

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) historically has been a significant contributor to the energy sector of the Maldives, with four loans totaling over \$30 million and seven technical assistance (TA) projects totaling \$1.7 million since 1984. The earlier assistance focused on increasing the electricity-generating capacity in the capital, Malé, to service its rapidly growing electricity demand and strengthen sector institutions such as the State Electricity Company (STELCO).

2. The Outer Islands Electrification Project, approved in 2001, shifted ADB support to the electrification of the outer islands in an effort to decentralize economic activities away from Malé. Also, as part of its emergency assistance to the Maldives after the tsunami of 2004, ADB funded the rehabilitation of power supply systems on some outer islands. These initiatives have helped the Maldives achieve the distinction of full electrification, i.e., every inhabited outer island now has access to electricity.

3. Since 2011, ADB and the World Bank have coordinated their support to the Maldives, such as in strengthening the Maldives Energy Authority (MEA), the sector regulator. Support for climate change mitigation and adaptation includes the Climate Change Trust Fund administered by the World Bank, and the rooftop electrification program of the Japan International Cooperation Agency (JICA) in Malé. ADB has held discussions with the Islamic Development Bank and the European Investment Bank, and both have expressed interest in coordinating support with ADB for renewable energy and energy efficiency projects in the Maldives.

Major Development Partners in the Energy Sector of the Maldives

Themes	Development Partner	Project Name ^a	Duration	Amount
Renewable energy	Japan International Coordination Agency	Project for clean energy promotion in Malé	2009–ongoing	About \$10,000,000
Renewable energy	GIZ	Support for climate neutrality strategy	2011–ongoing	Technical assistance
Renewable energy	World Bank	Accelerating Sustainable Private Investments in Renewable Energy	Approved in 2014	\$16,000,000 (indicative)
Energy efficiency and renewable energy	ADB, Islamic Development Bank and European Investment Bank	Preparing Outer Islands for Sustainable Energy Development (This Project)	Processing	\$0,000,000 and \$50,000,000 (indicative)

GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (German development cooperation).

^a The list of projects presented here is not exhaustive but indicative of assistance in the main areas.

Source: Asian Development Bank estimates.

B. Institutional Arrangements and Processes for Development Coordination

4. The Ministry of Environment and Energy (MEE), set up in 2012, is the nodal government agency tasked with the responsibility of coordinating the rollout of renewable energy and energy efficiency initiatives in the Maldives. MEE coordinated with bilateral and multilateral agencies, utilities, and other stakeholders in putting together a medium-term plan from 2012-2017 to scale up renewable energy in the country. A committee comprising state ministers of the ministries of environment and energy, finance and treasury, and economic development—is set up to oversee the phased implementation of POISED and for coordinating with other agencies. A project management unit has also been set up in MEE with representatives of the MEE, STELCO and Fenaka supported by a full time project manager and advisory assistance to support the roll out of POISED, coordination between ADB IDB and EIB as well as coordination with other development partners in their activities.

C. Achievements and Issues

5. The medium-term investment plan prepared by MEE to seek external financing for investments and capacity building was prepared with support from ADB and World Bank and submitted to the Strategic Climate Fund at the end of 2012 where it was endorsed. Due diligence and project preparatory activities have been carried out for POISED and ASPIRE. Both projects are expected to be initiated in 2014 after receiving their respective board approvals. Capacity building technical assistance for MEA from ADB and World Bank has helped prepare draft required technical, planning, tariff and licensing regulations. Support to implement and roll out these regulations is expected under the ongoing technical assistance to strengthen the institution of MEA.

6. The ASPIRE and POISED projects supported by World Bank and ADB are complementary in nature. Significant investments in energy-efficient diesel generators, automatic control systems, energy storage and grid upgrades supported under POISED will support successful integration and absorption of renewable energy in the islands. The guarantees under the ASPIRE project will facilitate private sector investments for renewable energy where feasible in the Maldives.

D. Summary and Recommendations

7. To support the effective use of resources and achieve development effectiveness in the Maldives, ADB will continue to coordinate with development partners to support renewable energy and energy efficiency initiatives. An atoll based phased implementation roadmap is developed to (i) use the learnings from the initial phase to design and implement future phases and (ii) support coordination between development agencies. In particular, the initial investments in the 5 islands under phase 1 of POISED along with the implementation assistance and capacity development of the PMU will provide useful baseline information, experience with implementation issues and support investments in renewable energy generation including by the private sector.