



# Accelerating Sustainable Development Goals Achievement in Indonesia Through Investment

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# OUTLINE



1

PROGRESS OF SDGs IMPLEMENTATION IN INDONESIA

2

GREEN POTENTIAL AND NEEDS IN INDONESIA

3

INDONESIA'S COMMITMENT TO IMPROVE  
INVESTMENT CLIMATE

4

BEST CASE PRACTICE AND EXAMPLE OF  
DEVELOPMENT PROJECTS



# 1. PROGRESS OF SDGs IMPLEMENTATION IN INDONESIA



# SDGs IS OUR COMMON VISIONS



- Our rights
- Our duty
- Our problem
- Our opportunity

## SUSTAINABLE DEVELOPMENT GOALS



**“No one left behind” : the imperative core principle of SDGs**

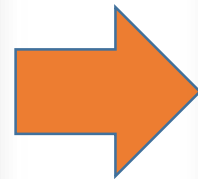


# Mainstreaming SDGs into the National Development Agenda

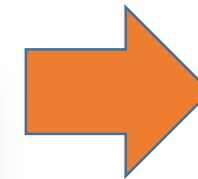
*Indonesia is determined to be the pioneer and role model for the implementation of SDGs in an effort to foster a more just, prosperous, and peaceful society, as a manifestation of Indonesia's free and active foreign policy.*



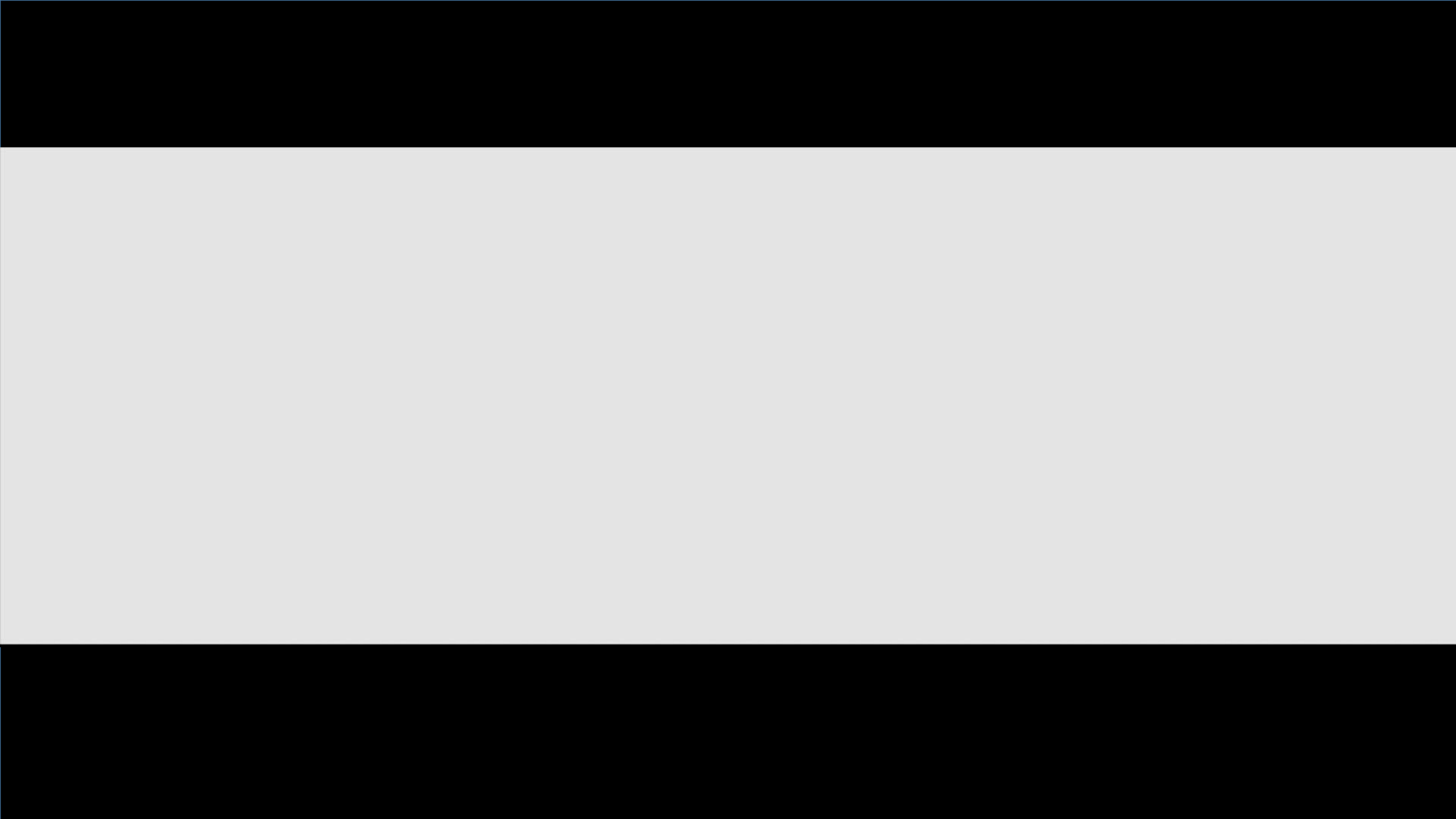
**National SDGs Action Plan 2017-2019  
launched by the Vice President in June 2018**



