

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), and the World Bank have traditionally been the government's principal development partners in the energy sector. The governments of Australia, Denmark, France, Germany, Netherlands, New Zealand, Norway, the United Kingdom, and the United States also provide support to the government on various energy issues. The key development partners have used a combination of policy-based loans, results-based loans, and project loans to support the sector. Project loans have mostly focused on power and power generation including from renewable energy sources. Key loans, grants, and technical assistance programs by the main development partners in the energy sector since 2010 are shown in the table.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
ADB	Java–Bali Electricity Distribution Performance Improvement Project	2011–2016	101.0
	Asia Energy Efficiency Accelerator	2013–2016	2.9
	West Kalimantan Power Grid Strengthening Project (cofinancing with AFD)	2014–2019	101.0
	Java–Bali 500 kilovolt Power Transmission Crossing (cofinancing with KfW)	2014–2019	249.0
	Electricity Grid Strengthening—Sumatra Program (cofinancing with AIF, parallel cofinancing with World Bank)	2015–2019	600.0
	SIEP Subprograms 1 and 2 (cofinancing with the World Bank, KfW, AFD, and AIF)	2015–2017	800.0
	SEAEI—EGDP (parallel cofinancing with KfW)	2017–2021	600.0
JICA (Japan)	Lumut Balai Geothermal Power Plant	2011–NA	270.0
	Science and Technology Research Partnership for Sustainable Development for Carbon Capture and Storage Gundih Pilot Study	2011–2016	3.7
	Geothermal Development Acceleration Program (Tulehu Geothermal Power Plant Project)	2013–NA	46.8
	Indramayu Coal Fired Power Plant	2013–NA	15.8
	Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (II)	2014–NA	45.0
	Project for Development of a Model System for Fluidized Bed Catalytic Gasification of Biomass Wastes and Following Liquid Fuel Production in Indonesia	2014–2019	4.0
	Technical Assistance (TA) for Development for Medium and Long Term Geothermal Development Policy	2014–2019	6.0
	Hululais Geothermal Power Plant	2015–NA	6.0
	Java–Sumatra Interconnection Transmission Line Project (I) & (II)	2010–NA and 2015–NA	91.0
	Developing Electronic Testing Laboratories and LED Industry	2019–2021	NA
KfW (Germany)	Energy Efficiency: Rehabilitation of Sularaya Power Plant	2015–2021	200.0
	1,000 Islands – REEP (Phase 1,2 & 3)	2015–2027	285.9
	SIEP Subprograms 1 and 2 (cofinancing with ADB)	2015–2017	410.0
	Java–Bali 500 kilovolt Power Transmission Crossing (cofinancing with ADB)	2016–2022	50.0
	Sustainable Hydropower I and II	2017–2025	374.0
	Geothermal Program I and II	2018–2027	632.0
	SEAEI—EGDP (parallel cofinancing with ADB)	2019–2022	310.0
GIZ	Promotion of least cost renewables in Indonesia (LCORE)	2012–2017	5.5

Development Partner	Project Name	Duration	Amount (\$ million)
	1,000 islands REEP (Phase 1 & 2) (Technical Component)	2017–2023	10.0
	Rural Electrification through Renewable Energy (ELREN)	2017–2020	2.5
	Clean, Affordable and Secure Energy for South East Asia (CASE) – Indonesia country component	2020–2024	3.0
AFD (France)	Building of an Electrical Transmission Line in West Kalimantan (cofinancing with ADB)	2014–2018	49.5
	Strengthen the Electricity Transmission Network in Jakarta	2016–2018	20.0
	Tidal Current Energy Project in Indonesia Initiative	2016–2019	0.7
	Financing of a 500-Kv Transmission Line in Jakarta	2017–2021	109.1
	Financing of a Master Plan for The Development of the Power Network of the Jakarta Conurbation	2018–2019	1.1
	SIEP Subprograms 1 and 2 (cofinancing with ADB)	2015–2017	260.0
	Credit line I & II to PT SMI (eligible for renewable energy and energy efficiency projects)	2020 - 2023	150
The World Bank	The Extended Deployment of an ERP System	2010–NA	30.0
	Indonesia Power Transmission Development Project	2010–2019	225.0
	Fourth Infrastructure Development Policy Loan	2010–2011	200.0
	Upper Cisokan Pumped Storage Hydro-Electrical Power Project	2011–2018	640.0
	Geothermal Clean Energy Investment Project	2011–2018	175.0
	TA for Implementation of Performance-Based Regulation for Electricity Sector	2012–NA	7.0
	Quasi Equity to Supreme Energy (with International Finance Corporation)	2013–NA	6.0
	Indonesia Second Power Transmission Development Project	2013–2019	325.0
	SIEP Subprogram 1 (cofinancing with ADB)	2015–2015	500.0
	Indonesia Energy Sector Development Policy Loan	2015–2016	500.0
	Power Distribution Development Program-for-Results (cofinancing with ADB)	2016–2020	500.0
	Indonesia: Geothermal Energy Upstream Development Project	2017–2022	49.0
	Indonesia Infrastructure Finance Facility Additional Financing	2017–2022	200.0
	Indonesia Geothermal Resource Risk Mitigation project	2019–2029	150.0
Government of Australia	Indonesia: SIAP	2013–2019	20.0
	World Bank Indonesia Infrastructure Support Trust Fund	2008–2019	40.0
	Indonesia: SIAP Phase 2	2019–2024	30.0
Government of Netherlands	Renewable Energy Program	2010–NA	6.0
Government of New Zealand	TA for Capacity Building Trust Fund	2011–NA	7.4
	Geothermal Human Development Plan	2014–NA	3.8
	Geothermal Drilling Project Development	2017–2022	10.0
	New Zealand – Maluku Access To Renewable Energy Support	2018–2013	5.6
DANIDA (Denmark)	Environmental Support Program	2013–2018	50.0
Government of the United Kingdom	UK Climate Change Unit Programming	2011–2016	43.1
USAID (US)	Indonesia Clean Energy Development 1	2011–2015	16.2
	Indonesia Clean Energy Development 2	2015–2020	17.2

