

## REGIONAL AGRICULTURE PROFILE (RAP) INDONESIA HUB





# CONTENTS

Introduction	01
Economic relevance of agriculture	06
Agriculture and land use	07
Food security and nutrition	08
Climate change	11
Progress towards the SDGs	12
IsDB Footprint in the Region	14
IsDB outlook in the Region	16

## AGRICULTURE INFRASTRUCTURE DIVISION

2020 ECONOMIC & SOCIAL INFRASTRUCTURE DEPARTMENT IN COLLABORATION WITH  
ECONOMIC AND RESEARCH INSTITUTIONAL LEARNING DEPARTMENT

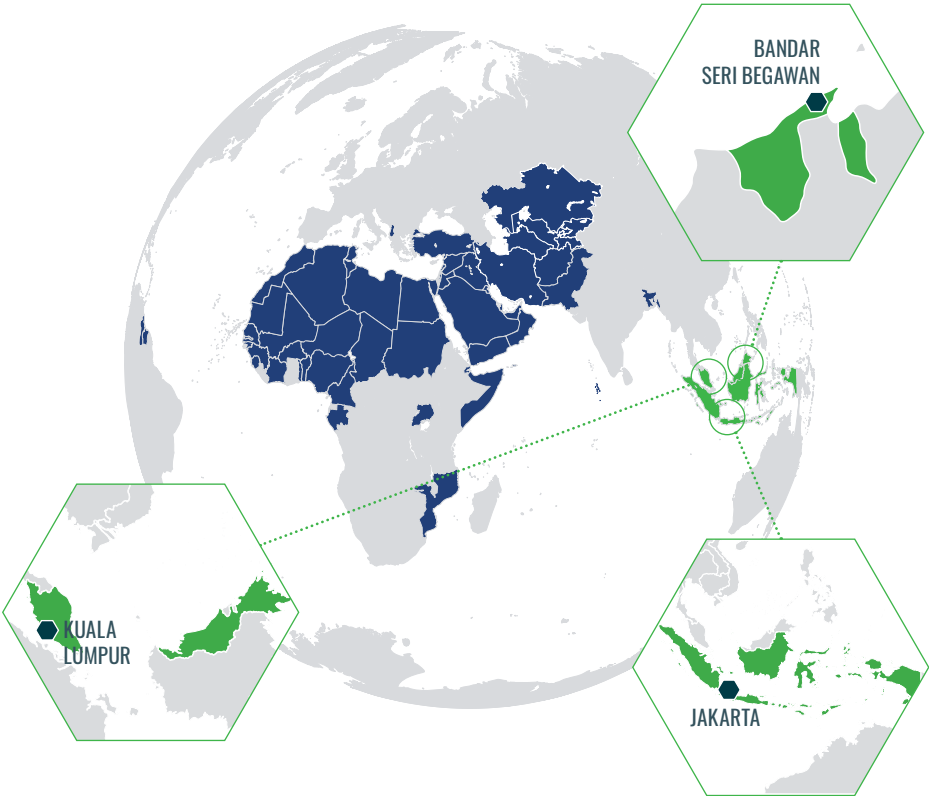
# INTRODUCTION

The Islamic Development Bank (IsDB) Regional Hub (RH) in Indonesia, based in Jakarta, Indonesia was established in 2018.<sup>1</sup> The RH is responsible for the Bank's operations in Brunei Darussalam, Indonesia and Malaysia.

THE PRESENT MEMBERSHIP OF THE IsDB CONSISTS OF

**57 COUNTRIES**

- ISDB MEMBER COUNTRIES
- REGIONAL AGRICULTURE PROFILE HUB



<sup>1</sup> The office opened as IsDB country gateway in Dec 2014.



