but most of these companies have ceased operations a few years later because of the low intensity of high value species, of the several conflicts arising in areas farmed by Maroon or Amerindian people, and for the significant resistance by major environmentalists groups. Production has been stagnating at around 150,000m³ per year with exports in 2002 for a value of about US\$ 4million. Present plans are for increasing forestry exploitation in the forestry belt over the next 5 years to some 500/600,000m³ per year. Concessions to forestry companies may be up to 150,000 ha for 20 years renewable.

3.15 Almost the entire forestland in Suriname is state-owned. Deforestation is negligible. During the last 10 years, less than 1% of the forest land of Suriname has been converted into other uses, primarily for mining purposes. The MNR² through the Forest Service and the SBB is in charge of the overall management and control of public forests with other agencies responsible for specialised aspects as the Ministry of Trade and Industries for the wood processing industry; the JSOOC (Jan Starke Training Centre of the Forest Service) for the training of lower level staff; and the Centre for Agricultural Research of the University of Suriname for forestry research.

3.16 The Nature Conservation Act of 1954, the Forest Management Act of 1992 and the recent Forestry Policy paper of 2003³ provide guidance for the sustainable management of forest concessions and for the establishment of Protection Forests and Specially Protected Forests. The Act requires that forest inventories be conducted prior to issuing a concession, and management and exploitation plans prepared prior to the commencement of logging. The Act also provides for

¹ The SBB estimates that of the 4-5 million ha about the half would be productive in terms of high value species. This would leave about 2 million ha for timber production with selective cutting. Estimated production could be 20 m³ per ha on a 20 years rotation i.e. 1 m³ per ha per year. Therefore, about 2million m³ could be harvested each year on a sustainable basis.

² The MNR has three Departments: the Land Management Department, the Forestry Department and the Mining Department.

³ Prepared with FAO assistance. It is reported to be one of the most up to date forestry policy statements in terms of international trade requirements and sustainable exploitation of natural resources.

the establishment of communal forests for the benefit of tribal groups in the interior where they can settle and practice agriculture. About 500,000 ha within the above 2-2.5 million ha have been allocated to tribal groups for this purpose. Leases are extended to local communities on an indefinite basis, giving them preferential access to their ancestral territories. The Forestry industry is organized in several associations. There are different associations for loggers, saw millers, wood producers and wood exporters.

3.17 The major threats to forestry and the ecosystems derive from the expansion of the mining and processing of bauxite as well as from the mining and processing of gold. These cause siltation and mercury pollution in rivers throughout the interior, often upstream from villages. There are a number of additional problems: limited capacity within the government to enforce protected areas status and manage existing areas or provide the necessary infrastructure, dependence of the economy on the extraction of natural resources, the relatively small national conservation community, the lack of capacity to integrate conservation objectives into development planning and inadequate legislation and operational capacity to control the cross-border wildlife trade. The unstructured communities of thousands of miners which can barely be controlled by the local authorities complicate any possible government intervention. Lumber extraction on land used by Amerindians and Maroons tribes may have a damaging impact on the game population and depriving these communities of the resources they need to survive if not adequately controlled and supervised.

Surinamese Rainforest Maroons and Amerindians

There are six Maroon people in the Surinamese forest: the Saramaka, the N'djuka, the Kwinti, the Maatawai, the Aluku and the Paramaka. Maroons and Amerindians complain of their limited ability to participate in decisions affecting their lands, cultures, traditions and natural resources as the nation's political life, educational opportunities and jobs are concentrated in the capital and its environs, while the majority of Amerindians and Maroons live in the interior. Government services in the interior became largely unavailable and much of the infrastructure was destroyed during the domestic insurgencies of the 80s and progress in re-establishing services and rebuilding the infrastructure has only recently been accelerated. Organisations representing Maroon and Amerindian communities complain that small scale mining operations dig trenches that cut residents out of their agricultural land and threaten to drive them away from their traditional settlements. Mercury run off from these operations also contaminates traditional food resource areas. The concession policy has met with some controversy as concession sites sometimes run through the indigenous land of tribal communities. Grassroots organisations continue to stress the importance of linking and complementing multinational concessions with local and regional sustainable development and Maroons and Amerindian groups cooperate with each other in order to exercise their rights more effectively. A major issue came up with a concession to a Chinese firm for the establishment of an oil palm plantation. Although the draft contract was discussed with the Maroons and Amerindian communities in public presentations still there seem to be problems as to its full local acceptability.

3.18 A plan and a draft law have been prepared by SBB (indications are that it should soon be approved by the Legislative Assembly) that proposes the creation of a Forestry Authority to take over the functions of the Forestry Service, of the Nature Conservation Division of the MNR - see below- and of the SBB to coordinate policy implementation, prepare and implement the normative framework and monitor and enforce the application of the laws. It would provide technical support and capacity building to the private sawmill industry that is running into serious problems because of obsolete equipment, antiquated technology and poor access to the sophisticated requirements of international markets. The Authority would be self financing with export levies after a running in period. The cost of setting up the Authority and its operations for the first 3-4 years is at some US\$ 3-4 million.

3.19 Responsibility for environmental matters is divided between a number of agencies including the Ministry of Labour and Environment, NIMOS (National Institute for Environment and Development), the MNR, the MAAH and the STINASU (Foundation for Nature Conservation (a parastatal company responsible for managing sea turtles, the Brownsberg Nature Park, and for ecotourism in the reserves)¹.

3.20 Government's policy for the conservation of natural resources, sustainable use and conservation of biodiversity and environmental protection has been confirmed in a number of policy statements starting in 1990s with the Conservation Action Plan, the National Strategy for the Sustainable Use and Conservation of Biodiversity (1995) and a National Environmental Assessment in 1996, recently updated. No National Environmental Action Plan has yet been prepared. This commitment to conservation has in practice resulted in a moratorium on large scale logging operations in critical ecosystems and in the creation of the Central Suriname Nature Reserve (CSNR), a 1.6 million has corridor of undisturbed, uninhabited primary rain forest which links three already existing protected areas and protects the upstream watershed of one of the biggest rivers, the Coppename. A GEF project for a total of US \$ 18.0 million² was approved in 2000 with a duration of 6 years to create and capitalise the Suriname Conservation Foundation (SCF) which will provide funding for conservation operations in the CSNR and the Sipawilini Nature Reserve (0.1 million ha) in south Suriname.

