



Indonesia Sustainable Urbanization Multi Donor Trust Fund (IDSUN MDTF)



Indonesia's Urban Story Exhibition at the Stock Exchange Building, Jakarta, Indonesia. (Photo: World Bank)

Rationale

Indonesia is undergoing a rapid transformation, from a predominantly rural into an urban economy. However, Indonesia is comparatively benefitting less from the potential positive returns to urbanization in terms of Gross Domestic Product (GDP) growth and poverty reduction. The Indonesia Sustainable Urbanization Trust Fund (IDSUN) is a program planned by the World Bank to support the Government of Indonesia (GOI) and Indonesia's secondary cities to meet the challenges of urban infrastructure financing, urban management and strategic project preparation. The Government of Switzerland, via SECO (Swiss State Secretariat for Economic Affairs), agreed to provide USD13.4 million of grants for the implementation of technical assistance and capacity-building activities of the trust fund.

Objectives and Activities

IDSUN aims to enable the GOI and Indonesia's cities to meet pressing needs in urban infrastructure financing, urban management, and strategic project preparation through technical assistance and capacity building activities. IDSUN works in several key areas and offers 4 suites of solutions:

Country/Region
Indonesia

Executing Agency
World Bank

Government Partner
National Development Planning Agency, Ministry of Public Works and Housing

Project Duration
2016-2021

Total Budget
USD
23'250'000

SECO Contribution
USD
14'900'000

- a. **Financing Solutions:** Refine operational procedures of an infrastructure fund for city executed infrastructure investments, coupled with a facility to support cities in preparing these projects.
- b. **Advisory Solutions:** Assist cities in developing data-driven strategic plans and in enhancing their options to access infrastructure financing.
- c. **Program Solutions:** Provide solutions in conceptualizing and implementing projects in urban transport, urban floods, disaster risk management, and urban water supply.
- d. **Policy Solutions:** Provide policy inputs through a series of knowledge products and knowledge exchange on sustainable urbanization.

Governance Structure

The IDSUN MDTF is managed and implemented by the World Bank – Indonesia country office. The trust fund is guided by a Steering Committee, which consists of the World Bank, Gol, and SECO. The committee's responsibilities are to provide strategic orientation, foster stakeholders coordination, review the annual report, and approve the annual work program and financial plan. The committee meets annually and is co-chaired by BAPPENAS, and the World Bank.

Results to Date

The results to date are as follow:

- a. The implementation of PDF (Project Development Facility) and RIDF (Regional Infrastructure Development Fund) have enhanced Sub-National Governments' (SNGs') access to financing for large and multi-year infrastructure projects. Up to December 2019, 19 sub-projects have received project preparation and appraisal assistance from the PDF, and 4 SNGs have secured loan financing from RIDF with total value of USD 52.5 million for 6 projects.
- b. Urban transport project financing at SNG level has also improved. The National Urban Transport Support Program (NUTSP), which is a national platform to channel financing and capacity building for major urban transport projects at the SNG level, has been incorporated in the National Medium Term Development Plan (RPJMN) 2020-2024. The RPJMN 2020-2024 has now concretely included 6 Indonesian metropolitan areas as priority areas for urban transport improvements.
- c. As of July 2019, IDSUN has included the National Urban Water Support Program (NUWSP) component that aims to support Central and Sub-National Governments in accessing finance for the water sector. As of March 2020, it is expected that 14 PDAMs (water utilities) will leverage a total of approximately USD 180 million worth of non-public financing.
- d. Urban planning capacity in three pilot cities, Semarang in Central Java, Denpasar in Bali, and Balikpapan in East Kalimantan has improved as these cities are well in the process of implementing improved data-driven planning through IDSUN's City Planning Lab (CPL) activities – which has also received the Data Innovation Fund Award.
- e. The Indonesia Urbanisation Flagship Report '*Time to ACT: Realising Indonesia's Urban Potential*' was successfully launched and published in October 2019 and was met with great enthusiasm. The report now has almost 500,000 downloads, making it World Bank Group's third most downloaded report of all time.