

UPDATE: IMPACT INVESTING IN INDONESIA

INVESTING IN WOMEN FACTSHEET, JUNE 2023

This factsheet provides an overview of trends in impact investing and gender-lens investing (GLI) in Indonesia, based on updated data on impact investment deals for 2020-22. It draws on a series of studies commissioned by Investing in Women (IW) analysing the regional impact investing landscape since 2007. It includes data on investment by Private Impact Investors (PIIs), such as fund managers, family offices, foundations and others, and Development Finance Institutions (DFIs), who are government-backed financial institutions that provide finance to the private sector for investments promoting development.

IMPACT INVESTING IN INDONESIA: LATEST TRENDS, 2020-2022

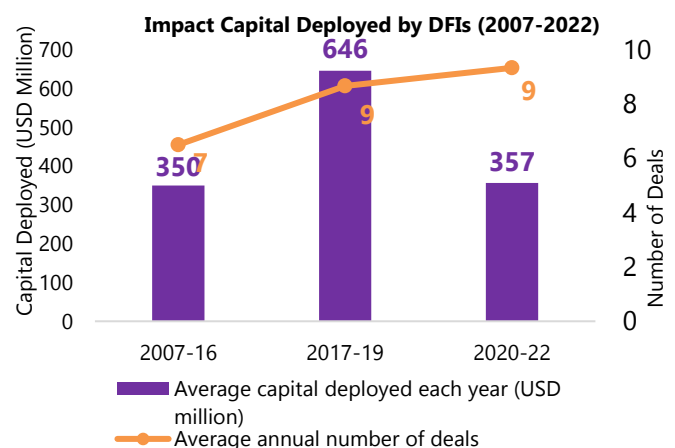
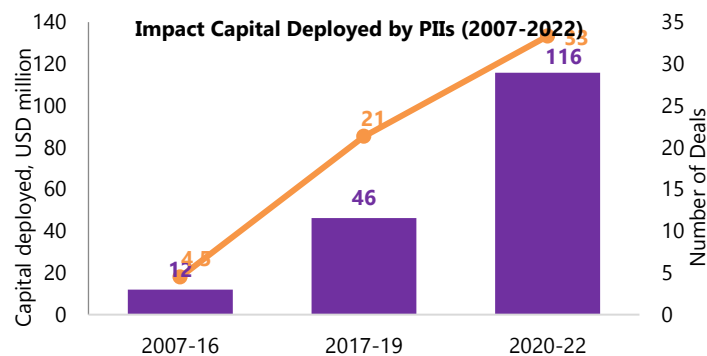
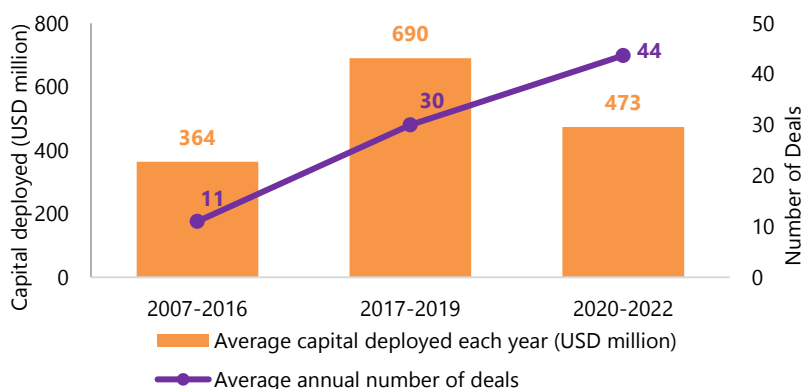
- Indonesia has the most active market for impact investing in the South East Asia region in terms of the number of impact deals; with **USD 1.44 billion invested through 131 impact deals in 2020-22**.
- **The country accounts for 20% of the total impact capital deployed in Southeast Asia in 2020-22.** This has dropped from its 30% share in the previous three-year period, reflecting a reduction in Development Finance Institution (DFI) investment in Indonesia's energy sector.
- Investments with a ticket size between USD 1 million and 5 million were the most prevalent. About 60% of all deals were below USD 5 million, with 88% led by Private Impact Investors (PIIs).
- Mature stage investments (USD 5 million and above) comprised about 32% of deals and had an equal representation from PII and DFI deals.

	Capital deployed (USD million)			Number of deals		
	2007-16	2017-19	2020-22	2007-16	2017-19	2020-22
DFIs	3,514.90	1,937.90	1,070.20	65	26	28
PIIs	120.2	138.6	347.5	45	64	100
Total	3,635	2,076.60	1,446.80	110	90	131

PII and DFI Investment Trends in Indonesia, 2020-2022

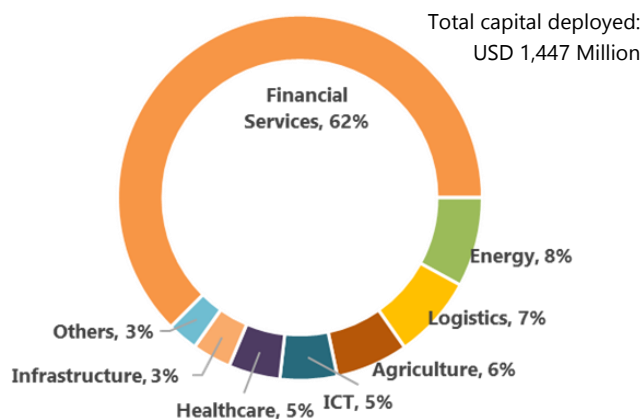
- 41 PIIs deployed USD 347 million through 100 deals.
- 8 DFIs invested USD 1.07 billion through 28 deals.
- PIIs and DFIs jointly deployed USD 29.1 million across 3 deals.
- 50% of the PII deals were deployed by investors with a regional presence, with close to 68% of these with a ticket size of less than USD 5 million.
- The average ticket size of 100 PII deals was USD 3.90 million, with a median size of USD 1.56 million.

Impact Investing Trends in Indonesia, 2007-2022



Impact Investing Sectoral Highlights in Indonesia, 2020-2022

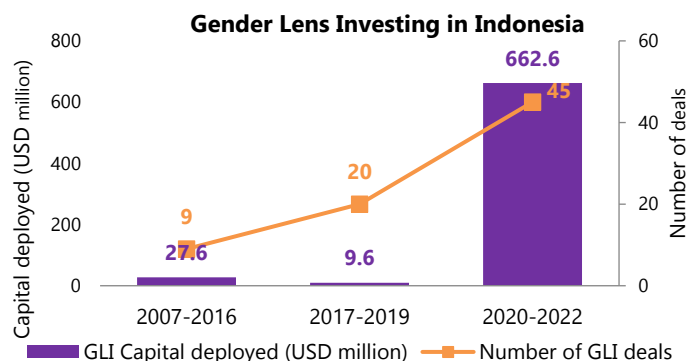
- Deals in the financial services sector were concentrated in financial technology, peer-to-peer and crowdfunding platforms, and microfinance organizations.
- 41% of PII deals in financial services were by investors with a regional presence and primarily used debt as an instrument.
- From a deal value perspective, capital invested in financial services went up by a factor of 2.5 while investments in the energy sector fell by 90% compared to the previous period.
- Capital deployed in the energy sector shrunk as the number of DFI deals (which are typically large investments) reduced; however, there was an increased focus by PIIs on clean energy investments, evident from the number of PII deals (10 out of 14) in the sector.



Instruments of investment, 2020-2022

- **88 of the 131 impact deals in Indonesia between 2020 and 2022 were equity based and 32 were debt based.**
- About 57% of DFI deals were debt investments, and 29% equity.
- For PII deals, 77% used equity as an instrument, 16% debt, and 2% a mixture of both.
- 81% of debt investments were concentrated in sectors such as financial services, energy, agriculture, and food.

Gender Lens Investing in Indonesia



- In the period 2020-2022, Indonesia registered 45 investments with an explicit gender lens. These investments focused on financial services, and information and communication technology (ICT).
- Several investors reported using gender considerations as an additional investment parameter, despite gender not being an explicit area of focus.
- 16 deals were also executed with an unintentional gender lens, primarily in sectors with higher participation of women as leaders and employees.
- The average ticket size of PII-led GLI deals was USD 2.05 million, and USD 65.74 million for DFI-led GLI deals.
- Between 2020-2022, about 73% of the GLI deals used gender ownership as an investment strategy, as compared to Vietnam for example where the focus was more on enterprises promoting gender equity.
- There was also an increased focus on enterprises offering gender-focused products and services.

Period	GLI strategies for deals		
	Gender ownership	Gender products & services	Gender equity
2007-2016	5	4	4
2017-2019	19	4	12
2020-2022	33	24	18