## BRUNEI DARUSSALAM

JOINING DATE **1986**  
 SUBSCRIBED CAPITAL (SC) **128.4 MILLION US\$**  
 % OF TOTAL IsDB SC **0.28**



## INDONESIA

JOINING DATE **1974**  
 SUBSCRIBED CAPITAL (SC) **1138 MILLION US\$**  
 % OF TOTAL IsDB SC **2.26**



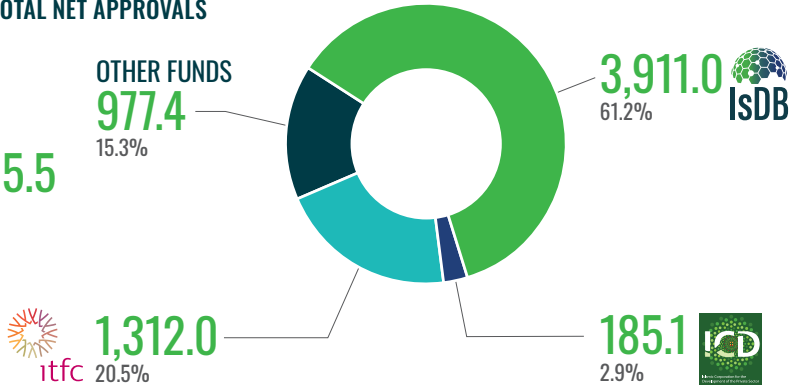
## MALAYSIA

JOINING DATE **1974**  
 SUBSCRIBED CAPITAL (SC) **823.1 MILLION US\$**  
 % OF TOTAL IsDB SC **1.63**

### IsDB GROUP TOTAL NET APPROVALS

**1974-2019**  
(MILLION US\$)

**TOTAL**  
**US\$ 6,385.5**





# INDONESIA HUB

TOTAL COUNTRIES AREA ('000 HA)

225,293.5

2018



TOTAL POPULATION  
(MILLION)

299.6



2018

GDP PER CAPITA  
(CURRENT PRICES, US\$)

15,631.7

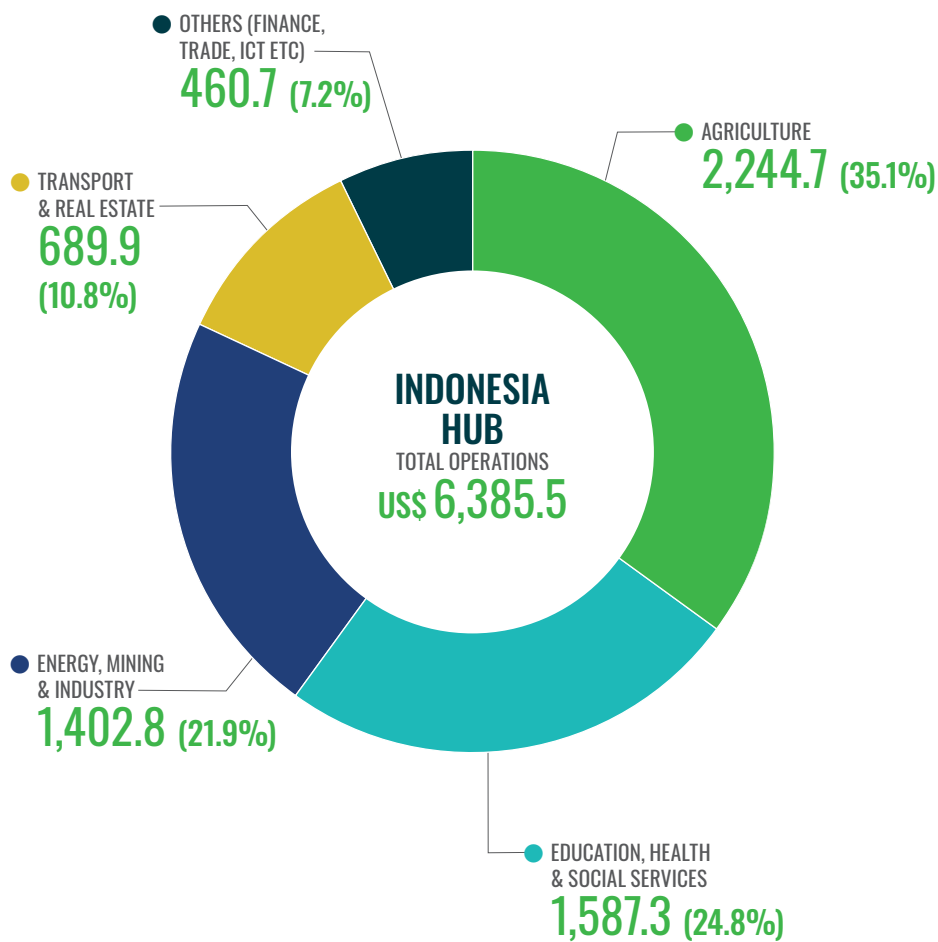


2018



## IsDB GROUP OPERATIONS BY SECTOR 1974-2019

(MILLION US\$)







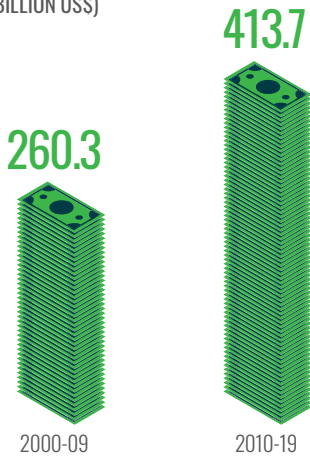
FROM 1974-2019  
AGRICULTURE AND RURAL  
DEVELOPMENT HAS  
RECEIVED THE HIGHEST  
APPROVALS BY SECTOR

**US\$ 2,238.1M**

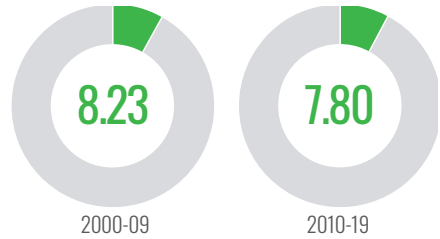
# ECONOMIC RELEVANCE OF AGRICULTURE SECTOR

Agriculture is an important sector in the region. At the regional level, the agriculture sector contributed almost 8% to the GDP per year on average during the period 2010-19. The largest contributor is Indonesia (17%) followed by Malaysia (8.5%), and Brunei Darussalam (1%). The contribution of the sector to employment has decreased. The agricultural labor productivity increased by about 20% over the past two decades. This upsurge is primarily driven by Malaysia.

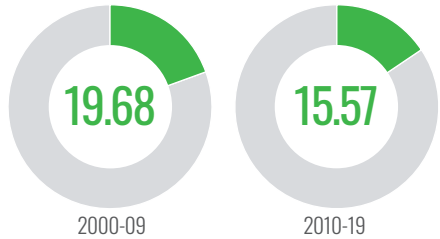
GDP (BILLION US\$)



