

Audited Project Financial Statements

Project Number: 51114-001
Loan Number: 4009
Grant Numbers: 0753/9215
Period covered: 1 January 2020 to 31 December 2020

Indonesia: Sustainable Energy Access in Eastern Indonesia – Electricity Grid Development Program (Phase 2)

Prepared by Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara

For the Asian Development Bank
Date accepted by ADB: 15 September 2021

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Access to Information Policy and as agreed between ADB and the Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara.

**PERUSAHAAN PERSEROAN (PERSERO)
PT PERUSAHAAN LISTRIK NEGARA**

**ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA –
ELECTRICITY GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)**

**SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020**

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020**

Table of contents	Page
Directors' Statement	
Independent Auditors' Report	
Special-Purpose Statements of Program Expenditures and Financing for the year ended December 31, 2020	
Statement of Actual Program Expenditures and Financing	1
Statement of Cumulative Actual Program Expenditures	2
Notes to Special-Purpose Statements of Program Expenditures and Financing	3

**DIRECTORS' STATEMENT
REGARDING RESPONSIBILITY FOR
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN
INDONESIA – ELECTRICITY GRID DEVELOPMENT PHASE 2
SPECIAL PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND
FINANCING FOR THE YEAR ENDED DECEMBER 31, 2020**

**PERUSAHAAN PERSEROAN (PERSERO)
PT PERUSAHAAN LISTRIK NEGARA**

We state that:

1. We are responsible for the preparation and presentation of the Special-Purpose Statements of Program Expenditures and Financing of the Asian Development Bank ("ADB") Loan 4009-INO: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program Phase 2 (Kalimantan, Maluku and Papua – Results Based Lending) (the "Special-Purpose Statements") of Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara (the "Company").
2. The Special-Purpose Statements have been prepared and presented in accordance with Note 2 to the Special-Purpose Statements.
3. All information contained in the Special-Purpose Statements is complete and correct.
4. The Special-Purpose Statements do not contain misleading material information or facts and do not omit material information and facts.
5. We are responsible for the Company's internal control system.

For and on behalf of the Board of Directors,



SINTHYA ROESLY

Director of Finance and Risk Management

Jakarta, June 30 2021



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA

We have audited the Special-Purpose Statements of Program Expenditures and Financing of the Asian Development Bank ("ADB") Loan 4009-INO: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program Phase 2 (Kalimantan, Maluku and Papua – Results Based Lending) (the "Special-Purpose Statements") of Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara (the "Company"), which comprise the actual program expenditure for the year ended December 31, 2020, and the cumulative program expenditure as at December 31, 2020 and a summary of significant accounting policies and other explanatory information. The Special-Purpose Statements have been prepared by management of the Company in accordance with the financial reporting provisions of the ADB 4009-INO Loan Agreement dated December 8, 2020 between the ADB and the Company, as disclosed in Note 2 to the Special-Purpose Statements.

Management's responsibility for the Special-Purpose Statements

Management is responsible for the preparation and the fair presentation of these Special-Purpose Statements in accordance with the financial reporting provisions disclosed in Note 2 to the Special-Purpose Statements, and for such internal control as management determines is necessary to enable the preparation of Special-Purpose Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these Special-Purpose Statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special-Purpose Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special-Purpose Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Special-Purpose Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Special-Purpose Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Special-Purpose Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Special-Purpose Statements present fairly, in all material respects, the actual program expenditure of ADB Loan 4009-INO for the year ended December 31, 2020, and the cumulative program expenditures as at December 31, 2020 in accordance with the financial reporting provisions as disclosed in Note 2 to these Special-Purpose Statements.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan

WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia

T: +62 21 50992901 / 31192901, F: +62 21 52905555 / 52905050, www.pwc.com/id



Basis of accounting and restriction of distribution and use

Without modifying our opinion, we draw attention to Note 2 to the Special-Purpose Statements, which describes the basis of accounting. The Special-Purpose Statements are prepared to assist the Company to comply with the financial reporting provisions of ADB 4009-INO Loan Agreement referred to above. As a result, the Special-Purpose Statements may not be suitable for another purpose. Our report is intended solely for the Company and ADB and should not be distributed to or used by parties other than the Company and ADB.