3.21 The Nature Conservation Division of the MNR is the primary agency in charge of nature and biological diversity conservation including the management of wild fauna and flora, management of protected areas and ecosystems and control of the wildlife trade. It is assisted by the National Council for Environment (an advisory body on the development and implementation of environmental policies), the Ministry of Regional Development representing the interests of the Amerindian and Maroons tribes, and the STINASU.

¹ Since 1989 Suriname has established a zone of Multiple-Use Management Areas along its coasts to facilitate Integrated Coastal Zone Management (ICZM) and the protection of the coastal ecosystems including the broad belt of mangrove forests which are of paramount importance for coastal protection against erosion, fisheries for local use, and wastewater treatment.

² With participation of the UNF, WWF, Conservation International and other donors.

Ecotourism

Surinam has tourism resources of the highest quality including vast tracts of wilderness, large pristine river systems, extremely productive coastal ecosystems, an unusual mix of African, Asian, European and indigenous Amerindian cultures. The country's rich wildlife resources and sea turtle and bird species provide unique tourist attractions. These resources offer significant opportunities for Suriname to develop specialty tourism of considerable value for the economic advantages it can offer to a country plagued by chronic lack of employment opportunities. A few thousands tourists are reported to be visiting the Bloomsberg Park annually but the total number is still limited in respect to potential and slowly developing if not stagnant. As the tourist numbers are small, tourism related business is only marginally profitable and providing little incentives to potential investors and operators. These in turn lack business management and planning skills and may not offer a product and service that is adequate for higher end international tourists. Other problems relate to transportation, roads and accessibility to the interior and adequate lodging facilities. Since 1969 STINASU has developed tourism activities at Releighvallen, within the CSRN which is under the management of the Forest Service; Conservation International Suriname (CIS) initiated a tourist programme in 1997 with a Technical Assistance Grant from IDB followed in 2004 by another IDB grant (Sustainable Tourism Development) for a total of US\$ 1.2 million. The objective of this latter is to expand opportunities for the tourism industry targeting the private sector and community-based participation through development of products and services, training and enterprise development and promotion of tourism opportunities. The executing agency is the CIS and the main beneficiaries of the project would be communities in the CSNR, STINASU and the private sector including tour operators. Protecting the environment around present and potential tourist sites is of growing importance in Suriname especially insofar it relates to the mining and extraction industries and their search for deposits that can mature into economically viable mines.

Irrigation and Drainage

3.22 Virtually all economic developments of significance since the early Dutch settlers have taken place in the deltas and along the estuaries of the major rivers. Agriculture was based on the reclamation of tidal flood lands converting the coastal plains into polders suitable for the production of cocoa, coffee and sugar. The layout of the polders was designed in such a way to facilitate the economic utilisation of the tidal floods for agricultural production. These days surface irrigation is mainly applied for the production of rice while sprinklers are used for the banana irrigated areas. There are about 50-55,000 ha served by irrigation systems through a 66 Km. Corantijn Kanal¹, the Nickerie Kanal in the same Nickerie Region and along the Cusewijn River and the Saramacca Kanal (in the Saramacca Region) and various other smaller private systems. Only about 50% of the areas served by irrigation systems are effectively irrigated at present, adding to this total the 2000 ha Surland banana plantation. Less than 10,000 ha of the total 50-55,000 are under the responsibility of the SML, the Foundation for Mechanised Rice Agriculture – (para. 44). Responsibility for O&M of the main and secondary canals is divided between a number of agencies including the Corantijn Kanal Project for the homonymous scheme, the Ministry of Public Works for the other primary canals and the MAAHF (Land and Water department), the Ministry of Regional Affairs and the same Ministry of Public Works for all the other secondary canals according to the initial responsibility for project implementation. This division of labour is not well defined and it is one of the causes of the very poor state of maintenance of the I&D infrastructure. Farmers are reluctant to pay for water charges², there is no

¹ The Multipurpose Corantijn Kanal Project.

² One of the reasons being that there are lands not exploited by absentee landowners served by canals which bring water or drainage to downstream users. The absentee landowners do not pay any water charges unduly penalising the other users.

control of water rights allocation and use and Water Users' Boards¹ although existing on paper are not functioning. The Irrigation Water Law has recently been changed permitting these Boards to be financially autonomous i.e. to retain and use the fees received from farmers instead of passing them on to the Government with little perspective to see money back. Government and donors, have considered that it would be a waste of resources going ahead with major rehabilitation works (total cost € 50 million) for the I&D canals unless O+M of the I&D network would be reorganised, Water Boards effectively operating and users' charges paid. A Water Boards Pilot Project is due to start implementation in the immediate future with Netherlands Government financing (para.46 and 49).

Land Tenure

3.23 The Suriname land tenure system derives from the framework originally designed by the early European settlers to promote and guarantee a high level of productivity in the agricultural sector. The main purpose of the agricultural enterprises established in the coastal areas after year 1650 was in fact to supply the European owners with tropical agricultural products such as sugar, coffee, cacao and cotton, and exotic tropical hardwoods. Land was owned by the state and issued under the condition that either it was cultivated or it would be expropriated.

3.24 Still today the state leases land, following the land tenure system established in the 17th century, under the conditions that the obligation to develop is met. Land has been rarely issued as private property even though this was made possible after 1865 and specifically legislated in the Agrarian Ordinance of 1937.²

3.25 Actually there are five types of valid title by which rights to the land have been issued by the government: allodial ownership, absolute (freehold) ownership, leasehold, land lease and simple rent. Of these only the ownership and 40 years leasehold titles are accepted by the Banks as collaterals.