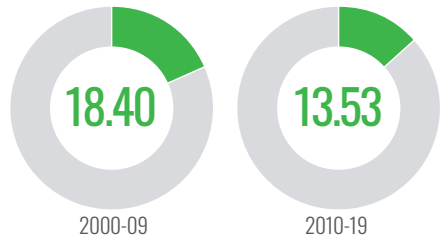
% AGRICULTURE TO GDP



% OF AGRIC. EMPLOYMENT TO TOTAL EMPLOYMENT

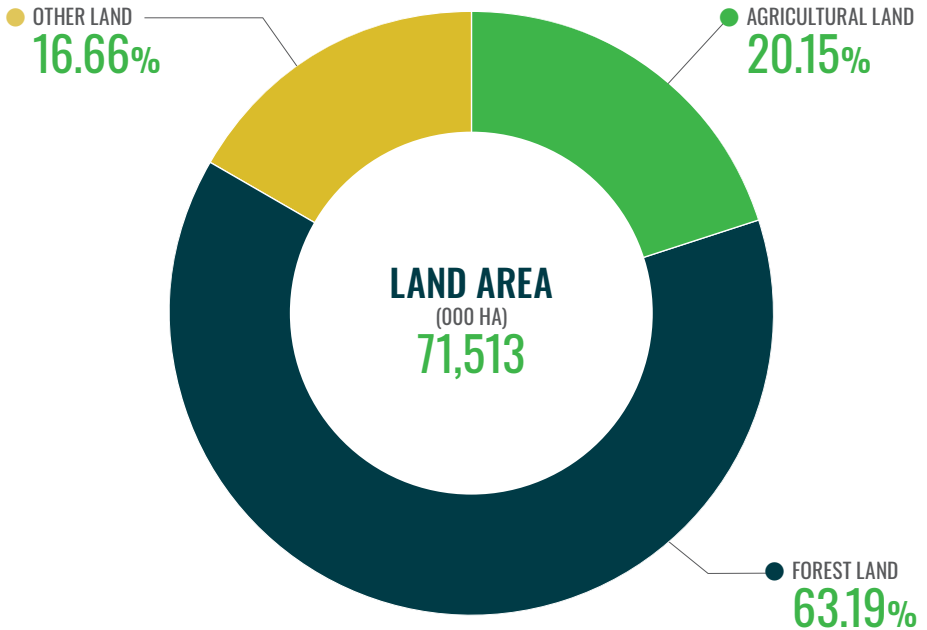


% OF FEMALE EMPLOYMENT IN AGRIC. TO FEMALE EMPLOYMENT

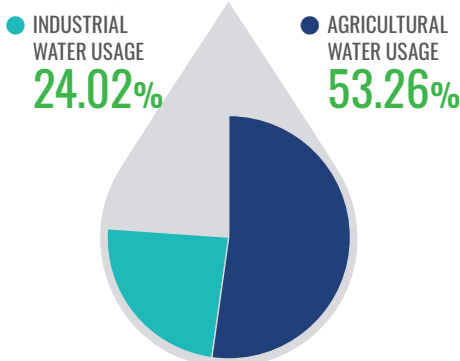


# AGRICULTURE AND LAND USE

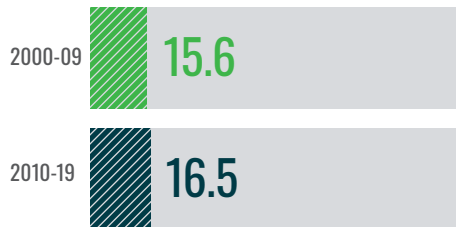
About 96% of the total area of the three countries in the region is land area – of which about 20.15% is agricultural land. The country's land area equipped for irrigation increased from 2.2 million hectares in 2000-09 to 2.38 million hectares in 2010-18. On average, in Indonesia and Malaysia, agriculture water usage (53.26%) is below the world average of 70%.



## WATER USAGE<sup>2</sup> (% OF TOTAL WATER USAGE)



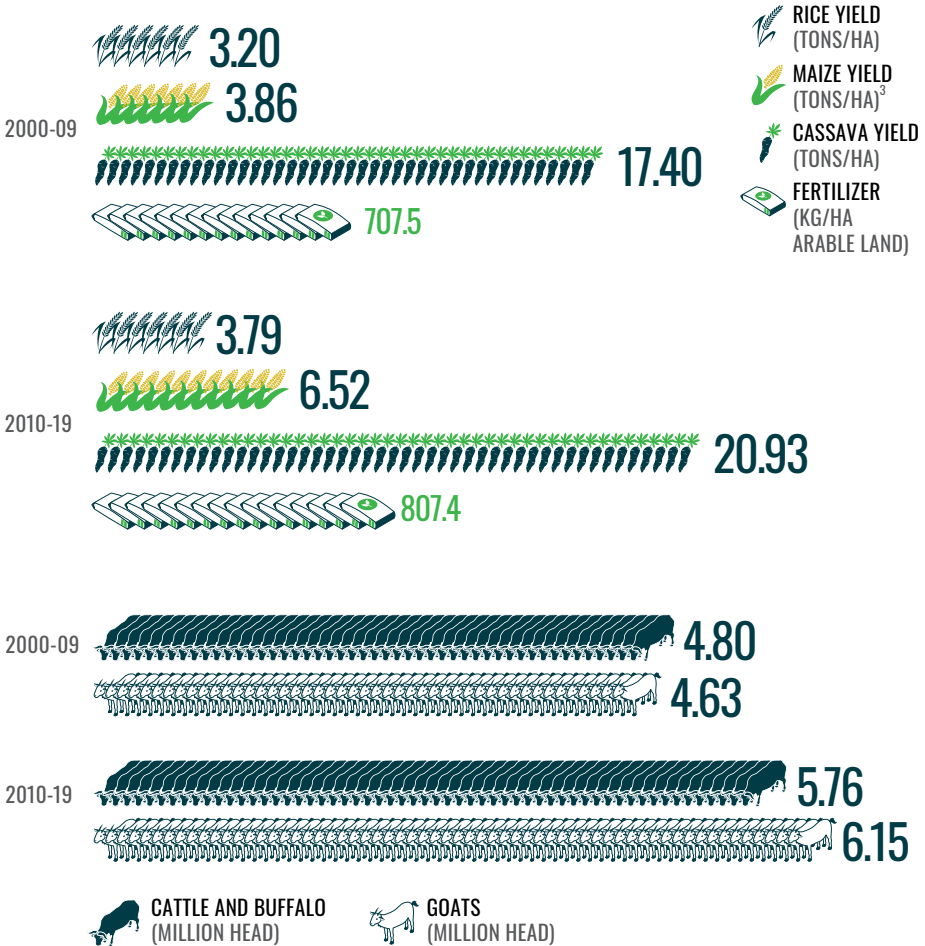
## LAND AREA EQUIPPED FOR IRRIGATION (%)



