

April 2, 2014

**Comments from the UK—Approval by Mail: SREP Maldives: Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE) IBRD**

Dear Patricia,

Thank you for the request for \$10.684 million in SREP grant funding for the project proposal entitled: Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE) Program, submitted by the Government of the Maldives and the World Bank.

We appreciate the responses provided to questions from the sub-committee to date, and in particular the clarifications around the consultation conducted in the preparation of this proposal with the private sector. Given the importance of private investment in the project design, we were surprised not to see this set out in more detail in the proposal, considering also that this was raised as an important comment to follow-up on approval of the Investment Plan. However, we are pleased this has occurred, and to see the clear focus on attracting private investment through the use of guarantees, limited TA, and incentives based on market price-finding mechanisms.

The UK is content to approve the above request. Although it should not hold up approval, we would appreciate a response in due course to the following questions of clarification:

- On pg. 11 it is stated that the World Bank guarantee on the termination risk would fall off after 10 years of operation. Does the same 10 years eligibility apply for the calls on the escrow account? How was the length of the payment guarantee coverage and termination guarantee coverage decided upon?
- We understand that the value of subsidy component has not yet been arrived at and a process will be gone through to determine this through consultation and reverse auction. This process will clearly require careful management and strike the right balance of transparency and consultation, and clarity and stability – in reaching the solution which is most efficient use of CIF resources. Are any plans in place to monitor and evaluate this process with a view to lesson learning and sharing?
- Given that full electricity access is already in place, and the introduction of the solar PV will turn the existing island systems into clean energy mini-grids – can any more information be provided regarding how generation and load management will be conducted, both in terms of technical as well as management/tariff aspects – in order to achieve the expected improvements in operating performance and maximum cost and emissions reductions? We hope this experience will also be shared as learning from the programme with other island states.

Best wishes,  
Steven

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