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## **PT SMI, EUROPEAN UNION, KfW, AND AFD JOIN FORCES TO ACCELERATE INVESTMENT IN SUSTAINABLE INFRASTRUCTURE IN INDONESIA**

**Jakarta, December 2, 2020** - PT Sarana Multi Infrastruktur (Persero) (“PT SMI”) and the European Union (“EU”), together with German KfW Development Bank (“KfW”) and Agence Française de Développement (“AFD”) are taking concrete steps to work together in achieving sustainable development in Indonesia under the SDG Indonesia One Platform. Sustainable infrastructure development is believed as one of the main drivers to the recovery path of the economy in a post COVID 19 situation. Infrastructure is the backbone of an economy and as well provides social and economic benefits to society.

Today, PT SMI and KfW signed a grant facility agreement amounting to EUR 16 million under the Support for Infrastructure Investments in Indonesia (“S4I”) program, funded by the European Union, that aims to promote sustainable investment in municipal development and renewable energy. This agreement allows PT SMI to assist municipal governments and renewable energy sponsors in project preparation and environmental and social safeguards aspects. KfW will also support PT SMI in the process of becoming Indonesia’s Development Financing Institution. The agreement was signed by Edwin Syahrudat as the President Director of PT SMI and Angela Tormin as the Director of KfW Jakarta Office.

On the same occasion, the European Union and AFD signed a Contribution Agreement over EUR 5 million, followed by the signing of grant facility agreement between AFD and PT SMI. This agreement will accompany AFD’s second green credit line to PT SMI amounting USD 150 million. This grant will support PT SMI in the form of investment premiums, which aim to stimulate the financing of investments to specific project sponsors with higher financial barriers, and SDG Development Facilities, and will assist PT SMI in project preparation. Green and health infrastructure will be targeted. The Contribution agreement was signed by H.E Vincent Picket, EU Ambassador to Indonesia and Brunei Darussalam and Emmanuel Baudran as the Country Director of AFD Indonesia, while the grant facility agreement was signed by Edwin Syahrudat as the President Director of PT SMI, Emmanuel Baudran as the Country Director of AFD Indonesia, and co-signed by H.E Olivier Chambard, France Ambassador to the Republic of Indonesia, Timor Leste, and ASEAN.

Edwin Syahrudat, said: “The objective of this agreement is to allow PT SMI to support more investment in municipal and renewable energy projects. The signing of this agreement is yet another demonstration of how SDG Indonesia One’s commitment to tackle this climate change problem with international partners. It will accelerate for the transition to low-carbon economy and also contribute to the post-pandemic economic recovery.”

“As “Team Europe”, the EU and the development banks of Germany and France, we are delighted to support PT SMI in municipal development and renewable energy projects that will support Indonesia’s green recovery. We look forward to working together with all partners to develop sustainable infrastructure in Indonesia. This will contribute to Indonesia’s progress towards the Sustainable Development Goals and benefit the economy, the people, and the environment, said Vincent Picket, EU Ambassador to Indonesia and Brunei Darussalam.

Christian Krämer, Director East and Southeast Asia in KfW, expressed his appreciation for the partnership between PT SMI, EU and AFD: “We are grateful for this excellent cooperation with PT SMI, EU and AFD. With our joint efforts we will contribute to climate protection and sustainable growth in Indonesia. In particular, S4I is a cornerstone to promote SDG Indonesia One and the transition towards a green economy and thus will make a difference for many Indonesian communities. The EU funds amounting to EUR 16 million will support investments in renewable energies and municipal infrastructure and will therefore lay the foundation for future financing from KfW for urban development and renewable energies in form of credit lines.”

Yazid Bensaïd, AFD Southeast Asia Regional Director, said: “This is another step in the strengthening of the partnership between PT SMI, AFD, KfW and the EU for the promotion of the SDG Indonesia One. With



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the EUR 5 M grant from the European Union, we aim to facilitate access to credit for small renewable energy projects and to enable PT SMI and specific project sponsors to benefit from the impact measurement and E&S risk management, but also incentives, risk reduction mechanisms and capacity building. This cooperation also illustrates the efficiency of the International Development Finance Club (IDFC) as a development network, as PT SMI, KfW and AFD are all members. This is also a milestone in the coalition of Public Development Banks launched during the First Summit of Public Development Banks in Paris last November 12.”

