

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

**ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN
EASTERN INDONESIA - ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)**

**SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021**

**PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
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FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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**DIRECTORS' STATEMENT
REGARDING RESPONSIBILITY FOR
ADB LOAN 3560-INO, KfW LOAN 27834, AND KfW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA - ELECTRICITY
GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 Receipts and Expenditures of the Asian Development Bank ("ADB") Loan 3560-INO, Kreditanstalt für Wiederaufbau ("KfW") Loan 27834, and KfW Loan 29069: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program (Sulawesi and Nusa Tenggara - Result Based Lending Program) (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 2a 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 2022



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA

We have audited the Special-Purpose Statements of Program Receipts and Expenditures of the Asian Development Bank ("ADB") Loan 3560-INO, Kreditanstalt für Wiederaufbau ("KfW") Loan 27834, and KfW Loan 29069: Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program (Sulawesi and Nusa Tenggara - Results Based Lending) (the "Special-Purpose Statements") of Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara (the "Company"), which comprise the actual program receipts and expenditures for the year ended December 31, 2021, and the cumulative actual program receipts and expenditures as at December 31, 2021 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 3560-INO Loan Agreement dated October 10, 2017 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 receipts and expenditures of ADB Loan 3560-INO, KfW Loan 27834, and KfW Loan 29069 for the year ended December 31, 2021, and the cumulative actual program receipts and expenditures as at December 31, 2021 in accordance with the financial reporting provisions as disclosed in Note 2 to these Special-Purpose Statements.

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan

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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 3560-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, 2022

A handwritten signature in blue ink, consisting of a series of loops and a long vertical stroke at the end.

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

PERUSAHAAN PERSEROAN (PERSERO) PT PERUSAHAAN LISTRIK NEGARA
ADB LOAN 3560-INO, KFW LOAN 27834, AND KFW LOAN 29069:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA -
ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENT OF ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

		2021											
Description	Notes	Plan Receipts and Expenditures				Actual Receipts and Expenditures				Actual/Plan Receipts and Expenditures			
		ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB %	PLN %	Other (KFW) %	TOTAL %
I. CASH RECEIPTS													
Cash Receipt													
ADB		275,930	-	-	275,930	205,894	-	-	205,894	74.62	-	-	74.62
PLN		-	707,293	-	707,293	-	744,293	-	744,293	-	105.23	-	105.23
Other (KFW)		-	-	1,255,139	1,255,139	-	-	733,672	733,672	-	-	58.45	58.45
TOTAL RECEIPTS		275,930	707,293	1,255,139	2,238,362	205,894*)	744,293	733,672	1,683,859	74.62	105.23	58.45	75.23
II. EXPENDITURES													
Distribution													
a. Capacity Expansion													
- Additional Asset Related to Energy Access	4.1.a	39,123	-	850,163	889,286	69,972	122,427	824,387	1,016,786	178.85	-	96.97	114.34
- Rural Electrification	4.1.b	6,477	707,293	-	713,770	74,786	589,981	-	664,767	1,154.63	83.41	-	93.13
- Supporting Equipment	4.1.c	4,071	-	-	4,071	3,598	-	-	3,598	88.38	-	-	88.38
Subtotal		49,671	707,293	850,163	1,607,127	148,356	712,408	824,387	1,685,151	298.68	100.72	96.97	104.85
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	-	-	404,976	404,976	16,437	31,885	296,074	344,396	-	-	73.11	85.04
- Efficiency	4.2.b	226,259	-	-	226,259	238,465	-	-	238,465	105.39	-	-	105.39
Subtotal		226,259	-	404,976	631,235	254,902	31,885	296,074	582,861	112.66	-	73.11	92.34
TOTAL EXPENDITURES		275,930	707,293	1,255,139	2,238,362	403,258	744,293	1,120,461	2,268,012	146.15	105.23	89.27	101.32
EXCESS EXPENDITURES		-	-	-	-	(197,364)	-	(386,789)	(584,153)	-	-	-	-

*) US\$1 equivalent to Rp14,348, based on rate as at December 9, 2021).

