







# Scaling Up Green Infrastructure Financing Through Green Climate Fund

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# PT Sarana Multi Infrastruktur (Persero) at a Glance

### **Profile of PT SMI**

### 3 Business Pillars of PT SMI

Status	100% owned by the Government of Indonesia through Ministry of Finance			
Duties	To support the infrastructure development agenda for Indonesia through partnerships with private and/or multilateral financial institutions			
Vision	To serve as catalyst in accelerating national infrastructure development			
Equity	USD 2.6 billion			
Assets	USD 4.2 billion			

Source of Funds		Pillar #1	Pillar #2	Pillar #3		
		FINANCING & INVESTMENT	CONSULTATION PROJECT Sector Se		Sectoral Focus	
Conventional	Capital Injection from GOI		Infrastructure Financing  Senior loan (Working Capital, Investment Loan) Junior Loan Mezzanine Equity investment Arranger & Underwriter Standby Lender PPP Sustainable Financing Municipal Financing (PIP/RIDF	Financial Advisory	PPP Project Development	Electricity Transportation Telecommunication
	Capital Market (Bonds, Notes, Securitization)			Investment Advisory	Fund Management for Geothermal Infrastructre Development	Train Rolling Stock  Oil and Gas  Efficiency Energy  Water Supply  Road and Bridge
	Loans and Grants	>		Financing Arranger	Renewable Energy Project Development & Energy Efficiency	Irrigation Waste Water & Waste Management
Sharia	Sharia Capital Market		Sharia Financing		Project Preparation for Municipal Financing	Hospital Correctional Education
	BPJS / Sharia Insurance		IMBT/ Lease with Option to Own     Murabahah/Installment Sale with Deferred Payment     MMQ/Diminishing Partnership     Musyarakah/Joint Partnership     Ijarah Indent*     MMOB*	Investment Advisory & Financial Advisory (Sharia)		Regional Tourism
	Hajj & Syirkah Funds				Capacity Building and Technical Assistance	Infrastructure Market Infrastructure Infrastructure Social Infrastructure
	Sovereign Wealth Fund					

<sup>\*)</sup> include completed projects

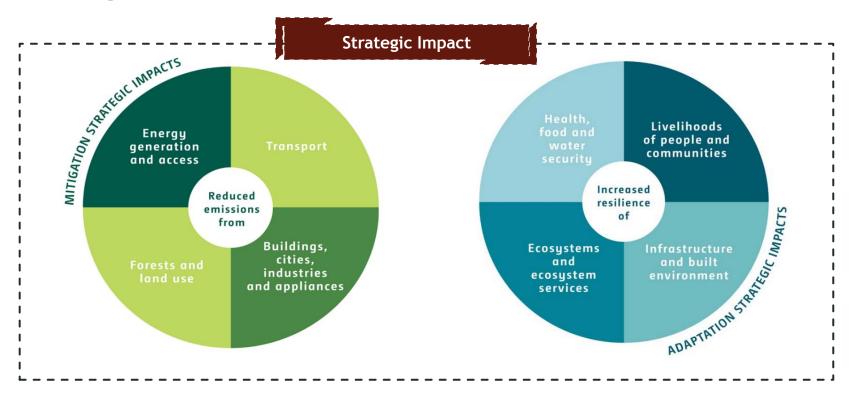
<sup>\*\*)</sup> accumulated project value divided by commitment balance







# GCF's Strategic Impact and Investment Criteria



### **Investment Criteria**

Impact potential

Paradigm shift

Sustainable development potential

Responsive to recipients needs

Promote country ownership

Efficiency and effectiveness







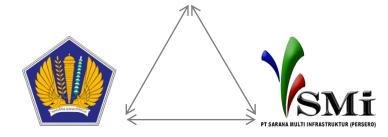
## PT SMI as Green Climate Fund's Accredited Entity

Category	GCF Board Decision			
Maximum size of an individual project or activity within a programme	Small (Including Micro)  Total project cost ≤ USD 50 million			
Fiduciary Function	<ol> <li>Basic fiduciary standards;</li> <li>Project management</li> <li>Grant award and/or funding allocation mechanism;</li> <li>On-lending and/or blending (for loans)</li> </ol>			
Maximum environmental and social risk category	Medium Risk (Category B/ Intermediation 2 (I-2))  Mild adverse environmental and/or social risk, generally site specific, largely reversible, readily addressed through mitigation measures			



Accreditation Master Agreement signed on 28 April 2017



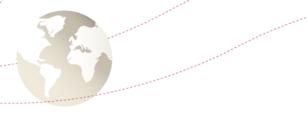


Ministry of Finance of Republic of Indonesia

Fiscal Policy
Agency (BKF)
National Designated
Authority (NDA) for
GCF

PT Sarana Multi Infrastruktur (PT SMI)

PT SMI as the first accredited entity in South-East Asia









### PT SMI's Accreditation Process

24/12/2015

PT SMI entered Accreditation Stage II 28/04/2018

PT SMI signed the Accreditation Master Agreement

**June 2015** 

December 2015

December 2016

**April 2017** 

PT SMI submitted accreditation application through OAS\*

14/12/2016

PT SMI decided as Accredited Entity







### PT SMI's Influence as Accredited Entity in Indonesia:

Increase stakeholder awareness on Green Climate Fund

Promote international best practice in sustainable finance, including ESS, gender, and other requirement.

