

March 25, 2014

Comments from the UK— Approval by mail - Mexico: Geothermal Financing and Risk Transfer Facility (IDB) CTF; CTF Chile: Chile Geothermal Risk Mitigation Program

Dear Patricia,

Thanks to the IADB for providing these two Geothermal projects for review under the DPSP. The proposals were both really well written and evidenced and present exciting approaches to catalysing the Geothermal sector. We would appreciate written responses from the IADB on the following points.

Mexico

- How were Munich RE identified as a potential delivery provider? Was this through a competitive process?
- How will you determine the level of subsidy required to bring down the cost of the insurance? How will you ensure that there are an appropriate set of checks in place to determine that the insurance premium is suitable?
- Outcome indicators are only to be measured at end of implementation (yr 6), while impact indicators are only to be assessed at completion (yr 10). Consequently, there are annual milestones for outputs, but only milestones (targets) at yr 6 and yr 10 for outcomes and impacts. Given a midterm evaluation at yr 3 is also proposed, to assess progress against objectives and results it would be good if results data could be collected to this point.
- The evaluation (at yr 6) proposed is very narrow – just an ex-post summation of the results / outcomes being monitored and cost benefit analysis against investment costs. This would be based partially on actual data, with some projection for future investment. We would expect other aspects to be considered in an evaluation – i.e. relevance, effectiveness, efficiency, sustainability, as well as assessment of impacts against a counterfactual and consideration of wider impacts (e.g. in terms of beneficiaries etc).

Chile

- Please could you demonstrate clearly how the DPSP finance is additional to the CTF IP finance (beyond just increasing the size of the pot). With the addition of DPSP finance, we feel that a target of more than 1 successful project should be set to ensure the project is sufficiently catalytic.
- We will be interested to see the TA component once it has been developed with the Government. In particular, we would like this TA to focus on ensuring the replication potential and sharing lessons with other geothermal project developers in Chile.

Thanks,

Kate



Department
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