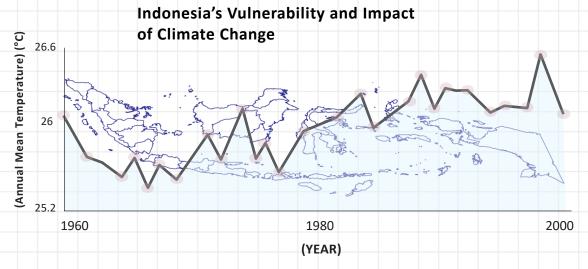




BACKGROUND



Indonesia's Vulnerability and Commitment to Climate Change



One of Indonesia's vulnerabilities to climate change can be seen from the increasing frequency of hydrometeorological disasters occurring in Indonesia. From 1 January to 3 September 2020, there have been 1,944 disasters in Indonesia and more than 90% were hydrometeorological disasters.

Source: BNPB, 2020

To that end, Indonesia has a strong commitment to addressing climate change, both through national policies and the ratification of international agreements into laws, policies and national action plans.



2016 -

Paris Agreement

Katowice Climate Package

Katowice, Poland

Copenhagen Accord

Copenhagen, Denmark Paris, France

Source: Fiscal Policy Agency (BKF)

Kyoto Protocol

Kyoto, Japan

Bali Road Map

Bali, Indonesia

1992 - UNFCCC



ROI COMMITMENTS TO CLIMATE CHANGE



LAW Number 16/2016

Paris Agreement Ratification to UNFCCC

NDC Nationally Determined Contribution

By 2030, Indonesia pledges to reduce Greenhouse Gases (GHG) emissions:

29%

Usual (BAU) scenario

Unconditional emission reduction against Business as

41%

Conditional emission reduction subjet to international support

and to improve its **Climate Resilience**

RAN GRK

National Action Plan for GHG Emission Reduction (Presidential Decree No. 61/2011)



Low Carbon

Development Plan





Reduction



RAN-API

National Action Plan on Climate Change Adaptation





MAIN FOCUS













INDIRECT CONTRIBUTION TO ALL OTHER SDGs











DIRECT CONTRIBUTION















ROI GREEN BOND/SUKUK FRAMEWORK



Reporting is expected to include measures of the reduction in greenhouse gas emissions

Pillar IV: Reporting

Benchmark Green Framework:

- Poland
- Fiji
- France

Pillar III:

Management of Proceeds

MoF as issuer should guarantee 100% of proceed used to finance green project

INDONESIA
GREEN BOND/SUKUK
FRAMEWORK

MEDIUM GREEN
Review by Cicero

100% Used for refinancing and new financing of green projects

Pillar I:

Use of Proceeds

The Green Eligible Sectors according to Green Framework



Renewable energy



Use of Clean Technology for Power Generation







Sustainable Transportatio n



Green Tourism





Green Building



Pillar II:

Project Evaluation and Selection

Budget Tagging Process to identify green projects (supported by UNDP)



Use of fund: Eligible Green Projects



Worth green sector below are sectors that meet the requirements according to the Green Framework

Renewable Energy

- Generation and transmission of energy from renewable energy sources (solar, waves, water, biomass and geothermal)
- Research and improvement of the product or technology from renewable energy sources, including turbine and solar panel

Energy Efficiency

- Improving infrastructure energy efficiency to produce energy consumption of at least 10% below the average national energy consumption
- Research and development of products or technologies and their implementation which reduce energy consumption

Resilience to
Climate Change for
Disaster Risk
Reduction

- Research leads to technological innovation with continuing benefits
- Food security
- Flood mitigation
- Drought management
- Public health management

Sustainable Transportation

- Develop a clean transportation system
- Improving energy efficiency and public transportation with low emissions
- Upgrading the transportation network to higher design standards for resilience

Energy and Waste Management

Improving waste management

Turning waste into a renewable energy source

Rehabilitation of final disposal area

Sustainable Natural Resources Management Sustainable management of natural resources that substantially avoids or reduces carbon loss / increases carbon sequestration

Habitat conservation and diversity

Green Tourism

Develop new tourism areas in accordance with Green Tourism Principles

Optimizing infrastructure support for sustainable tourism

Green Building

 Developing green building that in line with the Greenship that has been developed by the Green Building Council in Indonesia

Sustainable Agriculture Develop sustainable agricultural management and management methods, such as organic farming, reducing pesticides, research and development on climate-resistant seeds, and energy saving on agriculture

Subsidy mechanism for agricultural guarantees

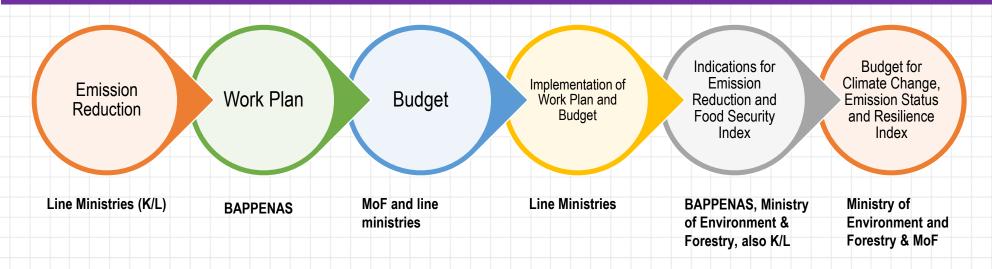
The eligible green project will override: a) The capacity of new fossil fuel-based power plants; b) Large scale hydroelectric power plants (over 30 MW) with large inundation areas; and c) Nuclear and nuclear-related assets





