



# AFD Group and Indonesia



**63**  
operations financed by AFD  
since 2008

More than **75%** of AFD's  
commitments since 2019  
have a positive impact on  
climate change

EUR **3.5** billion  
committed by AFD Group  
over 15 years

AFD Group has been working in Indonesia for over fifteen years to promote green and inclusive growth, with the goal of supporting the country's low-carbon development in the framework of a just and resilient transition. AFD funding in the country takes the form of loans to the government, public banks and companies as well as grants to support preparation and implementation of projects.

AFD finances investments and supports policy dialogue  
with a strategy built around four main priorities.

# OUR ACTION IN Indonesia

1

## *Promoting renewable energy and energy efficiency for a low-carbon transition*

Indonesia, the Southeast Asia's largest economy and the 16<sup>th</sup> one in the world with a population soon exceeding 280 million, has based its economic growth on the extraction and use of fossil fuels. But at COP26 in 2021, Indonesia announced its objective to reach net zero emissions by 2060.

During its presidency of the 2022 G20 summit, Indonesia has made energy transition one of its top priorities, and has committed to it by issuing a Joint Statement of Just Energy Transition Partnership (JETP) with several countries, including France. To achieve the ambitious decarbonization targets included in the JETP, significant public and private investments are required in renewable energy (geothermal, solar, wind, hydropower, bioenergy), transmission and distribution networks as well as in energy efficiency (building, transportation).

To support Indonesia's Just Energy Transition, AFD finances investments and reforms in renewable energy, smart grids and energy efficiency through development policy loans, investment loans and technical assistance to the Indonesian government, public companies including the electricity company (PLN), as well as dedicated credit lines to local banks supporting green private or public investments.

PROPARCO, AFD Group's private sector subsidiary, is committed in Indonesia to support renewable energy solutions (solar/floating solar, de-dieselization, geothermal energy, wind) through senior loans, private equity fund investments, credit lines and guarantee tools.

2

## *Preservation of natural resources and sustainable management of oceans and coastal areas*

Indonesia is the largest archipelago in the world and has a vast maritime territory, made up of over 17,000 islands and probably the most important reservoir of marine and forestry biodiversity on the planet. Indonesian waters represent several billion dollars of annual revenue through fisheries, aquaculture, transport and tourism. However, these resources are exposed to illegal fishing, climate change, pollution and coastal deforestation.

To support the Indonesia Blue economy, AFD contributes to public investments in fishing ports as well as in natural resources management and research (sustainable fisheries, oceanography, marine meteorology, fight against plastic pollution, marine protected areas, mangrove conservation) through dedicated supports to the Ministry of Marine Affairs and Fisheries and its entities, as well as national agencies such as the National Research and Innovation Agency (BRIN), the Meteorological, Climatological and Geophysical Agency (BMKG), amongst others.

3

## *Improving sustainable urban infrastructures and services*

With nearly 55% of the Indonesian population living in urban areas, the development of infrastructure and public services are key to tackle rapid urbanization and territorial inequalities.

AFD supports Indonesia by contributing to funding for sustainable infrastructures and capacity-building initiatives for the institutions in charge of its management. Given the needs for urban mobility and the sector's contribution to greenhouse gas emissions, AFD is prioritizing the implementation of integrated and inclusive urban transport projects and strengthening the resilience of territories to natural disasters. In this matter, AFD is active in supporting sustainable urban mobility plans and Bus Rapid Transit (BRT) systems in the provinces of North Sumatra and West Java.

Through credit lines for public banks, AFD has promoted the development of other urban services, such as water supply in East Java province.

4

## *Supporting Green financial transition*

The financial system plays a key role in funding the energy transition and low-carbon infrastructures. AFD intends to favor a financial transition that promotes capital allocation consistent with the Paris Agreement and contributes to managing the climate risks weighing on the financial system.

AFD supports local public banks (PT SMI, etc.) via credit lines and technical assistance by improving their internal procedure practices, or encouraging the integration of climate risk into their operations.

French and European experience in fiscal and budgetary reforms and public finance related to climate (green budgeting, carbon tax, etc.) can be mobilized by Expertise France, AFD Group's subsidiary in charge of technical cooperation.

AFD also collaborates with other donors on public policy dialogue.

Additionally, AFD supports the State-Owned Enterprises (SOEs) through direct financing and grants in order to ensure SOEs' financial stability within the government's inclusive and sustainable development framework.



# OUR KEY FIGURES in Indonesia

**3.340**

billion euros  
total amount approved by AFD  
(2008–2023)

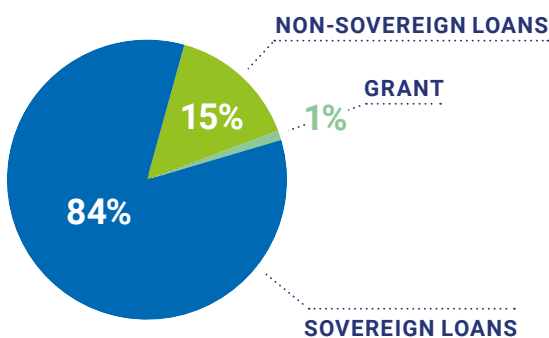
**134**

million euros  
invested since 2011 by PROPARCO,  
AFD Group's private sector subsidiary

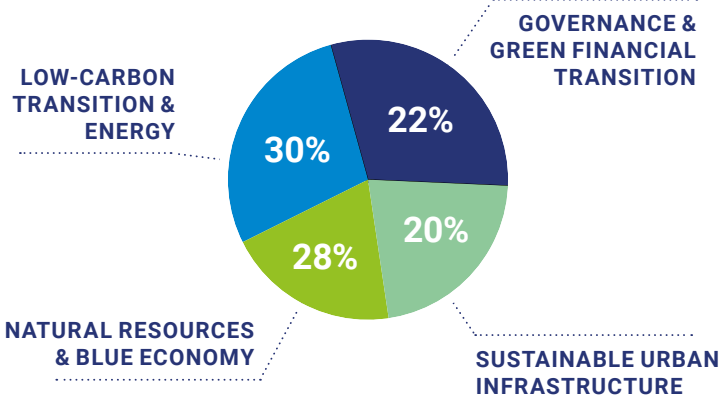
**63**

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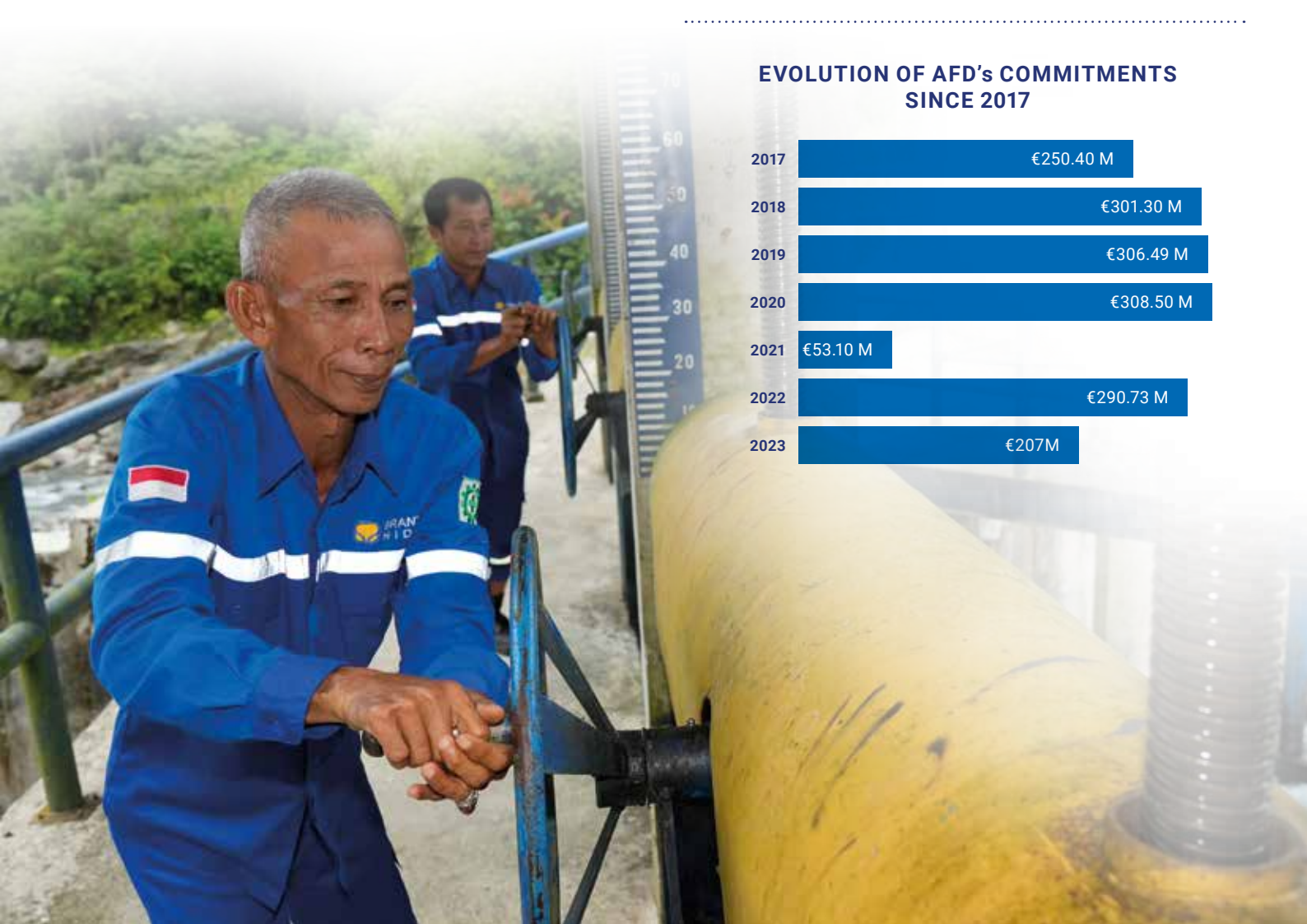
AFD's PORTFOLIO DISTRIBUTION  
BY FINANCIAL TOOL



AFD's PORTFOLIO DISTRIBUTION  
BY SECTOR (2008–2023)



EVOLUTION OF AFD's COMMITMENTS  
SINCE 2017





*AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.*

*With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods—promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.*



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