

## Moody's Ratings affirms Suriname's ratings at Caa1 and maintains positive outlook

New York, March 27, 2026 -- Moody's Ratings (Moody's) has today affirmed the Government of Suriname's issuer and senior unsecured ratings at Caa1, and maintained the outlook at positive.

The Caa1 rating reflects Suriname's still-weak institutional capacity and elevated fiscal risks, balanced by an improved post-restructuring debt service profile following the full repayment of the Value Recovery Instrument and funds in an overseas escrow account to cover interest on new Eurobonds until 2028. Fiscal and monetary slippage in 2025 weakened the near-term fiscal outlook and reduced cash buffers, limiting flexibility to absorb shocks in a highly dollarized economy where policy loosening can pass through quickly to the exchange rate and inflation. A broad, multi-party governing coalition complicates decision making, reducing the speed and consistency of policy implementation and increasing the risk of slower reform momentum and weaker policy predictability.

The positive outlook reflects our view that Suriname's credit profile will likely strengthen materially over the medium term as Block 58 moves closer to its expected start of production in 2028. Once production begins, we expect offshore oil output to underpin an increase in GDP that would double the size of the economy within the first three years of production, strengthen the external position, and expand fiscal capacity relative to the current pre-oil period, representing a meaningful structural improvement in credit fundamentals. At the same time, realization of this upside will depend on maintaining macroeconomic stability ahead of first oil production, rebuilding buffers, preserving exchange rate flexibility, and further strengthening the institutional framework for managing future mineral revenues.

Suriname's local and foreign currency country ceilings remain unchanged at B2 and B3, respectively. The local currency ceiling at B2, two notches above the sovereign rating, reflects a heavy reliance on a single commodity contributing to external imbalances and weak institutions and policy predictability. The foreign currency ceiling at B3 representing a one-notch gap

to the local currency ceiling, reflects low policy effectiveness, high external indebtedness, and relatively closed capital account that generate a degree of transfer and convertibility risk, notwithstanding a track record of limited intervention.

## RATINGS RATIONALE

### RATIONALE FOR THE AFFIRMATION OF THE Caa1 RATINGS

#### IMPROVED FUNDING FLEXIBILITY AND REMOVAL OF LEGACY CLAIMS REDUCE NEAR-TERM DEBT SERVICE OBLIGATIONS

Recent financing developments provide a source of support to Suriname's credit profile ahead of first offshore oil production. The November 2025 Eurobond issuance reopened access to market-based foreign-currency financing and materially eased near-term liquidity pressures, while the subsequent February 2026 re-tap of the 2035 notes indicates that access extended beyond a single transaction.

These transactions have been used not only to extend financing, but also to simplify the sovereign's future obligations. The authorities used part of the November 2025 bond proceeds to fully repay the outstanding value recovery instrument (VRI) in January 2026. The full repayment of the VRI removes a contingent claim on future oil-related revenues, simplifies the post-offshore oil fiscal outlook, and allows a larger share of future oil inflows to accrue directly to the sovereign once production begins.

Taken together, the renewed access to external financing and the extinguishment of the VRI strengthen Suriname's ability to manage the period before oil production begins in 2028, improving funding flexibility and reducing near-term debt service uncertainty, and preserving the prospective benefit from future oil revenues for the budget.

#### 2025 POLICY SLIPPAGES HAVE WEAKENED NEAR-TERM FISCAL OUTLOOK AND BUFFERS

Suriname's rating remains primarily constrained by a weaker near-term fiscal outlook in the post-IMF program period, with the policy slippage seen in 2025 leaving limited room for underperformance in 2026–27. Since the completion

of the IMF-supported program in March 2025, fiscal outcomes have deteriorated and liquid fiscal buffers have weakened materially compared to 2024. Central government debt is estimated to rise to 106.3% of GDP in 2025, from 88.0% in 2024, and the fiscal deficit widened to 10.0% of GDP, primarily driven by a recapitalization of the central bank of about 5% of GDP. Although key fiscal-governance legislation was passed in 2024, delays in 2026 budget approval limits visibility into how far the new framework is being put into practice and near-term fiscal projections.

