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Report No: RES35737

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING
OF
POWER DISTRIBUTION DEVELOPMENT PROGRAM-FOR-RESULTS
APPROVED ON APRIL 22, 2016

TO

PERUSAHAAN LISTRIK NEGARA (PLN)

April 5, 2019

Energy & Extractives Global Practice
East Asia And Pacific Region

Regional Vice President: Victoria Kwakwa



The World Bank

Power Distribution Development Program-for-Results (P154805)

Country Director: Rodrigo A. Chaves

Senior Global Practice Director: Riccardo Puliti

Practice Manager: Julia M. Fraser

Task Team Leader(s): Stephan Claude Frederic Garnier, Tendai Gregan



ABBREVIATIONS AND ACRONYMS

DLI	Disbursement linked indicator
DSCR	Debt service coverage ratio
ERP	Enterprise resource planning
FGD	Focus Group Discussion
P4R	Program for Results
PAP	Program Action Plan
PLN	Perusahaan Listrik Negara (Indonesia's power utility)
SAIDI	System average interruptions duration index
SAIFI	system average interruptions frequency index



DATA SHEET (Power Distribution Development Program-for-Results - P154805)

Project ID P154805	Financing Instrument Program-for-Results Financing	IPF Component No
Approval Date 22-Apr-2016	Current Closing Date 30-Apr-2020	

Organizations

Borrower PERUSAHAAN LISTRIK NEGARA (PLN)	Responsible Agency Perusahaan Listrik Negara (PLN)
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Program Development Objective(s)

The Project's development objective is to increase access to electricity services and to improve the efficiency and reliability of their delivery in selected areas of Indonesia.

Summary Status of Financing

Ln/Cr/TF	Approval Date	Signing Date	Effectiveness Date	Closing Date	Net Commitment	Disbursed	Undisbursed
IBRD-86100	22-Apr-2016	20-May-2016	18-Nov-2016	30-Apr-2020	500.00	337.57	162.43

Policy Waiver(s)

Does the Program require any waivers of Bank policies applicable to Program-for-Results operations?

No



I. PROGRAM STATUS AND RATIONALE FOR RESTRUCTURING

Project status

1. An IBRD loan of US\$500 million in support of a Power Distribution Development Program for Results (P-for-R) for Indonesia's power utility, PT Perusahaan Listrik Negara (PLN), was approved by the Board on April 22, 2016. Loan and Guarantee agreements were signed on May 20, 2016. The Loan became effective on November 18, 2016. The Project's development objective is to increase access to electricity services and to improve the efficiency and reliability of their delivery in selected areas of Indonesia.
2. The project is rated satisfactory for both progress towards achievement of development objective and implementation progress. Most of the Development Linked Indicators are well above expected results. Based on the last supervision mission in October 2018, disbursement¹ (already at 67.5%) is expected to be over 90% after the next disbursement scheduled in May 2019 covering the results of the year 2018².
3. In addition to good physical installation implementation progress, the Program Action Plan (PAP) continues to see progress, even if some PAP items are still ongoing and have experienced some delays. These will continue to be closely monitored as per the action plan and timeframe agreed at mid-term (April 2018).

Rationale for restructuring

4. The pace of investment has been much faster than the original expectation (as demonstrated under DLI#1, 2 and 4, while the increase in energy sales (DLI#5) has been lagging behind³. As discussed during the mid-term review (in April 2018) and confirmed during the last supervision mission, to maintain the pace of investments until the end of the project, PLN has requested the WB (Ref. No. 4664/KEU.00.01 /DIVPRSUM/2018) to reallocate USD50 million from DLI#5 to DLI#1 (USD10 million), DLI#2 (USD20 million) and DLI#4 (USD20 million), as shown in the revised withdrawal of proceeds below in Table 1.
5. Accordingly, new targets are proposed for the DLIs 1, 2, 4 and 5. Targets for DLI#3 is also proposed to be revised as results are already better than the end-target and to show continued progress in network reliability. Finally, targets for DLI#9 have been clarified by introducing an intermediary target to ensure a clear common understanding of the objectives of the new Distribution Planning Guidelines.

