

KfW Development Bank Response

We would like to answer as follows:

The state-owned Indonesian energy utility company PLN plans to upgrade the geothermal power plant Ulumbu on Flores island from currently 10 MW to 40 MW capacity. This measure is part of the Indonesian efforts to use renewable energy sources for reducing the dependence on coal-based power generation. KfW on behalf of the German federal government has committed a loan of EUR 150 million for the financing of the project. The funding – as in all projects supported by KfW – is based on compliance with national law as well as with internationally recognized environmental and social standards.

Representatives of the local population have filed a formal complaint with KfW against the planned financing. Thereupon, KfW has initiated a review by independent experts. The results of the review are available and have been shared with both PLN and the concerned population. It has been found that the requirements of the relevant FPIC standards (free, prior & informed consent) have not been respected sufficiently. Currently consultations with the local population and the project-executing agency are taking place to determine how these topics can be adequately addressed and solved. Moreover, a response by KfW to the open letter sent by various NGOs is being prepared.