



## Project Data Sheet

Project 49043-002

Project Name	Sustainable and Inclusive Energy Program (Subprogram 2)
Project Number	49043-002
Country / Economy	Indonesia
Project Status	Closed
Project Type / Modality of Assistance	Loan Technical Assistance

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**Loan 3561-INO: Sustainable and Inclusive Energy Program (Subprogram 2)**

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Ordinary capital resources US\$ 400.00 million

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**Loan 8330-INO: Sustainable and Inclusive Energy Program (Subprogram 2)**

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ASEAN Infrastructure Fund US\$ 100.00 million

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**Source of Funding / Amount**  
**Loan: Sustainable and Inclusive Energy Program (Subprogram 2)**

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Agence Francaise de Developpement US\$ 110.00 million

KfW Bankengruppe US\$ 210.00 million

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**TA 9370-INO: Scaling up Energy Efficiency**

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Clean Energy Fund under the Clean Energy Financing Partnership Facility US\$ 1.00 million

Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	<b>Energy</b> / Energy sector development and institutional reform
Gender	No gender elements

Description

Project Rationale and Linkage to Country/Regional Strategy

Impact Domestic energy security and access to modern forms of energy increased (National Medium-Term Development Plan, 2015 2019)

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**Project Outcome**

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Description of Outcome	Supply from sustainable and more accessible energy options increased
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Progress Toward  
Outcome

The program continued to make progress towards the four 2020 outcome indicators which together should result in more sustainable energy supplies and increased electrification rates. Given that the share of renewables in the electricity mix surpassed the expected outcome of 10% with over 11% in 2017 already and an increase in the electrification rate to 95.8% which is close to the program target of 97% the program is well on track.1) PLN's key financial performance measures within levels acceptable by international norms (2014 baseline: debt equity ratio within acceptable levels)2) Number of large power projects led by independent power producers that reach financial closure increased to at least five per year (2014 baseline: two)3) Total sector investment in oil and gas increased to \$23 billion (2014 baseline: \$19.3 billion)4) Percentage of households connected to electricity increased to 96% (2014 baseline: 84%)5) Renewables account for 10% of the electricity generation mix (2014 baseline: 6%)

### **Implementation Progress**

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Description of  
Project Outputs

Fiscal sustainability and sector governance improved  
Private participation in power and gas markets enabled  
Regulatory environment for increased access to clean energy options improved

Status of Implementation Progress (Outputs, Activities, and Issues)

Output 1: The government periodically adjusted power tariffs for large users and phased out subsidies for the remaining household consumer categories. This led to higher tariffs for 22 million out of the 45 million consumers in these categories, and reduced annual subsidy payments to PLN by at least \$2.1 billion in 2017. The diesel subsidy was reduced from Rp1,000 to Rp500 per liter, which saved the government \$2.5 billion in 2017. The government also established reporting requirements for electricity business licensees, including PLN, on their operating assets, in addition to service quality standards. Output 2: The Ministry of Energy and Mineral Resources (MEMR) and the Investment Coordination Body (BKPM) further simplified the licensing process for power plants, transmission line projects, and selected projects in oil and gas. To secure financing for power system expansion, the government increased its guarantee program by budgeting up to \$27.4 billion to provide credit guarantees for PLN's engineering, procurement, and construction contracts, and extending investment guarantees for private power projects.<sup>31</sup> It expanded support for private investments in the upstream gas market by improving fiscal terms for the exploration of unconventional resources and introducing a process for the sale of flared gas for use in various power applications. It also took measures to increase the use of natural gas in the domestic market, including lowering the price of gas for certain industries that use gas as a raw material; introducing a new risk- and revenue-sharing model for new PSC blocks; and allowing large users like PLN to import liquefied natural gas for power plants. Also, the government established a mechanism to pre-finance activities in expiring PSCs by the incoming operator to prevent any production decrease during the transition, along with issuing a gas infrastructure master plan and an updated gas supply-and-demand balance. These reforms have helped increase investment in oil and gas by over 24% from 2014 to 2016 despite low global gas prices. Output 3: The government issued implementing regulations to the revised Geothermal Law that provide guidance on tendering of new concessions, sharing of revenue with local governments, and accessing forest land for geothermal power development. It also issued guidance for procurement of renewables-based electricity by PLN to support the first gigawatt of solar power and 280 megawatts of wind capacity in the country, and an additional 4 gigawatts of geothermal capacity by 2023, including stipulation of ceiling prices for each renewable energy technology. The government has expanded its focus on electrification through efforts led by PLN and local governments, budgeted \$38 million in 2017 in special allocation funds for local governments, and set technical standards for renewable energy power plants in off-grid and remote areas. In terms of energy efficiency, the government established the legal basis for ESCOs and prepared draft regulations to expand the number of appliances governed by efficiency standards and labels. It also launched a nationwide program for energy-efficient streetlights in 73 cities. To lower emissions from the electricity subsector, the government is supporting the deployment of waste-to-energy projects and the pilot-testing of CCS and/or CCUS technologies. TA 9370 is under implementation. The analytical work was delayed due to changes in the leadership on energy efficiency at the counterpart agency. The analysis and capacity-building activities are now fully under way.

Geographical Location

Nation-wide

### **Safeguard Categories**

Environment B

Involuntary Resettlement C

## Summary of Environmental and Social Aspects

Environmental Aspects The new regulation on geothermal access to conservation forest was identified as an environmental safeguards risk and measures have been identified via Rapid Safeguards Assessment to mitigate these risks.

Involuntary Resettlement

Indigenous Peoples

## Stakeholder Communication, Participation, and Consultation

During Project Design The project is a joint operation with AFD, KFW, and the World Bank, and co-financing partners have held wide-spread stakeholder consultations.

During Project Implementation The project team consulted intensively during project implementation via outreach and technical assistance activities.

Responsible ADB Officer Kitt, Florian

Responsible ADB Department Southeast Asia Department

Responsible ADB Division Energy Division, SERD

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## Timetable

Concept Clearance	-
Fact Finding	31 Oct 2016 to 07 Nov 2016
MRM	25 Apr 2017
Approval	14 Sep 2017
Last Review Mission	-
Last PDS Update	10 Apr 2019

## Loan 3561-INO

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Sep 2017	28 Sep 2017	12 Dec 2017	31 Mar 2018	-	05 Jan 2018

### Financing Plan

### Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	720.00	Cumulative Contract Awards			
ADB	400.00	17 Jun 2022	400.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	320.00	17 Jun 2022	400.00	0.00	100%

## Loan 8330-INO

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Sep 2017	28 Sep 2017	12 Dec 2017	31 Mar 2018	-	08 Jan 2018

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage	
Project Cost	100.00	Cumulative Contract Awards				
ADB	0.00	17 Jun 2022	0.00	100.00	100%	
Counterpart	0.00	Cumulative Disbursements				
Cofinancing	100.00	17 Jun 2022	0.00	100.00	100%	

## TA 9370-INO

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Sep 2017	14 Mar 2018	14 Mar 2018	31 Aug 2019	31 May 2021	09 Jul 2021

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00	17 Jun 2022	989,126.38

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