



Technical Assistance Subproject Report

Project Number: 52152-006
Knowledge and Support Technical Assistance (KSTA)
July 2019

Republic of Indonesia: Sustainable Infrastructure Assistance Program Phase II

Subproject 1: Innovative Infrastructure Financing, Infrastructure Planning, and Program Management Support

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Asian Development Bank

ABBREVIATIONS

ADB	– Asian Development Bank
COBP	– country operations business plan
CPS	– country partnership strategy
BAPPENAS	– Badan Perencanaan Pembangunan Nasional (Ministry for National Development Planning)
BTN	– Bank Tabungan Negara
IIF	– PT Indonesia Infrastructure Finance
IIGF	– PT Penjaminan Infrastruktur Indonesia (Persero) (Indonesia Infrastructure Guarantee Fund)
GoA	– Government of Australia
GDP	– gross domestic product
KSTA	– knowledge and support technical assistance
MOF	– Ministry of Finance
M&E	– monitoring and evaluation
NBFI	– non-bank infrastructure financing institutions
OJK	– Otoritas Jasa Keuangan (Financial Services Authority)
PPP	– public–private partnership
PMU	– SIAP2 Program Management Unit
RPJMN	– Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
SERD	– Southeast Asia Department
SIAP1	– Sustainable Infrastructure Assistance Program Phase I
SIAP2	– Sustainable Infrastructure Assistance Program Phase II
SMF	– PT Sarana Multigriya Finansial
SMI	– PT Sarana Multi Infrastruktur (Persero)
SOE	– state-owned enterprise
SNG	– subnational government
TA	– technical assistance
TASU	– technical assistance supervising unit
TRTA	– transaction technical assistance

NOTE

- (i) In this report, “\$” refers to United States dollars unless otherwise stated.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52152-006	
Project Name	Sustainable Infrastructure Assistance Program Phase II - Innovative Infrastructure Financing, Infrastructure Planning, and Program Management Support	Department/Division	SERD/IRM
Nature of Activity	Capacity Development	Executing Agency	National Development Planning Agency (BAPPENAS)
Modality	Subproject		
Country	Indonesia		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Organizational development		
Partnerships (PAR)	Public financial governance		
	Knowledge sharing activities		
Private sector development (PSD)	Bilateral institutions (not client government)		
	Official cofinancing		
	Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Not Applicable	
Household Targeting	No		
General Intervention on Poverty	No		
SDG Targeting	Yes		
SDG Goals	SDG9		
6. Risk Categorization	Risk Categorization does not apply		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		8.00	
Government of Australia (Full ADB Administration)		8.00	
Counterpart		0.00	
None		0.00	
Total		8.00	
Currency of ADB Financing: USD			

I. THE TECHNICAL ASSISTANCE SUBPROJECT

A. Overall Progress of the TA Cluster

1. The transaction technical assistance (TA) cluster (TA 0040–INO) for the Sustainable Infrastructure Assistance Program Phase II (SIAP2) is financed by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT) and administered by the Asian Development Bank (ADB).¹ This knowledge and support technical assistance (KSTA)² is a subproject under SIAP2 and will provide knowledge, capacity building, and policy advisory support for innovative infrastructure financing approaches and infrastructure planning. It will also support SIAP2 program management including financial management, fiduciary oversight, monitoring, evaluation, reporting, and communications. The design and monitoring framework of the KSTA is in Appendix 1. To date, there is no disbursement under SIAP2 as subprojects are still being processed.

B. Issues and Rationale

2. **Inadequate infrastructure a critical constraint to inclusive growth.** As a result of a long period of underinvestment, Indonesia's infrastructure lags behind that of many of its peers and is unable to support a path towards a modern and competitive economy. In 2017, annual infrastructure expenditure of approximately \$30 billion was dwarfed by annual investment needs of more than \$70 billion before adjusting for climate change.³ Under the National Medium-Term Development Plan, 2015–2019 (RPJMN),⁴ the government plans to deliver approximately \$415 billion worth of infrastructure projects, with central and local governments, state-owned enterprises (SOEs), and private sector financing accounting for 41%, 22%, and 37% of such investments, respectively. RPJMN 2020-2024, which is currently under development, is also expected to continue to prioritize infrastructure development and emphasize the need to leverage private sector capital, capacity and technology.

