



Indonesia: Inclusive Growth through Improved Connectivity Program, Subprogram 2

Project Name	Inclusive Growth through Improved Connectivity Program, Subprogram 2														
Project Number	46093-004														
Country	Indonesia														
Project Status	Closed														
Project Type / Modality of Assistance	Loan														
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3068-INO: Inclusive Growth through Improved Connectivity, Suprogram 2</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 400.00 million</td> </tr> <tr> <td colspan="2">Loan: Inclusive Growth through Improved Connectivity, Suprogram 2</td> </tr> <tr> <td>Agence Francaise de Developpement</td> <td>US\$ 100.00 million</td> </tr> <tr> <td>World Bank</td> <td>US\$ 300.00 million</td> </tr> <tr> <td colspan="2">Loan: Inclusive Growth through Improved Connectivity Program, Subprogram 2</td> </tr> <tr> <td>Japan International Cooperation Agency</td> <td>US\$ 200.00 million</td> </tr> </table>	Loan 3068-INO: Inclusive Growth through Improved Connectivity, Suprogram 2		Ordinary capital resources	US\$ 400.00 million	Loan: Inclusive Growth through Improved Connectivity, Suprogram 2		Agence Francaise de Developpement	US\$ 100.00 million	World Bank	US\$ 300.00 million	Loan: Inclusive Growth through Improved Connectivity Program, Subprogram 2		Japan International Cooperation Agency	US\$ 200.00 million
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Strategic Agendas	Inclusive economic growth Regional integration														
Drivers of Change	Partnerships Private sector development														
Sector / Subsector	Transport - Transport policies and institutional development														
Gender Equity and Mainstreaming	No gender elements														
Description	The proposed subprogram 2 will support the continuation of reforms on the second strategic pillar of the MP3EI achieved under the first subprogram. The government has implemented further reforms aimed at improving the policy, regulatory, financial, institutional, and business climate frameworks for connectivity and infrastructure development. A stronger enabling environment for domestic and international connectivity will in turn enable increased infrastructure investments by the public and private sectors to support sustainable higher and more inclusive economic growth. Now there is increased urgency to accelerate implementation of these reforms to accelerate connectivity improvement and infrastructure development in general as economic growth has started to slow the protracted nature of the recovery of the global economy.														
Project Rationale and Linkage to Country/Regional Strategy	Indonesia recorded strong economic growth averaging around 6% in the last six years. Despite this achievement, a number of studies suggest that the economic growth is still below the country's potential. Indonesia also made significant strides in reducing poverty as its incidence declined from 16.6% in 2007 to 12% in 2012. At the same time, although poverty incidence is declining, the country experienced a steady rise in inequality; as shown by an increasing Gini coefficient. The government's long-term Master Plan for Acceleration and Expansion of Indonesia's Economic Development, 2011- 2025 (MP3EI) targets to achieve higher and more inclusive economic growth based on three pillars strategy: (i) spreading economic development across the country through development of six economic corridors, (ii) improving domestic and international connectivity, and (iii) enhancing technology and human resources. The MP3EI includes regulatory reforms as an integral step in accelerating economic development.														
Impact	Reduced Transport and Logistics Costs														

Project Outcome

Description of Outcome	Better Developed Domestic and International Connectivity
Progress Toward Outcome	

Implementation Progress

Description of Project Outputs	Connectivity Coordination and Regulatory Framework Strengthened Key Initiatives to Upgrade Intra-island Connectivity Implemented Measures and Strategy to Improve Inter-island Connectivity Put in Place Key Policies Executed to Enhance International Connectivity
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Implementation of the program will not have environmental impact
Involuntary Resettlement	The program will not entail any land acquisition and/or physical and economic displacement of people
Indigenous Peoples	The program will not benefit or negatively impact indigenous people

Stakeholder Communication, Participation, and Consultation

During Project Design	The overall program supports the government's efforts in four core reform areas. ADB and other development partners develop the program in close consultation with the government's Connectivity Working Group and other stakeholders. The policy actions were developed to ensure consistency with the government's development efforts and initiatives, as outlined in the RPJMN 20102014 and the MP3EI 2011-2025. After completing all the core policy actions under subprogram 1 in mid-September 2012, the government made significant progress in implementing core policy actions for subprogram 2.
During Project Implementation	The government has formed a steering committee, chaired by the vice-minister of BAPPENAS, with senior representatives of the implementing agencies and development partners (ADB, Japan International Cooperation Agency, and the World Bank) as members. The committee meets semi-annually to review and confirm attainment and compliance with policy actions and to provide overall guidance on the implementation of the reform agenda under the Program. The committee works with the connectivity working group, which is also chaired by BAPPENAS and responsible for coordinating the implementation of the government's connectivity reform agenda under MP3EI.

Business Opportunities

Consulting Services	Not required
Procurement	Not required

Responsible Staff

Responsible ADB Officer	Aji, Priasto
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Indonesia Resident Mission
Executing Agencies	<i>National Development Planning Agency (BAPPENAS) EDDYTK@BAPPENAS.GO.ID Jl. Taman Suropati No. 2 Jakarta 10310 Indonesia</i>

Timetable

Concept Clearance	25 May 2012
Fact Finding	18 Apr 2013 to 26 Jun 2013
MRM	-
Approval	27 Nov 2013

Last Review Mission

-

Last PDS Update

02 Apr 2014

Loan 3068-INO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Nov 2013	29 Nov 2013	18 Dec 2013	31 Mar 2014	-	03 Feb 2014

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	800.00	Cumulative Contract Awards			
ADB	400.00	27 Nov 2013	400.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	400.00	27 Nov 2013	400.00	0.00	100%

Project Page <https://www.adb.org/projects/46093-004/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=46093-004>

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