- *Allodial ownership and inheritable property*: this title was issued by the Dutch during the colonial period under the conditions that the land would be developed and kept in cultivation. Allodial title is treated today as absolute ownership even though this may not be legally accurate. About 22%³ of the allocated area (170,000 ha) is under this form of land tenure.
- *Absolute ownership (freehold under civil law)*: the most complete title to land available in Suriname. There are no limitations imposed by the State, the owner has full and unlimited enjoyment of the land within the context of the law (about 2 %).

¹ There are theoretically seven Water Boards: one in each coastal region and two in Nickeri.

² A revision of land legislation took place in 1982 when the military government having noted a number of shortcomings on how the land was allocated (corruption and favouritism in land allocation, non compliance with development obligations, land originally issued for agricultural purposes used for building construction, no possibility of access to land by poor people, lengthy, cumbersome and non transparent procedures for acquiring land and long waiting lists) reiterated that the ownership of the land should reside only with the state and that only land lease titles would be issued under stringent control....

³ This percentage as the following ones should be treated as rough orders of magnitude.

- *Leasehold*: This was the most common title issued between 1937 and 1982 for a period of 75 years with payment of an annual (nominal) fee (about 27%).
- *Land lease*: This is the only title that can be issued after 1982 and it is issued for land to be used for habitation, agriculture and animal husbandry, industrial purposes and for special purposes. The nature of the use is specified in the title and permission must be obtained from the government to alter the intended use of the land (about 15%).
- *Simple rent*: A transitional title issued by the government to individuals for land in areas of which the zoning destination has not been determined yet; also issued in anticipation of completion of the administrative procedure to obtain a land lease title so that the person in question can begin to conduct agricultural or other commercial activities.
- *Other forms*: About 30% of the allocated area is in some other forms of Government managed land or communal land ownership.

3.26 There are five ministries directly involved in the planning of land use and land administration. The MNR (Land Management Department¹), the Ministry of Agriculture (the Planning Division for agricultural land leases), the Ministry of Public Works (Urban Planning Department for design of parcels, roads, sewage), Ministry of Planning (for preparation of National Development Plans), Ministry of Regional Development. Coordination between the various land management departments of the Ministry of Natural Resources and between the various Ministries is reportedly the cause of delays in granting land leases which may extend to one or more years.

3.27 The main shortcomings of the present system have been reported² in the lack of transparency in the land allocation process, the lack of compliance with the obligations, land originally leased for agriculture used for building purposes, lengthy procedures to be followed to acquire land or be given a lease, no time limits set for the various steps in the land allocation process, little use of regional development plans when available, a growing backlog of pending applications. A disproportionate high number of land transactions take place on only a small part (about 20%) of the titled land surface area i.e. the areas in proximity of the urban centres.

3.28 These problems are not new and there are different opinions as to the possible alternative solutions. In the ASP (para.46) specific reference is made to the need to revise present land tenure legislation in order to create a dynamic lands market and stimulate economic productivity. By enlisting land as a catalyst in this process, more consideration should be given to the re-introduction of freehold title regimes not encumbered by unnecessary administrative restrictions inherited from a colonial past. A first step to modernisation of the system is the recent

¹ It has several sub-departments: Office of State Land Records, Office of Title registry, Department of Ground Inspection, Cadastral Department, Central Bureau of Aerial Mapping and the Department of Soil Survey.

² Workshop on Land policy, Administration and Management. Port-of-Spain, March 2003.

decision to implement a Land Registration System (based on GLIS¹) with Dutch Government financing.

Poverty

3.29 Reliable data on poverty are difficult to obtain since household surveys are not conducted on a regular basis. The proportion of households below the income poverty line was estimated in 2000 at about 50 percent for the urban areas, 61 percent for the rural areas and 90 percent for the interior². However cautiously interpreted, these figures indicate a rather deteriorated socio-economic environment, result of slow economic growth and inadequate policies. Rural poverty is most evident in the interior where ethnic minorities (Maroons, Amerindians) live in tribal communities and where agricultural activities are the main responsibility of women. Rural poverty is highest in women and female-headed households. In the MOP 2001-2005 (para.45) high priority is given to poverty eradication as a key area of action towards sustainable development.

3.30 No Poverty Reduction Strategy Paper (PRSP) has yet been prepared³. A Poverty Eradication Plan has nevertheless been prepared by Government with UNDP assistance and in consultation with civil society and the private sector and incorporated in the MOP. Focal points for the strategy are: the creation of opportunities, encouraging participation, improved social care and targeting specifically the youth, underprivileged women, dependent persons with disabilities and workers with incomes below the official poverty level. UNDP supports the implementation of the Poverty Reduction Plan in capacity building and in monitoring impact on poverty indicators.

3.31 In assessing poverty and its incidence on the rural and urban population it is important to consider the impact of the significant transfers, mostly from relatives living in the Netherlands. The transfers are in the form of parcels and cash. The value of parcels was estimated at US\$ 19 million in 1995 and of remittances at US\$ 23 million. These crude figures are undoubtedly very relevant when compared to total population and (if correctly interpreted) may play a very substantial role in supporting the purchasing power and disguising real poverty.

¹ Ground and Land Registration System

² Government of Suriname/UNICEF.

³ Reportedly because there is as yet no official definition of poverty or of absolute poverty, no household surveys (a census has recently been carried out), responsibilities for such assessments divided between the Ministries of Social Affairs and Labour.

4. AGRICULTURAL INSTITUTIONS, PLANS, PROJECTS

4.1 **The Ministry of Agriculture, Fisheries and Animal Husbandry (MAAHF)** has the prime responsibility for agricultural policy formulation and its implementation. It is assisted by a number of para-statal bodies or foundations that were established over time with responsibility for production, processing, marketing and research activities. Some of these like Surland, the state owned banana company should soon be privatised (para.16) some others - like the SML the State Rice Organization managing 10,000 ha¹ of rice, citrus, cattle, recently restructured (under the acronym SRO), the SEL (Foundation for Agricultural Experimentation, with about 4000 ha in two farms), the STIVI (Foundation for Fisheries Development), CELOS (another research Foundation on fisheries, forestry and soils attached to the University of Suriname), SAIL, a fisheries export company) are still active² pending a decision on their possible divestment. The State owned para-statal oil palm companies (Victoria, Phedra and Patamacca) under the GPOV the Government body responsible for the oil palm sector, are being restructured after an agreement with a Chinese company for the establishment of 40,000 ha oil palm plantation³. Following Government privatisation policy endorsed and supported by donors (para.44) as the basis for structural and fiscal adjustment most of these para-statals (some of them heavily indebted) should be either divested or restructured but no major action has yet been taken given its political implications and its impact on employment.

