

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:	Economic Resilience/PBF - NA
AIB 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; David Ginting, Ankur Agrawal		
Completed Site Visits by AIB:	Sep, 2020 A program monitoring meeting took place on September 22, 2020 with ADB and Ministry of Finance.		
Planned Site Visits by AIB:			

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 (USD million)

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

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 funding under the project is being used to support the government's COVID-19 Program. The government of Indonesia has disbursed 34% of the allocated budget to the COVID-19 Program upto September 7th, 2020 while the rest is planned to be disbursed by the end of the year 2020. Social assistance programs recorded the highest disbursement (58.5% of the total allocated for the program), followed by the MSME program (47.4%).

The government is still exploring ways to increase the speed of disbursement for programs that are thus far lagging, which include public health (18%), enterprise incentives (16.5%), corporate financing (0%), and sectoral and regional support (22.1%). The relatively low disbursement rate of just 18% of the budget allocated for public health is of concern and is largely due to a lack of procurement readiness and delays on the supply side for the procurement of medical equipment and supplies.

To improve the effectiveness of the government's COVID-19 Program, the following is recommended:

1. Accelerating health-related procurement - procurement delays at the Ministry of Health require an administrative breakthrough to accelerate public health budget spending.
2. Data governance - data collection and information sharing is crucial for a coordinated approach. It is recommended that the government move toward a national "one-stop shop" framework, with preliminary phases involving the strengthening of data cooperation between the Ministry of Finance, Ministry of Health, Ministry of Social Affairs, and Ministry of Cooperatives and SMEs. This can be implemented through the existing national taskforce.
3. Broadening the MSME programs - the coverage of social assistance for MSMEs could include unregistered beneficiaries by introducing simple requirements and mechanisms for registration purposes, such as documentation of national identification.
4. Collaborations with various ministries and agencies in comprehensive monitoring.

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

Financial Management:

All Bank loan proceeds have been released in one tranche to the government, and so far one third of government allocated budget of Rp695.2 trillion for the Covid-19 Response was disbursed, and government's key priority will be accelerating disbursements.

6. Status of the Grievance Redress Mechanism (GRM)

N/A

7. Results Monitoring

The program is generally on track in meeting the indicators in the Results Framework.

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

Project Objective Indicators	Year	Target	Actual	Others, if any
Effect of the Program COVID-19 outbreak more effectively managed and its social and economic damages mitigated.	Apr. 1, 2022	(a) poverty and unemployment indicators return to 2019 figures of 9.4% and 5.3% respectively. (b) Doubling rate of cases slowed to 16 days by December 2020	a. Poverty rate was 9.8% as of March 2020 (the latest available data) and unemployment rate was 5.0% as of February 2020 (the latest available data). The doubling rate of total confirmed cases was 40	Baseline: (a) poverty of 12.8% and unemployment of 10.5% as projected for 2020. (b) Doubling of cases every 8 days

Intermediate Result Indicators	Year	Target	Actual	Others, if any
			days (7 day rolling period as of 7 September).	
1. Additional allocation of social assistance programs for the poor and vulnerable implemented	Dec. 31, 2020	<p>1.1 Kartu Sembako (food assistance) beneficiaries increased to 20 million households (with at least 75% women)</p> <p>1.2 Coverage of PKH increased to 10 million households, and amount transferred to households with pregnant women increased by approximately 25%</p>	<p>1.1 Kartu Sembako beneficiaries have reached 19.4 million households. The Ministry of Social Affairs has reported that beneficiaries included 19.5% of female-headed households. Data on sex of beneficiaries are not yet available.</p> <p>1.2 PKH has increased its coverage to 10 million households. The amount transferred to households with pregnant women and/or children aged 0 to 6 years was higher by 25%.</p>	
2. Dedicated fund for COVID-19 prevention and control established	Dec. 31, 2020	<p>2.1 By June 2020, dedicated fund set up and list of eligible expenditures including required medical equipment and infrastructure needs finalized</p> <p>2.2 By</p>	<p>2.1 There is budget allocation for medical expenses for handling COVID-19 subprogram (Rp65.8 trillion), but the list of eligible expenditures is yet to be made available</p>	

		<p>December 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</p> <p>2.3 By December 2020, testing for COVID-19 increased to reach 800,000 people</p> <p>2.4 By December 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</p>	<p>2.2 Rp958.8 billion has been spent on the down payment and partial reimbursement of hospitalization claims (a total of Rp2.1 trillion) to about 870 hospitals with approximately 36,600 COVID-19 patients as of 26 August 2020. Data on gender characteristics of the beneficiaries are yet to be made available.</p> <p>2.3 More than 1.4 million people have been tested for COVID-19.</p> <p>2.4 Approximately 110,000 medical workers across provinces have benefited from this program as of 26 August 2020. There is no information yet on how many of the recipients are medical doctors, nurses or others, and their individual characteristics</p>	
3. Productive sectors	Dec. 31, 2020	3.1 Interest	.1 Interest	

<p>safeguarded and manufacturing workers supported from the economic downturn.</p>		<p>rate for MSMEs credit program fully subsidized.</p> <p>3.2 At least 50% of funds in the national recovery program is used to support at least 10,000 MSMEs</p> <p>3.3 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.</p>	<p>rate subsidy programs for MSMEs are already implemented and ongoing. The rate of subsidy varies based on the loan size. Information on beneficiaries is with the banks entrusted to implement the program.</p> <p>3.2 Approximately 17 million MSMEs have benefitted from the related MSME subprograms (there is yet complete information to be able to calculate percentage of total funds used to support MSMEs)*</p> <p>3.3 Income tax relief expanded to more sectors outside manufacturing , lasting for 9 months. The level of implementation for the income tax relief article 21 (PPH 21 DTP) program has been 4% (Rp1.6 trillion) of its target. Approximately 114,400 enterprises out of 230,300 eligible</p>	
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			enterprises have received benefits as of 3 August 2020. Data on gender characteristics of the beneficiaries are yet to be made available.	
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Remarks: