Hon. Ahmed Inaz  
Minister of Finance  
Ministry of Finance and Treasury  
Ameene Magu  
Male  
Republic of Maldives  

Hon. Minister:  

Scaling Up Renewable Energy Program in Low Income Countries ("SREP")  
Preparation Grant for the Development of SREP Investment Plan  
Grant No. TF099659  

In response to the request for financial assistance made on behalf of the Republic of Maldives (the "Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development (the "World Bank"), acting as an Implementing Agency of the Scaling Up Renewable Energy Program in Low Income Countries ("SREP") under the Strategic Climate Fund, proposes to extend to the Recipient a grant in an amount not to exceed three hundred fifteen thousand five hundred United States Dollars (US$315,500) (the "Grant") on the terms and conditions set forth or referred to in this letter agreement (the "Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex (the "Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned original, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Yours sincerely,

/s/ Diarietou Gaye

Diarietou Gaye
Country Director for Sri Lanka and Maldives

AGREE:

REPUBLIC OF MALDIVES

By: /s/ Ahmed Inaz
Title: Minister of Finance and Treasury
Date: June 7, 2011

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

World Bank, Maldives Country Office
ANNEX

Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to assist the Recipient with the preparation of an SREP investment plan which will support a country-level programmatic approach to scaling up renewable energy.

The Project consists of the following parts:

A. Preparation of SREP Investment Plan

Provision of technical assistance for the preparation of an SREP investment plan, including technology selection, environmental and social assessments, economic, financial, legal and policy analyses, through: (i) review of the framework for clean energy investments in the Maldives, and existing studies on Maldives; and (ii) gathering additional information and data required to complete an SREP investment plan.

B. Stakeholder Consultations

(i) Conduct stakeholder consultations to (a) ensure the involvement, participation and ownership of stakeholders at all levels of the preparation of an SREP investment plan, and build consensus among various stakeholders; and (b) strengthen the capacity of various stakeholders at the national level for preparation of an SREP investment plan, all to be carried out through the organization of workshops and meetings.

(ii) Organize a donor / investor conference to mobilize private sector, bilateral and other financing in order to achieve significant leverage of SREP resources.

C. Project Implementation Support

Provision of support to the Recipient’s Ministry of Housing and Environment for the management, operation and implementation of the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Housing and Environment in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating
Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall, and shall cause the Ministry of Housing and Environment to ensure that the SREP investment plan that will be prepared under the Project includes appropriate safeguards to mitigate any adverse environmental and/or social impacts.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Key stakeholders are consulted and involved in the preparation of the SREP investment plan;

(ii) Investor/donor conference is held; and

(iii) SREP investment plan to scale-up renewable energy in Maldives is developed and submitted for SREP sub-committee approval.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the

World Bank, Maldives Country Office
Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. Procurement

(a) General. All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

1. Invitations to bid shall be advertised in at least one national newspaper with a wide circulation at least 21 days prior to the deadline for the submission of bids;

2. Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee;

3. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process;

4. Qualification criteria shall be stated in the bidding documents, and, if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;

World Bank, Maldives Country Office
5. There shall not be any restrictions on the means of delivery of the bids, which shall be either through post or hand-delivered. Electronic submissions will not be permitted;

6. Bids shall be opened in public in one location as stipulated in the bidding document, immediately after the deadline for submission of bids;

7. Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;

8. Evaluation of bids will be made in strict adherence to the criteria disclosed in the bidding document, in a format and within the specified period agreed with the Association, and within the bid validity period specified in the bidding document;

9. Except in cases of force majeure or exceptional situations beyond the control of the implementing agency, the extension of bid validity will not be allowed;

10. Contracts shall be awarded to the lowest evaluated responsive bidder;

11. Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders;

12. Except in an exceptional situation, re-invitation of bids shall not be carried out;

13. All bidders/contractors shall, provide bid/performance security as indicated in the bidding/contract documents;

14. A bidder’s bid security shall apply only to a specific bid, and a contractor’s performance security shall apply only to the specific contract under which it was furnished;

15. Bids shall not be invited on the basis of percentage premium or discount over the estimated cost;

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan:
(A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Non-consulting Services, Consultants’ Services, Workshops and Incremental Operating Costs</td>
<td>315,500</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>315,500</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section the terms: (i) “Workshops” means the costs associated with workshop (including seminars and meetings) participation of personnel involved in the implementation of the Project, including travel and subsistence costs for workshop participants, rental of workshop facilities, preparation and reproduction of workshop materials, and other costs directly related to workshop preparation and implementation; and (ii) “Incremental Operating Costs” means the incremental expenses incurred on account of Project implementation and management, including the operation and maintenance of vehicles, office supplies, communication charges, insurance costs, office administration costs, banking charges, utility charges, domestic travel and subsistence costs, but excluding salaries of the officials of the Recipient’s civil service.

World Bank, Maldives Country Office
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

---

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance and Treasury.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

- Ministry of Finance and Treasury
- Amenee Magu
- Male’ 20379
- Republic of Maldives

Facsimile: (960) 332 4432

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

- International Bank for Reconstruction and Development
- 1818 H Street, N.W.
- Washington, D.C. 20433
- United States of America

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTBAFRAD</td>
<td>248423 (MCI)</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145 (MCI)</td>
<td></td>
</tr>
</tbody>
</table>

---

World Bank, Maldives Country Office