ACCELERATING SUSTAINABLE PRIVATE INVESTMENT IN RENEWABLE ENERGY (ASPIRE) PROJECT

MINISTRY OF ENVIRONMENT AND ENERGY

FINANCIAL YEAR 2017
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AUDITOR GENERAL’S REPORT

TO THE MINISTRY OF ENVIRONMENT AND ENERGY ON THE FINANCIAL STATEMENT OF ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY PROJECT

Opinion

We have audited the accompanying financial statement; Statement of Receipts and Payments for the year ended 31 December 2017 and notes to this statement, which includes a summary of significant accounting policies and other explanatory information set out in pages 3 to 6, of Accelerating Sustainable Private Investment in Renewable Energy Project financed by World Bank/International Development Association Grant Agreement (SCF Grant No. TF017182) as of 31 August 2014.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the cash receipts and cash payments for the financial year ended 31 December 2017 and cash balances as at the year then ended in accordance with the International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting.

In addition, we can provide assurance that:

   (a) The funds provided under the Grant have been utilised for the purposes for which they were provided; and
   
   (b) The Procurement guidelines of the World Bank have been complied with in the procurement of goods and services under the project.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Management in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

We believe that the audit evidence we have obtained is sufficient appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of this financial statement in accordance with the International Public Sector Accounting Standard (IPSAS): Financial Reporting under the Cash Basis of Accounting. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation
of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the project’s financial reporting process.

**Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the project regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

25th June 2018

Hassan Ziyath
Auditor General
ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT – 2017
MINISTRY OF ENVIRONMENT AND ENERGY

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the year ended 31 Dec 2017 USD</th>
<th>For the year ended 31 Dec 2016 USD</th>
<th>Cumulative as at 31 Dec 2017 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursements from World Bank</td>
<td>137,177</td>
<td>159,422</td>
<td>716,339</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>137,177</td>
<td>159,422</td>
<td>716,339</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TA for Enabling Private Investing in PV Institutional Capacity Building and knowledge sharing</td>
<td>29,882</td>
<td>37,070</td>
<td>114,252</td>
</tr>
<tr>
<td>Development of pipeline Project management and implementation support</td>
<td>114,449</td>
<td>72,603</td>
<td>245,861</td>
</tr>
<tr>
<td>Total Payments</td>
<td>197,550</td>
<td>168,520</td>
<td>523,573</td>
</tr>
<tr>
<td>Increase/(Decrease) in Cash</td>
<td>(60,373)</td>
<td>(9,098)</td>
<td></td>
</tr>
<tr>
<td>Opening Cash Balance</td>
<td>253,139</td>
<td>262,237</td>
<td></td>
</tr>
<tr>
<td>Increase/(Decrease) in Cash</td>
<td>(60,373)</td>
<td>(9,098)</td>
<td></td>
</tr>
<tr>
<td>Closing Cash Balance</td>
<td>192,766</td>
<td>253,139</td>
<td></td>
</tr>
</tbody>
</table>

Management of the Project is responsible for the preparation and presentation of the financial statement.

The Statement of Receipts and Payments was approved by PMU on 25 June 2017.
Signed for and on behalf of the PMU:

Mr. Maumoon Khalid
(Project Manager)

Mr. Thaathoosh Rasheed
(Financial Expert)

The accounting policies and notes on pages 4 through 6 form an integral part of the Statement of Receipts and Payments.
ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT – 2017
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NOTES TO THE FINANCIAL STATEMENTS
1. PROJECT INFORMATION

Key Highlights
Project Title: Accelerating Sustainable Private Investment in Renewable Energy (ASPIRE) Project

Start Date: 31 August 2014

Project Duration: 64 Months

Closing Date: 31 December 2019

Approved Budget: US$ 11,684,000 (Eleven Million Six Hundred Eighty-Four Thousand U.S. Dollars)

Funded by: Scaling Up Renewable Energy Program in Low Income Countries ("ESREP") Multi-donor Trust Fund

Trust Fund Manager: World Bank

1.1 Objectives

The objective of the Project is to increase photovoltaic generation in the territory of the Maldives through private sector investment. Photovoltaic generation is the generation of electricity through photovoltaic panels. The technology converts energy in the visible light spectrum into electricity, and in practice PV panels are used to harvest electricity from sunlight at a large scale, used as an alternative source of electric power. Since sunlight is a renewable source of energy, it is preferred over non-renewable sources (such as diesel-based generation, which is the current practice in Maldives) due to its economic and environmental benefits.