4.2 **A five-year medium term plan (MOP)** is required by the constitution as a condition for the preparation and approval of the annual budget. The last MOP was approved in December 2001. Its main objectives are: growth and poverty alleviation within a framework of macroeconomic stability and fiscal balance, public sector reform and rationalisation of state enterprises including divestment of para-statal companies, reform of social sector policies and programs, creating a conducive environment for private sector growth and ensuring sustainable development with attention to the interaction between economic and agricultural development and environment. Specific sectors targeted for investment are transport and agriculture. In the transport sector the improvement of infrastructure including roads and the port are critical to enhancing the competitiveness of the overall economy. For agriculture, the MAAHF prepared a Multi-annual Development Plan (MDP) as an input into the MOP, setting out priority programmes and projects for the referred period. Main projects included in the MDP were: i) the preparation with Dutch bilateral funding of an Agricultural Sector Plan (completed in March 2004-see below); ii) the establishment in MAAHF of an Agricultural Health and Food Safety Unit; iii) the decision on the privatisation of Surland; and iv) the above large scale oil palm and forestry project financed by a Chinese company.

¹ Most of the land (if not all) is reportedly left idle.

² The extent to which all these foundations and parastatals are effectively operational is to be confirmed. Some of them like the SML (SRO) are reportedly in serious financial difficulties.

³ Problems seem to exist as to the extent of deforestation necessary for the plantation, the protests of the communities having rights to the areas that should be planted, the lack of a proper consultative process and the still undefined exploitation plan for such a large extent of land.

4.3 **The Agricultural Sector Plan** (ASP-see summary in annex)¹ has been formally endorsed by Government as a policy and programmatic statement confirming Government commitment to agricultural development and sectors' structural changes. It is based on an extensive consultative process with the main stakeholders and donors and constitutes at present the main framework for the implementation of Suriname's agricultural policy. Some of its components are still at the stage of proposals to be worked out in some more detail, some others (see below), are ready for execution but waiting for the establishment in MAAHF of a Project Implementation Unit² to be responsible for channelling project funds and for monitoring implementation. The ASP identifies the cause of the decline of agriculture over the last years in a number of structural issues and mainly the state interference into what should remain private sector responsibility, namely the proliferation of para-statal companies engaged into production and processing activities and conversely the State's poor delivery in terms of adequate policies, programmes, normative and support functions. The conclusion is that the State should concentrate on specific subsectors such as education, research and extension and that it should gradually withdraw from production activities divesting and privatising para-statal enterprises and foundations. It should focus on development of human resources, on creating a suitable environment for the private initiative and on normative and regulatory aspects such as adequate legislation, food safety, phyto-sanitary and veterinary measures, on an improved land policy, gender issues and on poverty alleviation. First phase priority projects would be the following: setting up a Rice Board and of Pilot Water Boards,³ establishment of a National Food Authority, of a National Council for Agricultural Research, initiating an agricultural census, extension⁴ and education⁵, land use planning through the land zoning plans recently developed with EMBRAPA assistance, strengthening of the MAAHF Division of Food Safety, Plant and Animal Health, revision of the land policy, a new gender policy, a pilot project on production alliances, NGOs supported interventions in the interior including food security programs and sustainable agricultural production, a registration system for livestock, stock assessment and control of catch and improved processing for fisheries, an horticulture pilot project linked to processing activities, an agricultural credit fund (pilot). This entire programme for a total cost of about € 46 million⁶ should be developed over a period of 5 years. Of this programme, the agricultural census, animal registration, plant protection and animal health services and the Pilot Water Boards are ready for implementation and should soon (once the Project Implementation Unit is established) be started with Dutch Government and IDB financing. In principle the implementation of the first two years

¹ The presentation of the main conclusions of the ASP is based on the English translation of the Executive Summary (in Annex) as the main report is yet to be translated and on conversations with representatives of the Dutch aid in Paramaribo.

² Under the present structure of MAAHF project implementation with external financing requires time consuming and too cumbersome procedures.

³ To decentralise water management. It would be a pilot project to include appropriate legislation, physical infrastructure in a few polders, capacity building. The Corantjin Kanaal Project would be reactivated as a precondition, to ensure maintenance of the primary system.

⁴ Strengthening of the sector organisations including the setting up of farmers' clubs, and intensive training of the extension agents.

⁵ Modernisation of education programs and revision of curricula, upgrading and increasing efficiency through international co-operation.

⁶ Details are as follows (in million €): Institution Building - MAAHF € 1.0; Gender € 0.1; Nat.Food Auth. € 0.09; Food Safety, Plant and Animal Health € 0.6; Area Planning € 1.0; Privatisation of Parastatals € 2.2; Rice Board € 0.4; Water Boards € 18.9; Capacity building € 1.9; Agric.Census € 1.4; Interior € 1.1; Livestock Registration and Animal Husbandry € 3.3; Fisheries € 4.3; Credit for agricultural enterprises and IBO - Investment Protection Agreement € 9.0; pilot productive alliances € 0.9.

of the ASP is covered by Dutch financing, year 3 and 4 by the national budget and 5 and 6 by other donors to be identified.