The cooperation between PT SMI, the European Union, Agence Française de Développement (AFD) and the KfW Development Bank (KfW) will not only promote the Sustainable Development Goals (SDGs) and in particular SDG 17: Partnership for the Goals, but also will bring real impact to the climate resilience of communities in Indonesia and at the same time bring recovery of economic growth on the right track.

The signing ceremony was done in presence of the EU Ambassador for Indonesia and Brunei Darussalam, H.E Vincent Picket, German Ambassador to the Republic of Indonesia, H.E Dr. Peter Schoof, and France Ambassador to the Republic of Indonesia, Timor Leste, and ASEAN, H.E Olivier Chambard.

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### **About PT Sarana Multi Infrastruktur (Persero) (“PT SMI”)**

PT SMI is one of the Special Mission Vehicles (SMV) under the Ministry of Finance which is engaged in financing and preparing infrastructure projects. Established on February 26, 2009, PT SMI is an infrastructure financing State Owned Enterprise (SOE) wholly owned by the Government of Indonesia Ministry of Finance. PT SMI is mandated to engage in financing and preparing infrastructure projects, especially projects that align with the sustainable infrastructure concepts and contribute to achieving the Sustainable Development Goals (SDGs) in Indonesia. The entity supports the Government of Indonesia’s infrastructure development agenda by financing national or local infrastructure projects, developing infrastructure projects, and providing financial advisory.

### **About European Union**

The European Union is the economic and political union of 27 Member States. Together, the European Union has built a zone of stability, democracy and sustainable development while maintaining cultural diversity, tolerance and individual freedom. In 2012, the European Union was awarded the Nobel Peace Prize for advancing the goals of peace, reconciliation, democracy and human rights in Europe. The European Union is the world’s largest trading bloc, and the world’s largest source and destination of foreign direct investment. Collectively, the European Union and its member countries are the largest donors of Official Development Assistance (ODA), providing more than half of ODA globally.

The 27 Member States of the European Union (in alphabetical order) are: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

To support partner countries in the fight against the COVID-19 pandemic and its consequences, the EU has launched the “Team Europe” approach. The objective of the “Team Europe” approach is to combine resources from the EU, its Member States and European financial institutions. “Team Europe” has mobilised around €200 million in grants and loans to support Indonesia. More info: <https://bit.ly/TeamEuropeIndonesia>



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### **About KfW Development Bank (“KfW”)**

KfW is one of the world’s leading promotional banks. On behalf of the Federal Republic and the federal states of Germany, it applies its decades of experience to improving economic, social and ecological living conditions at home and abroad.

KfW Development Bank is responsible for part of KfW’s international business, in which its two subsidiaries KfW IPEX-Bank and DEG are also involved. While KfW IPEX-Bank is active in international project and export finance, DEG provides financing and consulting to private companies investing in developing countries and emerging economies.

### **About Agence Française de Développement (“AFD”)**

AFD is an inclusive public financial institution and the main actor in France’s development policy. It works in many sectors – energy, health, biodiversity, water, digital technologies, training – and supports the transition to a safer, more equitable and more sustainable world: a world in common. Its action is fully in line with the Sustainable Development Goals (SDGs). AFD started its operations in Indonesia in 2007 with a mandate focusing on the fight against climate change. Since then, it has mobilized more than EUR 2.5 bn of financing in Indonesia, aiming at contributing to the achievement of the Sustainable Development Goals (SDGs) and to preserve common goods. [www.afd.fr/en](http://www.afd.fr/en)

### **For further information please contact:**

Ramona Harimurti

Head of Corporate Secretary  
PT SMI

Dian Rufal

Head of Communications & CSR  
PT SMI

### **PT Sarana Multi Infrastruktur (Persero)**

Tel: +6221 8082 5288

Fax: +6221 8082 5258

Email: [corporatesecretary@ptsmi.co.id](mailto:corporatesecretary@ptsmi.co.id)

[www.ptsmi.co.id](http://www.ptsmi.co.id)

### **European Union**

Media contact: Tioria Silalahi <[tioria.silalahi@eeas.europa.eu](mailto:tioria.silalahi@eeas.europa.eu)>

### **KfW**

Angela Tormin <[angela.tormin@kfw.de](mailto:angela.tormin@kfw.de)>

### **AFD**

Charlotte Le Layo <[lelayoc@afd.fr](mailto:lelayoc@afd.fr)>