ADB = Asian Development Bank, AFD = French Development Agency (*Agence Française de Développement*), AIF = ASEAN Infrastructure Fund, DANIDA = Danish International Development Agency, EGDP = Electricity Grid Development Program, ERP = Enterprise Resource Planning, GIZ = German Corporation for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit*), JICA = Japan International Cooperation Agency, NA = not available, REEP = Renewable Energy for Electrification Program; SEAEI = Sustainable Energy Access in Eastern Indonesia, SIAP = Sustainable Infrastructure Assistance Program SIEP = Sustainable and Inclusive Energy Program, TA = Technical Assistance, USAID = United States Agency for International Development Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

2. Cooperation and harmonization of development partners' activities in the energy sector have been generally fluid—with regular invitations from each of the key development partners, including the Agence Française de Développement (AFD), JICA, German cooperation through KfW, and the World Bank—to participate in meetings or missions and exchanges of information and documents. ADB joined these key development partners in holding policy dialogues with the government on several occasions, which were well received by the government.

C. Achievements and Issues

3. ADB, the World Bank, and JICA collaborated on the Infrastructure Reform Sector Development Program, which was initiated in 2005 and completed in 2010.¹ It involved a policy loan that supported reform in several sectors, including the electricity subsector. The program focused on key policy action items integrated into a common agenda that covered tariff review, establishment of an independent regulator for electricity, and more effective public–private partnerships for independent power producers. ADB and the World Bank also jointly developed an investment plan that aimed to blend their own funds with concessional funds from the Clean Technology Fund to provide \$400 million for geothermal and other renewable energy projects and energy efficiency investments. In addition, ADB and the World Bank have continually collaborated during 2012–2017 in policy and regulatory support work across areas relating to tariff subsidies, renewable energy, and energy access. Collaboration in the geothermal subsector supported the issuance of a new geothermal law in 2014 and adoption by the government of a new tariff scheme based on the avoided cost of fossil fuel-based generation. In 2015, ADB and the World Bank cofinanced the Electricity Grid Strengthening Sumatra Program. ADB, the ASEAN Infrastructure Fund (AIF), the World Bank, KfW, and AFD joined together to support the Sustainable and Inclusive Energy Program (SIEP)—Subprogram 1. This was followed by SIEP—Subprogram 2 with the collaboration of ADB, AIF, KfW, and AFD in 2017. ADB and KfW are collaborating on the Sustainable Energy Access in Eastern Indonesia—Electricity Grid Development Program also with support from the Government of Australia for the independent verification agent.

4. A review of the work of ADB and other agencies and countries in the energy sector in Indonesia indicates that such efforts have been in line with the policies and plans of the government to increase energy access, strengthen its grid systems, interconnect disparate grids, and integrate renewable energy into the national energy mix, particularly by targeting the geothermal and solar subsectors. ADB would consider undertaking new activities in the areas of energy planning and energy efficiency to continue its support to the Government of Indonesia.

D. Summary and Recommendations

5. The program builds on lessons from previous ADB and development partner project investment, result-based loans, and policy-based loans to Indonesia; and the successes generated by their complementary approach and multi-partner dialogue. The program's implementation strategy is based on a continuing dialogue between the government and development partners that will strengthen the country's energy sector and contribute toward the medium-term development goals to promote inclusive growth.

¹ ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster, Loans, Technical Assistance Grant, and Administration of Grant from the Government of the Netherlands to the Republic of Indonesia for the Infrastructure Reform Sector Development Program*. Manila.