December 28, 2017

[Approval by mail] Indonesia: Private Sector Geothermal Energy Program - (CTF) ADB - Restructuring Request – Proposed Decision

Dear CTF Trust Fund Committee observers:

You may recall that in October 2013, the CTF Trust Fund Committee approved USD 150.0 million for the proposal entitled, Indonesia: Private Sector Geothermal Energy Program, submitted by the Government of Indonesia and the Asian Development Bank (ADB), under the endorsed investment plan. The decision is below.

> **The CTF Trust Fund Committee approves a CTF allocation of USD 149.25 for the Indonesia: Private Sector Geothermal Energy Program, submitted by the Government of Indonesia and the Asian Development Bank (ADB).**
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> **The CTF Trust Fund Committee also approves a CTF allocation of USD 0.75 million for project implementation and supervision services for ADB.**

The following three sub-projects are included in the Program:

a) Sarulla Geothermal Power Generation Project (USD 80.0 million CTF project finance loan) in 2013
b) Rantau Dedap Geothermal Power Project (Phase I) (USD 50.0 million CTF exploration loan) in 2014
c) Muara Laboh Geothermal Power Project (USD 19.25 million CTF project finance loan) in 2016

In addition, in December 2016 the Committee approved USD 30.0 million for the proposal entitled, Indonesia *and Philippines: Private Sector Geothermal Program,* submitted by the Asian Development Bank (ADB) under the DPSP II Program. The decision is below:

> **The CTF Trust Fund Committee approves a CTF allocation of USD 28.5 million (USD 10.0 million in senior loans; USD 14.5 million in subordinated debt and USD 4.0 million in contingent recovery grants), for the proposal entitled, *Indonesia and Philippines: Private Sector Geothermal Program,* submitted by the Asian Development Bank (ADB).**
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> **The CTF Trust Fund Committee notes the request for project implementation and supervision services, and approves USD 1.5 million in such costs.**

The Asian Development Bank (ADB) is submitting the attached document entitled, *Restructure requests for CTF Funding to the Rantau Dedap Geothermal Power Project in Indonesia,* requesting to restructure the tenor of the existing USD 50.0 million four-year senior loan for the *Rantau Dedap Geothermal* Power Project (Phase I), into a 20.5 year, USD 50.0 million senior loan for the *Rantau Dedap Geothermal Power Project (Phase II)* – resulting in a total tenor for the CTF USD 50.0 million of 24.5 years.

ADB is also proposing to restructure the financing and tenor of the USD 28.5 million for the proposal entitled, *Indonesia and Philippines: Private Sector Geothermal Program,* submitted under the DPSP II

Program, into a 20.5 year senior loan to be deployed to the sub-project *Rantau Dedap Geothermal Power Project (Phase II).*

For your information, paragraph 7 of the *CTF Private Sector Operations Guidelines* (October 24, 2012) provides the following guidance on the maximum amount for sub-projects: "Private Sector projects and programs will support the initiatives outlined in paragraph 8 of the Investment Criteria for Public Sector Operations and will be based on an investment plan ("Investment Plan"). Private sector proposals will be submitted in the form of either individual large-scale projects ("Projects"), or program envelopes which aggregate several small and medium sized projects each utilizing less than USD 50.0 million of CTF funds and all having a shared focus and objective ("Programs"). Proposals will explain how the Projects and Programs are expected to contribute towards the objective of achieving transformational outcomes in a sector, sub-sector, country, sub-national region, sub-region, or region while demonstrating that these outcomes would not be possible without support from the CTF. With the approval of this proposal, the total CTF support for the *Rantau Dedap Geothermal Power Project (Phase II) will be* USD 78.5 million.

The CTF Trust Fund Committee is requested to approve the following decision:

> **The CTF Trust Fund Committee, having reviewed the document entitled, *Restructure requests for CTF Funding to the Rantau Dedap Geothermal Power Project in Indonesia,* submitted by the Asian Development Bank (ADB), approves the proposal to restructure the tenor of the existing USD 50.0 million four-year senior loan for the *Rantau Dedap Geothermal* Power Project (Phase I), into a 20.5 year, USD 50.0 million senior loan to the *Rantau Dedap Geothermal Power Project (Phase II)* – resulting in a total tenor for the USD 50.0 million senior loan of 24.5 years.**
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> **The CTF Trust Fund Committee notes the proposal to restructure the financing of the USD 28.5 million for the *Indonesia and Philippines: Private Sector Geothermal Program,* submitted under the DPSP II Program, into a 20.5 year senior loan to be deployed to the sub-project *Rantau Dedap Geothermal Power Project (Phase II),* and approves the proposal.**
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> **The CTF Trust Fund Committee notes that the total CTF support for the *Rantau Dedap Geothermal Power Project (Phase II)* is USD 78.5 million.**

If we do not receive an objection to the proposed decision by January 10, 2018, the decision will be approved.

To provide comments you may have on this proposal, kindly click here.

Sincerely,

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