

ADB PORTFOLIO ANALYSIS, 2005–2018

1. The Indonesia portfolio for the evaluation period amounted to \$19.0 billion in loans and grants, and \$232.0 million of technical assistance (TA) projects, making it one of the biggest country portfolios in the Asian Development Bank (ADB). The sovereign portfolio of loans and grants amounted to \$16.3 billion and nonsovereign operations to \$2.7 billion. By country partnership strategy (CPS) period, the biggest support came during 2005–2011, when lending was at \$8.4 billion, and TA at \$118.0 million. The average annual lending was from \$1.1 to \$2.0 million across the three country strategy periods. (Table 1). Indonesia operations were mostly financed by a blend of ordinary capital resources and concessional lending, with additional support from various cofinanciers.

Table 1: Approved Loans, Grants, and Technical Assistance Approvals to Indonesia by Country Partnership Strategy Period, 2005–2018

Period	Loans and Grants			Technical Assistance		
	No.	Amount (\$ million)	Annual Average (\$ million)	Number	Amount (\$ million)	Annual Average (\$ million)
2005–2011	65	8,445	1,206.4	61	118.0	16.9
2012–2014	25	4,431	1,107.7	36	88.6	22.2
2016–2018	26	6,198	2,066.0	25	25.4	8.5
Total	116	19,074	1,362.4	122	232.0	16.6

^a Includes both sovereign and nonsovereign loans.

Source: Asian Development Bank database.

2. The total actual lending for Indonesia was significantly different from the planned portfolio. In addition to the delivery of planned projects, there were a number of delivered but unplanned projects (Table 2). The biggest contribution to the total unplanned delivery came during 2005–2011, from the PSM sector. This was attributable mainly to the approvals of emergency and countercyclical projects which were needed during that period.

Table 2: Lending that was Delivered but not Planned, By CPS Period

Sector	2005–2011	% of Total Delivered	CPS, 2012–2014	% of Total Delivered	CPS, 2016–2019	% of Total Delivered	Total Delivered
ANR		0.0		0.0	100.0	100.0	100.0
EDU	80.0	100.0		0.0		0.0	80.0
ENE	76.5	33.8	150.0	66.2		0.0	226.5
FIN	400.0	100.0		0.0		0.0	400.0
PSM	1,930.0	79.4		0.0	500.0	20.6	2,430.0
TRA	134.2	100.0		0.0		0.0	134.2
WUS		0.0	40.0	100.0		0.0	40.0
Grand Total	2,620.7	76.8	190.0	5.6	600.0	17.6	3,410.7

ANR = agriculture and natural resources, CPS = country partnership strategy, EDU = education, ENE = energy, FIN = finance, HLT = health, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services.

Note: There are no unplanned but delivered projects under PSM for the period 2012–2015, although it was noted in the CPSFRV (2015) that two PSM projects (Stepping up Investments for Growth Acceleration and the State Accountability Revitalization) were unplanned but delivered. This is because the CPS validation considered these projects unplanned based on the fact there were no planned PSM interventions in the CPS, 2012–2014 results framework, whereas the CAPE considered projects as unplanned only if they were not mentioned in COBPs. These two projects were indicated in COBP, 2014–2016 and COBP, 2013–2014 respectively, and hence the CAPE did not consider them unplanned.

Sources: Asian Development Bank country operations business plans.

3. **Sovereign operations.** During the evaluation period, sovereign support to Indonesia totaled \$16.6 billion, consisting of loans, grants, and TA. There were 72 loans at \$15.9 billion, 21 grants at \$412.7 million, and 122 TA at \$232 million. By lending operations, public sector management (PSM) was the biggest recipient of ADB loans and grants with about \$8.6 billion in support. This was followed by energy at \$2.8 billion, and finance at 1.8 billion. TA, on the other hand, supported the education sector, with

\$102.8 million, making it the top recipient of nonlending operations. Agriculture was second and energy third, with combined assistance of more than \$50 million (Table 3).

