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Evaluation of AFD Group's Contribution to the SDGs in Indonesia

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Cover photo

Mr. Heru Priyambodo, a member of the crew of the research vessel Baruna Jaya VIII, standing in a cabin at Muara Baru Port in Jakarta, Indonesia, on Monday 21 January 2019.

The research vessel Baruna Jaya VIII is owned by the Indonesian Institute of Sciences (LIPI).

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Editorial

A first-of-its-kind evaluation

In 2024, *Agence Française de Développement* (AFD) broke new ground with its first evaluation of how its activity is aligned with the Sustainable Development Goals (SDGs) in a given country, in this case Indonesia. Measuring how development programs and projects are aligned with the SDGs in terms of quantity and quality is complex, mainly in view of methodological difficulties and issues. This was the technical challenge posed by this evaluation. But the principle of the evaluation is legitimate and necessary, as with any public policy. It is also in line with one of the core commitments of AFD Group's Strategic Plan (POS 5), which aims to ensure that 100 % of projects are aligned with the SDGs.

The choice of Indonesia

The choice of Indonesia as a pilot country for this type of evaluation was at the same time ambitious and relevant. Indeed, Indonesia is a major actor in sustainable development, both in Asia and globally. With its unique biodiversity, its vast natural resources, its energy path, its size, and its population (the world's fourth most populous country), the country faces major challenges and is seeking to reconcile economic growth, the preservation of the environment, and the reduction of inequalities. This evaluation looks at how the SDGs are taken into account in the context of the challenges and dynamic equilibrium of a major emerging country like Indonesia.

AFD's strategic mandate

In the context of the bilateral relations between France and Indonesia, AFD Group fulfils its mandate for this major emerging country with green and inclusive growth embodied in its action.

In Indonesia, AFD focuses its efforts on several priority areas that address the country's specific needs in the field of sustainable development. The fight against climate change and the protection of the environment are the primary focus, with projects aimed

at reducing greenhouse gas emissions, in particular by promoting sustainable practices in the energy and infrastructure sectors. As an archipelago, the issue of developing and protecting marine environments and, more broadly, the environment, is a major priority. To address the challenges of rapid urbanization, AFD also finances urban infrastructure projects, in particular transport projects. In the future, it may finance projects for waste management and access to basic services, such as water and sanitation.

A complex exercise

The fundamental issue of the extent to which the activity of an institution like AFD is actually aligned with the SDGs appears quite straightforward. This exercise is relevant in general, and in particular in Indonesia where AFD has been supporting initiatives to assist the country towards sustainable and lasting development since it started its activities in 2007, in line with the concept of the SDGs adopted by the international community in 2015.

The aim of the evaluation of AFD's contribution to the SDGs in Indonesia is to measure the contribution of AFD's action to progress towards the achievement of the SDGs in Indonesia. In this case, the dynamic vision is more important than a snapshot at a given point in time. It also makes it possible to identify the priority sectors where AFD plays an important role and can address part of the broad scope of the SDGs (in view of the scale of the SDGs, which cover a universal scope of human activities beyond reach for a single organization, no matter how large). The exercise also consists in an evaluation of the synergies between AFD's operations and national policies for sustainable development, in the context of an already robust organization for the incorporation of the SDGs and their measurement in development projects, in particular under the leadership of the Ministry of National Development Planning (BAPPENAS) and its secretariat dedicated to the SDGs.

A measurement that shows significant and relative results

While the results and impacts are measured against the yardstick of the size

of the country and the issues involved, they do contribute to assisting Indonesia on its path towards the achievement of the SDGs, in particular in the areas of climate and the environment. Through this ongoing strategy, more than 60 projects have been implemented over the last 15 years (two-thirds of them have been reviewed by the evaluation). The aspects concerning the private sector and technical assistance, mainly implemented by Proparco and Expertise France, could be further deployed and measured in the future in terms of the SDGs.

The evaluation tends to show that AFD's action in Indonesia is aligned with the country's strategies, is relevant in terms of the issues involved, and addresses a series of SDGs set out in AFD's strategic programming for 2017–2021 covered by the evaluation. The measurement of the main results and impacts remains incomplete and unsatisfactory in light of the relative magnitude (volume of AFD's operations in the country, amounting to a total of €3.5 billion of commitments between 2007 and 2023, for the world's 16th largest economy). AFD's operations may also have contributed to several important quantitative or qualitative outcomes: reduction of CO₂ emissions, protection of the terrestrial and marine environment, improvement in urban infrastructure in densely populated areas, with a direct impact on the quality of life of local people, improvement in financial services. The participatory and partnership-based working methods have been highlighted, as well as the contribution of co-financing between donors, and the added value of technical assistance resources, even for low amounts, for scaling up the results of loan financing.

An evaluation practice to be encouraged and refined, an operational practice to be enhanced

This evaluation serves to make recommendations on how to enhance the effectiveness of AFD's future projects, in Indonesia and beyond. Designed as a "pilot" exercise to be replicated in the future, this evaluation makes it possible to learn methodological lessons on the practice of evaluating the SDGs, and on the operational implementation of an AFD strategy in a given country.

This evaluation has highlighted several challenges facing the activity of a development institution: the coordination required with the local authorities, with work that constantly needs to be developed to closely align AFD's action with the country's development plans; the coherence of the Group's activities that needs to be developed in the country; the constant vigilance required over the sustainable nature of the operations, and therefore the attention that needs to be given to strengthening local capacities and ownership of the projects and programs; finally, the increased sensitivity, because the SDGs are now fully integrated into the "grammar" used by stakeholders for impact measurement: *ex ante* for the definition of operations and their statistical apparatus, in order to improve data collection, *ex post* to analyze them and evaluate the long-term impacts, and ultimately adjust the operations.

AFD Group is currently finalizing its fifth Strategic Plan, which includes the core commitment of **"100 % of projects aligned with the SDGs"**. In this context, AFD decided to initiate reflection on how to address the evaluation of the SDGs at country level. This evaluation thus constitutes a **pilot** exercise. To structure this evaluation process, an appropriate country for an analysis of AFD Group's contribution to the SDGs was selected on the basis of four criteria:

- Support for the SDGs in the target country and the degree of maturity of the consideration given to them
- The country figuring on an AFD list of priority countries to conduct research on the country's SDG path and AFD's contribution in this respect
- A total volume of financing of more than €1 billion since 2015
- An intention to work on the country strategy in the near future

This final point about linking reflection on the SDGs to the country strategy has been strengthened to enable an analysis of the outcomes of the projects allocated between 2015 and 2022.

Yann Martres,
Director of the AFD Office in Jakarta

1. Introduction^[1]

1.1 Objectives, methodology and scope of the evaluation

1.1.1 – Objectives

This document summarizes the evaluation report on AFD Group's contribution to the SDGs in Indonesia. For AFD Group, the purpose of this evaluation is to ***“feed into reflection on how it can improve its operations in Indonesia, with a specific focus on the SDGs and its contribution to the country's progress on its SDG path”***. This involves two main specific objectives:

- Evaluate the relevance of AFD Group's operations between 2015 and 2022.^[2] The evaluation thus aims to identify the initial outcomes of completed projects and evaluate the design of projects under implementation. The evaluation also assesses the coherence of AFD Group's operations with the action taken in Indonesia by the main international donors
- In the context of AFD Group's strategy, evaluate the contribution of AFD Group's portfolio to the SDGs in Indonesia

The evaluation questions that structure this evaluation are given in the table below.

[1] The Technopolis evaluation team, composed of Anne-Gaëlle Muths, Ann Livingston, Alice Barillet, Pauline Pasquier and Simon Varron, wishes to thank Joseph Viandrito, an Indonesian expert, and the SDG Hub of the University of Indonesia for their valuable collaboration.

[2] AFD's 2017–2021 strategy in Indonesia provides the key strategic framework for the analysis. The strategic document for projects allocated in 2015/early 2016 is the 2013–2015 strategy. The 2022–2026 strategy is not included in the scope of the evaluation.

Table 1 – Evaluation questions

General evaluation question	Q1 – Through its financing and public policy dialogue, to what extent does AFD Group support Indonesian stakeholders' efforts to integrate the SDGs into their public policies for sustainable development, combining economic and human development and respect for environmental limits?
Prioritization of sustainable development issues and alignment with Indonesian priorities	Q2 – To what extent does AFD Group prioritize sustainable development issues in its strategy and investments in Indonesia, in line with the priorities defined by its Indonesian counterparts (shared priorities and differences between the French and Indonesian strategies)?
Tools for strategic dialogue on these issues	Q3 – What are the opportunities and limits for integrating the SDG issues into the public policy dialogue between AFD Group and its Indonesian counterparts?

Ex ante alignment of AFD Group's operations with the SDGs	Q4 – To what extent is the project portfolio financed by AFD aligned with the SDGs? To what extent does this portfolio comply with the following principles: i) not undermine the attainment of the SDGs; ii) optimize the positive impact on the SDGs targeted, promoting “high-impact” projects; iii) work on synergies between the SDGs?
Alignment of AFD Group's operations with the SDGs (effectiveness throughout the project cycle)	Q5 – To what extent do the objectives and impacts for sustainable development set out at the start of projects actually materialize during and after the implementation phases?
Accountability on alignment with the SDGs	Q6 – What capacity does AFD have to report on its contribution to the sustainable development path in Indonesia (tools and indicators)?
Comparative effectiveness of financing tools	Q7 – To what extent do AFD's various financing tools AND technical assistance make it possible to work on interconnections between the SDGs?
Interconnections on the SDGs in AFD Group	Q8 – How do the projects financed by AFD Group build on each other to contribute to the Indonesian Government's SDG path?
AFD Group's capacity to mobilize other stakeholders (focus on the private sector)	Q9 – What capacity does AFD Group have to mobilize other co-financiers or private funders for transformative projects, meaning structural projects for the SDGs?
Comparison with other international operators	Q10 – How do AFD's strategy and operations compare with the mandates of the other main donors operating in the country (WB, AsDB, JICA, KfW)?

This summary provides a brief description of the context and presents the answers to the evaluation questions. It also provides conclusions and recommendations on AFD Group's operations in Indonesia and on the SDGs.

1.1.2 – Methodology

The evaluation is based on the following research:

- A literature review of Indonesia's development strategy and AFD's strategy in this country
- A review of the documentation on the SDGs in Indonesia and developments in AFD's strategy on the issue
- A literature review of projects, the Indonesian context and national strategies
- Interviews with AFD project teams
- Interviews in Jakarta with Indonesian, French and international stakeholders
- Five case studies with the following themes:
 - Thematic approach: promotion of renewable energies and energy efficiency; preservation of coastal and marine natural environments
 - Cross-cutting approach: technical assistance; mobilization of the private sector; gender
- A comparative analysis focused on the World Bank (WB), the Asian Development Bank (AsDB), the Japan International Cooperation Agency (JICA), and *Kreditanstalt für Wiederaufbau* (KfW), AFD's main development partners in Indonesia during the period under review

Recommendations were made **after triangulation** of all the research and exchanges with the French and Indonesian partners. **These recommendations concern both AFD Group's operations in Indonesia between 2015 and 2022 and developments in the consideration of the SDGs over the period.** In several cases, these recommendations highlight the action already taken by AFD Group and the need for it to be continued and scaled up.