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(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENT OF ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Figures in tables are stated in millions of Rupiah, unless otherwise stated)

		2020											
Description	Notes	Plan Receipts and Expenditures				Actual Receipts and Expenditures				Actual/Plan Receipts and Expenditures			
		ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB Rp	PLN Rp	Others Rp	TOTAL Rp	ADB %	PLN %	Others %	TOTAL %
I. CASH RECEIPTS													
Cash Receipt													
ADB		2,073,457	-	-	2,073,457	1,495,674	-	-	1,495,674	72.13	-	-	72.13
PLN		-	809,975	-	809,975	-	647,354	-	647,354	-	79.92	-	79.92
Others		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS		2,073,457	809,975	-	2,883,432	1,495,674	647,354	-	2,143,028	72.13	79.92	-	74.32
II. EXPENDITURES													
Distribution													
a. Capacity Expansion													
- Additional Asset Related to Energy Access	4.1.a	1,129,494	-	-	1,129,494	1,081,417	5,752	-	1,087,169	95.74	-	-	96.25
- Rural Electrification	4.1.b	-	809,975	-	809,975	49,333	640,908	-	690,241	-	79.13	-	85.22
- Supporting Equipment	4.1.c	15,992	-	-	15,992	22,140	-	-	22,140	138.45	-	-	138.45
Subtotal		1,145,486	809,975	-	1,955,461	1,152,890	646,660	-	1,799,550	100.65	79.84	-	92.03
b. Capacity Strengthening													
- Network Reliability Enhancement	4.2.a	663,531	-	-	663,531	790,681	92	-	790,773	119.16	-	-	119.18
- Efficiency	4.2.b	264,440	-	-	264,440	295,937	602	-	296,539	111.91	-	-	112.14
Subtotal		927,971	-	-	927,971	1,086,618	694	-	1,087,312	117.10	-	-	117.17
TOTAL EXPENDITURES		2,073,457	809,975	-	2,883,432	2,239,508	647,354	-	2,886,862	108.01	79.92	-	100.12
EXCESS EXPENDITURES		-	-	-	-	(743,834)	-	-	(743,834)	-	-	-	-

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ELECTRICITY GRID DEVELOPMENT PROGRAM
(SULAWESI AND NUSA TENGGARA - RESULT BASED LENDING PROGRAM)
STATEMENT OF CUMULATIVE ACTUAL PROGRAM RECEIPTS AND EXPENDITURES
DECEMBER 31, 2021

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

Description	Notes	2021				2020			
		ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp	ADB Rp	PLN Rp	Other (KFW) Rp	TOTAL Rp
I. CASH RECEIPTS									
Cash Receipt									
ADB	3	7,888,140	-	-	7,888,140	7,682,246	-	-	7,682,246
PLN	3	-	7,255,132	-	7,255,132	-	6,510,839	-	6,510,839
Other (KFW)		-	-	733,672	733,672	-	-	-	-
TOTAL RECEIPTS		7,888,140	7,255,132	733,672	15,876,944	7,682,246	6,510,839	-	14,193,085
II. EXPENDITURES									
Distribution									
a. Capacity Expansion									
- Additional Asset Related to Energy Access	4.1.a	2,888,145	982,729	824,387	4,695,261	2,818,173	860,302	-	3,678,475
- Rural Electrification	4.1.b	310,467	4,975,093	-	5,285,560	235,681	4,385,112	-	4,620,793
- Supporting Equipment	4.1.c	136,808	8,311	-	145,119	133,210	8,311	-	141,521
Subtotal		3,335,420	5,966,133	824,387	10,125,940	3,187,064	5,253,725	-	8,440,789
b. Capacity Strengthening									
- Network Reliability Enhancement	4.2.a	2,810,559	809,596	296,074	3,916,229	2,794,122	777,711	-	3,571,833
- Efficiency	4.2.b	1,739,889	479,403	-	2,219,292	1,501,424	479,403	-	1,980,827
Subtotal		4,550,448	1,288,999	296,074	6,135,521	4,295,546	1,257,114	-	5,552,660
TOTAL EXPENDITURES		7,885,868	7,255,132	1,120,461	16,261,461	7,482,610	6,510,839	-	13,993,449
REMAINING PROCEEDS/(EXCESS EXPENDITURES)	3	2,271	-	(386,789)	(384,518)	199,636	-	-	199,636

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

1. GENERAL

The role of the energy sector as a key enabler of inclusive growth has become more important as the Government of Indonesia (the "Government") is faced with the challenge of expanding its economy. The annual rate of growth declined from 6.4% in 2010 to 5.0% in 2016 and is expected to remain at 5.1% in 2017. Improved access to affordable and sustainable forms of energy is critical to enhancing competitiveness, not only in the country's manufacturing and commercial centres, but also in remote areas. Lack of access to energy constrains efforts to transform the eastern part of Indonesia into a new growth engine with a focus on high-value agriculture, fisheries, small and medium-sized enterprises, and tourism, all of which rely on a stable energy supply. Uneven development across provinces has contributed to widening income disparities, with several provinces in Eastern Indonesia lagging significantly behind Java and Bali.

