

April 12, 2013

**Comments from France on Approval by Mail: Revision of the
Investment Plan for Indonesia**

Dear Patricia and colleagues,

First, let me thank you for this extension of the deadline, which allowed us - and as can see, many colleagues ! - to properly review the proposal.

Second, we commend the work that has been jointly achieved so far by the AU, the World Bank Group, the AfDB and the GOI. We are happy to endorse this plan with the following comments:

1. Like our Spanish, Swedish, and Canadian colleagues, we fully support the **higher involvement of the private sector**, as it will have to play a great part in establishing long-term and sustainable financing to fight against climate change. We also look forward to a thorough **monitoring of the implementation of environmental and social safeguards** from the MDBs involved, the private companies, and the GOI.

2. In this new IP, part of the resources initially dedicated to financial transformation in EE/RE will be reallocated toward geothermal programs with non-sovereign and private sector (through the IFC and the AfDB PSOD). Noting that developing readiness in EE/RE is crucial to prepare countries to host future investments, we would like to draw your attention to two important issues:

- **Additionality**: looking at the new type of activities that will be funded, one can wonder whether those projects would not have occurred without CTF intervention, and therefore whether the huge leverage effect presented is not somehow artificially inflated. Like our Spanish and Swedish colleagues, we would very much welcome additional details about how exactly these funds are going to be leveraged. Moreover, the fact that MDB co-financing is decreasing seems to deserve further clarification;
- **Concessionality**: one trap to avoid seems obviously the risk of market distortion and eviction of other actors, among which local banks, which do already lend money at market rates on private sector-led projects in the production field.

While we look much forward to see the actual projects being submitted, we will watch with great attention the information provided with respect to these questions.

Kind regards,

Frederic Glanois