

## SBF Project Implementation Monitoring Report

### Indonesia: Regional Infrastructure Development Fund

#### 1. Project Information

Project ID:	000012	Investment Number:	L0012A
Member:	Indonesia	Region:	Southeast Asia
Sector:	Urban	Sub-sector:	Infrastructure
Financing Type:	<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Guarantee	Co-financier(s):	World Bank
Borrower:	Ministry of Finance – Republic of Indonesia		
Implementing Agency:	PT Sarana Multi Infrastruktur (PT. SMI)		
Project Team Leader:	Sangmoo Kim		
Site Visits:	Dec 18-23, 2017   Nov 6-17, 2017   Mar 27-Apr 13, 2018   Oct 15 – Nov 2, 2018   Apr 22 - May 6, 2019   Oct – Nov 2019 (planned)		

#### 2. Project Summary and Objectives

To increase access to infrastructure finance at the subnational level through a sustainable financial intermediary.

#### 3. Key Dates

Approved:	Mar. 22, 2017	Signed:	Jun. 7, 2017
Effective:	Sep. 28, 2017	Restructured (if any):	n/a
Orig. Closing:	Dec. 31, 2020	Rev. Closing (if any):	n/a

#### 4. Disbursement Summary (USD million)

a) Committed:	100	b) Cancelled (if any):	n/a
c) Disbursed:	11.6	d) Most recent disbursement: (amount /date)	11.6 /Dec 18, 2018
e) Undisbursed:	88.4	f) Disbursement Ratio (%) <sup>1</sup> :	11.6%

#### 5. Project Implementation Update

The project has made steady but slower than expected progress towards achieving its project objective. As of October 10, 2019, USD11.6 million (11.6%) has disbursed. While project implementation, due mainly to sub-project readiness at the local level, lags behind the originally envisioned schedule, disbursement is expected to catch up with its original projection from early 2020.

The current RIDF portfolio includes seven sub-projects in five sub-national governments worth IDR793 billion (USD56.6 million) with average loan size of IDR105 billion (USD7 million) and average loan tenor of 4.7 years including: North Sulawesi (public general hospital and eye hospital), Central Lombok (public market), South Halmahera (roads and public market), Ogan Komering Ulu (hospital), and Banjarbaru (public market). Construction is underway in Central Lombok and South Halmahera; procurement is underway in North Sulawesi and Ogan Komering Ulu; and the loan agreement has been signed and procurement has been initiated for Banjarbaru. In addition, there are currently four sub-projects worth around IDR535 billion (USD38.2 million) in the RIDF pipeline. The subprojects in the City of Bengkulu (street

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

lighting), City of Palopo (tourism), District of Tapin (hospital) and the City of Manado (public market) are under loan appraisal and project documents are currently being prepared through PDF support.

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
Component 1: Capital Support for RIDF (USD100 M)	5 SNGs with RIDF loans, 3 additional SNGs LGs received financing offer letter	Extensive capacity-building provided at SGN level	3 civil works contracts under implementation	The latest interim financial report (IFR) for Q2 has been timely received through WB.
Component 2: RIDF Project Development Facility (PDF)*	PDF support for 6 SNG	n/a	10 consulting contracts for DEDs and AMDALS awarded to support SNGs / 2 packages under procurement process	According to the IFR, three subprojects with total amount of IDR229 billion (USD16 million) was signed, and cumulative payment is IDR85 billion (USD6 million) which are financed by WB/AIIB loan in equal shares.

\* USD3 million financed by the Swiss State Secretariat for Economic Affairs (SECO) through the World Bank

## 6. Status of the Grievance Redress Mechanism (GRM)

PT SMI has established a GRM accessible from RIDF's webpage (<https://www.ptsmi.co.id/contact-us/>). The GRM observed at the sub-project visited by AIIB during the supervision mission in Q2 2019 in Central Lombok (Market) had established a GRM and engaged with Project-Affected People on its use.

## 7. Results Monitoring

Project Objective Indicators	Baseline (2016)	2017		2018		2019		2020		2021 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Indicator 1: Number of sub-national governments receiving RIDF loans	0	5	0	11	4	25	5				
Indicator 2: Average loan size approved by RIDF (IDR bn)	0	≥100	-	≥120	118	≥150	105				
Indicator 3: Average tenor of loans approved by RIDF (years)	0	5	-	6.5	5.0	8.0	4.7				
Indicator 4: Return on RIDF assets	0	≥1%	-	≥1%	0	≥1%	0				
Indicator 5: Non-performing loans	0	<5%	-	<5%	0	<5%	0				
Indicator 6: Proportion of the total loan portfolio concentrated in a single sector	0	≤50%	-	≤45%	61%	≤40%	58%				
Intermediate Result Indicators	Baseline (2016)	2017		2018		2019		2020		2021 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Indicator 1: Amount of	0	100		200	39.2	400	56.6				

capital raised (USD million)											
Indicator 2: Number of sub-project loans appraised	0	≥5		≥15	8	≥40	11				
Indicator 3: Percentage of sub-project specific complaints received that are addressed / followed-up by sub-national governments	0	80%		90%		100%	n/a* *				

**Remarks:**

\* pipeline under development, hence no actual monitoring data recorded for 2017

\*\* the data is currently not available to the Project Team. Will be updated after the next field mission scheduled in Nov. 2019