To address this, the Government has prioritized accelerating investment in infrastructure under the National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional* or "RPJMN") 2015-2019, which explicitly includes the "outer" and eastern regions as geographical priorities. One of its pillars is to improve access to electricity services significantly by adding 35 gigawatts of generation capacity and expanding power grids to raise the national electrification ratio from 84% in 2014 to 97% by the end of 2019. Eastern Indonesia, where power grids across the islands are isolated, and underdeveloped, presents the greatest challenge to achieving these targets. The electrification ratios in some eastern provinces are particularly low, 74% in West Sulawesi, 67% in Southeast Sulawesi, 68% in West Nusa Tenggara, 59% in East Nusa Tenggara and 44% in Papua.

The overall investment needs for the Government's generation, transmission, and distribution program are US\$83.5 billion, of which US\$43.5 billion is to come from the private sector (independent power producers) and the balance of US\$40 billion is from the State Electricity Corporation, PT Perusahaan Listrik Negara (Persero) (the "Company" or "PLN"). PLN will not be able to meet the investment needs on its own and has an estimated funding gap of US\$30.3 billion, which will have to be borne by other financing sources, including from development partners. In Eastern Indonesia, where there are many isolated grids, PLN is already using its own resources to establish 70 kilovolt ("kV") and 150 kV backbone transmission systems while seeking support from the Asian Development Bank (ADB) and other partners to strengthen and expand local distribution networks.

The Result Based Lending ("RBL") program will finance a portion of the overall broader program needs as identified in PLN's RUPTL, 2017-2026 for strengthening and expanding the power distribution network in Eastern Indonesia. It builds on the experience and lessons learned from the ongoing RBL program for grid strengthening in Sumatra. The RBL is a suitable modality as (i) it uses PLN's own systems, such that the agreed program actions will directly contribute to institutional strengthening beyond the RBL program's geographical coverage; (ii) its focus on results rather than expenditures will help establish a stronger evaluation culture complementary to the Government's intent to provide incentives based on corporate performance; (iii) it helps lower the transaction costs involved in managing thousands of small-scale activities and expenditures to develop the distribution network; and (iv) it will enable PLN, Government stakeholders, and development partners to convene around achieving the results and outcomes of the program to enhance collaboration.

PLN is expected to finance around 50% of the RBL Program. PLN and the Government may request Asian Development Bank ("ADB") and other development partners to provide additional financing during satisfactory implementation of the subsequent phases of the program to bridge any financing gap through to 2021 for the program, PLN has requested a loan to be guaranteed by the Republic of Indonesia in the amount of US\$600 million from ADB's ordinary capital resources.

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

1. GENERAL (continued)

The composition of Total Costs and the financing plan is as follows:

Financing	RBL Program	
	US\$ million	Percentage share (%)
PLN a)	915.2	50.0
ADB	600.0	32.8
Others b)	315.1	17.2
Total	1,830.3	100.0

- a. From PLN's internal cash flows and equity injections from the Government of Indonesia
b. Includes possible funding from the World Bank, the Islamic Development Bank, and other multilateral and bilateral financial institutions. If partner funding is insufficient, PLN is expected to secure the necessary funding from its internal cash flows or additional equity injections from the Government.

Disbursement Linked Indicators (DLI)	Total ADB financing allocation	Share of ADB financing	ADB's financing plan (in USD million)				
			2017	2018	2019	2020	2021
OUTCOME							
DLI 1: expanded access to electricity services number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020	120.0	20%	30.0	30.0	30.0	30.0	-
DLI 2: Growth in delivered electricity services: total electricity sales increased by an average annual rate of at least 8.5% to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,704 GWh annual sales by 2019	96.0	16%	24.0	24.0	24.0	24.0	-
DLI 3: improved reliability of services Feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15.82/100 ckm by 2020	48.0	8%	12.0	12.0	12.0	12.0	-
OUTPUTS							
DLI 4: number of distribution transformer unit installed increased by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	96.0	16%	12.0	12.0	36.0	36.0	-
DLI 5: length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020	96.0	16%	12.0	12.0	36.0	36.0	-
DLI 6: Pilot-scale smart grids projects implemented in at least 4 areas by 2021	48.0	8%	6.0	6.0	12.0	12.0	12.0
DLI 7: Operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meters use increased to at least 75% of total customers by 2021	48.0	8%	6.0	6.0	12.0	12.0	12.0
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	48.0	8%	6.0	6.0	12.0	12.0	12.0
TOTAL	600.0	100%	108.0	108.0	174.0	174.0	36.0