JAKARTA
June 30, 2021

A handwritten signature in blue ink, appearing to be "Yanto", written over a faint, stylized blue line.

Yanto, S.E., Ak., M.Ak., CPA
License of Public Accountant No. AP.0241

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
STATEMENT OF ACTUAL PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

Description	Notes	2020											
		Plan Expenditures				Actual Expenditures				Actual / Plan Expenditures			
		ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB %	PLN %	Others %	TOTAL %
RECEIPTS:		-	2,695,405	-	2,695,405	-	2,421,436	-	2,421,436	-	89.84	-	89.84
EXPENDITURES:													
DISTRIBUTION													
a. Capacity Expansion													
- Additional Asset Related to Energy Access	4.1.a	-	1,291,593	-	1,291,593	-	1,188,806	-	1,188,806	-	92.04	-	92.04
- Rural Electrification	4.1.b	-	402,965	-	402,965	-	375,967	-	375,967	-	93.30	-	93.30
- Supporting Equipment	4.1.c	-	91,531	-	91,531	-	65,034	-	65,034	-	71.05	-	71.05
Subtotal		-	1,786,089	-	1,786,089	-	1,629,807	-	1,629,807	-	91.25	-	91.25
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	-	494,463	-	494,463	-	438,299	-	438,299	-	88.64	-	88.64
- Efficiency	4.2.b	-	414,853	-	414,853	-	353,330	-	353,330	-	85.17	-	85.17
Subtotal		-	909,316	-	909,316	-	791,629	-	791,629	-	87.06	-	87.06
TOTAL		-	2,695,405	-	2,695,405	-	2,421,436	-	2,421,436	-	89.84	-	89.84

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
STATEMENT OF CUMULATIVE ACTUAL PROGRAM EXPENDITURES
DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

Description	Notes	December 31, 2020											
		Plan Expenditures				Actual Expenditures				Actual / Plan Expenditures			
		ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB %	PLN %	Others %	TOTAL %
RECEIPTS:		-	2,695,405	-	2,695,405	-	2,421,436	-	2,421,436	-	89.84	-	89.84
EXPENDITURES:													
DISTRIBUTION													
a. Capacity Expansion													
- Additional Asset Related to energy access	4.1.a	-	1,291,593	-	1,291,593	-	1,188,806	-	1,188,806	-	92.04	-	92.04
- Rural Electrification	4.1.b	-	402,965	-	402,965	-	375,967	-	375,967	-	93.30	-	93.30
- Supporting Equipment	4.1.c	-	91,531	-	91,531	-	65,034	-	65,034	-	71.05	-	71.05
Subtotal		-	1,786,089	-	1,786,089	-	1,629,807	-	1,629,807	-	91.25	-	91.25
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	-	494,463	-	494,463	-	438,299	-	438,299	-	88.64	-	88.64
- Efficiency	4.2.b	-	414,853	-	414,853	-	353,330	-	353,330	-	85.17	-	85.17
Subtotal		-	909,316	-	909,316	-	791,629	-	791,629	-	87.06	-	87.06
TOTAL		-	2,695,405	-	2,695,405	-	2,421,436	-	2,421,436	-	89.84	-	89.84

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL

Indonesia's economy is the world's eighth largest in terms of purchasing power parity and has doubled in size since 2000. The decline in the poverty rate (19.1% in 2000 to 9.7% in 2018) has been remarkable, with 13.1 million people lifted out of poverty in 18 years, although this is at risk of being reversed by the impact of COVID-19. However, growth has been largely centered on Java, and regional disparities remain stark. In Eastern Indonesia, poor infrastructure, for energy, transport, and communications, constrains its high growth potential. Expanded electrification, with a priority on regions outside Java, is an important element of the government's infrastructure investment plan. The plan includes increasing (i) the electrification ratio from 89% in 2016 to near 100% by 2024, (ii) the power generation capacity from 56.5 gigawatts in 2018 to 112.2 gigawatts in 2028, and (iii) the share of renewable energy in the national energy mix from 13% in 2016 to 23% in 2025.