Provide lesson - learned from the accreditation process to other institutions

Provide grant for project preparation and concessional finance from GCF

Expand the opportunity for cooperation by co-developing project proposals to GCF

Encourage private developers to propose projects to GCF







# Challenges in Developing GCF Projects in Indonesia

Finding project that fits GCF Criteria

- Limited opportunity in RE
- Paradigm shift

Current mandate of PT SMI in Infrastructure

Timeline during proposal development

Lack of institutional awareness & capacity









### Status:

### Proposal Review

- PPF for Bus Rapid Transportation System
- PPF for Climate Resilient and Eco-friendly Tourism

### Status:

### **Initial Discussion**

- PPF for Wave Energy Project
- PPF for Integrated Food Waste Management
- PPF for Energy Efficient Street Lighting
- PPF for Hybrid Bio Mass and Solar PV Power Plant
- FP for Polder Drainage System









## PT SMI's Concrete Steps to Support Sustainable Development

### **Bilateral / Multilateral Partnerships**

























Agence Française de **Développement (AFD)** 

Partnership in green financing for renewable energy projects

### **Green Bond Issuance**

PT SMI issued the first corporate green bond in Indonesia (June 2018), awarded as Medium Green, to provide green financing

### Sustainable Financing

Establishment of Sustainable Finance Division to finance REprojects related



### **SDG Indonesia One**

Blended Finance Platform to support Sustainable **Development Goals** 

### **Environmental and Safety Management Frameworks** (ESMF)

The development and implementation of Guidelines of Environmental and Safety Management Frameworks (ESMF)

### **Geothermal Fund Management Innovative Products**

Geothermal fund management with amount of IDR 3,1 Trillion from Indonesia Investment Agency (PIP)

**Grant Agreement** with World Bank (CTF and GEF Fund) amounted to USD 55,25 million for geothermal exploration activities

Innovative Projects to address SDGs with high social economic benefits

### **Green Climate Fund** (GCF)

PT SMI as the first accredited entity in South-East Asia

### **SDG Indonesia One**







Investor

Contributions

# Donor (Philanthropist) and Impact/Climate Funds

# Donor, Impact/Climate Funds and Development Banks

# Commercial Banks and Institutional Investors

# Institutional Investor and Developer

### **Contributions:**

Grant, Technical Assistance

### Objective:

Pre-construction project development support

### **Contributions:**

Concessional Loan, Grant

### **Objective:**

Project de-risking (improving bankability)

### **Contributions:**

Loan, Bond, Sukuk

### **Objective:**

Construction / postconstruction finance

### **Contributions:**

Equity

### **Objective:**

Investment in high impact / new frontier SDG sector

**Product** 

### SDG Indonesia One (Managed by PT SMI)

# SDG Development Facilities

Grant (Project Preparation, Technical Assistance, Research)

# SDG De-Risking Facilities

Concessional Loan, First-Loss Facility, Interest Subsidy, Guarantee Premium Subsidy, VGF etc.

# SDG Financing Facilities

Senior Loan, Subordinated Loan

### SDG Equity Fund

Equity, Equity-Linked Investment







# PT SMI as the First Issuer of Corporate Green Bond in Indonesia

Compliance of Standard

Regulatory Standard

Second **Opinion** 





Green Bond Principles (GBP)

Regional

Global





**ASEAN Green Bond Standards** (GBP)

Local





**OJK Regulation** (POJK Number 60/2017)

**Second Opinion Provider:** 



Center for International Climate Research

**Second Opinion Result:** 

°CICERO

Medium Green

"Similar to Sovereign Green Sukuk Government of Indonesia"

100%

**Eligible Green Projects** 



#### **Eligible Sectors**

- 1. Renewable energy
- 2. Energy efficiency
- 3. Sustainable pollution management and prevention
- 4. Sustainable natural resource and land use management
- 5. Clean transportation
- 6. Sustainable water and sewage management

**Unique Features** 









**Total Issuance** IDR 500 Billion

Programme Bond with Total Amount of IDR 3 Trillion









# Thank You

### For more information

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