At the same time, inflation and exchange-rate dynamics remain highly sensitive to domestic policy settings. In this context, looser fiscal and monetary conditions have contributed to higher inflation and renewed pressure on the exchange rate, while foreign-exchange intervention has reduced reserve buffers. With fiscal liquidity diminished and policy implementation uneven, the risk of renewed macroeconomic instability remains elevated, underscoring the need for sustained policy discipline to contain inflation, preserve exchange-rate stability, and prevent further erosion of buffers.

The fiscal deterioration has been accompanied by a sharp reduction in liquid buffers. This is important given the still high debt level and the high degree of dollarization; fiscal or monetary loosening can translate quickly into exchange rate and inflation pressure. Fiscal deposits at the central bank declined from 9.2% of GDP (2024) to 3.4% of GDP (2025). At the same time, buffer erosion occurred alongside weaker expenditure control. Supplier arrears increased to SRD 7.1 billion (about 4% of GDP) by September 2025 (from SRD 4.1 billion at end-2024), indicating that part of the adjustment to tighter financing conditions occurred through delayed payments rather than fully through policy correction, reinforcing liquidity and execution risks.

## **POLITICAL CONSTRAINTS AND GOVERNANCE CHALLENGES REMAIN SALIENT AHEAD OF OFFSHORE OIL PRODUCTION**

A broad coalition government continues to complicate consensus-building and slow the implementation of reforms, underscoring Suriname's persistent institutional and governance weaknesses. Even though key fiscal-governance legislation was passed in 2024, translating these reforms into practice has proven more difficult. Delays in budget approval, uneven transparency across

state-owned enterprises, and broader implementation gaps reduce policy predictability and limit confidence in the authorities' ability to sustain fiscal discipline.

While offshore oil production scheduled to begin in 2028 is on track according to Staatsolie, the state-owned oil company, the institutional framework needed to manage the expected oil windfall is still incomplete. The government that took office in July 2025 is a broad coalition of multiple political parties, which in our view increases the risk that politically difficult reforms lose momentum or are implemented only partially. If this leads to weak policy coordination and implementation capacity, risks that the benefits of future oil revenues are diluted by fiscal slippage are heightened.

The legal framework approved in late 2024, including measures to strengthen the fiscal framework and the Savings and Stabilization Fund Suriname, now requires effective operationalization. Full implementation would support more transparent management of mineral revenues, including through the adoption of the necessary decrees and the incorporation of a multi-year fiscal framework with annual primary spending ceilings and a clear debt anchor beginning with the 2026 budget. In our view, these reforms could strengthen fiscal discipline over time, but their credit relevance depends on whether they are embedded credibly in day-to-day policymaking.

The SOE sector more broadly remains a source of fiscal risk, compounded by weak transparency and oversight. Many SOEs reportedly do not submit financial statements to the Ministry of Finance on a timely basis, reflecting weak enforcement of reporting requirements. Although legal provisions for the publication of audited financial statements exist, compliance remains uneven. Oversight is further constrained by limited audit coverage and capacity challenges at the supreme audit institution, although, in collaboration with the World Bank, the authorities have initiated annual credit risk assessments of state-owned enterprises. This reduces visibility into contingent liabilities and increases the risk that fiscal pressures materialize through government support to entities.

**RATIONALE FOR THE POSITIVE OUTLOOK**

The positive outlook reflects our view that Suriname's credit profile will likely strengthen materially over the medium term as the country moves closer to first offshore oil production from the Block 58 project, scheduled for 2028. Credit metrics are expected to improve as offshore oil production begins, provided Suriname maintains macroeconomic stability, rebuilds cash buffers, preserves exchange rate flexibility, and continues strengthening fiscal institutions and governance to ensure durable fiscal gains from oil revenues.

In a statement from December 2025, Staatsolie said that the Block 58 project timeline is progressing as planned. Moreover, the project has many similarities to the already operational offshore facilities in Guyana, providing a blueprint for development. We are two years closer to the start of production since the last rating action in 2024, which improves visibility and reduces execution risk compared to when production was more distant.

Once offshore oil production from Block 58 begins, we expect output to underpin an increase in nominal GDP to \$13 billion in 2030 from about \$5 billion in 2025 with average real GDP growth of 36% in 2028-29. Offshore oil production will also strengthen the external position and significantly expand fiscal capacity relative to the current pre-oil period. This would represent a structural shift in Suriname's credit profile that is not achievable under existing oil production alone.

