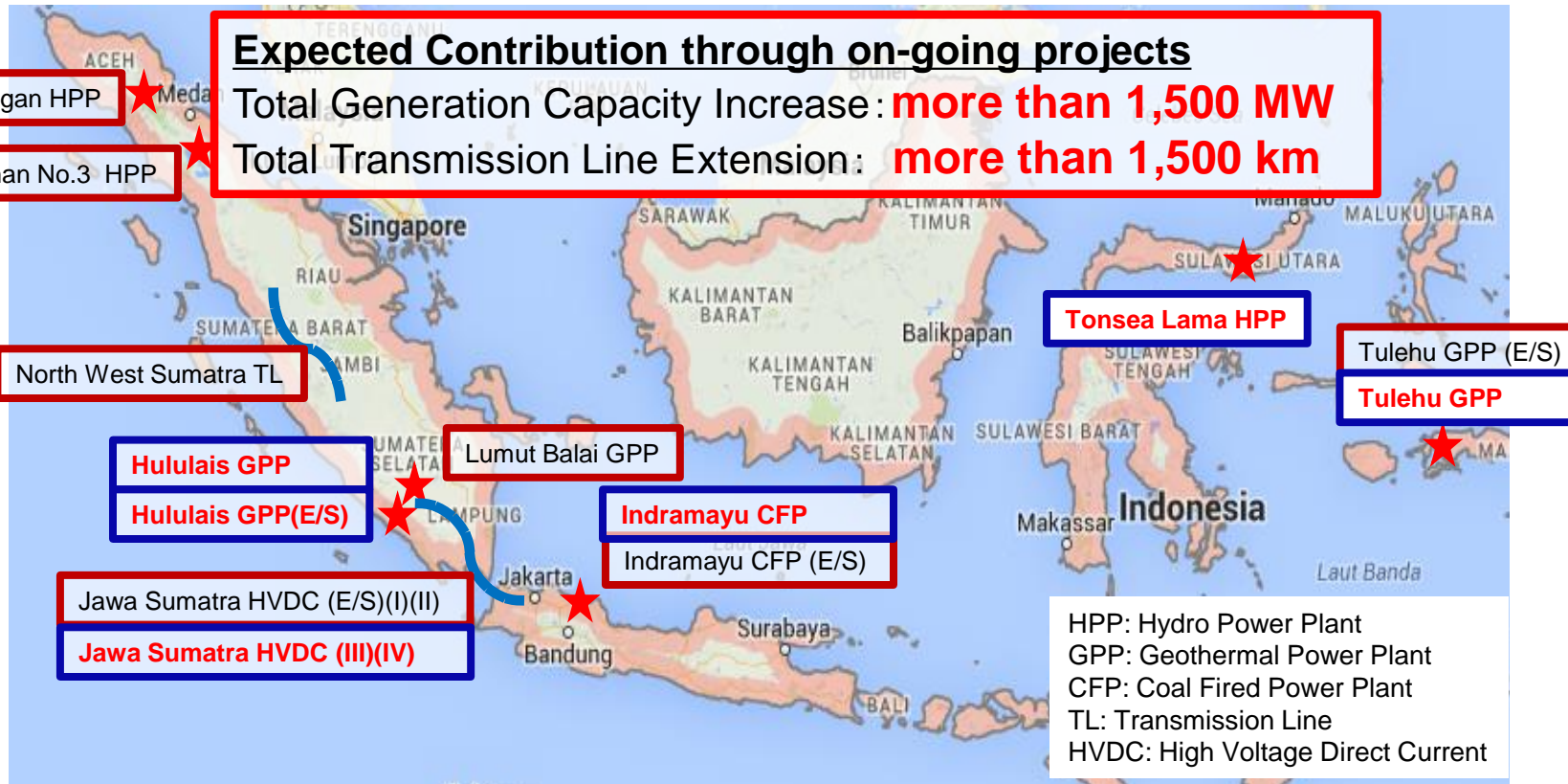


# **JICA' s Contribution for Renewable Energy Sector in Indonesia**

**JICA Indonesia Office**

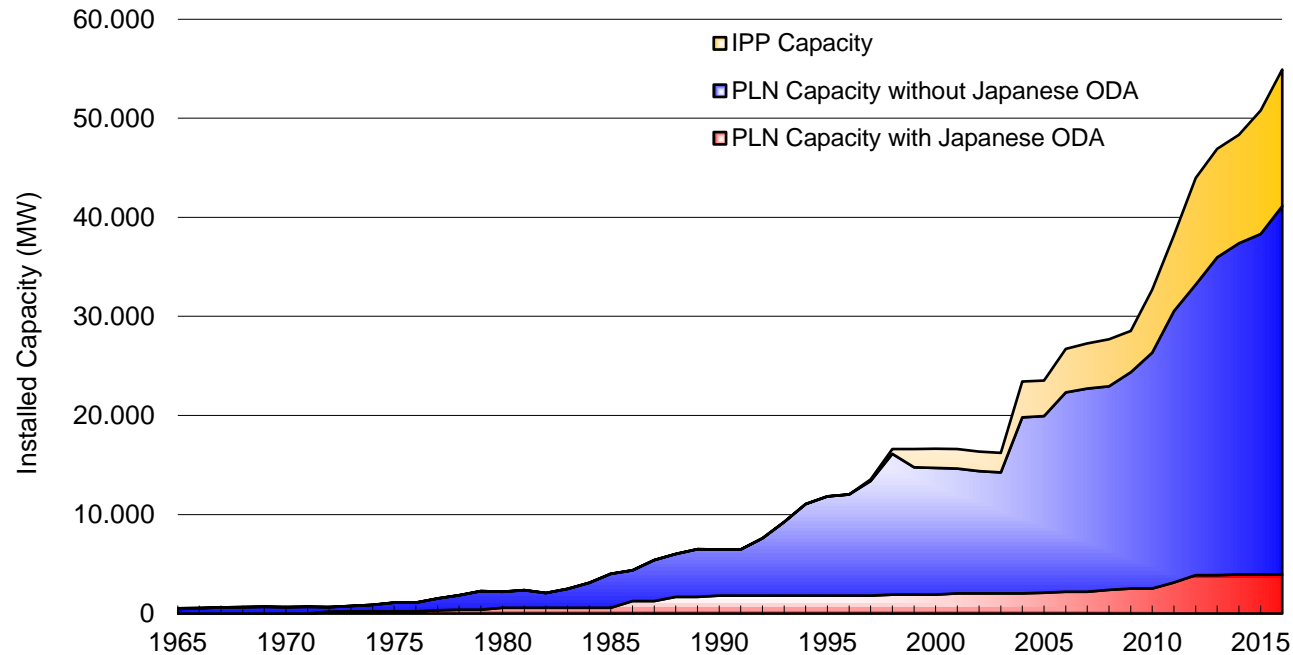
# Overview of JICA's cooperation (through