PLN is the sole state-owned power utility in Indonesia and, together with its subsidiaries, is responsible for the generation, transmission, distribution, and retail sale of electricity. The government has undertaken several reform measures, including (i) expanding the role of the private sector and improving the investment climate, (ii) adjusting tariffs to better reflect costs and initiating performance-based measures to reduce state subsidy requirements, and (iii) strengthening PLN's governance and financial capacity to undertake the aggressive infrastructure investment plan. The government's approach balances the need for reforms to boost efficiency and service quality while striving to achieve universal electricity access with a priority on Eastern Indonesia, which poses the biggest challenge because of its vast and isolated geography and fragmented power grids.

Households classified as "not electrified" or "poorly electrified" account for 56% of all households in Papua, 15% in West Papua, 20% in both Maluku and North Maluku, 28% in Central Kalimantan, 18% in North Kalimantan, and 21% in West Kalimantan, compared to a national average of 4%. These areas are mainly serviced, if at all, by diesel-fired generators, which are inefficient, polluting, and expensive. Limited access to electricity compounds the broader development challenges in the target provinces. Papua, West Papua, and West Kalimantan have some of the lowest human development indexes, while these provinces and East and North Kalimantan have the lowest gender development indexes in Indonesia.

The program will enhance sustainable, equitable, and reliable access to electricity for the population in nine provinces in Kalimantan, Maluku, and Papua and finance a slice of the broader program in the RUPTL 2019–2028. PLN has a financing gap for power delivery to communities, including through the use of cost efficient local renewable sources, for which it is seeking ADB support under the proposed program.

The result based lending ("RBL") modality is suitable as it will (i) increase accountability for delivering and sustaining results (e.g., by ensuring that community-level solar installations are functioning); (ii) consolidate gains in institutional strengthening from previous RBL programs; (iii) fit with the government's fast-expanding universal electrification strategy and efforts to enhance PLN's efficiency and governance, through internal controls for monitoring and evaluation ("M&E"), procurement, and financial reporting; (iv) reduce high transaction costs associated with small, scattered investments; and (v) stimulate financing and harmonization with other development partners. The program will incorporate lessons from the previous RBL programs, such as the need to further strengthen PLN's internal M&E, waste and asset management, support consumers on safe and productive electricity use.

PLN and ADB have agreed on an RBL program size of US\$2.28 billion, of which the proposed loan will finance US\$600 million. The RBL program scope is as follows:

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

Items	Broader PLN Program	Results-Based Lending Program
Outcome	Electricity access in Kalimantan, Maluku, and Papua enhanced	Sustainable, equitable, and reliable access to electricity for the population in Kalimantan, Maluku, and Papua enhanced
Key outputs	i. Power generation capacity added ii. Power transmission and distribution systems strengthened and expanded iii. Share of renewable energy increased	i. Power distribution network strengthened and expanded ii. Renewable energy use increased iii. Institutional capacity strengthened and social monitoring enhanced
Expenditure size	US\$5.13 billion	Total: US\$2.28 billion PLN: US\$1.67 billion (73.4%) ADB: US\$600 million (26.4%) Co-financing: US\$6 million (0.2%) poverty reduction and clean energy grants administered by ADB
Geographic coverage	All provinces in Kalimantan, Maluku and Papua	All provinces in Kalimantan, Maluku and Papua
Implementation period	January 2020 – December 2025	January 2020 – December 2025

ADB = Asian Development Bank, PLN = Perusahaan Listrik Negara (State Electricity Corporation).

