

May 28, 2015

**Approval by mail: Revised CTF Investment Plan for Indonesia  
Comments from the US**

Dear CIF AU,

We're glad to have the opportunity to review the proposed revisions to the CTF Indonesia Investment Plan (IP). Before voting on this proposal, we have a number of questions we would like answered:

- The IP notes the many efforts – in addition to \$325 million of CTF funding – to make geothermal a more attractive investment in Indonesia, including a \$300 million revolving fund administered by the MoF, tariff reforms, and a new law encouraging development in conversation areas. With multiple forms of support already available, it is unclear how an additional \$50 million of concessional financing will deliver more results. What will the reprogrammed funding achieve that cannot be achieved with existing sources?
- As mentioned, Indonesia's IP already has \$350 million in resources dedicated to geothermal power development, yet those resources have not been committed and disbursed in a timely manner. In the three years since the World Bank Geothermal Clean Power Plant became effective, only \$17 million out of an allocation of \$125 million has been disbursed. What lessons have been learned from previous CTF efforts and how will those lessons be applied to the reprogrammed funding to ensure that it is disbursed quickly and effectively?
- Table 5 compares the cost-effectiveness of CTF plus leveraged finance between the 2013 and 2015 revised IPs using a number (\$14.56MtCO<sub>2</sub>e/yr) that does not appear anywhere else in the document. What is the origin of this number?
- It also appears that the cost-effectiveness of the 2015 IP is notably worse than the 2013 IP. Why is this the case?
- Will any of the projects resulting from the repurposed funds be located in primary tropical forests? Will any of them be Category A projects?
- We are disappointed by the reduced emphasis on energy efficiency and the removal of an EE component in the IP. Energy efficiency is a cost-effective strategy for reducing GHG emissions. Are EE projects being sponsored by non-CTF funding sources? If not, then why is CTF moving away from energy efficiency in favor of more geothermal funding?

We look forward to reviewing the answer to these questions. Thanks for the opportunity.

danny

Daniel F. Morris  
Office of Environment and Energy  
US Department of the Treasury  
[Daniel.Morris2@treasury.gov](mailto:Daniel.Morris2@treasury.gov)  
202.622.9352 (o)