

3/27/2014

Comments Received from US- Approval by Mail: CTF Chile: Geothermal Risk Mitigation Program (IDB) & CTF Mexico Geothermal Financing and Risk Transfer Facility (IDB)

Dear CIF Admin Unit,

Thanks for the opportunity to review the proposals for the Geothermal Financing and Risk Transfer Facility in Mexico and the Chile Geothermal Risk Mitigation Program. Both applications were well-constructed and showcase the hard work IDB has done to put them together. These proposed facilities are good examples of the types of innovative approaches the DPSP was designed to support. In the case of Mexico, we are pleased with the level of thought and care the IDB and NAFIN have given to the best use of CTF funds in the geothermal sector. We are also heartened by the willingness of Chile to employ this kind of creative financial mechanism to support its ambitions in geothermal generation.

We recognize the significant risk associated with geothermal exploration and encourage the IDB and project sponsors to take all the measures they can to reduce that risk as much as it is feasible within the framework of the projects. Moreover, we ask that the IDB provide regular updated projections of the co-financing mobilized by these projects, particularly in the private sector, and how that influences the cost-effectiveness of CTF investments in them over the long-term.

We are comfortable with the proposed financial structures for the use of CTF funds and are pleased to support these projects. Once again, thanks for the chance to comment.

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