**Launching of Indonesia SDGs  
Roadmap in Indonesia SDGs  
Annual Conference 2019**



**Draft of the 2020-2024 National  
Medium-Term Development Plan  
(RPJMN 2020-2024)**





# SDGs Mainstreams with National Priorities



Indonesia with the high-middle income that is Prosperous, Fair, and Sustainable



### 3. Economy Resilience for Quality Growth



### 2. National Character



### 1. High Quality and Competitive Human Resources



### 4. Regional Development for Equality



### 5. Infrastructure of Economy Development and Basic Services



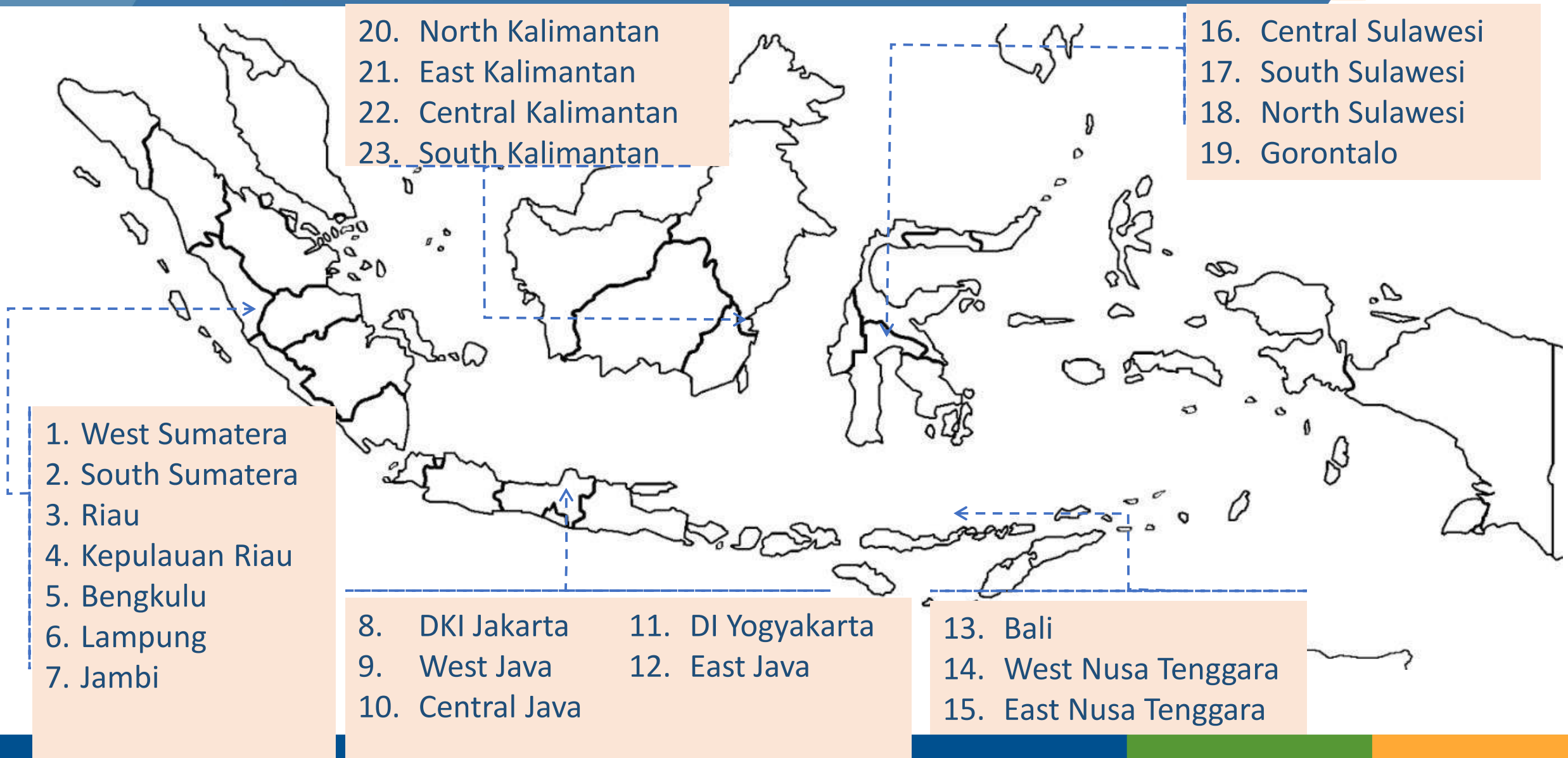
### 6. Stability of Politics, Law, Defence, and Security and Public Services Transformation



### 7. Environment and Disaster Resilience



# 23 Governor Regulation : Sub-National SDGs Action Plan has been Encated







# SDGs Center in Universities to Support the Implementation of SDGs



Currently there are 13 SDGs Centers in university to support the implementation of SDGs at national and regional levels



PADJAJARAN UNIVERSITY



JEMBER UNIVERSITY



BENGKULU UNIVERSITY



MATARAM UNIVERSITY



IPB UNIVERSITY



INSTITUT TEKNOLOGI BANDUNG



HASANUDDIN UNIVERSITY



UNIVERSITAS INDONESIA



LPPPI



RIAU UNIVERSITY



GAJAH MADA UNIVERSITY



ANDALAS UNIVERSITY



KRISTEN ARTHA WACANA UNIVERSITY

**Role of SDGs Center example :**

**3 SDGs Centers that are committed and support the facilitation of the preparation of Sub-National Action Plan in 5 Provinces:**

- Bengkulu University SDGs Center facilitates NAD and North Sumatra
- Padjadjaran University SDGs Center facilitates West Kalimantan
- The Hassanudin University SDGs Center facilitates North Maluku and Southeast Sulawesi





# Indonesia SDGs Annual Conference Sharing Experiences, Actions & Collaboration



## 1<sup>st</sup> SDGs ANNUAL CONFERENCE (17 – 18 December 2018)



As an input for sustainable development policies, 8 topics were discussed :

1. A way to combat stunting
2. Women empowerment
3. Renewable energy
4. Water & sanitation for sustainable cities
5. Youth Employments
6. Sustainable cities
7. Localizing SDGs into Indonesia context
8. Innovative financing framework for

SDGs in Indonesia



## 2019 INDONESIA SDGs Annual Conference (8 – 9 October 2018)



Bring together International Speakers, Top Business/Non Government Leaders, High-Ranking Government Officials, etc

SDGs Summit aims at giving access and opportunity to more stakeholders to act upon SDGs - be one of Indonesia's most prominent summit—to accelerate SDGs achievement.



