



Project Summary Information

Date of Document Preparation: 08/08/24	
Project Name	Strengthening Sumatra Power Distribution Results-Based Project
Project Number	P000819
AIIB member	Republic of Indonesia
Sector/Subsector	Energy / Electricity Transmission and Distribution
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	To increase access to electricity services and to improve the reliability and efficiency of their delivery in the Sumatra region.
Project Description	<p>The proposed Results-Based Project (RBP) will support PT Perusahaan Listrik Negara (PLN) to finance the distribution component of the 10-year General Plan for Electricity Supply (RUPTL) within the Sumatra region for the period 2024-2028. The RBP will focus on three main results areas: (i) to increase access to sustainable and climate resilient electricity; (ii) to improve the reliability of electricity supply and services by strengthening the distribution network; and (iii) to improve the efficiency of the distribution system by reducing losses.</p> <p>The RBP will exclude any activities with significant adverse environmental and social (ES) risks and impacts or high-value contracts above a specified threshold. The exclusion criteria will be developed when undertaking the RBP assessments on technical, ES, and fiduciary system of PLN during the preparation.</p>
Expected Results	The proposed results indicators will include: (i) people provided with new or improved electricity services; (ii) improvement in distribution reliability; and (iii) reduction in distribution losses.
Environmental and Social Category	B

<p>Environmental and Social Information</p>	<p>Applicable Policy and Categorization. The Bank's Environmental and Social Policy (ESP) and the Environmental and Social Exclusion List (ESEL) will be applicable to this RBP. As per the Bank's ESP, the Project is proposed as Category B, considering that (i) Category A activities and other activities that are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or Project-affected people (PAPs) will be excluded from the RBP; and (ii) the ES risks and impacts of the activities within the scope of this RBP are generally temporary, short-term, localized, and can be effectively avoided, reduced or mitigated through adopting mature civil work techniques and good management practice.</p> <p>Environmental and Social Instruments. The Environmental and Social Systems Assessment (ESSA) to be conducted will entail a review of domestic ES legislative framework and PLN's ES management systems (ESMS). The ESSA will also cover the assessment of the existing PLN's Grievance Redress Mechanism (GRM) in terms of its adequacy and accessibility to stakeholders. The ESSA will include recommended actions to strengthen specific aspects of the Client's capacity and the system for mitigating ES risks during the preparation and implementation of the RBP. During the process of ESSA, the Project team will identify and engage with RBP stakeholders in a manner proportional to the ES risks and potential impacts of the RBP. The draft ESSA in English with a summary in Bahasa Indonesia, will be disclosed in a timely manner before appraisal of the RBP.</p> <p>Environmental and Social Aspect. The Project will generate ES benefits by enhancing electricity access, reliability, and transmission efficiency in the regions. Key potential ES risks and impacts of this RBP are related to the construction and operation of new and/or upgraded distribution lines, substations and the solar photovoltaic (PV) plus battery energy storage system (BESS). Whether the Project may have Associated Facilities (e.g. access road and transmission substations that are not under the Project) will be assessed during the RBP preparation. The construction stage related impacts may include small scale permanent and/or temporary land acquisition and/or physical and/or economic displacement; site generation of non-hazardous and hazardous wastes; soil erosion and sediment control; fugitive dust and other emissions; noise and vibration impacts; potential for hazardous materials and oil spills; habitat loss and fragmentation, and removal of vegetation; occupational and community health and safety risks; and exclusion of vulnerable groups. During operation and maintenance phases, there will be disturbance to communities and wildlife; risk to birds, primates and bats through collisions and electrocutions; electric magnetic fields (EMF) impacts; water consumption for solar panel cleaning and wastewater generation; fire and explosion risks associated with BESS; disposal of hazardous wastes including end-of-life solar panels and batteries. During Project preparation, a more comprehensive ES assessment including protection of public and worker safety, will be undertaken through the ESSA.</p> <p>Project GRM and Monitoring Arrangement. Existing PLN's GRM, as Project GRM, will be assessed in terms of its adequacy and accessibility during ESSA. The information on the RBP's GRM and on the availability of the Independent</p>
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	Accountability Mechanism will be timely disclosed to stakeholders including RBP-affected people in an appropriate manner. PLN will have the overall responsibility for implementing and monitoring the performance of the RBP. As provided in the ESP, the Project team will monitor the Client's ES performance under the RBP until its completion, in accordance with the ES provisions of the Legal Agreements governing the RBP.	
Cost and Financing Plan	With an estimated expenditure cost of USD 1,723 million, AIIB will provide Results-Based Financing of USD 500 million with sovereign guarantee from the Republic of Indonesia. PLN will contribute USD 1,080 million as counterpart funds and the remaining is expected to be financed by other financiers.	
Borrower	PT Perusahaan Listrik Negara (Persero)	
Guarantor	Republic of Indonesia	
Estimated date of loan closing	December 2029	
Contact Points:	AIIB	Borrower
Name	Ziwei Liao (PTL)	Sinthya Roesly
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Date of Concept Decision	August 8, 2024	
Estimated Date of Appraisal Decision	December 2024	
Estimated Date of Financing Approval	June 2025	
Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .	