3. **Shallow and bank centered financial sector struggles to support Indonesia's infrastructure financing needs.**⁵ With assets of about 117% of gross domestic product (GDP), out of which 74% are concentrated in the banking sector, Indonesia's financial sector is small compared to Association of Southeast Asian Nations comparators such as the Philippines (193%), Viet Nam (215%), Thailand (359%) and Malaysia (385%). Project financing and more innovative structured products remain nascent. Legal lending limits applicable to single borrowers and borrower groups; Basel III norms and asset liability mismatch issues limit the scope of commercial

¹ ADB. 2018. *Technical Assistance to the Republic of Indonesia for the Sustainable Infrastructure Assistance Program Phase II*. Manila. SIAP2 was approved on 29 November 2018, became effective on 5 April 2019, and is due to close on 30 June 2024. SIAP2 provides (i) project preparation support to specific ensuing infrastructure projects listed in ADB's current and future Country Operations Business Plans for Indonesia; (ii) implementation and capacity building support to specific ongoing ADB-funded infrastructure projects; and (iii) knowledge and policy advisory support in the areas of infrastructure planning and financing, together with program management support for effective SIAP2 implementation.

² Upon approval of TA 0040–INO, ADB's Strategy, Policy, and Review Department waived relevant provisions of the Staff Instruction on Business Processes for Transaction Technical Assistance to allow the inclusion of one KSTA subproject in SIAP2.

³ ADB. 2017. *Meeting Asia's Infrastructure Needs*. Manila; International Monetary Fund. 2018. *Indonesia: 2017 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Indonesia*. Washington, DC.

⁴ Government of Indonesia. 2015. *National Medium-Term Development Plan (RPJMN), 2015–2019*. Jakarta.

⁵ ADB. 2019. *Report and Recommendation of the President to the Board of Directors: Financial Market Development and Inclusion Program (Subprogram 3)*. Manila.

banks' financing of infrastructure. With equity and local currency bond markets valued at approximately 51% and 19% respectively of GDP, Indonesia's capital market struggles to provide the long-term debt and equity financing needed to support government's ambitious infrastructure agenda. Unlike banks, institutional investors such as life insurance companies and pension funds are well suited to channel capital into infrastructure projects, because of the match between the long-term liabilities of such investors and the long-term nature of infrastructure investments. However, the institutional investor base is still relatively small in Indonesia, accounting for around 13% of GDP, and such investors tend to take a conservative and short-term approach to investments. Moreover, outside of liquid asset classes such as public equity and government bonds, participation of international institutional investors is limited due to lack of a market for currency and interest rate hedging instruments.

4. Capital market instruments such as project bonds, municipal bonds and asset backed securities offer internationally used and tested vehicles to crowd in capital into infrastructure projects but they face a variety of challenges in Indonesia.⁶ The corporate bond market in Indonesia is accessible only to large, well known issuers, and this prevents issuance of project bonds. Regulations requiring lengthy approval processes and maintenance of onerous debt service coverage ratio make it difficult for even the most credit-worthy subnational governments to issue municipal bonds. Finally, securitization vehicles used in Indonesia get unfavorable tax treatment, thereby diminishing their attractiveness.

5. **Potential for further enhancement of the catalytic role of non-bank infrastructure financing institutions (NBFIs).** NBFIs such as PT Sarana Multi Infrastruktur (SMI), PT Indonesia Infrastructure Finance (IIF), PT Penjaminan Infrastruktur Indonesia (IIGF), PT Sarana Multigriya Finansial (SMF), and Bank Tabungan Negara (BTN) continue to explore innovations to attract bank and institutional capital into the infrastructure and housing sectors through sound project preparation and the creation of new loan, capital market and guarantee products designed to suit the risk appetite of different types of financiers. A notable example is the launch of the "SDG Indonesia One" platform launched in 2018 by SMI with the goal of combining public and private funds to support preparation, de-risking and equity and debt financing of infrastructure projects aimed at achieving the Sustainable Development Goals. Such initiatives can benefit from financing, project preparation and knowledge support of development partners and can amplify the catalytic role of NBFIs.