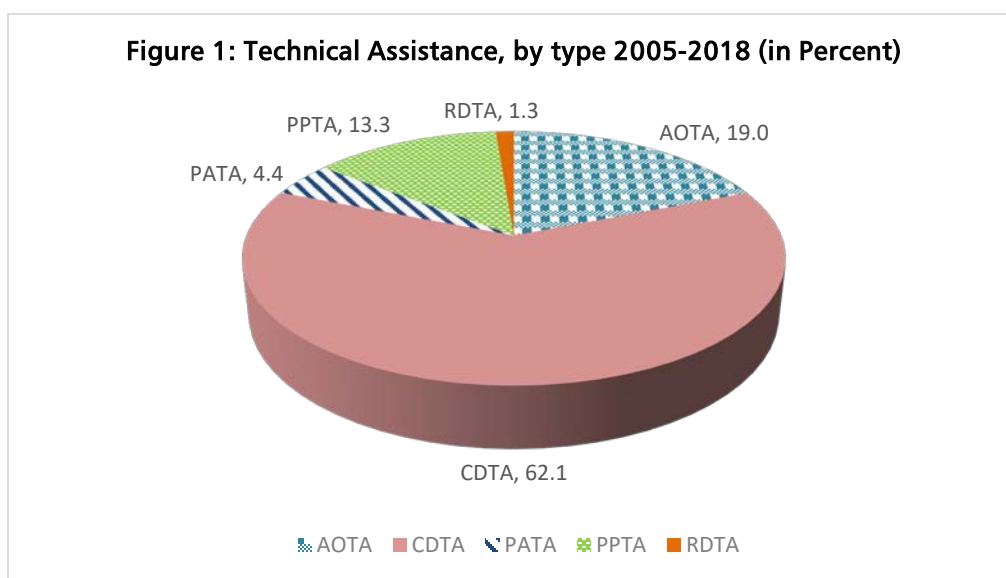
Table 3: Approved Sovereign Loans, Grants, and Technical Assistance Approvals to Indonesia by Sector, 2005–2018 (\$ million)

Sector	Loans		Grants		Technical Assistance		Total-Sovereign	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
ANR	9	902.2	6	49.3	23	30.9	38	982.4
EDU	4	405.0	2	33.0	9	102.8	15	540.8
ENE	15	2,774.5	3	10.6	19	20.1	37	2,805.2
FIN	6	1,800.0	1	2.0	15	11.0	22	1,813.0
HLT	1	50.0	3	5.8	6	13.7	10	69.5
PSM	24	8,317.8	5	310.2	27	27.8	56	8,655.8
TRA	7	1,215.2			9	8.9	16	1,224.1
WUS	6	477.6	1	2.0	14	16.8	21	496.4
Subtotal	72	15,942.3	21	412.7	122	232.0	215	16,587.0

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HLT = health, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services.

Source: Asian Development Bank database.

4. Capacity and development TA support was the most prevalent type of TA in Indonesia, with more than 60% of the total TA amount (\$144 million) during the evaluation period (Figure 1). This was in the education sector, where ADB provided support in terms of analytical and capacity development, and in the implementation of advanced knowledge and skills. Other capacity-related activities were in the agriculture and energy sectors, relating to scaling up of renewable energy access and sustainable forest and biodiversity management. The rest of the TA was divided between project preparatory and advisory TA projects.

