



The Java Reconstruction Fund Receives European Commission's Euro 30 Million as its Second Disbursement

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Yogyakarta, November 1, 2007 -- The European Commission (EC) has signed its second disbursement at Euro 29.65 million (approx US\$ 41.9 million) to the Java Reconstruction Fund (JRF) as part of its total pledge of Euro 35.4 million (approx US\$ 49.6 million). The disbursement to JRF will support the plan to support reconstruction of settlement (housing and community infrastructure) and restore livelihood in Yogyakarta, Central Java and West Java that were affected by the earthquake and tsunami in 2006.

“The EC is proud to be a donor of the JRF, especially because of the good working relationship between the government and the JRF; and the impact of the projects on the affected people of Yogyakarta and Central Java,” said the Head of the EC Delegation to Indonesia, Ambassador Jean Bret  ch  . “Our intention to be part of JRF is to support programs that will benefit the people. The Sultan of Yogyakarta has shown a keen interest on developing livelihood in Yogyakarta. Thus we hope that EC’s second disbursement will be used for proposed projects that will allow people to live decently and their livelihood rehabilitated,” he continued.

With a total of \$82 million contributed, the JRF is governed by a Steering Committee (SC) -- composed of six donors European Commission, Netherlands, United Kingdom, Canada, Denmark and Finland, a representative from the National Coordinating Team and the World Bank as Trustee of the fund. The SC sets priorities and endorses projects for funding. JRF was set up with a mandate to support reconstruction and rehabilitation of housing and livelihoods of the families and enterprises affected by the earthquake and tsunami in Yogyakarta and Central and West Java. The focus of the first phase of the JRF has been on housing reconstruction. In the next phase, JRF is to focus on supporting livelihoods restoration.

Since the disaster, a number of studies have examined the impact on livelihoods including a preliminary damage assessment by the National Government in consultation with provincial and local governments and international partners. The assessment estimated total damage and losses by the earthquake at \$3.1 billion, that includes the productive sector damage and losses estimated at around US\$1 billion.

As a result, Manager of JRF, Christian Rey said that three themes have been developed to support sustainable rehabilitation of livelihoods in the earthquake-affected areas based on a needs assessment conducted by the JRF. Rey said the JRF will finance projects to support (i) access to finance linked to technical assistance for micro-small enterprises (MSEs) (ii) defaulting loan 'work-out' strategies for viable enterprises and (iii) soft-loans mechanisms to rehabilitate damaged medium-size business infrastructure and capital equipment.

About the JRF

The Java Reconstruction Fund (JRF), a multi-donor trust fund, was established in response to a request by the Government of Indonesia to assist in the reconstruction of housing and the restoration of livelihoods following the 2006 earthquake and tsunami in Yogyakarta, Central Java and West Java. As of September 30, 2007, six donors, including the European Commission, Netherlands, United Kingdom, Canada, Denmark and Finland, contributed US \$82 million to JRF.