4.4 **Financial and Technical Assistance Projects.** The core strategy of the **IDB** one of the major donors, is to support policy reforms in Surinam to improve the institutional and incentives framework. It focuses on private sector development, improved governance, decentralisation and modernisation of the state, human resources development and social inclusion, environmentally sustainable development and improved macroeconomic management. Relevant operations include: i) a Sector Program for a total of about US\$ 6.25 million approved in March 2004 which comprises three sub-components namely support to civil service reforms (competitive recruitment procedures and performance criteria, creation of a human resources management information system and training), improvement of the civil registry with a new management information system and improvement of the public procurement system, preparation of an ITC e-government strategy, pilots in decentralisation in 5 initial districts; ii) a Poverty Reduction Project approved in 2000 for a total of US\$ 12.8 million to support a program to improve the living conditions of the poorest communities through grant financing for infrastructure at village level and in small scale community-based projects of which at least 50% would be located in the interior. Feasibility studies on communities development are being carried out; and iii) a Technical Assistance Grant for a Sustainable Tourism Project (para.33). In the pipeline there are programmes/projects on trade, social safety nets, financial sector reforms and a project already at advanced preparation stage to finance a land tenure/land administration project following Government formal decision to go ahead with it.

4.5 The **EU** country strategy for the period 2001-2007 is based on the government's MOP, a review of the effectiveness of past EU co-operation programs, an assessment of the activities of the other partners and the consensus amongst government and civil society groups. Its focus is on the transport sector including the harbour rehabilitation programme, reforms related to the port authority, reforms of customs and other related infrastructure works. Total allocation for the six years plan is € 70 million¹. Outside the concentration area, the program also includes micro projects (matching grants for social infrastructure at local level - € 5 million- almost totally disbursed),² policy studies on regional integration, an Integrated Tourism Development Programme (setting up a Tourism Authority) support to privatisation including a Suriname Business Forum Programme and support to program planning and monitoring for the Ministry of Planning and Development Co-operation (PLOS). In the context of the Cotonou agreement the EU and Government have also agreed to conclude new trading arrangements compatible with WTO rules with specific support under the 9th EDF. The banana industry has been allocated about € 20 million under the SFA regional programme for the period 1999-2008, disbursed in annual tranches. So far about € 9 million have been spent. The rice industry receives about € 9.2 million within the regional programme³.

4.6 The **Netherlands** Government is the major donor assisting Suriname with budgetary and development aid. The present unspent allocation for the next 5 years is about € 240 million of

¹ Disbursement of the € 50 million dependent on Government's approval of the transport Sector Policy.

² Implementation is satisfactory in terms of execution of physical infrastructure but not so for capacity building of NGOs.

³ € 12 million for Suriname Guyana and a small regional component. For Suriname included in the € 9.2 million are € 2 million for Technical Assistance, € 3.8 million for rehabilitation of the Bakei Canal in Nickeri and € 3.5 million for matching grants for on farm investments and for working capital.

which € 140 million for public sector reforms, private sector development, capacity-building. Implementation of the first 2 years of the ASP has been allocated about € 18 million not counting the € 2.5 million already being spent for preliminary activities on census, livestock registration and water boards. A percentage of the above € 100 million still to be allocated could be used by the agricultural sector if justified in terms of progress of disbursement against present allocation of resources for the sector and foreseeable implementation capacity.

4.7 Recent Technical Assistance projects by **FAO** have concentrated on support to Suriname's Food Control System, Plant Protection, and Forestry Planning. A Regional Food Security Project with Italian Government financing has recently become operational. It includes some limited funding for capacity and institution building for MAAHF. **IICA's** programmatic priorities include assistance on Food Safety (IDB funded), Plant Health and Protection, Sustainable Rural Development with two Pilots in the hinterland for small rural communities (agro forestry, natural resources management, marketing, crop diversification), Technical Assistance for Trade and Agribusiness, Training and Education, Information and Communication Technology.

4.8 **UNDP** priorities include capacity building and institution strengthening for Poverty Reduction, the achievement of the Millennium Development Goals, Governance, HIV/AIDS and Environment. It assists Government in the implementation of a GEF small grants programme (para.33) for local communities for sustainable development projects in biodiversity.

5. ISSUES AND CONSTRAINTS

5.1 The many issues facing the agricultural economy of Suriname have different origin. Those related to the overall macroeconomic environment include monetary stability as a precondition for economic growth, the lack of an appropriate legislative and incentive framework for the private sector to become the prime motor for a sustainable growth, the still uncertain future of state owned companies, the top-down, centralised¹ decision making process and planning strategies, an unstructured civil society with no representative bodies and no private sector constituencies and last but not least, the brain drain due to the continuing emigration of young qualified people. As to international and regional trade issues the main challenges to the small Surinamese agricultural sector economy are lack of competitiveness (due to low productivity, high production, transport and shipping costs), the erosion and future termination (2007/2009) of the preferential trade arrangements for banana and rice (the Banana Protocol and Rice agreement of the EU-ACP Cotonou Agreement), the declining prices for Suriname's main export crops: rice, bananas, shrimps, the dependency on a few export markets for its agricultural products, the delays occurring in adapting to the WTO food quality and safety requirements, and the many problems preventing an effective implementation of the CARICOM common market.

5.2 The major issues concerning the institutional set up of the agricultural sector have already been mentioned (para. 46). There is concern that Government's slow response to the still pending decisions on the divestment of the para-statal companies and MAAHF structural reforms could still be delayed not facilitating the solution of the many other problems affecting the sector and which need as a precondition, efficient and active agricultural institutions. These other issues - some of them a heritage of the past - have also different causes and can be summarised as follows (not necessarily in priority order):

- the dependency on two or three crops with a protected external market which has acted as a disincentive for any initiative involving more flexible cropping patterns, diversification and technological improvements;
- the outdated land tenure system which although in principle designed to promote economic land use and prevent land speculation, in practice acts as a disincentive to agricultural investment (para. 39) and slows down, complicates and eventually precludes access to the land by entrepreneurs and young farmers;
- the small size of the internal market, the need to look at exports as a condition sine qua non for most of the foreseeable agricultural diversification products including fruits and vegetables and livestock products;

¹ In 2003 the National Assembly agreed to an interim regime for administrative and financial decentralisation of five pilot districts. The project is financed by a US\$ 7 million loan from the IDB.