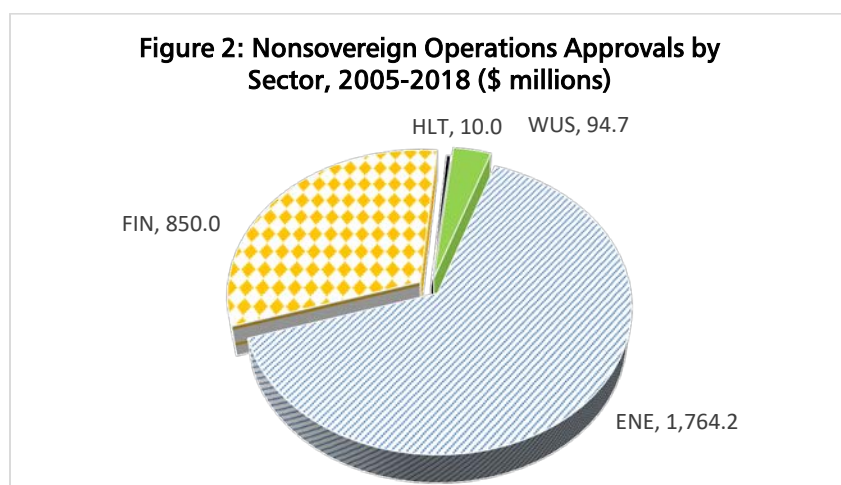


AOTA = advisory and operational technical assistance, CDTA = capacity development technical assistance, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, RDTA = research and development technical assistance.

Source: Asian Development Bank database.

5. **Nonsovereign operations.** Energy was the main recipient of nonsovereign interventions in Indonesia during the evaluation period, with support at almost \$1.8 billion, out of the total of \$2.7 billion nonsovereign operations. Finance and water and other urban infrastructure and services followed, with combined financing of almost \$940.0 million (Figure 2). The biggest energy project was

the Tangguh Liquefied Natural Gas project which was in 2 phases—with a total of \$750 million. Meanwhile, the finance sector’s Housing Finance and the Bank Mandiri projects had a combined total financing of \$600.0 million.



ENE = energy, FIN = finance, HLT = health, WUS = water and other urban infrastructure and services.

Source: Asian Development Bank database.

6. **Strategic agenda and drivers of change.** Most of the projects were tagged under inclusive economic growth (almost \$16.0 billion). As expected, PSM made the biggest contribution to this strategic agenda, as projects were geared toward improving budget support and public sector services, among others. Meanwhile, projects tagged as supporting environmentally sustainable growth were predominantly under the energy sector, supporting renewable energy and biodiversity. Transport and finance projects tagged as supporting regional cooperation centered on regional roads and financial market integration (Table 4).

Table 4: Distribution of Sovereign Loans and Grants by Strategic Agenda by Sector 2005-2018

Sector	ESG		IEG		RCI	
	No	Amount (\$ million)	No	Amount (\$ million)	No	Amount (\$ million)
ANR	13	914	10	820	3	71
EDU	1	200	6	438	0	-
ENE	14	2,502	18	2,785	3	101
FIN	0		7	1,802	2	800
HLT	0		4	56	0	-
PSM	4	310	27	8,615	0	-
TRA	2	235	5	980	4	1,031
WUS	6	331	6	478	2	120
Total	40	4,493	83	15,974	14	2,123

ANR = agriculture and natural resources, EDU = education, ENE = energy, ESG= environmentally sustainable growth, FIN = finance, HLT = health, IEG= inclusive economic growth, PSM = public sector management, RCI = regional cooperation and integration, TRA = transport, WUS = water and other urban infrastructure and services.

Source: Asian Development Bank database.

7. Governance and capacity development has been the predominant driver of change for most INO projects (\$13.4 billion)—Figure 3. This is to be expected, as most of ADB support in Indonesia was in PSM, which contributed to a substantial number of projects tagged under governance and capacity development (Table 5). Aside from governance and capacity development, knowledge solutions, partnerships, and private sector development had almost equal shares in absolute amounts in the energy

sector. Partnerships and private sector development also figured prominently, with close to an estimated \$7.0 billion of financial support.



GCD = governance and capacity development, GEM = gender equity and mainstreaming, KNS = knowledge solutions, PAR = partnerships, PSD = private sector development.
Source: Asian Development Bank database.

Table 5: Distribution of Sovereign Loans and Grants by Drivers of Change by Sector, 2005-2018

Sector	GCD		GEM		KNS		PAR		PSD	
	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)
ANR	10	866	14	950	2	126	5	671	1	33
EDU	5	410	6	438	3	330	3	280	-	-
ENE	14	2,502	7	302	7	2,200	14	2,051	7	2,200
FIN	6	1,800	1	400	3	1,100	-	-	2	400
HLT	1	50	3	54	1	50	1	2	-	-
PSM	22	7,118	7	2,451	2	1,000	7	3,600	7	3,080
TRA	4	335	3	314	1	151	2	580	2	700
WUS	5	345	5	329	3	268	3	194	3	268
Total	67	13,427	46	5,239	22	5,225	35	7,378	22	6,682

GCD = governance and capacity development, GEM = gender equity and mainstreaming, KNS = knowledge solutions, PAR = partnerships, PSD = private sector development.

