

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

**ADB LOAN 4009-INO, ACEF GRANT 0753-INO, AND JFPR GRANT 9215-INO:
SUSTAINABLE ENERGY ACCESS IN EASTERN INDONESIA - ELECTRICITY GRID
DEVELOPMENT PROGRAM PHASE 2
(KALIMANTAN, MALUKU AND PAPUA - RESULTS 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 4009-INO, ACEF GRANT 0753-INO, AND JFPR GRANT 9215-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 RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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 4009-INO, Asian Clean Energy Fund ("ACEF") Grant 0753-INO, and Japan Fund for Poverty Reduction ("JFPR") Grant 9215-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 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 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 receipts and expenditure of ADB Loan 4009-INO, ACEF Grant 0753-INO, and JFPR Grant 9215-INO 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.

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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 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, 2022

A handwritten signature in blue ink, appearing to be 'Yanto', written over a faint horizontal 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, ACEF GRANT 0753-INO, AND JFPR GRANT 9215-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 RECEIPTS AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Description	Notes	2021														
		Plan Receipts and Expenditures					Actual Receipts and Expenditures					Actual/Plan Receipts and Expenditures				
		ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp	ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp	ADB %	PLN %	Grant JFPR %	Grant ACEF %	TOTAL %
I. CASH RECEIPTS																
Cash Receipt																
ADB		617,619	-	-	-	617,619	3,932,283 ^{*)}	-	-	-	3,932,283	636.68	-	-	-	636.68
PLN		-	767,536	-	-	767,536	-	13,859	-	-	13,859	-	1.81	-	-	1.81
Grant JFPR		-	-	-	-	-	-	-	10,682 ^{*)}	-	10,682	-	-	-	-	-
Grant ACEF		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS		617,619	767,536	-	-	1,385,155	3,932,283	13,859	10,682	-	3,956,824	636.68	1.81	-	-	285.66
II. EXPENDITURES:																
RENEWABLE GENERATION	4.1	6,560	6,592	-	-	13,512	5,339	108	-	-	5,447	81.39	1.56	-	-	40.31
Distribution																
a. Capacity Expansion																
- Additional Asset Related to Energy Access	4.2.a	265,579	493,740	-	-	759,319	710,204	-	-	-	710,204	267.42	-	-	-	93.53
- Rural Electrification	4.2.b	91,331	33,867	-	-	125,198	127,049	9,387	-	-	136,436	139.11	27.72	-	-	108.98
- Supporting Equipment	4.2.c	2,481	17,379	-	-	19,860	2,644	-	-	-	2,644	106.57	-	-	-	13.31
Subtotal		359,391	544,986	-	-	904,377	839,897	9,387	-	-	849,284	233.70	1.72	-	-	93.91
b. Capacity Strengthening																
- Network Reliability Enhancement	4.3.a	176,797	55,762	-	-	232,559	253,856	244	-	-	254,100	143.59	0.44	-	-	109.26
- Efficiency	4.3.b	74,871	159,836	-	-	234,707	191,654	4,120	-	-	195,774	255.98	2.58	-	-	83.41
Subtotal		251,668	215,598	-	-	467,266	445,510	4,364	-	-	449,874	177.02	2.02	-	-	96.28
TOTAL EXPENDITURES		617,619	767,536	-	-	1,385,155	1,290,746	13,859	-	-	1,304,605	208.99	1.81	-	-	94.18
REMAINING PROCEEDS		-	-	-	-	-	2,641,537	-	10,682	-	2,652,219	-	-	-	-	-

*) Grant amount US\$750,000 converted to IDR using middle conversion rate published by Bank Indonesia on Note of Disbursement date.

**) Withdrawal amount US\$275,800,000 converted to IDR using middle conversion rate published by Bank Indonesia on each Note of Disbursement date.