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

1. GENERAL (continued)

The proposed US\$600 million loan for the Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program (the "Program") aims to support the development of electricity distribution networks to connect businesses and households and to enhance the quality of life in Eastern Indonesia through the sustainable use of electricity as a key driver of increased economic activity. The program will complement a proposed sector loan for small-to mid-sized natural gas-fired power stations across Eastern Indonesia.

The objective of the Program is to support expanded access to more reliable electricity services for residential, commercial, and industrial customers in the eastern provinces of the Republic of Indonesia in SNT, namely North Sulawesi, Gorontalo, Central Sulawesi, West Sulawesi, South Sulawesi, Southeast Sulawesi, West Nusa Tenggara, and East Nusa Tenggara.

The Program shall comprise the following result areas:

1. Distribution system strengthening and expansion

Under this results area, the Program shall help address the needs for the expansion and strengthening of the distribution system and consequently improve electrification rates, reduce overloading, and address reliability issues for the local population and businesses.

2. Innovation and institutional capacity enhancement

Under this result area, the Program shall support the PLN's effort in innovation and strengthen institutional capacity for environmental management and increased efficiency through:

1. Supporting innovation through pilot-scale smart grid projects;
2. Expanding the use of digital pre-paid meters to reduce non-technical losses, payment defaults, and servicing costs in remote areas;
3. Improving the PLN's assets and waste management with safe disposal of several years backlog of used equipment, including hazardous waste; and
4. Tracking the timely implementation of distribution system contracts.

On October 10, 2017, PLN and ADB entered into Loan Agreement No. 3560-INO under which ADB agreed to lend to the 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 the Guarantee Agreement of even date herewith between the Guarantor and ADB. The loan agreement is effective as at December 14, 2017. The maturity date of the ADB Loan No. 3560-INO is on May 15, 2037 and the last date for disbursement of the ADB Loan No. 3560-INO is on June 30, 2022.

KfW (Kreditanstalt für Wiederaufbau) have agreed to undertake the financing of a Results-Based Loan for "Sustainable Energy Access in Eastern Indonesia Sulawesi and Nusa Tenggara Electricity Grid Development Programme" (the "Programme"). Furthermore, the Lender and the Borrower have agreed, by financing the Programme, to pursue the common goal of expanding the access to more reliable electricity services for residential, commercial and industrial customers in the Eastern Indonesian provinces of Sulawesi and Nusa Tenggara through strengthening the electricity distribution system. For this purpose, KfW and the Borrower have agreed to enter into a loan agreement.

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

1. GENERAL (continued)

The Company is required to comply with certain covenants, as stated in the amended loan agreement dated January 18, 2021. Among other things, the Company has to comply with financial covenants including (1) for the fiscal year ending December 31, 2020 and for each succeeding the fiscal year, PLN shall achieve a self-financing ratio of at least 15%, (2) its net revenues for the 12 months prior to the date of such incurrence shall be at least 1.2 times for each of its fiscal years beginning the fiscal year ending 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, and the covenant that all proceeds of the loan withdrawn from ADB should be utilised developing the Program as agreed in the ADB Loan No. 3560-INO.

The RBL program shall be completed by June 30, 2022. A summary of the program expenditure framework for the RBL Program 2017-2021 agreed with ADB is as follows:

No.	Description	2017		2018		2019		2020		2021		Total	
		US\$ million	Equivalent Rp	US\$ million	Equivalent Rp	US\$ million	Equivalent Rp	US\$ million	Equivalent Rp	US\$ million	Equivalent Rp	US\$ million	Equivalent Rp
1	Distribution	301.47	4,067,159	290.30	3,916,379	367.24	4,954,462	284.96	3,844,378	207.53	2,799,808	1,451.50	19,582,186
	a. Capacity Expansion	196.41	2,649,777	160.68	2,167,748	210.48	2,839,622	165.25	2,229,423	120.33	1,623,377	853.16	11,509,946
	- Additional Asset Related to Energy Access	69.86	942,535	59.72	805,653	101.90	1,374,797	78.62	1,060,624	57.97	782,100	368.08	4,965,709
	- Rural Electrification	126.03	1,700,214	99.60	1,343,749	92.01	1,241,271	73.10	986,129	52.62	709,858	443.35	5,981,220
	- Supporting Equipment	0.52	7,028	1.36	18,346	16.57	223,554	13.54	182,670	9.74	131,418	41.73	563,016
	b. Capacity Strengthening	105.06	1,417,383	129.61	1,748,631	156.76	2,114,840	119.71	1,614,955	87.20	1,176,432	598.34	8,072,240
	- Network Reliability Enhancement	66.45	896,468	68.92	929,764	83.76	1,129,999	62.69	845,689	45.07	607,995	326.88	4,409,916
	- Efficiency	38.61	520,914	60.70	818,867	73.00	984,840	57.02	769,266	42.13	568,437	271.46	3,662,325
2	Interest											<u>78.50</u>	<u>1,059,044</u>
3	Physical Contingencies											<u>145.10</u>	<u>1,957,544</u>
4	Price Contingencies											<u>155.20</u>	<u>2,093,803</u>
Total												<u>1,830.30</u>	<u>24,692,577</u>

US\$1 = Rp13,491 (Using October 10, 2017 as date of loan signing)

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1. GENERAL (continued)

Disbursement Linked Indicators (“DLIs”) are the indicators outlined in the loan agreement which the Borrower is required to achieve in order to withdraw the amount of the loan proceeds allocated in the withdrawal table. The annual DLIs, known as the DLI matrix, based on the loan agreement is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
DLI 1: number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% to reach at least 15,710 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 3,234 GWh annual sales by 2020	2016 baseline: Energy sales 11,336 GWh (2,334 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 13,345 GWh, or more of energy sales to customers (at least 2,747 GWh to commercial customers)	At least 14,480 GWh, or more of energy sales to customers (at least 2,981 GWh to commercial customers)	At least 15,710 GWh, or more of energy sales to customers (at least 3,234 GWh to commercial customers)	-
DLI 3: feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15.82/100 ckm by 2020	2016 baseline: medium voltage feeder permanent interruptions: 19.43/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,788 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 47,256 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 49,902 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 52,697 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,648 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot project selected in 4 PLN areas	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meters use increased to at least 75% of total customers by 2021	2016 baseline: 48% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate. Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management (1998) policy revised to accelerate disposal of hazardous waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with MoEF Regulation No. 33/2009 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(i) all warehouses equipped with oil containment/protection measures (ii) at least 50% of PLN's used equipment in the 2016 inventory safely disposed	At least 80% of PLN's used equipment in the 2016 inventory safely disposed	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the amendments of the loan agreement effective on October 1, 2019, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
DLI 1: number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,849 GWh annual sales by 2020	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to customers (at least 2,849 GWh to commercial customers)	-
DLI 3: feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15.82/100 ckm by 2020	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increases by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line inwith Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot project selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meters use increased to at least 75% of total customers by 2021	2016 baseline: 50.65% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate. Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with MoEF Regulation No. 33/2009 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(i) all warehouses equipped with oil containment/protection measures (ii) at least 50% of PLN's used equipment in the 2016 inventory safely disposed	At least 80% of PLN's used equipment in the 2016 inventory safely disposed	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the loan amendment, there is another amendment effective on November 5, 2020, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
DLI 1: number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,849 GWh annual sales by 2020	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to customers (at least 2,849 GWh to commercial customers)	-
DLI 3: feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15.82/100 ckm by 2020	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meter use increased to at least 75% of total customers by 2021	2016 baseline: 50.65% of total customers use digital pre-paid meters or smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate. Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with Government Regulation No. 101/2014 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(i) all warehouses equipped with oil containment/protection measures (ii) at least 50% of PLN's used equipment in the 2016 inventory safely disposed	At least 80% of PLN's used equipment in the 2016 inventory safely disposed	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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1. GENERAL (continued)

Regarding the loan amendment, there is another amendment effective on August 31, 2021, there are changes in the program concerning cost categories, allocation, and withdrawal of loan proceeds and DLI. The amended DLI matrix is as follows:

Disbursement Linked Indicators (DLI)	Baseline and year	2017	2018	2019	2020	2021
DLI 1: number of total customers increased by an average annual rate of at least 5.6% to reach at least 6.99 million customers by 2020	2016 baseline: 5.62 million customers	At least 5.90 million customers connected	At least 6.27 million customers connected	At least 6.62 million customers connected	At least 6.99 million customers connected	-
DLI 2: total annual electricity sales increased by an average annual rate of at least 8.5% (for 2017) and 5.35% (based on 2017 actual of 11,943 GWh for 2018 to 2020) to reach at least 13,964 GWh by 2020, with an equal or higher growth rate for commercial customers to reach at least 2,704 GWh annual sales by 2019	2016 baseline: Energy sales 11,336 GWh (2,287 GWh to commercial customers)	At least 12,300 GWh, or more of energy sales to customers (at least 2,532 GWh to commercial customers)	At least 12,582 GWh, or more of energy sales to customers (at least 2,567 GWh to commercial customers)	At least 13,255 GWh, or more of energy sales to customers (at least 2,704 GWh to commercial customers)	At least 13,964 GWh, or more of energy sales to all customers	-
DLI 3: feeder line permanent interruptions in the distribution system reduced by an average annual rate of at least 5% each year to reach less than 15.82/100 ckm by 2020	2016 baseline: medium voltage feeder permanent interruptions: 19.91/100 ckm	Medium-voltage feeder permanent interruptions less than: 18.45/100 ckm	Medium-voltage feeder permanent interruptions less than: 17.53/100 ckm	Medium-voltage feeder permanent interruptions less than: 16.66/100 ckm	Medium-voltage feeder permanent interruptions less than: 15.82/100 ckm	-
DLI 4: number of distribution transformer unit installed increase by an average annual rate of at least 5.6% each year to reach at least 50,721 by 2020	2016 baseline: 40,760 total distribution transformer units installed	At least 43,072 total distribution transformer units installed	At least 45,484 total distribution transformer units installed	At least 48,031 total distribution transformer units installed	At least 50,721 total distribution transformer units installed	-
DLI 5: additional length of medium-voltage distribution lines installed increased by an average annual rate of at least 5.6% each year to reach at least 58,764 ckm by 2020, with an equal or higher growth rate in Lombok and Flores combined to reach at least 7,388 ckm by 2020.	2016 baseline: 45,938 ckm of medium-voltage distribution lines installed (5,941 ckm in Lombok and Flores combined)	At least 48,854 ckm of medium-voltage distribution lines installed (at least 6,274 ckm in Lombok and Flores combined)	At least 51,956 ckm of medium-voltage distribution lines installed (at least 6,626 ckm in Lombok and Flores combined)	At least 55,255 ckm of medium-voltage distribution lines installed (at least 6,997 ckm in Lombok and Flores combined)	At least 58,764 ckm of medium-voltage distribution lines installed (at least 7,388 ckm in Lombok and Flores combined)	-
DLI 6: Pilot-scale smart grid projects implemented in at least 4 areas by 2021	2016 baseline: no Smart Grid projects that are in line with Corporate Smart Grid Roadmap	Smart grid guidelines based on corporate smart grid roadmap issued, pilot projects selected	Project design developed, 2 pilot Smart Grid projects start procurement	At least 2 more pilot Smart Grid projects start procurement	At least 2 pilot smart grid projects operational	At least 4 pilot smart grid projects operational
DLI 7: operational efficiency and resource optimization enhanced with digital pre-paid meter or smart meter use increased to at least 75% of total customers by 2021	2016 baseline: 50.65% of total customers use digital pre-paid meters of smart meters	At least 55% of total customers use digital pre-paid meters or smart meters	At least 60% of total customers use digital pre-paid meters or smart meters	At least 65% of total customers use digital pre-paid meters or smart meters	At least 70% of total customers use digital pre-paid meters or smart meters	At least 75% of total customers use digital pre-paid meters or smart meters
DLI 8: asset and waste management improved with at least 90% of used PLN equipment from the 2016 disposal inventory safely disposed by 2021	2016 baseline: 0 disposal rate. Accumulated used equipment, including hazardous waste and slow procedures for review, approval and disposal	(i) 2016 inventory of used equipment for disposal prepared and approved by PLN, (ii) PLN guidance for asset management revised to accelerate disposal of waste	(i) 2016 inventory of used equipment for disposal prepared and approved by MSOE (ii) Existing oil spills cleaned in accordance with Government Regulation No. 101/2014 (iii) at least 20% of PLN's used equipment in the 2016 inventory safely disposed	(i) all warehouses equipped with oil containment/protection measures (ii) at least 50% of PLN's used equipment in the 2016 inventory safely disposed	At least 80% of PLN's used equipment in the 2016 inventory safely disposed	At least 90% of PLN's used equipment in the 2016 inventory safely disposed

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

a. Presentation of Statements of Program Receipts and Expenditures

The special-purpose statements of program receipts and expenditures have 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 receipts and expenditures were prepared for the purpose of complying with Section 4.02 of the loan agreement of ADB Loan 3560-INO between ADB and the Company.

The special-purpose statements of program receipts and expenditures 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 receipts and expenditures only present accounts that directly related to Sustainable Energy Access in Eastern Indonesia - Electricity Grid Development Program.

The special-purpose statements of program receipts and expenditures 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 agreed by ADB, the withdrawal table shall form the basis for withdrawal from the Loan Account. The amounts allocated for ADB Financing regarding the Amendments of Loan Agreement effective on October 1, 2019 are as follows:

Indicator	2017 US\$ million	2018 US\$ million	2019 US\$ million	2020 US\$ million	2021 US\$ million	Total US\$ million
DLI 1	30	30	30	30	-	120
DLI 2	24	24	24	24	-	96
DLI 3	12	12	12	12	-	48
DLI 4	12	12	36	36	-	96
DLI 5	12	12	36	36	-	96
DLI 6	6	6	12	12	12	48
DLI 7	6	6	12	12	12	48
DLI 8	6	6	12	12	12	48
Total	108	108	174	174	36	600

PLN

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

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

b. Basis for Withdrawal (continued)

KfW

The withdrawal table sets out the amount available for withdrawal upon the Borrower's achievement of the corresponding DLI targets. The amounts allocated for KfW Financing are as follows:

Indicator	Advance Financing US\$ million	2019 US\$ million	2020 US\$ million	2021 US\$ million	2022 US\$ million	Total US\$ million
DLI 1	0.0	15.5	15.5	15.5	15.5	62.0
DLI 2	0.0	12.4	12.4	12.4	12.4	49.6
DLI 3	0.0	6.2	6.2	6.2	6.2	24.8
DLI 4	9.9	9.9	9.9	9.9	9.9	49.5
DLI 5	9.9	9.9	9.9	9.9	9.9	49.5
DLI 6	2.5	5.6	5.6	5.6	5.6	24.9
DLI 7	2.5	5.6	5.6	5.6	5.6	24.9
DLI 8	2.4	5.6	5.6	5.6	5.6	24.8
Total	27.2	70.7	70.7	70.7	70.7	310.0

Other

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

c. Financing Disbursement

ADB

The disbursement is based on the result of the verification of the DLI matrix by an Independent Verification Agency ("IVA"). The verification is performed every semester. For the withdrawal process, the Borrower prepares a withdrawal application and submits it to ADB. Disbursements are recognised based on the withdrawal authorisation ("WA") issued by ADB.

PLN

The disbursement is based on the payment voucher issued by the Company.

KfW

Prior to submitting an application for withdrawal from the Loan Account in respect of a DLI, PLN shall submit to KfW in accordance with the DLI Verification Protocols. KfW will then arrange for the IVA to verify the evidence provided by PLN and submit its independent report. KfW may verify these results by spot checks during yearly verification missions and/or by audits. Upon KfW's confirmation that the DLI has been achieved in full or in part, PLN may submit to KfW an application for withdrawal of the corresponding loan amount for such DLI.

Others

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

d. Plan Program Expenditures

The plan program expenditures for respective provinces in Sulawesi and Nusa Tenggara are presented based on ADB and PLN estimation.

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

e. Actual Program Expenditures

ADB

Eligible expenditures means the total expenditures incurred by the Borrower under the Program during its fiscal year minus the expenditures for (i) procurement of goods and services from countries which are not members of ADB, and (ii) any prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement, incurred by the Borrower under the Program during the same fiscal year.