finance)



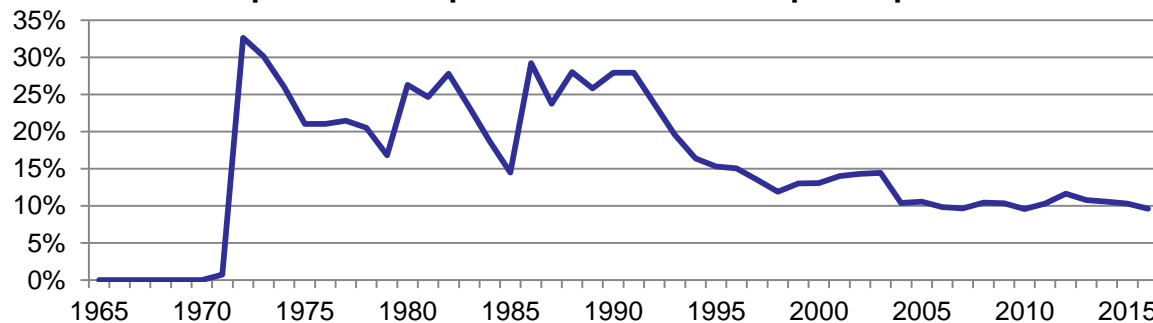
- Even our on-going cooperation can fully support 35,000MW power plant and related transmission line development program.
- Further new cooperation are being formulated.