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DEVELOPMENT PROGRAM PHASE 2**

(KALIMANTAN, MALUKU AND PAPUA - 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)

Description	Notes	2020														
		Plan Receipts and Expenditures					Actual Receipts and Expenditures					Actual/Plan Receipts and Expenditures				
		ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp	ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp	ADB %	PLN %	Grant JFPR %	Grant ACEF %	TOTAL %
I. CASH RECEIPTS		-	2,695,405	-	-	2,695,405	-	2,421,436	-	-	2,421,436	-	89.84	-	-	89.84
Cash Receipt		-	2,695,405	-	-	2,695,405	-	2,421,436	-	-	2,421,436	-	89.84	-	-	89.84
ADB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLN		-	2,695,405	-	-	2,695,405	-	2,421,436	-	-	2,421,436	-	89.84	-	-	89.84
Grant JFPR		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grant ACEF		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS		-	2,695,405	-	-	2,695,405	-	2,421,436	-	-	2,421,436	-	89.84	-	-	89.84
II. EXPENDITURES:																
RENEWABLE GENERATION	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution																
a. Capacity Expansion																
- Additional Asset Related to Energy Access	4.2.a	-	1,291,593	-	-	1,291,593	-	1,188,806	-	-	1,188,806	-	92.04	-	-	92.04
- Rural Electrification	4.2.b	-	402,965	-	-	402,965	-	375,967	-	-	375,967	-	93.30	-	-	93.30
- Supporting Equipment	4.2.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	4.3.a	-	494,463	-	-	494,463	-	438,299	-	-	438,299	-	88.64	-	-	88.64
- Efficiency	4.3.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 EXPENDITURES		-	2,695,405	-	-	2,695,405	-	2,421,436	-	-	2,421,436	-	89.84	-	-	89.84

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DEVELOPMENT PROGRAM PHASE 2**

(KALIMANTAN, MALUKU AND PAPUA - RESULT BASED LENDING PROGRAM)

STATEMENT OF CUMULATIVE ACTUAL PROGRAM RECEIPTS AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Description	Notes	December 31, 2021					December 31, 2020				
		ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp	ADB Rp	PLN Rp	Grant JFPR Rp	Grant ACEF Rp	TOTAL Rp
I. CASH RECEIPTS											
Cash Receipts											
ADB		3,932,283 **)	-	-	-	3,932,283	-	-	-	-	-
PLN		-	2,435,295	-	-	2,435,295	-	2,421,436	-	-	2,421,436
Grant JFPR		-	-	10,682 *)	-	10,682	-	-	-	-	-
Grant ACEF		-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS		<u>3,932,283</u>	<u>2,435,295</u>	<u>10,682</u>	<u>-</u>	<u>6,378,260</u>	<u>-</u>	<u>2,421,436</u>	<u>-</u>	<u>-</u>	<u>2,421,436</u>
II. EXPENDITURES											
RENEWABLE GENERATION	4.1	5,339	108	-	-	5,447	-	-	-	-	-
Distribution											
a. Capacity Expansion											
- Additional Asset Related to Energy Access	4.2.a	710,204	1,188,806	-	-	1,899,010	-	1,188,806	-	-	1,188,806
- Rural Electrification	4.2.b	127,049	385,354	-	-	512,403	-	375,967	-	-	375,967
- Supporting Equipment	4.2.c	<u>2,644</u>	<u>65,034</u>	<u>-</u>	<u>-</u>	<u>67,678</u>	<u>-</u>	<u>65,034</u>	<u>-</u>	<u>-</u>	<u>65,034</u>
Subtotal		<u>839,897</u>	<u>1,639,194</u>	<u>-</u>	<u>-</u>	<u>2,479,091</u>	<u>-</u>	<u>1,629,807</u>	<u>-</u>	<u>-</u>	<u>1,629,807</u>
b. Capacity Strengthening											
- Network Reliability Enhancement	4.3.a	253,856	438,543	-	-	692,399	-	438,299	-	-	438,299
- Efficiency	4.3.b	<u>191,654</u>	<u>357,450</u>	<u>-</u>	<u>-</u>	<u>549,104</u>	<u>-</u>	<u>353,330</u>	<u>-</u>	<u>-</u>	<u>353,330</u>
Subtotal		<u>445,510</u>	<u>795,993</u>	<u>-</u>	<u>-</u>	<u>1,241,503</u>	<u>-</u>	<u>791,629</u>	<u>-</u>	<u>-</u>	<u>791,629</u>
TOTAL EXPENDITURES		<u>1,290,746</u>	<u>2,435,295</u>	<u>-</u>	<u>-</u>	<u>3,726,041</u>	<u>-</u>	<u>2,421,436</u>	<u>-</u>	<u>-</u>	<u>2,421,436</u>
REMAINING PROCEEDS	3	<u>2,641,537</u>	<u>-</u>	<u>10,682</u>	<u>-</u>	<u>2,652,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*) Grant amount US\$750,000 converted to IDR using middle conversion rate published by Bank Indonesia on Note of Disbursement date.