¹ The first disbursement of US\$107.65 million was made on January 9, 2017. A second disbursement of US\$229.93 was made on June 2018 covering the results of the Project up to December 31, 2017

² Annual verification by IVA of 2018 program results and program action plan (including site visits) took place from February 18 to March 1st, 2019 and Joint ADB/WB review mission to discuss and agree 2018 results and disbursement is scheduled April 8 to 11, 2019.

³ Residential Energy Sales continue to be well below the original assumption (this phenomenon is widespread in all Islands and not under the control of the Project). As agreed during the Mid-Term Review mission, the target for Energy Sales will be revised following the proposed project restructuring to reflect the current (2016-2018) trend of residential sales growth within PLN.



Table 1: Revised withdrawal of proceeds

		ORIGINAL	REVISED
	Category (including Disbursement Linked Indicator as applicable)	Amount of the Loan Allocated (expressed in USD)	Amount of the Loan Allocated (expressed in USD)
DLI#1	(1) DLI#1: Number of new residential customers (households) connected	145,556,000	155,556,000
DLI#2	(2) DLI#2: Additional length of MV distribution lines constructed (in thousands circuit kilometers)	55,000,000	75,000,000
DLI#3	(3) DLI#3: Number of MV feeder interruptions per 100 circuit kilometers MV network	60,000,000	60,000,000
DLI#4	(4) DLI#4: Additional distribution transformers units installed	65,556,000	85,556,000
DLI#5	(5) DLI#5: Volume of increased energy sales to residential customers (in GWh)	105,556,000	55,556,000
DLI#6	(6) DLI#6: Annual Work Plan for FY 2016 approved by PLN Board of Commissioners	15,000,000	15,000,000
DLI#7	(7) DLI#7: PLN has collaborated with development partners in the recruitment of an Independent Verification Agent	1,000,000	1,000,000
DLI#8	(8) DLI#8: Integration of budgeting with ERP in all Program Wilayahs and distribution Units	19,000,000	19,000,000
DLI#9	(9) DLI#9: Submission of revised planning guidelines acceptable to the Bank, to the Director of Regional Business of Sumatera and the Director's approval of the guidelines	25,000,000	25,000,000
DLI#10	(10) DLI#10: Integrate of planning software with GIS facilities	8,332,000	8,332,000
	TOTAL AMOUNT	500,000,000	500,000,000

6. *Change in baseline and targets of one PDO indicator:* In addition, the proposed restructuring will solve an issue identified from the beginning of project implementation related to two of the PDO indicators which measures distribution system reliability -- namely the system average interruptions duration index (SAIDI) and the system average interruptions frequency index (SAIFI). The measurement of these indicators has been comprehensively improved from the time the project was prepared⁴. In 2014-2015, PLN was recording manually interruptions only on 20kV feeders. In 2016, PLN started to computerize the recording of interruptions and calculation of SAIDI/SAIFI and extended the recording of interruption to the entire value chain (generation/transmission/distribution for both medium and low voltage) therefore capturing the real quality of service perceived by customers. Since the first year with comprehensive information was 2017, it is proposed to use 2017 SAIDI and SAIFI as the baseline. Targets for 2018 and 2019 have been discussed and agreed with PLN and reflected in the revised Results Framework.
7. On November 22, 2018, PLN wrote a letter to the Bank (Ref. No. 4664/KEU.00.01/DIVPRSUM/2018), formally requesting the project to be restructured as agreed with the Bank during the mid-term review mission (April 2018) and confirmed follow-up supervision mission (October 2018). Arising from this proposed restructuring of the project, changes to the Results Framework, Allocation of Proceeds, Development Links Indicators, and Disbursement Estimates are proposed.

⁴ In 2017 the SAIDI and SAIFI were 1989 minutes/customer/year and 17.81 times/customer/year compared to targets of 475 minutes/customer and 8.32 times/customer, respectively.



8. There is no change in the risk rating which remains moderate and the Safeguards Action Plan remains valid. There is also no change to the project’s requirements for Procurement, Disbursements, and Financial Management. The restructuring will not change fundamentally the economic and financial analysis. The project implementation agency remains the same, PT Perusahaan Listrik Negara (PLN).
9. There are no outstanding financial audit reports; and the Project is in compliance with all its legal, Financial Management (FM) and safeguard requirements, with the exception that PLN has not met the loan covenant requiring that its Debt Service Coverage Ratio (DSCR) remains above 1.5. The Bank has, however, issued waivers for the DSCR covenant over the last five years (including for 2018). This recurrent issue is being addressed through the Bank’s advisory and analytical work.

