



World Bank Supports Maldives to Accelerate Renewable Energy Transition

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The World Bank's Board of Executive Directors today approved a \$107.4 million project to help Maldives accelerate its transition to renewable energy and support sustainable recovery.

[The Accelerating Renewable Energy Integration and Sustainable Energy \(ARISE\)](#) project builds on the efforts of the existing World Bank-funded Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE) initiative to bring in private investments for increasing renewable energy capacity in the Maldives. Both the projects are designed to help address the climate challenges and vulnerabilities that the Maldives is exposed to as an island nation. In moving to renewable sources of energy generation, the Maldives will also be shifting away from fossil fuels and in turn reducing their carbon footprint significantly.

“The World Bank has been adjusting its program to respond quickly to the threats posed by the COVID-19 pandemic while focusing to bolster economic recovery and resilience. The ARISE project is aligned with the World Bank Group’s strategy to tackle the post-COVID-19 challenges,” said [Faris. H. Hadad-Zervos](#), **the World Bank Country Director for Maldives, Sri Lanka and Nepal.** *“While ASPIRE focused on bringing in private developers to invest in renewable energy, the ARISE project takes it further by focusing on combining the risk mitigation mechanisms with innovative solar technologies, storage solutions and grid upgrades.”*

The new project aims to expand solar power generation in locations in and out of the Greater Male’ region and strengthen the capacity of the power system for integration of electricity generated from solar power. The solar installations under the ASPIRE and ARISE projects will help generate a cumulative of 42.5 MW capacity, which would be a significant addition to the 2020 target of 51 MW.

With expertise and resources from the World Bank Group’s [Multilateral Investment Guarantee Agency \(MIGA\)](#) and [International Finance Corporation \(IFC\)](#), incentives will be offered to investors through a comprehensive risk mitigation package, which includes tariff buydown grants and a secured payment mechanism, and investment guarantees. Additionally, existing electricity grids will be upgraded to accommodate an increasing volume of renewable energy, while battery

systems will be deployed in the southernmost Addu City and other islands to ensure integration of variable renewable energy and reliable supply in a cost-efficient manner.

The project will support training of staff at the relevant authorities and utility companies. It will also explore the potential of other renewable energy sources like wind and hydrogen, as well as new technologies such as EV charging stations and vehicle-to-grid technologies. As part of the project's technical assistance package, targeted actions will be taken to increase women's participation in the Maldivian energy sector. This includes creating more and better jobs for women in the energy sector, organizing outreach workshops dedicated to female students and providing skill development courses for women in the outer islands.

“Faced with issues around fossil fuel imports and the associated volatility in fuel markets, the Maldives pays a steep price for the fuel imports. This results in a high cost of power generation across islands, making a case for increased renewable energy investment,” said **Amit Jain and Joonkyung Seong, World Bank task team leaders** for the ARISE project. *“The project will help diversify the investment and knowledge base beyond tourism and fisheries and expand employment prospects through the development of renewables and related disruptive technologies. Developing local presence and expertise in renewable energy will ensure continued renewable energy penetration beyond the life of the project.”*

The Accelerating Renewable Energy Integration and Sustainable Energy will be implemented by the Ministry of Environment with close coordination with STELCO and FENAKA, the main utility companies in the Maldives. The total project cost is \$107.4 million, including a \$12.4 million grant from the [International Development Association \(IDA\)](#), the World Bank's concessional credit window for developing countries. Financing from non-World Bank Group entities include \$30 million from the Clean Technology Fund, \$20 million from the Asian Infrastructure Investment Bank (AIIB) and \$45 million commercial financing.