6. **Infrastructure planning remains a critical challenge.**⁷ Inadequate spatial, land use, and sector planning makes it difficult to identify, prioritize, and sequence infrastructure investments. Priorities such as climate change, disaster resilience, gender equity and disability inclusiveness are not consistently integrated in infrastructure planning activities. Gaps in procurement and safeguard systems exacerbate planning challenges.

7. **Need for robust monitoring and evaluation (M&E) system for SIAP2.** The design of SIAP2 reflects lessons learned during the implementation of Sustainable Infrastructure Assistance Program Phase I (SIAP1), including (i) the importance of demand-driven and timely knowledge and policy advisory support; (ii) the need to effectively communicate program achievements; and (iii) the need to maintain an adequately staffed program management unit

⁶ World Bank. 2018. *Infrastructure Sector Assessment Program*. Jakarta.

⁷ ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Technical Assistance Loan Accelerating Infrastructure Delivery Through Better Engineering Services Project*. Manila. See also Center for Budget Policy of the Fiscal Policy Office, the Institute for Economic and Social Research, Faculty of Economics, University of Indonesia; and World Bank. 2012. *Identifying the Constraints to Budget Execution in the Infrastructure Sector: DIPA Tracking Study*. Jakarta.

(PMU). A well designed M&E system is critical not only to capture and build on such lessons learned but also to demonstrate SIAP2's achievements.

8. Linkage of SIAP2 with past and ongoing ADB assistance. Through a mix of lending and technical assistance operations, ADB has historically supported (i) capital market deepening including through establishment and strengthening of Otoritas Jasa Keuangan (OJK) as a unified and independent financial services regulator; (ii) establishment and operationalization of SMI, IIF and IIGF; (iii) regulatory reforms and capacity building to strengthen Ministry of Finance's (MOF) capability to manage fiscal risks related to infrastructure projects; and (iv) development of corporate sukuk market.⁸ Ongoing ADB support for key infrastructure financing initiatives includes: (i) assistance to DKI Jakarta and Central Java for municipal bond issuance, particularly around compliance with ratings and underwriting requirements; (ii) capacity building targeting SMI, IIGF and IIF for structuring, pricing, and managing risk associated with new products; (iii) assistance to SMI for designing a green finance facility window under the SDG Indonesia One platform to blend government, development partner, concessional and philanthropic resources for infrastructure projects with pre-defined green targets; and (iv) assistance to MOF for implementation of its disaster risk financing and insurance strategy launched in 2018.⁹

9. ADB has supported infrastructure planning activities.¹⁰ For example, in the energy and water resources sectors, ADB is supporting preparation of background and white papers for RPJMN 2020–2024. In the transport sector, ADB has supported preparation of plans to improve maritime and hinterland connectivity. In the urban sector, ADB has supported preparation of guidelines to make metropolitan spatial planning a tool to enhance resilience. Support is also being provided to strengthen country safeguard and public procurement systems.

10. Linkage of SIAP2 to RPJMN and ADB Strategy 2030 priorities. The proposed KSTA is aligned with the priorities of RPJMN 2015-2019 and ADB country partnership strategy 2016–2019 for Indonesia, as well as the expected direction of RPJMN 2020-2024. It also supports operational priorities and themes set forth in ADB's Strategy 2030. Through its support for innovative infrastructure financing approaches and robust infrastructure planning, the KSTA will mobilize private sector investment and support the government's efforts to: (i) make cities more livable; (ii) strengthen governance and institutional capacity; (iii) accelerate progress in gender equality; (iv) address remaining poverty and reduce inequalities; and (v) build climate and disaster resilience.

⁸ ADB. 2018. *Asian Development Bank Support to Indonesia's Capital Market Development, 2002–2017: A Background Paper*. Manila; ADB. 2017. *Indonesia: Infrastructure Reform Sector Development Program (Subprograms 1, 2, and 3, and an Infrastructure Project Development Facility): Completion Report*. Manila; ADB. 2016. *Technical Assistance to Republic of Indonesia: Strengthening Fiscal Risk Management of Accelerated Infrastructure Delivery*. Manila; ADB. 2009. *Proposed Loan and Equity Investment Republic of Indonesia: Indonesian Infrastructure Financing Facility Company Project*. Manila.

⁹ ADB. 2018. *Technical Assistance for Republic of Indonesia: Sustainable Infrastructure Assistance Program Phase I Subproject 16: Municipal Bond Issuance and Infrastructure Finance*. Manila; ADB. 2018. *Technical Assistance for Green and Innovative Finance Initiative for Scaling Up Southeast Asian Infrastructure*. Manila.

¹⁰ ADB. 2018. *Technical Assistance for Republic of Indonesia: Sustainable Infrastructure Assistance Program Indonesia Energy Sector Assessment and Priorities, 2020–2024*. Manila; ADB. 2016. *Technical Assistance for Republic of Indonesia: Republic of Indonesia: Improving Multimodal Connectivity to Support Integrated Land and Sea Tollway*. Manila; ADB. 2018. *Technical Assistance for Republic of Indonesia: Sustainable Infrastructure Assistance Program - Strengthening State Procurement Systems for Faster Infrastructure Delivery*. Manila; ADB. 2014. *Technical Assistance for Republic of Indonesia: Strengthening Knowledge Sharing in Indonesia*. Manila.

C. Subproject Outcome

11. The outcome of proposed KSTA is enhanced capacity of government agencies and SOEs for effective identification, preparation, implementation, and financing of infrastructure projects, which aligns fully with outcome of SIAP2.

D. Subproject Outputs, Methods, and Activities

12. **Output 1: Innovative infrastructure financing approaches delivered.** This output will support the development of policies, regulations, financial structures and capacity building programs in areas such as: (i) debt capital markets instruments including project, municipal, komodo, diaspora and green bonds and corporate sukuks; (ii) credit enhancement products for project bonds; (iii) municipal financing facility; (iv) securitization of infrastructure assets; (v) housing finance; (vi) disaster risk financing; (vii) green finance facility; (viii) PPPs; and (ix) fiscal risk management in respect of infrastructure projects.

13. **Output 2: Infrastructure planning support provided.** This output will provide knowledge, capacity building, and policy advisory support for (i) spatial, land use and sector planning (including preparation of prefeasibility studies); (ii) formulation of RPJMN 2020–2024; (iii) strengthening of national safeguard, public procurement and public financial management systems; and (iv) promotion of gender equality and disability inclusiveness.

14. **Output 3: M&E framework for SIAP2 designed and operationalized.** Under output 3, an M&E framework will be prepared and operationalized to address the reporting requirements of ADB and the governments of Indonesia and Australia. Such framework will meet DFAT's reporting requirements¹¹ including DFAT's Performance Assessment Framework¹² that includes indicators for additional financing co-invested in development and improvements to development policy.

15. Given the five year KSTA implementation period, evolving government priorities and shifting market dynamics, specific activities to be supported under outputs 1 and 2 will be approved over the life of the KSTA ensuring alignment with RPJMN 2020-2024, ADB Strategy 2030 and ADB's country partnership strategy for Indonesia as well as linkage to downstream ADB financing and/or credit enhancement support. Subject to governance rules set forth in paragraph 19, the KSTA is expected to initially support: (i) under output 1, specific activities related to issuance of municipal bonds and green corporate sukuks, establishment of disaster risk insurance pool, expansion of low income housing finance, and strengthening of fiscal risk management; and (ii) under output 2, specific activities related to the updating of sector plans in line with RPJMN 2020-2024, preparation of prefeasibility studies, strengthening of safeguards implementation, and promotion of gender equality and disability inclusiveness. These preliminary activities will support ADB's capacity development efforts and lending operations.¹³

E. Subproject Cost and Financing

16. The KSTA is estimated to cost \$8.08 million, \$8.0 million of which will be financed from the SIAP2 TA cluster on a grant basis by the Government of Australia and administered by ADB. The government will provide counterpart support in the form of counterpart staff, office space and supplies, secretarial assistance and domestic transportation. Cost estimates and financing plan are in Appendix 2.

¹¹ Through submission to DFAT of six-monthly progress reports, a final report and reports following TA review missions.

¹² Government of Australia, DFAT. 2018. *Performance Assessment Framework 3.0: Indonesia 2017/2018*. Canberra.

¹³ An overview of indicative 2019-2020 infrastructure financing and planning activities is accessible from the list of Supplementary Documents in Appendix 3.

F. Subproject Implementation Arrangements

17. **Implementing Agency.** BAPPENAS will be the implementing agency and the KSTA will be implemented from July 2019 to June 2024.

18. **ADB's Institutional Arrangements.** With the support of a PMU, ADB's TA officer will administer the KSTA and assume responsibility for SIAP2 program management, financial management, fiduciary oversight, monitoring, evaluation, reporting, and communications.

19. **Governance.** Oversight of KSTA will be undertaken by the SIAP steering committee comprising Deputy Minister for Infrastructure of BAPPENAS, the Minister Counsellor for Infrastructure and Economic Governance of DFAT, and the Country Director, IRM-ADB. The committee will (i) endorse all KSTA activities in accordance with governance rules and selection criteria set forth in Supplementary Appendices 1 and 2 respectively, and (ii) oversee implementation through biannual meetings and review of six-monthly SIAP2 progress reports.

20. **ADB's Procurement.** Procurement of goods and recruitment of consultants will be undertaken in accordance with the ADB Procurement Policy (2017, as amended from time to time) and applicable project administration instructions and staff instructions. Under the KSTA, (i) ADB will recruit firms to the extent practicable to support infrastructure financing initiatives while consultants to support PMU and infrastructure planning initiatives will be recruited through individual consultant selection; (ii) ADB may enter into consulting contracts based on the total approved subproject amount even if only a portion of such amount is available at the time of subproject approval; and (iii) to the extent ADB enters into multiyear consulting contracts, the PMU will ensure that the KSTA maintains adequate financial resources to meet all contractual payment obligations.¹⁴

Table 1: Subproject Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	July 2019–June 2024		
Implementing agency	Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional (BAPPENAS)		
Consultants	To be selected and engaged by ADB ^a		
	Selection method: all types	International expertise (220 pm)	\$5.4 million
	Selection method: all types	National expertise (280 pm)	\$1.4 million
Procurement	To be procured by ADB ^b		
	Office utilities and supplies/equipment	Multiple contracts	\$0.2 million
	Office space rental ^c	Multiple contracts	\$0.12 million per year
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Relevant fixed assets will be turned over to the government upon completion of SIAP2 or be disposed as ADB asset.		

pm = person-months

^a Output based or lumpsum contracts will be considered for consulting services.

^b To the extent possible, equipment will be leased.

^c ADB's institutional procurement procedures will apply. SIAP2 will bear rental expense from August 2019 onwards.

Source: Asian Development Bank estimates.

¹⁴ The PMU will include two long-term international individual consultants whose contracts will exceed \$200,000. Brief description of expertise required initially is included in Supplementary Document 5 (accessible from the list of Supplementary Documents in Appendix 3).

