ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT
MINISTRY OF ENVIRONMENT AND ENERGY
FINANCIAL YEAR 2015
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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 FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

We have audited the accompanying financial statement; Statement of Receipts and Payments for the year ended 31 December 2015 and notes to this statement as set out on pages 3 to 6 of the Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE) Project under the International Bank for Reconstruction and Development (World Bank) SCF Grant No. TF017182 as of 31 August 2014.

Management’s Responsibility for the Financial Statement

The Management is responsible for the preparation and fair presentation of this financial statement in accordance with the International Public Sector Accounting Standard: 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 the 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.

Auditor General’s Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Statement of Receipts and Payments is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatements of the financial statement whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity’s preparation and presentation of the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

In our opinion, the financial statement presents fairly, in all material respects, the cash receipts and cash payments for the year ended 31 December 2015 and cash balance as at 31 December 2015, in accordance with International Public Sector Accounting Standard: *Financial Reporting under the Cash Basis of Accounting*.

In addition, we can provide assurance that the funds provided under the Financing Agreement have been utilised for the purposes for which they were provided.

13th July 2016

Hassan Ziyath
Auditor General
# ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT – 2015

MINISTRY OF ENVIRONMENT AND ENERGY

## STATEMENT OF RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the year ended 31 Dec 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
</tr>
<tr>
<td>Disbursements from World Bank</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
</tr>
<tr>
<td>TA for Enabling Private Investing in PV</td>
<td>4</td>
</tr>
<tr>
<td>Institutional Capacity Building and knowledge sharing</td>
<td>5</td>
</tr>
<tr>
<td>Development of pipeline</td>
<td>6</td>
</tr>
<tr>
<td>Project management and implementation support</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Payments</strong></td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the year / Surplus/(Deficits)</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 were approved by PMU on 14 June 2016.

Signed for and on behalf of the PMU:

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Mr. Maumoon Khalid  
(Project Manager)

Mr. Thaalooth Rasheed  
(Financial Management Officer)

The accounting policies and notes on pages 4 through 6 form an integral part of the Statement of Receipts and Payments.
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 coverts 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
ACCELERATING SUSTAINABLE PRIVATE INVESTMENTS IN RENEWABLE ENERGY (ASPIRE) PROJECT – 2015
MINISTRY OF ENVIRONMENT AND ENERGY

(ii) training and knowledge sharing in the area of renewables and energy efficiency.

(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 2015. Period for which financial statement is prepared is also disclosed on the face of the financial statement.
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2.6 Comparatives

Since this is the first financial year of the project, there are no comparative figures to present.

3. Fund Received

<table>
<thead>
<tr>
<th></th>
<th>2015 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement (Receipts) from World Bank</td>
<td>419,740</td>
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<tr>
<td>Total</td>
<td>419,740</td>
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</table>

4. TA for Enabling Private Investing in PV

<table>
<thead>
<tr>
<th></th>
<th>2015 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA for Enabling Private Investing in PV</td>
<td>47,300</td>
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<td>Total</td>
<td>47,300</td>
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</tbody>
</table>

5. Institutional Capacity Building and Knowledge Sharing

<table>
<thead>
<tr>
<th></th>
<th>2015 USD</th>
</tr>
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<tbody>
<tr>
<td>3rd Payment USD - 30% upon completion of the Final Feasibility Study Reports</td>
<td>58,809</td>
</tr>
<tr>
<td>Total</td>
<td>58,809</td>
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6. Development of Pipeline

<table>
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<tr>
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<th>2015 USD</th>
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<td>Development of Pipeline</td>
<td>34,005</td>
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<tr>
<td>Total</td>
<td>34,005</td>
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</tbody>
</table>

7. Project Management and Implementation Support

<table>
<thead>
<tr>
<th></th>
<th>2015 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Management and Implementation Support</td>
<td>17,389</td>
</tr>
<tr>
<td>Total</td>
<td>17,389</td>
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</table>