More inclusive, interesting and interactive activities



# Indonesia SDGs Annual Conference Sharing Experiences, Actions & Collaboration (2)

Bappenas invited the students of Binus Elementary School to do presentation on SDG14 and perform the “Love song to the earth” in SDGs Annual Conference 2019 Opening in October 8<sup>th</sup> 2019





## 2. Green Potential and Needs in Indonesia



# Indonesia's Transition Towards Low Carbon Economy

Indonesia is currently initiating **Low Carbon Development (LCDI)** as a new development platform that aims to maintain economic and social growth through low GHG emission development activities and minimize natural resource exploitation.



**LOW CARBON  
DEVELOPMENT  
INDONESIA**

LCDI is a new platform for Indonesia development in the future. The objective is to **maintain economic and social development** through activities that is **low emissions**, and **minimize natural resources exploitation**

This concept will be integrated to the National Medium Term Development Plan (RPJMN) 2020-2024. Bappenas is currently formulating draft of RPJMN

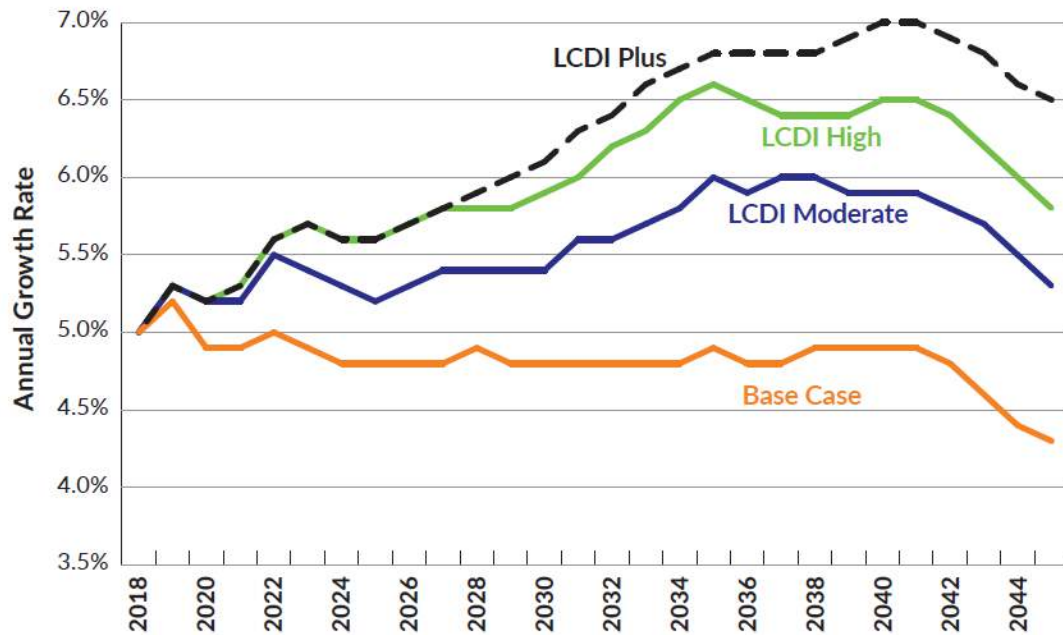


**RPJMN 2020-2024  
(Green Economy &  
Low Carbon)**

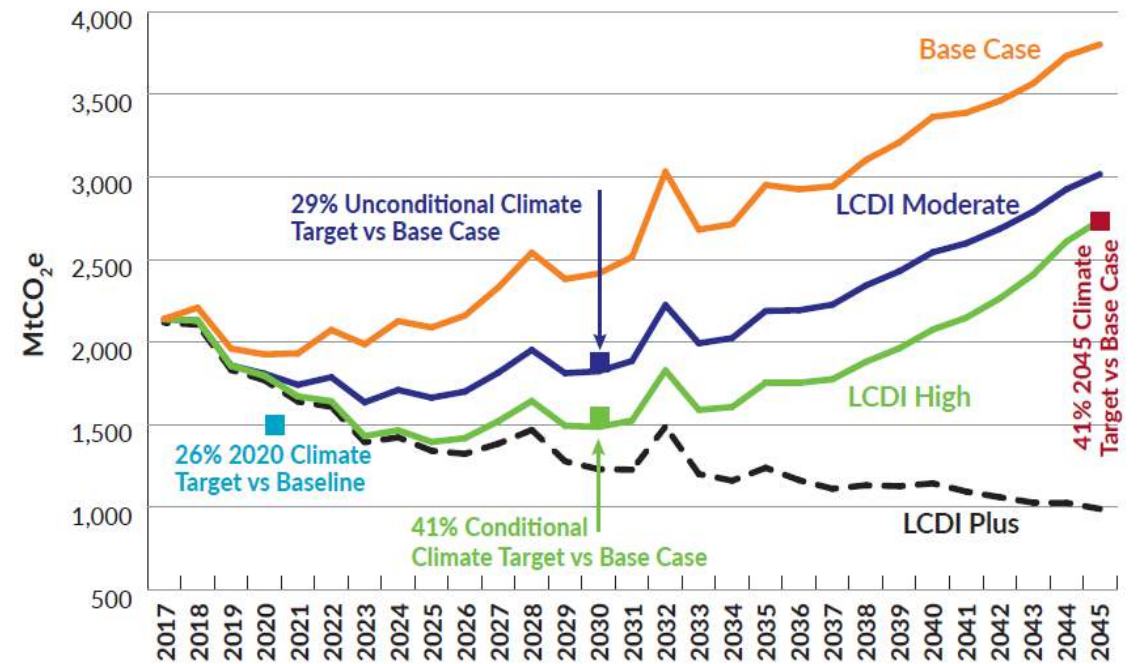


# LCDI Policies Lead to Win-win Outcomes (Economy, Social, Environment)

## GDP growth trajectories model



## Emissions trajectories model



Source: LCDI Leadership Report (2019)



# The Benefit of LCDI

Meets  
Indonesia's  
2030 Climate  
Target



GHG Emissions reduced  
nearly

**43%**

By 2030



Average GDP growth of

**5.6%**

Annually

Between 2019-2045



Over

**US\$5,4 trillion**

Added to GDP in 2045



**40.000 deaths**

Caused by air pollution  
Avoided each year



Extreme poverty

**Reduced to 4,2%**

Of population in 2045



**15,3 million**

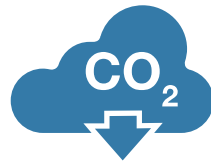
Additional jobs in 2045, which  
are greener and better paid



Prevents the loss of

**16 million ha**

Of forest land in 2045



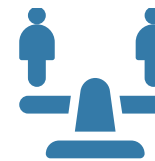
improved

**Air Quality**



Improved

**Living conditions**



Closing of gender/ regional  
opportunity gaps



**Lower investment to GDP ratio**



# We have problems to resolve.....



More than 30 Tofu factories in Tropodo, East Java, Indonesia, uses plastic waste imported from the United States to burn stoves. The smoke and ash produced by burning plastic have a significant and toxic impact including dioxin which can cause cancer

Research by the Indonesian NGO (Nexus3 and Ecoton) shows free-range chicken's egg samples in Tropodo Village, have been also contaminated with high dioxin levels. The study sample of eggs was taken near a tofu factory in Sidoarjo which burned plastic as fuel.

The high dioxin concentration found in Indonesia is almost the same as the concentration of dioxin in eggs taken near Agent Orange hotspot in **Bien Hoa, Vietnam** which is considered to be **one of the most dioxin-contaminated locations in the world.**





# We have problems to resolve: *Air Pollution*

## Jakarta Air Quality Index



## Zurich Air Quality Index



Jakarta was declared as world's most polluted city back in August 2019, and still has unhealthy air quality daily. In contrast with Zurich which retain healthy air quality everyday



*Indonesia is in dire need of clean technology and green investment. As a pioneer in clean technology, Switzerland could play a great role to the development of clean technology and meet the demand for green investment in Indonesia*



# Indonesia Contributes to Marine Debris



Indonesia is the 6<sup>th</sup> country with the most water pollution and contribution to Marine Debris in the world



# How to Combat the Plastic Waste Issues?

## STRATEGIES:

1

Indonesia needs to have **an integrated platform** that enables stakeholders to monitor and update the status and baseline data of waste both in mainland and in the ocean.

2

Indonesia needs to establish **a circular economy solution** to plastic waste which uses circular approach to reuse and resolve plastic litter in the most effective way.

3

Indonesia needs **to deploy a proper plastic waste management** in the mainland, especially from residential houses and industries, as it will significantly reduce the amount of plastic waste in our ocean.



## *It needs:*

- collaboration and understanding among government, civil society organization, and community
- new business models
- New public policies,
- **Investment in technology and infrastructure**

to create a systemic solution to plastic pollution in the ocean



# Switzerland as Pioneer in Clean Technology

*Switzerland is today leading the development and marketing of cleantech products and services in the global marketplace.*

30 wind plants generating 14 gigawatt hours of energy. Solar energy also generates about half a percent of the country's total power production

There are 538 hydroelectric power plants ingenerating 57% of the country's domestic electricity production, The Valais alone accounts for about 30% of Switzerland's hydroelectric power production;



Swiss universities and institutions are at the forefront of the research in and the battle against climate change, depletion of natural resources and environmental pollution;

Zürich, Bern, and Geneva all rank among the world's top-ten cities for quality of life – with environmental criteria a major factor.

## **Greentech Initiative supporting sustainable products and services**

Switzerland Trade and Investment Promotion USA (STIP) launched Greentech Initiative program on July 10 2009 promoting green technologies from Switzerland for the United States under the brand Swiss Greentech aims to become stronger in the promotion of green technologies in the US and worldwide.





# Switzerland as Pioneer in Clean Technology

## Country Profile SWITZERLAND



Population (millions)	8.4
Land Area (sq. km)	39,516
GDP (PPP 2011\$ billions)	480.8
GDP per capita	57,430
SDG Index*	81.2

## Country Scorecard



## Top 10 Countries

### Energy Transition Index 2019<sup>1</sup>

	Score	Rank
Sweden	74.9%	1
Switzerland	74.3%	2
Norway	73.4%	3
Finland	73.0%	4
Denmark	72.2%	5
Austria	70.7%	6
United Kingdom	70.2%	7
France	68.6%	8
Netherlands	68.5%	9
Iceland	68.5%	10

Switzerland ranked second in Energy Transition Index by WEF. The index benchmarks countries on the performance of their energy system and their readiness for a transition to a sustainable and affordable energy system.

## The Home of 'Green Tech' Startups Forefront



Start-up companies such as ecoRobotix, Vivent and AgroSustain have been working with the scientific community to develop technological innovations that enable more sustainable farming practices. This is a portrait of three Swiss start-ups at the forefront of 'green tech'.