Sources: ADB and PLN.

The RBL program's impact is aligned with the RUPTL goal of enhancing the quality of life in Indonesian society through the use of electricity. The outcome will be sustainable, equitable, and reliable access to electricity for the population in Kalimantan, Maluku, and Papua. Three disbursement-linked indicators (DLIs) at the outcome level focus on (i) the number of customers (DLI 1); (ii) the number of poor households electrified (DLI 2), supported by the Japan Fund for Poverty Reduction grant, with a target that at least 10% of electrified households be headed by women; and (iii) the reliability of services, as measured by the reduction in feeder line permanent interruptions (DLI 3). A baseline study and impact evaluation will measure social outcome indicators such as improved time use, separately for women and men. Three output level results contribute to the outcomes:

- i. Output 1. Power distribution network is strengthened and expanded. This will be tracked by the installed length of medium-voltage ("MV") distribution lines (DLI 4).
- ii. Output 2. Renewable energy use increased. Electricity provided to communities in the target areas will be from a mix of power sources, including small diesel generators, which is the most common for remote grids. Output 2, supported by the Asian Clean Energy Fund grant, explicitly focuses on increasing power generation from solar photovoltaic, mini and micro-hydro, and small biogas power plants (DLI 5).
- iii. Output 3. Institutional capacity is strengthened and social monitoring enhanced. Output 3 focuses on improving asset and waste management (DLI 6) and on enhancing social and gender aspects through PLN workshops on safe and productive energy use, with at least 30% female participation (DLI 7). Electronic procurement and contract payment systems will be integrated (DLI 8).

On December 8, 2020, PLN and ADB entered into Loan Agreement No. 4009-INO under which ADB agreed to lend to PLN from ADB's ordinary capital resources an amount of US\$600 million. The loan is to be guaranteed by the Republic of Indonesia ("Guarantor") under the terms of even date herewith between the Guarantor and ADB. The Loan Agreement was declared effective on January 14, 2021. The maturity date of the ADB Loan No. 4009-INO is on October 15, 2040 and the loan closing date is June 30, 2022.

PLN as the Company is required to comply with certain covenants, as stated in the Loan Agreement dated December 8, 2020. Among other things, the Company has to comply with financial covenants including: (1) for Fiscal year ending December 31, 2020 and for each succeeding Fiscal Year, the Company shall achieve a self-financing ratio of at least 15%, (2) its net revenues for the 12 months prior

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

to the date of such incurrence shall be at least 1.2 times for each of its Fiscal years beginning Fiscal Year December 31, 2020, of its estimated maximum debt service requirements for any succeeding Fiscal Year on all its debt, including the debt to be incurred, and (3) the ratio of debt to equity shall not be greater than 75 to 25.

The Program is expected to be completed by December 31, 2025. A summary of Program Expenditures Framework for the RBL Program 2020 – 2025 is as follows:

Results Based Lending Program			
Items	Amount in US\$ million	Equivalent Rp.	Share of Total (%)
Distribution			
A. Capacity expansion	660	9,348,240	29.0
B. Capacity strengthening	502	7,110,328	22.1
Renewable generation	450	6,373,800	19.8
Corporate social responsibility	4	42,492	0.2
budget	8	113,312	0.3
Monitoring and supervision	5	70,820	0.2
Environmental management	287	4,065,068	12.6
Interest during construction	1,916	27,124,060	84.2
Subtotal	163	2,308,732	7.2
Physical contingencies	196	2,776,144	8.6
Total	2,275	32,208,936	100.0

Sources: ADB and PLN estimates

US\$ 1 = Rp 14,164 (Using conversion currency on December 8, 2020 as date of loan signing)

DLIs are the indicators set forth in Loan Agreement which the Borrower is required to achieve in order to withdraw the amount of loan proceeds allocated in the withdrawal table. The annual DLIs which known as the DLI matrix based on the Loan Agreement are as follows:

