

Maldives: ASPIRE Program
Scaling-up Renewable Energy Program (SREP) in Low Income Countries

Responses to comments from the Netherlands and Switzerland

Switzerland (April 1, 2014)

- I. There are inconsistencies in the figures regarding SREP contribution: In the IP the SREP contribution was set at USD 10'750'000; in the cover sheet and decision text the requested SREP contribution is state at USD 10'684'000; in the project document the SREP contribution is summarized detailed into three components (TA, subsidies, guarantee) adding up to USD 11'684'000. Please clarify.**

To clarify, the total funding requested for ASPIRE project (USD 11.684 million) originates from USD 10.75 million from ASPIRE component and USD 0.880 million from Technical Assistance component (as per Maldives IP), and USD 0.054 million from unused funds for IP preparation which were returned by the country to CIF Trustee in January 2013.

Regarding the Technical Assistance component, the Maldives IP did not specify the allocation of the total USD 1.185 million to the respective projects/programs. This allocation was agreed in December 2012, whereby USD 0.880 million was allocated to ASPIRE project and USD 0.305 million to POISED project.

Regarding unused funding, a total of USD 0.107 million of unused funds originally planned for preparing the Maldives IP were returned to CIF Trustee in January 2013. Since funds for IP preparation are part of the resource envelope assigned to the country, any unused funds needs to be reallocated to support implementation of projects/programs supported under the IP. These unused funds were reallocated in equal parts of USD 0.054 million between World Bank Group and Asian Development Bank projects/programs.

Please note that USD 1 million already approved for ASPIRE as Project Preparation Grant was a part of USD 10.75 million allocated to ASPIRE component. However, the refined cost estimate for the project is USD 11.684 million in fresh funds. The Government of Maldives has decided to reallocate an additional USD 1 million from the USD 5 million allocated to Thilafushi waste-to-energy project under the SREP resource envelope to the ASPIRE program. Thus the ASPIRE program seeks approval for USD 11.684 million as specified in the PAD.

II. In comparison to the IP, the overall investment has been reduced by USD 32'326'000 (taking into account the WB guarantee). It is particularly noticed that the WB (IDA) contribution is reduced to guarantee coverage of USD 16 million, that a foreseen contribution from the Japanese International Cooperation Agency (JICA) is left out, as are smaller contributions from GIZ, as well as from the Government of Maldives (GoM). Please explain why these contributions were reduced or cancelled. To what extent do these reductions affect the project?

Thank you for your query. Please note that the WB IDA contribution was always meant to be in the form of a guarantee, and the WB IDA allocation of USD 5 million (shown in Table 2 of SREP IP), was what was to be leveraged to USD 20 million guarantee cover (also shown in the same table). There was a re-allocation of USD 1 million of IDA allocation to a different sector, and thus IDA guarantee cover reduced to USD 16 million (as against USD 20 million in the Table 2 above). The JICA and GIZ financing are part of the parallel financing and part of broader investment plan. Regarding JICA, the funds have already installed 675kWp in 10 different buildings in Male and installation of additional 65kWp is ongoing. Data from these installations is being used by ASPIRE in its bid preparation. The GIZ funds are focused for outer island solar and wind investments, and installation of solar PV on two such Islands, is to be undertaken. Under GIZ program 200kWp solar will be installed in Dh.Kudahuvadhoo and 124kWp will be installed in R.Ungoofaaruu. This would provide some data and learning for ASPIRE, and inform the team on the possibility of more private sector approach for smaller islands. The GoM contribution is earmarked for the purchase of 78 diesel generator sets to upgrade the power systems in the outer islands. Total cost for this is USD 10 million, and therefore more than covers the GoM commitment of USD 2 million. This will support easier integration of PV on these islands. We will reflect the above information in the final PAD.

Despite this evolution however, the program still plans to have 20 MW of RE generation and provide the ancillary benefits outlined in the SREP IP. The effect of the reduction in IDA guarantee amount is not expected to be drastic. It simply means that either the need for guarantee will taper down for future projects, or a fresh allocation may be needed once USD 16 million of cover has been used up. There could also be the use of other sources such as MIGA to provide risk cover, once the initial projects create a track record.

The Netherlands (April 2, 2014)

- III. Regarding gender, the response does not clarify how the project will reach women in particular. For example, when talking about reduced tariffs by using PVs, it is not clear if women headed households and other such venerable groups will receive reduced tariffs or support for covering the up-front charges. When talking about training, in the first para it says that women "can" be trained. We would prefer "shall be trained". Furthermore it would be good to make reference to specific indicators to track the number of women benefiting from the intervention (women headed households, number of women entrepreneurs benefiting from reduced tariffs, reduction in violence experienced, etc.). Can you please inform us if these additions would be acceptable to the project proponents?**

As clarification on the issue of gender, please note that women headed households are not expected to be treated differently, since the PV power generated will be sold into the grid. Similarly, tariff reform is not a part of the scope of ASPIRE. On training, we confirm that targeted trainings shall be provided to women working in Maldivian utilities and bureaucracy. We also confirm that we will track the number of women trained, as well a number of women entrepreneurs benefiting. However, we would not be tracking women headed households, or reduction in violence against women.