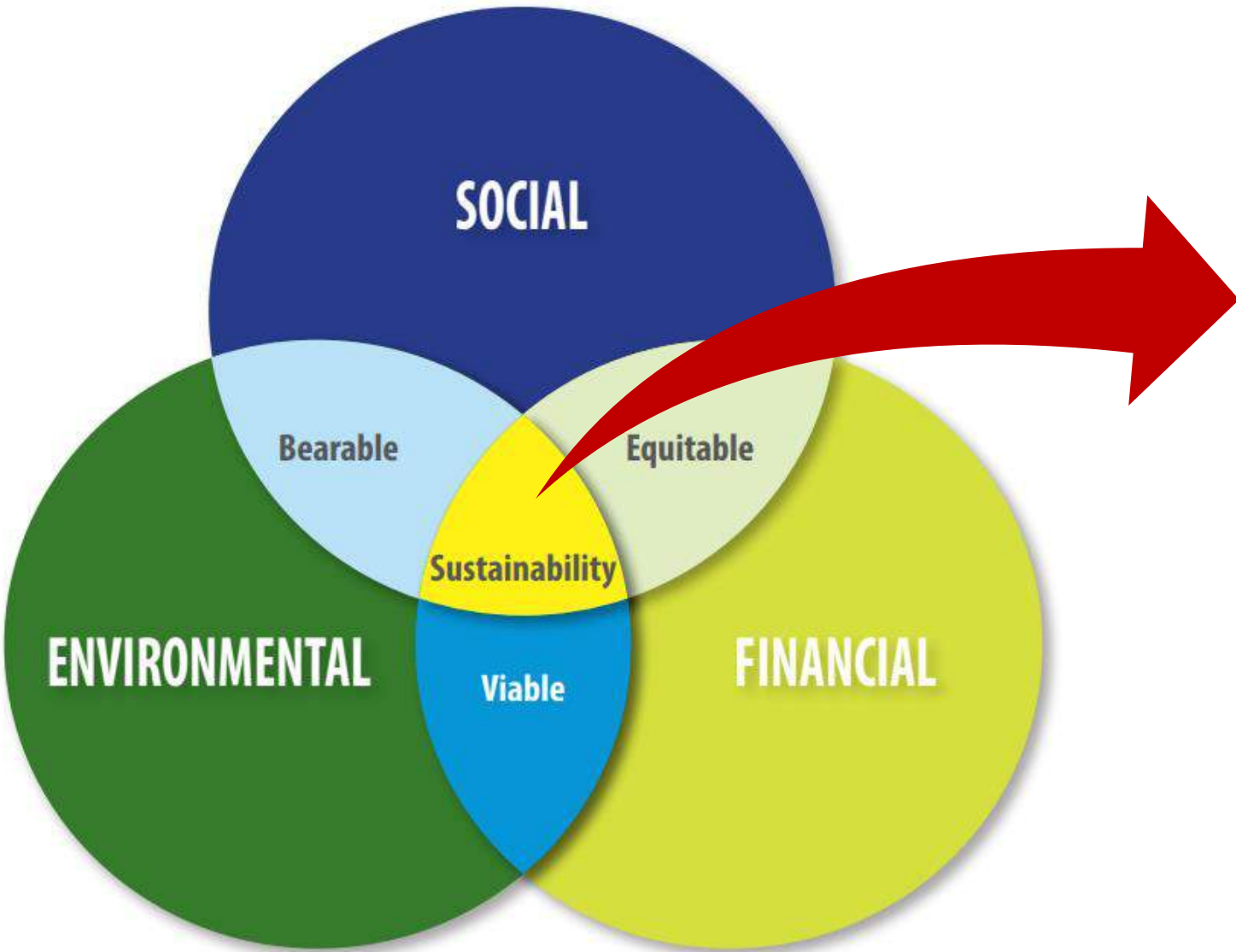
**Switzerland number 1  
country for  
environmental  
performance 2018**



### **3. INDONESIA'S COMMITMENT TO IMPROVE INVESTMENT CLIMATE**



# IMPACT ECONOMY AS PART OF SDGs





# INDONESIA'S ECONOMIC PROGRESS

## Indonesia's market is growing....

- The largest archipelagic country with 17 thousand islands, with very rich natural resources
- The 4th biggest country with 269 millions populations and growing middle-income class
- Indonesia joint the Trillion Club

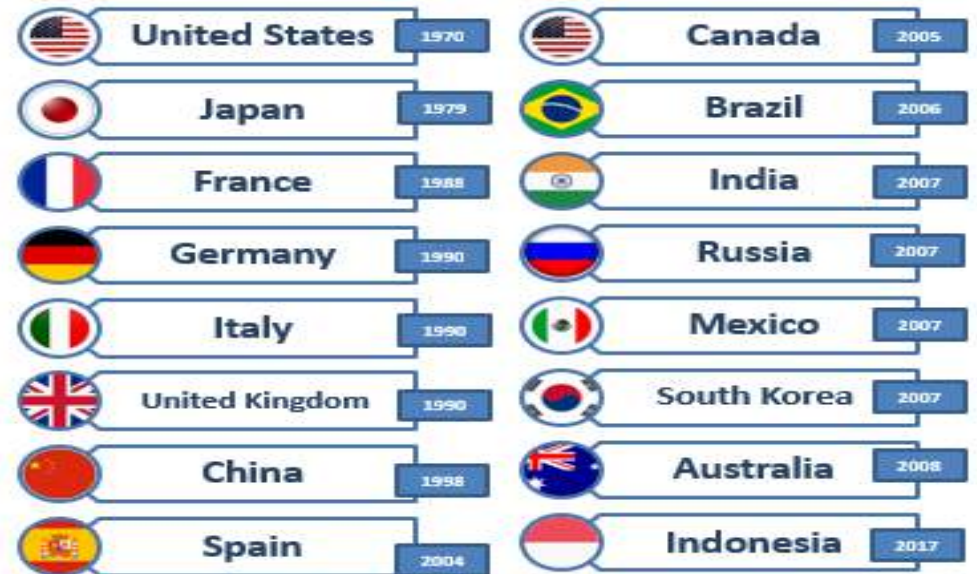


## Development progress of Indonesia is impressive....

- A steady economic growth, while maintaining stability
- Increasing welfare and distribution: poverty, Gini ratio and unemployment simultaneously decline
- Human Development Index is increasing