II. DESCRIPTION OF PROPOSED CHANGES

10. In summary, four changes are proposed:

- *Change in Allocation of Proceeds* to maintain the pace of investments (see Table 1 above).
- *Change in Disbursement Estimates*, to better reflect the pace of disbursement.
- *Change in Development Linked Indicators* to reflect the reallocation of proceeds and the results at mid-term (see Table 2 below).

Table 2: Revised Schedule 4 of the Loan Agreement - Disbursement-Linked Results

DLI #	DLI #	Disbursement-Linked Results to be achieved in				Cumulative
		Sept. 2015 – Sept. 2016	Oct. 2016 – Dec. 2017	CY 2018	CY 2019	
DLI#1	Number of new residential customers (households) connected (in thousands)	330	1028	319	0	1,677
	<i>Allocated amount in USD million</i>	<i>30.640</i>	<i>95.378</i>	<i>29.538</i>	<i>0</i>	<i>155.556</i>
DLI#2	Additional length of MV distribution lines constructed (in thousands circuit kilometers)	3855	6053 <i>8255*</i>	3604 <i>1402**+2202*</i>	0	13,512
	<i>Allocated amount in USD million</i>	<i>21.400</i>	<i>33.600</i>	<i>20.000</i>	<i>0</i>	<i>75.000</i>
DLI#3	Number of MV feeder interruptions per 100 circuit kilometers MV network	21.12	21.08	18.0	16.0	NA
	<i>Allocated amount in USD million</i>	<i>28.276</i>	<i>14.070</i>	<i>9.761</i>	<i>7.893</i>	<i>60.000</i>
DLI#4	Additional distribution transformers units installed	3764	10187 <i>11615*</i>	4257 <i>2829**+1428*</i>	0	18,208
	<i>Allocated amount in USD million</i>	<i>17,690</i>	<i>47,866</i>	<i>20,000</i>	<i>0</i>	<i>85.556</i>
DLI#5	Volume of increased energy sales to residential customers (in GWh)	1152	369	524	543	2,588
	<i>Allocated amount in USD million</i>	<i>21,920</i>	<i>10,733</i>	<i>11,252</i>	<i>11,651</i>	<i>55.556</i>

* Achievements being higher than allocated amounts for DLI#2 and DLI#4, overachievements at the end of year 2017 will be paid together with achievement of 2018 if reallocation of proceeds is effective.

** Achievements needed in 2018 to get full disbursement.



DLI#6	Annual Work Plan for CY 2016 approved by PLN Board of Commissioners	Approval of the Annual Work Plan			
	<i>Allocated amount in USD million</i>	<i>15,000</i>			
DLI#7	PLN has collaborated with development partners in the recruitment of an Independent Verification Agent	IVA recruited			
	<i>Allocated amount in USD million</i>	<i>1,000</i>			
DLI#8	Integration of budgeting with ERP in all Program Wilayahs and distribution Units			Done in all seven Wilayahs	
	<i>Allocated amount in USD million</i>			<i>19,000</i>	
DLI#9	Submission of revised planning guidelines acceptable to the Bank, to the Director of Regional Business of Sumatera and the Director's approval of the guidelines			FGD and TOR for consultant approved by PLN Corporate planning	New Distribution Planning Guidelines approved by the Director Regional Business for Sumatera
	<i>Allocated amount in USD million</i>			<i>12,500</i>	<i>12,500</i>
DLI#10	Integrate of planning software with GIS facilities				At least five feeders
	<i>Allocated amount in USD million</i>				<i>8,332</i>

Note that based on the last supervision mission in November 2018 and assuming approval of the restructuring, disbursement for results in 2018 is estimated to be about USD130 million, which would make the total project disbursement about USD 467 million, representing 93.4% of the IBRD financing.