The units within the Regions of Sulawesi and Nusa Tenggara paid to contractors for any transactions related to the Program with the PLN budget ("APLN"). The Division of Regional Planning and Control of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP") which acts as the Project Management Units must screen the eligible expenses for reimbursement with the ADB-RBL fund. Based on the approval from RMP, the eligible expenses will be forwarded to Treasury Division ("DIV PBH") and will transfer a certain amount of money from the defined escrow account related to the ADB-RBL to PLN's account.

All of the expenditures funded by the ADB in 2021 amounting to Rp403.258 million were reimbursed during 2021.

PLN

Expenditures are based on the payment voucher issued by the Company.

KfW

Eligible expenditures means the total expenditures incurred by the Borrower under the Program during its fiscal year.

The units within the Regions of Sulawesi and Nusa Tenggara paid to contractors for any transactions related to the Program with PLN budget ("APLN"). The Division of Regional Planning and Control of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP") who acts as the Project Management Units must screen the eligible expenses for reimbursement with the KfW fund. Based on the approval from RMP, the eligible expenses will be forwarded to Treasury Division ("DIV PBH") and will transfer a certain amount of money from the defined escrow account related to KfW to PLN's account.

All of the expenditures funded by the KfW in 2021 amounting to Rp1.120.461 millions were reimbursed during 2021.

Others

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

f. Deposit Account

Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall nominate a Deposit Account at a commercial bank acceptable 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 the accounting principles acceptable to ADB. On July 11, 2018, PLN received a confirmation letter from ADB that disbursements are meant to provide pooled program financial support and are not directly linked to specific transactions. The SNT RBL escrow account may be transferred, and all future disbursements may be deposited to PLN's general account.

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3. WITHDRAWAL OF LOAN AND THE USE OF LOAN PROCEEDS

ADB

Starting from December 14, 2017, the Company has withdrawn the loan according to the DLI matrix totaling US\$547.8 million which has the following details:

	Withdrawal (in million US\$)	Equivalent to Rupiah (in million)
Withdrawal for the year:		
- 2017	150.0	2,031,750
- 2018	184.5	2,738,372
- 2019	100.2	1,416,450
- 2020	98.7	1,495,674
- 2021	14.4	205,894
Total	547.8	7,888,140

From the above withdrawal of Rp7,888 billion, the use of loan proceeds up to December 31, 2021 is totaling Rp7,885 billion. The remaining amount which has not yet been used for the program totaling Rp2.3 billion will be used and reported as program expenditures in the future years.

KfW

The Company has withdrawn the KfW loan up to December 31, 2021 totaling Rp733 billion while the use of loan proceeds up to December 31, 2021 totaling Rp1.1 trillion. The excess of the expenditures during the year will be withdrawn by the Company in January 2022.

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY

4.1 Capacity Expansion

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

a. Additional Asset Related to Energy Access

Actual expenditures for additional assets related to energy access as at December 31, 2021, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at beginning of the year	2,818,173	860,302	-	3,678,475
Additions	69,972	122,427	824,387	1,016,786
Balance at end of year	2,888,145	982,729	824,387	4,695,261

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.1 Capacity Expansion (continued)

b. Rural Electrifications

Actual expenditures for rural electrifications as at December 31, 2021, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	235,681	4,385,112	-	4,620,793
Additions	74,786	589,981	-	664,767
Balance at the end of year	310,467	4,975,093	-	5,285,560

c. Supporting Equipment

Actual expenditures for supporting equipment as at December 31, 2021, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	133,210	8,311	-	141,521
Additions	3,598	-	-	3,598
Balance at end of the year	136,808	8,311	-	145,119

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 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 to the distribution lines or transformers that increase the supply of power, but rather to improve network quality and capacity-related services.

a. Network Reliability Enhancement

Actual expenditures for network reliability enhancement as at December 31, 2021, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	2,794,122	777,711	-	3,571,833
Additions	16,437	31,885	296,074	344,396
Balance at the end of year	2,810,559	809,596	296,074	3,916,229

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.2 Capacity Strengthening (continued)

b. Efficiency

Actual expenditures for efficiency as at December 31, 2021, are as follows:

	ADB Financed Rp	PLN Financed Rp	KFW Financed Rp	Total Financed Rp
Balance at the beginning of year	1,501,424	479,403	-	1,980,827
Additions	238,465	-	-	238,465
Balance at the end of year	1,739,889	479,403	-	2,219,292