

November 21, 2012

Comments from United Kingdom on SREP Investment Plan for Maldives

Dear Patricia,

Following the SREP sub-committee meeting in Istanbul, we would like to share in writing some of the comments we had on the Maldives Country Investment Plan.

- 1) Firstly, we welcome this Investment Plan and are pleased it was endorsed at the meeting in Istanbul. We also welcome the clear desire of the GoM to use SREP resources in an integrated programme involving both supply-side support and preparation - and demand-side results-based incentives (in the form of the Feed-in Tariff), to develop the market for clean energy in the Maldives.
- 2) We were pleased to see the positive report of the independent reviewer, although we do note the questions raised on the limited extent of private sector consultation to date. In view of the significant and welcome projections on private investment linked to the IP, we believe private interest should be further tested through greater consultation during the project preparations.
- 3) Political instability, which has affected the Maldives during the period of IP preparation, can be a major disincentive for private investment. We would appreciate any further information on how investor concerns are understood and may be addressed? - without providing guarantees to the point where private capital is not really at risk. More broadly, we would appreciate an improved understanding from the MDBs of both the risk mitigation approach, as well any contingency planning proposed, for timely completion of the project preparation and delivery of the projects? – further to the short paragraph on political risk on page 62 of the IP.
- 4) As raised in the meeting, we note the relatively high abatement costs in the IP in terms of £/tCO₂ compared to some other IPs; as discussed in Istanbul we understand and accept that this is due to the dispersed nature of the islands.
- 5) Finally, we note the point raised by the independent reviewer on the need for relative clarity in the incentives and institutional structure developed, and trust that these will be considered in the project preparation?

With thanks and kind regards

Simon

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