The Project consists of the following parts:

Part 1: Technical Assistance Support

(a) Technical assistance for enabling private investments in photovoltaic generation.

Provision of support for the creation of an appropriate environment for private investment in photovoltaic generation, and reducing preliminary project development costs, including the development and/or implementation of:

(i) a private sector policy and regulatory framework for renewable energy projects; and

(ii) implementation arrangements to guide off-take utilities and private investors, including with respect to negotiating partnerships, and compliance with standard contracts

(b) Institutional capacity building and knowledge sharing. Provision of support for:

(i) Institutional capacity building for planning, implementing, operating, and monitoring power systems; and

(ii) training and knowledge sharing in the area of renewables and energy efficiency.
ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT – 2017
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(c) Development of pipeline. Provision of support for the development of a pipeline of renewable energy projects, including identification of project sites, resource assessment, pre-feasibility work, and aggregation of opportunities into saleable project bundles.

(d) Project management and implementation support. Provision of operational support for Project management, supervision, and monitoring.

Part 2: Structuring and Delivery of Tariff Buy-Downs

Provision of support for Subprojects through the granting of Tariff Buy Downs.

Part 3: Security Package

Provision of Securities for Subprojects through an Escrow Mechanism.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation
The Statement of Receipts and Payments are prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting under the Cash Basis of Accounting.

2.2 Recognition of Receipts and Payments
Receipts and payments are accounted for on cash basis. Receipts are recognised when the Maldives Monetary Authority (MMA) receives the funds from the World Bank to the bank account maintained for the project with it. This account is maintained in United States Dollars (USD). Payments are recognised at the time of outflow of cash either from the bank account or from the cash account maintained for cash payments.

2.3 Presentation Currency
The Statement of Receipts and Payments has been presented using the United States Dollars (USD). All the figures have been rounded to the nearest Dollar.

2.4 Foreign Currency Translation
Receipts and payments in currencies other than the reporting currency (USD) are converted at the Mid-Exchange Rate (MMA's published exchange rate less 0.05) existing between the transaction currency and USD at the time of the receipt/payment. Cash balances in currencies other than USD as at the end of the reporting period are shown in the financial statement at the exchange rate that was prevailing at the last day of the reporting period.

2.5 Reporting Period
Financial statement is prepared for the financial year ending 31 December 2017. Period for which financial statement is prepared is also disclosed on the face of the financial statement.

2.6 Comparatives
In addition to the figures for the financial year ending 31 December 2017, the financial statement shows the figures for the financial year ended 31 December 2016.
### 3. Fund Received

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 USD</th>
<th>2016 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement (Receipts) from World Bank</td>
<td>137,177</td>
<td>159,422</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137,177</strong></td>
<td><strong>159,422</strong></td>
</tr>
</tbody>
</table>

### 4. TA for Enabling Private Investing in PV

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 USD</th>
<th>2016 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA for Enabling Private Investing in PV</td>
<td>29,882</td>
<td>37,070</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,882</strong></td>
<td><strong>37,070</strong></td>
</tr>
</tbody>
</table>

### 5. Institutional Capacity Building and Knowledge Sharing

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 USD</th>
<th>2016 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Capacity Building and Knowledge Sharing</td>
<td>114,449</td>
<td>72,603</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114,449</strong></td>
<td><strong>72,603</strong></td>
</tr>
</tbody>
</table>

### 6. Development of Pipeline

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 USD</th>
<th>2016 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Pipeline</td>
<td>31,297</td>
<td>34,613</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,297</strong></td>
<td><strong>34,613</strong></td>
</tr>
</tbody>
</table>

### 7. Project Management and Implementation Support

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 USD</th>
<th>2016 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Management and Implementation Support</td>
<td>21,922</td>
<td>24,234</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,922</strong></td>
<td><strong>24,234</strong></td>
</tr>
</tbody>
</table>