- the absence¹ of active and organised farmers associations and constituencies at grassroots level that could represent the interests of the rural world in policy making and eventually act as intermediaries to facilitate transfer of technology, training, capacity building, procurement of inputs at competitive prices, assistance in marketing and processing of agricultural products linking production to markets and agro processing industries;
- the lack of public or private institutions or agencies which could support private initiative and facilitate contacts between producers and external markets including providing assistance for all matters related to exports of agricultural products including bureaucratic and financial procedures;
- the disconnect between the large scale investments arranged directly by Government institutions with concessionaires (see the forestry areas) and/or private investors from the outside (see the Chinese sponsored oil palm plantation in eastern Suriname) and the local people who are rarely consulted or be given the possibility to participate in the decision making process;
- the limitations in access to social services and health and education facilities, transport and related amenities in the rural areas;
- the dilapidated status of most of the infrastructure including irrigation, drainage, roads and bridges and on farm equipment. Specifically for irrigation and drainage farmers' reluctance to pay water charges, the diffuse responsibility for O&M between various Government agencies with no participation by the irrigators and the lack of effective Water Users Associations;
- the limited implementation capacity of agricultural sector institutions and the difficulty in recruiting and retaining competent and dedicated staff to work in agriculture;
- as a result of all the above, the lack of attractiveness of agricultural occupations, the exodus of young people away from the rural areas, (see the decrease in the number of farmers) and for the first time the absence of any new enrolment in the Agricultural Faculty of the Suriname University.

5.3 The particular problems related to the rice sector have already been mentioned in para. 15. They relate on the one side to the poor state of the irrigation and drainage network (and inefficient application of irrigation water, land levelling) but also and mainly to the need to sort out as a prerequisite to any rehabilitation investments, the problem of farm indebtedness², the supply of farm inputs at reasonable prices³, the setting up of a simple mechanism that could give

¹ In fact there are a number of professional associations like the Dairy Farmers, the Rice Millers, the Fisheries Processing Industries, but there are no organized groups at farmers' level. A farmers' union came into existence a few years ago but soon developed into a political party.

² Loans taken by farmers for the 2000/1 campaigns at the time of favourable rice prices, are bearing interest rates of more than 25% per year and outstanding amounts have practically been multiplied by a factor of 4.

³ Due to the poor organisation of the sector, fertilisers are sometimes imported in small quantities at a higher cost than if they were imported in bulk purchases.

farmers the possibility of relying on an agreed floor price¹ and the relatively high rice production milling and transport costs. All this in view of making rice production in Suriname competitive on the world markets at the termination of the preferential ACP-EU arrangements for rice in 2007.

5.4 Surland, the banana company has been practically rehabilitated and is ready for privatisation. There are still problems however as to the future EU policy with ACP countries at the termination of the preferential arrangements by 2007 and the new licensing system which will have to be put in place. The impact of such decision on the then fully operational Surland will determine whether the company which has all the prerequisites to be an efficient operation, will be able to remain competitive on the export markets.

5.5 The expansion of the mining and processing of bauxite and refining of gold are likely to continue given their importance for the economy of the country. Dependence on these resources is potentially problematic as the uncontrolled extraction in the interior is reportedly having a serious impact on the environment and in some cases on the health of the local population. Hydraulic mining operations are causing siltation and mercury pollution in rivers throughout the interior, often upstream from villages. The unstructured communities of thousands of miners are plagued by many social and health problems, including high crime rates, prostitution, and an increase in diseases such a malaria.

5.6 The extraction of timber does not always take place according to prescribed regulations, reducing the opportunity of the damaged forest to regenerate. Lumber extraction in the areas reserved for Amerindians and Maroons settlements is reducing the game population and depriving these communities of the resources they need to survive.

¹ Rice prices are set by the rice millers on the basis of export prices. There is little transparency however on how producers prices are finally set and heavy discount rates are reportedly applied from the export price to the price paid to producers.

6. CONSIDERATIONS ON DEVELOPMENT STRATEGY

6.1 In purely quantitative terms the agricultural sector represents a relatively small percentage of GDP and will probably remain so in the short and medium term. Its sustained growth is nevertheless important for a balanced and harmonious development of the Surinamese economy. It has impact on poverty, social, natural resources management and environmental issues and on a new vision of the rural areas as a space where there are opportunities for investment, employment, income generation and attractive living conditions comparable if not better than those of the towns. Such a new vision implies a strong commitment by Government to policy and structural reforms and a parallel effort by the private sector to come forward with initiatives to invest in the rural areas and exploit comparative advantages. For the private sector to invest in agriculture a number of basic prerequisites have to be met: i) first and foremost the expectation that their investment would be financially and economically profitable and that there would be markets for the agricultural production at remunerative prices; ii) that there would be continuity in Government's stabilisation policies; iii) that there would be strong Government's support for agricultural development, for rehabilitating the related economic and social infrastructure and for introducing all modifications to the current legislation and regulatory framework that would be deemed appropriate by stakeholders; iv) that agricultural services would be improved and made more efficient; v) that administrative, bureaucratic and marketing bottlenecks would be removed; vi) that quality and safety standards would be introduced to comply with WTO requirements; vii) that ineffective Government intervention in production and marketing activities would be progressively terminated; and in summary, viii) that appropriate facilities and services will be activated to promote the emergence of a thriving agricultural sector adequate to take full advantage of the Suriname rich natural resources basis.

6.2 The ASP recently approved by the Legislative Assembly confirms Government's commitment to a new vision for sustained growth of the agricultural sector and it constitutes a fundamental step towards modernization of the sector. It recognizes that participation of the private sector is of critical importance to assist Government institutions in ASP implementation intending by "participation" not only a tool to ensure successful attainment of the ASP objectives but also and mainly as a very necessary mechanism for enhancing implementation capacity of the sector's institutions which are weak, inadequately staffed and not in the position to effectively implement an ambitious program of reforms.

6.3 It has been indicated in the previous chapter that policy planning and implementation have traditionally suffered by limited active stakeholders' participation: a consequence of the traditional top-down Government approach, of the lack of proper consultative structures, of the absence of organised farmers groups at grassroots level, of poorly structured professional associations and of the individualistic attitudes of farmers and their reluctance to get together for collective interest activities. There are basically no intermediary bodies that can represent the interests of the rural sector either at grassroots or higher level (except those quoted in para. 54 footnote 2) and act as strong constituencies that would support the MAAHF in substantiating and prioritising the needed reforms. Unless these "intermediary" structures are created and /or strengthened "participation" by the private sector will only be formal and marginal and therefore ineffective with direct consequences on the implementation capacity of public institutions for introducing reforms and revitalise the agricultural sector.

