ADB operations in Indonesia support inclusive development by focusing on the people’s well-being, economic competitiveness, the environment, and help build resilience to climate and disaster risks.

INDONESIA

Indonesia was a founding member of the Asian Development Bank (ADB) in 1966. The country is ADB’s sixth largest shareholder and one of its largest sovereign borrowers. It has made remarkable development strides in the 21st century, including sustained economic growth and significant reductions in poverty. Indonesia became a G20 member in 2008 and assumes the group’s presidency in 2022.

The country’s progress is, however, under constraint due to the impacts of a prolonged coronavirus disease (COVID-19) pandemic. In the near and medium terms, it will be critical to continue to contain the pandemic, support economic recovery, and implement domestic reforms. Indonesia must overcome various development challenges including tackling human development constraints, enhancing economic competitiveness, and managing the risk posed by climate change and disasters, and achieving environmental sustainability.

To date, ADB has committed 820 public sector loans, grants, and technical assistance totaling $42 billion to Indonesia. Cumulative loan and grant disbursements to Indonesia amount to $34.87 billion. These were financed by regular and concessional ordinary capital resources, and other special funds. ADB’s ongoing sovereign portfolio in Indonesia includes 20 loans worth $6.78 billion.

ADB approved $2.12 billion in sovereign loans and grants to Indonesia in 2021. In March 2021, it approved a $450 million loan to help PT Bio Farma (Persero), a state-owned vaccine supplier, procure and deliver safe and effective vaccines against COVID-19. ADB also helps the government and Bio Farma improve vaccine logistics management.

1. Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.
In September, ADB approved a $79.48 million loan to boost Indonesia’s innovation capacity and global competitiveness amid the fourth industrial revolution. It will develop academic and innovation centers at the Institut Teknologi Sepuluh Nopember, as well as a teaching hospital and a health and life sciences research center at the Universitas Lampung.

In October, ADB approved a $500 million policy-based loan to support Indonesia’s ongoing reforms that have made it easier to start a business, attract foreign direct investment in manufacturing, and simplify land-related transactions to investors. The program also aims to help improve logistics services, facilitate trade, create jobs, and provide incentives for firms to adopt new technologies and upgrade worker skills.

In November, ADB approved a $500 million policy-based loan to help Indonesia improve human capital and increase labor productivity. The program will also support key reforms to enhance education and skills training, boost employment among youth, expand the social safety net, and reduce childhood stunting.

In December, ADB approved a $600 million results-based loan guaranteed by the sovereign to help state-owned power company PT PLN (Persero) rehabilitate, strengthen, and expand power grid in five provinces. It will also assist the company to promote clean energy use as well as improve the company's waste and asset management, procurement, and community education.

**Nonsovereign operations.** Total outstanding balances and undisbursed commitments of ADB’s nonsovereign transactions in Indonesia as of 31 December 2021 was $1.27 billion representing 9.06% of ADB’s total private sector portfolio.

**Operational challenges.** Prolonged movement restrictions and economic slowdown from the pandemic continue to affect ADB project processing and implementation. To address the challenges, ADB is making greater use of technology, such as remote sensing and satellite imagery, and deploying more local consultants in the field.

Project implementation also faces systemic challenges, such as delayed work planning and budgeting, prolonged detailed engineering design and procurement processes, and delayed approval for resettlement plans and environmental permits. ADB and the government are discussing project readiness criteria for the ADB pipelines so that technical, procurement, and safeguards requirements prepared in advance. ADB also supports the government in increasing project readiness through technical assistance and capacity building activities to reduce systematic issues on project implementation.

**KNOWLEDGE WORK**

ADB’s approach to knowledge operations in Indonesia seeks to inform and deliver on its strategy through policy dialogue, analysis and monitoring, knowledge products, and capacity building.

The annual Indonesia-ADB High-Level Policy Dialogue provides strategic guidance to ADB’s support to the government’s priorities. Joint activities in 2021, including the
International Climate Change Conference in July, the Annual International Forum on Economic Development in December, and the Indonesia Development Talks webinar series helped stakeholders explore policy initiatives to accelerate economic recovery.

ADB actively partners with a wide range of institutions to amplify its knowledge. Throughout 2021, ADB collaborated with Universitas Indonesia, Institute Technology of Bandung, and University of Diponegoro on knowledge dissemination including through joint seminars.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in Indonesia:

- Sovereign cofinancing: $11.17 billion for 57 investment projects and $236.66 million for 121 technical assistance projects since 1973
- Nonsovereign cofinancing: $7.39 billion for 20 investment projects since 1990

In 2021, Indonesia received $462.24 million loan cofinancing from the KfW for the Boosting Productivity Through Human Capital Development Program - Subprogram 1.

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/indonesia/cofinancing.

FUTURE DIRECTIONS

ADB operations in Indonesia continue to be guided by the country partnership strategy covering 2020–2024. The strategy is geared toward helping Indonesia emerge stronger from the COVID-19 pandemic through three strategic pathways—improving people’s well-being, accelerating economic recovery, and strengthening resilience. ADB will continue the strategic, long-term, and programmatic approach across priority sectors in Indonesia. ADB will also continue leveraging its financing by attracting private sector investment, promoting public–private partnerships, catalyzing official cofinancing, and applying innovative financing approaches.

Climate change and green recovery will be one of the key priority agendas for ADB operations in the country. Indonesia is a pilot country of the innovative Energy Transition Mechanism and the ADB Indonesia Resident Mission is housing the secretariat of the Blue SEA Finance Hub. ADB is also a strategic partner for Indonesia’s G20 presidency in 2022.

### Indonesia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2020–2021

<table>
<thead>
<tr>
<th>No. of Ongoing Loans* (as of 31 Dec 2021)</th>
<th>2020 ($ million)</th>
<th>2021 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards^{a,c}</td>
<td>156.60</td>
<td>325.35</td>
</tr>
<tr>
<td>Disbursements^{a}</td>
<td>1,811.66</td>
<td>1,565.10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Ongoing Grants^{a} (as of 31 Dec 2021)</th>
<th>2020 ($ million)</th>
<th>2021 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards^{a,c,d}</td>
<td>3.00</td>
<td>–</td>
</tr>
<tr>
<td>Disbursements^{a,b}</td>
<td>3.00</td>
<td>(0.00)</td>
</tr>
<tr>
<td>At Risk Projects (%) (as of 31 Dec 2021)</td>
<td>–</td>
<td>7</td>
</tr>
</tbody>
</table>

- = nil, (0.00) = less than $50,000.

^{a} Based on commitments.

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

^{c} Includes policy-based, results-based, financial intermediation/credit, CPR (COVID-19 Pandemic Response Option), and cofinanced loans and grants.

^{d} Includes only Asian Development Fund and other ADB special funds.


<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly successful and successful</td>
<td>Less than successful</td>
</tr>
<tr>
<td>Sovereign Operations</td>
<td>33</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>6</td>
</tr>
</tbody>
</table>

- = nil, IED = Independent Evaluation Department.

Note: The numbers indicate sovereign and nonsovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2011 to 30 June 2021. See evaluations related to Indonesia.

Source: IED success rate database.

### Indonesia: Projects Cofinanced, 1 January 2017–31 December 2021

<table>
<thead>
<tr>
<th>Cofinancing</th>
<th>No. of Projects</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign*</td>
<td>36</td>
<td>5,805.62</td>
</tr>
<tr>
<td>Loans</td>
<td>10</td>
<td>5,756.09</td>
</tr>
<tr>
<td>Grants</td>
<td>2</td>
<td>7.50</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>25</td>
<td>42.03</td>
</tr>
<tr>
<td>Nonsovereign</td>
<td>11</td>
<td>2,095.85</td>
</tr>
</tbody>
</table>

* A project with more than one source of cofinancing is counted once.
**ADB AT A GLANCE**

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

**ADB operations.** In 2021, ADB committed $22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $12.9 billion.

As of 31 December 2021, ADB’s cumulative commitments in 45 countries stood at $342 billion covering 4,061 loans, $11.7 billion in S21 grants, and $5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB’s own funds in 2021 amounted to $1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized $1.7 billion of long-term project cofinancing and $5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $14 billion as of 31 December 2021.

**FINANCING PARTNERSHIPS**

Total sovereign and nonsovereign cofinancing commitments, 2021

- **$12.93 billion for 187 projects, of which:**
  - $12.38 billion, 75 investment projects,
  - $134.67 million, 110 technical assistance projects,
  - $422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- **$140.43 billion for 3,165 projects, of which:**
  - $136.6 billion, 1,098 investment projects,
  - $2.8 billion, 2,061 technical assistance projects,
  - $1.07 billion transaction advisory services for 6 projects.

**PROCUREMENT**

**ADB’s Procurement Contracts, 2021**

**Goods, Works, and Related Services**
ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operating:

- $22.93 billion in 2020
- $15.6 billion in 2021
- $232.16 billion covering 225,336 contracts, cumulative procurement since 1966

**Consulting Services**
ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $730.78 million in 2020
- $697.03 million in 2021
- $14.86 billion covering 71,348 contracts, cumulative procurement since 1966

**MORE ABOUT INDONESIA AND ADB**

**Shareholding and Voting Power**
Number of shares held: 578,100 (5.43% of total shares)
Votes: 617,214 (4.64% of total membership, 7.13% of total regional membership)

*Overall capital subscription:* $8.09 billion
*Paid-in capital subscription:* $404.62 million

*United States dollar figures are valued at rate as of 31 December 2021.

**Contributions to Special Funds Resources**
Indonesia contributes to the Asian Development Fund (ADF) and the Technical Assistance Special Fund (TASF). The ADF provides grants to ADB’s lower-income developing member countries. The TASF provides technical assistance grants to developing member countries to help prepare projects and undertake technical or policy studies. Indonesia also contributes to the Asian Development Bank Institute (ADBI).

- Contributions to the ADF (committed): $35.85 million
- Contributions to the TASF (committed): $5.4 million
- Contributions to ADBI (committed): $1.1 million

**ADB Governor:** Sri Mulyani Indrawati
**ADB Alternate Governor:** Suharso Monoarfa
**ADB Director:** Arif Baharudin (Indonesia)
**ADB Alternate Director:** Karen Murray (New Zealand)

**Annual Meetings**
Bali, 42nd Annual Meeting, 4–5 May 2009
Jakarta, 9th Annual Meeting, 22–24 April 1976

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**Useful ADB websites**
Asian Development Bank
www.adb.org
Annual Report
www.adb.org/documents/series/adb-annual-reports
Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook
ADB Data Library
data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated.
*“$” refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.