

## Regional Infrastructure Development Fund Project

### 1. Project Information

Project Name:	Regional Infrastructure Development Fund Project	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	December 18-23, 2017   November 6-17, 2017   April 2-13, 2018 (planned)		

### 2. Project Objectives

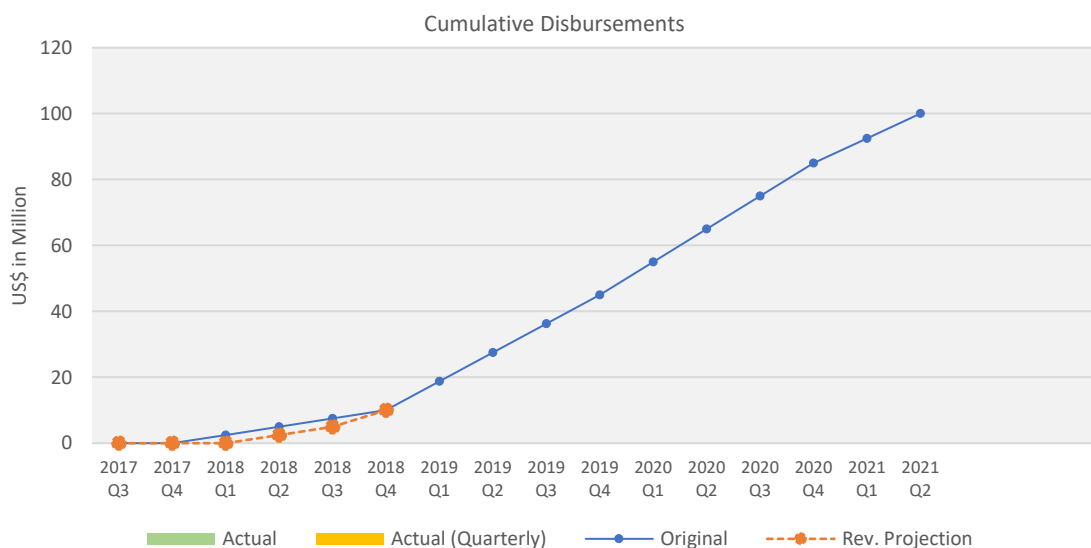
To increase access to infrastructure finance at the subnational level through a sustainable financial intermediary, which finances investment and technical assistance programs for: (i) urban transport systems; (ii) urban water supply and sanitation; (iii) drainage, flood and hazard risk; (iv) solid waste management systems; (v) slum upgrading and affordable housing; and (vi) primary healthcare and education facilities.

### 3. Key Dates

Loan Approval:	March 22, 2017	Loan Signing:	June 7, 2017
Effectiveness:	September 28, 2017	Restructuring (if any):	n/a
Orig. Closing:	December 31, 2020	Rev. Closing (if any):	n/a

### 4. Disbursement Summary

Net Commitment:	US\$100 M	Rev. Amount (if any):	n/a
Disbursed Amount:	US\$0 M	Disbursed (last quarter):	US\$0 M (US\$12.5mn next quarter)
Undisbursed Balance:	US\$100 M	Disbursement Ratio:	0 %



## 5. Project Implementation Status

The project is at the beginning of implementation. The project loan was effective on September 28, 2017 after some delays. The disbursement projection was revised accordingly. The disbursement is expected to catch up when actual construction works start in late 2018.

Components	Physical Progress	Safeguards Compliance	Procurement	Financial Management
Component 1: Capital Support for RIDF (US\$100 M)	0%	n/a	n/a	n/a
Component 2: RIDF Project Development Facility*	0%	n/a	n/a	n/a

\* US\$6 million financed by the Swiss Secretariat for Economic Affairs (SECO) and World Bank.

## 6. Key Issues and Complaints Received, and Actions

### Key Issues:

Continuing to build the pipeline of sub-projects is an immediate and high priority for project implementation. PT.SMI is putting greater efforts to build this pipeline, including: (i) direct support to Local Governments (LGs) in sub-project preparation under the Project Development Facility (PDF); and (iii) identification and detailed appraisal process of sub-projects; and (iv) ongoing coordination among the Ministry of Finance, the Ministry of Home Affairs, and PT. SMI to facilitate approvals for sub-project loans.

There are six sub-projects worth around US\$116.34 million at various stages in the RIDF pipeline - three at the loan offering stage, two in detailed appraisal, one in the process of completing project documents. There are some challenges for PT.SMI to assist the LGs in improving their awareness of the environmental and social issues, and their capacity to identify risks, prepare and implement the safeguards instruments. So far, PT.SMI has further strengthened its and the LGs' capacity by: finalizing its corporate-level ESMF; hiring additional safeguards specialists at PT.SMI; and developing sectoral guidance related to safeguards. The project continues to monitor and actively support PT.SMI and LGs in safeguards.

### Complaints: Nil

### Proposed Actions:

Actions	Responsible Party	Target Date	Status
Review of safeguards documents for two pipeline sub-projects	PT.SMI	November 30, 2017	Completed
Initiate procurement for Consultant Services for the Implementation Support Plan for RIDF	WB/ AIIB	December 31, 2017	Completed
Coaching clinics in safeguard capacity strengthening for Lampung Tengah, Simalungun, and Lombok Tengah	PT.SMI	January 31, 2018	Completed
Strengthen safeguards and fiduciary capacity for Papua and West Papua	PT.SMI	April 30, 2018	On track

## 7. Results Monitoring

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

Project Development Objective Indicators	Baseline (2016)	2017		2018		2019		2020		Others, if any
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	

Indicator 1: Number of subnational governments receiving RIDF loans	5	11	-	18		25				
Indicator 2: Average loan size approved by RIDF	≥100	≥120	-	≥150		≥150				
Indicator 3: Average tenor of loans approved by RIDF	5.0	6.5	-	8.0		8.0				
Indicator 4: Return on RIDF assets	≥1 %	≥1 %	-	≥1 %		≥1 %				
Indicator 5: Non-performing loans (NPLs)	<5 %	<5 %	-	<5 %		<5 %				
Indicator 6: Proportion of the total loan portfolio concentrated in a single sector	≤50 %	≤45 %	-	≤40 %		≤40 %				
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	100	200		300		400				
Indicator 2: Number of subproject loans appraised	≥5	≥15		≥25		≥40				
Indicator 3: Percentage of subproject-specific complaints received that are addressed / followed-up by subnational governments	80 %	90 %		100 %		100 %				