Source: Asian Development Bank database.

8. **Policy-based lending.** Policy-based lending (PBL) was the most pervasive form of support in Indonesia in 2005–2018. It represented 69% of the total lending portfolio, with 94% of finance projects being PBL, and 90% of PSM projects (Table 6). Although more than \$1.0 billion of energy projects were funded by PBL, most of the assistance in this sector still came from other types of loans, such as multitranches financing facilities and project lending.

Table 6: Approvals of Policy-Based Loans for Indonesia, 2005–2018

Sector	Policy-based Loans		Other Loans		Grants		Total Loans and Grants		Share of PBLs (%) in the Sector
	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	No.	Amount (\$ million)	
ANR			9	902	6	49	15	951	0%
EDU			4	405	2	33	6	438	0%
ENE	5	1,100	10	1,675	3	11	18	2,785	39%
FIN	5	1,700	1	100	1	2	7	1,802	94%
HLT			1	50	3	6	4	56	0%
PSM	21	7,730	3	588	5	310	29	8,628	90%
TRA	2	700	5	515			7	1,215	58%
WUS			6	478	1	2	7	480	0%
Total	33	11,230	39	4,712	21	413	93	16,355	69%

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HLT = health, PSM = public sector management, PBL = policy-based lending, TRA = transport, WUS = water and other urban infrastructure and services.

Source: Asian Development Bank database.

9. Among ADB developing member countries, Indonesia received the most policy-based lending, both in terms of absolute amount (\$11.2 billion) and of share of total lending (69%). In terms of lending levels, Indonesia was followed by the Philippines at \$6.4 billion (with a share of 62%). The third largest PBL recipient was Thailand and these top three countries all had a PBL share of total lending above 60% (Table 7). In absolute terms, Pakistan comes in third, with \$5.6 billion in PBL.

Table 7: Developing Member Countries Receiving the Most Policy-Based Lending from ADB (2005–2018)

DMCs	Total Loans and Grants		%
	Grants (\$ million)	Policy-Based Loans (\$ million)	
Indonesia	16,355	11,230	69%
Thailand	483	300	62%
Philippines	10,337	6,375	62%
Palau	85	31	36%
Kazakhstan	4,195	1,500	36%
Pakistan	17,186	5,590	33%
Myanmar	1,843	576	31%
Azerbaijan	3,215	1,000	31%
Marshall Islands	49	15	31%

ADB = Asian Development Bank, DMCs = developing member countries.

Source: Asian Development Bank.

10. **Success rates.** About 35% (32 of the 93 projects) in the Indonesia sovereign portfolio have were rated during the evaluation period. A substantial number of these projects (26) were rated highly successful or successful. Of the PSM projects, 9 of 10 projects were rated successful. (Table 8a). Of the total 93 projects, 60 were not PBL projects. Of the 33 projects which were PBLs, 11 were rated. Of the 21 projects that were not PBL, 16 were rated highly successful or successful (Table 8b).

Table 8: Success Rates of Sovereign Projects, Total Number vis-à-vis Rated

8a. Number of Projects, By Sector									
No. by Success Rates	ANR	EDU	ENE	FIN	HLT	PSM	TRA	WUS	Total
Highly Successful					1				1
Successful	3	3	1	3		9	5	1	25
Less than Successful	1			1	1	1		1	5
Unsuccessful	1								1
Total Rated Projects	5	3	1	4	2	10	5	2	32
Grand Total Projects	15	6	18	7	4	29	7	7	93

8b. Number of Projects, without Policy-Based Loans, By Sector									
No. by Success Rates	ANR	EDU	ENE	FIN	HLT	PSM	TRA	WUS	Total
Highly Successful					1				1
Successful	3	3	1	2		1	4	1	15
Less than Successful	1				1	1		1	4
Unsuccessful	1								1
Total Rated Projects	5	3	1	2	2	2	4	2	21
Grand Total Projects	15	6	13	2	4	8	5	7	60

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HLT = health, PBL = policy-based lending, PSM = public sector management, PBL = policy-based lending, TRA = transport, WUS = water and other urban infrastructure and services. Source: Independent Evaluation Department.