1.1.3 – Scope

This evaluation covers **44 projects** ^[3] **supported by AFD Group in Indonesia:** 25 projects completed and signed between 1 January 2015 and 31 December 2022 and 19 ongoing projects (the list of projects included in the scope of the evaluation is given in Appendix A).

This evaluation has benefited from a **dual governance**, firstly with a reference group including Indonesian partners (Ministry of National Development Planning/BAPPENAS, PT SMI – *PT Sarana Multi Infrastruktur* (Persero)/Indonesian public bank for infrastructure financing, representatives of AFD's Advisory Committee in Indonesia) and representatives of AFD (Jakarta Office, representatives of AFD Group in Paris) and, secondly, a French reference group including various representatives of AFD Group and Team France, as well as external partners with specific expertise in the SDGs or the private sector.

1.1.4 – Methodological details

- The evaluation covers **two areas of analysis:** an evaluation of operations supported by AFD Group in Indonesia between 2015 and 2022, and an evaluation of AFD Group's contribution to the SDGs over the same period.
- The evaluation covers **AFD Group as a whole**. However, the Group's three entities (AFD, Proparco and Expertise France) do not have the same level of mobilization in Indonesia in terms of operations. AFD thus figures much more prominently in the evaluation
- **The financial weight of AFD** in Indonesia: while AFD had a significant level of financing in Indonesia during the period evaluated, placing the country among AFD's top ten global partners and second in Asia after

[3] Clarification of the terms used in this evaluation: all the projects are projects initiated by the Indonesian partners and financed by AFD. Consequently, the terms "AFD operations" and "AFD projects" which may be used are inappropriate abbreviations and should always be understood as "projects/operations carried out by the Indonesian partners and financed/supported by AFD".

India, its financial impact remains modest in relation to the GDP of this major emerging economy. This weight is also limited in comparison to the contributions of the WB and AsDB, which together account for almost 50 % of Official Development Assistance (ODA) in Indonesia. In 2021, France was the fourth largest bilateral contributor

• **A review of the SDGs:**

- The evaluation covers the period 2015–2022, meaning the first few years of the 2030 Agenda. The practical implementation of the SDGs was thus in the process of being developed during the evaluation period
- Furthermore, the relevance of the SDG approach lies more in its specific and holistic approach than in the diversity of themes covered taken in isolation. To substantiate this approach, this evaluation examines the various principles adopted by AFD: interconnection of the SDGs, compliance with the principles “Do No Harm” and “Leave no one behind” (in particular the most vulnerable) and the implementation of transformative projects

1.2 Context of the evaluation: key aspects

1.2.1 – The Indonesian context

- **The world's 16th largest economy and recognized as one of the 17 “megadiverse” countries**, Indonesia is the world's largest archipelago, with unparalleled marine and terrestrial biodiversity
- Its economy is characterized by a **rapidly developing service sector** (50 % of the working population in 2021) and **agriculture** employs 28 % of the working population. The country has abundant natural resources and derives some of its wealth from mining and processing natural resources. Indonesia is a major energy producer. This production is dominated by carbon energies: coal (67 %), natural gas (11 %) and oil (7.5 %). The share of renewable energies (primarily biomass and geothermal) remains limited (14 %). It has the world's 9th largest coal reserves, is the 3rd largest coal producer,

and the largest exporter (28 % of global exports in 2023).^[4] **This energy mix thus raises important issues in terms of the just transition and decarbonization of the economy**

- **Significant socio-economic progress** has been achieved over the last ten years, resulting in a reduction in the poverty rate from 14.1 % in 2009 to 9.4 % in 2023,^[5] and an improvement in access to education and healthcare. However, about 40 % of the population still lives barely above the poverty line, and the reduction of inequalities has stagnated since 2019,^[6] in a context of wide regional disparities
- Rapid urbanization has a **major impact on the environment**, in particular in terms of water and air pollution. With almost 1.5 gigatons of CO₂ equivalent (CO₂e) emissions *per year*, Indonesia is one of the world's largest emitters of greenhouse gases
- Climate change exacerbates the prevalent **natural risks**, in particular floods, which are the most frequent disaster and cause considerable damages
- To address these development challenges, Indonesia has adopted a **Long-term National Development Plan** (*Rencana Pembangunan Jangka Panjang Nasional*, RPJPN) which sets out planning priorities for Indonesia's development for the period 2005–2025. This national policy is divided into Five-year Medium-term Development Plans (RPJMN), which are subsequently translated into annual development plans, each with objectives, strategies and budgets

[4] Source: International Energy Agency.

[5] Source: World Bank, Poverty and Inequality Platform: pip.worldbank.org/country-profiles/IDN

[6] Source: World Bank: Gini index – Indonesia | Data (worldbank.org).

1.3 AFD Group in Indonesia

AFD Group, composed of AFD, Proparco and Expertise France, is a relatively new operator in the Indonesian landscape: AFD started its operations in the country in 2007, Proparco in 2011, and Expertise France in 2018. AFD Group's strategy in Indonesia

is to **contribute to the socio-economic development of the country and international commitments to the fight against climate change**. Since 2017, AFD has committed an average of between €250 million and €300 million each year, mainly in the form of sovereign and non-sovereign loans and grants. AFD Group's portfolio for 2015–2022 is composed of 44 operations amounting to a total of €1.63 billion.

Box 1 – Key figures for AFD Group's portfolio in Indonesia between 2015 and 2022

AFD (32 projects)

- Half of AFD's projects (16 out of 32) have been completed, representing 73 % of AFD's total financing
- 32 % of the funds have been allocated to the preservation of the coastal and marine natural environment, 26 % to the governance sector, and 25 % to the energy sector
- AFD's financing in the form of policy-based loans has amounted to a total of €1.14 billion (74 % of the total amount in Indonesia)

Proparco (4 projects)

- Proparco's projects have mainly focused on the financial intermediation sector, with four projects to address the financing requirements of micro, small and medium-sized enterprises in the formal and informal sectors

Expertise France (8 projects)

- Two of Expertise France's eight projects have been at national level, while the others are regional projects. One of the projects is linked to AFD financing.

1.4 The Sustainable Development Goals (SDGs)

1.4.1 – The Indonesian Government's commitment to the SDGs

The Indonesian Government **has made a strong commitment towards the SDGs**: they are incorporated in the RPJMN led by the SDGs National Coordination Team, managed by the BAPPENAS Ministry. Globally, the Sustainable Development Report 2023 indicates that **Indonesia ranks 75th in the world, which is a significant improvement** compared to 2019, when it ranked 102nd.

1.4.2 – AFD Group's commitment to the SDGs

The 2030 Agenda serves as a common reference for the Group's three entities. AFD contributes to it through its commitment to the SDGs via the **Sustainable Development Analysis and Opinion (SDAO) mechanism**. This mechanism ensures that AFD-financed projects are aligned with the SDGs, while contributing to the development of a comprehensive strategy focusing on these goals. **Expertise France** and **Proparco** have adopted a sustainable development analysis mechanism similar to AFD's, but adapted to their specific mandates and project cycles.

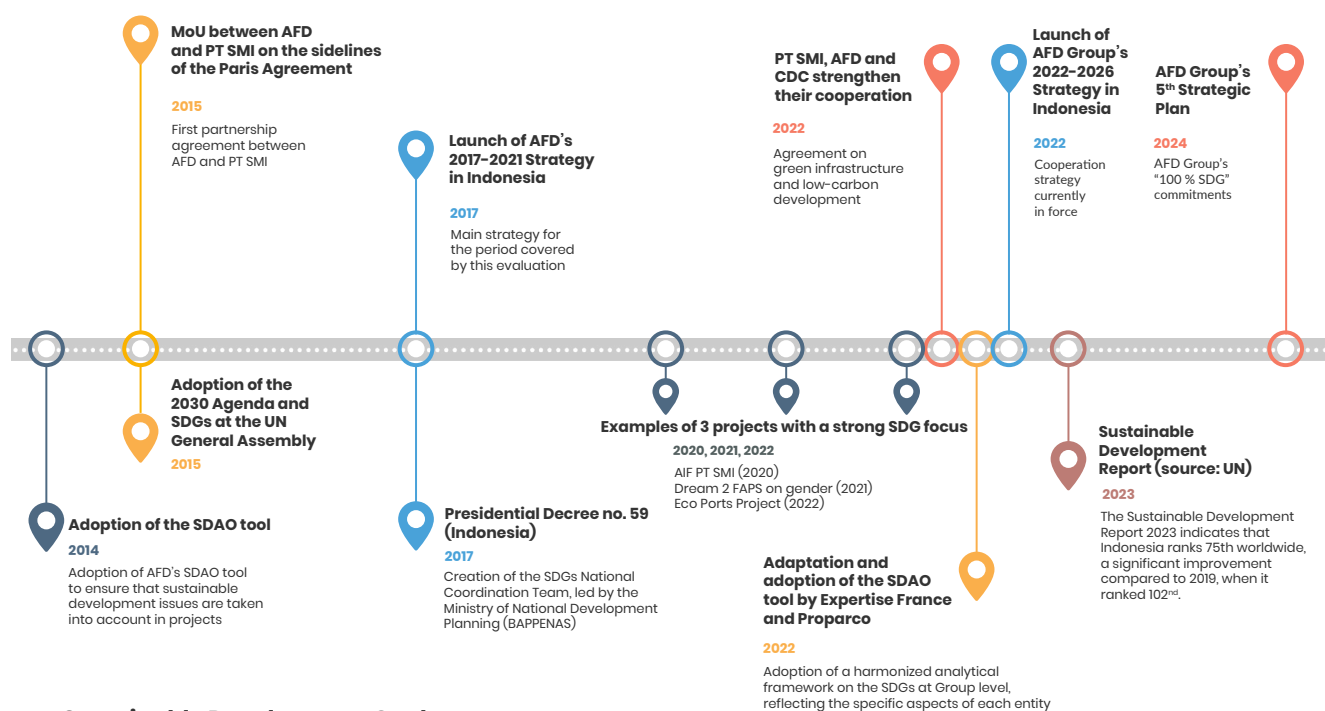
Box 2 – The Sustainable Development Analysis and Opinion (SDAO) tool

Launched in 2014, the SDAO is an assessment mechanism involving a comprehensive *ex ante* review of the expected impacts of projects on all 17 of the SDGs covered by the 6 dimensions of sustainable development: biodiversity, climate, social ties, gender, economy, and governance. Projects are assessed on the basis of these dimensions, with each given a rating through an analysis grid. An independent sustainable development opinion is also given for each project by a team present at all the key stages of the appraisal process. This independent and formal opinion informs the allocation decision.

Figure 1 – Key stages in cooperation between Indonesia and AFD Group on the SDGs between 2015 and 2022

The following timeline shows the key stages in the cooperation between Indonesia and AFD Group over the period covered by the evaluation (2015–2022). It outlines the general background information regarding the cooperation (top part) and presents a focus on the integration of the SDGs in this cooperation (bottom part). Three projects are mentioned in this timeline due to their specific focus on the SDGs: AIF PT SMI, DREAM FAPS 2 on gender, and Eco Ports (see Boxes 4 and 5, pages 14 and 16 on effectiveness and the table of projects in Appendix A). The projects mentioned in this timeline are not intended to reflect all AFD's activities in Indonesia, but to highlight examples of how reflection on the SDGs is integrated into certain projects.

Indonesia & AFD Group – 2015–2022



2. Findings of the evaluation

This section outlines the key messages of the evaluation based on three criteria: relevance, effectiveness and coherence. Following an analysis of each criterion, a rating and recommendations are proposed.

2.1 Relevance

2.1.1 – AFD Group’s operations are aligned with Indonesian priorities while ensuring they are reconciled with the Group’s climate ambitions

AFD’s strategy for operations in Indonesia has been very coherent since its first financing operations in 2007. Indeed, it has maintained the same areas of focus over the years: environment in the broad sense, low-carbon transition, sustainable cities, blue growth. These strategic focuses are aligned with the Indonesian Government’s policies, as set out in the main national policy documents, including the RPJMN which defines Indonesia’s development planning priorities for 2005–2025 (see Table 2).

Table 2 – Correspondence between AFD’s priority objectives and the focuses of Indonesia’s development strategy

AFD’s priority objectives (2017–2021 Strategy)	RPJMN 2015–2019
Promotion of renewable energies and energy efficiency	Energy and electricity sovereignty (one of the four dimensions of the development of the primary sector of the RPJMN)
Improvement in urban public services	This dimension is not mentioned in the RPJMN as a priority dimension of development as such, but the RPJMN addresses urban transport and social housing
Sustainable land and ecosystem management	This dimension is not mentioned in the RPJMN as a priority dimension of development as such, but the RPJMN targets related priorities such as maritime and marine ecosystems
Improvement in maritime connectivity	Maritime and marine dimension (one of the four dimensions of the development of the primary sector of the RPJMN)
Improvement in the effectiveness of public finances	Governance and reform (one of the four prerequisites for development of the RPJMN)

Key: Beige = corresponding priorities – Mauve = indirectly corresponding priorities

Two priority sectors are of common interest for the Indonesian Government and AFD:

- The management of coastal and marine resources and areas, as well as support for maritime activities: 32 % of the portfolio
- The low-carbon transition and energy transition: 25 % of the portfolio over the period covered by the evaluation in terms of AFD financing

AFD's action thus targets strategic sectors requiring highly specialized expertise.

Box 3 – Alignment of operations financed by AFD with Indonesian strategies for marine and coastal areas

AFD's operations in marine and coastal areas are closely aligned with Indonesia's strategy, as the marine sector is a key national priority:

- The Indonesian Ocean Policy of 2017 established to support the Long-term National Development Plan 2005-2025 of Indonesia's National Development Vision (regulated by Law no. 17 of 2017 and Law no. 32 of 2014 on marine affairs)
- The RPJMN (2015-2019) which sets out Indonesia's five-year strategic priorities

The Indonesian authorities, represented by the Ministry of Finance, BAPPENAS, KKP (Ministry of Marine Affairs and Fisheries), and agencies such as BRIN (National Research and Innovation Agency) and BMKG (Indonesian Meteorology, Climatology, and Geophysical Agency), requested financing from AFD for projects such as the KRISNA Project, Supporting Indonesian Research Capacity in Oceanography (CID1077), the Eco Fishing Ports Project (CID1109), and the Marine Meteorology Project (CID1080). These investment projects include technical assistance for their preparation, implementation, and peer-to-peer exchanges.

Several factors facilitate the alignment of AFD's operations with Indonesia's priorities:

- The high-level policy dialogue between France and Indonesia and the existence of strategic partnerships. Indeed, a letter of interest was signed in 2017 by France and Indonesia on bilateral cooperation in the fisheries and marine sectors
- A gradual approach, combining technical assistance to help Indonesian stakeholders prepare projects financed by AFD and pilot projects. For example, the Eco Fishing Ports Project (CID1109) aims to test sustainable port management, with a view to subsequently extending it to other Indonesian ports
- The long-term relationship between AFD and Indonesia in this sector, which facilitates the dialogue between the two parties and makes AFD a trusted partner

Box 4 – Alignment of AFD financing with Indonesian strategies on renewable energies and energy efficiency

The investigations carried out indicate that over the period under review, AFD's operations were aligned with Indonesia's various strategies to develop greener energy:

- The National Action Plan for Reducing Greenhouse Gas Emissions/GHGs (RAN-GRK) defined in 2017 reiterated the objective of reducing greenhouse gas emissions by 26 % by 2020 and focusing on five priority sectors, including energy.^[7]
- In the context of its NDC (Nationally Determined Contribution) published in 2015, Indonesia had planned to reduce its GHG emissions by 26 % by 2020 without external support, and by 41 % if it was supported by international financing. It set an unconditional target of -29 % of GHG emissions by 2030. It also set the target of achieving 23 % of renewable energies in its primary energy mix by 2025. These targets are derived from Government Regulation no. 79/2014 on National Energy Policy. Indonesia submitted an Enhanced NDC to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in September 2022, with the target of an unconditional reduction of emissions increased to 31.89 %, and a conditional target increased to 43.20 % if the country benefited from additional international financing.^[8]
- Energy is a priority of the RPJMN 2015–2019. It also figures prominently in the RPJMN 2020–2024

AFD has supported key aspects of this energy transition in Indonesia, in particular for renewable energy investments. It has supported:

- The development of a conducive policy framework: Sustainable and Inclusive Energy Program tranches 1 and 2 (CID1061, CID1067)
- Universal access to electricity: Sustainable and Inclusive Energy Program tranches 1 and 2 (CID1061, CID1067)
- In terms of support for renewable energies: Sustainable and Inclusive Energy Program tranches 1 and 2 (CID1061 and CID1067), technical and environmental and social (E&S) studies for the Masang II Hydropower Plant Project (CID1095), feasibility study for a wind project in Banten (CID1119), and support for the preparation of the wind power development strategy, PT SMI II: credit line to PT SMI to promote financing for green infrastructure aligned with the SDGs (CID1083), technical assistance for the preparation of projects, investment grants and capacity building for PT SMI (CID1085 and CID1090)
- Energy efficiency: The SIEP (Sustainable and Inclusive Energy Program) and PT SMI projects address energy efficiency

The transition of the energy sector in Indonesia will take time due to the energy mix, which is currently dominated by coal. This sector is the main source of income and employment for certain regions. The phased reduction of the share of coal, for the purpose of reducing GHG emissions, will have an impact on the social and economic balances in the country. It is therefore essential for AFD and the other donors to continue to support the Indonesian Government on this issue over the long term.

[7] AFD, Indonesia Country Intervention Framework 2017–2021, version presented to the Board of Directors meeting of 21 December 2017.

[8] https://unfccc.int/sites/default/files/NDC/2022-09/23.09.2022_Enhanced%20NDC%20Indonesia.pdf

While the overall strategies are aligned, the prioritization of the ambitions may differ between AFD and the Indonesian partners. An in-depth analysis of the strategies and projects shows the operational complexity of **this alignment, which aims both to support Indonesia's socio-economic ambitions and respect the environmental ambitions promoted by AFD.** Indeed, the balance between economic growth, social development and environmental sustainability poses a major challenge, in particular in major emerging countries like Indonesia. While important commitments have recently been made on environmental issues, some policy decisions may still give priority to economic growth and social development. At the same time, AFD Group has strong ambitions concerning climate co-benefits in Southeast Asia, and in particular in Indonesia, in line with its mandate to focus on the climate and green growth. The analysis has also shown that over the period reviewed, it has not been possible to finance sectors such as energy efficiency and forest conservation with loans, despite AFD's interest in these areas.

2.1.2 – The integration of the SDGs into operations is still recent and uneven. It is based on robust processes and tools established by AFD Group for the project design phase.

AFD's Strategy 2017–2021, which covers most of the period reviewed by this evaluation, refers to the SDGs. The 2030 Agenda is mentioned, and the SDGs related to AFD's areas of operation are mentioned:

- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 10: Reduce inequality within and among countries
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG 15: Protect and restore terrestrial ecosystems
- SDG 16: Promote peaceful and inclusive societies for sustainable development

However, in view of the date of its adoption (2017), the strategy does not make more ambitious references to the SDGs. At the time, there was therefore no comprehensive approach to the SDGs, such

as a gap analysis on the SDGs or potential links between them. While it was recognized that development challenges coexist, there was no reference to a more in-depth and operational approach to achieve these objectives.

At the end of the period reviewed, AFD progressively and significantly implemented the tools required for the integration of the SDGs into the project design phase. The work of AFD's dedicated teams, the ESS and SDAO Divisions,^[9] along with the sustainable development analysis mechanisms, all ensure that beyond reference to the various SDGs on an individual basis (a project on renewable energies ticking the SDG 7 box, for example), an effort is made to integrate the SDGs into a more comprehensive approach. The analysis of the projects thus shows that greater account is taken of issues related to the SDGs over time. Indeed, the links between the SDGs have become more explicit, reflecting a clear and more ambitious commitment to transformation.

However, the integration of one or several of the principles defined by AFD for the consideration of the SDGs^[10] remains uneven depending on the projects. Indeed, as the definition of projects is subject to a multitude of constraints, a full and thorough integration of the principles driven by the 2030 Agenda, defining the SDGs, is not always easy. It should be noted that the most recent projects (from 2020 onwards) include these principles more, reflecting AFD's greater attention to the effective integration of the SDGs in projects (Box 5 and Figure 1). The number of projects considered "transformative" by AFD has also increased since 2020.

Beyond processes and results, it is useful to look at the position of AFD's teams responsible for the definition and implementation of projects, and their

[9] ESS: Environmental and Social Support.

[10] These four principles are: Interconnections between the SDGs, Do no harm, Implementation of transformative projects (*i.e.*, rated +3 for at least two dimensions of the Sustainable Development Opinion), Focus on the most vulnerable.

understanding of the holistic nature of the SDGs. While AFD's counterparts say that they have a good general understanding of the 2030 Agenda and the SDGs, most of them feel that the integration of the SDGs is often limited to an alignment with one of the 17 SDGs. Over the period reviewed (2017-2021), the teams would not appear to have fully grasped the way in which the 2030 Agenda is meant

to change the definition of strategies and projects. Since then, the dissemination and support methods have enabled them to take greater account from an overall perspective.

Box 5 – Integration of interconnections between the SDGs in projects

Some of the projects supported by AFD and reviewed by this evaluation have taken a holistic approach to the SDGs in the project design and operational arrangements, explaining how the interconnections between the SDGs are taken into account.