Evaluation Process And Project SelectionBudget Tagging is used to identify eligible projects in the Green Framework

The Ministry of Finance will manage the allocation process in the general account of the Government of the Republic of Indonesia



Created to identify expenditures on projects that provide climate change benefits where they are supported by the UNDP

Involves a detailed assessment of the climate benefits of the project carries out by the ministries on key performance indicators of project results

Green Bond or Green Sukuk funds issued under the Green Framework will be used to fund certain projects that have been tagged

Ministry of Finance will record all of Green Eligible Projects that have been reviewed and funded by the issuance of Green Bonds and Green Sukuk



Green Sukuk Issuance



Global Market

2018

2019

2020

2021

NEW

U S D

- Yield 3.75% p.a

- Tenor 5-years

- USD1.25 billion

- Investor spread : 18% USA, 15% Europe, 32% Middle East, and 35% Asia - Yield 3.90% p.a

- Tenor 5.5-years

- USD750 million

- Investor spread : 23% USA, 22% Europe, 29% Middle East, and 26% Asia - Yield 2.30% p.a

- Tenor 5-years

- USD750 million

- Investor spread : 12% USA, 11% Europe, 32% Middle East, 5% Indonesia, and 40% Asia - Yield 3.55% p.a

- Tenor 30-years

- USD750 million

- Investor spread : 27% USA, 25% Europe, 8% Middle East, 6% Indonesia, and 34% Asia

I D R

Green Sukuk is potential to be developed and used as climate funding in Indonesia even in the midst of COVID-19 pandemic

GREEN SUKUK: 9 Juni 2021

- First ever 30-year and the longest Green Sukuk issuance in the world
- 2. Reached 57% of Green Investor, an increase from 33% (2020) and 29% (2018 & 2019).
- 3. lowest ever 30-year yield, spread over UST and profit rate

Domestic Market

2019

2020

- Coupon 6.75% p.a (floating with floor)

- Tenor 2 years
- IDR 1,46 T
- Total 7.735 Investors
- 2.908 new investors
 - Online Platform

- Coupon 5.5% p.a (floating with floor)
 - Tenor 2 years
 - IDR 5,42 T
- Total 16.992 Investors
- 4.276 new investors
 - Online Platform

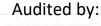




LAPORAN GREEN SUKUK



1st Impact Report Published in Feb 2019





Audited by:

pwc

3rd Impact Report Published in May 2021



EY

GREEN SUKUK

ALLOCATION AND IMPACT REPORT May 2021











February 2019

MINISTRY OF FINANCE

Green Sukuk

Allocation and Impact Report March 2020



APPROVAL BY SHARIA ADVISORS





بنك دبي الإسلامي Dubai Islamic Bank

The Executive Committee of the Fatwa and Sharia Supervisory Board of Dubai Islamic Bank PJSC



The Central Sharia committee of **HSBC Bank Middle East Limited**



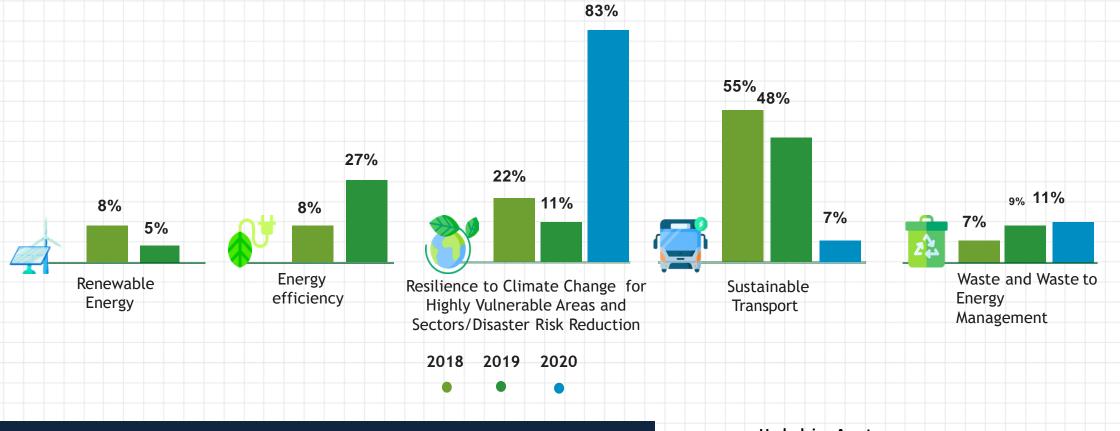


The Sharia Advisory Board of Citi Islamic Investment Bank



GREEN SUKUK ALLOCATION





Projected Emission Reduction from Global Green Sukuk Issuance

Issuance 2018

Issuance 2019



Issuance 2020



5,7 millions ton CO2e 3,2 millions ton CO2e

1,4 millions ton CO2e

Underlying Assets:







Ministry of Public Works and Housing Transportation Mineral Resources

Ministry of Ministry of Energy and

Ministry of

Agriculture





LESSON LEARNED from Green Sukuk Issuance



SYNERGY. It needs to increase synergy among stakeholders to formulate policies and national development programs related to climate change control



IMPACT INVESTING. Measuring not only the environmental benefits of the investment, but also economic and social impact.



SYSTEM INTEGRATION. Strengthening and integrating the mechanism of climate budget tagging (CBT) with other system (e.g. SRN, AKSARA, KRISNA) to create effective and efficient financial governance and reporting

