**EVOLUTION OF POLICY MATRIX**

**Policy Conditions in SU-L1036 Compared to**

**Triggers Proposed in Previous Operation (SU-L1035)**

| **Issues** | **Objective** | **Triggers 3rd Operation proposed in previous operation (SU-L1035)** | **Policy Conditions**  **3rd Operation**  **(SU-L1036)** | **Comments** |
| --- | --- | --- | --- | --- |
| **I. Macroeconomic Stability** | | | | |
|  | Maintain a stable general macroeconomic framework. | Macroeconomic framework is consistent with the objectives of the program and with policy letter | Macroeconomic framework is consistent with the objectives of the program and with policy letter. | No changes. |
| **II. Development of a Sustainable Power Sector Framework** | | | | |
| Lack of an integrated policy and regulatory framework to regulate sector activity. | Define the regulatory and legal framework to contribute to a more effective power sector with increased efficiency, transparency, and accountability. | The Power Sector Policy that establishes the basic principles for a sustainable growth of the energy sector, consistently with its new legal and institutional structure has been approved. | The Power Sector Policy that establishes the basic principles for a sustainable growth of the energy sector, consistently with its new legal and institutional structure has been approved. | No changes. |
| The proposed draft legislation to regulate the Energy sector is presented to Parliament for its approval. | The proposed draft legislation to regulate the energy sector is presented to Parliament for its approval. | No changes. |
| High level of subsidies from the government to the utility due to low electricity tariffs. Lack of proper price signals to consumers and inefficient operation of the utility. | Implement institutions with a view to having a commercially-based operation and clear social, economic, and financial incentives to achieve efficiency. | An energy sector entity to regulate and manage the sector affairs has been created. | The proposed draft legislation to create an Energy Sector entity to regulate and manage the energy sector affairs is presented to Parliament for its approval. | This policy condition has changed from the previous operation (SU-L1035) to reflect a change in view by the Government of Suriname that the Energy Authority Suriname (EAS) should be defined by law as opposed to the set-up of an entity that only requires ministerial approval, and that its role be more central and authoritative agency regarding sector planning and regulation. Having the EAS created by law improves the institutional and legal infrastructure to ensure a clear single entity responsible for oversight of the sector. Having the definition, structure and responsibilities of the EAS as a law ensures a greater level of coherence in function between the agencies and avoids duplication or overlap of mission and activities. The EAS will be responsible for the formulation and implementation of an Energy Sector Plan and will facilitate communication and cooperation among energy sector entities. In summary, while the set-up of the Energy Desk was timely, cost-effective and supported the preparation of drafts and coordination of stakeholder inputs to the draft legislation as per the first two PBP operations, the scope of the newly envisioned EAS is substantially broader than what was originally anticipated. It rightly forms an integral component of the new structures proposed by the draft Electricity Act and provides a more coherent and decisive place within Suriname’s energy sector.  The office of the President of Suriname submitted the draft Energy Authority of Suriname Act (*Wet Energie Autoriteit Suriname*) to Parliament on August 28th, 2015, which was subsequently discussed and approved by the Parliament of Suriname on March 1st, 2016. |
| Price setting principles are reflected in the tariff schedule implemented by EBS. | Price setting principles are reflected in the tariff schedule implemented by EBS. | No changes. |
| A significant increase in power demand due to new residential, commercial and industrial projects. | Update the expansion strategy of the sector to improve supply efficiency. | The new contract model has already been used for the purchase of additional power by EBS. | The new contract model has already been used for the purchase of additional power by EBS. | No changes. |
| Environmental and social sustainability principles are being implemented throughout the project cycle (planning to execution). | Environmental and social sustainability principles are being implemented throughout the project cycle (planning to execution). | No changes. |
| At least one feasibility study for the implementation of RETs to increase energy access has been completed. | At least one feasibility study for the implementation of RETs to increase energy access has been completed. | No changes. |
| **III. Strengthen Sector Corporate Capabilities** | | | | |
| EBS faces several operational and financial challenges including: (i) production costs; (ii) financial sustainability; (iii) electricity rates; and (iv) increase of electricity demand with new investments or through contracts for the purchase of reliable supply. | Strengthen utility’s capabilities to operate by contributing to improvements in technical tools and corporate governance, transparency and accountability. | The EBS expansion plan is being executed. | The EBS expansion plan is being executed. | No changes. |
| Fundamental technical recommendations from corporate assessment are being implemented. | Fundamental technical recommendations from corporate assessment are being implemented. | No changes. |
| EBS is undertaking an update of its corporate and operational instruments, codes and laws, according to findings from corporate internal assessments. | EBS is undertaking an update of its corporate and operational instruments, codes and laws, according to findings from corporate internal assessments. | No changes. |