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
Outcome: Sustainable, equitable, and reliable access to electricity for the population in Kalimantan, Maluku, and Papua enhanced.							
DLI 1. Expanded access to electricity services: Number of PLN customers in Kalimantan, Maluku, and Papua increased to reach at least 6.77 million customers by 2024	2018 baseline: 5.22 million customers	At least 5.94 million customers (cumulative) connected	At least 6.12 million customers (cumulative) Connected	At least 6.38 million customers (cumulative) connected	At least 6.58 million customers (cumulative) connected	At least 6.77 million customers (cumulative) connected	

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

Outcome: Sustainable, equitable, and reliable access to electricity for the population in Kalimantan, Maluku, and Papua enhanced.							
DLI 2. Pro-poor and gender focus: An additional 112,428 poor HHs provided with PLN electricity by 2024, disaggregated by female/male-headed households, of which at least 10% are female-headed households: 2.1. All poor households 2.2. Poor female-headed households	2018 baseline: 0 additional Poor HHs provided with PLN electricity 2019 Prior results: An interface module transfers the most recent TNP2K data on: 2.1. All poor Households 2.2. All female- and Male-headed HHs to PLN for PLN's use.	Additional poor HHs provided with PLN electricity, disaggregated by female/male-headed households: 2.1. At least 29,414 poor HHs 2.2. At least 2,941 poor female-headed HHs	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households: 2.1. At least 51,808 poor HHs 2.2. At least 5,181 poor female-headed HHs	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households: 2.1. At least 73,368 poor HHs 2.2. At least 7,337 poor female-headed HHs	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households: 2.1. At least 92,866 poor HHs 2.2. At least 9,287 poor female-headed HHs	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households: 2.1. At least 112,428 poor HHs 2.2. At least 11,243 poor female-headed HHs	
DLI 3. Improved reliability of services: Feeder line permanent interruptions in the distribution system reduced to reach less than 17.12 per 100 ckm by 2024	2018 baseline: MV feeder permanent interruptions 23.29 per 100 ckm	MV feeder permanent interruptions less than 20.58 per 100 ckm	MV feeder permanent interruptions less than 19.55 per 100 ckm	MV feeder permanent interruptions less than 18.57 per 100 ckm	MV feeder permanent interruptions less than 17.83 per 100 ckm	MV feeder permanent interruptions less than 17.12 per 100 ckm	
Output 1. Power distribution network strengthened and expanded							
DLI 4. Installed length of MV distribution lines increased to reach at least 63,692 ckm by 2024	2018 baseline: 47,639 ckm of MV distribution lines installed	At least 53,885 ckm (cumulative) of MV distribution lines installed	At least 56,685 ckm (cumulative) of MV distribution lines installed	At least 58,792 ckm (cumulative) of MV distribution lines installed	At least 61,229 ckm (cumulative) of MV distribution lines installed	At least 63,692 ckm (cumulative) of MV distribution lines installed	

