

SBF Project Implementation Monitoring Report

Indonesia: PLN East Java & Bali Power Distribution Strengthening Project

1. Project Information

Project ID:	000292	Investment Number:	L0292A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Energy	Sub-sector:	Electricity transmission and distribution, Energy utility services
AIIB Financing Type:	Loan: 310 USD million	Co-financier(s):	N/A
E&S category:	B	Borrower:	PT. Perusahaan Listrik Negara (Persero). ("PLN")
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	PT. Perusahaan Listrik Negara (Persero). ("PLN")		
Project Team Leader:	Ziwei Liao, Amanda Dompas		
Project Team Members:	Aditi Khosla, Counsel - Investment Operations Giacomo Ottolini, Procurement Consultant Amy Fang Lim Chua, Environment Specialist Irish Fe Aguilar, Social Development Specialist Yi Geng, Senior Financial Management Specialist Haiyan Wang, Senior Finance Officer		
Completed Site Visits by AIIB:	Aug, 2019 August 19-28, 2019 (Preparation Mission) May, 2019 May 22-24, 2019 (Identification Mission) Jun, 2019 June 18-21, 2019 Jul, 2019 July 23-August 5, 2019 Sep, 2019 September 11, 2019 September 26-27, 2019 Dec, 2019 December 16-20, 2019 Jan, 2020 January 13-17, 2020		
Planned Site Visits by AIIB:	Q3 2021 (Virtual Mission)		

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. 9, 2021	Restructured (if any):	
Orig. Closing:	Jun. 30, 2026	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	310	b) Cancellation (if any):	
c) Disbursed:	0	d) Most recent disbursement: (amount / date)	0,
e) Undisbursed:	310	f) Disbursement Ratio(%) ¹ :	0

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

Overall, the Project has made steady progress towards the achievement of its Project objectives, but with some slowdown because of the pandemic situation. On June 23, 2021, PLN satisfied the condition for the first disbursement, following AIIB's approval of the two regional Environmental and Social Management Plans (ESMPs) for East Java and Bali. PLN is now preparing the supporting documents for submitting the Withdrawal Application and the first disbursement is expected in August 2021. For the first disbursement, PLN plans to submit reimbursement for retroactive financing of USD62 million, and the expenditures are deemed eligible subject to the Bank's verification of compliance with all safeguard and fiduciary aspects (Post Review). Sample contracts have been shared with our local procurement consultant for his review/comments to minimize the issues during post review.

Since signing the Loan Agreement, there has been a change in PLN's organization structure and key personnel. The impact on the implementation progress is expected to be limited as AIIB and the local consultants have been involved in the transition discussions with PLN. AIIB will have PLN to document such a change in the Project Operations Manual. However, delay is expected due to recent surge of covid-19 cases in Indonesia.

As per the Loan Agreement, PLN will submit the Q2 project monitoring report and semi-annual unaudited financial report not later than 45 days after the end of the period covered by such report, in August 2021. Given the travel restrictions, the AIIB team plans to perform a virtual supervision mission in the Q3 2021 and actively utilize the local consultants to monitor the Project closely.

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 for both Bali and East Java	No issues
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 for both Bali and East Java	No issues
Component C: Installation of additional capacity of distribution transformers (USD393.92 million)	Under construction (Baseline: 10,577 MVA as of 2020)	ESMP prepared for both Bali and East Java	No issues

Financial Management:

This Project uses PLN's existing financial management system and procedures, which has been assessed as generally acceptable. The first unaudited semiannual financial report will be submitted in Q3 2021. The Project team will further assess the system based on the report.

6. Status of the Grievance Redress Mechanism (GRM)

PLN has an existing complaints mechanism that is functioning at the regional level (UID East Java UID Bali). This can be accessed through: (i) Call Center 123; (ii) PLN's website which uses an integrated complaint resolution application (www.pln.co.id); and (iii) customer service desks at the regional UID and its' corresponding local offices (UP3 and ULP). No grievances have been reported to date.

7. Results Monitoring

The updated results indicators will be collected at the end of 2021. The pandemic restrictions in place in Java and Bali regions might also have an impact in PLN meeting the intermediate results indicators at year end. The Project team will assess the intermediate results in PLN's Q2 report, expected to be submitted in August 2021.

Baseline Year: Dec. 31, 2020 End Target Year: Dec. 31, 2025

Project Objective Indicators #1

Distribution interruption, East Java (Times/100 circuit km)

Year	Target	Actual	Others, if any
Dec. 31, 2021	4.37	N/A	

Project Objective Indicators #2

Distribution interruption, Bali (Times/100 circuit km)

Year	Target	Actual	Others, if any
Dec. 31, 2021	3.30	N/A	

Project Objective Indicators #3

Losses, East Java (%)

Year	Target	Actual	Others, if any
Dec. 31, 2021	6.08	N/A	

Project Objective Indicators #4

Losses, Bali (%)

Year	Target	Actual	Others, if any
Dec. 31, 2021	5.51	N/A	

Project Objective Indicators #5

Primary energy consumption saved, East Java and Bali combined (GWh)

Year	Target	Actual	Others, if any
Dec. 31, 2021	192.06	N/A	

Project Objective Indicators #6

GHG emission reduced, East Java and Bali combined (tonnes CO2)

Year	Target	Actual	Others, if any
Dec. 31, 2021	169,014.49	N/A	

Intermediate Result Indicators #1

Installation of MV distribution lines (km)

Year	Target	Actual	Others, if any
Dec. 31, 2021	1,436	N/A	

Intermediate Result Indicators #2

Installation of LV distribution lines (km)

Year	Target	Actual	Others, if any
Dec. 31, 2021	2,115	N/A	

Intermediate Result Indicators #3

Capacity of distribution transformers installed (MVA)

Year	Target	Actual	Others, if any
Dec. 31, 2021	269.25	N/A	

Intermediate Result Indicators #4

Total customer connections (connections)

Year	Target	Actual	Others, if any
Dec. 31, 2021	148,500	N/A	

Intermediate Result Indicators #5

Meter replacement (Imot)

Year	Target	Actual	Others, if any
Dec. 31, 2021	738,699	N/A	

Remarks: