



# Indonesia: Financial Market Development and Inclusion Program (Subprogram 2)

Project Name	Financial Market Development and Inclusion Program (Subprogram 2)																				
Project Number	48207-002																				
Country / Economy	Indonesia																				
Project Status	Active																				
Project Type / Modality of Assistance	Loan Technical Assistance																				
Source of Funding / Amount	<table><tr><td colspan="2">Loan 3541-INO: Financial Market Development and Inclusion Program (Subprogram 2)</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 400.00 million</td></tr><tr><td colspan="2">TA 9333-INO: Promoting Innovative Financial Inclusion</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 800,000.00</td></tr><tr><td colspan="2">TA 9333-INO: Promoting Innovative Financial Inclusion</td></tr><tr><td>Financial Sector Development Partnership Special Fund</td><td>US\$ 300,000.00</td></tr><tr><td colspan="2">TA 9333-INO: Promoting Innovative Financial Inclusion</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 300,000.00</td></tr><tr><td colspan="2">TA 9333-INO: Promoting Innovative Financial Inclusion</td></tr><tr><td>JP Morgan Chase</td><td>US\$ 310,000.00</td></tr></table>	Loan 3541-INO: Financial Market Development and Inclusion Program (Subprogram 2)		Ordinary capital resources	US\$ 400.00 million	TA 9333-INO: Promoting Innovative Financial Inclusion		Technical Assistance Special Fund	US\$ 800,000.00	TA 9333-INO: Promoting Innovative Financial Inclusion		Financial Sector Development Partnership Special Fund	US\$ 300,000.00	TA 9333-INO: Promoting Innovative Financial Inclusion		Technical Assistance Special Fund	US\$ 300,000.00	TA 9333-INO: Promoting Innovative Financial Inclusion		JP Morgan Chase	US\$ 310,000.00
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration																				
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships																				
Sector / Subsector	Finance / Finance sector development																				
Gender	Effective gender mainstreaming																				
Description	The proposed subprogram 2 supports the government's main reform priorities in developing and making the finance sector more inclusive, and represents a medium- to long-term partnership between the Asian Development Bank (ADB), the government, and the Financial Services Authority (OJK). The government's priority areas include (i) strengthening the regulatory structure for financial stability, (ii) deepening the financial market, and (iii) enhancing financial inclusion with a focus on promoting access to financial services to poor households and women.																				
Project Rationale and Linkage to Country/Regional Strategy	The program includes three subprograms aligned with the government's strategy and critical finance sector reforms. The first subprogram focused on establishing the OJK as a unified and independent financial services regulator and implementing international best practices. Subprogram 2 focuses on support to the consolidated finance sector master plan and advancing OJK's fiscal independence. Responding to government concerns of rising inequality and the recommendations from the 2016 National Financial Inclusion Strategy, subprograms 2 and 3 further expand ADB's engagement in financial inclusion, with a focus on improving poor families' access to financial services, financial literacy, and consumer protection. This provides the platform for a subsequent dedicated financial inclusion program in 2020. The approach uses policy-based lending as it embeds the policy matrix within the government's policy decision-making process. The loan proceeds provide incentives for reforms.																				
Impact	Annual growth rate of finance sector increased																				
Project Outcome																					
Description of Outcome	Development and inclusiveness of the finance sector increased																				
Progress Toward Outcome	Loan-single tranche was released on 15 Sept 2017 and was financially closed on 17 Nov 2017.TA9333-INO: VP approved an increase in TA amount on 12 Aug 2020 (\$300,000). Revised TA completion date is 27 June 2022.The TA is ongoing and the following are the detailed activities.The TA has engaged i) International Financial Inclusion Expert, ii) National Financial Inclusion Project Manager, ii) National Fintech Expert, iii) International Digital Platform Development Experts, iv) International Youth Engagement Expert, v) National Experiential Financial Literacy Teacher Training Firm, and vi) International Monitoring and Evaluation Expert to support the implementation of the activities under the TA outputs of i)increasing access to finance through innovative approaches, ii) financial literacy, and iii) consumer protection. The TA completion date was first extended from 30 June 2019 to 30 June 2020 to allow time for additional activities, i.e., consultant and resource person engagements in the field of financial inclusion and the engagement of services to develop a geospatial financial services mobile application and digital financial literacy. The second extension to 27 June 2022 was to allow for a change in scope to support the expansion of the youth financial inclusion ambassadors' program (DIKA) including support for the EIFIL an OJK-ADB joint initiative to support regional development banks to promote financial inclusion, and is aligned with the Post Program Partnership Framework (2019 2024) of the FMDIP Program and the Promoting Innovative Financial Inclusion Program (PIFIP) PBL that was approved in December 2020. On 10 December 2020, ADB approved an increase in TA amount by \$300,000 to support the development of the Last Mile pilot project to address the digital route-to-market strategies adopted by consumer-packaged goods (CPG) manufacturers.																				
Implementation Progress																					
Description of Project Outputs	Regulatory structure for financial stability strengthened Financial market deepened Financial inclusion enhanced																				

Status of Implementation Progress (Outputs, Activities, and Issues)

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Geographical Location	Nation-wide	
Safeguard Categories		
Environment		C
Involuntary Resettlement		C
Indigenous Peoples		C
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		
Responsible ADB Officer	Jayawardana, Poornima G.W.	
Responsible ADB Department	Southeast Asia Department	
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SERD	
Executing Agencies	Ministry of Finance Directorate General of Budget Financing and Risk Management	
Timetable		
Concept Clearance		24 Jun 2014
Fact Finding		23 Jan 2017 to 03 Feb 2017
MRM		26 Apr 2017
Approval		28 Jun 2017
Last Review Mission		-
Last PDS Update		29 Mar 2021

## Loan 3541-INO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Jun 2017	18 Jul 2017	07 Sep 2017	31 Mar 2018	-	15 Nov 2017

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	400.00	Cumulative Contract Awards			
ADB	400.00	10 Aug 2022	400.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	10 Aug 2022	400.00	0.00	100%

## TA 9333-INO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Jun 2017	19 Sep 2017	19 Sep 2017	30 Jun 2019	27 Jun 2023	-
Financing Plan/TA Utilization			Cumulative Disbursements		

ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,400,000.00	310,000.00	0.00	0.00	0.00	0.00	1,710,000.00	10 Aug 2022	1,168,229.46

Project Page <https://www.adb.org/projects/48207-002/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=48207-002>

Date Generated 05 June 2023

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