

CLIMATE INVESTMENT FUNDS

June 1, 2017

[APPROVED BY MAIL]: DPSP II: DOMINICA: GEOTHERMAL RISK MITIGATION (WORLD BANK) (CTF) - XCTFDM619A

COMMENTS FROM UNITED KINGDOM

Dear Mafalda,

Thank you to the World Bank project team for this proposal, and for the opportunity to comment on the proposal “DPSP II: Dominica: Geothermal Risk Mitigation”.

Overall, we are supportive of the project aim to diversify the domestic power generation mix in Dominica by integrating geothermal energy. However there are some aspects on which we remain unclear, and we would be grateful if the WB project team, consulting with IDB, can provide a response to the following questions:

Relationship to the IDB’s Sustainable Energy Facility for the Eastern Caribbean – which received funding from CTF and GCF:

- In 2015 the CTF supported (with a \$20m in convertible grants and contingent recovery grants) the Sustainable Energy Facility for the Eastern Caribbean that included a geothermal element in Dominica. This programme has also been allocated funding from the GCF. We understand that only one geothermal power plant will be funded in Dominica – is this correct? If yes, please could the WB and IDB set out:

- how their respective project/programme will be complementary to each other
- whether as a result of the WB funding this project means the IDB will no longer be funding a power plant in Dominica
- and whether the IDB will now consider funding other elements of geothermal chain in Dominica.

- What coordination has taken place, in consultation with the Dominican Government, between the WB and IDB on developing a coordinated approach to building geothermal energy?

Need for the Contingency Fund:

- The assessment of the likelihood of the guarantee being called is low but the provision will tie up CTF resources whilst it is in place thus making it unavailable for other projects. Given this could the WB project team clarify the maximum timeframe the ‘Contingency Fund’ will be required for?

Macro-economic analysis:

- When the DPSP II was approved, the decision stated “Should a project or program proposal foresee project activities in a country assessed at being at moderate or high risk of debt distress, the MDB is requested to conduct a macro-economic analysis to evaluate the potential for the CTF project or program to impact the country’s debt sustainability. Such analysis should be included as an annex when the project or program proposal is submitted for approval of CTF funding”. Can the WB project team confirm whether a macro-economic analysis been carried out for Dominica? If not, can the project team set out whether such analysis is needed before CTF Trust Fund Committee approve funding for this project.

Many thanks

Doug