



Project Summary Information

Date of Document Preparation/Updating: 04/03/25	
Project Name	Strengthening Sumatra Power Distribution Results-Based Project
Project Number	P000819
AIIB member	Indonesia
Sector/Subsector	Energy/Electricity Transmission and Distribution
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	The development objective of the proposed Results-Based Project (RBP) is to increase access to electricity services and to improve the reliability and efficiency of their delivery in the Sumatra region of Indonesia.
Project Description	<p>The proposed RBP will focus on three main results areas: 1) to increase access to sustainable and climate resilient electricity, 2) to improve the reliability of electricity supply and services by strengthening the distribution network, and 3) to improve the efficiency of the distribution system by reducing losses.</p> <p>Together with Perusahaan Listrik Negara (PLN) and other financiers, the proposed RBP would contribute to financing the distribution component under PLN's rolling 10-year General Plan for Electricity Supply (RUPTL) within the Sumatra region for the period 2024-2028. The RBP will exclude any activities with significant adverse environmental and social (ES) risks and impacts or high-value contracts above a specified threshold.</p> <p>The RBP will finance activities across four primary areas—Sales, Reliability, Efficiency, and Rural Electrification—through targeted infrastructure improvements. Key initiatives include the expansion of distribution lines, construction of EV charging stations, installation of new SCADA key points for better grid management, and the rollout of smart meters to enhance operational efficiency and monitoring.</p>

	Disbursements under the program will be contingent on achieving Disbursement-Linked Results (DLRs), which will be verified by an Independent Verification Agent (IVA). Funds will be released upon approved verification and submission of withdrawal applications, ensuring accountability and alignment with project objectives.
Expected Results	<ul style="list-style-type: none"> • Increasing access to sustainable and climate resilient electricity • Improving the reliability of electricity supply and services by strengthening the distribution network • Improving the efficiency of the distribution system by reducing losses.
Environmental and Social Category	B
Environmental and Social Information	<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 environmental and social (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 Systems Assessment (ESSA). The ESSA conducted by the Bank developed exclusion criteria to ensure the exclusion of Category A activities and those with significant adverse impacts on the environment and affected people. The ESSA assessed the Borrower's ES management system (ESMS) in place to manage all identified ES impacts, focused on the main elements of applicable Borrower systems, and provided an analysis of the acceptability of these systems, and the extent to which the Borrower's systems and practices are aligned with core principles and elements outlined in the Bank's ESP. The ESSA covered a detailed analysis of the legal framework, institutional capacity, and operational systems used by the Borrower in project planning, implementation, and monitoring. The ESSA concludes that the Borrower has the foundational systems and regulations necessary to manage ES risks likely to be encountered in this RBP but requires improvements both content-wise as well as in the application of the corporate ESMS for effective implementation of the RBP, especially at the field level. The ESSA recommends actions to strengthen the Borrower's overall ES management capacity, enabling it to effectively mitigate risks and improve Project outcomes in line with good international practice standards.</p> <p>Environmental and Social Aspects. 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). The construction stage related impacts may include small scale permanent and/or temporary land</p>

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.

Gender Aspects: The Project aims to enhance gender equality and address the specific needs of women and vulnerable groups through several measures. Improved electricity access in underserved areas will benefit women by providing better opportunities for education, healthcare, and economic activities. The Project will create job opportunities and promote skill development, ensuring equitable access for women. Effective stakeholder engagement will actively involve women and vulnerable groups, addressing barriers to participation. ES management measures will be implemented to prevent and mitigate Sexual Exploitation, Abuse, and Harassment (SEASH). Gender-sensitive training and capacity-building programs for PLN staff will be conducted, and mechanisms for monitoring and evaluating gender impacts will be established.

Stakeholder Engagement and Information Disclosure. During the ESSA preparation, key stakeholders have been identified and consulted, mainly including PLN staff, community stakeholders, landowners, vulnerable groups, village officers, and the contractors, and the ESSA has been revised to respond to the comments received. The ESSA report in English and summary in Bahasa Indonesia was disclosed on AIB's website on February 19, 2025.

Project Grievance Redress Mechanism (GRM). The Borrower has established a comprehensive contact center accessible to the public through multiple channels. Furthermore, the Borrower has developed an ESMS manual, which includes guidelines for implementing a GRM within the organization. This manual serves as a foundational document, outlining procedures for addressing grievances and ensuring that community concerns are effectively managed. Although the current GRM is not specifically tailored to the Project, the existing contact center and the ESMS manual provide a framework for handling complaints and facilitating communication between the Borrower and stakeholders. The existing grievance handling system, as project-level GRM, will be strengthened to improve the documentation and resolution of cases at both the Unit Induk Distribusi (UID) and headquarter level. The information of established GRM and Bank's Project-affected People's Mechanism (PPM) will be disclosed timely in an appropriate manner.

Monitoring and Supervision Arrangements. The Borrower is responsible for (i) implementing the agreed ES actions as per the RBP Action Plan (AP) and maintain the ESMS and implementation capacity as recommended by the ESSA; (ii) submitting semi-annual progress reports, prepared based on agreed format, to demonstrate continuous compliance with the

	applicable ES management mechanism; (iii) reviewing GRM performance and procedures and including specific grievance cases in the progress reports; and (iv) consulting with the Bank for any change made to the ES systems during RBP implementation. AIIB will conduct regular monitoring and supervision through site visits and document review.		
Cost and Financing Plan	The proposed RBP aims to increase access to sustainable and climate resilient electricity in the Sumatra region of Indonesia. The RBP will be implemented over five years, from 2024 to 2028, with an estimated expenditure cost of USD 1,838 million to PLN. AIIB will finance USD 500 million, and PLN will contribute USD 1,338 million as counterpart funds. The Republic of Indonesia will provide a sovereign guarantee on the AIIB loan.		
Borrower/Investee Company/Counterparty/Guaranteed entity	PT Perusahaan Listrik Negara (Persero)		
Guarantor	Indonesia Infrastructure Guarantee Fund; Ministry of Finance, Indonesia		
Implementing Entity/Sponsor	PT Perusahaan Listrik Negara (Persero)		
Estimated date of loan closing (SBF)	30/06/2029		
Contact Points:	AIIB	Borrower	Implementation Organization/Sponsor
Name	Ziwei Liao	Achmad Syaifuddin Zuhri	
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Date of Concept Decision	08/08/24		
Date of Appraisal Decision	19/02/2025		
Estimated Date of Financing Approval	Q4 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 GRM 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 .
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