<sup>2</sup> Indonesia and Malaysia. Average for the period 2000-2009

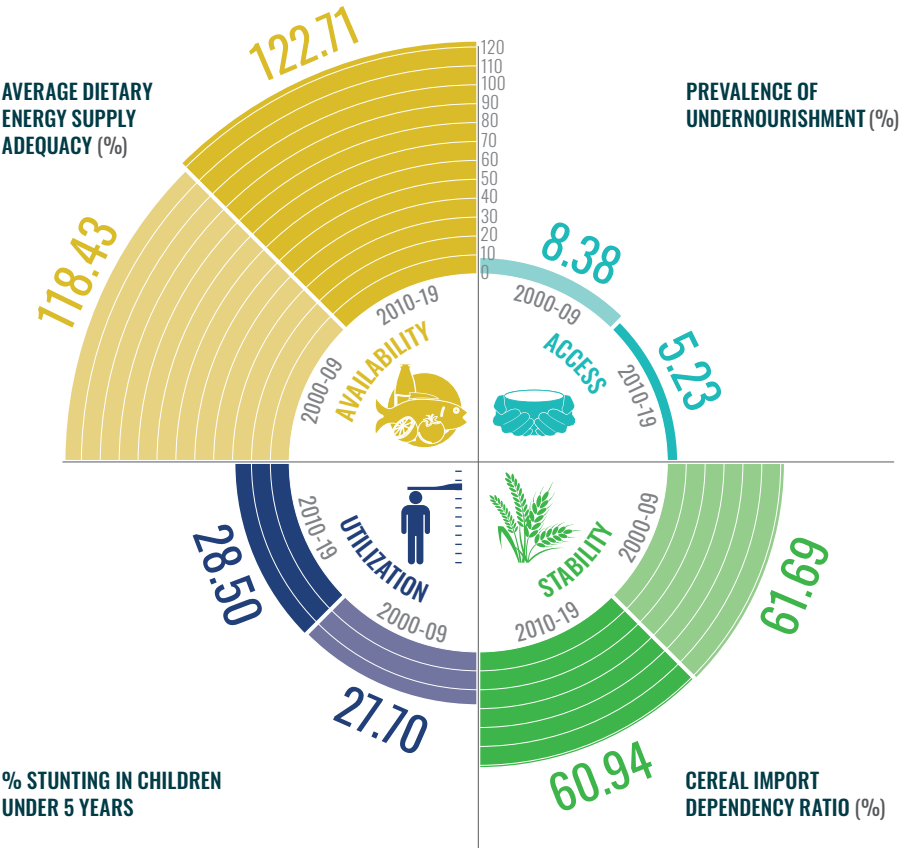
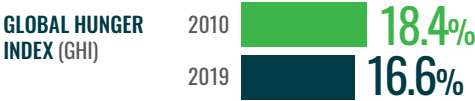
# FOOD SECURITY AND NUTRITION

The most important food crops cultivated in the region are rice, maize and cassava. These crops have played significant role in ensuring food security in the region. The three major crops (rice, maize and cassava) have experienced an increase in their yield. For example, the yield of rice increased to 3.79 tons/ha during the period of 2010–19 from 3.20 tons in 2000–09, and this could be linked increased in fertilizer usage which also increased during the same period.



<sup>3</sup> Without Brunei Darussalam

Overall, food security has improved in the region. The Global Food Security Index for the region increased from 60% (2010-2018) to 68.2 in 2019 while the Global Hunger Index (GHI) declined from 18.4 in 2010 to 16.6 in 2019.



<sup>4</sup> Indonesia and Malaysia





MORE  
FREQUENT FLOODS,  
STORMS AND RISING  
SEA LEVELS ARE EXPECTED TO  
HAVE A GREAT FINANCIAL  
IMPACT WITHIN THE  
AGRICULTURE SECTOR

2010-18  
RECORDED A  
**1.06°**  
TEMPERATURE  
RISE

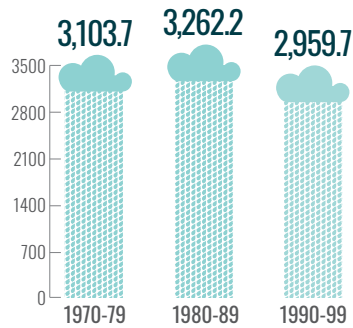




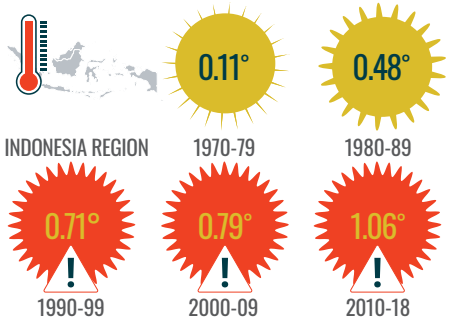
# CLIMATE CHANGE

The region is experiencing extreme climate events such as more frequent floods, storms and rising sea levels. The temperature is also rapidly increasing. On average, the region's temperature changed 1.06°C during the period 2010-18. The rainy seasons are becoming ever unpredictable with shorter cycles. Because of the impact of the changing climate, the agriculture sector in the region is expected to face great financial impact.

## NATIONAL RAINFALL INDEX (NRI) (MM/YEAR)

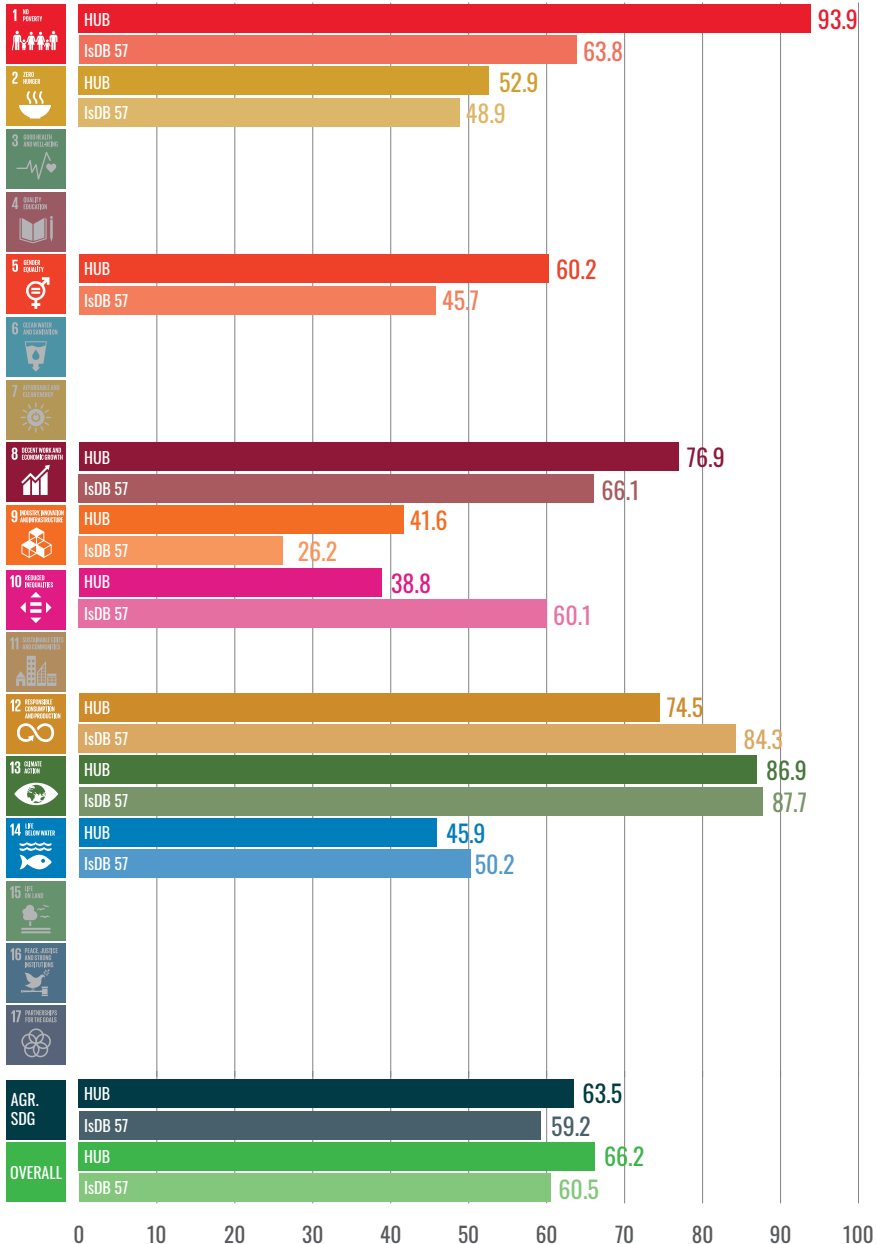


## CHANGES IN TEMPERATURE (DEGREES CELSIUS)



# PROGRESS TOWARDS THE SDGs

## AGRICULTURE-RELATED SDG SCORES | INDONESIA HUB<sup>5</sup> vs IsDB 57



<sup>5</sup> Hub scores are for Indonesia and Malaysia only

INDONESIA HUB  
HAS ACHIEVED THE  
HIGHEST PROGRESS  
IN NO POVERTY (SDG 1)  
WITH A SCORE OF  
**93.9%**

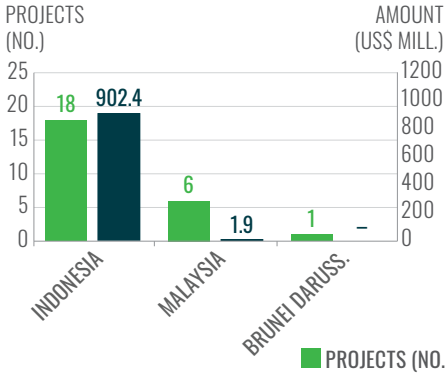


# IsDB FOOTPRINT IN THE REGION

## IsDB AGRICULTURAL FINANCING | 1974-2019

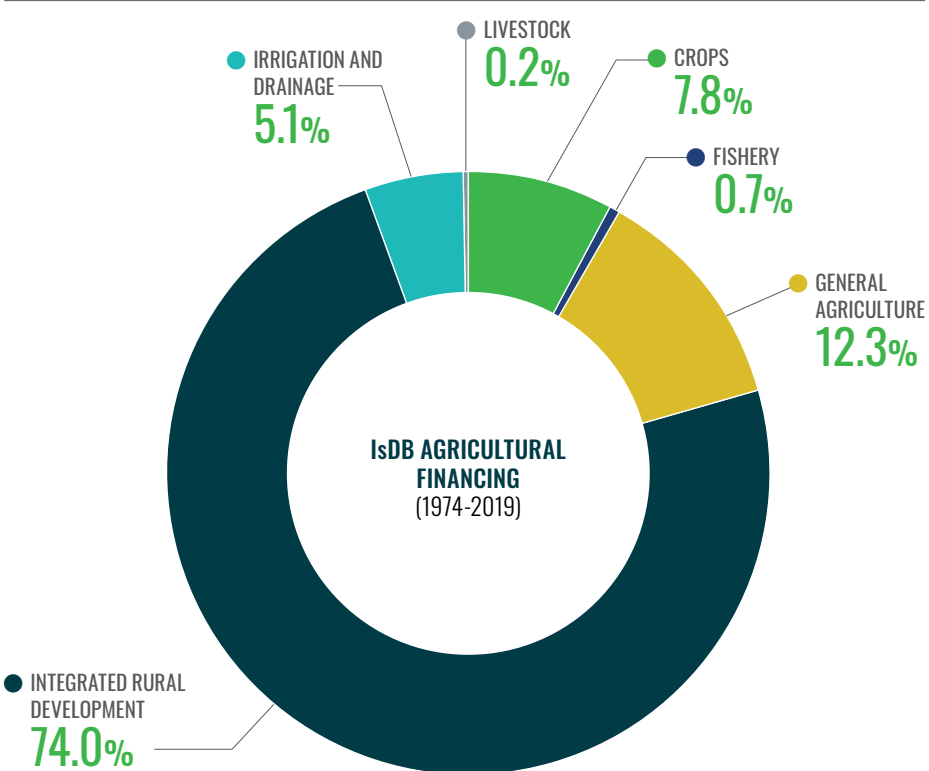
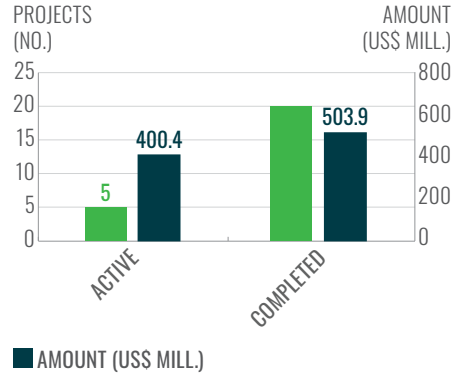
### COUNTRY OPERATIONS

ACTIVE & COMPLETED (PROJECT NO AND US\$)