A first example is the **Eco Fishing Ports Project (CID1109)**. Its objective is to make a significant contribution to various dimensions of sustainable development: resilient and sustainable economic development, sustainable natural resources management, climate resilience, and governance in the fisheries sector. The risk of the economic component taking the lead over the other SDGs was identified during the design phase. Consequently, safeguard measures were planned in the project design and the project team negotiated contractual undertakings with the Indonesian Ministry of Marine Affairs and Fisheries (for example, improving the quality of capture and traceability data, energy-saving buildings, and climate-smart infrastructure).

The design of the **PT SMI II Project: credit line to strengthen the financing of climate-resilient infrastructure projects (CID1083)**^[11] also integrates a holistic approach to the SDGs.^[12] In view of their nature, the infrastructure projects financed could generate negative environmental and social impacts. AFD therefore assessed the environmental and social management system (ESMS) in place in PT SMI during the project appraisal and considered it satisfactory (including the E&S policy, procedures, tools, organization of human resources, training system and reports). PT SMI undertook to apply these procedures to the projects financed by the credit line and implement its ESMS for the credit facility, as set out in the financing agreement. A European grant was mobilized to assist PT SMI with the implementation of the E&S procedures. In addition, AFD's exclusion list, comprising E&S criteria, is also attached to the financing agreement and is consulted for each potential investment.

[11] See Appendix A for a brief description of the project.

[12] Referring to two structural principles for AFD to take greater account of the SDGs: not undermine the attainment of one of the SDGs and work on synergies between the SDGs.

Table 3 – Rating of the evaluation on the fulfilment of the relevance criterion and recommendations

	HS	S	U	HU		Leeway for AFD Group
Alignment of AFD Group's operations with Indonesian priorities					AFD Group's operations are consistent with Indonesian priorities, with the strategies and projects supported designed to address the needs of the Indonesian Government. However, AFD Group has to deal with challenges in terms of matching its Indonesian partners' priorities with its climate mandate.	++
Integration of the SDGs into Strategies (1)					The integration of the SDGs was still in its early stages from a strategic perspective during the period evaluated, with sectoral references, but with little account taken of interconnections between the SDGs.	+++
Integration of the SDGs into projects (2)					The integration of the SDGs into projects is supported by robust processes and tools during the project design phase (SDAO tool).	+++
Acculturation of the AFD Group teams to the holistic approach to the SDGs					The holistic approach to the SDGs developed by AFD and its implications for the definition and implementation of projects have not yet been fully integrated by the teams. This integration varies depending on the teams, hence the dual rating.	+++

Key: HS Highly satisfactory, S Satisfactory, U Unsatisfactory, HU Highly unsatisfactory

+++ Significant leeway, ++ Shared responsibilities, + Limited leeway

Recommendation	Main objectives	Key stages
Recommendation 1 Continue AFD Group's cooperation strategy in Indonesia	Capitalize on AFD's successful experiences in Indonesia, while seeking to integrate new activities if this is necessary and feasible for AFD Group, in respect of its resources and mandate. These activities may be based on requests from the Indonesian partners, or the results of research conducted by AFD.	<ul style="list-style-type: none"> • Renew an ongoing and dynamic dialogue with the Indonesian authorities (in particular with the new government elected in 2024) • AFD's Advisory Committee in Jakarta is mobilized more (exploiting its expertise and network)

2.2 Effectiveness

2.2.1 – AFD’s financing has contributed to the implementation of major reforms in Indonesia

The assessment highlights the following points:

- **The project activities have mostly gone as planned**, despite occasional difficulties, in particular due to implementation delays (partly related to the Covid-19 pandemic and changes in the Indonesian Government’s priorities).
- **The project evaluations highlight their contribution to major reforms and consequently to broader impacts on**

Indonesian public policies through the long-term dialogue on them. The following projects are examples: budget financing for logistical public policies, budget financing for public policies supporting the tax reform, and budget financing for public policies to support the resilience of the financial system (Box 6).

- **For the majority of these projects, the evaluations show that the achievements are likely to be sustainable**, as guarantees have been put in place for this (including commitments by the Indonesian stakeholders and capacity building activities).

Box 6 – Illustration of the results of the long-term public policy dialogue

- In the case of the policy-based loan for the development of the logistics chain (Reliability of logistics chains and performance of ports project I and II – CID1070 and CID 1072), the evaluation concludes that the results have been achieved, despite AFD’s relatively modest contribution compared to the other donors. The impacts of the program on strengthening the capacities of maritime logistics have been positive for the three pillars of the reform, despite the fact that progress was hindered by a number of restrictions still in place, such as the limited openness to foreign investors. Overall, the operation has had a positive impact on the achievement of the expected sectoral results: the operation has improved the quality of the reforms undertaken (level of ambition, clarification of objectives), has supported the implementation of the reforms and, in doing so, has contributed to accelerating the progress achieved
- The evaluation of AFD’s policy-based loans for the tax reform (DPL Tax) 1, 2 & 3 (CID1064, CID1071 & CID1088) for the period 2015–2020 has found that the series of loans has enabled the Government to continue its debt strategy, a key strategy to finance its reforms. This has resulted in a reduction of subsidies, changes in taxation, and an increase in expenditure in infrastructure and social sectors. The support from AFD and Expertise France has contributed to the establishment of sustainable institutional processes: AFD’s loans have contributed to increasing the fiscal space the Indonesian Government needs to finance its budget and its reform efforts
- The evaluation AFD’s policy-based loans DREAM 2 (Disaster Resilience Enhancement and Management Program) shows that all the indicators of the public policy matrix had been reached, or were in the process of being reached, at the time of the final evaluation. The project’s most significant result is the doubling of the budget for disaster risk reduction between 2020 and 2021
- The completion report on the project on the resilience of the financial system (DPL resilience of the financial system CID 1111) shows that the project’s effectiveness has been highly satisfactory and AFD’s contribution is deemed satisfactory, in particular regarding the position taken by AFD for the public policy dialogue in this sector, the in-depth discussions with the stakeholders (Indonesian authorities and WB), and the strengthening of the dialogue on climate finance through the technical assistance provided to the banking regulator OJK. Several reforms mentioned in the public policy matrix have been implemented.



Source: AFD project evaluation reports

These results have been achieved through the **successful mobilization of the tools generally used by AFD to exert influence in partner countries**: (i) the combination of a public policy dialogue on specific issues, informed by the high level of expertise of AFD's teams and the technical assistance providers selected (including Expertise France), (ii) the attractiveness of the budget support, and (iii) the additional mobilization of grants to finance technical assistance. The research projects can also provide added value when they are used to contribute to the reflection and strategies of partners.

However, **AFD's contribution to these achievements and results has not always been decisive in terms of the launch or implementation of projects**. The project evaluations highlight that the limited financial resources, including for technical assistance, compared to the other donors have sometimes restricted AFD's weight in the public policy dialogue and negotiations. Furthermore, when it started its operations in Indonesia, AFD often joined the negotiating table at a late stage, whereas the dialogue was already well underway. However, the strategy of getting a "foot in the door", then strengthening its presence and influence in the public policy dialogue, is effective and is gradually paying off.



The table below shows, for the various SDGs mentioned in AFD's strategy for operations in Indonesia for the period 2017-2022, the progress achieved by Indonesia, AFD Group's activities linked to these developments, and information on the results and prospects regarding cooperation between AFD Group and Indonesia.

Table 4 – AFD Group's contribution to the SDGs mentioned in the 2017-2021 Strategy and/or associated with AFD Group's largest volumes of financing in Indonesia over the period



SDGs mentioned in AFD's 2017 Strategy for Indonesia	Indonesia's progress on these SDGs ^[13]	AFD Group's activities contributing to this progress	Results and prospects
	<ul style="list-style-type: none"> ● → Population with access to electricity ● ↑ Population with access to clean fuels and technology for cooking ● → CO₂ emissions from fuel combustion per total electricity output ● → Renewable energy share in total final energy consumption 	<p><i>Activities</i></p> <ul style="list-style-type: none"> • Sectoral dialogue at ministerial level • Investments contributing to more sustainable and equitable access to energy • Skills development for sector staff, focusing on the new technologies required for the energy transition • Technical assistance and capacity building for partners <p><i>Projects</i></p> <ul style="list-style-type: none"> • SIEP (CID1061, CID1067) • FEXTE PLN wind (CID1119) • FAPS Masang II (CID1095) • PT SMI (CID1083, CID1085, CID1090) 	<p>Renewable energy development is a major issue for sustainable development in Indonesia: important commitments have been made with the signing of the JETP (Just Energy Transition Partnership) agreement. The renewable energy and energy efficiency sector remains a focus of cooperation for AFD Group, in partnership with the other international development actors in Indonesia, and by mobilizing the private sector (in particular through Proparco).</p>
	<ul style="list-style-type: none"> ● ↗ Gini coefficient ● ● ● Palma ratio 	<p>SDG 10 on the reduction of inequalities has not in itself been a sector of operation in AFD Group's strategy, but it is integrated in several projects in a cross-cutting manner (for example, the projects on tax justice – CID1064, 1071, 1088, 1075 – and on the resilience of the financial sector – CID1111, CID1118).</p>	<p>The reduction of inequalities is of the utmost priority for the Indonesian authorities. AFD, and more specifically its Research Department, is currently conducting research which should enable a greater consideration of inequalities in new projects.</p>

● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable
 ↑ On track or achievement maintained ↗ Moderate improvement → Stagnation ↓ Reduction ● ● Information on trends unavailable

[13] SDG Transformation Center: Data from the Sustainable Development Report 2023. At the date of publication of this evaluation report, the data are from the Sustainable Development Report 2024.

SDGs mentioned in AFD's 2017 Strategy for Indonesia	Indonesia's progress on these SDGs	AFD Group's activities contributing to this progress	Results and prospects
	<ul style="list-style-type: none"> ●➔ Proportion of urban population living in slums ●➔ Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5) ●➔ Access to an improved, piped water source ●➔ Satisfaction with public transport 	<p><i>Activities</i></p> <ul style="list-style-type: none"> • Promotion of a sustainable urban development model (such as eco-neighborhoods) in three pilot cities <p><i>Projects</i></p> <ul style="list-style-type: none"> • DREAM (CID1100, CID1122) • FEXTE floods (CID1113) • FAPS IMP TPSP (CID1121) • FICOL LR Kandari (CID1089) 	<p>The sustainable urban development project (for eco-neighborhoods) in three pilot cities was not implemented during the period covered by the evaluation, but more recent projects (outside the scope of the evaluation) take up this issue, which remains a priority for the development of Indonesia.</p> <p><i>N.B.:</i> Indonesia's urban population rose from 14 % in 1960 to 56 % in 2020. By 2045, more than 70 % of the population is expected to live in cities^[14] (source: UrbanShift, World Bank, Indonesia UrbanShift (shiftcities.org)).</p>
	<ul style="list-style-type: none"> ●➔ Fish caught from overexploited or collapsed stock ●➔ Fish caught by trawling or dredging ●➔ Fish caught that are then discarded ●●● Marine biodiversity threats embodied in imports ●➔ Average marine or coastal area protected in biodiversity hotspots ●↓ Ocean Health Index: Clean waters score 	<p><i>Activities</i></p> <ul style="list-style-type: none"> • Work on marine biodiversity • Capacity building for Indonesian partners to improve the understanding and preservation of natural resources <p><i>Projects</i></p> <ul style="list-style-type: none"> • BMKG Marine weather (CID1080, CID1086) • Eco Fishing Ports (CID1109, CID1104, CID1105) • KRISNA (CID1077, CID1079) • FEXTE IRD plastic pollution (CID1097) 	<p>AFD Group's involvement in marine and coastal issues in Indonesia benefits from a conducive cooperation framework, including:</p> <ul style="list-style-type: none"> • A high-level policy dialogue between France and Indonesia and the existence of a partnership • A phased approach, combining technical assistance to help the Indonesian stakeholders prepare projects financed by AFD and pilot projects. For example, the Eco Fishing Ports Project (CID1109) aims to test sustainable port management, with a view to subsequently extending it to other Indonesian ports • A long-term relationship between AFD and Indonesia in this sector

[14] Indonesia | UrbanShift (shiftcities.org): initiative led in nine countries to support low-carbon urban development.

SDGs mentioned in AFD's 2017 Strategy for Indonesia	Indonesia's progress on these SDGs	AFD Group's activities contributing to this progress	Results and prospects
	<ul style="list-style-type: none"> ●→ Mean area that is protected in terrestrial sites important to biodiversity ●→ Mean area that is protected in freshwater sites important to biodiversity ●↓ Red List Index of species survival ●↗ Permanent deforestation ●● Terrestrial and freshwater biodiversity threats embodied in imports 	<p><i>Activities</i></p> <ul style="list-style-type: none"> • Capacity building for Indonesian partners to raise awareness among the stakeholders and better protect natural resources • Promotion of new standards and development of innovative partnerships for the conservation of forest resources and the inclusion of local communities • Support for French NGOs involved in the conservation of forest resources and the inclusion of local communities <p><i>Projects</i></p> <ul style="list-style-type: none"> • Climate change (CID1062) 	<p>SDG 15 is a key issue for Indonesia's development and AFD's strategy for operations. However, the issue of forests is yet to be explored in order to strengthen cooperation.</p>
	<ul style="list-style-type: none"> ●● Homicides ●↑ Arbitrary detention ●↑ Population who feels safe walking alone at night in the city or area where they live ●● Births registration with civil authorities ●↓ Corruption perceptions Index ●● Child labor ●● Exports of major conventional arms ●↓ Press freedom Index ●↓ Access to and availability of justice ●↓ Timescales for administrative procedures ●↗ Expropriations are lawful and adequately compensated 	<p><i>Activities to improve the effectiveness of public finances</i></p> <ul style="list-style-type: none"> • Support for public finance reforms • Technical assistance on tax policies <p><i>Projects</i></p> <ul style="list-style-type: none"> • Tax reform (CID1064, CID1071, CID1088, CID1075) • Resilience of financial sector (CID1111, CID1118) • FAPS OJK green finance (CID1106) 	<p>AFD's activities in connection with SDG 16 have focused on public finances and green finance.</p> <p>This sector of cooperation has benefited from several projects for which the final evaluations have highlighted their contribution to major national reforms and capacity building for local partners.</p>

2.2.2 – There has been considerable progress in Indonesia's SDG path, with a qualitative and targeted contribution from AFD Group

It should be noted that **Indonesia has achieved considerable overall progress on its development path, which is increasingly converging with the SDGs**. The 2023 report on the SDGs shows that Indonesia ranks 75th in

the world, which is a significant improvement compared to 2019, when it ranked 102nd. The most considerable progress achieved on the SDGs concerns poverty, education, and water and sanitation (Figure 2). The progress is more limited on the SDGs related to the environment (SDG 7 on energy, SDG 14 on the marine environment, and SDG 15 on terrestrial ecosystems).

Figure 2 – SDG dashboard in Indonesia^[15]



Indonesia is a country that depends little on external aid, as evidenced by the figures below (Box 7). In this respect, the amounts of ODA, including the financial contribution of AFD Group, have a minor effect on Indonesia's development path.

Box 7 – Key figures on national and foreign investment for Indonesia's development

- Gross domestic product (in current dollars): \$1.06 trillion (2020)
- Gross fixed capital formation: 32 % of GDP (2020), or \$335.82 billion (2020)
- Final consumption expenditure of public administrations: \$109.69 billion (2020)
- Foreign direct investment, net inflows: 1.8 % of GDP (2020), or \$19.18 billion (2020)
- ODA and other net official inflows: \$1.21 billion (2020), or 0.7 % of central government expenditure (2020)
- AFD commitments: \$322 million (2020)

Source: AFD and Organisation for Economic Co-operation and Development (OECD) documents.^[16]

[15] SDG Transformation Center: Data from the Sustainable Development Report 2023. At the date of publication of this evaluation report, the data are from the Sustainable Development Report 2024.

[16] OECD Data Explorer • Official Development Finance (ODF) by country and region.

In this context, AFD Group's contribution to Indonesia's SDG path is primarily qualitative and targeted. It is based on the tools generally used by AFD Group to exert influence. However, two specific points concerning the SDGs should be noted:

- The first is the privileged partnership with PT SMI, which fosters a rich dialogue, in particular on the SDGs. This dialogue reflects one of the ambitions of AFD's SDG roadmap, published in 2021, which establishes support for the "transformation of national actors" as one of the key tools for its action towards the SDGs in countries
- Operations in the form of grants would appear to be essential for pursuing more far-reaching ambitions for the SDGs. The provision of technical assistance, often recognized as high-level by partners, provides a way of initiating new areas of cooperation and working jointly on higher levels of ambition

At the project level, the SDGs can be effectively taken into account through:

- The implementation of specific activities, such as the introduction of an SDG bonus for eligible projects on the credit line to PT SMI, following the identification of the expected positive impacts, or the commitment regarding the preservation of biodiversity and the environment under the Eco Fishing Ports Project^[17]
- Technical assistance projects that strengthen gender issues (FAPS DREAM 2 and AIF PT SMI technical assistance on gender issues financed by funds delegated by the European Union (EU)). However, this review highlights a "missing link" between the *ex ante* overall objectives of projects for the SDGs and the definition of specific activities to implement them, which sometimes limits the operationalization of AFD's intentions

[17] Specific undertakings on improving the quality of capture and traceability data, energy-saving buildings, and climate-smart infrastructure.

Table 5 – Correspondence between AFD's priority objectives and the focuses of Indonesia's development strategy

	HS	S	U	HU		Leeway for AFD Group
Effectiveness of operations					The project evaluations highlight the contribution made by the projects supported by AFD to Indonesia's major reforms, while AFD's contribution to these achievements and results has not always been decisive, in terms of either initiating them or implementing them.	++
Effects on the SDGs (1)					Significant progress has been achieved in Indonesia's SDG path, as indicated in the latest Sustainable Development Report, in particular in terms of poverty reduction, education, water and sanitation.	+
Effects on the SDGs (2)					The contribution of AFD Group's operations to this progress is qualitative and targeted. It is based on the tools generally used by AFD Group to exert influence, including a public policy dialogue combining loans and technical assistance, and a privileged partnership with certain key development actors in Indonesia.	++
SDGs fully integrated into the implementation and effects of projects					Some projects have effectively taken account of the SDGs in their implementation. However, there would sometimes appear to be a missing link between the SDG analysis conducted during the appraisal and the implementation of the corresponding activities.	+++

Key: HS Highly satisfactory, S Satisfactory, U Unsatisfactory, HU Highly unsatisfactory

+++ Significant leeway, ++ Shared responsibilities, + Limited leeway

Recommendation	Main objectives	Key stages
<p>Recommendation 2</p> <p>Strengthen partnerships with national stakeholders, beyond the partner ministries and agencies of projects</p>	<ul style="list-style-type: none"> • Strengthen cooperation with the main development actors in Indonesia to ensure that they contribute, beyond co-financed operations, to the alignment of their practices and financing with the SDGs • Enhance the dialogue with certain counterparts and seek to develop new counterparts • Strengthen AFD's visibility on the SDGs in Indonesia 	<ul style="list-style-type: none"> • Further develop the privileged partnership with PT SMI, focusing on activities that will have a leverage effect on the SDGs • Assist the Ministry of National Development Planning with its strategy for the transformation of Indonesian actors to support the achievement of the SDGs by mobilizing AFD's non-financial resources (peer-to-peer exchanges, cross-innovation, studies on trajectories involving research, high-level strategic dialogue) • Assess the possibility of developing new partnerships
<p>Recommendation 3</p> <p>Mobilize the full range of AFD's operational tools (financial and non-financial) to support Indonesia's development</p>	<p>Support the public policy dialogue with Indonesian partners on key issues, mobilizing all the tools available at AFD (financial and non-financial)</p>	<ul style="list-style-type: none"> • Maintain the grant component/ mobilize European grant resources to finance technical assistance to back up the sovereign loans allocated to the partners. These resources contribute to the dialogue with partners and to raising the level of ambition (in particular for the SDGs) • Develop non-sovereign loans which enable AFD to reach different types of actors and take action at other levels of public action
<p>Recommendation 4</p> <p>Ensure that there is a common understanding of the 2030 Agenda and strengthen the effective and systematic integration of the SDGs into AFD's activities</p>	<p>Move from a general objective of promoting the achievement of the SDGs to their effective and systematic translation into AFD's country strategies and at all the stages of projects.</p>	<ul style="list-style-type: none"> • In terms of strategy, strengthen the holistic approach to the SDGs and emphasize the principles of the SDGs (interconnection of the SDGs, Do no harm, implementation of transformative projects, focus on the most vulnerable) to ensure that there is a stronger operational implementation in the operations financed • Continue/strengthen efforts for training on the SDGs for the various teams in AFD Group • Develop tools to facilitate the effective integration of the SDGs in the implementation of projects • In a country evaluation (and where relevant), complete the evaluation matrix on AFD Group's contribution to the SDGs (see Appendix B)

2.3 Coherence

2.3.1 – The coordination between the three AFD Group entities was in progress during the period covered by the evaluation: synergies exist and could be strengthened

During the period covered by the evaluation, **the notion of AFD Group was still in its early stages in Indonesia**, with few opportunities for collaboration between the three entities (AFD, Expertise France and Proparco) for operations on the SDGs. While Proparco had an office during the period covered by this evaluation, the lack of opportunities meant that it was not possible to create synergies at the level of AFD Group at that time. Expertise France, for its part, only joined AFD Group more recently.

The synergies in the Group are relevant: there are regular discussions between the teams of the three entities on the Indonesian context and opportunities for collaboration. For example, this is the case in the energy, transport and public finance sectors. This evaluation highlights several relevant cases of coordination, such as the technical assistance deployed by Expertise France with policy-based budgetary financing financed by AFD. Indeed, the specific policy-based budgetary financing operations have contributed to structuring Team France, composed of AFD, Expertise France and beyond the French Ministry of Finance. Team France has thus become a full-fledged actor.

