Project Summary Information

	Date of Document Preparation: August 27, 2026
Project Name	Development of the Technovation Center of Excellence for Semiconductor and Artificial Intelligence (TECXSA) at Politeknik Negeri Batam Project
Project Number	P001197
AIIB member	Indonesia
Sector	Education Infrastructure
Alignment with AIIB's thematic priorities	Green infrastructure, Technology-enabled Infrastructure and Connectivity and Regional Cooperation
Status of Financing	Under Preparation
Objective	To increase the supply of industry-certified semiconductor and artificial intelligence graduates and to strengthen applied research and industry collaboration capacity at Polibatam, contributing to the development of Indonesia's semiconductor and artificial intelligence ecosystem.
Project Description	The Project Investment will be carried out with the below Project Components: **Component A: Civil Works**. Construction of two buildings: (i) a Technology Innovation Center (Technovation Tower) housing semiconductor design laboratories, AI innovation facilities, research centers, incubation space, and a Tier-2 AI data center; and (ii) a 5-story Mechatronics and Robotics Teaching Factory supporting advanced manufacturing, automation and robotics. The civil design incorporates climate mitigation features, comprising rooftop solar photovoltaic arrays on both new buildings, rainwater harvesting and greywater recycling, and climate adaptation features. **Component B**: **Equipment:** Procurement and installation of a semiconductor value chain equipment suite spanning IC design and simulation, silicon CMOS wafer fabrication, gallium nitride (GaN) prototyping, and assembly, testing and metrology; a Tier-2 AI data center providing high-performance computing infrastructure for an Indonesian-language large language model and other AI applications; The manufacturing and robotics workshop; the metallurgy and occupational health and safety laboratory, including waste treatment; and furniture for the Tower and Hub. The equipment is specified for teaching, training, prototyping and applied research.

	Component C: Human Capital Development. Faculty upskilling and international placements; curriculum development, preparation of teaching materials and accreditation support for three new D4 degree programs in semiconductor design, semiconductor fabrication, and AI engineering, financed as consultancy services; a diagnostic and remedial learning platform to support student competency benchmarks; the establishment and initial operating costs of an industry partnership unit, and the design and administration of a structured internship program with SIJORI-corridor enterprises, and a technology commercialization and startup incubation facility. Placements are limited to faculty and laboratory staff who will teach or operate the financed facilities and are tied to specific equipment and curriculum. **Component D: Project Monitoring.** Establishment and operation of the Project implementation unit; engagement of a construction management consultant for physical milestone certification and cleanroom classification testing; equipment commissioning support, including factory and site acceptance testing; and external audit, monitoring and evaluation, and third-party environmental and social monitoring.
Expected Results	The Project is expected to deliver results across two levels: • At the output level, the Project will construct classified cleanroom, data center and teaching factory facilities, commission semiconductor and AI equipment for teaching and applied research, and fund certification and industry placement agreements. • At the outcome level, the Project will increase supply of certified semiconductor- and AI-qualified graduates for the SIJORI growth corridor, strengthen applied research, prototyping and technology commercialization capacity at Polibatam and strengthen the workforce.
Environmental and Social Category	B
Environmental and Social Information	**Applicable Policy and Categorization.** AIIB's Environmental and Social Policy (ESP), includes the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs), will apply to the Project. Environmental and Social Standards (ESSs) apply to the Project. ESS 2 (Land Acquisition and Involuntary Resettlement) and ESS3 (Indigenous Peoples) are not expected to apply based on early environmental and social (ES) screening. Applicability of ESS2 and ESS3 will be confirmed during project preparation through site visits. The Project is proposed as Category B at Concept due to ES risks and impacts that are expected to be site-specific, temporary, mostly reversible, and not unprecedented. These risks can be effectively managed through standard engineering design, good international industry practice, and site-specific ES mitigation measures. **Environmental and Social Instruments.** Proportionate to the Project scope and ES risks and impacts, the required ES instrument for the Project is an Environmental and Social Management Plan (ESMP) that will include a Stakeholder

