

## Rural Electrification Project



A small diesel generator

### Outline of Loan Agreement

Loan Amount / Disbursed Amount	8,970 million yen / 7,884 million yen
Loan Agreement	November 1993
Terms & Conditions	Interest rate 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1997

### Project Outline

The project aimed to promote electrification in remote regions without electricity outside Java Island thereby improving the living conditions of residents and contributing to regional development.

### Results and Evaluation

The project involved the development of a transmission network in regions such as Sulawesi and Kalimantan Island where development has lagged behind Java Island, the installation of diesel generators (2 units each, 3MW capacity) in three regional locations isolated from the main grid system, and the installation of a small hydro power station in one location (1 unit, 200kW capacity), with all work being completed between 1996-97.

As the result of government efforts to promote electrification in rural areas, the electrification rate on Java is currently close to 100%, and in other regions the rate has also been improved on an annual basis, increasing from 35% in fiscal 1989 to 74% in fiscal 2000. A total of 851 villages were electrified under this project, which is evaluated as having contributed to the electrification of poverty-stricken rural districts and to rectifying discrepancies with Java. The interview survey with members of farming households also verified that for the majority, the use of electrical appliances, such as electric lights, has improved living conditions and alleviated the burden of housework. Moreover, roughly a third of respondents stated that electrification had created job opportunities and augmented incomes by enabling people to undertake cottage industries.

The executing agency, the state-owned electricity supply corporation, Perusahaan Listrik Negara (PLN), has enlisted the cooperation of agricultural cooperatives in the collection of fees in the farming communities as part of its efforts to improve its operations. However, for the operation and maintenance of the project, it will be necessary to ensure the financial viability of the corporation.