11. In terms of success rates, the Indonesia portfolio which was rated during the evaluation period had a 81% success rating (highly successful or successful) as shown in Table 9a. Without policy-based lending, there was a lower success rating (76%) as shown in Table 9b. This implies that a substantial number of policy-based loans received success ratings. This is shown, for instance with PSM projects, which posted an overall success rate of 90%, but this dropped to 50% when PBLs were taken out.

Table 9: Success Rates of Sovereign Loans and Grants, with and without Policy-Based Loans (%)

9a. Success Rate with Policy-Based Loans									
Success Rate (%)	ANR	EDU	ENE	FIN	HLT	PSM	TRA	WUS	Total
Highly Successful	-	-	-	-	50	-	-	-	3
Successful	60	100	100	75	-	90	100	50	78
Less than Successful	20	-	-	25	50	10	-	50	16
Unsuccessful	20	-	-	-	-	-	-	-	3
Total	100	100	100	100	100	100	100	100	100

9b. Success Rate without Policy-Based Loans									
Success Rate (%)	ANR	EDU	ENE	FIN	HLT	PSM	TRA	WUS	Total
Highly Successful	-	-	-	-	50	-	-	-	5
Successful	60	100	100	100	-	50	100	50	71
Less than Successful	20	-	-	-	50	50	-	50	19
Unsuccessful	20	-	-	-	-	-	-	-	5
Total	100	100	100	100	100	100	100	100	100

ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance, HLT = health, PBL = policy-based lending, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services. Source: Asian Development Bank database.

12. More than 50% (43) of the total number of completed TA projects (83) were rated. TA projects were mostly rated successful (31) and successful TA projects were mainly found in education, finance and PSM (when calculated as a percentage of each sector's total rated projects). Meanwhile, TA projects in sectors such as finance and energy received more less than successful or unsuccessful ratings, when taken as a share of their completed projects (Table 10).

Table 10: Status and Success Rates of Completed Technical Assistance Projects in Indonesia, 2005-2018

Sector	Number of TAs			Technical Assistance Completion Report Ratings				
	Approved	Completed	Cancelled	HS	S	LS	U	Total
ANR	23	15			4	2	1	7
EDU	9	7			4		1	5
ENE	19	10	1		3	2		5
FIN	15	12			5	1	1	7
HLT	6	4	1		2	1		3
PSM	27	17		1	7	1		9
TRA	9	8			4	1		5
WUS	14	10			2			2
Total	122	83	2	1	31	8	3	43

HS = highly successful, LS = less than successful, S = successful, TCR = technical assistance completion report, U = unsuccessful.
Source: Independent Evaluation Department.

13. **Disbursement ratio.** Based on commitments, Indonesia had a good track record of disbursement and mostly posted a ratio of 50% or above. When PBL is excluded, the disbursement ratio drops to 20%–30%. This is to be expected, as policy-based loans disburse more quickly than other types of project modalities. Without the PBL, Indonesia is almost at the ADB average (Table 11).

Table 11: Disbursement Ratios: Based on Commitments (%)

Year	Total Loans and Grants		Loans and Grants, without PBL	
	Indonesia	ADB	Indonesia	ADB
2010	40.3	27.2		
2011	79.1	28.7	29.0	24.6
2012	133.3	27.6	35.8	21.3
2013	50.0	25.2	27.8	25.2
2014	38.5	26.0	12.4	21.7
2015	107.0	29.8	12.3	19.5
2016	102.5	27.6	24.4	20.4
2017	65.4	26.2	32.3	22.0
2018	80.3	27.8	22.9	21.0

ADB = Asian Development Bank, PBL = policy-based lending.
Source: Asian Development Bank.