

JBIC Extends Loans to Expand Power Supply in Indonesia **--To Help Promote Economic and Social Development--**

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today two ODA loan agreements totaling 73.9 billion yen with the Republic of Indonesia.
2. The two loans will respectively finance the Muara Karang Gas Power Plant Project and the Muara Tawar Gas Fired Power Plant Extension Project to be implemented by PLN (Indonesia national electricity corporation).
The Muara Karang Gas Power Plant Project aims at increasing power capacity of the existing oil-fired power plant located in Jakarta by converting it to a combined-cycle gas-fired plant. The Muara Tawar Gas Fired Power Plant Extension Project will build a new gas-fired combined cycle power generation facility at the existing power plant in the suburbs of Jakarta.
3. After the Asian Crisis of 1997, new investments in power plants dried up in Indonesia. However, demand for power has grown at an annual rate of 9% since 2000, fueled by economic recovery that followed the crisis. It is forecast to grow by around 7% annually in the coming years. This prospect has raised the possibility of a deteriorating demand-supply balance in the Jakarta metropolitan region where demand for power is the country's largest. This situation combined with falling capacities in the aging existing power plants, could pose a major problem, as a tight supply situation is expected to emerge in 2004 and beyond. These loans may serve to ensure a stable power supply at the center of the Indonesian economy by expanding power output in the Jakarta metropolitan region.
4. The Asian Crisis plunged Indonesia into economic difficulties, but since the Megawati government came to power in August 2001, the country has been pushing fiscal and economic reforms. JBIC gives a priority on supporting develop economic infrastructure since it is essential in returning the economy to a sustainable growth path. Supporting the power sector with these loans is expected to assist Indonesia in achieving economic and social stability.

(Click [here](#) for details.)

Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period (Year)	Procurement
Muara Karang Gas Power Plant Project	55,750	1.8	30/10	General Untied
Muara Tawar Gas Fired Power Plant Extension Project	18,182	1.8	30/10	General Untied

Project Outline

(1) Muara Karang Gas Power Plant Project

The purpose of this project is to increase power capacity from 300MW to 720MW by converting the diesel oil-fired power facility in the existing Muara Karang power complex to a gas combined cycle thermal power generation facility. The proceeds of the loan will be used for the construction of power generation facilities and consulting services, including detailed design, procurement assistance and monitoring and supervision of the project's implementation.

Project executing agency: PT. PLN (Persero)

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(2) Muara Tawar Gas Fired Power Plant Extension Project

The purpose of this project is to build a new gas-fired combined cycle power plant with a capacity of 225MW at the existing Muara Tawar power complex in the suburbs of Jakarta. The proceeds of the loan will be used for the construction of power plant facilities and consulting services, including detailed design, procurement assistance and monitoring and supervision of project implementation.

Project executing agency: PT. PLN (Persero)

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