2.3.2 – Operations to support the private sector on the SDGs are faced with a challenging environment

AFD Group's operations to support the private sector are both indirect (AFD) and direct (Proparco): AFD's operations targeting the structural conditions of the liberalization of the Indonesian market, which include loans to support the tax reform, as well as the resilience of financial systems, were consistent with a potential strengthening of Proparco's operations in the country. This combined action of AFD and Proparco could support the achievement of the SDGs, as it is necessary to mobilize the private sector to

bridge the funding gap and thus contribute to the achievement of the 2030 Agenda.

However, while Proparco has sought to deploy its portfolio of operations in the country, **the business climate in Indonesia has remained complex and unfavorable for the mobilization of the private sector:** Proparco has had to scale back its ambitions. The volume of operations directly targeting the private sector for sustainable development has thus been relatively limited over the period covered by the evaluation. While the Indonesian Government is engaged in several reforms to develop an enabling environment for private investment, fundamental structural changes are still required.

Furthermore, the limited range of financial tools available for major emerging upper-middle-income countries affects Proparco's ability to achieve its objectives. During the period evaluated, unlike multilateral Development Finance Institutions, Proparco was not able to participate in financing operations with blended instruments (concessional loans and blending) in Indonesia. This limited its ability to attract private capital in addition to public financing in order to optimize the effectiveness and impact of the investments.

The coordination with the technical and financial partners in Indonesia is a major advantage for AFD Group's operations in the country. During the period evaluated, AFD was able to coordinate with major international donors in order to (i) identify projects requiring co-financing, (ii) enhance the potential impact of projects, and (iii) avoid duplication, in priority areas for the Indonesian Government, including the energy transition, marine conservation and the resilience of public finances.

AFD has managed to join the negotiation rounds with the Indonesian Government. It has been invited to participate in co-financing budget programs with the WB and AsDB. However, due to its recent entry, AFD may have encountered difficulties in gauging its expectations and ambitions

for the SDGs in the projects covered by the period evaluated. In addition, while AFD's strong ambitions for the SDGs may have had a positive effect on its partners (including other donors and the Indonesian Government), in the context of Indonesia's development priorities, AFD's alignment with the World Bank's E&S standards was considered overly ambitious.

The evaluation methodology included a comparative analysis of the consideration given to the SDGs by four donors (JICA, KfW, AsDB and WB) in their respective strategies. This analysis shows

that each institution has tools to analyze the dimensions related to sustainable development in projects. However, the holistic dimension required for an effective integration of the SDGs in the implementation of projects, and in particular the issue of interconnections and potential conflicts/synergies between the SDGs, would not appear to be present among all the donors. The level of ambition on the issues therefore appears to vary from a development partner to another.

Table 6 – Rating of the evaluation on the achievement of the coherence criterion and recommendations

	HS	S	U	HU		Leeway for AFD Group
Coordination between the three AFD Group entities					During the period evaluated, the Group dimension of AFD was in its early stages, with few opportunities for collaboration between the three entities.	+++
Coordination with international development partners					AFD successfully coordinated with other key international donors to identify projects requiring co-financing and strengthen the potential impacts of the project. It sometimes faced difficulties in positioning itself and promoting its own standards and priorities in the co-financed operations, as it had recently arrived at the negotiating table.	++
Mobilization of private sector					AFD Group has sought to promote the mobilization of the private sector, both indirectly (<i>via</i> AFD) and directly (<i>via</i> Proparco), but the Indonesian environment remains difficult for this mobilization.	+

Key: HS Highly satisfactory, S Satisfactory, U Unsatisfactory, HU Highly unsatisfactory
+++ Significant leeway, ++ Shared responsibilities, + Limited leeway

Recommendation	Main objectives	Key stages
<p>Recommendation 5</p> <p>Strengthen the “AFD Group” dimension in Indonesia</p>	<ul style="list-style-type: none"> • Make greater use of the added value of each Group entity, in particular in terms of knowledge of the regulatory frameworks in place • Develop opportunities for cross-fertilization between the entities 	<ul style="list-style-type: none"> • Consolidate and pool the sectoral information gathered by each entity on the three priority sectors for synergies (energy transition, green finance, natural capital/blue economy) and on other sectors if possible • Mobilize the other actors of Team France (Embassy, Cooperation and Cultural Action Service (SCAC) and Economic Service) for their support
<p>Recommendation 6</p> <p>Continue the cooperation with international development partners in Indonesia</p>	<ul style="list-style-type: none"> • In accordance with AFD's mobilization strategy, strengthen the expected impacts of projects supported by AFD in the key developments sectors in Indonesia • Strengthen AFD's visibility with the Indonesian authorities 	<ul style="list-style-type: none"> • Maintain good coordination between the international donors, including exchanges of good practices and knowledge sharing. In Indonesia, implement the strategic cooperation agreement signed between the WB and AFD. Strengthen cooperation with the EU • Further integrate the specific issues related to the SDGs in the project negotiations with international partners (in particular the interconnections between the SDGs)
<p>Recommendation 7</p> <p>Promote the mobilization of the private sector on the SDGs</p>	<ul style="list-style-type: none"> • Develop initiatives to directly and indirectly support the private sector • Ensure that the SDGs are systematically and effectively integrated into projects that directly or indirectly support the private sector 	<ul style="list-style-type: none"> • For AFD, support the conditions for the deployment of the private sector in Indonesia and continue/develop activities to enable the Indonesian Government to deploy structural conditions for the development of the private sector in Indonesia (including support for tax reforms, the financial system, and legal frameworks) • For Proparco, mobilize the international technical and financial partners on the issue of the private sector, in order to support the development of its portfolio of operations

3. Conclusions

To evaluate AFD Group's contribution to the SDGs in Indonesia over the period 2015-2022, a thorough preliminary analysis of **the Group's strategy and operations** is firstly essential.

The evaluation highlights a strategic alignment between the initiatives supported by AFD Group and national strategies to address the challenges of sustainable development. As AFD Group only takes action in response to requests from the authorities, the projects financed are thus the result of a comprehensive dialogue between the Indonesian and French partners. AFD Group's operations reflect the search for a **balance between Indonesia's aspirations for economic growth, social development and sustainable development, and AFD's mandate on green growth and the fight against climate change.**

The operations have produced positive results: **they have fostered the policy dialogue on major issues such as energy and have contributed to the adoption of major reforms, for example, on taxation.**

These results have been achieved through the **mobilization of the tools generally used by AFD Group for its action and influence**, which combine a public policy dialogue, technical assistance, budgetary financing, and projects. The detailed analysis of the use of technical assistance in projects highlights the relevance of this tool for assisting partners with the definition of their objectives and their action plans, and for building the capacities of institutions and stakeholders.

However, **AFD Group's contribution to these results has not always been decisive** because i) AFD Group is a relatively

recent operator in Indonesia (and, over the period evaluated, it sometimes arrived late at the negotiating table with the Indonesian partners and international donors), and ii) the volumes of financing allocated by AFD Group in Indonesia, while being substantial for AFD Group, remained modest in a major emerging country that depends little on ODA. **However, AFD Group has been able to build on its good coordination with the international technical and financial partners to join the negotiations with the Indonesian Government, sometimes rapidly, and in such cases, achieve progress with strong ambitions on environmental issues.**

In terms of the SDGs, this evaluation finds that AFD's strategy covering the main part of the evaluated period (2017-2021) mentions the SDGs in each sector of operation and not in a cross-cutting manner. **Furthermore, over this period, there was not yet a specific analysis of the SDG path in Indonesia**, nor analyses of the gap between the country's current development path and the path required for the achievement of the SDGs. **At the project level**, the evaluation finds that the SDGs are a strong reference. Indeed, the SDGs have often been incorporated in the overall objectives right from the project appraisal phase. The tools put in place **during the project appraisal phase** ensure that the projects take account of the environmental impact of the social objectives and vice versa. The assessment of the projects also shows that greater account has been taken of these SDG ambitions since 2021. However, it also shows that these ambitions are not systematically reflected in project activities and indicators, which does not ensure their effective implementation. The added value of the SDGs, as well as the way in which the 2030 Agenda should enhance the definition of cooperation strategies and projects, would still appear to be insufficiently integrated internally at AFD, with the SDGs remaining primarily a sectoral reference.

In this respect, the evaluation highlights that the tools generally used by AFD Group for its action and influence have been relevant and effective, in particular for i) the establishment of long-term partnerships, as is the case with PT SMI, with input from several complementary projects, including the public policy dialogue, the financing of projects and technical assistance, and ii) grants, in particular for technical assistance, enabling a more ambitious dialogue on the sustainable development objectives of projects.

Appendix A

List of projects included in the scope of the evaluation

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
FB-PP Sustainable and Inclusive Energy Program I	CID1061	AFD	Yes	01/10/2015	Sovereign loan – €100 M	<p>The objective of SIEP was to support Indonesia's transition towards sustainable and affordable energy, accessible to all, and thereby improve access to energy for all Indonesian people.</p> <p>The specific objectives of the program were to:</p> <ul style="list-style-type: none"> • Improve governance in the energy sector • Promote greater private sector involvement • Improve access to sustainable and reliable energy, and the energy efficiency of the Indonesian economy 	Completed
Climate change	CID1062	AFD	N/A	27/01/2016	Grant – €350,000	The project aimed to contribute to mitigating the effects of climate change and adapting to these effects by giving communities the means to manage natural resources.	Completed
FB-PP Tax Reform I	CID1064	AFD	Yes	08/11/2016	Sovereign loan – €100 M	The objective of the policy-based loan provided was to contribute to the economic and social development of Indonesia and increase productivity by supporting the Indonesian authorities' efforts to improve performance in the maritime and logistics sectors, clarify their institutional organization, and increase the confidence and investments of private operators.	Completed
FB-PP Sustainable and Inclusive Energy Program II	CID1067	AFD	Yes	17/11/2017	Sovereign loan – €100 M	<p>The objective of SIEP was to support Indonesia's transition towards sustainable and affordable energy, accessible to all, and thereby improve access to energy for all Indonesian people.</p> <p>The specific objectives of the program were to:</p> <ul style="list-style-type: none"> • Improve governance in the energy sector • Promote greater private sector involvement • Improve access to sustainable and reliable energy, and the energy efficiency of the Indonesian economy 	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
FB-PP on the reliability of logistics chains and the performance of ports	CID1070	AFD	Yes	29/03/2017	Sovereign loan – €150 M	The project aimed to improve the efficiency of the logistics chain and the maritime economy by reducing transport costs and final costs, and therefore prices of goods and services, including in remote regions, thereby supporting the integration and development of these areas.	Completed
FB-PP Tax Reform II	CID1071	AFD	Yes	13/10/2018	Sovereign loan – €150 M	The objective of the policy-based loan provided was to contribute to the economic and social development of Indonesia and increase productivity by supporting the Indonesian authorities' efforts to improve performance in the maritime and logistics sectors, clarify their institutional organization, and increase the confidence and investments of private operators.	Completed
FB-PP on the reliability of logistics chains and the performance of ports II	CID1072	AFD	Yes	28/11/2018	Sovereign loan – €150 M	The project aimed to improve the efficiency of the logistics chain and the maritime economy by reducing transport costs and final costs, and therefore prices of goods and services, including in remote regions, thereby supporting the integration and development of these areas.	Completed
Technical cooperation on port management	CID1073	AFD	N/A	19/06/2018	Grant – €400,000	The objective of the technical assistance program provided was to help operators of Indonesian public ports improve their governance models and their planning, development and port management policies, building on French experience and the ongoing sector reform supported by donors.	Completed
FEXTE Tax Reform	CID1075	AFD	N/A	15/06/2018	Grant – €900,000	The technical assistance program focused on the following aspects: a. R1 – Build the capacities of the Indonesian Ministry of Finance on issues regarding the digital economy (taxation strategy for online transactions) and climate change (extension of climate budget tagging and environmental taxation). b. R2 – Build the capacities of the Indonesian tax administration on the evaluation of the impact of tax expenditure on the national economy, the development of indirect taxation (excise duty, VAT), and the analysis of the black economy to assist in	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
						<p>understanding and supporting the implementation of tax policies adapted to the national context.</p> <p>c. R3 – Strengthen the administration's change management strategy and its strategy for sharing information between administrations.</p> <p>d. R4 – For the Directorate General of Taxes and the agency responsible for Indonesia's budgetary and fiscal policy to strengthen their analysis of international fiscal matters regarding BEPS (base erosion and profit shifting) programs and AEOI (Automatic Exchange of Information), in coordination with the work of the OECD.</p>	Completed
KRisNA – Capacity building project on Indonesian oceanographic research	CID1077	AFD	Yes	08/06/2021	Sovereign loan – €107.95 M	<p>The project aims to provide Indonesian public institutions, in particular BRIN, with the means and capabilities for oceanographic research. The expected impacts are:</p> <ul style="list-style-type: none"> • A better understanding and management of Indonesian biodiversity and its marine resources • A better management of the impacts of marine pollution on coastal and marine ecosystems • A better monitoring of the effects of climate change on oceans • An improved quality and performance of oceanographic research, contributing to the extension of Indonesian scientific research to the national and international levels • A development of synergies with all the oceanographic institutions in Indonesia, with an improved governance of oceanographic research activities 	Ongoing
Technical assistance for the preparation of the KRisNA project	CID1079	AFD	N/A	22/11/2018	Grant – €400,000	<p>The support through this FEXTE comprises:</p> <ul style="list-style-type: none"> • A "feasibility study" component • A "reflection on the governance of the public fleet and exchanges of experience" component • A capacity building component for BRIN 	Ongoing
BMKG Marine Meteorology	CID1080	AFD	Yes	19/12/2019	Sovereign loan – €71.1 M	The overall objective of the project to strengthen the marine meteorology system, which is part of a broader program developed by BMKG, is to develop an integrated marine	

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
						<p>meteorological information system in Indonesia. The specific objectives of this project are to:</p> <ul style="list-style-type: none"> • Create a marine observation network covering all Indonesian waters • Develop reliable integrated forecasting and alert services, accessible to users of marine and coastal areas, as well as the general public • Produce tools and knowledge on meteorology and the study of climate • Develop the operational capabilities and international cooperation of BMKG 	Ongoing
Credit line to PT SMI II	CID1083	AFD	Yes	20/05/2020	Non-sovereign loan – \$150 M	The objective of this credit line to PT SMI is to strengthen the bank's range of financing for renewable energy, water and sanitation, and public transport projects, or any other investment related to the climate and the SDGs.	Ongoing
Technical assistance to PT SMI	CID1085	AFD	N/A	20/05/2020	Grant – €600,000	The grant aims to contribute to financing a technical assistance program to build the capacities of PT SMI, support the identification and analysis of projects, and support its gradual transformation into a universal development bank.	Ongoing
Technical assistance to BMKG	CID1086	AFD	N/A	29/11/2019	Grant – €1.2 M	The FAPS is financing technical assistance to support the implementation of the MMS – Marine Meteorological System Project (CID1080 – \$71.1 M sovereign loan).	Ongoing
FB-PP Tax Reform III	CID1088	AFD	Yes	14/01/2020	Sovereign loan – €100 M	<p>The program aims to support the tax and budgetary reform undertaken by the Indonesian Government to finance more inclusive and sustainable growth.</p> <p>To this end, the series of programs supported by this operation has been structured around three pillars:</p> <ol style="list-style-type: none"> Improve the effectiveness of expenditure and budget implementation Improve the effectiveness of the tax administration, taxpayer compliance, and the tax inspection capacities of the administration Increase the level of tax potential and the effectiveness of the tax policy 	Ongoing

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
FICOL (French Local Authorities Financing Facility) LR Kendari	CID1089	AFD	N/A	27/01/2021	Grant – €570,100	<p>Project appraised in the context of the FICOL call for ideas in 2018. It aims to build the capacities of the city of Kendari in the field of water and sanitation through activities related to the water cycle (clean water, surface water, scientific research on water in the bay).</p> <p>This project aims to introduce new management solutions for municipal water and sanitation services in Indonesia. It is implemented by the Urban Community of La Rochelle, in partnership with the University of La Rochelle and the Union of Marshes of Charente-Maritime.</p>	Ongoing
Technical assistance to PT SMI	CID1090	AFD	N/A	02/12/2020	Grant with funds delegated by the EU – €5 M	The project's objective is to facilitate financing by PT SMI and/or other Indonesian financial institutions of infrastructure projects with clear benefits for the climate and the SDGs, with a focus on small-scale renewable energy projects.	Ongoing
Palu Post-tsunami Project	CID1092	AFD	Yes	07/05/2019	Grant – €1 M	<p>The project aimed to strengthen the resilience of coastal communities living in Palu Bay.</p> <p>The objectives were to:</p> <ul style="list-style-type: none"> • Strengthen coastal communities and restore their economic system • Promote and implement a new DRR (disaster risk reduction) approach based on traditional community knowledge • Inform the other stakeholders (media, governments and other NGOs) about the program's objectives and practices 	Completed
Consultancy service for a hydropower plant project in Masang	CID1095	AFD	N/A	18/06/2021	Grant – €1.2 M	This grant aims to finance the feasibility studies for a PLN hydropower plant project in the west of Sumatra.	Ongoing
Technical expertise (IRD/CLS) on marine pollution	CID1097	AFD	N/A	04/03/2020	Grant – €500,000	The project aims to strengthen Indonesian institutions in terms of understanding, preventing and raising awareness of marine plastic pollution, by supporting the surveillance and modelling of marine litter. The project is supporting the Indonesian Government's efforts to reduce plastic waste, as well as its leading status	Ongoing

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
						in APEC (Asia-Pacific Economic Cooperation), where it leads the fight against marine pollution.	
Program to improve disaster resilience – FBPP DREAM 2	CID1100	AFD	Yes	28/07/2021	Sovereign loan – €100 M	The program's objective was to support the Republic of Indonesia's efforts to strengthen resilience to natural disasters. The project comprised budget support, a policy dialogue based on a matrix of indicators, and technical cooperation on disaster risk reduction. It had four objectives: (i) strengthen governance for disaster risk reduction, (ii) improve knowledge of risks, (iii) promote investment in resilience, and (iv) integrate resilience into the reconstruction of disaster-stricken areas.	Completed
Technical assistance for the preparation of the Eco Fishing Ports Project	CID1104	AFD	N/A	05/06/2020	Grant – €400,000	This FAPS aims to finance the following activities: <ul style="list-style-type: none"> • A study visit by KKP for about one week, organized by Expertise France, on fisheries management in France • Feasibility studies for the upgrading of three ports under the Eco Fishing Port Project 	Ongoing
Technical cooperation and feasibility study to support the Eco Fishing Ports Project	CID1105	AFD	N/A	01/10/2021	Grant – €400,000	This FEXTE is financing activities to support the Eco Fishing Ports Project (CID1109): <ol style="list-style-type: none"> 1) Partnership between KKP and Chamber of Commerce and Industry International Hauts-de-France, the manager of the ports of Boulogne and Calais. 2) Feasibility study on upgrading the Cilacap fishing port in Java. 	Ongoing
Study on green finance	CID1106	AFD	N/A	09/12/2020	Grant – €100,000	This grant aimed to: <ul style="list-style-type: none"> • Conduct an assessment of climate finance in Indonesia: current policy, main issues, ongoing technical assistance programs led by other donors • Through a series of interviews with the main actors in the Indonesian financial system, propose a concept for a technical assistance program addressing the issues of greening the financial system, by involving banking regulatory and supervisory bodies, and organizing activities 	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
						with the country's financial institutions to help them improve their practices, and thus give a better understanding of climate risks.	
Eco Fishing Ports	CID1109	AFD	Yes	23/12/2022	Sovereign loan – €105 M	<p>The project's main objective is to assist with the upgrading of four Indonesian fishing ports in order to improve their performance and sustainability in line with international standards. More specifically, for each fishing port, the project aims to:</p> <ul style="list-style-type: none"> • Improve the effectiveness, attractiveness and governance • Improve the hygienic quality, traceability and added value of fishery products • Manage the environmental and climate impacts and challenges 	Ongoing
FBPP Resilience of the financial system I	CID1111	AFD	Yes	26/11/2020	Sovereign loan – €100 M	<p>AFD has co-financed a multi-year reform program with the WB based on three areas:</p> <ul style="list-style-type: none"> • Increase the depth of the financial sector by making it more inclusive, improving the range of products available, and mobilizing long-term savings • Improve the effectiveness of the financial sector by strengthening the legal framework for consumer and creditor protection, and thereby promote the interoperability of payment systems and personal data protection • Strengthen the resilience of the financial sector by implementing sustainable financial practices and mechanisms to cover natural disaster risks 	Completed
FEXTE Floods	CID1113	AFD	N/A	13/07/2022	Grant – €800,000	The grant with FEXTE resources is financing a technical assistance program to support the "Disaster Resilience Enhancement and Management" (DREAM) policy-based loan. This program's main objective is to increase the resilience to climate risks of the city of Semarang.	Ongoing