### TRILLION DOLLAR CLUB

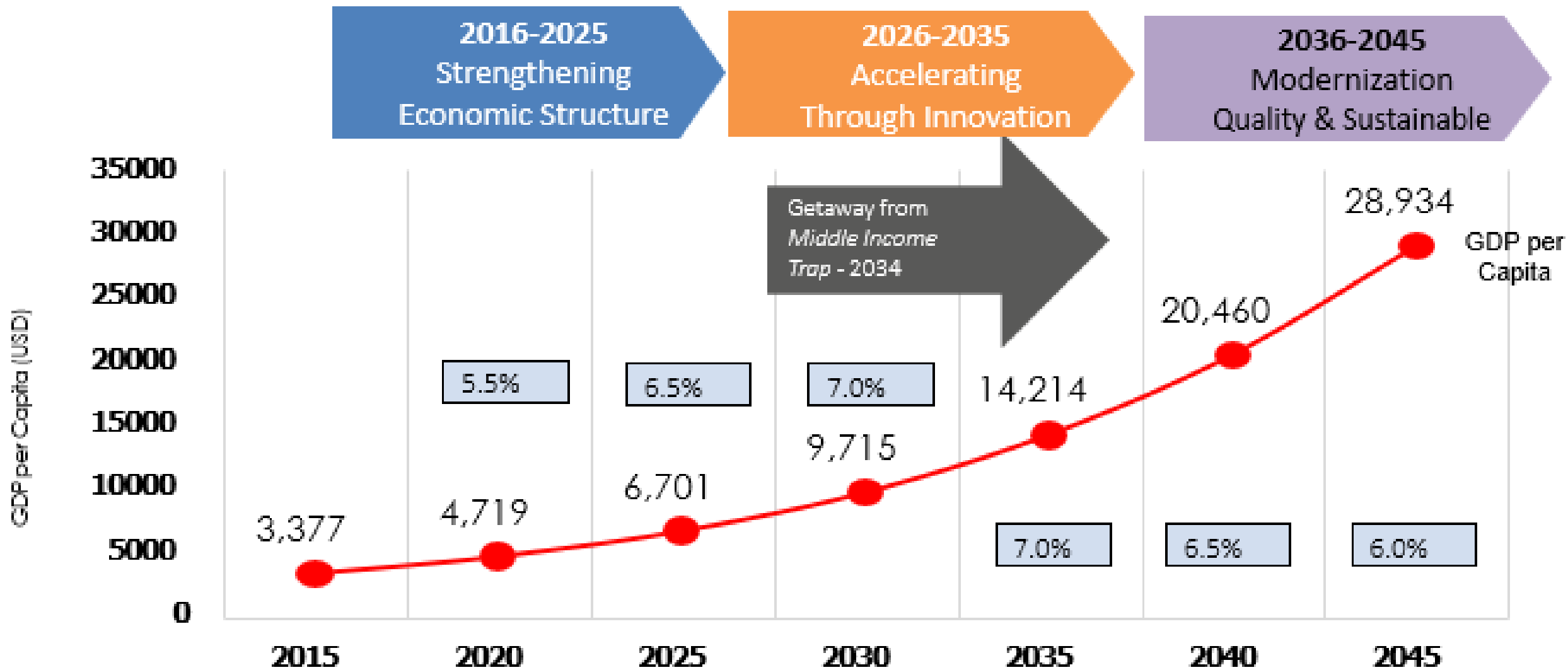
Countries with GDP of more than USD 1 trillion per year, and the year they joined







# Indonesia Projected To Become A High Income Country And 4th Largest Economy In 2045

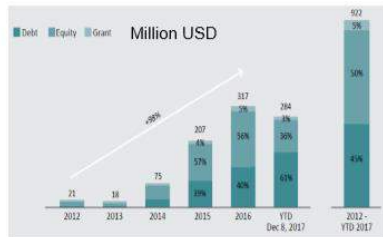




# Climate opportunities in emerging markets

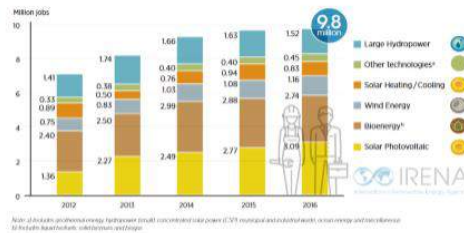
Climate opportunities total \$23 trillion in emerging markets by 2030

## Investment in Off-Grid Solar Sector



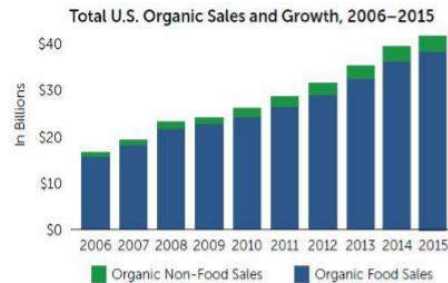
Source: 2018 Off-Grid Solar Market Trends