- *Changes to the Results Framework* — amending the project’s indicators and targets to better reflect: (i) the new and more comprehensive way of capturing SAIDI and SAIFI (PDO indicator); (ii) to take into account better than expected results during the first half of the project and the reallocation of proceeds which will allow PLN to go beyond the original end-of-project targets; and (iii) lower than originally anticipated growth in electricity demand (see Table 3 below)

Table 3: Summary of changes in the Results Framework

PDO Indicator	Baseline Value	End-target Value	Comment
Number of new customers connected <i>(number)</i>	11,180,000	14,410,000	As mention in the PAD (Footnote 10 page 39) – the number of new customers to be connected by PLN over the Program period is higher than the Bank Program target (DLI#1) End-target value has been revised to match with the PAD Results Framework
	Unchanged	Revised	
SAIDI <i>(minutes per customer per year)</i>	1,989	1,650	Since the first year with comprehensive information was 2017, it is proposed to use 2017 SAIDI and SAIFI as the baseline. Targets for 2018 (1800 for SAIDI and 16.00 for SAIFI) and 2019 (End-target) have been discussed and agreed with PLN and reflected in the revised Results Framework
	Revised	Revised	
SAIDI <i>(number of interruptions per customer per year)</i>	17.81	15.5	Unchanged
	Revised	Revised	
Distribution electricity losses per year in the program area	11.92	10.00	Unchanged
	Unchanged	Unchanged	



Intermediate Results	Baseline Value	End-target Value	Comment
Additional length of MV distribution lines constructed (thousands of kilometers)	92,716	106,228	End-target has been revised to reflect additional financing of USD 20 million for DLI#2. End-target in revised RF and for DLI are now the same.
	Unchanged	Revised	
Number of MV feeder technical interruptions (number of interruptions per 100 km MV network)	21.22	16.00	End-target has been adjusted to reflect the actual improvements and incentivize for further improvements in the next two years of the program. Agreed with PLN.
	Unchanged	Revised	
Additional distribution transformers units (number of MV transformers)	80,130	98,338	End-target has been revised to reflect additional financing of USD 10 million for DLI#4. End-target in revised RF and for DLI are now the same
	Unchanged	Revised	
Additional capacity of distribution transformers (MVA)	7,981	9,880	End-target has been revised to reflect additional financing of USD 10 million for DLI#4.
	Unchanged	Revised	
Volume of increased residential energy sales (GWh)	15,850	18,438	Residential Energy Sales continue to be well below the original assumption (this phenomenon is widespread in all Indonesia and not under the control of the Project). The target for Energy Sales is proposed to be revised to reflect the current (2016-2018) trend of sales growth within PLN
	Unchanged	Revised	
Issue revised planning guidelines acceptable to the Bank	No	Yes	Intermediate target (for 2018) has been clarified by introducing an intermediary target to ensure a clear common understanding of the objectives of the new Distribution Planning Guidelines
	Unchanged	Unchanged	

All other Intermediate Indicators have not been changed.

The low rate of growth in Residential Energy Sales in the period 2016 to 2018 is illustrated in Table 4, with a sharp decline in year-on-year growth from 2016 to 2017 — both in Sumatra (the project area) and Indonesia as a whole.

Table 4: Residential Energy Sales by PLN, Indonesia & Sumatra, 2014-2018

	INDONESIA	SUMATRA	INDONESIA	SUMATRA
	Actual Residential energy sales (GWh)	Actual Residential energy sales (GWh)	Residential energy sales % Growth Y-on-Y	Residential energy sales % Growth Y-on-Y
2014	84,086.46	15,850.42		
2015	88,682.13	16,889.37	5.47%	6.55%
2016	93,634.63	17,902.42	5.58%	6.00%
2017	94,457.38	18,271.21	0.88%	2.06%
2018	97,035.00	18,923.00	2.73%	3.57%
CAGR 2014-2018	3.65%	4.53%		
CAGR 2016-2018	1.80%	2.81%		

Sources: [2014-2017] - PLN Statistics 2017, Table 46, p. 50; [2018e, Indonesia] - RUPTL 2019-2028, Table 5.16, p. V-17; [2018, Sumatra] - P-for-R Quarterly Report, Q4-2018, 14 February 2019, p.17.



Addendum 1: Rationale for revised DLIs 1 and 2 (Portal does not keep the rationale for change)

To be deleted before disclosure

DLI#1

The value at closing has to be revised for two reasons: (1) the value in the system has been miscalculated and does not reflect the PAD (Bank Disbursement Table) nor the Legal Agreement (Schedule 4 – Disbursement-Linked Results) – correct calculation described below; and (2) to reflect the addition of USD 10 million for this DLI following the proposed reallocation.

(1) Calculation of end-target:

Baseline (number of customers): 11,180,000

Additional customers targeted for initial Bank Financing (USD145.56 million): 1,569,000

End-target before reallocation (original Project): 11,180,000+1,569,000=12,749,000

(2) After reallocation of proceeds

Additional customers from the additional USD10 million: 108,000

End-target after reallocation (revised Project): 12,749,000+108,000=12,857,000

DLI#2

The value at closing has to be revised for two reasons: (1) the value in the system has been miscalculated and does not reflect the PAD (Bank Disbursement Table) nor the Legal Agreement (Schedule 4 – Disbursement-Linked Results); and (2) to reflect the addition of USD 20 million for this DLI following the proposed reallocation.

(1) Calculation of end-target:

Baseline (length of MV distribution lines): 92,716

Additional length targeted for initial Bank Financing (USD55 million): 9,909

End-target before reallocation (original Project): 102,625

(2) After reallocation of proceeds

Additional length targeted from the additional USD 20 million: 3,603

End-target after reallocation (revised Project): 106,228

Addendum 2: Explanation of “As % of Total Financing Amount” numbers in Annex 3

The percentage represents the current disbursement per DLI to the DLI allocation (post-restructuring/after reallocation)

III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Results Framework	✓	
Reallocation between and/or Change in DLI	✓	
Change in Disbursement Estimates	✓	
Change in Implementing Agency		✓



Change in Program's Development Objectives		✓
Change in Program Scope		✓
Change in Loan Closing Date(s)		✓
Change in Cancellations Proposed		✓
Change in Disbursements Arrangements		✓
Change in Systematic Operations Risk-Rating Tool (SORT)		✓
Change in Safeguard Policies Triggered		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Implementation Schedule		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)

DISBURSEMENT ESTIMATES

Year	Current	Proposed
2016	99,000,000.00	0.00
2017	77,000,000.00	104,000,000.00
2018	108,000,000.00	229,000,000.00
2019	95,000,000.00	117,000,000.00
2020	121,000,000.00	50,000,000.00



ANNEX 1: RESULTS FRAMEWORK

Results framework

Program Development Objectives(s)

The Project's development objective is to increase access to electricity services and to improve the efficiency and reliability of their delivery in selected areas of Indonesia.

Program Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
Increase access to Electricity Services			
People provided with access to electricity by household connections (CRI, Number)		11,180.00	14,410.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: End target value has been revised to match with the PAD.</i>		
Electricity losses per year in the project area			
Electricity losses per year in the project area (Percentage)		11.92	10.00
Improve reliability in the Project area			
System average interruption duration index (SAIDI) in minutes per customer year (Minutes)		1,989.00	1,650.00



Indicator Name	DLI	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
System average interruptions frequency index (interruptions per customer per year) (Number)		17.81	15.50
<i>Action: This indicator has been Revised</i>			

Intermediate Results Indicators by Result Areas

Indicator Name	DLI	Baseline	End Target
Improved Access to electricity			
Annual work plans approved (on time) (Yes/No)		No	Yes
Percentage of planned capital expenditures realized (Percentage)		82.00	85.00
Distribution lines constructed or rehabilitated under the project (Kilometers)		92,716.00	106,228.00
<i>Action: This indicator has been Revised</i>			
Distribution lines constructed under the project (Kilometers)		92,716.00	106,228.00
<i>Action: This indicator has been Revised</i>			
Improved quality of service			
Number of MV feeder technical interruptions per 100 km (Number)		21.22	16.00
<i>Action: This indicator has been Revised</i>		<i>Rationale:</i>	