SUBPROJECT DESIGN AND MONITORING FRAMEWORK

Impact(s) the TA is Aligned with			
Infrastructure to support economic growth strengthened ^a			
Infrastructure services and better economic governance improved ^b			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome	By 2025:		
Capacity of government agencies and state-owned enterprises for effective identification, preparation, implementation, and financing of infrastructure projects enhanced ^c	a. Two subnational governments issued municipal bonds (Baseline: 0 in 2019)	a. Bond prospectus; Otoritas Jasa Keuangan (OJK), Indonesia Stock Exchange (IDX) and Indonesia Central Securities Depository (KSEI) registration documents	RPJMN 2020–2024 does not maintain its current priority of infrastructure investment in strategic infrastructure projects Deterioration in economic, market or policy/regulatory environment diminishes appetite from commercial banks and institutional investors for new financial products
	b. Five green corporate sukuk issued (Baseline: 0 in 2019)	b. Sukuk prospectus; OJK, IDX and KSEI registration documents	
	c. Pooling fund established to provide parametric disaster insurance to subnational governments (Baseline: N/A)	c. Articles of association of establishment of special purpose vehicle to provide parametric disaster insurance to subnational governments	
	d. Policy and risk management framework for low income housing finance scheme developed (Baseline: N/A)	d. Annual reports of Bank Tabungan Negara and PT Sarana Multigriya Finansial	
	e. \$11 billion of financing approved by ADB and co-financiers for SIAP2 supported projects and programs (Baseline: 0 in 2019)	e. Six-monthly SIAP2 progress reports	
Outputs			
1. Innovative infrastructure financing approaches delivered	1a. Government strategy for municipal bond guarantee fund developed by 2022 (Baseline: N/A)	1a. Municipal bond guarantee strategy and policy document	Varying levels of public sector commitment and resources to introduce innovations and/or implement reforms
	1b. Study on expanding green corporate sukuk issuance completed by 2020 (Baseline: N/A)	1b. Final consultant report	

	1c. Government strategy for disaster risk insurance pooling fund developed by 2022 (Baseline: N/A)	1c. Ministry of Finance policy document	
	1d. Study on policy options for expanding low-income housing finance completed by 2022 (Baseline: N/A)	1d. Final consultant report	
2. Infrastructure planning support provided	2a. Safeguard documentation for SIAP2 supported projects and programs prepared in line with ADB's Safeguard Policy Statement (2009) and government regulations by 2024 (Baseline: N/A)	2a. Six-monthly SIAP2 progress reports	
	2b. Gender documentation for SIAP2 supported projects and programs prepared in line with ADB's gender mainstreaming category system by 2024 (Baseline: N/A)	2b. Six-monthly SIAP2 progress reports	
	2c. Four prefeasibility studies prepared in energy, transport, urban infrastructure and/or water resources sectors by 2021 (Baseline: 0 in 2019)	2c. Six-monthly SIAP2 progress reports	
3. Monitoring and evaluation (M&E) framework for SIAP2 designed and operationalized	3a. M&E framework approved by 2019 (Baseline: N/A)	3a. SIAP steering committee minutes	
	3b. Satisfactory DFAT rating of M&E framework by 2024 (Baseline: N/A)	3b. Final project performance rating assigned by DFAT	

Key Activities with Milestones

1. Innovative infrastructure financing approaches delivered

- 1.1 Undertake study to determine cost, policy and regulatory factors hindering green corporate sukuk issuance by 2020.
- 1.2 Support strengthening of fiscal risks reporting in the financial note of the state budget (Anggaran Pendapatan dan Belanja Negara) by 2020.
- 1.3 Design bond guarantee fund to credit-enhance the senior municipal bonds by 2022.
- 1.4 Assess policy options for expanding availability of low-income housing and designing suitable low-income housing finance schemes by 2022.

- 1.5 Support development of integrated risk management system covering risks from infrastructure projects, infrastructure SOEs, guarantees, and other fiscal risks by 2022.
- 1.6 Support appraisal of guarantee proposals, viability gap for PPP projects and fiscal risks from contingent liabilities of SOEs by 2022.
- 1.7 Organize at least 5 capacity building workshops by 2022.
- 1.8 Support establishment and operations for disaster risk insurance pooling fund by 2024.
- 1.9 Provide structuring, pricing, risk assessment and investor outreach support for pilot launch of innovative infrastructure financing products by non-bank infrastructure financing institutions by 2024.