## Global Renewable Energy Employment



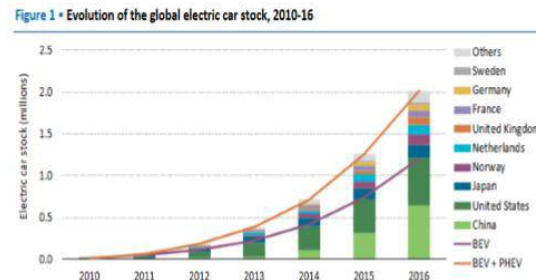
Source: IRENA

## Sale on Clean Agricultural Products



Source: Organic Trade Association

## Global Electric Car Stock



Source: IEA

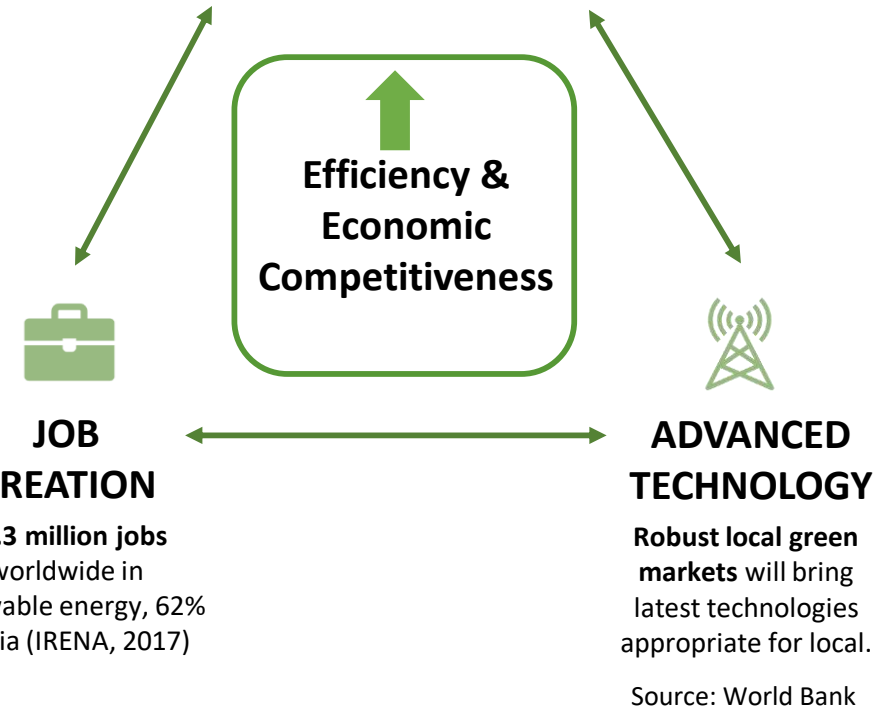
Nearly 25% of green market opportunities in developing countries are available to local small and medium enterprise

Its development can bring out multiple benefits:



## CATALYZE INVESTMENT

In February 2018, the Indonesian government raised \$1.25 billion from “green” Islamic-compliant bond, or sukuk, to finance environmentally friendly government projects.



**JOB CREATION**  
11.3 million jobs worldwide in renewable energy, 62% in Asia (IRENA, 2017)

**ADVANCED TECHNOLOGY**  
Robust local green markets will bring latest technologies appropriate for local.

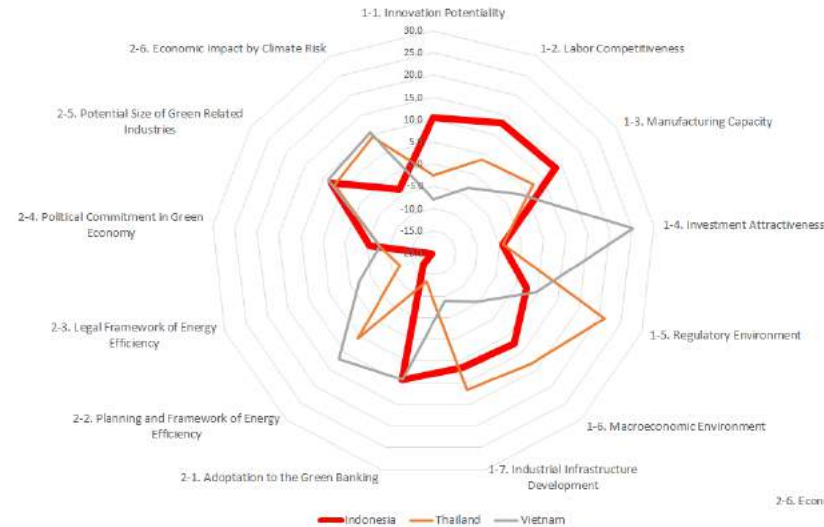
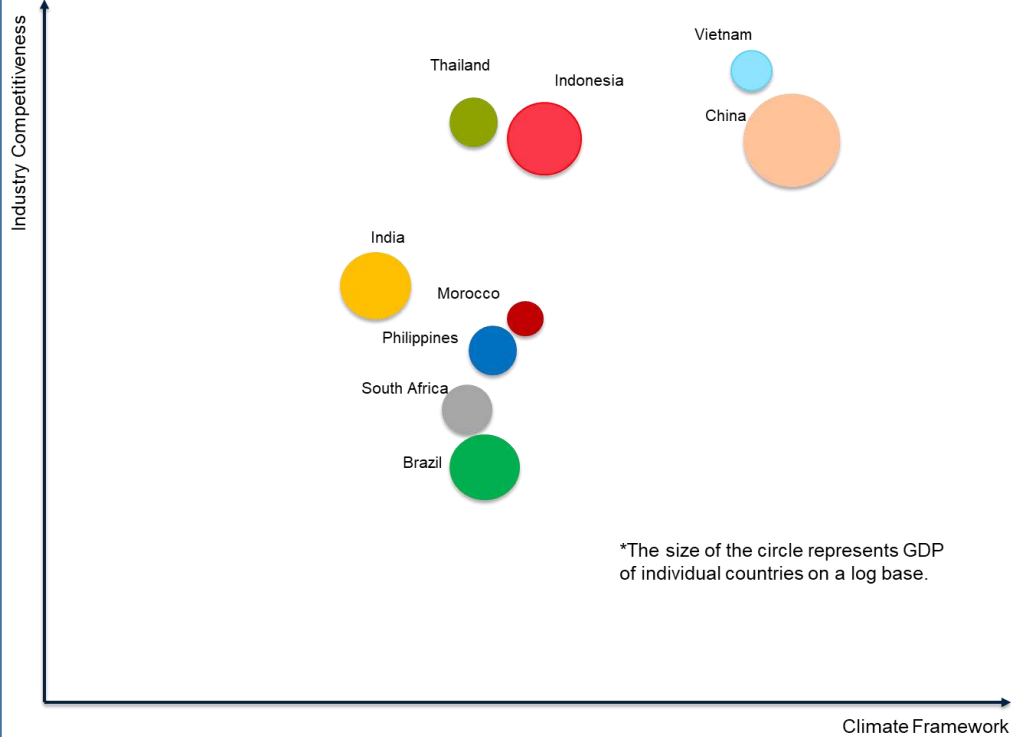
Source: World Bank