	Engagement Plan (SEP), labor management procedures, and a project-level grievance mechanism. It will also include an electronic and hazardous waste management plan covering the data center and laboratory equipment over its lifecycle and will set out the data management arrangements for the AI data center and the AIoT platform. The National Environmental Management Plan (AMDAL or UKL-UPL) will be updated accordingly to assess the Project activities, including the demolition of old buildings and construction of new ones. **Environmental Aspects.** The key environmental risks include construction-related dust, noise, vibration, traffic congestion, and construction or demolition waste, with possible hazardous materials such as asbestos or lead-based paint subject to site assessment. Semiconductor laboratory activities may generate chemical waste requiring segregation, safe storage, characterization, and licensed disposal, while the proposed Tier-2 AI Data Center may involve high energy use, cooling water demand, battery waste, and lifecycle e-waste management needs. These risks are expected to be site-specific, temporary, and manageable through good engineering design, best industry practices, contractor management, and construction standard operating procedures. The ESMP will set out proportionate mitigation measures, and contractors will be required to prepare and implement a Contractor's ESMP before construction begins. **Social and Gender Aspects.** The Project activities will focus on establishing Indonesia's first integrated semiconductor and AI technology education infrastructure, strengthening applied research and innovation, expanding industry-linked vocational education. These are expected to deliver significant social benefits for students and local community through improving graduate employability and supporting job creation. Potential adverse social risks are expected to be limited and manageable, including construction-related disturbance, traffic and access issues, worker-community interactions, community safety, labor related risks and labor influx. During project appraisal, the ESMP will assess risks and impacts from simultaneous construction and ongoing campus activities, labor influx, as well as sexual exploitation, abuse and harassment (SEAH), emergency access, stakeholder communication, and possible impacts on community resources (i.e. water) if a data center is included in the Project scope. **Occupational Health and Safety (OHS), Labor and Employment Conditions.** The Project will comply with Indonesia's labor laws and AIIB's ESP. Key risks on labor conditions, OHS, and community health and safety identified during construction and operation include construction hazards, crane operations, electrical works, noise, dust, traffic disruption, pedestrian safety, and laboratory-related chemical, electrical, fire, and hazardous waste risks. The ESMP and Contractor's ESMP will set out proportionate mitigation and monitoring measures, including contractor OHS responsibilities, toolbox talks, safety training, personal protective equipment (PPE) provision, hygiene and sanitation standards, and labor management procedures covering accommodation, welfare, and management of cross-border workers where applicable. **Stakeholder Engagement, Consultation and Information Disclosure.** Stakeholder engagement will be undertaken as part of the preparation of the ES documentation. The process will identify relevant stakeholders, including Project beneficiaries, potentially affected persons, campus users, students, industry partners, contractors, local authorities, and

	other interested parties. The stakeholder engagement arrangements will assess stakeholder interests and concerns and outline a strategy for engaging and consulting with them in an inclusive and effective manner. During project preparation and implementation, regular consultations and accessible communication channels will be used to support transparency and trust. Draft ES instruments will be disclosed in English, with their executive summary in Bahasa Indonesia, as appropriate, on the Borrower's and AIIB's websites in accordance with AIIB's ESP. **Project Grievance Redress Mechanism (GRM).** A project-level GRM will be developed as part of the Project's ES instruments. The GRM will build on existing complaint-handling arrangements at Polibatam and will be strengthened, as needed, to meet AIIB's ESP and the Project's specific requirements. The GRM will be established in a timely and functional manner before commencement of relevant works. A separate worker-specific GRM will also be established to address concerns and complaints from construction and operational workers. The information about established GRMs and AIIB's Project-affected People's Mechanism (PPM) will be disclosed in an appropriate manner. **Monitoring and Reporting Arrangements.** The Ministry of Higher Education, Science and Technology (MOHEST) will be responsible for overall Project oversight and coordination. PMU will be established within MOHEST to undertake central administrative, coordination, reporting and monitoring functions. Polibatam will serve as the PIU and will lead day-to-day implementation, including implementation of ES requirements and site supervision. The respective responsibilities of MOHEST and Polibatam, including more detailed arrangement of ES monitoring and reporting, will be confirmed during due diligence and set out in the Project Operation Manual.
Cost and Financing Plan	The total estimated project cost is USD60.43 million of which AIIB loan will fund up to USD60.01 million.
Borrower	Republic of Indonesia
Implementing Entity	Ministry of Higher Education, Science and Technology, Indonesia
Estimated date of loan closing	December 31, 2031

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Date of Concept Decision	September 8, 2026		
Estimated Date of Appraisal Decision	October 14, 2026		
Estimated Date of Financing Approval	November 19, 2026		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.