



VHP

Vooruitstrevende Hervormings-Partij

Mr. J .Lachmonstraat 130, Paramaribo - Tel.: 494497 – E-mail: secretariaat_vhp@hotmail.com .

Paramaribo, 17th November 2019

**To: the board of directors of Oppenheimer Fonds
Mr. Martin Flanagan,
CEO and President**

Dear Sir,

The Progressive Reform Party- (VHP), currently the largest political party in opposition in the National Assembly of the Republic of Suriname, would like to draw your attention to some disturbing and potentially devastating impact of recent developments of the sovereign debt in the country.

It has now been a few years that Suriname has exceeded the Debt to GDB ratio of 60% established by the IMF. Recent loan agreements and other borrowing arrangements with multilateral institutions, bilaterally, and well as with commercial financial institutions have propelled the sovereign debt into a critical danger zone. As an illustration, the debt ceiling in 2010 was 3.3 billion Surinamese Dollars (SRD).

The Constitution of the Republic of Suriname (article 140) provides for legal actions and judicial investigation of the relevant authorities, in this case the Minister of Finance, in case the debt ceiling as established has been exceeded.

This letter serves as well to inform you that given these alarming developments, on the eve of general elections in May 2020, the VHP, based on its political commitments to serve the interest of the Republic, has filed a criminal complaint on October 19, 2019 against the Minister of Finance, Mr. G. Hoefdraad. The Attorney General has been requested to start a thorough investigation. The Attorney General is conducting the requested investigation as we write this letter.

While the investigation has been in progress, the current Government decided to amend the sovereign debt legislation, eliminating the provisions of debt ceiling escalations and imprisonment of the responsible Minister. This dangerous and irresponsible act was strongly opposed by all political parties in opposition and relevant functional organizations in the country such as, private sector organizations, labor unions, bankers association, women's organizations, the organization of contractors etc.

However, despite this tremendous opposition to the amendments, the Government pushed ahead and created the possibility to again go far beyond the debt ceiling through unbridled borrowings. A promissory note of SRD 620 million (through monetary financing) and lending arrangements with the local banks amounting to 90 million Euro are concrete results of this unilateral policy.

These unsustainable sovereign debt loans will only exacerbate the already vulnerable financial system, following the massive loan from your institution (around USD\$500) million, of which nobody in Suriname knows at what stage the required due diligence is.

The VHP therefore urges your institution to fundamentally reject this request from the current Government, as this loan amount will create an irreversible negative cash flow situation for Suriname, further feeding rampant corruption, and implement show projects so close to elections (May 25, 2020).

Without any productive capacity created over the past years, even with the many loans taken, the real possibility of a debt crisis in a couple of years time is not an unrealistic assumption. Income generation, especially foreign currency generation, is limited to two or three companies. Prudent financial-monetary policy is required, as well as working towards reduction of Government expenses, increasing tax collection and establishing targeted income generating industries, are key to recovery and the path towards stability and growth.

The intent of this letter is in the first place to inform you about the latest developments and the potential of a debt default situation. We feel it our responsibility, as the largest opposition political party, with excellent prospects at the upcoming elections, to inform you and urge you to consider this alarming situation and bleak future repayment options when you decide on new lending to the Republic of Suriname.

Highest Regards,

Chandrikapersad Santokhi
President/The Progressive Reform Party - (VHP)

