



Maldives: Preparing Outer Islands for Sustainable Energy Development Project

Project Name	Preparing Outer Islands for Sustainable Energy Development Project																		
Project Number	46122-003																		
Country	Maldives																		
Project Status	Active																		
Project Type / Modality of Assistance	Grant Loan																		
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Grant 0409-MLD: Preparing Outer Islands for Sustainable Energy Development Project</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 38.00 million</td> </tr> <tr> <td colspan="2">Grant 0410-MLD: Preparing Outer Islands for Sustainable Energy Development Project</td> </tr> <tr> <td>Strategic Climate Fund</td> <td>US\$ 12.00 million</td> </tr> <tr> <td colspan="2">Loan: Preparing Outer Islands for Sustainable Electricity Development</td> </tr> <tr> <td>European Investment Bank</td> <td>US\$ 50.00 million</td> </tr> <tr> <td>Islamic Development Bank</td> <td>US\$ 10.00 million</td> </tr> <tr> <td colspan="2">Grant 0429-MLD: Preparing Outer Islands for Sustainable Energy Development Project</td> </tr> <tr> <td>Japan Fund for the Joint Crediting Mechanism</td> <td>US\$ 5.00 million</td> </tr> </table>	Grant 0409-MLD: Preparing Outer Islands for Sustainable Energy Development Project		concessional ordinary capital resources lending / Asian Development Fund	US\$ 38.00 million	Grant 0410-MLD: Preparing Outer Islands for Sustainable Energy Development Project		Strategic Climate Fund	US\$ 12.00 million	Loan: Preparing Outer Islands for Sustainable Electricity Development		European Investment Bank	US\$ 50.00 million	Islamic Development Bank	US\$ 10.00 million	Grant 0429-MLD: Preparing Outer Islands for Sustainable Energy Development Project		Japan Fund for the Joint Crediting Mechanism	US\$ 5.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth																		
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development																		
Sector / Subsector	Energy - Conventional energy generation - Energy efficiency and conservation - Renewable energy generation - solar																		
Gender Equity and Mainstreaming	Effective gender mainstreaming																		
Description	ADB and the Government of Maldives are working together to transform the existing energy grids on the archipelago into a hybrid renewable energy system. The Preparing Outer Islands for Sustainable Energy Development Project is installing energy management and control systems; energy storage; and improvements in distribution networks, in order to significantly reduce the need for diesel to generate electricity. The work includes installing equipment for solar_diesel hybrid grids on about 160 islands. The project will replace inefficient diesel-based power generation grids on the islands with hybrid systems of both renewable energy and diesel in order to reduce the cost of electricity and the emissions created, as well as lower the subsidy burden on the government budget.																		
Project Rationale and Linkage to Country/Regional Strategy	The Maldives is the only country in South Asia to achieve 100% access to electricity. This includes the half of the population who live on outer islands. Given the geographic spread of the archipelago, each island is electrified with its own diesel-powered grid system, resulting in expensive and not very reliable electricity supply. Diesel power is also costly and requires government subsidies in excess of \$40 million a year. The 100% diesel dependence of the Maldives makes it reliant on oil imports and also makes its carbon emissions per unit of electricity among the highest in the region. The Maldives has the potential for significant renewable energy resources, including solar energy and some areas appropriate for wind power. Studies show that the cost of energy generation from a hybrid system of renewable energy and fossil fuels would be significantly lower than the existing options. The transition to renewable energy has a sound economic rationale. It improves the financial situation of the government while at the same time lowering costs for consumers.																		
Impact	More sustainable energy sector based on renewable resources.																		

