



**Renovation of the electricity distribution network
in Java and Bali :
the Agence Française de Développement (AFD) signs a
50 million US dollar loan agreement
with the Government of Indonesia**



The Agence Française de Développement (AFD) and the Ministry of Finance signed on Thursday, June 3rd a 50 million US dollar loan agreement to finance the improvement of the Java-Bali electricity distribution performance. The Ministry of Finance was represented by Mr. Rahmat Waluyanto, Director General of Debt management, and AFD was represented by Mr. Joël Daligault, Country Director. Mr. Sébastien Surun, Chargé d’Affaires a.i. of France, was cosignatory of the loan agreement.

The purpose of the project is to improve the energy efficiency of the electricity distribution network by reducing the distribution losses, which will have a positive impact on the CO2 emissions. The technical losses of the electricity global network in Indonesia were estimated at around 10.5% in 2008, with 8.5% for the distribution only: the existing networks are nearly all overloaded, resulting in high losses and poor quality of power supply to customers. Huge investments are then necessary in the distribution system to follow the electricity production increase (cf. 10 000 MW “fast track program” which is currently being implemented) and the increase of electricity consumption as well.

The project will rehabilitate the distribution network in the five PLN regions in the islands of Java and Bali by installing new transformers, new feeders for network reconfiguration and new capacitors. PT PLN, as the executing agency, will be responsible for the overall technical supervision and implementation of the project.

The investment cost is estimated at \$119 million; it will be financed through two soft and long-term loans of 50 M\$ each, provided by AFD and the Asian Development Bank (ADB) to the Government of Indonesia and on-lent to PLN. PT PLN will finance the remaining 19 M\$. The works should last two years, with a commissioning planned mid-2012.

This project - which is fully complying with AFD mandate in emerging countries, i.e. the fight against climate change - is the first one that AFD is co-financing with ADB in Indonesia. Mr. James Nugent, ADB Country Director, attended the ceremony.

*AFD stands for the **Agence Française de Développement**. AFD is a public development finance institution that has worked to fight poverty and support economic growth in developing countries and the French Overseas Communities for almost 70 years. AFD executes the French government’s development aid policies.*

Through offices in more than fifty countries and nine French Overseas Communities, AFD provides financing and support for projects that improve people’s living conditions, promote economic growth and protect the planet: schooling, maternal healthcare, help for farmers and small business, water supply, preservation of tropical forests, and fighting climate change, among other concerns.

In 2009, AFD committed more than €6.2 billion to financing aid activities in developing and emerging countries and the French Overseas Communities. The funds will help vaccinate 1.8 million children, improve drinking water access for 7.3 million people and support 900,000 private sector jobs, while energy efficiency projects save nearly 5 million tons of carbon dioxide emissions per year.

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