



# Maldives: Preparing Outer Islands for Sustainable Energy Development-Additional Financing

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|--|---|-------------------|
| Project Name   | Preparing Outer Islands for Sustainable Energy Development-Additional Financing   |                   |
| Project Number   | 46122-005   |                   |
| Country  | Maldives  |                   |
| Project Status   | Proposed  |                   |
| Project Type / Modality of Assistance                      | Grant<br>Loan   |                   |
| Source of Funding / Amount                                 | Grant: Preparing Outer Islands for Sustainable Energy Development-Additional Financing  |                   |
|  | concessional ordinary capital resources lending / Asian Development Fund  | US\$ 5.00 million |
|  | Loan: Preparing Outer Islands for Sustainable Energy Development-Additional Financing   |                   |
|  | concessional ordinary capital resources lending / Asian Development Fund  | US\$ 5.00 million |
| Strategic Agendas  | Environmentally sustainable growth<br>Inclusive economic growth   |                   |
| Drivers of Change  | Governance and capacity development<br>Knowledge solutions<br>Partnerships<br>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 sources   |                   |
| Outcome  | Shift towards clean and cost-effective energy sources   |                   |
| Outputs  | Renewable-energy-ready grid systems developed for outer islands and greater Male region<br>Enhanced capacity of MEE, STELCO and FENAKA to implement renewable energy grid interventions   |                   |
| Geographical Location                                      | Nation-wide   |                   |
| <b>Safeguard Categories</b>                                |   |                   |
| Environment  |   | B                 |
| Involuntary Resettlement                                   |   | B                 |
| Indigenous Peoples   |   | C                 |
| <b>Summary of Environmental and Social Aspects</b>         |   |                   |
| Environmental Aspects                                      |   |                   |
| Involuntary Resettlement                                   |   |                   |
| Indigenous Peoples   |   |                   |
| Stakeholder Communication, Participation, and Consultation |   |                   |
| During Project Design                                      |   |                   |
| During Project Implementation                              |   |                   |
| Responsible ADB Officer                                    | Jaimes Kolantharaj  |                   |

|                            |  |
|----------------------------|--|
| Responsible ADB Department | South Asia Department  |
| Responsible ADB Division   | Energy Division, SARD  |
| Executing Agencies         | Ministry of Finance (formerly Ministry of Finance and Treasury)<br>Ameenee Magu, Block 379, Male', Republic<br>of Maldives |

| Timetable           |                            |
|---------------------|----------------------------|
| Concept Clearance   | 28 Oct 2019                |
| Fact Finding        | 01 Jul 2019 to 01 Jul 2019 |
| MRM                 | 29 Feb 2020                |
| Approval            | -                          |
| Last Review Mission | -                          |
| Last PDS Update     | 28 Oct 2019                |

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|-------------------------|---|
| Project Page            | <a href="https://www.adb.org/projects/46122-005/main">https://www.adb.org/projects/46122-005/main</a>   |
| Request for Information | <a href="http://www.adb.org/forms/request-information-form?subject=46122-005">http://www.adb.org/forms/request-information-form?subject=46122-005</a> |
| Date Generated          | 05 November 2019  |

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