

SBF Project Implementation Monitoring Report

Indonesia: Regional Infrastructure Development Fund (RIDF) Project

1. Project Information

Project ID:	000012	Investment Number:	L0012A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Urban	Sub-sector:	Urban Infrastructure
AiIB Financing Type:	Loan: 100 USD million	Co-financier(s):	World Bank
E&S category:	FI	Borrower:	Republic of Indonesia
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	PT Sarana Multi Infrastruktur (PT. SMI)		
Project Team Leader:	Sangmoo Kim		
Project Team Members:	Susrutha Goonasekera, Sr. Social Development Specialist Yangzom Yangzom, Procurement Specialist Yi Geng, Sr. Financial Management Specialist Liu Yang, Legal Counsel Haiyan Wang, Sr. Finance Officer Jinghui Li, Project Assistant		
Completed Site Visits by AIIB:	Dec, 2017 Dec 18-23, 2017 Nov, 2017 Nov 6-17, 2017 Mar, 2018 Mar 27-Apr 13, 2018 Oct, 2018 Oct 15 – Nov 2, 2018 Apr, 2019 Apr 22 - May 6, 2019 Nov, 2019 Nov 4-29, 2019 Feb, 2021 Feb 2021		
Planned Site Visits by AIIB:	Aug, 2021		

2. Project Summary and Objectives

The Project aims to increase access to infrastructure finance at the subnational level through a sustainable financial intermediary. The project objective will be achieved through two components: (i) capital support for RIDF, which provides loans to participating subnational governments (SNGs) in Indonesia for selected infrastructure projects; and (ii) Project Development Facility (PDF), which provides support for SNGs carrying out sub-project identification and preparation. Capital support for the Project is provided by a USD100 million AIIB Loan, co-financed by a USD100 million loan from the World Bank, both financing Component 1 activities. The Project is implemented by PT.SMI, which was established in 2009 as a state-owned enterprise owned by Indonesia's MoF, with a mandate to be a catalyst for the acceleration of infrastructure development in the country, through various financing modalities and technical support.

3. Key Dates

Approval:	Mar. 22, 2017	Signing:	Jun. 7, 2017
Effective:	Sep. 28, 2017	Restructured (if any):	Jul. 10, 2020
Orig. Closing:	Dec. 31, 2020	Rev. Closing (if any):	Nov. 30, 2022

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	100	b) Cancellation (if any):	
c) Disbursed:	38.2	d) Most recent disbursement: (amount / date)	5.2, Oct. 21, 2020
e) Undisbursed:	61.8	f) Disbursement Ratio(%) ¹ :	38.2

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., $f = c / (a - b)$

5. Project Implementation Update

The project has made steady progress towards achievement of its project objectives, including: (i) improving the policy and regulatory agenda; (ii) building capacity and systems through the delivery of trainings and guidance notes; and (iii) service delivery through the RIDF portfolio and pipeline. The COVID-19 Pandemic has had an impact on both fiscal and physical capacities of the sub-national governments (SNGs), including for project implementation.

The current RIDF portfolio includes eight sub-projects across seven SNGs worth IDR1,272.32 billion (USD90.24 million). Construction has been completed for the public market in Central Lombok, roads and public market in South Halmahera, the public market in Banjarbaru, and the general hospital and ophthalmology (eye) hospital in Manado, North Sulawesi. Construction works for the hospital in Tapin and Southeast Sulawesi are currently underway. There are currently three subprojects worth around IDR379.9 billion (approximately USD26.93 million) in the RIDF pipeline: City of Palopo (tourism market), City of Manado (public market), and the District of Kapuas (roads).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Capital Support for RIDF (USD100 M)	6 sub-project (completed) and 2 sub-projects (under construction)	Extensive capacity-building provided at SNG level	Procurement process of 8 civil work packages completed.
Component 2: RIDF Project Development Facility (PDF)*	29 sub-projects prepared with PDF support	n/a	19 consulting services and individual consultants for FS, DEDs and ESIAAs awarded to support SNGs

Financial Management:

Overall FM performance rating is assessed as Satisfactory and the FM risk is Moderate. The latest IFR for the quarter ending on March 31, 2021 is acceptable to the Bank. 2021 Audit report with unmodified (clean) opinion has been timely received by the Bank.

6. Status of the Grievance Redress Mechanism (GRM)

GRMs have been set up at both PT.SMI and SNG levels. At the PT.SMI level, public can currently submit complaints through an email address, phone and/or fax number published on its website. The website functionality itself is also being expanded to receive and respond to complaints. PT.SMI has designated a focal point for complaints handling/managing with a Standard Operating Procedure (SOP). As of October 2020, PT.SMI has not received any complaints related to safeguards.

7. Results Monitoring

n/a

Baseline Year: Jan. 1, 2016 End Target Year: Dec. 31, 2022

Project Objective Indicators #1

Indicator 1: Number of sub-national governments receiving RIDF loans

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	5	0	
Jan. 1, 2018	5	4	
Jan. 1, 2019	10	5	
Jan. 1, 2020	15	8	
Jan. 1, 2021	18	8	

Jan. 1, 2022	20	-	
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Project Objective Indicators #2

Indicator 2: Average loan size approved by RIDF (IDR bn)

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	>=100	0	
Jan. 1, 2018	>=100	118	
Jan. 1, 2019	>=120	126	
Jan. 1, 2020	>=150	159.1	
Jan. 1, 2021	>=150	159.2	
Jan. 1, 2022	>=150	-	

Project Objective Indicators #3

Indicator 3: Average tenor of loans approved by RIDF (years)

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	5.0	-	
Jan. 1, 2018	5.0	5.0	
Jan. 1, 2019	5.0	4.9	
Jan. 1, 2020	5.5	4.5	
Jan. 1, 2021	6.0	4.75	
Jan. 1, 2022	6.0	-	

Project Objective Indicators #4

Indicator 4: Number of SNGs receiving assistance through ERRC

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2022	10	-	

Project Objective Indicators #5

Indicator 5: Return on RIDF assets

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	>=1%	0	
Jan. 1, 2018	>=1%	0	
Jan. 1, 2019	>=1%	0	
Jan. 1, 2020	>=1%	0	
Jan. 1, 2021	>=1%	0	
Jan. 1, 2022	>=1%	-	

Project Objective Indicators #6

Indicator 6: Non-performing loans

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	<5%	0	
Jan. 1, 2018	<5%	0	
Jan. 1, 2019	<5%	0	
Jan. 1, 2020	<5%	0	
Jan. 1, 2021	<5%	0	
Jan. 1, 2022	<5%	-	

Project Objective Indicators #7

Indicator 7: Proportion of the total loan portfolio concentrated in a single sector

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	<=50%	0	
Jan. 1, 2018	<=45%	61	
Jan. 1, 2019	<=45%	43	
Jan. 1, 2020	<=40%	67	
Jan. 1, 2021	<=40%	50	
Jan. 1, 2022	<=40%	-	

Project Objective Indicators #8

Indicator 8: Number of SNGs receiving capacity building training

Year	Target	Actual	Others, if any
Jan. 1, 2016	50	0	
Jan. 1, 2020	50	50	
Jan. 1, 2021	50	85	
Jan. 1, 2022	75	-	

Intermediate Result Indicators #1

Indicator 1: Amount of capital raised (USD million)

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	50	0	
Jan. 1, 2018	50	39.2	
Jan. 1, 2019	100	52.5	
Jan. 1, 2020	150	128.8	
Jan. 1, 2021	200	234.6	
Jan. 1, 2022	200	-	

Intermediate Result Indicators #2

Indicator 2: Number of sub-project loans appraised

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	>=5	0	
Jan. 1, 2018	>=5	8	
Jan. 1, 2019	>=15	17	
Jan. 1, 2020	>=25	28	
Jan. 1, 2021	>=30	28	
Jan. 1, 2022	>=30	-	

Intermediate Result Indicators #3

Indicator 3: Percentage of sub-project specific complaints received that are addressed / followed-up by sub-national governments

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2017	80%	-	
Jan. 1, 2018	90%	-	
Jan. 1, 2019	90%	100%	
Jan. 1, 2020	100%	100%	
Jan. 1, 2021	100%	100%	
Jan. 1, 2022	100%	-	

Intermediate Result Indicators #4

Indicator 4: Number of SNGs applying to ERRC (Number)

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2020	0	0	
Jan. 1, 2022	20	-	

Intermediate Result Indicators #5

Indicator 5: Number of ERRC applications appraised (Number)

Year	Target	Actual	Others, if any
Jan. 1, 2016	0	0	
Jan. 1, 2020	0	0	
Jan. 1, 2022	15	-	

Remarks: Indicators and end targets have been revised under the project change (non-material).