2. Infrastructure planning support provided

- 2.1 Support preparation of spatial, land use and sector plans (including preparation of prefeasibility studies) in energy, transport, urban infrastructure, and water resources sectors by 2021.
- 2.2 Provide assistance to strengthen national safeguard, public procurement and public financial management systems during 2019-2024.
- 2.3 Support safeguards documents preparation and implementation for SIAP2 supported projects during 2019–2024.
- 2.4 Assist in integration of gender and disability responsive design features in the physical and non-physical components of SIAP2 supported projects during 2019–2024.

3. M&E framework for SIAP2 designed and operationalized

- 3.1 Prepare and secure ADB approval for at least five TA subprojects by 2022.
- 3.2 Staff and maintain Program Management Unit during 2019–2024.
- 3.3 Develop, implement, and (as needed) refine monitoring and evaluation framework, financial management, and reporting systems during 2019–2024.
- 3.4 Develop, implement, and (as needed) refine communications strategy to disseminate SIAP2 achievements and lessons learned during 2019–2024.
- 3.5 Hold annual Strategic Directions Meetings by 2024.
- 3.6 Communicate and coordinate with counterparts from the governments of Indonesia and Australia and other development partners on ongoing and planned activities during 2019-2024.
- 3.7 Upload reports and knowledge products prepared on ADB website during 2019–2024.

Inputs

Government of Australia: US\$8,000,000

Note: The government will provide counterpart support in the form of counterpart staff, office space and supplies, secretarial assistance and domestic transportation.

ADB = Asian Development Bank; IDX = Indonesia Stock Exchange; KSEI = Indonesia Central Securities Depository; M&E = monitoring and evaluation; OJK = Otoritas Jasa Keuangan (Financial Services Authority); RPJMN = Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan); SIAP = Sustainable Infrastructure Assistance Program; SIAP2 = Sustainable Infrastructure Assistance Program Phase II; SOE = state-owned enterprise.

^a ADB. 2016. *Indonesia 2016–2019: Towards a Higher, More Inclusive and Sustainable Growth Path*. Manila.

^b Government of Indonesia. 2015. *National Medium-Term Development Plan, 2015–2019*. Jakarta. RPJMN 2020-2024 is expected to continue to prioritize infrastructure development.

^c ADB. 2018. *Technical Assistance to the Republic of Indonesia for the Sustainable Infrastructure Assistance Program Phase II*. Manila.

Source: Asian Development Bank.

SUBPROJECT COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Government of Australia^a	
1. Remuneration and per diem	
a. International consultants	5,400
b. National consultants	1,400
2. Out-of-pocket expenditures	
a. International and local travel	200
3. Office space rental and related facilities ^b	800
4. Training, seminars, workshops, forum and conferences ^c	100
5. Miscellaneous administration and support costs	50
6. Contingencies	50
Total	8,000

Note: The technical assistance (TA) is estimated to cost \$8.08 million, of which contributions from the Government of Australia are presented in the table above. The government will provide counterpart support in the form of counterpart staff, staff time, and other in-kind contributions. The value of the government contribution is estimated to account for 1% of the total TA cost, but no financial contribution is required. To meet all contractual payment obligations under the KSTA, appropriate amounts will be earmarked from each tranche received from the Government of Australia.

^a Financed by the Government of Australia, Department of Foreign Affairs and Trade, and administered by the Asian Development Bank.

^b Includes office utilities and equipment.

^c Includes (i) travel costs of ADB staff acting as resource persons and (ii) representation expenses of up to \$10,000 for the SIAP Steering Committee and PMU, subject to applicable BPMSD guidelines.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52152-006-TARreport>

1. Terms of Reference for Consultants to Support SIAP Program Management Unit

Supplementary Documents

1. Overview of 2019-2020 Indicative Infrastructure Financing Activities
2. Overview of 2019-2020 Indicative Infrastructure Planning Activities
3. Governance mechanism for SIAP2
4. Criteria for selecting infrastructure financing and planning activities
5. Experts Required to Initially Support Infrastructure Financing and Planning Activities