**) Withdrawal amount US\$275,800,000 converted to IDR using middle conversion rate published by Bank Indonesia on each Note of Disbursement date.

**ADB LOAN 4009-INO, ACEF GRANT 0753-INO, AND JFPR GRANT 9215-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 RECEIPTS AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2021**

(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 centred on Java, and regional disparities remain stark. In Eastern Indonesia, poor infrastructure, for energy, transport, and communications, constrains its high growth potential. Expanded electrification, prioritising 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. Together with its subsidiaries, PLN 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 Rencana Usaha Penyediaan Tenaga Listrik (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 results 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, and support consumers on safe and productive electricity use.

PLN and ADB have agreed on an RBL program size of US\$2.275 billion, of which the proposed loan will finance US\$600 million. The RBL program scope is as follows:

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

(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\$5,128 million	Total: US\$2.275 billion PLN: US\$1.669 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 Indonesian society's quality of life 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 Asian Development Bank (ADB) loan and the Japan Fund for Poverty Reduction (JFPR) 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 are 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 and rolled out to improve reporting and monitoring (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, 2026.

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

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

1. GENERAL (continued)

On December 8, 2020 PLN and ADB entered into Grant Agreement No. 9215-INO under which PLN applied to the Japan Fund for Poverty Reduction (JFPR) for a grant in the amount of US\$3 million to be administered by ADB for the purpose of supporting social and gender impact evaluation, DLI 2 and DLI 7 of the Program, and also a Grant Agreement No. 0753-INO under which PLN applied to the Asian Clean Energy Fund (ACEF) for a grant in the amount of US\$3 million to be administered by ADB for the purposes of supporting DLI 5 of the Program. Both Grants' closing dates shall be June 30, 2026.

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 the 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 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 the 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 budget	3	42,492	0.1
Monitoring and supervision	8	113,312	0.4
Environmental management	6	84,984	0.3
Interest during construction	287	4,065,068	12.6
Subtotal	1,916	27,133,224	84.2
Physical contingencies	163	2,308,732	7.1
Price contingencies	196	2,776,144	8.6
Total	2,275	32,223,100	100.0

Sources: ADB and PLN estimates

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

DLIs are the indicators outlined in the 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, known as the DLI matrix, based on the loan agreement are as follows:

ADB LOAN 4009-INO, ACEF GRANT 0753-INO, AND JFPR GRANT 9215-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 RECEIPTS AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

1. GENERAL (continued)

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	
DLI 2. Pro-poor and gender focus: An additional 112,428 poor households (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 Supported by JFPR Grant 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 female-and-Male – headed households and poor households 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	

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

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
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	
Output 2: Renewable energy use increased							
DLI 5. Green energy promotion. Power generation from solar Photovoltaic (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. Supported by ACEF Grant 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 cleared by PLN. (ii) Model KSO or another legal instrument with PEMDA approved by PLN Director	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

