

Financing the SDGs in Indonesia

UNDP is supporting government and partners to find innovative solutions to finance the SDGs



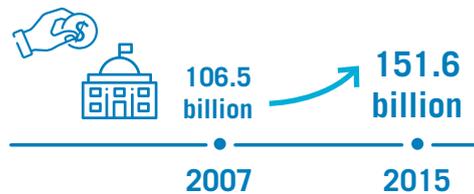
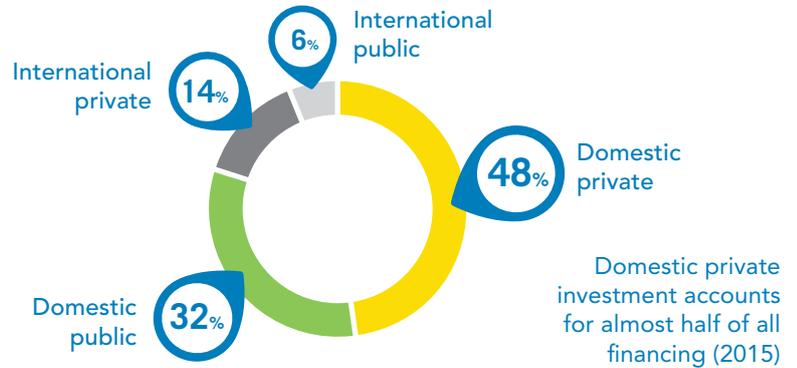
Empowered lives.
Resilient nations.



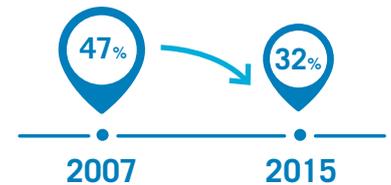
FINANCING LANDSCAPE IN INDONESIA

Findings from analytical work in Indonesia's Development Finance Assessment (DFA) supported by UNDP

Given current financing trends, there are opportunities and challenges for how the financing gap for sustainable development is addressed.



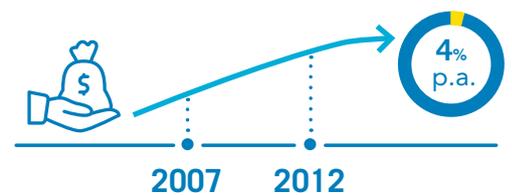
Domestic public resources have been increasing in terms of volume from a total of US\$106.5 billion in 2007 to US\$151.6 billion in 2015...



...but have decreased as a share of total financing over this period, from 47% in 2007 to under a third in 2015 (32%).



Micro, small and medium-sized enterprises are responsible for 97% of employment. Their growing significance and scale mean that they will be a critical driver of sustainable development progress.



On the private finance side, Indonesia experienced high rates of growth in domestic private investment over 2007-2012 but growth has since slowed to around 4% p.a.



Indonesia is strongly committed to implementing the SDGs and has integrated them into national development plans and processes, and its commitment to achieving them is reflected in the fact that it has institutionalized roles and responsibilities for their implementation at the country level through a Presidential Decree.



A key challenge is to ensure that continued economic growth becomes more inclusive and 'greener' in order for it to also effectively support accelerated progress in social and environmental dimensions of sustainable development.



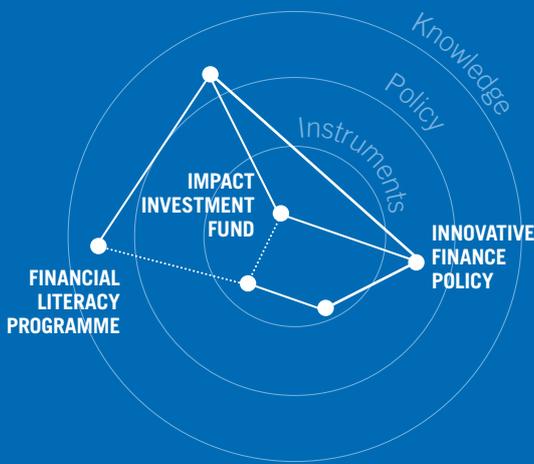
What is the Innovative Financing Lab?