### REGIONAL HUB OPERATIONS

ACTIVE & COMPLETED (PROJECT NO AND US\$)



**IsDB ONGOING INVESTMENT & KEY EXPECTED OUTPUT IN INDONESIA HUB<sup>7</sup>**

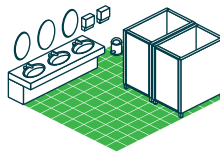
**TOTAL PROJECT INVESTMENT:**

**US\$ 400.26M**



**CROP LAND DEVELOPMENT (HA)**

**14,00**



**PUBLIC FACILITIES (NO)**

**1,500**



**DRAINAGE INFRASTRUCTURE (NO)**

**1,500**



**RURAL ROADS (KM)**

**2,550**



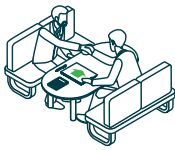
**RURAL MARKETS (NO)**

**114**



**FARMERS TRAINED (NO)**

**93,000**



**FARMER TRAINING CENTERS/  
BUSINESS DEVELOPMENT CENTERS (NO)**

**15**



**POPULATION ACCESSING  
MICROFINANCE (NO)**

**63,000**



**ASSOCIATIONS ESTABLISHED OR  
ACTIVELY PROMOTED (NO)**

**100**



# IsDB OUTLOOK IN THE REGION

IsDB new business model, which is based on Global Value Chain, aims to boost the competitiveness of member countries. IsDB aims to achieve this goal by supporting regional member countries develop strategic industries in which they have comparative advantage, creating local supply chains, and integrating them with Global Value Chains. This new business model will be implemented through GVC based Member Country Partnership Strategy (MCPS). The Bank will launch the preparation of MCPS for both Indonesia and Malaysia in 2020. The Bank will continue to support the countries in the following thematic areas in the sector:



Promote agri-business and SMEs development



Promote inclusive and competitive value chains



Build resiliency to climate change

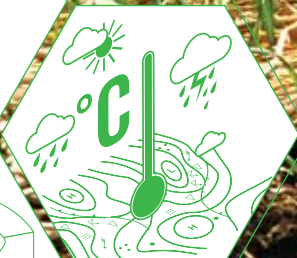
## DATA SOURCES

IsDB project data is taken from the existing IsDB Database, while most other indicators are calculated based on the data available from FAOSTAT (<http://www.fao.org/faostat/en/#data>), except for the following indicators:

- (i) National Rainfall Index and total water withdrawal, agricultural water withdrawal and industrial water withdrawal as well as temperature change are taken from FAO AQUASTAT ([www.fao.org/nr/water/aquastat/data/query/index.html?lang=en](http://www.fao.org/nr/water/aquastat/data/query/index.html?lang=en))
- (ii) Global Food Security Index is taken from 2018 Global Food Security Index and 2019 Global Food Security Index (<https://foodsecurityindex.eiu.com/>).
- (iii) Global Food Hunger Index Scores from 2000 to 2019 from 2019 Global Hunger Index (<https://www.globalhungerindex.org/download/all.html>).
- (iv) SDG Index Scores are taken and calculated from the 2019 publication of Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN) titled Sustainable Development Report 2019: Transformations to Achieve the Sustainable Development Goals. Some of the Scores are taken and calculated from the 2019 IsDB Publication titled Reaching the SDGs: Progress of the IsDB Member Countries.
- (v) Percentage agriculture GDP to total GDP is from the World Bank (<https://data.worldbank.org/>). Agriculture includes agriculture, forestry and fishing.
- (vi) Percentage of agricultural employment to total employment is from the World Bank (<https://data.worldbank.org/>).
- (vii) Percentage of female employment in agriculture to female employment is from the World Bank (<https://data.worldbank.org/>).
- (viii) Agricultural productivity is from the World Bank (<https://data.worldbank.org/>).

Note: The figures for the specified period provided in this RAP are based on simple average of available data across the years and countries in the region (Hub) during the period. In some cases, the figures for the Hub may be based only on some years during the period and/or only on some countries in the Hub.







## CONTACT US

 Islamic Development Bank  
Regional Hub Indonesia  
35C, Office 8, LOT 28 SCBD  
Jl. Jend. Sudirman Kav. 52/53  
Senopati, Jakarta  
Indonesia 12190

 +62 21 2933 3468

 +62 21 2933 3464

 [cgoindonesia@isdb.org](mailto:cgoindonesia@isdb.org)

 [www.isdb.org](http://www.isdb.org)