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

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
Output 3: Institutional capacity strengthened and social monitoring enhanced.							
DLI 6. Institutional strengthening : Asset and waste management improved, with (i) 90% of used PLN-owned equipment in Unit Induk Wilayah (UIW) of Kalimantan, Maluku and Papua included in the disposal inventory as of end-2019 safely disposed of by 2025, and (ii) 25 additional warehouses holding an environmental permit in Kalimantan, Maluku and Papua by 2024	2018 baseline: 0% disposal rate zero additional warehouses with permit from DLH	(i) Inventory of used equipment for disposal as of end-2019 prepared by UIWs (ii) 5 additional Warehouses have secured the environment permit from DLH	(i) 20% of the inventory of used equipment for disposal as of end-2019 approved by MSOE (ii) 10 (cumulative) Additional warehouses have secured the environment permit from DLH	(i) 40% of the inventory of used equipment for disposal as of 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 the inventory of used equipment for disposal as of 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 the inventory of used equipment for disposal as of 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 of end-2019 approved by MSOE (ii) 90% of 2019 inventory was safely disposed
DLI 7. Consumer education: By 2024, consumer education workshops on safe and productive energy use will be 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. Supported by JFPR Grant	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 a minimum of 30% female participation. <i>Minimum points required for disbursement: 5</i>	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. <i>Cumulative points required for disbursement: 34</i>	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. <i>Cumulative points required for disbursement: 63</i>	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. <i>Cumulative points required for disbursement: 92</i>	Consumer education workshops held at UP3 with a minimum of 30% female participation among consumers. <i>Cumulative points required for disbursement: 121</i>	

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

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
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 and 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 E-Proc+SAP integrated system	At least 70% of contracts in financial value executed by UIWs (including units under them) recorded in E-Proc+SAP integrated system	At least 80% of contracts in financial value executed by UIWs (including units under them) recorded in E-Proc+SAP integrated system	

Regarding the amendment of the loan agreement effective from October 1, 2021, there are changes in the DLI matrix, including support from the Japan Fund for Poverty Reduction (JPFR) and the (ACEF) Grant which 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	
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:	2018 baseline: 0 additional Poor HHs provided with PLN electricity	Additional poor HHs provided with PLN electricity, disaggregated by female/male-headed households:	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households:	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households:	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households:	Additional poor HHs (cumulative) provided with PLN electricity, disaggregated by female/male-headed households:	

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

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
2.1. All poor households <i>Supported by JFPR grant</i>	Prior results: PLN executes an interface module able to transfer the most recent TNP2K data on female-and-male-headed households and poor households to PLN for PLN's use	2.1. At least 29,414 poor HHS	2.1. At least 51,808 poor HHS	2.1. At least 73,368 poor HHS	2.1. At least 92,866 poor HHS	2.1. At least 112,428 poor HHS	
2.2. Poor female-headed households		2.2. At least 2,941 poor female-headed HHS	2.2. At least 5,181 poor female-headed HHS	2.2. At least 7,337 poor female-headed HHS	2.2. At least 9,287 poor female-headed 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 14.37 per 100 ckm by 2024	2018 baseline: MV feeder permanent interruptions 19.55 per 100 ckm	MV feeder permanent interruptions less than 17.27 per 100 ckm	MV feeder permanent interruptions less than 16.41 per 100 ckm	MV feeder permanent interruptions less than 15.59 per 100 ckm	MV feeder permanent interruptions less than 14.97 per 100 ckm	MV feeder permanent interruptions less than 14.37 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: 47,659 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	