WHAT IS THE OBJECTIVE OF THE INNOVATIVE FINANCING LAB?

To innovate on means to unlock and leverage new finance to help close the SDG financing gap:

- Designing and testing new innovative financing instruments
- Helping to enhance investments for higher SDG-returns
- Contributing to a stronger enabling environment for SDG-friendly finance



WHAT DOES THE LAB DO?

The lab is based in Jakarta but global in ambition offering services to partners. It is a collaborative space, involving the UN, business and civil society.



Map and analyse



Co-design and test new financing solutions and aligning existing investment with the SDGs



Measure progress and evaluate impact



Foster social enterprise to deliver on SDGs



Create platform for sharing of best practice (knowledge management)



Promote vibrant ecosystem for financing SDGs



Innovative
Financing
Lab



WINDOWS

Donor Capital/
Philanthropist

Technology

Green
Financing/
Islamic Financing

Impact
Accelerator

Impact
Investment

Knowledge
Management



INSTRUMENTS

Zakat for
SDGs, CSR,
Crowdfunding

Waqf Blockchain,
Digital Zakat
(Zakat Inclusivity)

Green Climate
Fund Partnership/
Green Bond
(Sukuk)/SDGs
Bond

Entrepreneur
Accelerator,
Start-ups
Incubation

Social Impact
Bond/Thematic
Trust Fund

Center of
Excellence,
Training in Islamic
Finance/
Innovative Finance



UNDP Indonesia's portfolio in innovative financing:



FINANCING FOR SDGS THROUGH COMBINATION OF ZAKAT AND CSR FUND

The partnership between UNDP Indonesia and BAZNAS, the national zakat agency, is groundbreaking because it is the first time that zakat organization has committed to supporting the SDGs anywhere in the world.

The partnership with BAZNAS commits zakat funds for micro-hydro energy in rural villages in Sumatra and leverages a UNDP/GEF project and CSR funds from a state-owned provincial bank.

Four micro-hydro power plants, which the project built directly benefit about 5,500 poor people giving them access to electricity. Its successful completion now opens many other opportunities for UNDP to expand the partnership with BAZNAS and Bank Jambi, and engage with new partners in the banking sector in the province as well as in other deprived areas in Indonesia.



SUSTAINABLE DEVELOPMENT FINANCE SUPPORT TO FISCAL POLICY AGENCY

UNDP has been working with the Ministry of Finance since 2011 to integrate the sustainable development agenda into the budget process. With a focus on climate change, UNDP's support is resulting in a public financial information management system that can track climate related allocation and expenditures. This has resulted in the issuance of Green Sukuk bonds.



