

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 Nov 4-29, 2019 Mar – Apr 2020 (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:	33.01	d) Most recent disbursement: (amount /date)	21.41 /Dec. 26, 2019
e) Undisbursed:	66.99	f) Disbursement Ratio (%) ¹ :	33.01%

5. Project Implementation Update

The project has made steady but slower than expected progress towards achieving its project objective. As of Dec. 31, 2019, USD33.01 million (33.01%) has been 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 six sub-projects in five sub-national governments worth IDR734.9 billion (USD525.5 million) including: North Sulawesi (general hospital and eye hospital), Central Lombok (public market), South Halmahera (roads and public market), and Banjarbaru (public market). Construction is underway in Central Lombok, South Halmahera, North Sulawesi, and Banjarbaru. In addition, there are currently eleven sub-projects worth around IDR2,289 billion (USD163.5 million) in the RIDF pipeline.

¹ 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., $f = c / (a - b)$

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
Component 1: Capital Support for RIDF (USD100 M)	6 sub-projects under construction with RIDF loans	Extensive capacity-building provided at SGN level	Procurement process of 6 civil work packages completed	Overall FM performance rating is assessed as Satisfactory and the FM risk is Moderate. As of Dec. 20, 2019, approximately USD18.3 million (55% of disbursed advance) loan proceeds were totally paid for 6 construction works packages. Also, sufficient budget has been allocated by counterpart for year 2020 project implementation.
Component 2: RIDF Project Development Facility (PDF)*	19 sub-projects prepared with PDF support	n/a	7 consulting services and individual consultants for FS, DEDs and ESIA's awarded to support SNGs	

* 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/>), with the corresponding standard operating procedure and resources allocation. No complaint has reportedly been received by PT. SMI until mid-2019. Further reporting on the GRM status is expected in the Annual Report by end of Q1 2020.

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. In general, GRMs are established at the subproject level.

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	4				
Indicator 2: Average loan size approved by RIDF (IDR bn)	0	≥100	-	≥120	118	≥150	122.5				
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	0	≤50%	-	≤45%	61	≤40%	50				

sector											
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 capital raised (USD million)	0	100		200	39.2	400	52.5				
Indicator 2: Number of sub-project loans appraised	0	≥5		≥15	8	≥40	17				
Indicator 3: Percentage of sub-project specific complaints received that are addressed / followed-up by sub-national governments	0	80%		90%		100%	100%				

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

Remarks:

n/a