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

Output 2: Renewable energy use increased							
DLI 5. Green energy promotion. Power generation from solar PVs (<10 MW), mini/micro-hydro (<1 MW), and small biogas plants (<100 kW) increased by 5.1. An additional 40,000 MWh annually by 2025. 5.2. A further additional 48,000 MWh annually by 2025	2018 baseline: zero additional MWh generated from solar PV, mini/micro-hydro and small biogas plants.	(i) List of EBTKE assets to be transferred to PLN cleared by PLN. (ii) Model KSO or another legal instrument with PEMDA approved by Relevant authority within PLN	5.1. Additional 9,600 MWh generated from solar PV, mini/micro-hydro, and small biogas plants 5.2. Another 4,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants	5.1. Additional 16,800 MWh generated from solar PV, mini/micro-hydro, and small biogas plants 5.2. Another 12,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants	5.1. Additional 25,600 MWh generated from solar PV, mini/micro-hydro, and small biogas plants 5.2. Another 24,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants	5.1. Additional 35,200 MWh generated from solar PV, mini/micro-hydro, and small biogas plants 5.2. Another 40,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants	5.1. Additional 40,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants 5.2. Another 48,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants
Output 3: Institutional capacity strengthened and social monitoring enhanced.							
DLI 6. Asset and waste management improved, with (i) 90% of used PLN-owned equipment in UIW of Kalimantan, Maluku and Papua included in the disposal inventory as at end-2019 safely disposed by 2025, and (ii) 25 additional warehouses holding environmental permit in Kalimantan, Maluku and Papua by 2024	2018 baseline: 0% disposal rate 0 additional warehouses with permit from DLH	(i) Inventory of used equipment for disposal as at end-2019 prepared by UIWs (ii) 5 additional warehouses have secured the environment permit from DLH	(i) 20% of inventory of used equipment for disposal as at end-2019 approved by MSOE (ii) 10 (cumulative) additional warehouses have secured the environment permit from DLH	(i) 40% of inventory of used equipment for disposal as at end-2019 approved by MSOE (ii) 20% of 2019 inventory safely disposed (iii) 15 (cumulative) Additional warehouses have secured the environment permit from DLH	(i) 65% of inventory of used equipment for disposal as at end-2019 approved by MSOE (ii) 40% of 2019 inventory safely disposed (iii) 20 (cumulative) additional warehouses have secured the environment permit from DLH	(i) 90% of inventory of used equipment for disposal as at end-2019 approved by MSOE (ii) 65% of 2019 inventory safely disposed (iii) 25 (cumulative) additional warehouses have secured the environment permit from the DLH	(i) 100% of inventory of used equipment for disposal as at end-2019 approved by MSOE (ii) 90% of 2019 inventory safely disposed

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

DLI 7. Consumer education: By 2024, consumer education workshops on safe and productive energy use implemented by 5 UIW and 29 UP3 offices, with a minimum of 30% female participation for each workshop, based on a scoring system to promote female participation	2019 baseline: 0 workshop, 0 points.	(i) Consumer training materials for safe & productive energy use developed and shared with UIW offices. (ii) One workshop in each of the 5 UIW with minimum 30% female participation. <i>Minimum points required for disbursement : 5</i>	Consumer education workshops held at each of 29 UP3 with minimum 30% female participation among consumers. <i>Cumulative points required for disbursement: 34</i>	Consumer education workshops held at each of 29 UP3 with minimum 30% female participation among consumers. <i>Cumulative points required for disbursement: 63</i>	Consumer education workshops held at each of 29 UP3 with minimum 30% female participation among consumers. <i>Cumulative points required for disbursement: 92</i>	Consumer education workshops held at UP3 with minimum 30% female participation among consumers. <i>Cumulative points required for disbursement: 121</i>	
DLI 8. E-procurement and SAP systems are integrated and rolled out by 2020, and at least 80% of contracts in financial value are recorded in the E-Procurement-SAP integrated system by 2024	2018 baseline: E-Proc and SAP systems are separate. Prior results: E-Proc and SAP are integrated.	E-Proc and SAP Integrated system is rolled out.	At least 50% of contracts in financial value executed by UIWs (including units under them) recorded in E-Proc+SAP integrated system	At least 60% of contracts in financial value executed by UIWs (including units under them) recorded in EProc+SAP integrated system	At least 70% of contracts in financial value executed by UIWs (including units under them) recorded in EProc+SAP integrated system	At least 80% of contracts in financial value executed by UIWs (including units under them) recorded in EProc+SAP integrated system	

2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING

a. Presentation of Statements of Program Expenditures and Financing

The special-purpose statements of program expenditures and financing has been prepared in the format and basis agreed between ADB and the Company, and which are not intended to be a presentation in conformity with Indonesian Financial Accounting Standards. These special-purpose statements of program expenditures and financing were prepared for the purpose of complying with Section 4.02 of Loan Agreement of ADB Loan 4009-INO between ADB and the Company.

