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Date: 12 September 2014  
Reference: 2014-369-S, INQ-02146  
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*Sent by e-mail to: [gareth.phillips@pd-forum.net](mailto:gareth.phillips@pd-forum.net)*

Re.: Currency risk in CDM Loan Scheme

Dear Mr. Phillips,

On behalf of the Chair of the CDM Executive Board, I would like to thank you for your letter of 6 August 2014, informing us of currency risk faced by loan receivers under the CDM Loan Scheme. Your letter has been made available to the CDM Executive Board (the Board).

As you are no doubt aware, the Loan Funds are disbursed and shall be repaid in USD. The amount of Loan Funds is not subject to any adjustment or revision because of price or currency fluctuations. Such risks are common to any business transaction. In general, the Board has followed the international practice of financial institutions in disbursement of loans, however as the CDM loan is interest free, I would say it covers some of the risk for the project participants. Nevertheless, the Board will keep this issue in mind when renewing the loan scheme.

Thank you for your input.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Rajesh Sethi', with a long horizontal line extending to the right.

Rajesh Sethi  
Secretary to the CDM Executive Board

\* <http://cdmloanscheme.org/sites/default/files/Loan-Agreement.pdf>