

December 17, 2010

**Comments from the United States on the approval by mail of the IBRD  
Indonesia: Geothermal Clean Energy Investment Project**

Colleges,

I am happy to register approval for the Indonesia: Geothermal Clean Energy Investment Project. We would like to note that Annex 7, which discusses the financial covenants, specifies that an Inter-Company Transaction Account is expected to be set up to record all financial transactions related to the use of these loan proceeds, and the payment of associated interest and principal. This will be critical to ensure transparency and accountability for the CTF-supported project. In addition, as noted, this will also support the expansion of PGE's financial responsibilities, and its transformation from a facility operator and contractor into a more autonomous entity.

We also note the work being undertaken by both USAID and USTDA (as well as other donors) to build local regency government capacity. This work is vital to promoting the development of local ownership, participation and accountability envisioned in the renewable energy laws. This type of support will be an important enabler for scaling-up the geothermal sector.

Regards,

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