

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Indonesia: 2016 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
1,256.90	470.00	8.30	17.00	1,752.20

Note: Grants and technical assistance include ADB-administered cofinancing.

Indonesia: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	275	4,425.10	13.20
Education	80	2,455.75	7.33
Energy	90	5,864.89	17.49
Finance	67	4,352.93	12.98
Health	46	1,104.99	3.30
Industry and Trade	40	1,160.58	3.46
Public Sector Management	111	6,302.69	18.80
Transport	90	3,702.25	11.04
Water and Other Urban Infrastructure and Services	93	2,358.25	7.03
Multisector	28	1,797.20	5.36
Total	920	33,524.63	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of approvals.

^d Numbers may not sum precisely because of rounding.

Indonesia: Cumulative Nonsovereign Financing by Product

No. of Transactions	Amount (\$ million)
Loans	1,377.00
Equity Investments	63.85
Guarantees	9.80
B Loans	388.50
Total	1,839.15

ADB assistance to Indonesia has adapted to the country's changing development priorities, from an emphasis on agriculture in the 1970s to an increasingly strong focus on infrastructure development.

INDONESIA

Indonesia's development strategy has helped lift over 10 million citizens out of poverty over the past 10 years. Private consumption, especially by the country's growing middle class, has been a strong contributor to economic growth.

The basis of this growth, however, has been heavily reliant on the export of commodities. Now that the global commodities boom has faded, Indonesia needs to spur new sources of growth and address structural factors. The contribution of exports to growth has been negative and insufficient infrastructure is hampering economic expansion. There are also challenges in providing quality education and developing skills to drive productivity.

Indonesia is an Asian Development Bank (ADB) founding member. ADB has approved \$32.7 billion in sovereign and nonsovereign loans (excluding cofinancing), and \$894.02 million in technical assistance and grants for Indonesia.

Cumulative disbursements to Indonesia for lending and grants financed by

ordinary capital resources, the Asian Development Fund, and other special funds amount to \$26.11 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB assistance to Indonesia has adapted to the country's changing development priorities. In the 1970s, there was an emphasis on agriculture. From the 1980s onwards, ADB has assisted with improvements in energy, urban infrastructure, and education. During the 1990s and beyond, it began supporting finance sector reform and fiscal resilience.

The ADB country partnership strategy (CPS), 2016–2019 for Indonesia focuses on higher and more inclusive environmentally sustainable growth through improved infrastructure services,



better economic governance, and enhanced human resource development.

With Indonesia having developed much stronger government systems and capacity, ADB is now starting to provide results-based forms of financing for infrastructure, enabling the government to use its own internal systems and principles-based approaches.

In February 2016, ADB disbursed \$120 million under a \$600 million results-based lending program to strengthen the electricity grid in Sumatra, after the state-owned power company, Perusahaan Listrik Negara, met the conditions for release of the funds.

In June 2016, ADB approved a policy-based loan of \$500 million for the second phase of the [Stepping up Investments for Growth Acceleration Program](#). The loan supports reforms to reduce barriers to investment and encourage more public-private partnerships in Indonesia, which are needed to foster the development of the private sector and increase its participation in infrastructure projects.

In November 2016, to underpin the implementation of the CPS, ADB approved a \$148.2 million technical assistance loan to support Indonesia's

bid to accelerate infrastructure delivery through improved engineering services. It also approved a \$500 million loan to help the country manage and improve its fiscal and public expenditure management.

To combat the effects of extreme weather events in Indonesia, in October 2016 ADB approved a \$109 million loan to support flood risk management for communities in the Banten and Maluku provinces.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$1.84 billion in financing for 20 nonsovereign transactions in Indonesia. Total outstanding balances and commitments of ADB's nonsovereign transactions in the country as of 31 December 2016 was \$702.5 million, representing 7.2% of ADB's total nonsovereign portfolio.

ADB's [Trade Finance Program](#) (TFP) fills market gaps by providing guarantees and loans through partner banks in

support of trade. The TFP has done over 14,000 transactions supporting over \$26 billion in trade and over 9,300 small and medium-sized enterprises in Asia and the Pacific since 2004. In 2016, the TFP supported \$3.1 billion in trade through over 2,080 transactions.

In Indonesia, the TFP works with five banks and has supported \$1.38 billion in trade between 117 transactions. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Indonesia, 59.7% of the \$1.4 billion in trade supported through the TFP was cofinanced by the private sector.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. Additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and [commercial cofinancing](#) such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

Indonesia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2005	50.0	2
2006	0.0	2
2007	0.0	3
2008	100.0	2
2009	58.3	12
2010	60.0	5
2011	100.0	2
2012	100.0	5
2013	75.0	4
2014	66.7	3
2015	80.0	5
2016	100.0	1
Total	65.2	46

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2016.

Indonesia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2015–2016

No. of Ongoing Loans (as of 31 Dec 2016)	2015 (\$ million)		2016 (\$ million)	
	2015 (\$ million)	2016 (\$ million)	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments ^{a,b}	72.78	277.44	-	-
Disbursements ^a	1,399.48	1,311.72	-	-
No. of Ongoing Grants (as of 31 Dec 2016)	-			
Contract Awards/Commitments ^{a,b}	-	-	-	-
Disbursements ^{a,c}	-	-	-	-
Actual Problem Projects (%) (as of 31 Dec 2016)			7	

- = nil.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

Indonesia: Projects Cofinanced, 1 January 2012–31 December 2016

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	19	7,577.96
Grants	5	80.78
Official loans	12	3,129.35
Commercial cofinancing	4	4,367.83
Technical Assistance Grants	31	81.98

^a A project with more than one source of cofinancing is counted once.

Indonesia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2015		2016		Cumulative (as of 31 Dec 2016)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	1,365.87	12.32	1,275.51	11.17	20,346.17	12.82
Consulting Services	17.77	2.71	9.64	1.57	740.16	6.57
Total Procurement	1,383.64	11.78	1,285.14	10.68	21,086.33	12.41

Top 5 Contractors/Suppliers from Indonesia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2012–31 December 2016

Contractor/Supplier	Sector	Contract Amount (\$ million)
Industri Kereta Api (Indonesia Railway Industry)	TRA	72.39
Pembangunan Perumahan (Persero) Tbk. Pt.	TRA	37.55
Waskita Karya (Persero) P.T. Tbk.	HLT, TRA, WUS	36.89
Brantas Abipraya (Persero) P.T.	TRA	30.93
Sacna-Basuki Joint Operation P.T.	ANR	22.51
Others		4,333.92
Total		4,534.20

ANR = agriculture, natural resources, and rural development; HLT = health; TRA = transport; WUS = water and other urban infrastructure and services.

Top 5 Consultants from Indonesia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2012–31 December 2016

Consultant	Sector	Contract Amount (\$ million)
Trans Intra Asia P.T.	EDU	10.25
Adhicipta Engineering Consultant P.T.	WUS	4.05
Amurwa International P.T.	EDU	2.78
Tetira International Consultants P.T.	EDU	2.74
Intersys Kelola Maju P.T.	EDU, TRA, WUS	2.26
Individual Consultants		25.09
Others		26.80
Total		73.97

EDU = education, TRA = transport, WUS = water and other urban infrastructure and services.

From 1970 to the end of 2016, cumulative direct value-added (DVA) official cofinancing for Indonesia amounted to \$5.60 billion for 49 investment projects and \$196.6 million for 103 technical assistance projects. Cumulative DVA commercial cofinancing for Indonesia amounted to \$5.31 billion for 10 investment projects.

In 2016, Indonesia received \$532.9 million loan cofinancing from the governments of Germany and Japan, and the Clean Technology Fund for four investment projects; and \$17 million grant cofinancing from the Strategic Climate Fund for one investment project.

A summary of projects with cofinancing from 1 January 2012 to 31 December 2016 is available at www.adb.org/countries/indonesia/cofinancing

PARTNERSHIPS

ADB recently partnered with a civil society organization, Regional Autonomy Watch (KPPOD), to conduct research on Indonesia's business competitiveness. The project evaluated the implementation of the Government of Indonesia's action plan on business climate improvements in five major cities. It culminated in a national seminar, held in March 2016, to discuss the research results with government officials, the business community, and other stakeholders.

In June 2016, ADB agreed to partner with Bank Aceh and microfinance cooperative, Koperasi Mitra Dhuafa, to extend lending to low-income women entrepreneurs in Aceh province. The

partnership was initiated under the framework of the ADB Microfinance Innovation Fund, which was established with seed funding from ADB's post-tsunami support in Aceh and North Sumatra provinces.

To support Indonesia's knowledge exchange, ADB partners with major Indonesian universities and civil society organizations. Throughout 2016, ADB collaborated with Universitas Indonesia, the School of Business and Management of Bandung Institute of Technology, and Hasanuddin University in Makassar to conduct knowledge-sharing activities. Across 2016, ADB also extended support to the local chapter of international youth organization, AIESEC, to help increase awareness of development issues for youth.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.09 billion in 2015 and \$11.42 billion in 2016. Cumulative procurement since

1966 was \$158.68 billion covering 206,915 contracts.

In Indonesia, 34,953 contracts worth \$20.35 billion were awarded to contractors and suppliers within the same period.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$655.31 million in 2015 and \$612.46 million in 2016. Cumulative procurement since 1966 was \$11.26 billion covering 52,232 contracts.

In Indonesia, 3,930 contracts worth \$740.16 million were awarded to consultants within the same period.

OPERATIONAL CHALLENGES

Indonesia needs economic growth that is higher, more regionally balanced, and driven by private investment in activities that are globally competitive. Reducing poverty and combating inequality in Indonesia will require efforts to make the growth process more inclusive and more diverse.

The nation's infrastructure and skills deficits need to be addressed, and the gap between rural and urban productivity should be narrowed. To attract investment from domestic and overseas sources, Indonesia should strive to reduce the costs of doing business, improve access to land, deepen its capital markets, provide a wider variety of financial services, and strengthen financial inclusion for Indonesians.

The government's National Medium-Term Development Plan, 2015–2019 promotes inclusive economic and environmentally sustainable growth. The policy reforms, investment projects, and capacity-building support under the current CPS are fully aligned with this objective.

FUTURE DIRECTIONS

ADB operations in Indonesia continue to focus on strengthening energy security; extending the reach, reliability, and efficiency of the national electricity grid;

and fostering greater use of clean energy. ADB assistance also aims to reduce poverty and food insecurity by improving agricultural and fishery productivity and competitiveness, fostering income diversification, and improving the availability of water for agricultural use.

ADB will help the government improve education and training, develop skills more closely aligned with business needs, improve the health of the urban population, and strengthen public financial management related to the delivery of government services.

ADB will support the development and application of Indonesia's economic policies to deepen and strengthen capital markets, foster greater financial inclusion, and reduce impediments to investment and economic growth.

With Indonesia's significant increase in public infrastructure investment, ADB will continue to work closely with the government to adopt efficient implementation approaches more suitable to the needs of an emerging upper middle-income economy.

ABOUT INDONESIA AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	578,100 (5.446% of total shares)
Votes:	617,707 (4.655% of total membership, 7.145% of total regional membership)
Overall capital subscription:	\$7.77 billion
Paid-in capital subscription:	\$388.65 million

Contributions to Special Funds Resources

Indonesia has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members, and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies, and to the Asian Development Bank Institute (ADBI).

Contributions to the ADF (committed):	\$14.96 million
Contributions to the TASF (committed):	\$0.29 million
Contributions to the ADBI (committed):	\$0.50 million

Syurkani Ishak Kasim is the Director and **Mario Di Maio** is the Alternate Director representing Indonesia on the ADB Board of Directors.

Winfried F. Wicklein is the ADB Country Director for Indonesia. The Indonesia Resident Mission was opened in 1987 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Indonesia.

The Indonesian government agency handling ADB affairs is the Ministry of Finance of the Republic of Indonesia.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2016, lending volume was \$16.35 billion (126 projects), with technical assistance at \$169.03 million (225 projects) and grant-financed projects at \$526.75 million (31 projects). In addition, \$14.06 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2012 to 31 December 2016, ADB's annual lending volume averaged \$13.74 billion. In addition, investment grants and technical assistance funded by ADB and special funds resources averaged \$562.24 million and \$154.91 million in technical assistance over the same period. As of 31 December 2016, the cumulative totals excluding cofinancing were \$247.28 billion in loans for 2,935 projects in 44 countries, \$7.75 billion in 296 grants, and \$4.06 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
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Statistics and Databases
www.adb.org/data/statistics