

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:	Finance	Sub-sector:	Intermediary financing
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; Henri Boullier de Branche, Sr. Environmental Specialist; Yangzom Yangzom, Procurement Specialist; Yi Geng, Sr. Financial Management Specialist; Liu Yang, Legal Counsel; Haiyan Wang, Sr. Finance Officer		
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		
Planned Site Visits by AiIB:	Mar, 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):	
Orig. Closing:	Dec. 31, 2020	Rev. Closing (if any):	Nov. 30, 2022

4. Disbursement Summary (USD million)

a) Committed:	100	b) Cancellation (if any):	
c) Disbursed:	38.2	d) Most recent disbursement: (amount / date)	5.23, Oct. 21, 2020

e) Undisbursed:	61.8	f) Disbursement Ratio(%) ¹ :	38.2
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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 nine sub-projects across seven SNGs worth IDR 1432.37 billion (USD101.58 million), including: North Sulawesi (general hospital and eye hospital), Central Lombok (public market), South Halmahera (roads and public market), Banjarbaru (public market), Tapin (general hospital), Musi Banyuasin (general hospital), and Southeast Sulawesi (cardiac hospital). Construction has been completed for the public market in Central Lombok, roads and market in South Halmahera. Construction is near completion for the public market in Banjarbaru. Construction for the two hospitals in North Sulawesi is underway and will be completed in early 2021. Procurement is underway for the hospital in Tapin that is currently preparing for the contract awarding. Procurement preparation is underway for the hospital in Musi Banyuasin and cardiac hospital in Southeast Sulawesi.

The sub-project pipeline is strong, as evidenced by the five sub-projects worth around IDR 719.01 billion (USD51 million) that are in various stages of receiving approvals from the DPRDs, MoF and MoHA. The sub-project in the City of Palopo (tourism) is under preparation for loan signing. Three sub-projects in the District of Tabalong (hospital), Province North Maluku (hospital), and North Hulu Sungai (hospital) are under loan appraisal.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Capital Support for RIDF (USD100 M)	3 sub-project (completed) and 5 sub-projects (under construction)	Extensive capacity-building provided at SNG level	Procurement process of 7 civil work packages completed.
Component 2: RIDF Project Development Facility (PDF)* (USD3 million financed by the Swiss State Secretariat for Economic Affairs (SECO) through the World Bank.	28 sub-projects prepared with PDF support	n/a	7 consulting services and individual consultants for FS, DEDs and ESAs 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 Sep 30, 2020 is acceptable to 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 (need to be confirmed with PT SMI), PT.SMI has not received any complaints related to safeguards.

7. Results Monitoring

n/a

Baseline Year: Jan. 1, 2016 End Target Year: Jan. 1, 2021

Project Objective Indicators	Year	Target	Actual	Others, if any
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2016	0	0	
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2017	5	0	
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2018	5	4	
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2019	10	5	

Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2020	15	9	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2016	0	0	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2017	equal to or larger than 100	-	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2018	equal to or larger than 100	118	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2019	equal to or larger than 120	126	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2020	equal to or larger than 150	159.1	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2016	0	0	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2017	5.0	-	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2018	5.0	5.0	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2019	5.0	4.9	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2020	5.5	4.5	
Indicator 5: Return on RIDF assets	Jan. 1, 2016	0	0	
Indicator 5: Return on RIDF assets	Jan. 1, 2017	equal to or larger than 1%	-	
Indicator 5: Return on RIDF assets	Jan. 1, 2018	equal to or larger than 1%	0	
Indicator 5: Return on RIDF assets	Jan. 1, 2019	equal to or larger than 1%	0	
Indicator 5: Return on RIDF assets	Jan. 1, 2020	equal to or larger than 1%	0	
Indicator 6: Non-performing loans	Jan. 1, 2016	0	0	
Indicator 6: Non-performing loans	Jan. 1, 2017	less than 5%	-	
Indicator 6: Non-performing loans	Jan. 1, 2018	less than 5%	0	
Indicator 6: Non-performing loans	Jan. 1, 2019	less than 5%	0	
Indicator 6: Non-performing loans	Jan. 1, 2020	less than 5%	0	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2016	0	0	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2017	equal to or less than 50%	-	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2018	equal to or less than 45%	61	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2019	equal to or less than 40%	43	
Indicator 7: Proportion of the total loan	Jan. 1, 2020	equal to or	67	

portfolio concentrated in a single sector		less than 40%		
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2021	18	-	
Indicator 1: Number of sub-national governments receiving RIDF loans.	Jan. 1, 2022	20	-	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2021	equal to or larger than 150	-	
Indicator 2: Average loan size approved by RIDF (IDR bn)	Jan. 1, 2022	equal to or larger than 150	-	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2021	6.0	-	
Indicator 3: Average tenor of loans approved by RIDF (years)	Jan. 1, 2022	6.0	-	
Indicator 5: Return on RIDF assets	Jan. 1, 2021	equal to or larger than 1%	-	
Indicator 5: Return on RIDF assets	Jan. 1, 2022	equal to or larger than 1%	-	
Indicator 4: Number of SNGs receiving assistance through ERRC	Jan. 1, 2022	10	-	
Indicator 6: Non-performing loans	Jan. 1, 2021	less than 5%	-	
Indicator 6: Non-performing loans	Jan. 1, 2022	less than 5%	-	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2021	equal to or less than 40%	-	
Indicator 7: Proportion of the total loan portfolio concentrated in a single sector	Jan. 1, 2022	equal to or less than 40%	-	
Indicator 8: Number of SNGs receiving capacity building training	Dec. 1, 2020	50	50	
Indicator 8: Number of SNGs receiving capacity building training	Jan. 1, 2022	75	-	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2016	0	0	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2017	50	0	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2018	50	39.2	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2019	100	52.5	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2020	150	128.8	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2016	0	0	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2017	equal to or larger than 5	0	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2018	equal to or larger than 5	8	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2019	equal to or larger than 15	17	

Indicator 2: Number of sub-project loans appraised	Jan. 1, 2020	equal to or larger than 25	28	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2016	0	0	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2017	80%	100%	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2018	90%	100%	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2019	100%	100%	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2020	100%	100%	
Indicator 4: Number of SNGs applying to ERRC (Number)	Jan. 1, 2022	20	-	
Indicator 5: Number of ERRC applications appraised (Number)	Jan. 1, 2022	15	-	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2021	200	-	
Indicator 1: Amount of capital raised (USD million)	Jan. 1, 2022	200	-	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2021	equal to or larger than 30	-	
Indicator 2: Number of sub-project loans appraised	Jan. 1, 2022	equal to or larger than 30	-	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2021	100%	-	
Indicator 3: Percentage of sub-project specific complaints received that are addressed/ followed-up by sub-national governments	Jan. 1, 2022	100%	-	

Remarks: n/a