Indicator Name	DLI	Baseline	End Target
<i>End-target has been changed to reflect the current level of technical interruptions per 100 km and be aligned with the revised DLIs</i>			
Increased efficiency			
Number of distribution transformer units added (Number)		80,130.00	98,338.00
<i>Action: This indicator has been Revised</i>			
Increase in distribution transformer capacity (MVA) (Kilovolt-Amphere(KVA))		7,981,000.00	9,880,000.00
<i>Action: This indicator has been Revised</i>			
Improved power consumption by residential customers			
Increased volume in power sales to residential customers (GWh) (Gigawatt-hour (GWh))		15,850.00	18,453.00
<i>Action: This indicator has been Revised</i>			
<i>Rationale: End target has been revised to reflect the lower than originally anticipated growth in electricity demand. Residential Energy Sales continue to be well below the original assumption (this phenomenon is widespread in all Islands and not under the control of the Project). As agreed during the Mid-Term Review mission, the target for Energy Sales will be revised following the proposed project restructuring to reflect the current (2016-2018) trend of residential sales growth within PLN.</i>			
Institutional strengthening and capacity building			
PLN collaborated with development partners in the hiring of an independent verification agent (Yes/No)		No	Yes
Integrate budgeting with ERP in participating Wilayahs (Yes/No)		No	Yes
Issue revised distribution planning guidelines acceptable to the Bank (Yes/No)		No	Yes



Indicator Name	DLI	Baseline	End Target
Integrate distribution planning software with GIS facilities (Yes/No)		No	Yes
Conduct procurement audits for at least 15% of contracts issued by each procuring unit and share results with the Bank (Yes/No)		No	Yes

Disbursement Linked Indicators Matrix

DLI 1	Number of new Residential (Household) customers connected			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number (Thousand)	145,560,000.00	86.57
Period	Value		Allocated Amount (USD)	Formula
Baseline	11,180.00			
Project closing	13,177.00		145,560,000.00	

Action: This DLI has been Revised. See below.



DLI 1				
<i>Number of new Residential (Household) customers connected</i>				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Outcome</i>	<i>Yes</i>	<i>Number (Thousand)</i>	<i>155,556,000.00</i>	<i>81.01</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>11,180.00</i>			
<i>Project closing</i>	<i>12,857.00</i>		<i>155,556,000.00</i>	
DLI 2				
<i>Additional Length of MV distribution lines</i>				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Intermediate Outcome</i>	<i>Yes</i>	<i>Kilometers</i>	<i>55,000,000.00</i>	<i>100.00</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>92,716.00</i>			
<i>Project closing</i>	<i>104,510.00</i>		<i>55,000,000.00</i>	
Action: This DLI has been Revised. See below.				
DLI 2				
<i>Additional Length of MV distribution lines</i>				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Intermediate Outcome</i>	<i>Yes</i>	<i>Kilometers</i>	<i>75,000,000.00</i>	<i>73.33</i>
Period	Value		Allocated Amount (USD)	Formula



Baseline	92,716.00		
Project closing	106,228.00		75,000,000.00

DLI 3	Number of MV feeder technical interruptions per 100 kilometers		
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Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Number	60,000,000.00	70.58
Period	Value		Allocated Amount (USD)	Formula
Baseline	21.22			
Project closing	21.02		60,000,000.00	

Action: This DLI has been Revised. See below.

DLI 3	Number of MV feeder technical interruptions per 100 kilometers		
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Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Number	60,000,000.00	70.58
Period	Value		Allocated Amount (USD)	Formula
Baseline	21.22			
Project closing	16.00		60,000,000.00	



DLI 4	Additional distribution transformer units			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	65,560,000.00	100.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	80,130.00			
Project closing	94,082.00		65,560,000.00	

Action: This DLI has been Revised. See below.

DLI 4	Additional distribution transformer units			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	85,560,000.00	76.62
Period	Value		Allocated Amount (USD)	Formula
Baseline	80,130.00			
Project closing	98,338.00		85,560,000.00	

DLI 5	Growth in residential energy sales			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Gigawatt-hour (GWh)	105,550,000.00	30.92
Period	Value		Allocated Amount (USD)	Formula



Baseline	15,850.00		
Project closing	21,471.00		105,550,000.00

Action: This DLI has been Revised. See below.

DLI 5	Growth in residential energy sales			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Gigawatt-hour (GWh)	55,550,000.00	58.74
Period	Value		Allocated Amount (USD)	Formula
Baseline	15,850.00			
Project closing	18,433.00		55,550,000.00	
DLI 6	FY 2016 Annual Work Plan approved			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Yes/No	15,000,000.00	100.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Project closing	Yes		15,000,000.00	



DLI 7	PLN has collaborated with development partners in the recruitment of an independent verification agent			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Yes/No	1,000,000.00	100.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Project closing	Yes		1,000,000.00	
DLI 8	Integrate budgeting with ERP in all Program Wilayahhs			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	19,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Project closing	Yes		19,000,000.00	
DLI 9	Issue revised planning guidelines acceptable to the Bank			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	25,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			



Project closing	Yes		25,000,000.00	
DLI 10	Integrate of planning software with GIS facilities			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	8,330,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Project closing	Yes		8,330,000.00	



ANNEX 2: PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Provision of planning software with GIS capability and corporate license	Technical		Client	Due Date	31-Dec-2016	New planning software with GIS capability used in at least one Wilayah
Application of planning software for distribution investment	Technical		Client	Due Date	29-Dec-2017	Application of planning software in at least one Wilayah
Improving application of GIS data base in at least 5 feeders	Technical		Client	Due Date	31-Dec-2018	Application of planning software in at least one Wilayah
Increasing number of skilled and certified systems planners	Technical		Client	Due Date	31-Dec-2019	PLN staffed certified increased at 95% at the end of 2019
Review options for loss computations by using alternative methodologies e.g. load flow based calculations and simplified spreadsheet methods	Technical		Client	Due Date	30-Jun-2017	New methodology applied for loss computations (using new planning software)
Review and updating power distribution planning criteria	Technical		Client	Due Date	29-Nov-2019	New power distribution planning guidelines approved
Identification study of (distribution control upgrades) upgrades needed	Technical		Client	Due Date	30-Dec-2016	Identification study completed
Engineering design of distribution control centers upgrades	Technical		Client	Due Date	29-Jun-2018	Engineering design of distribution control centers upgrades completed



Implementation of distribution control centers upgrades	Technical		Client	Due Date	31-Dec-2019	At least one DCC upgraded
Post procurement regulations on PLN's website	Fiduciary Systems		Client	Due Date	30-Jun-2016	Post procurement regulations on PLN's website
Implementation of upgraded e-procurement system and announcement of award details through e-procurement as per PLN regulations	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
Restrict open book method for less than 3 suppliers in DPT (qualified suppliers in DPT) for Main distribution items (MDUs). No additional items beyond the existing 16 MDU items to be procured using open book method under this Program	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
No direct procurement/direct appointment of SOEs and/or PLN's subsidiaries/joint ventures/affiliates under this Program	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
No direct procurement or direct appointment of small or micro industries under this Program for contracts above IDR300 million	Fiduciary Systems		Client	Recurrent	Continuous	Continuous



Conduct assessment of local manufacturing capacity for MDU items	Environmental and Social Systems		Client	Due Date	30-Sep-2016	Assessment completed
Improve accountability/credibility of SPKK reporting by integrating Division Head Sumatra's validation of KPIs as reported by the Wilayahs (prior to SPKK reporting)	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
Procurement audits by SPI of 15 percent of contracts awarded by each procuring unit under the Program to be shared with the Bank	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
No contract awards to firms and individuals on PLN's sanctions list and/or on the Bank's debarred/temporary suspension lists - upload PLN's black list onto website and electronic portal as per PLN regulation 166/2012	Fiduciary Systems		Client	Recurrent	Continuous	Continuous
Integrate budgeting with ERP for Wilayahs participating in the Program	Fiduciary Systems		Client	Due Date	31-Dec-2018	Integration completed
Roadmap to strengthen existing whistleblower regulations and system, including	Technical		Client	Due Date	30-Sep-2016	Roadmap completed



guarantees to protect whistle blowers						
Develop procurement performance monitoring framework and report performance as per the framework	Fiduciary Systems		Client	Due Date	30-Jun-2016	Framework completed and reporting done according to framework
Undertake environmental and social monitoring and training in environmental health and safety standards for PLN and its contractors	Environmental and Social Systems		Client	Recurrent	Continuous	Continuous