# Overview of JICA's cooperation History

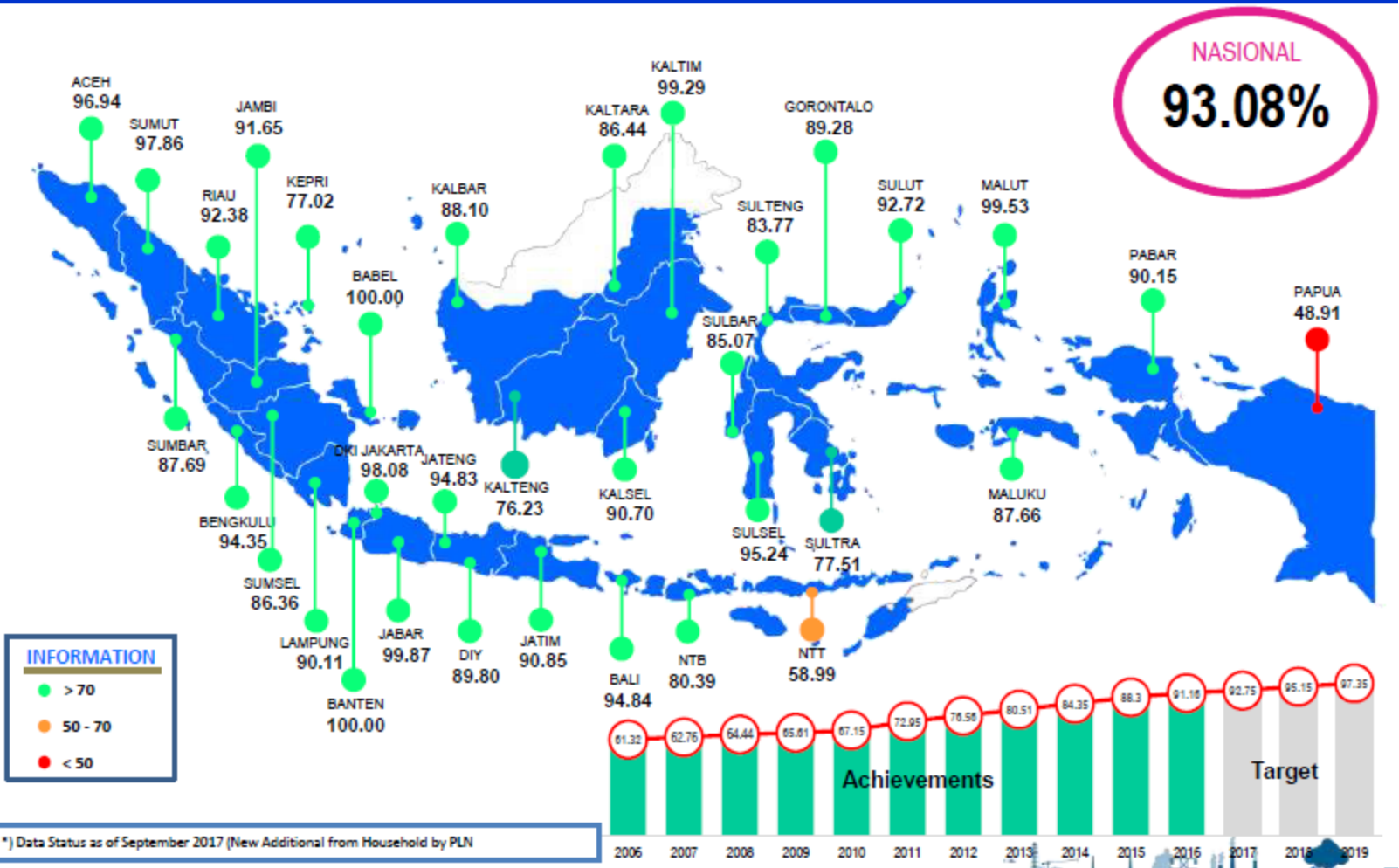
## Indonesia Power Generating Capacity from 1965