Furthermore, adding to expected upside, Suriname expects another investment decision related to Block 52 and references optimism following testing results in the Sloanea 1 well. Staatsolie reports continued progress on offshore developments and notes that Petronas completed drilling of the Caiman 1 exploration well in Block 52 with "encouraging results," as part of a multi well drilling campaign.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) CONSIDERATIONS

Suriname's CIS-5 indicates the rating is lower than it would have been if ESG risk exposures did not exist. The principal driver is very weak governance, combined with high exposure to social and environmental risks. Weak policy credibility and effectiveness further amplify the impact of environmental and social vulnerabilities, as the government's limited institutional capacity constrains its ability to implement reforms or respond to shocks.

Suriname's E-4 score reflects vulnerability to physical climate risk, carbon transition risk, and water risk. Suriname's exposure to physical climate risk encompasses threats from sea level rise and flooding due to the country's low-lying geography. These risks threaten infrastructure, agriculture, and population centers, directly affecting the sovereign's economic stability and fiscal outlook.

Suriname's S-4 score reflects its exposure to labor and income risks. Persistent macroeconomic instability has resulted in high youth unemployment and a widening poverty gap, which in turn constrain human capital development and social cohesion. These social pressures increase fiscal demands and reduce the government's capacity to respond to shocks. High youth unemployment – estimated at 24% at the end of 2024 - and a significant poverty gap – the poverty rate was estimated at 17.5% based on the upper middle income threshold of \$6.85 per day (2017 PPP) - underscore the depth of these social vulnerabilities and their negative impact on the sovereign's credit profile.

Suriname's G-5 score is driven by very weak policy credibility and effectiveness. This assessment is underpinned by a history of default, persistent fiscal imbalances, and low transparency. These governance weaknesses undermine investor confidence and limit the sovereign's ability to implement reforms or respond to ESG shocks. Persistent weaknesses in fiscal policy effectiveness and low scores for transparency, accountability, and corruption highlight the structural nature of these governance risks and their material impact on the credit profile.

#### SUMMARY OF MINUTES FROM RATING COMMITTEE

GDP per capita (PPP basis, US\$): 21,519 (2024) (also known as Per Capita Income)

Real GDP growth (% change): 3% (2024) (also known as GDP Growth)

Inflation Rate (CPI, % change Dec/Dec): 10.1% (2024)

Gen. Gov. Financial Balance/GDP: -2.4% (2024) (also known as Fiscal Balance)

Current Account Balance/GDP: 0.2% (2024) (also known as External

Balance)

External debt/GDP: 101.8% (2024)

Economic resiliency: b2

Default history: At least one default event (on bonds and/or loans) has been recorded since 1983.

On 24 March 2026, a rating committee was called to discuss the rating of the Suriname, Government of. The main points raised during the discussion were: The issuer's economic fundamentals, including its economic strength, have not materially changed. The issuer's institutions and governance strength, have not materially changed. The issuer's fiscal or financial strength, including its debt profile, have not materially changed. The issuer has become less susceptible to event risks.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade would occur with a sustained improvement in policy credibility and buffers, including a durable improvement in the fiscal balance, rebuilding of government cash buffers and reserves, and a reduction in inflation and exchange-rate pressures as the start of Block 58 offshore oil production approaches.

A return to stable could occur if fiscal and monetary slippages persist and lead to renewed inflation and exchange-rate instability, weakening buffers and financing flexibility. Delays or setbacks in the oil timeline would further weaken the medium-term upside that supports the positive outlook. Downward rating pressure would be consistent with renewed arrears accumulation, missed or delayed debt service, or failure to implement the institutional and governance reforms.

The principal methodology used in these ratings was Sovereigns published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/395819>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The weighting of all rating factors is described in the methodology used in this credit rating action, if applicable.

Suriname's "ba2" economic strength is set below the initial score of "baa3" to reflect the extraordinarily high average growth rate, which captures the start of off-shore oil production, but which overstates Suriname's growth potential. The "caa2" institutions and governance strength score is one notch below the initial score of "caa1" to reflect the government default history and track record of arrears. The "caa2" fiscal strength score is one notch below the initial score of "caa1" to reflect a near-term deterioration despite the expected windfall of oil revenue on fiscal accounts. This leads to a final scorecard-indicated outcome of B3-Caa2, compared to the initial scorecard-indicated outcome of B2-Caa1. The assigned Caa1 rating is inside the final scorecard-indicated outcome range.