

SBF Project Implementation Monitoring Report

Indonesia: COVID-19 Active Response and Expenditure Support Program

1. Project Information

Project ID:	000391	Investment Number:	L0391A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Economic Resilience/PBF	Sub-sector:	N/A
AIIB Financing Type:	Loan: 750 USD million	Co-financier(s):	ADB
E&S category:	C	Borrower:	Republic of Indonesia
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Finance		
Project Team Leader:	Toshiaki Keicho		
Project Team Members:	Amy Fang Lim Chua, Environmental Specialist Gerardo Pio Parco, Senior Environmental Specialist Yi Geng, Senior Financial Management Specialist Benedetta Magnaghi, Procurement Associate Bernardita Saez, Senior Counsel		
Completed Site Visits by AIIB:	Sep, 2020 A program monitoring meeting took place on September 22, 2020 with ADB and Ministry of Finance. Feb, 2021 A second quarterly Policy Committee Meeting took place on February 5, 2021 with ADB and Ministry of Finance.		
Planned Site Visits by AIIB:	N/A		

2. Project Summary and Objectives

This CRF project, co-financed with the Asian Development Bank was approved by the board in May 2020. This project has been approved as a policy-based loan under ADB's Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO).

The project's objective is to mitigate the adverse impacts of COVID-19 on the health of the Indonesian population as well as on the country's overall economy by providing budgetary support. The project aims to support the Government of Indonesia to provide urgently needed social expenditures and expand its social assistance programs for the poor and vulnerable to reduce the adverse social and economic impacts of COVID-19.

In response to the pandemic, the government had budgeted USD46.7 billion under the COVID-19 public health program and the National Economic Recovery program (PEN program) "Program" - 25% of the total government expenditure planned in 2020. The Program is broadly grouped into the following six categories (i) public health programs of USD5.9 billion (Rp87.6 trillion), (ii) social assistance programs of USD13.7 billion (Rp203.9 trillion), (iii) sectoral and regional programs of USD7.1 billion (Rp106.1 trillion), (iv) MSME programs of USD8.3 billion (Rp123.5 trillion), (v) enterprise incentive programs of USD8.5 billion (Rp120.6 trillion), and (vi) corporate financing programs of USD3.6 billion (Rp53.6 trillion).

3. Key Dates

Approval:	May. 20, 2020	Signing:	Jul. 3, 2020
Effective:	Aug. 11, 2020	Restructured (if any):	
Orig. Closing:	Mar. 31, 2021	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	750	b) Cancellation (if any):	
c) Disbursed:	750	d) Most recent disbursement: (amount / date)	750, Aug. 31, 2020

e) Undisbursed:	0	f) Disbursement Ratio(%) ¹ :	100
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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

As of 4 January 2021, 83% of the COVID-19 budget had been disbursed. In the 9 months since budget approval on 31 March 2020, the government has managed to spend \$38.900 billion of the \$46.646 billion budgeted across six clusters. The budget disbursement rate varied over time. It was very slow in the first 3 months to the end of June 2020 and then slowly picked up, becoming rapid in the last 2–3 months. The disbursement rate to the end of June 2020 was 11.64%, to early September 34.09%, to 28 December 72.89%, and to 4 January 2021 83.41%. The government has learned from the challenges and adopted the policies necessary to improve budget disbursement, such as through relaxed administrative procedures.

Over the same time period, four of six program clusters have disbursed more than 95% of their budgets, with corporate financing the highest at 100.0%, followed by the sectoral and regional at 98.0%; micro, small, and medium-sized enterprises (MSMEs) at 96.7%; social assistance at 95.7%; public health at 63.9%; and enterprise incentives at 46.5%. Disbursement on public health is initially low, mostly to reimburse medical expenses and provide incentives for medical workers. This was due to strict and time consuming procedures, necessitating approval from the National Health Insurance Agency and the Ministry of Health. To speed up the public health disbursement process, the government simplified reimbursement procedures for incentives and compensation for health-care workers. As a result, disbursement in the public health cluster actually increased from Q3 to Q4 in 2020. Further, the disbursement rates of the public health and enterprise incentive clusters (around 40%–60% as of reporting date) reflect the nature of reimbursement for medical expenses and tax relief. Also, seemingly low disbursement for enterprise incentives reflect delayed reporting, and disbursement may thus be underestimated.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Policy Based Loan	100%	N/A	N/A

Financial Management:

N/A

6. Status of the Grievance Redress Mechanism (GRM)

N/A

7. Results Monitoring

7 out of 11 indicators have already been achieved. For those that are partly achieved, they are on track in meeting the targets.

Baseline Year: Jan. 1, 2020 End Target Year: Apr. 1, 2022

Project Objective Indicators #1

COVID-19 outbreak more effectively managed and its social and economic damages mitigated.

Year	Target	Actual	Others, if any
Apr. 1, 2022	Poverty and unemployment indicators return to 2019 figures of 9.4% and 5.3% respectively	Poverty rate was estimated to be 10.34% and unemployment rate was 7.08% as of December 2020 (latest available data).	Baseline: Poverty of 12.8% and unemployment of 10.5% as projected for 2020
Dec. 31, 2020	Doubling rate of cases slowed to 16 days	The doubling rate of total confirmed cases was 45 days (7 day rolling period as of 31 December 2020).	Baseline: Doubling of cases every 8 days

Intermediate Result Indicators #1

1. Additional allocations of social assistance programs for the poor and vulnerable implemented

Year	Target	Actual	Others, if any
Dec. 31, 2020	Kartu Sembako (food	Kartu Sembako beneficiaries	Baseline: 15.2 million households as of January 2020

	assistance) beneficiaries increased to 20 million households (with at least 75% women)	have reached 19.4 million households. The Ministry of Social Affairs has reported that 90.7% of beneficiary households were headed by women.	
Dec. 31, 2020	Coverage of PKH increased to 10 million households, and amount transferred to households with pregnant women increased by approximately 25%	PKH has increased its coverage to 10 million households. 93% of them are headed by women. About Rp250,000 was disbursed to each pregnant women every month. This was an increase of 25% from the initial amount of Rp200,000 per month in 2019.	Baseline: 9.2 million households as of January 2020

Intermediate Result Indicators #2

2. Dedicated fund for COVID-19 prevention and control established

Year	Target	Actual	Others, if any
Jun. 30, 2020	Dedicated fund set up and list of eligible expenditures including required medical equipment and infrastructure needs finalized	The budget allocation for public health is \$6.675 billion for medical expenses, incentives for medical workers, death compensation for medical workers, subsidies for national health insurance, the COVID-19 Response Acceleration Task Force, tax incentives in the health sector, and a reserve for immunization and social protection in 2021.	Baseline: Dedicated fund not set up and list of eligible expenditures as of January 2020
Dec. 31, 2020	Full reimbursement of COVID-19 related hospital utilization expenses under the public health insurance scheme for at least 10,000 visits, with data disaggregated by sex	By December 2020, the Ministry of Health reports that the disbursed budget of public health insurance for hospital visits with 200,488 beneficiaries. Data on the gender characteristics of the beneficiaries are yet to be made available.	Baseline: Health insurance not covering hospitalization for COVID-19 as of January 2020
Dec. 31, 2020	Testing for COVID-19 increased to reach 800,000 people	By 27 December 2020, more than 4.7 million people had been tested for COVID-19.	Baseline: 20,000 in April 2020
Dec. 31, 2020	Incentives for medical workers increased by Rp15 million for specialist doctors, Rp10 million for general practitioners, Rp7.5 million for midwives and nurses, and Rp5 million for other medical personnel	The incentives for medical workers are 100% disbursed. Specialist doctors received incentives worth Rp15 million, specialist doctors in the education program Rp12 million, general practitioners Rp10 million, midwives and nurses Rp7.5 million, and other medical personnel Rp5 million.	Baseline: No incentives as of January 2020

Intermediate Result Indicators #3

3. Productive sectors safeguarded and manufacturing workers supported from the economic downturn.

Year	Target	Actual	Others, if any
Dec. 31, 2020	Interest rate for MSMEs credit program fully subsidized	By 4 January 2021, subsidies worth more than \$861 million for loan interest under the MSME incentive program were disbursed (99.32%). The Ministry of Cooperatives	Baseline: Interest on loans for MSMEs partly subsidized as of January 2020

		and SMEs reported that the program benefited 25.4 million MSMEs.	
Dec. 31, 2020	At least 50% of funds in the national recovery program is used to support at least 10,000 MSMEs	The national recovery program fund for MSMEs is 97.1% disbursed, benefiting more than 12 million MSMEs.	Baseline: No national recovery program for MSMEs as of January 2020
Dec. 31, 2020	6-months income tax relief implemented for manufacturing workers with annual incomes less than \$14,000 with at least 75% of formal sector female manufacturing workers eligible for the relief	Income tax relief under Article 21 implementation reached \$168 million, or 26.3% of its target, and Article 22 import exemption reach 100% of its target. The Ministry of Finance reported that the data are gender neutral.	Baseline: No income tax relief program as of January 2020

Remarks: