

## Indonesia : PLN East Java and Bali Power Distribution Expansion Project

## 1. Project Information

Project ID:	P000292	Instrument ID:	L0292A
Member:	Indonesia	Region:	South-Eastern Asia
Sector:	Energy	Sub-sector:	Electricity transmission and distribution
Instrument type:	<input checked="" type="checkbox"/> Loan:310.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	
ES category:	B	Borrowing Entity:	PT Perusahaan Listrik Negara (Persero); PT Perusahaan Listrik Negara (Persero)
Implementing Entity:	PT Perusahaan Listrik Negara (Persero); PT Perusahaan Listrik Negara (Persero)		
Project Team Leader:	Ziwei Liao		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Xinchen Zhang, OSD - Environment Specialist; Donggun Kim, Co-Investment PTL; Bernardita Saez, Project Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Nurul Mutmainnah, OSD - Financial Management Specialist; Donggun Kim, Back-up PTL		
Completed Site Visits by AIIB:	May, 2019 May 22-24, 2019 (Identification Mission) Jun, 2019 June 18-21, 2019 Jul, 2019 July 23-August 5, 2019 Aug, 2019 August 19-28, 2019 (Preparation Mission) Sep, 2019 September 11, 2019 September 26-27, 2019 Dec, 2019 December 16-20, 2019 Jan, 2020 January 13-17, 2020 Jun, 2022 June 14-15 (Virtual) Jan, 2023 ESMP Workshop was held on January 17-21, 2023 by ES Consultants.		
Planned Site Visits by AIIB:	Jul, 2023 Q3 2023		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		

Previous Red Flags Assigned Date:	2022/12
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## 2. Project Summary and Objectives

The Project aims to improve access to and quality of power services in East Java and Bali. The Project will support the implementation of Indonesia's rolling 10-year Electricity Supply Business Plan (RUPTL) (2019-2028) in East Java and Bali, currently under the management of PLN's Java, Madura and Bali Regional Development Directorate (JMB). In line with the region's objectives and targets outlined in the RUPTL, the Project will support PLN's ongoing program to increase access and improve quality of power distribution through infrastructure development. The Project will benefit East Java and Bali residents not currently connected to the PLN network, around 920,000 additional customers, of which 863,765 will be households and the rest businesses and public and industrial users. More than 13 million existing PLN customers in East Java and Bali will also benefit from reduced frequency and duration of power supply interruptions.

The planned activities under the Project include: (1) Component A: Installation of additional length of medium-voltage (MV) distribution lines; (2) Component B: Installation of additional length of low-voltage (LV) distribution lines; (3) Component C: Installation of additional capacity of distribution transformers. PLN will implement the Project through its functional directorates at its headquarters and two distribution centers (Unit Induk Distribusi/UID East Java and UID Bali) in Project areas. The Project cost is USD1,205.23 million and will be financed by AIIB (USD310 million) and PLN (USD895.23 million).

## 3. Key Dates

Approval:	Jan. 28, 2021	Signing:	Feb. 10, 2021
Effective:	Apr. 09, 2021	Restructured (if any):	
Orig. Closing:	Jun. 30, 2026	Rev. Closing (if any):	Jun. 30, 2026;

## 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	96.83	Most recent disbursement (amount/date):	34.83/Dec. 12, 2022
Undisbursed:	213.17	Disbursement Ratio (%) <sup>1</sup> :	31.24

## 5. Project Implementation Update

During the latest implementation period (Jan 23 - June 23), following observations and action items are noted:

- (1) Overall, the Project is making progress toward the Project objectives and result indicators.
- (2) The loan term, total project cost, disbursement plan and result monitoring indicators will need to be updated to reflect the new RUPTL 2021-2030. The revised RUPTL 2021-2030 has yet to be published this year. Once the revised RUPTL 2021-2030 is finalized, PLN will send the official request letter, submit the revised plan and update the Operations Manual accordingly.
- (3) Procurement Report for year 2022 was submitted in February 2023 and updated in April 2023 with AIIB's comments.
- (4) ES Capacity Training Workshop was held on January 17-21, 2023 by ES consultants. The Workshop checked overall implementation status of ES management plans and discussed proper ES measures with regard to

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

construction and operation activities and warehouse management. The site visit involving survey with local residents was also conducted.