Project Outcome

Description of Outcome	Shift towards clean and cost-effective energy sources
Progress Toward Outcome	Project is declared effective on 19 January 2015 and implementation is on-going.
Implementation Progress	
Description of Project Outputs	1. Renewable-energy-ready grid systems developed for outer islands and greater Male region 2. Enhanced capacity of MEE, STELCO, and FENAKA to implement renewable energy grid interventions
Status of Implementation Progress (Outputs, Activities, and Issues)	Major contracts for Phase 1 is nearing completion. Contract for Phase 2 is expected to be completed by Q2 2017 for STELCO while award for outer island atoll is expected in Q2 2017. Tendering commenced for Phase 3 since January 2017 and bids to be received in April 2017. The feasibility studies for the Male region atolls and for Ga and GDh are in advanced stages and would be taken up next.
Geographical Location	

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The project is classified environment category B and the initial environment examinations for the sample projects were prepared following ADB's Safeguard Policy Statement (2009), the government's environmental impact assessment guidelines, and related national policies and legislation. Public consultation and information disclosure requirements have been met.
Involuntary Resettlement	The project is classified as category B for both involuntary resettlement and C for indigenous peoples. Due diligence conducted on sample subprojects brought out no resettlement impacts and no adverse impacts on indigenous groups. A resettlement framework has been prepared for the project. .
Indigenous Peoples	For all the subsequent subprojects that have resettlement impacts, resettlement plans will be prepared in accordance with the safeguard provisions in the resettlement framework. If any changes or additional land requirements or involuntary resettlement impacts are identified during implementation, a resettlement plan will be prepared or modified according to the applicable laws referred to in the resettlement framework. ADB's prior approval will be obtained before further implementation of the relevant subproject

Stakeholder Communication, Participation, and Consultation

During Project Design	Stakeholders including utilities, investors, government, the regulator, financiers and consumers have been periodically consulted during the preparation of the SREP Investment Plan in 2010-2012 and the project preparation phase. MEE will prepare a stakeholder communication strategy and submit to ADB for review in 2015 after effectiveness. Communication will be in language suitable for the specific audience and will follow the ADB Public Communication Policy. The stakeholder strategy will incorporate the following components: (i) Compilation of stakeholder communication activities already undertaken; (ii) Public communication plan for disseminating information regarding project development to the public who may be impacted by the proposed projects(iii) Consultations and disclosure during preparation of future sub project IEE.
During Project Implementation	TBD

Business Opportunities

Consulting Services	The PMU will be supported by external experts. ADB will recruit the external experts using Quality and Cost based selection (QCBS) with a 90:10 selection criteria. Consultancy services will be procured in accordance with ADB's Guidelines on the Use of Consultants (April 2013, as amended from time to time).
Procurement	The government has requested ADB to assist in procuring all project goods, works and services, and to recruit related project management consultancy services. Procurement of goods, works and related services under the project will be processed through a Project Management Unit with review by ADB. The procurement will be carried out in accordance with ADB's Procurement Guidelines (April 2013, as amended from time to time).

Responsible Staff

Responsible ADB Officer	George, Len V.
Responsible ADB Department	South Asia Department

Responsible ADB Division

Energy Division, SARD

Executing Agencies

Ministry of Finance and Treasury
66032EXTRES MF/MINFIN@DHIVEHINET.NET.MV
Ameenee Magu
Republic of the Maldives

Timetable

Concept Clearance	10 Dec 2012
Fact Finding	03 Apr 2014 to 11 Apr 2014
MRM	19 May 2014
Approval	29 Sep 2014
Last Review Mission	-
Last PDS Update	29 Mar 2017

Grant 0409-MLD

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Sep 2014	09 Dec 2014	19 Jan 2015	30 Jun 2020	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	52.00		Cumulative Contract Awards			
ADB	38.00		29 Sep 2014	18.46	0.00	49%
Counterpart	14.00		Cumulative Disbursements			
Cofinancing	0.00		29 Sep 2014	14.39	0.00	38%

Grant 0410-MLD

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Sep 2014	09 Dec 2014	19 Jan 2015	30 Jun 2020	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	12.00		Cumulative Contract Awards			
ADB	0.00		29 Sep 2014	0.00	3.77	31%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	12.00		29 Sep 2014	0.00	3.11	26%

Grant 0429-MLD

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
19 Mar 2015	21 Aug 2015	24 Nov 2015	31 Dec 2019	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage

Project Cost	5.00	Cumulative Contract Awards			
ADB	0.00	19 Mar 2015	0.00	0.18	4%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	5.00	19 Mar 2015	0.00	0.04	1%

Project Page <https://www.adb.org/projects/46122-003/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=46122-003>

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