



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
REGIONAL INFRASTRUCTURE DEVELOPMENT FUND
APPROVED ON MARCH 10, 2017
TO
REPUBLIC OF INDONESIA

URBAN, RESILIENCE AND LAND
EAST ASIA AND PACIFIC

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I. BASIC DATA

Product Information

Project ID P154947	Financing Instrument Investment Project Financing
Original EA Category Financial Intermediary Assessment (F)	Current EA Category Financial Intermediary Assessment (F)
Approval Date 10-Mar-2017	Current Closing Date 30-Nov-2022

Organizations

Borrower Republic of Indonesia	Responsible Agency PT Sarana Multi Infrastruktur
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Project Development Objective (PDO)

Original PDO

To increase access to infrastructure finance at the subnational level through a financially sustainable financial intermediary.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
COFN-C1480	22-Mar-2017	07-Jun-2017	28-Sep-2017	30-Nov-2022	100.00	38.25	61.75
IBRD-87140	10-Mar-2017	12-May-2017	28-Sep-2017	30-Nov-2022	100.00	38.35	61.65
TF-A3871	10-Mar-2017	12-May-2017	28-Sep-2017	25-Jun-2021	3.00	2.60	.40



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. This Restructuring Paper seeks approval for: (i) extension of the closing date of the Recipient Executed Trust Fund (RETF) grant (TF-A3871) under Component 2 of the Regional Infrastructure Development Fund (RIDF) Project from June 25, 2021 to May 31, 2022 (bringing the cumulative extension to 35 months since the original closing date of June 30, 2019); and (ii) amendment of the RETF Grant Agreement to expand the project description under Section 2.01 to include “Part 3. Early Response and Recovery Component (ERRC).” This RETF grant supports Component 2: RIDF Project Development Facility (PDF) of the RIDF Project and the proposed extension and amendment of the Grant Agreement will enable an uncommitted balance of about US\$400,000 to be fully utilized to support the preparation of ERRC subprojects under Component 3 that would contribute to recovery from the COVID-19 pandemic.
2. Background. The US\$100 million IBRD loan (Loan 8714-ID) for Component 1 of the RIDF Project, and the US\$3 million RETF Grant for Component 2, were approved on March 10, 2017 with closing dates of December 31, 2020 and June 30, 2019 respectively. The closing dates have since been amended to November 30, 2022 and June 25, 2021 respectively. Additionally, through the project restructuring approved on June 30, 2020, a new Component 3: ERRC has been added to enable rapid response to emergencies, including COVID-19, and IBRD loan proceeds in the amount of US\$25 million have been reallocated from Component 1 to Component 3.
3. The project development objective (PDO) of the RIDF Project is to increase access to infrastructure finance at subnational level through a financially sustainable financial intermediary. The PDO continues to be well aligned with the World Bank Group’s Indonesia Country Partnership Framework (CPF) for FY 2021-2025 and with Indonesia’s National Medium-Term Development Plan (RPJMN 2020-2024).
4. Project Status. The likelihood of achieving the project development objective (PDO) and overall implementation progress (IP) are both currently rated as Moderately Satisfactory. The project is in compliance with legal covenants, as well as Bank fiduciary and safeguard policies. There are no overdue audit reports and no unaddressed audit observations. In line with agreed measures, the implementing agency - PT. Sarana Multi Infrastruktur (PT.SMI), Ministry of Finance (MoF), and the World Bank held an anti-corruption workshop in February 2020 that discussed identified issues and raised awareness about “red flags” to monitor. PT. SMI continues to monitor and implement the agreed risk management plan.
5. Component 2: RIDF PDF. The performance of Component 2 is rated Satisfactory with all indicators achieving or exceeding targets. As indicated above, about US\$400,000 of the grant remains currently uncommitted because of: (i) savings from procurement; (ii) US Dollar – Indonesian Rupiah exchange rate movements; and (iii) interest income. The PDF has been instrumental in improving subproject preparation for RIDF. PDF support includes, but is not limited to, the preparation of master plans, feasibility studies, detailed engineering designs, environmental and/or social impact assessment reports, resettlement plans, relocation action plans, coaching clinics, technical workshops, and hands-on support for the preparation of standard bid documents. Twenty-nine subprojects have been prepared with assistance from the PDF, exceeding the target set. To date, 46 capacity building events - six socialization events, seven focus group discussions, eighteen coaching clinics, eight technical trainings, and six workshops - have been delivered to over



85 participating Subnational Governments (SNGs), achieving the target set. The proposed extension of the RETF grant and amendment of the Grant Agreement would enable the utilization of the uncommitted funds to provide support for project preparation and capacity building for ERRC subprojects under Component 3. The eligible expenditures under Component 2 will remain the same, as this component will continue to provide technical assistance to SNGs for subproject preparation, regardless of whether the resulting subproject is subsequently financed under Component 1 or Component 3. There will be no specific disbursement condition for this restructuring.

6. Proposed Changes. The proposed restructuring will (i) extend the closing date of the RETF under the RIDF Project (TF-A3871) from June 25, 2021 to May 31, 2022 and (ii) amend the Grant Agreement to expand the project description under Section 2.01 to include “Part 3. Early Response and Recovery Component (ERRC).” The PDO remains unchanged and PT. Sarana Multi Infrastruktur will remain the RETF Grant recipient and the implementing agency. No other changes are proposed to the project and the section “III. DETAILED CHANGES” is kept blank due to operation portal system constraints.

III. DETAILED CHANGES