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

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
Output 2: Renewable energy use increased							
<p>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</p> <p>5.1. An additional 40,000 MWh annually by 2025. <i>Supported by ACEF grant</i></p> <p>5.2. A further additional 48,000 MWh annually by 2025</p>	<p>2018 baseline: zero additional MWh generated from solar PV, mini/micro-hydro and small biogas plants.</p>	<p>(i) List of EBTKE assets to be transferred to PLN cleared by PLN.</p> <p>(ii) Model KSO or another legal instrument with PEMDA approved by PLN Director</p>	<p>5.1. Additional 9,600 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p> <p>5.2. Another 4,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p>	<p>5.1. Additional 16,800 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p> <p>5.2. Another 12,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p>	<p>5.1. Additional 25,600 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p> <p>5.2. Another 24,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p>	<p>5.1. Additional 35,200 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p> <p>5.2. Another 40,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p>	<p>5.1. Additional 40,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p> <p>5.2. Another 48,000 MWh generated from solar PV, mini/micro-hydro, and small biogas plants</p>
Output 3: Institutional capacity strengthened and social monitoring enhanced							
<p>DLI 6. Institutional strengthening: 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 of end-2019 safely disposed of by 2025, and (ii) 25 additional warehouses holding approved environmental documents from the relevant regulatory agency by 2024</p>	<p>2018 baseline: 0% disposal rate</p> <p>0 additional warehouses with approved environmental documents from the relevant regulatory agency</p>	<p>(i) Inventory of used equipment for disposal as of the end of 2019 prepared by UIWs</p> <p>(ii) 5 additional warehouses have secured the approved environmental documents from the relevant regulatory agency</p>	<p>(i) 20% of the inventory of used equipment for disposal as of end-2019 approved by MSOE</p> <p>(ii) 10 (cumulative) additional warehouses have secured the approved environmental documents from the relevant regulatory agency</p>	<p>(i) 40% of the inventory of used equipment for disposal as of end-2019 approved by MSOE</p> <p>(ii) 20% of 2019 inventory safely disposed</p> <p>(iii) 15 (cumulative) additional warehouses have secured the approved environmental documents from the relevant regulatory agency</p>	<p>(i) 65% of the inventory of used equipment for disposal as of end-2019 approved by MSOE</p> <p>(ii) 40% of 2019 inventory safely disposed</p> <p>(iii) 20 (cumulative) additional Warehouses have secured the approved environmental documents from the relevant regulatory agency</p>	<p>(i) 90% of the inventory of used equipment for disposal as of end-2019 approved by MSOE</p> <p>(ii) 65% of 2019 inventory was safely disposed</p> <p>(iii) 25 (cumulative) additional warehouses have secured the approved environmental documents from the relevant regulatory agency</p>	<p>(i) 100% of the tinventory of used equipment for disposal as of end-2019 approved by MSOE</p> <p>(ii) 90% of 2019 inventory was safely disposed</p>

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FOR THE YEAR ENDED DECEMBER 31, 2021

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

1. GENERAL (continued)

Disbursement-Linked Indicator	Baseline and Year	2020	2021	2022	2023	2024	2025
DLI 7. Consumer education: By 2024, consumer education workshops on safe and productive energy use will be 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 a minimum of 30% female participation. Minimum points required for disbursement: 5	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. Cumulative points required for disbursement:34	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. Cumulative points required for disbursement:63	Consumer education workshops held at each of 29 UP3 with a minimum of 30% female participation among consumers. Cumulative points required for disbursement:92	Consumer education workshops held at UP3 with a minimum of 30% female participation among consumers. Cumulative points required for disbursement: 121	
DLI 8. E-procurement and SAP systems will be integrated and rolled out by 2020, and at least 80% of contracts in financial value will be 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 E-Proc+SAP integrated system	At least 70% of contracts in financial value executed by UIWs (including units under them) recorded in E-Proc+SAP integrated system	At least 80% of contracts in financial value executed by UIWs (including units under them) recorded in E-Proc+SAP integrated system	

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

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 expenditures and financing have been prepared in the format, and basis agreed upon between ADB and the Company and is 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 4009-INO, Grant Agreement of ACEF 0753-INO, Grant Agreement of JFPR 9215-INO, between ADB and the Company.

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

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 if it is a 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 8 December 2020 is as follows:

<u>Indicator</u>	<u>Prior Results US\$ million</u>	<u>2020 US\$ million</u>	<u>2021 US\$ million</u>	<u>2022 US\$ million</u>	<u>2023 US\$ million</u>	<u>2024 US\$ million</u>	<u>2025 US\$ million</u>	<u>Total US\$ million</u>
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").

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

b. Basis for Withdrawal (continued)

Grant JPFR and grant ACEF

The withdrawal from the ACEF Grant is set out in respect of supporting the achievement of DLI 5 of the Program through power generation from community-scale solar PVs. Meanwhile, the withdrawal from the JFPR Grant is set out to support the achievement of social and gender impact evaluation and DLI 2 and DLI 7 of the Program, focusing on the additional poor household being provided with PLN electricity with pro-poor and gender focus and community workshops for safe and productive energy use, respectively.

The amount to be allocated based on both grant agreements issued on December 8, 2020 is as follows:

Indicator	Prior Results US\$ million	2020 US\$ million	2021 US\$ million	2022 US\$ million	2023 US\$ million	2024 US\$ million	2025 US\$ million	Total US\$ million
DLI 2.1 (JFPR Grant)	0.6	1.0	1.0	0.4	-	-	-	3.0
DLI 5.1 (ACEF Grant)	0	1.0	1.0	1.0	-	-	-	3.0
Total	0.6	2.0	2.0	1.4	-	-	-	6.0

c. Financing Disbursement

ADB

PLN will submit a withdrawal application reporting on the achievement of the DLIs. 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.

Grant JPFR and Grant ACEF

Prior to submitting an application for withdrawal from the grant account in respect of a DLI, PLN will submit evidence to ADB in accordance with the DLI Verification Protocol, which shows that the DLI has been fully achieved or, for a DLI for which partial disbursement is allowed (as specified in the DLI matrix), that such DLI has been achieved to the extent required for partial disbursement under the DLI verification protocol. After ADB's confirmation that the DLI has been achieved in full or in part, PLN may submit to ADB an application for withdrawal of the corresponding grant amount for such DLI.

d. Plan Program Expenditures

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

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

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

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 the Regions of Kalimantan, Maluku and Papua are paid to the contractor for any transactions related to the Program with the PLN budget ("APLN"). Regional Development of Sumatra and Kalimantan ("RSP") and Regional Development of Sulawesi, Maluku, Papua and Nusa Tenggara ("RMP"), who acts as the 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.

Grant JPFR and grant ACEF

Proceeds from the withdrawal of the grant were used for the purposes of the program in accordance with the provisions of the Allocation and Withdrawal Schedule as mentioned in the grant agreements, as such Schedule may be amended from time to time by agreement between PLN and ADB.

f. Deposit Account

Referring to paragraphs 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. Later on 11 July 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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NOTES TO SPECIAL-PURPOSE STATEMENTS OF PROGRAM RECEIPTS AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2021**

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

3. ALLOCATION AND WITHDRAWAL OF LOAN AND GRANT PROCEEDS

Proceeds from the loan and grant withdrawal were used for the purposes of the program in accordance with both the loan agreement and grant agreements. Goods and services have also been procured in accordance with the internal procurement guidelines.

Since its effective date of January 14, 2021, the Company has withdrawn financing according to the DLI matrix amounting to US\$275.8 million in 2021 which has the following details:

	<u>Withdrawal (in million US\$)</u>	<u>Equivalent to Rupiah (in million)</u>	<u>Date of NOD</u>	<u>Middle Conversion Rate of Bank Indonesia</u>
Withdrawal:				
- Advance Financing	104.78	1,488,505	November 16, 2021	14,206
- 2021	171.02	2,443,779	November 17, 2021	14,211
			December 10, 2021	14,351
Total	<u>275.80</u>	<u>3,932,284</u>		

From the above withdrawal of Rp3.93 trillion, the use of proceeds of the loan as of December 31, 2021 amounted to Rp1.29 Trillion. The remaining amount which has not yet been used is Rp2.64 trillion will be reported as program expenditure in the future years.

The company has also withdrawn financing from JFPR Grant 9215-INO amounting to US\$0.75 million or Rp10.68 billion (converted using the middle conversion rate of Bank Indonesia on Note of Disbursement date November 15, 2021) in 2021 as Advance Financing, although there is no use of proceeds during the year.

4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY

4.1 Renewable Generations

Renewable generations in PLN commonly use several kinds of renewable energy sources such as solar photovoltaic (PV), mini- and micro-hydro, and small biogas. Small diesel generators are also provided for communities living in the remote grids. To increase electricity usage in the targeted areas, PLN invests in those types of generations which are also funded the loan and grants related to the DLIs.

Actual disbursement for renewable energy generations as of December 31, 2021, is as follows:

	<u>ADB Financed Rp</u>	<u>PLN Financed Rp</u>	<u>Grant JFPR Financed Rp</u>	<u>Grant ACEF Financed Rp</u>	<u>Total Rp</u>
Balance at beginning of year	-	-	-	-	-
Additions	5,339	108	-	-	5,447
Balance at end of year	<u>5,339</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>5,477</u>

4.2 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 lines because of greater demand from new and/or existing consumers.

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.2 Capacity Expansion (continued)

a. Additional Asset Related to Energy Access

Actual disbursement for additional assets related to energy access as of December 31, 2021, is as follows:

	ADB Financed Rp	PLN Financed Rp	Grant JFPR Financed Rp	Grant ACEF Financed Rp	Total Rp
Balance at beginning of year	-	1,188,806	-	-	1,188,806
Additions	710,204	-	-	-	710,204
Balance at end of year	710,204	1,188,806	-	-	1,899,010

b. Rural Electrifications

Actual disbursement for rural electrifications as of December 31, 2021, is as follows:

	ADB Financed Rp	PLN Financed Rp	Grant JFPR Financed Rp	Grant ACEF Financed Rp	Total Rp
Balance at beginning of year	-	375,967	-	-	375,967
Additions	127,049	9,387	-	-	136,436
Balance at end of year	127,049	385,354	-	-	512,403

c. Supporting Equipment

Actual disbursement for supporting equipment as of December 31, 2021, is as follows:

	ADB Financed Rp	PLN Financed Rp	Grant JFPR Financed Rp	Grant ACEF Financed Rp	Total Rp
Balance at beginning of year	-	65,034	-	-	65,034
Additions	2,644	-	-	-	2,644
Balance at end of year	2,644	65,034	-	-	67,678

4.3 Capacity Strengthening

From the existing distribution network, for better-served customers, the Company perform activities to upgrade its quality, network reliability enhancement and efficiency improvements, such as barrier instalment 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 the distribution lines or transformers to increase power supply but rather to improve network quality and capacity-related services

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4. ACTUAL PROGRAM EXPENDITURES BY CATEGORY (continued)

4.3 Capacity Strengthening (continued)

a. Network Reliability Enhancement

Actual disbursement for network reliability enhancement as of December 31, 2021, is as follows:

	ADB Financed Rp	PLN Financed Rp	Grant JFPR Financed Rp	Grant ACEF Financed Rp	Total Rp
Balance at beginning of year	-	438,299	-	-	438,299
Additions	253,856	244	-	-	254,100
Balance at end of year	253,856	438,543	-	-	692,399

b. Efficiency

Actual disbursement for efficiency as of December 31, 2021, is as follows:

	ADB Financed Rp	PLN Financed Rp	Grant JFPR Financed Rp	Grant ACEF Financed Rp	Total Rp
Balance at beginning of year	-	353,330	-	-	353,330
Additions	191,654	4,120	-	-	195,774
Balance at end of year	191,654	357,450	-	-	549,104