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING (continued)

a. Presentation of Statements of Program Expenditures and Financing (continued)

The special-purpose statements of program expenditures and financing were compiled from accounts held by PLN which were prepared in accordance with Indonesian Generally Accepted Accounting Principles. However, the special-purpose statements of program expenditures and financing only presents account that directly related to Sustainable Energy Access in Eastern Indonesia – Electricity Grid Development Program Phase 2.

The special-purpose statements of program expenditures and financing are presented in Rupiah.

b. Basis for Withdrawal

ADB

The withdrawal table sets out the amount available for withdrawal upon the Borrower's achievement of the corresponding DLI targets as set out in the DLI Matrix. Except as otherwise condition agreed by ADB, the withdrawal table shall form the basis for withdrawal from the Loan Account. The amount allocated for ADB Financing regarding the Loan Agreement issued on December 8, 2020 is as follows:

	Prior Results	2020	2021	2022	2023	2024	2025	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Indicator	million	million	million	million	million	million	million	million
DLI 1	--	30	30	30	30	30	--	150
DLI 2	30	9	9	9	9	9	--	75
DLI 3	--	18	18	18	18	18	--	90
DLI 4	--	24	24	24	24	24	--	120
DLI 5	--	5	9	9	9	9	9	50
DLI 6	--	11	11	11	11	11	10	65
DLI 7	--	6	6	6	6	6	--	30
DLI 8	4	--	4	4	4	4	--	20
Total	34	103	111	111	111	111	19	600

PLN

Withdrawals are performed according to the approval set by management through the issuance of Surat Kuasa Investasi ("SKI").

Others

The withdrawal from the others account will be set and agreed with parties according to the respective loan agreement.

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020**

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING (continued)

c. Financing Disbursement

ADB

PLN will submit a withdrawal application reporting on the achievement of the DLIs, and disbursement will be made subject to verification by an IVA (Independent Verification Agency) in accordance with the agreed verification protocols. If a target has not been fully achieved but partial disbursement has been agreed for that DLI, ADB will determine the amount to be disbursed based on the level of achievement. Loan proceeds will be disbursed to PLN's general account with a commercial bank. The proceeds of the loan are to be used to finance the expenditures of the Program in accordance with the provisions of the Loan agreement.

PLN

The disbursement is based on the Payment Voucher issued by the Company.

Others

The disbursement will be set and agreed with parties according to the respective loan agreement.

d. Plan Program Expenditures

The plan program expenditures for respective provinces in Kalimantan, Maluku and Papua are presented based on ADB and PLN estimation.

e. Actual Program Expenditures

ADB

Proceeds from the loan withdrawal were used for the purposes of the project in accordance with the Loan Agreement. The aggregate amount of Eligible Expenditures under the program is equal to or exceeds the Loan proceeds withdrawn by the Borrower for the Program. Such Eligible Expenditures are part of the expenditures incurred under PLN's Program, but they exclude any expenditures for (a) procurement of works, goods, and services from countries which are not members of ADB; (b) procurement of works, goods, and services from persons or entities debarred or suspended by ADB; (c) procurement involving High-Value Contracts; (d) any activities which involve any significant adverse environmental or involuntary resettlement impacts, both within the meaning of the ADB's Safeguard Policy Statement (SPS); and (e) any activities which are prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement.

The units within Regions of Kalimantan, Maluku and Papua are paid to contractor for any transactions related to the Program with PLN budget ("APLN"). Regional Development of Sumatra and Kalimantan ("RSP") and Regional Development of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP") who act as Project Management Unit must screen the eligible expenses for reimbursement with the ADB-RBL fund. Based on the approval from RSP and RMP, the eligible expenses will be forwarded to the Treasury Division, which will transfer a certain amount of money from the defined escrow account related to ADB-RBL to PLN's account.

