



VHP

Vooruitstrevende Hervormings-Partij

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To: Oppenheimer & Co. Inc
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Subject: *Current financial crisis in Suriname and unacceptable debt burden.*

Paramaribo, 6th of March 2020

Dear Sir,

I am writing you on behalf of the Progressive Reform - Party (VHP) to share with you our concerns regarding the state of the economy and finances in the Republic of Suriname, at the dawn of general elections to be held on 25 May 2020.

The VHP, as the main opposition political movement, has been campaigning over the past years to broaden its electoral base and -according to public polls -is projected to become a serious and prime political factor to govern after the general elections. As part of this process the VHP has engaged experts within and outside the party, nationally and internationally, to develop a plan for rebuilding, recovery, stabilization and growth of the economy.

Our concerns regard the current deplorable financial state of Suriname's economy, as illustrated by the following facts:

- a. public debt has risen to over 80% of GDP;
- b. the sovereign rating has been downgraded to CCC (Fitch);
- c. foreign exchange reserves are estimated to be barely cover two weeks of import needs;
- d. the Suriname Dollar has depreciated systematically; 50% of its value in the last month alone.

This financial deplorable state is the direct result of poor governance, financial mismanagement and corruption of the current government headed by the NDP party, combined with ineffective execution capacity due to the lack of qualified policymakers and political intervention. A case in point is the illegal spending of 25% of the commercial banks' foreign currency deposits at the Central Bank. A total collapse of the banking system of the country has been barely avoided.

To prevent a default and a collapse of the financial system, stringent fiscal measures need to be taken as soon as possible. The government is very aware that the point of default is near. Their only ambition however is to postpone this to after the elections. In the meantime, the government is increasing its spending and negotiating even more loans at extremely unfavorable conditions.

It is in the interest of both Suriname and international lenders that a situation of default is avoided. This will be achieved through sound economic policies and fiscal measures. The platform for this will exist once the current government is replaced by a new one that includes the VHP. Until then, it is crucial that no further loans are issued to this government. Any new loans or grants negotiated with the current administration will be considered dubious and deepening the financial crisis and the debt burden, making lenders not only co-responsible but possibly complicit in creating an unbearable burden on the people of Suriname.

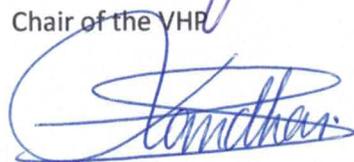
In light of the above, it is our responsibility to urge you not to either directly or indirectly support any further lending to the present government. We believe that this is not only crucial to the financial recovery of Suriname but is also in the best interest of future lenders of our country.

Sincerely,

Chan Santokhi



Chair of the VHR



Ganeshkoemar Kandhai

Secretary of the VHP