

## SBF Project Implementation Monitoring Report

### Indonesia: Regional Infrastructure Development Fund

#### 1. Project Information

Project Name:	Regional Infrastructure Development Fund	Project No:	000012
Region/Country:	Southeast Asia / Indonesia	Sector(s):	Urban
Year of Approval:	FY 2017	Financing Type:	SBF
Financing Instrument:	IPF	Co-financier(s):	World Bank
Project Team Leader:	Sangmoo Kim	Implementing Agency:	PT SMI
Field Visits	Dec 18-23, 2017   Nov 6-17, 2017   Mar 27-Apr 13, 2018   Oct 15 – Nov 2, 2018   Apr 22 - May 6, 2019   October 2019 (planned)		

#### 2. Project Objective

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

#### 3. Key Dates

Loan Approval:	Mar. 22, 2017	Loan Signing:	Jun. 7, 2017
Effectiveness:	Sep. 28, 2017	Restructuring (if any):	n/a
Orig. Closing:	Dec. 31, 2020	Rev. Closing (if any):	n/a

#### 4. Disbursement Summary

Approved Commitment:	USD100 M	Rev. Commitment (if any):	n/a
Total Disbursed Amount:	USD11.6 M	Most recent disbursement: (amount and date)	USD11.6 M (Dec 18, 2018)
Undisbursed Balance:	USD88.4 M	Disbursement Ratio:	11.6%

#### 5. Project Implementation Status

The project has made steady but slower than expected progress towards achieving its project objective. As of June 30, 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 late 2019.

The current RIDF portfolio includes seven subprojects 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: 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 subprojects worth around IDR535 billion (USD38.2 million) in the RIDF pipeline. The subprojects in the City of Bengkulu (street 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.

Building the portfolio and pipeline of RIDF subprojects remains a high priority for project implementation and the World Bank team continues to support PT SMI through PDF services, coaching clinics, and socialization efforts.

Components	Physical/Financial Progress	Safeguards Compliance	Procurement	Financial Management
Component 1: Capital Support for RIDF (USD100 M)	5 SNGs with RIDF loans, 3 additional SNGs LGs received financing offer letters	Extensive capacity-building provided at SGN level	3 civil works contracts under implementation	FM performance rated as moderately satisfactory, mainly due to weaknesses in community groups records and FM arrangements, also in payment verification of invoices. The project audit report for 2018 timely received with unqualified (clean) opinion and actions taken to address ineligible expenditures of USD16K revealed in FY2017 audit.
Component 2: RIDF Project Development Facility (PDF)*	PDF support for 6 SNGs	n/a	10 consulting contracts for DEDs and AMDALs awarded to support SNGs / 2 packages under procurement process	

\* 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 in the scope of a supervision mission in Q2 2019 (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		Others, if any
		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			
Result Indicators	Baseline (2016)	2017		2018		2019		2020		Others, if any
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Indicator 1: Amount of capital raised (USD million)	0	100		200	39.2	400	56.6			
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 %	0			

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