(5) Per PLN CFO, there is excess liquidity currently at PLN so only one disbursement is expected this year.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A: Installation of additional length of medium-voltage (MV) distribution lines (USD587.08 million)	Under construction (Baseline: 48,985 km as of 2020)	ESMP prepared and implemented for both Bali and East Java	No issues. Post review procurement planned for Q4
Component B: Installation of additional length of low-voltage (LV) distribution lines (USD224.24 million)	Under construction (Baseline: 91,296 km as of 2020)	ESMP prepared and implemented for both Bali and East Java	No issues. Post review procurement planned for Q4
Component C: Installation of additional capacity of distribution transformers (USD393.92 million)	Under construction (Baseline: 10,577 MVA as of 2020)	ESMP prepared and implemented for both Bali and East Java	No issues. Post review procurement planned for Q4

#### Financial Management:

The Project uses PLN's existing financial management system and procedures, which has been assessed as generally acceptable. The presentation of IFR has been improved following Bank's recommendation to adequately reflect sources and usage of loan proceeds. Additionally, the recent IFR of Q3 and Q4 2022 was also submitted on February 20, 2023, a much less delay than previous IFR. The project may combine its quarterly IFR for a semi-annual (every 6 months) financial report for future submission. The draft audited project financial statement for year 2022 was submitted in May 2023 and revised with AIIB's comments in June 2023. The final audit report should be submitted to the Bank with the Management Letter, at the latest by June 30, 2023.

#### 6. Status of the Grievance Redress Mechanism (GRM)

PLN has an existing complaints mechanism that is functioning at the regional level (UID Bali and East Java). This can be accessed through: (i) Call Center 123; (ii) PLN's website which uses an integrated complaint resolution application ([www.pln.co.id](http://www.pln.co.id)); and (iii) customer service desks at the regional UID and its' corresponding local offices (UP3 and ULP). The GRM is functioning to receive and resolve complaints and no outstanding complaints were reported.

#### 7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

During the virtual mission in June 2022, PLN has requested to update the disbursement plan and annual result targets in accordance with the new RUPTL 2021-2030. However, the finalization of revised RUPTL 2021-2030 is delayed until

now. Once the revision of RUPTL is finalized, PLN shall submit an official request for such change in 2023. According to the PLN's request, PT will proceed to internal approval process for non-material project change and update the result targets and disbursement plan in the system.

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**Remarks:**

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Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																	Frequency	Responsibility	Comments
			Baseline		2020		2021		2022		2023		2024		2025		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year			
Distribution interruption, East Java	Project	times/100 circuit km	2020	4.83	4.83		4.37	4.48	3.57	3.53	2.90		2.52		2.18			2.18		Annual	PLN	
Distribution interruption, Bali	Project	times/100 circuit km	2020	3.87	3.87		3.30	3.57	2.71	2.95	2.26		1.89		1.60			1.60		Annual	PLN	
Losses, East Java	Project	%	2020	5.37	5.37		6.08	6.16	6.00	6.421	5.89		5.75		5.67			5.67		Annual	PLN	
Losses, Bali	Project	%	2020	4.40	4.40		5.51	5.20	5.45	5.22	5.35		5.23		5.17			5.17		Annual	PLN	
Primary energy consumption saved, East Java and Bali combined	Project	GWh	2020	n/a	n/a		192.06	242.09	239.69	133.09	307.76		397.58		461.48			461.48		Annual	PLN	
GHG emission reduced, East Java and Bali combined	Project	tonnes CO2	2020	n/a	n/a		169,014.49	213,043.34	210,922.96	117,121.45	270,829.20		349,873.11		406,098.29			406,098.29		Annual	PLN	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																	Frequency	Responsibility	Comments
			Baseline		2020		2021		2022		2023		2024		2025		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year			
Installation of MV distribution lines	Project	km	2020	48,985	48,985		1,436	550.16	3,650	569.51	4,162		3,941		4,305			66,481		Semiannual	PLN	
Installation of LV distribution lines	Project	km	2020	91,296	91,296		2,115	952.91	2,923	895.91	3,325		3,176		3,408			106,243		Semiannual	PLN	
Capacity of distribution transformers installed	Project	MVA	2020	10,577	10,577		269.25	1,162.77	271.51	233.28	322.61		293.46		347.16			12,081		Semiannual	PLN	

Total customer connections	Project	Connection	2020	13,861,263	13,861,263		148,500	483,624	191,124	461,594	199,724		189,561		191,092			14,781,263		Semiannual	PLN	
Meter replacement	Project	Imot	2020	1,472,783	1,472,783		738,699	336,777	605,288	554,041	597,382		466,323		492,310			4,372,783		Semiannual	PLN	