ADB and Indonesia have been collaborating for over 50 years. Indonesia was ADB’s founding member in 1966 and is among its largest shareholders and sovereign borrowers.

Indonesia has made tremendous social, economic, and political achievements during its 7 decades of independence. The country has a stable democracy and its economy has grown fivefold since the mid-1980s, allowing Indonesia to become a middle-income country in 2004.

The economy has grown at a healthy pace in recent years, despite a challenging external environment. Investor confidence in the economy has increased considerably in response to strong macroeconomic management.

However, fostering more inclusive and sustainable economic growth remains a challenge. While poverty has been reduced by 40 percent over the past two decades, the absolute numbers of poor and near-poor remain a concern. Inequality and regional income disparities remain high and quality jobs are scarce. To address these challenges, the government is pursuing an ambitious infrastructure development and structural reform program. Improving the quality of education and skills are also a key priority.

ADB has committed $34.49 billion in sovereign and nonsovereign loans, equity investments, and guarantees; and $251.88 million in technical assistance (excluding cofinancing) for Indonesia.

Cumulative disbursements to Indonesia for lending and grants financed by ordinary capital resources (OCR), the Asian Development Fund, and other special funds amount to $27.07 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

In 2017, ADB approved sovereign loans to Indonesia totaling $1.9 billion, and
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. In 2017, $3.17 billion of financing for 29 nonsovereign transactions funded by ADB’s own resources were approved. Total commitments achieved in 2017 amounted to $2.29 billion for 27 transactions. Both OCR approvals and commitments were at record highs in 2017. Around $5.9 billion of cofinancing from commercial and official sources were mobilized. Total OCR outstanding balances and commitments of ADB’s nonsovereign transactions as of 31 December 2017 amounted to $10.9 billion.

ADB’s Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. Since 2009, ADB’s TFP has supported more than 12,000 small and medium-sized businesses across developing Asia—through over 16,500 transactions valued at over $30 billion—in sectors ranging from commodities and capital goods, to medical supplies and consumer goods. In 2017, the TFP supported approximately $4.5 billion in trade through approximately 3,500 transactions.

cofinancing

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The 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 and Supply Chain Finance Program.

From 1974 to the end of 2017, cumulative direct value-added official cofinancing commitments for Indonesia amounted to $6.31 billion for 52 investment projects and $201.29 million for 106 technical assistance projects. Cumulative direct value-added commercial cofinancing for Indonesia amounted to $5.45 billion for 11 investment projects.

In 2017, Indonesia received $750.20 million loan cofinancing from the
governments of Canada, France, Germany and Japan, as well as the ASEAN Infrastructure Fund, Clean Technology Fund, the International Fund for Agricultural Development, and the World Bank for four investment projects; and $1.50 million grant cofinancing from the International Fund for Agricultural Development for one investment project.

A summary of projects with cofinancing from 1 January 2013 to 31 December 2017 is available at www.adb.org/countries/indonesia/cofinancing.

PARTNERSHIPS

ADB is providing strategic knowledge support to government priorities. The scope of ADB’s knowledge work spans from assessing the impact of mega-trends (such as Industry 4.0, Aging, Climate Change), identifying policy reforms needed for boosting the competitiveness of the manufacturing sector, to sector diagnostics in core areas of ADB operations.

ADB partners with a range of Indonesian institutions, including universities and civil society organizations. Throughout 2017, ADB collaborated with institutions such as University of Indonesia, Gadjah Mada University, Bandung Institute of Technology, and Center for Strategic and International Studies on several knowledge initiatives covering macroeconomic modelling, infrastructure financing and public-private partnerships, financing SDGs, bond market development, and employment diagnostics. ADB also facilitated the partnership between the Central Government Internal Auditor, local governments, and eight leading universities, to establish centers of excellence for the internal auditors of Indonesia’s regional governments.

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 $11.28 billion in 2016 and $10.43 billion in 2017. Cumulative procurement since 1966 was $169.12 billion covering 211,316 contracts.

In Indonesia, 3,513 contracts worth $21.19 billion were awarded to contractors and suppliers since 1966.

Consulting Services

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled $627.79 million in 2016 and $741.84 million in 2017. Cumulative procurement since 1966 was $12.02 billion covering 55,420 contracts.

In Indonesia, 3,989 contracts worth $765.95 million were awarded to consultants since 1966.

OPERATIONAL CHALLENGES

ADB is increasing efforts to maximize development impact through more efficient and timely project preparation and implementation. On project preparation, ADB is helping advance project readiness, including in terms of land acquisition, environment clearances and detailed engineering and design. ADB and Indonesia are also in the process of harmonizing their respective project readiness criteria. On the back of improved government systems and capacity, ADB is providing results-based financing for selected infrastructure projects in Indonesia, enabling the government to use its own internal systems and principle-based approaches on project level. ADB is also undertaking assessments and consultations in relation to the possible use of country safeguards systems on the agency level.

FUTURE DIRECTIONS

ADB’s operational program in Indonesia through to 2019 involves about $2 billion per year of ordinary capital resources for public sector lending. ADB will seek opportunities to scale up its support to the government’s ambitious reform agenda on expanding infrastructure, human resource development and improving economic governance.

ADB operations in Indonesia will take a strategic, long-term, programmatic approach to developing several core
sectors of the country’s economy—energy, transport, water supply and other urban infrastructure, irrigation and rural development, finance, education, and public sector management.

ADB will continue to work toward maximizing development impact by introducing best practices, innovation and technologies, and by further improving efficiency in project preparation and implementation. ADB will also redouble efforts to maximize synergies between sovereign and nonsovereign operations, including the promotion of public-private partnerships in Indonesia.

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 (7.145% of total regional membership)
Overall capital subscription: $8.23 billion
Paid-in capital subscription: $411.72 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 up to 31 December 2016 and retaining the ADF support as a grant-only operation from 1 January 2017, 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 (ABDI).

Contributions to the ADF (committed): $26.48 million
Contributions to the TASF (committed): $2.77 million
Contributions to the ADBI (committed): $0.50 million

Sri Mulyani Indrawati is the Governor and Bambang P.S. Brodjonegoro is the Alternate Governor for Indonesia in ADB.

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 2017, lending volume was $18.72 billion (111 projects), with technical assistance at $200.53 million (246 projects) and grant-financed projects at $597.49 million (24 projects). In addition, $11.92 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 2013 to 31 December 2017, ADB’s annual lending volume averaged $14.55 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged $617.74 million and $166.28 million over the same period. As of 31 December 2017, the cumulative totals excluding cofinancing were $255.14 billion in loans for 2,955 projects in 44 countries, $38.36 billion in 328 grants, and $4.27 billion in technical assistance grants, including regional technical assistance grants.

CONTACTS

Indonesia Resident Mission
The Plaza Office Tower, 11th floor
Jl. MH Thamrin 28-30
Jakarta 10350, Indonesia
Tel +62 21 29927388
Fax +62 21 29927399
www.adb.org/indonesia

ADB Headquarters
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444

Ministry of Finance
Jalan Dr. Wahidin Raya No. 1
Jakarta 10710, Indonesia
Tel +62 21 384 31674/345 8289
Fax +62 21 348 31677/381 2859
pushaka@kemenkeu.go.id

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
www.adb.org/publications/depositories

To access a complete list of development and economic indicators, visit:
Statistics and Databases
www.adb.org/data/statistics

In this publication, “$” refers to US dollars. Figures are estimated by ADB unless otherwise cited. Data are as of 31 December 2017 unless otherwise indicated. Fact sheets are updated annually in April.