IV. Forming the Infrastructure Network

Electric Power and Energy

Overview

Looking at the electric power sector, Japan’s first ODA loans to Indonesia, made in 1966, were for hydroelectricity projects, and the project on the Brantas River in East Java Province was successful. From that time until the present day, JICA has continuously provided cooperation to Indonesia’s power sector. When Indonesia turned its attention to industrialization in the 1980s, it began actively promoting power development essential for the development of secondary industries. Indonesia has actively sought support for its power industry based on this policy, and JICA responded by providing comprehensive support such as for the formulation of power development plans, human resources development and construction of power plants. When Indonesia’s power supply and demand situation tightened due to stagnant power development following the Asian currency crisis of 1997, JICA helped improve this critical condition in the country by quickly deciding to provide emergency power-source development assistance. In recent years, JICA has been helping promote the use of non-petroleum energizes and renewable energies, in line with Indonesia’s policies and has been an active participant in the development of these power sources such as geothermal. JICA’s cooperation to the Indonesian power sector has covered a broad range, from master plan formulation to human resources development. And in terms of the power generation capacity of developed or repaired facilities, it accounts for more than one-fourth of all newly owned facilities (as of 2008).

On the other hand, the energy source, which is represented by petroleum and natural gas development, is a valuable source of foreign currency for Indonesia and has driven Indonesia’s economic development. JICA contributed to Indonesia’s growth by supporting the development of petroleum and natural gas resources in the 1970s. Although development through private capital later became the norm in this sector, JICA still is involved, as it has been implementing the “South Sumatra-West Java Gas Pipeline Project” in recent years. This undertaking will improve pipelines for the transport of natural gas extracted from gas fields in Sumatra to Java.

Results

For many years, JICA has provided a broad range of assistance—from formulation of master plans to human resources development—to Indonesia’s power and energy sectors. As a result:

- As of 2008, JICA has contributed to better public livelihood and industrial development by supporting over one-fourth of all newly owned developed and repaired facilities in terms of generating capacity.
- JICA supported Indonesia’s development of energy resources through the 1980s, and this sector has helped drive the growth of the Indonesian economy.
- JICA suppressed negative effects of the Asian currency crisis in 1997 on the Indonesian economy and contributed to the steady economic recovery and increased power demand afterwards by supporting power source improvement in the Java-Bali power system, which has Indonesia’s largest power demand.