## Japanese ODA portion of PLN owned power plant

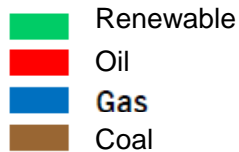


# NATIONAL ELECTRIFICATION RATIO (as of September 2017)



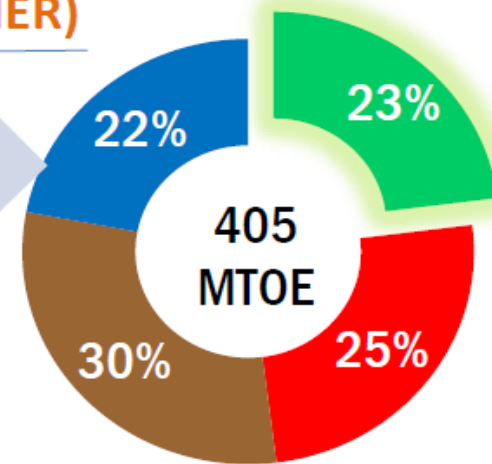
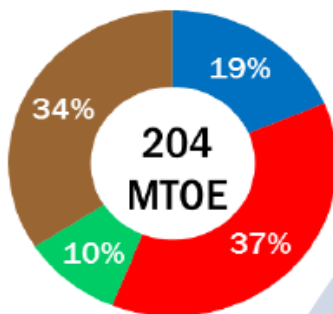
Source: EBTKE presentation, October, 2017

# Energy Mix Target by 2025



+ 36,3 GW (LISTRIK EBT)  
+ 80 GW (LISTRIK NASIONAL)  
+ 201 MTOE (ENERGI PRIMER)

dalam 10 tahun



	Saat ini
Kapasitas Pembangkit Listrik Nasional	55 GW
Kapasitas Pembangkit Listrik EBT	8,7 GW (15,7%)

	2025
Kapasitas Pembangkit Listrik Nasional	135 GW
Kapasitas Pembangkit Listrik EBT	45 GW (33%)

# JICA's Cooperation in Renewable Energy Sector (through Technical Assistance and Study)

- Electric Power and Energy Policy Advisor in ESDM
- Small Hydro IPP Development (*potential identification study was completed in August, 2015*)

