



# Indonesia: Promoting Research and Innovation through Modern and Efficient Science and Technology Parks Project

Project Name	Promoting Research and Innovation through Modern and Efficient Science and Technology Parks Project				
Project Number	55063-001				
Country / Economy	Indonesia				
Project Status	Approved				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td>Loan 4272-INO: Promoting Research and Innovation through Modernization and Enhancement of Science and Technology Park (PRIME STeP)</td> <td></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 138.52 million</td> </tr> </table>	Loan 4272-INO: Promoting Research and Innovation through Modernization and Enhancement of Science and Technology Park (PRIME STeP)		Ordinary capital resources	US\$ 138.52 million
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Ordinary capital resources	US\$ 138.52 million				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Education / Tertiary				
Gender Equity and Mainstreaming	Effective gender mainstreaming				
Description	<p>Macroeconomic context. In 2020, Indonesia was the world's 4th most populous nation with over 260 million people and the 7th largest economy in terms of purchasing power parity. Indonesia's annual gross domestic product (GDP) growth has averaged 5.0% since 2015, and poverty levels fell to single digits in 2018 for the first time. However, due to the coronavirus disease (COVID-19) pandemic and the restrictions put in place to contain the spread of the virus, its GDP growth contracted by 2.1% in 2020, grew at a slower rate of 3.7% in 2021 and estimated to grow at 5.0% in 2022. To sustain economic recovery, Indonesia has to safeguard health and human development; reopen the economy, create jobs, and boost consumption; and pursue broader and deeper structural reforms to raise productivity and growth.</p> <p>Importance of research and development and innovation. Prior to the pandemic, the main factor constraining economic growth had been a flat productivity rate partly attributed to limited technology sophistication in Indonesian industries. Technology sophistication means using more advanced operations and technologies with extensive research and development (R&amp;D) in production and industry processes. There is also a lack of absorptive capacity for technology and innovation knowhow among Indonesia's workforce. A study by the Asian Development Bank (ADB) and the Ministry of Finance indicates that the adoption of new technologies could result in an additional annual GDP growth of 0.55 percentage points over the next two decades, thereby putting Indonesia's economy in the high-income group.</p> <p>Government's strategy. Indonesia's policy on science and technology, and innovation is framed under the National Medium-Term Development Plan (RPJMN), 2020-2024, especially its pillar 1 and pillar 2. Pillar 1 emphasizes human development and mastery of science and technology, while pillar 2 focuses on sustainable economic development. The development of Science and Technology Parks (STPs) is part of the vision and mission of the President of the Republic of Indonesia and is affirmed by the Presidential Regulation Number 18 of 2020 issued on 27 January 2020. RPJMN 2020-2024 prioritizes the development of five STPs under the following higher education institutions (HEIs): Bogor Agriculture University (IPB), Institute of Technology Bandung, Gajah Mada University, University of Indonesia, and Institute of Technology Sepuluh Nopember. Indonesia has also taken important steps to strengthen its innovation system through new fiscal incentives for R&amp;D, large investments in digital infrastructure, and new funding mechanisms to support research.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>Key government stakeholders. The Ministry of Education, Culture, Research and Technology (MOECRT) is mandated to formulate and determine policies in science and technology, and coordinate the implementation of science and technology policies in HEIs. R&amp;D activities in Indonesia are conducted by HEIs, government R&amp;D agencies, and private sector organizations. Each HEI has an obligation to undertake the three pillars (Tri Dharma) of higher education comprising education, research, and community service. Large HEIs which are classified as Perguruan Tinggi Negeri Badan Hukum have the authority to manage the allocation of research fund received from the government and other sources, select research proposals, and usually have own innovation units, such as STPs, to support downstream R&amp;D development.</p> <p>Science and technology parks. The development of STPs is one of the government's strategies for downstream R&amp;D. An STP is a professionally managed organization to (i) serve as a platform for continuous R&amp;D cooperation between tertiary institutions, R&amp;D institutions, and industry; (ii) facilitate growth of innovation-based companies through incubation and/or spin off; and (iii) provide value added and quality learning services. Indonesia aims to (i) increase the STPs' innovation capabilities, (ii) improve the STPs' capacity as triple-helix nodes bringing together learning institutions, enterprises, and government agencies under common purposes of strengthening cooperation in R&amp;D thus transforming research results into innovative commercial products; and (iii) increase national innovation products.</p>				
Impact	Competitiveness of Indonesia's economy and sustained economic growth strengthened through research and development and innovation				
Project Outcome					
Description of Outcome	Quality and relevance of R&D and innovation system in four STPs improved				
Progress Toward Outcome					
Implementation Progress					

Description of Project Outputs	Facilities for research and development and innovation at four science and technology parks upgraded The four science and technology parks research and development administration, partnerships, and start-up incubation strengthened Capacity of the four science and technology parks and the Ministry of Education, Culture, Research and Technology strengthened
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location	Nation-wide
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#### 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 Chong, Fook Yen

Responsible ADB Department Southeast Asia Department

Responsible ADB Division Human and Social Development Division, SERD

Executing Agencies Kementerian Riset dan Teknologi/Badan Riset dan Inovasi Nasional  
Ministry of Education, Culture, Research and Technology  
Ministry of Research, Technology and Higher Education

#### Timetable

Concept Clearance 20 May 2022

Fact Finding 13 Jun 2022 to 24 Jun 2022

MRM 20 Sep 2022

Approval 08 Dec 2022

Last Review Mission -

Last PDS Update 08 Dec 2022

## Loan 4272-INO

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	152.80	Cumulative Contract Awards			
ADB	138.52	-	0.00	0.00	%
Counterpart	14.28	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page <https://www.adb.org/projects/55063-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=55063-001>

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