



HSBC Supports SATRIA to Strengthen Indonesia's Digital Connectivity

JAKARTA, June 22nd, 2021 - Digital connectivity has become more central than ever globally and in Indonesia. Despite Indonesia's internet population reaching 202.6 million, a closer look revealed that this number is unevenly distributed across the country.

As part of HSBC's commitment to support Indonesia's infrastructure development and digital economy, recently HSBC brought together a group of international banks, an export credit agency and a multilateral development bank to anchor the financing for Indonesia's first national telecommunication PPP satellite project, SATRIA.

SATRIA PPP was initiated by the Ministry of Communication and Information Technology in Indonesia to provide broadband internet service (including free WiFi access) to more than 150,000 unserved Public Service Points including schools, hospitals and local government locations in some of the most remote locations in Indonesia. This SATRIA project is a commendable initiative by the Government of Indonesia to eliminate the digital gap and expedite the online need due to the pandemic of COVID-19.

The project is listed as a National Strategic Project and is key to Indonesia's broadband connectivity due to vast geographical distribution of thousands of islands with many communities having no access to internet today. Following a competitive tender process, the consortium led by PT Pasifik Satelit Nusantara was awarded the project.

"In this day and age, strengthening and expanding access to digital connectivity will significantly improve access to quality education and healthcare, as well as reduce economic and infrastructure inequalities, which are part of Indonesia's Sustainable Development Goals. With this project, we hope PSN can help thousands of schools and public facilities, as well as millions of households from Sabang to Merauke to get equal access to internet," said **Adi Rahman Adiwoso, President Director, PT Pasifik Satelit Nusantara**.

Leveraging on its Global Banking network, HSBC provided the full suite of banking solutions to the client, across advisory, arranging, hedging, trade finance and account and agency services. As Sole Financial Adviser and Sole Social Structuring Bank, HSBC led the structuring of the multi-tranche project financing comprising a BPIfrance covered facility funded by HSBC, Santander and Korea Development Bank, and an uncovered commercial facility which is funded by Asian Infrastructure Investment Bank and Korea Development Bank.

Last year, data by Kominfo showed that about 12,500 villages in Indonesia are still lacking access to reliable internet connectivity. Similar number was revealed by the Ministry of Education, where about 12,000 schools do not have internet access.

François de Maricourt, President Director of PT Bank HSBC Indonesia said: "As the demand for data connectivity continues to increase in this pandemic and beyond, our commitment is to help open up



opportunities for those schools, public facilities, and households in underserved areas to be connected and grow by leveraging our global presence and our expertise in project finance structuring in supporting landmark projects such as SATRIA, which will strengthen Indonesia’s digital connectivity and drive a more sustainable economic growth in the country.”

SATRIA project represents the first private sector financing by the Asian Infrastructure Investment Bank in Indonesia, and First satellite financing by Asian Infrastructure Investment Bank and Korea Development Bank globally. The transaction was successfully raised as a social loan to finance SATRIA project under the new PSN Social Financing Framework. Sustainalytics provided a Second-Party Opinion on the PSN Social Financing Framework and is of the opinion that it is credible and impactful and aligns with the four core components of the Social Bond Principles 2020 and Social Loan Principles 2021.

The SATRIA satellite is set to launch in 2023. The project will complement previous efforts like the Palapa Ring Broadband project, which is part of Indonesia National Strategic Project (Presidential Regulation no. 58 of 2017). HSBC also extended a sizeable bank guarantee facility in the development of Indonesia 4G fiber optic roll out as part of the continuation of the Palapa Ring project. Since then, the Palapa Ring internet superhighway has succeeded in connecting the archipelago via a 35,000 km network of land and sea cables.