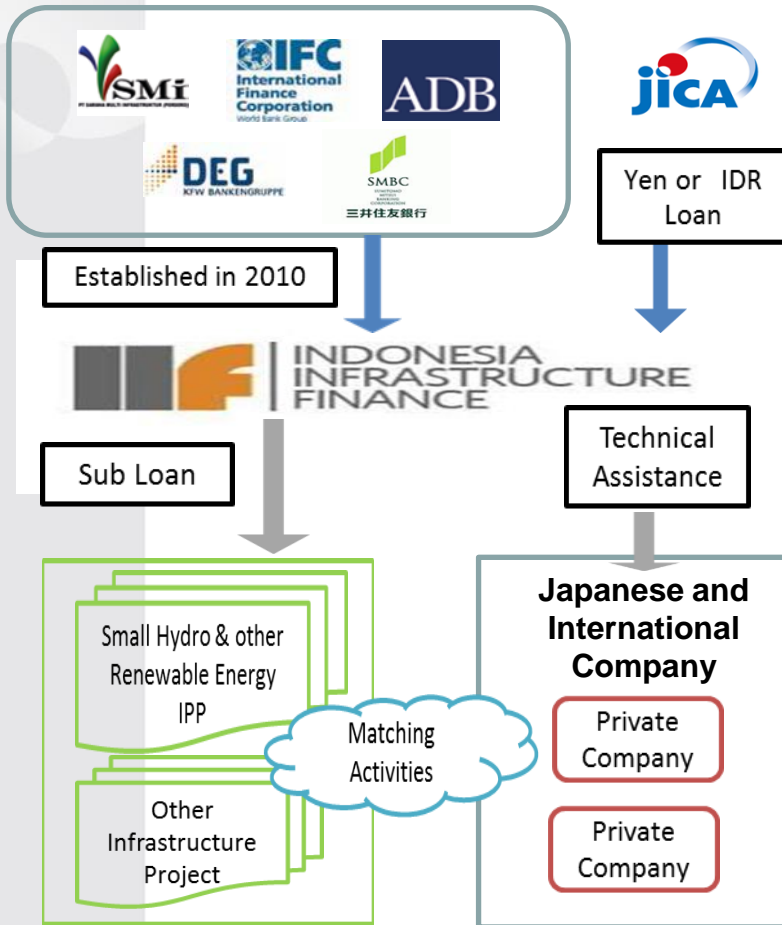


Private Sector Investment Finance (Corporate Finance)  
Loan Agreement for “Renewable Energy and  
Infrastructure Acceleration Facilities” (will be explained  
in the following slides)

- T/A for Geothermal Sector Policy and Institutional Development (*on-going*)

## 【Project Overview】

The Project aims to promote the mobilization of private funds for infrastructure development including renewable energy in Indonesia. This support is expected to have the effect of improving the business and investment environment while accelerating economic growth through the leadership of the private sector by providing financial support for infrastructure projects to be financed by the IIF.



## 【Impact and Importance】

### 1. Promoting the mobilization of private funds

- ✓ In Indonesia, economic growth has become stable in recent years. In order to achieve sustainable economic growth, developing infrastructure is essential.
- ✓ Due to the limitation of national budget, there are strong expectations for private investment in infrastructure. This financing will promote the mobilization of private funds, improving the business and investment environment while accelerating economic growth through the leadership of the private sector.

### 2. Promoting expand Japanese companies business

- ✓ Though providing matching activities for connecting local companies and Japanese companies that have interest infrastructure business, it is expected to encourage and support Japanese companies to expand their business into infrastructure market in Indonesia as well as creating infrastructure projects including renewable energy.

### 3. Local currency-based loan

- ✓ Many infrastructure projects have revenue denominated in local currency and local currency-denominated financing is effective as this is a long-term project.
- ✓ As the second local currency-based on JICA's finance, it is expected to support long-term concessional Rupiah based funding for IIF.



# Private Sector Investment Finance Products Outline

Instruments	Terms and Conditions
<b>Debt</b>	<p>Project Finance</p> <p>Corporate Finance</p> <p>Bank Loan</p> <p>Amount : Max. 70% of total project cost*  <i>* Typical size \$10M - \$150M</i></p> <p>Tenor: Max. 20 years (incl. grace period 5 years)</p> <p>Currency: JPY, USD, EUR, local currencies (if long-term SWAP is available in the market)</p> <p>Pricing: Funding cost + Credit spread**  <i>** country risk premium not included</i></p> <p>Security: Secured / Unsecured</p>
<b>Equity</b>	<p>PE Investment</p> <p>Fund Investment</p> <p>Share: Max. 25% of total equity***, minority investor  <i>*** Typical size \$3M - \$10M (PE) / \$10M - \$50M (Fund)</i></p> <p>Exit: Exit strategy required at the time of participation</p> <p>Currency: no limitation</p> <p>Return: Same IRR with other common investors</p>

Mezzanine finance (subordinated debt, preferred equity etc.) can be also considered.



# Private Sector Investment Finance Eligibility Criteria

## Target Sectors

- (1) Infrastructure
- (2) SDGs and Poverty Alleviation
- (3) Climate Change

## Proactive Risk Taking

Risk-taking in areas where conventional finance is not readily available.

“Qualitatively complementary” to commercial lenders in case of co-financing.

## Japan Nexus (preferable)

- (1) Sponsor (direct/indirect, affiliates)
- (2) EPC / O&M Contractor
- (3) Co-financiers
- (4) Off-takers / Service Buyers
- (5) Fuel /Resource Suppliers
- (6) Project Beneficiaries

or

## Symbolic Development Story

