Early Warning System

WB-P515028

First Growth and Jobs Development Policy Loan

Quick Facts

Countries	Indonesia
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	B
Voting Date	2026-08-06
Borrower	Government of Indonesia - Coordinating Ministry of Economic Affairs
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 1,500.00 million
Project Cost (USD)	$ 1,500.00 million

Project Description

According to the Bank's website, the development objective of the First Growth and Jobs Development Policy Loan for Indonesia is to strengthen prospects for economic growth and better jobs by enhancing the business environment, deepening the financial sector, and reinforcing the foundations for resilient and sustainable employment. The operation supports reforms to streamline and depoliticize market entry and trade by establishing a single, risk-based business licensing reference with automatic approvals through the Online Single Submission system, embedding spatial conformity and environmental checks, and mandating maximum processing times and automatic clearance for import licenses to reduce costs and uncertainty for manufacturers. It eases investment frictions by lowering the minimum paid-up capital for foreign-invested companies in non-capital-intensive activities and accelerates digital connectivity by auctioning 700 MHz and 2.6 GHz spectrum with reduced reserve prices and coverage obligations in underserved areas, laying the groundwork for 5G and productivity gains. Financial sector measures strengthen capital market governance and transparency by raising free float requirements and improving ownership disclosure and securities registration to bolster liquidity and investor confidence, while expanding access to finance through enhanced credit guarantees and targeted support for productive housing finance for micro, small, and medium enterprises, with forthcoming improvements to credit information and beneficiary choice in government-to-person payments.

Foundations for resilient and sustainable jobs are advanced through domestic revenue mobilization that narrows the simplified turnover-based income tax to better target micro operators and transitions corporations to the standard corporate income tax, complemented by plans to align value added tax thresholds, the establishment of a comprehensive carbon market framework with sectoral emission caps, a national carbon registry, and standardized trading and offset rules, and forthcoming public health action to phase out lead in decorative paints.

Early Warning System Project Analysis

The overall residual risk rating for the operation is **moderate**. Despite the overall moderate risk rating, three risk elements are rated substantial. Political and government factors pose a substantial risk because political considerations can lead to policy changes that might adversely affect the program's implementation, particularly amid significant uncertainty about the Middle East conflict and related external shocks. The reforms intended to lower barriers to entry and promote greater business dynamism, which would require political backing to change existing market practices. Sector strategies and policies pose a substantial risk, as complex reform programs that require subsequent implementation steps, including in business licensing, taxes, and carbon markets, among others, may be subject to delays that limit the full achievement of intended results. Stakeholder risk is also rated as substantial because there is a focus on lowering barriers to competition and opening sectors, which may meet with resistance from vested interests. Changes in tax frameworks may meet with broader resistance from affected businesses related to compliance costs and transition timelines. The reforms will also require capacity at the ministry and agency levels to ensure the execution of the various regulations, monitor and evaluate progress, and maintain an ongoing dialogue with the private sector and other stakeholders. Furthermore, it will require maintaining macroeconomic stability as an anchor for private sector confidence and demand for access to finance.

Investment Description

- World Bank (WB)

Total Project Cost: US$ 1500.00 million

World Bank Lending: US$ 1500.00 million

Contact Information

World Bank

David Stephen Knight

Lead Economist

Borrower/Client/Recipient

Republic of Indonesia

Implementing Agencies

Coordinating Ministry of Economic Affairs

ACCESS TO INFORMATION

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Bank Documents

- Appraisal Program Information Document (PID)
- Concept Program Information Document (PID)
- Concept Program Information Document (PID)
- Indonesia - First Growth and Jobs Development Policy Operation
- Official Documents- Loan Agreement for Loan K041-ID.pdf (English)