

September 4, 2013

Comments from Switzerland on the SREP Investment Plan for Tanzania

Dear Patricia,

Switzerland confirms its support to the endorsement of the SREP Investment Plan for Tanzania.

However, we are still not satisfied with the answers regarding the very high leverage factor for private sector investments (incl. commercial bank loans) to be mobilized for the geothermal component.

The mere mentioning of this funding in a financing table of the investment plan is not enough, in our eyes, to support the concept that the private sector (capital investors and commercial banks) will buy in on the project to the expected extent.

The plausibility of such private sector buy-in would in our opinion require some specific declarations of intent (or at least interest) by investors and banks.

We are thus keeping up our recommendation, to consider an increase of the relative share of MDB and GoT in the geothermal program's funding, and may make this a condition for endorsement of the project, if the sustainability risk situation we perceive in this element is still as high at the stage of the project proposal. At that stage (project proposal), we would also like to see some progress on the identification of other specific sources of funding.

Thank you and best regards

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