



Indonesia Sustainable Urbanization Trust Fund (IDSUN)

Background

Indonesia is undergoing a rapid structural 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 growth of Gross Domestic Product 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.

SECO's contribution is expected to leverage over USD1.0 billion in infrastructure investments through the World Bank loans, and funding from the GOI.

Objectives and activities

IDSUN aims to enable the Government and Indonesia cities to meet pressing needs in urban infrastructure financing, urban management, and strategic project preparation through technical assistance and capacity building activities.

INDOBUS works in several key areas as described below:

- Refine operational procedures of an infrastructure fund for city executed infrastructure investments, coupled with a facility to support cities in preparing these projects.
- Assist cities in developing data-driven strategic plans and in enhancing their options to access infrastructure financing.
- Provide policy advice to central ministries as well as technical support for municipalities to catalyze the delivery of infrastructure in the sectors of urban mobility and disaster risk reduction.

Country/Region

Indonesia

Executing Agency

World Bank

Government Partner

National
Development
Planning
Agency,
Ministry of
Public Works
and Housing

Project Duration

2016-2019

Total Budget

USD 21,750,000

SECO Contribution

USD 13,400,000

- d. Dissemination of key messages on specific urban development gaps and capacity-building to inform national policy makers.

Governance structure

The trust fund will be channelled and managed by the World Bank Indonesia country office. The implementation and supervision will be conducted by a Program Manager and a Task Team Leader. The trust fund will be guided by a tripartite steering committee consisting representatives from the World Bank, GOI, and SECO.

The committee's responsibilities are to provide strategic orientation, foster coordination among stakeholders, review the annual report, and approve the annual work program and financial plan. The committee will meet annually and be co-chaired by the Director General of Human Settlement (DGHS) at the Ministry of Public Works and Housing (MOPWH), and the World Bank's Country Director. It will also include representatives from the Ministry of Finance (MOF), Ministry of Transport (MOT), and Ministry of National Development Planning (BAPPENAS).

Expected results

The expected results of the project are as follows:

- a. Enhanced access for local governments to national debt financing for large and economically viable multi-year infrastructure investments.
- b. Improved awareness and capacity on geospatial data management and GIS-based spatial planning and analytics to inform policies and investments.
- c. Enhanced technical capacity of city governments to engage in long term integrated strategic planning.
- d. Improved financial management in participating cities and creditworthiness to establish options for accessing alternative source of funding.
- e. Improved conditions for urban transport systems: a national framework for urban transport defines modalities of urban transport investments and selected municipalities integrate major transport projects into a wider transit oriented development plan.
- f. Increased awareness and capacity at national and city level to develop planning, investment, and recovery tools to reduce flood and disaster risk and increase urban resilience.