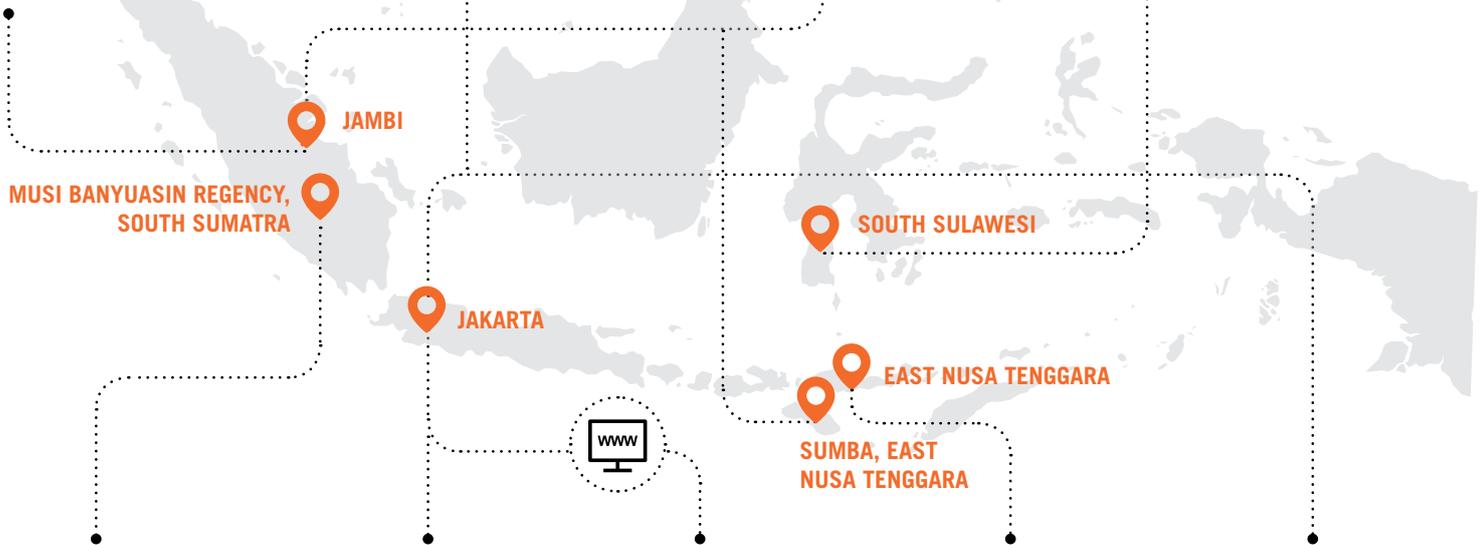
CROWDFUNDING

UNDP in partnership with kitabisa.com has successfully run two crowdfunding campaigns that provided a solar powered water pump to a community without access to water in Sumba, east Nusa Tenggara Timur, and supported the clearing of traps that poachers use to kill tigers in a national park in Jambi, Sumatra.



SOCIAL IMPACT ACCELERATOR

The SDG Impact Accelerator will support established start-ups that address identified gaps to achieving the SDGs and more established ventures by offering them 'impact-driven enterprises' strategies. The Accelerator will be the next-step support pillar for impact ventures and will prepare them for further growth. The first batch will aim to train 5 to 10 enterprises by giving them the right tools to effectively scale their business and impact while supporting their fundraising efforts through promotion to investors.



SOVEREIGN WEALTH FUND (SWF)

In Musi Banyuasin Regency, revenue produced by the natural resource industry is quite high, however inequality remains to be a large issue. As a result, UNDP Indonesia has collaborated with the Musi Banyuasin Regency to conduct feasibility studies on the implementation of an SWF. The success of this program will prove to be a turning point for natural resources revenue management in Indonesia as no such fund currently exists.



SDG IMPACT FUND NEGARA

UNDP in partnership with ANGIN are working to support social enterprises in accessing funds from private investors. By exploring the blending of private and public forms of finance, a social impact fund will address some of the obstacles to social enterprises in the agribusiness value chain accessing finance.



CONNECTOR.ID

UNDP joined forces with ANGIN and Amazon in establishing Connector.Id, a match-making funding platform as a contribution to the SDGs by fostering entrepreneurship (Goal 8) and providing small and medium-sized companies' access to financial services (Goal 9). This platform aims to also discover and support enterprises that incorporate SDGs into their business. It bridges entrepreneurs in needs of funding to the most suitable capital providers.



WORKING TOGETHER WITH STATE-OWNED BANK TO FINANCE SDGS PROJECT IN INDONESIA

Becoming the first government enterprise to finance development projects in cooperation with UNDP, Bank Nusa Tenggara Timur (Bank NTT) worked together in an agreement worth US\$150,000 signed on 31st March 2016.



WAQF DIGITAL PLATFORM

UNDP Indonesia signed an agreement with Badan Wakaf Indonesia, the national waqf board of Indonesia, to collaborate on SDGs and develop a waqf digital platform to encourage waqf contributions.





Together,
we can achieve more.



CONTACT US



UNDP Indonesia
 Menara Thamrin Building, 7-9th floor
 Jl. M.H. Thamrin Kav. 3.
 Jakarta 10250, Indonesia
www.id.undp.org

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