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
FBPP Resilience of the financial system II	CID1118	AFD	Yes	29/07/2022	Sovereign loan – €50 M	AFD has co-financed a multi-year reform program with the WB based on three areas: <ul style="list-style-type: none"> • Increase the depth of the financial sector by making it more inclusive, improving the range of products available, and mobilizing long-term savings • Improve the effectiveness of the financial sector by strengthening the legal framework for consumer and creditor protection, and thereby promote the interoperability of payment systems and personal data protection • Strengthen the resilience of the financial sector by implementing sustainable financial practices and mechanisms to cover natural disaster risks 	Completed
Support for the development of a wind energy generation sector by the Indonesian power utility	CID1119	AFD	N/A	24/07/2021	Grant – €1.3 M	This operation aims to finance the feasibility studies for a loan for a wind farm in Banten and a roadmap for the action that PLN needs to take to develop wind energies in Indonesia.	Ongoing
Preliminary studies for the Indonesia Mass Transit Project	CID1121	AFD	N/A	08/10/2021	Grant – €400,000	This grant aimed to contribute to the preparation of the preliminary studies for an urban transport program (CID1117) co-financed by AFD and the WB.	Completed
DREAM 2 Gender FAPS	CID1122	AFD	N/A	02/07/2021	Grant – €139,830	The contract financed by the FAPS concerned the provision of technical assistance to improve gender mainstreaming in Indonesian DRR policies at the national and local levels.	Completed
Reduction of plastic waste and marine litter in East and Southeast Asia		EF	N/A	01/03/2019	Grant – €9 M	The project's overall objective was to support the European plastic strategy in East and Southeast Asia (China, Indonesia, Japan, Philippines, Singapore, Thailand and Vietnam, including the Mekong Commission and the Association of Southeast Asian Nations/ASEAN), thereby contributing to strengthening EU/region-country cooperation in the fields of the circular economy and the reduction of plastic and marine waste.	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
Monitoring of the biodiversity strategy plan		EF	N/A	01/09/2018	Grant – €4.5 M	<p>The PAGODA project aimed to assist several EU partner countries with the preparation for COP15 of the CBD (Convention on Biological Diversity) held in Beijing at the end of 2020. The objectives were to:</p> <ol style="list-style-type: none"> 1) Establish the conditions for the achievement of an ambitious agreement at COP15 of the CBD 2) Build a dialogue between the EU and some 20 partner countries on the issue (including China) 3) Create and maintain momentum on the issue to facilitate progress at COP15 and beyond. 	Completed
Support for the tax reform II		EF	N/A	01/04/2019	Grant – €900,000	<p>This project aimed to support the implementation of the tax and budget reform in Indonesia based on three areas:</p> <ol style="list-style-type: none"> 1) Improve the quality of public expenditure 2) Strengthen tax management 3) Broaden the tax policy <p>This objective was to be achieved by mobilizing the French expertise of the DGFIP (Directorate General of Public Finances), taking into account the needs of the Indonesian departments BKF and DGT of the Ministry of Finance in terms of tax inspection, VAT, digital taxation, and BEPS (base erosion and profit shifting).</p>	Completed
Strengthening security cooperation in and with Asia		EF	N/A	01/02/2020	Grant – €13.5 M	<p>The Asia Security Project was aligned with the EU policy guidelines on increasing its action and visibility in Asia in the field of security. More specifically, the EU wished to strengthen its presence in the main regional organizations, including ASEAN, FRA and ADM++.</p> <p>This 48-months project covered four areas: cyberspace, maritime sector, CSDP/peacekeeping, and prevention of violent radicalization.</p>	Completed
AML/CFT		EF	N/A	01/06/2019	Grant – €20 M	<p>The project's objective was to provide technical assistance to partner countries for the implementation of effective frameworks for the fight against money laundering and terrorist financing. The activities aimed at improving the compliance of the frameworks of partner countries</p>	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
						with international standards, <i>i.e.</i> , EU methodology on the fight against terrorist financing (CFT) and the fight against money laundering (AML). In addition, the project worked to support the analytical and operational capabilities of the stakeholders and promote cooperation opportunities between judicial and financial actors in this field at the national, regional and international levels.	
Capacity building on security and safety in marine areas (CRIMARIO II)		EF	N/A	30/04/2020	Grant – €17 M	The EU has been tackling threats to its sea lines of communication since the launch of the “Critical Maritime Routes” (CMR) program in 2009. CRIMARIO I (2015-2019), one of the initiatives of the CMR program covering the Western Indian Ocean region, was developed to enhance maritime domain awareness through information sharing, capacity building, and training. Building on the experience of CRIMARIO I, CRIMARIO II has expanded its geographical scope, firstly towards South and Southeast Asia and now to the Pacific. The objective is to help build a safer maritime space through enhanced inter-sectoral, inter-administrative and inter-regional cooperation. While information sharing remains the cornerstone of the CRIMARIO project, the scope of phase II has been extended to other aspects such as the application of maritime law.	Ongoing
EU-ASEAN-Compass Statistics (monitoring the integration process and statistics)		EF	N/A	29/07/2013	Grant – €5.8 M	The overall objective of the technical cooperation financed by the EU for the EU-ASEAN capacity building project on monitoring integration progress and statistics (COMPASS project) was to support the integration of ASEAN by improving the availability and utilization of more timely, comparable and relevant information in order to facilitate monitoring and decision-making. All the ASEAN Member States (AMS), as well as the ASEAN Secretariat (ASEC), actively took part in the activities of all the project components.	Completed
Indonesia: Sustainable fisheries		EF	N/A	03/07/2019	Grant – €63,000	Organization of a study tour on sustainable fisheries issues for the Indonesian Government in the context of CID1109.	Completed

Name	Code	AFD Group entity	Project eligible for the SDA procedure	Date of signature of financing agreement	Financing instrument and amount	Main project objectives (as set out in the project documentation)	Status
Capsquare II	PID1028	Proparco	N/A	2019	Equity investment	This is the successor fund of Capsquare Asia Partners Fund I ("Capsquare I"), which raised \$83 million in 2013. Led by the management team of Capsquare Asia Partners ("Capsquare"), this new vehicle has a target size of \$150 million and conducted a first closing in December 2017.	Completed
Indosurya	PID1033	Proparco	N/A	2021	Equity investment	Indosurya Inti Finance is a non-banking financial institution offering loans to individuals and SMEs in Indonesia, thus playing an essential role in supporting emerging and established businesses. Founded in 2011, Indosurya Inti Finance now relies on a strong network of 70 branches, enabling the financial institution to better serve the needs of the SME segment.	Ongoing
FHP Fund II	PID1026	Proparco	N/A	2017	Equity investment	Falcon House Partners (FHP) is an independent asset manager based in Jakarta and Singapore. It invests in growth capital, mainly in Indonesia, through significant minority or majority holdings in SMEs and midcaps. After having raised and fully deployed a first \$212 million fund in 2012 (FHP I), in November 2016 FHP conducted the final closing of a new vehicle (FHP II) totaling \$400 million. The investment strategy of the FHP I & II funds is to invest in various sectors that benefit from the growth in Indonesia's economy, by supporting companies that are family-owned or still not very institutionalized, and which have strong growth potential to become groups that meet the most demanding governance and management criteria.	Completed
Komida	PID1034	Proparco	N/A	2021	Equity investment	Founded in 2005 following the tsunami in Indonesia, Komida is a savings and loan cooperative for low-income women. The microfinance institution is certified Smart Campaign and provides both financial and non-financial products, such as financial training. It has become the second largest microfinance institution, with branches in 12 provinces and more than 750,000 clients, all women and almost exclusively in rural areas. Komida thus plays an essential role for financial inclusion in a country where the number of unbanked adults remains high. The microfinance institution is also known for its social loans, such as its education loans, sanitation loans, and house renovation loans.	Ongoing

Appendix B

Analysis matrix of AFD Group's contribution to the SDGs in a partner country

The table below is an analysis matrix of AFD Group's contribution to the SDGs in a country. It could serve as a matrix for future evaluations on the subject. It provides a brief and visual presentation (using the SDG logos, as presented above) of the progress achieved by the country on its SDG path and AFD Group's contribution.

	SDG path of partner country		AFD Group operations in the country contributing to the SDGs	
SDG ambition	Country's commitments to the SDGs, at national and international level	Indicate the main reference texts and the references made to the ambition of promoting the achievement of the SDGs.	AFD Group's ambition for contributing to the SDGs in the partner country	Analysis of the references to the SDGs in the Group's country strategies: references to the various SDGs and aspects of the integrated approach to them (interconnections between the SDGs in particular).
Resources deployed	Country's efforts to achieve the SDGs	Beyond national and international commitments, what are the policies deployed, the programs implemented, and the amounts allocated?	AFD Group's efforts to contribute to the achievement of the SDGs by the partner country	Beyond them being mentioned in the country strategy, what are AFD Group's cumulative commitments and the tools mobilized (including a public policy dialogue, research, grants and loans)?
Results	Results achieved	What are the results achieved for the various SDGs (SDG by SDG)? Main source: national reports on voluntary reporting on the SDGs. Use the SDG symbols (including the logos of the various SDGs and signs on the achievement of the results).	Results achieved	To what results on the SDGs have AFD Group's operations contributed? When possible, the contribution of projects to the SDG indicators and qualitative evaluation of the effects.
Prospects and recommendations	What are the main challenges in terms of the SDGs highlighted in this evaluation which the partner country wishes to work on and for which AFD Group can provide added value?			

N.B.: In accordance with the specifications, in the context of this evaluation, the analysis has not been conducted SDG by SDG, but based on an integrated approach to the SDGs, meaning it is not possible to complete this matrix in an exhaustive and robust manner..

List of acronyms

AFD	<i>Agence Française de Développement</i>
AEOJ	Automatic Exchange of Information
APEC	Asia-Pacific Economic Cooperation
AsDB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BAPPENAS	Indonesian Ministry of National Development Planning
BEPS	Base erosion and profit shifting
BKF	State agency responsible for taxation and fiscal policy
BMKG	Indonesian Meteorology, Climatology, and Geophysical Agency
BRIN	National Research and Innovation Agency (Indonesia)
CBD	Convention on Biological Diversity
CFT	Combating the financing of terrorism
CMR	Critical Maritime Routes
COP	Conference of the Parties
CSDP	Common Security and Defense Policy
DGFîP	Directorate General of Public Finances (France)
DGT	Directorate General of the Treasury (France)
DREAM	Disaster Resilience Enhancement and Management Program
DRR	Disaster Risk Reduction
ESMS	Environmental and Social Management System
ESS	Environmental and Social Support
EU	European Union
FAPS	Project Start-up, Preparation and Monitoring Facility
FBPP	Policy-based Budgetary Financing
FEXTE	Fund for Technical Expertise and Experience Transfers
FHP	Falcon House Partners
FICOL	French Local Authorities Financing Facility
GHG	Greenhouse gas
JETP	Just Energy Transition Partnership
JICA	Japan International Cooperation Agency
KfW	<i>Kreditanstalt für Wiederaufbau</i> (credit institution for reconstruction)
KKP	Indonesian Ministry of Marine Affairs and Fisheries
NDC	Nationally Determined Contribution
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PLN	<i>Perusahaan Listrik Negara</i> (Indonesian public power generation and distribution utility)
PT SMI	<i>PT Sarana Multi Infrastruktur (Persero)</i> (Indonesian public bank for infrastructure financing)
RPJMN	5-Year National Development Plan
RPJPN	Long term National Development Plan (<i>Rencana Pembangunan Jangka Panjang Nasional</i>)
SCAC	Cooperation and Cultural Action Service (France)
SDAO	Sustainable Development Analysis and Opinion
SDGs	Sustainable Development Goals

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