PLN

Expenditures are based on Payment Vouchers issued by the Company.

Others

Expenditures incurred will be settled according to the respective loan agreement.

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES OF THE SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING (continued)

f. Deposit Account

Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall nominate an account at a commercial bank as the Deposit Account for the Program to ADB into which all withdrawals from the Loan Account shall be deposited. The Deposit Account shall be managed and liquidated in accordance with terms and conditions satisfactory to ADB. Referring to paragraph 2 and 3 of Schedule 3 to the Loan Agreement, PLN shall maintain separate records in respect of the Deposit Account in accordance with accounting principle acceptable to ADB. Loan proceeds will be disbursed to PLN's general account with a commercial bank.

3. ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS

Proceeds from the loan withdrawal were used for the purposes of the project in accordance with the Loan Agreement. Goods and services have also been procured in accordance with the internal procurement guidelines.

During 2020, the Company financed the expenditures by its own fund amounting to Rp2.42 billion and has not withdrawn proceeds from the ADB's Loan Account.

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY

4.1 Capacity Expansion

Capacity expansion is in the form of additional capacity. Additional capacity includes additional asset related to energy access, rural electrifications and supporting equipment. For this investment activity, PLN conducts activities to support new installment, power upgrading and addition of networks to rural areas that are not yet electrified. Including the addition or replacement of distribution transformers/ distribution line because of greater demand from new and/or existing consumers.

a. Additional Asset Related to Energy Access

Actual disbursement for additional asset related to energy access as at December 31, 2020, are as follows:

	ADB Financed Rp	PLN Financed Rp	Others Financed Rp	Total Rp
Balance at beginning of year	-	-	-	-
Additions	-	1,188,806	-	1,188,806
Balance at end of year	-	1,188,806	-	1,188,806

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.1 Capacity Expansion (continued)

b. Rural Electrifications

Actual disbursement for rural electrifications as at December 31, 2020, are as follows:

	ADB Financed Rp	PLN Financed Rp	Others Financed Rp	Total Rp
Balance at beginning of year	-	-	-	-
Additions	-	375,967	-	375,967
Balance at end of year	-	375,967	-	375,967

c. Supporting Equipment

Actual disbursement for supporting equipment as at December 31, 2020, are as follows:

	ADB Financed Rp	PLN Financed Rp	Others Financed Rp	Total Rp
Balance at beginning of year	-	-	-	-
Additions	-	65,034	-	65,034
Balance at end of year	-	65,034	-	65,034

4.2 Capacity Strengthening

From the existing distribution network, for better served customers, the Company perform activities for upgrading its quality, network reliability enhancement and efficiency improvements, such as barrier installment along the distribution lines to prevent from tree disturbances or animals, network reconfiguration and additional insertion transformers to repair shrinkage and provision of appropriate voltage. These activities are not intended to add the distribution lines or transformers that is to increased supply of power, but rather improve network quality and capacity-related services.

a. Network Reliability Enhancement

Actual disbursement for network reliability enhancement as at December 31, 2020, are as follows:

	ADB Financed Rp	PLN Financed Rp	Others Financed Rp	Total Rp
Balance at beginning of year	-	-	-	-
Additions	-	438,299	-	438,299
Balance at end of year	-	438,299	-	438,299

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 4009-INO: SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA – ELECTRICITY
GRID DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA – RESULT BASED LENDING PROGRAM)
NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM EXPENDITURES AND FINANCING
FOR THE YEAR ENDED DECEMBER 31, 2020

(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.2 Capacity Strengthening

b. Efficiency

Actual disbursement for efficiency as at December 31, 2020, are as follows:

	ADB Financed Rp	PLN Financed Rp	Others Financed Rp	Total Rp
Balance at beginning of year	-	-	-	-
Additions	-	353,330	-	353,330
Balance at end of year	-	353,330	-	353,330