6.4 The “creation of an enabling economic and business environment for competitive and sustainable agricultural and rural development” is recognized by CARICOM¹ as the most adequate comprehensive and holistic strategy that can open up market synergies, promote the creation and strengthening of private sector organisations and provide incentives to the private sector to invest in agricultural development. Empowering private sector organisations, creating an enabling environment (para. 53) and giving an answer to the issues outlined in the preceding chapter V can be translated into **an operational strategy for the short/medium term which builds on the elements already present in the Agricultural Sector Plan and complements them by giving particular attention to capacity building and the incentive framework as essential prerequisites to Plan implementation.** The proposals which could be considered as an integral part of such operational strategy could be divided in: i) Measures for Fostering Capacity Building, and ii) Accompanying Support Measures required of the Public Sector.

Measures for Fostering Capacity Building

6.5 There could be three main levels involved, i.e. Education at University level, the MAAHF and farmers and professional associations existing or to be promoted. It is of concern to the Government (and a confirmation of an alarming trend) that there are no students at the *Agricultural Faculty* of the Suriname University. This situation has to be changed by first of all restructuring the outdated agricultural curricula to develop profiles needed for new business oriented agricultural sector management (this is already partly suggested by the ASP) and second by providing fellowships and facilities to motivate young people to enrol, including specialised training abroad. The *MAAHF* on its side should take the lead in projecting a new image of the sector by promoting special events, fairs, training courses on technical crop or livestock issues or processing/marketing technologies, eventually calling also upon the participation of technicians from abroad. It is already within the ongoing programmes to restructure and strengthen the extension services by new mechanisms as the farmers’ field schools and research especially on vegetables and horticultural crops in general through the Dutch financed programme. The creation of and/or strengthening of *farmers and professional associations* (called farmers' clubs in the ASP) would not be an easy task if past experiences are taken into account. This does not imply nevertheless that in view of their usefulness new attempts should not be made with the assistance perhaps of some specialised outside agencies or NGOs. This effort could be implemented in parallel to the two pilot Water Boards that should soon be off the ground and be coordinated with the decentralisation programme that has already started in two priority areas (para.48).

Accompanying Support Measures Required of the Public Sector

6.6 It has already been noted that the private sector and especially the young generation is not attracted by farming, considering farming activities only marginally profitable and in any case not providing an income comparable to other employment opportunities. Changing such attitudes would require a special effort by Government to analyse in detail and promote or remove those incentives or disincentives that could make the difference. These could include *inter alia*: i) the creation of an *Export Promotion Agency* along the lines of similar bodies-already successfully active in other LAC countries-that would only initially be supported by public funds². Such

¹ Proposal for Interventions to Alleviate the Key Binding Constraints to the Agricultural Sector in CARICOM. Statement by President Jagdeo. Conference of Heads of Governments. Paramaribo, February 2005.

² Private funding should be contemplated after a first running in period.

Agency could be responsible for consolidating and strengthening marketing intelligence, investigating opportunities for export promotion, promoting the emergence of productive alliances/supply chains including also private sector partners from other countries (CARICOM countries or Brazil for example), facilitating access to export financing, overseeing the investments in packing/processing so that they incorporate internationally accepted standards, facilitating bureaucratic and other paperwork for commodities exports, integrating and modernizing processing industry efforts according to overseas requirements, trade promotion and product developments; ii) reviewing the possibility and acceptability of a crop insurance scheme for selected products and following specific procedures and criteria; iii) reviewing the procedures for the establishment of minimum floor prices especially for rice with a view of introducing more transparent criteria which would maximize farm gate prices and make processing and transport costs to FOB more in line with accepted standards and possibly cheaper, iv) reviewing the feasibility of setting up an incentive scheme for young farmers that could provide matching grants for farm installations and equipment to those young farmers willing to start new crops or livestock farms or any other activities connected to farming like for example contracting for farm equipment, construction of drying and storage facilities etc.; and v) special projects for hinterland farming communities that need to be supported with infrastructure, facilities and social services.

6.7 Two additional considerations: The first one is on the present system of Land Tenure and Land Administration under the responsibility of the MNR, which according to some reports (including the same ASP) is not conducive to an economic and environmentally sound land use and land exploitation. Opinions are not unanimous but it appears evident that there is much to be said about the present system of land allocation, the almost inexistent controls on land use and the outdated land allocation procedures. The IDB project pipeline includes a project to modernize the land tenure system and it is possible that changes could be introduced in the short/medium term that could provide additional incentives to the private sector to invest. The resolution of the present problems of arrears and rice farmer's indebtedness that is critical to many rice farmers who cannot borrow for operating costs or renewal of farm equipment requires a decision by the financial authorities but no major strategic considerations.

6.8 As far as infrastructural investments and rehabilitation of I&D infrastructure the ASP includes detailed provisions for the rehabilitation of infrastructure investment to develop an efficient use of irrigation water and eventually expand irrigated areas. These investments would include primary and secondary networks and would start from the rehabilitation of the Corantijn Kanal (para. 34). There is consensus that not to repeat past mistakes, such investments would only be economically and financially justified if Water Boards that could take responsibility for O&M of the systems would be established and effectively operating. So far this condition has not been met.

6.9 The above thoughts focus on the coastal areas agriculture and include the farming communities in the hinterland. They do not take into account the forestry areas in the interior, the national parks and the protected areas which constitute more than 80% of the total area of the country. It has already been mentioned (para. 28) that current policies and the existing legislative and regulatory framework do seem to address conveniently main natural resources management and environmental issues of the interior. Major weaknesses exist however at the level of policy implementation and supervision and control of forestry concessions and management of forestry exploitation including communal forests under the responsibility of Amerindian and Maroons settlements. The supervision and control of the environmental impact of bauxite and gold mining

is also reported to be somewhat deficient for weak operational capacity of Government institutions, mainly the MNR in this case. The proposed creation of the *Forestry Authority* (para. 30) with autonomous financial resources and administrative and operational flexibility could go a long way to alleviate some of the above problems. Assistance to the modernisation of the national forestry industries, including equipment, technology and market intelligence would also be under the responsibility of the Authority and would deserve equal support.

7. IMPLEMENTING THE STRATEGY

7.1 On the basis of the considerations expressed earlier in this text and more specifically: i) the priorities outlined by the ASP for first phase implementation (para. 46), the additional thoughts summarised in the above chapter and the present and foreseeable involvement by donors in assisting in the execution of priority development projects, the following pertinent remarks can be made:

- (i) The **availability of funds** to support the execution of investment projects in the agricultural sector **is not per se a limiting factor** as the first phase projects identified as a priority by the ASP are already covered at least for the first 2 to 4 years by Dutch and Surinamese Governments financing and an eventual Land Tenure/Land Administration Project by IADB already firmed up commitments. In addition there are in principle substantial amounts already committed by the Dutch Government (para. 49) but yet to be allocated to specific projects or yet to be disbursed for administrative or more substantive bottlenecks;
- (ii) **The most important issues concern the limited implementation capacity of public sector institutions** and on the supply side, **the reluctance of the private sector to invest in agricultural activities, the negative image that the young generation has of agriculture and the insufficient supply of technical and higher level staff.** The strategic considerations made in the above para. 61 could be summarised in the following list of components:

Capacity Building

- Review of the Faculty of Agricultural Sciences curricula and facilities, fellowships, specialized post university training;
- A number of initiatives by MAAHF to change the public image of the agricultural sector by promoting fairs, alliances with ecotourism and other agricultural related activities, pursuing contacts in CARICOM countries for joint activities in production, marketing, processing of agricultural products;
- Accelerate the ongoing restructuring of the extension system and strengthening of adaptive research;
- Conduct studies and research on the various available experiences both in Suriname and abroad on how to promote and strengthen grassroots farmers groups and agricultural constituencies and professionals associations. Involve civil society and NGOs (local and/or international) in assisting the formation of such groups/associations and take an active role in ensuring the political support to such undertakings.

Accompanying Support Measures

- Studying and creating an Export Promotion Agency on the basis of experiences elsewhere in LAC. The establishment and running costs of the Agency should be supported by public funds during the initial period but private sector should take over as soon as possible. An important function of the Agency would include experimenting and initiating production chains and alliances both in the country itself and with outside partners in the CARICOM countries, in South America (Brazil for example) and elsewhere;
- Preparing and initiating projects to support to settlement of young farmers providing incentives in the form of matching grants for the initial on farm investments;
- Reviewing available experiences of hinterland communities projects in Suriname, evidence from other similar projects elsewhere in LAC, prepare feasibility studies and initiate follow up implementation;
- Initiate feasibility studies for a crop insurance scheme adapted to local circumstances;
- Conduct a technical study on crop and livestock prices, processing and transport costs.

Forestry and Natural Resources

- Possible support to the creation of the Forestry Authority (if timely and convenient) and assistance to the National Forestry Industries based on full partnership with the private sector and civil society.

7.2 The above list could be one of the topics for review by the World Bank and Government should there be any interest for follow up. What is important is to note that as mentioned in para. 67 there are financial resources available to the Government of Suriname that could eventually be allocated to cover some if not all of the above project components but that conversely there could be interest of the Government (and donors) to associate the World Bank to the national agricultural development strategy **especially in view of the experience that the Bank has in dealing with participatory projects at grassroots level, productive alliances, export promotion agencies, projects involving support to small scale agriculture with matching grants.**

7.3 Investments in infrastructure are not included in the above tentative list for the mentioned reasons (para 67). However depending on the timing of eventual World Bank involvement, additional financing for I&D rehabilitation could eventually be contemplated provided that pilot water boards are successfully established and operational.

7.4 The Forestry Authority has been included as a component for possible support given the interest of the SBB. Depending on future developments it might be possible to associate to it some elements of technical support to the existing medium size Surinamese logging industries (sawmills etc.) as well as technical assistance to hinterland communities for improved management of community forestry schemes.

8. CONCLUSIONS AND FOLLOW UP

8.1 As stated in the introduction, this report based on available documentation and a field visit for discussion with local authorities does not intend to be either an exhaustive review of the agricultural and natural resources sector of Suriname or a blueprint for follow up of the proposals made. It may be regarded as a preliminary basis for discussion between the Suriname Government and the World Bank if there is interest to do so.

8.2 Should it be agreed that there is scope for further follow up, extensive preparation work would be needed including as a first priority more in depth discussion with Government on the merit of the suggestions made and a review with Government and donors of the respective commitments to the various programmes and projects already identified or on new initiatives that would be considered of priority.

8.3 As far as the detailed proposals made it would be necessary to search for effective NGOs partnership, investigations on existing rural formal or informal associations that could be used as examples of future developments, review of the performance of Export Promotion Agencies elsewhere in LAC to derive lessons of experience, detailed assessment of the required incentive programme for young farmers settlement and so on. A period of not less than nine months to one year should be scheduled for the purpose.

MAP OF SURINAME



Suriname is endowed with abundant natural resources and ample possibilities for a diversified agriculture. Still the growth of the sector is hampered by a number of issues which need immediate attention. Problems are related to the macroeconomic environment, the legislative and incentive framework for the private sector to invest in agriculture, the state owned companies, the decision making process and planning strategies, the absence of organised farmers associations and constituencies at grassroots level, the poor state of infrastructure... problems of low farm productivity and high production costs will be compounded by the termination of the preferential EU trade arrangements for banana and rice, the two main crops.

Agricultural sector growth is important for a balanced and harmonious development of the Surinamese economy. It has impact on poverty, social and environmental issues and on a new vision of the rural areas as a space where there are opportunities for investment, employment, income generation and attractive living conditions comparable if not better than those of the towns. The implementation of the Government Agricultural Sector Programme complemented by other specific action programmes will be an important first step to take care of the most immediate constraints and pave the way towards sustainable agricultural sector growth.