# Green Potential in Indonesia (1/2)

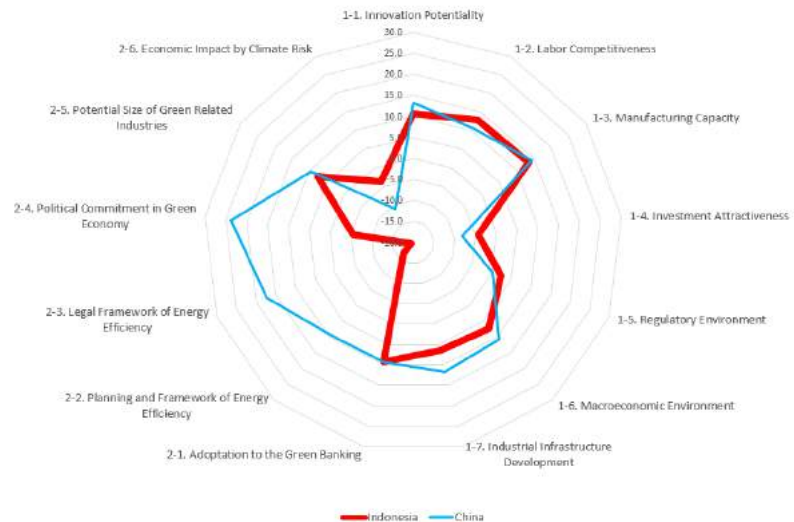
Indonesia has **strength in labor competitiveness and manufacturing capacity** still needs to improve legal framework and planning and framework of energy efficiency.

## Green Potential Among Nine Countries



Compared to Thailand and Vietnam, Indonesia has **strength in labor competitiveness and manufacturing** for green potential

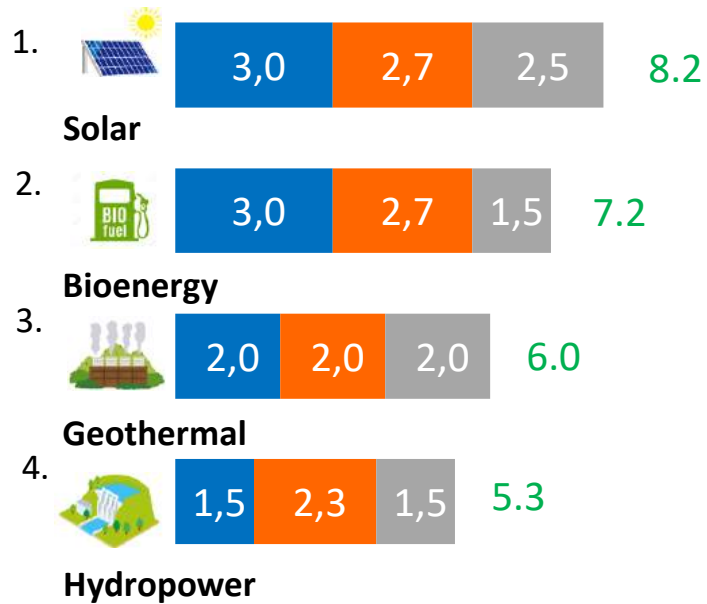
While Indonesia's pattern is similar to China's industry competitiveness, but it still way behind in the climate framework



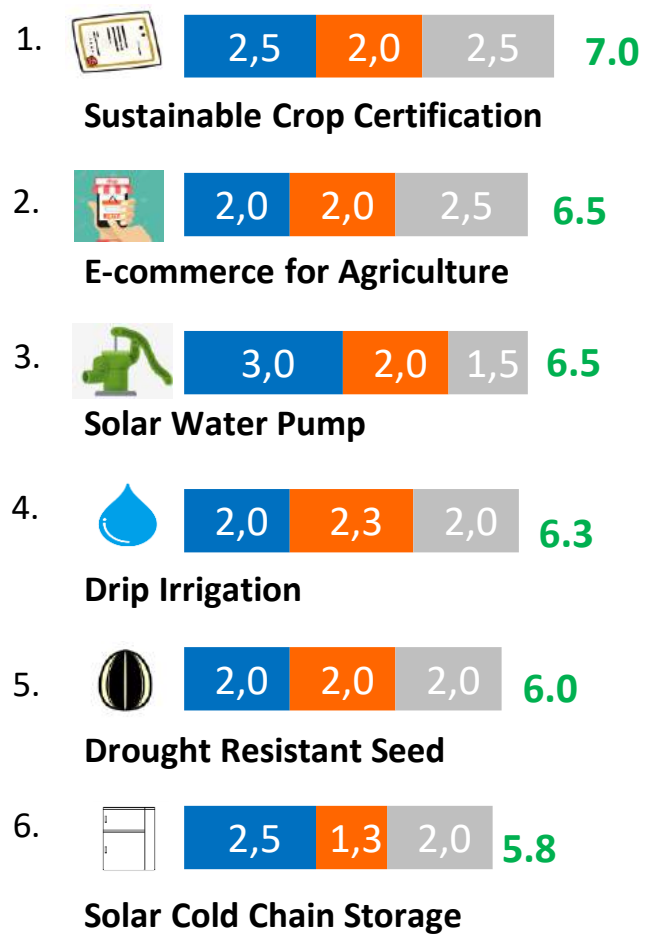


# Green Potential in Indonesia (2/2)

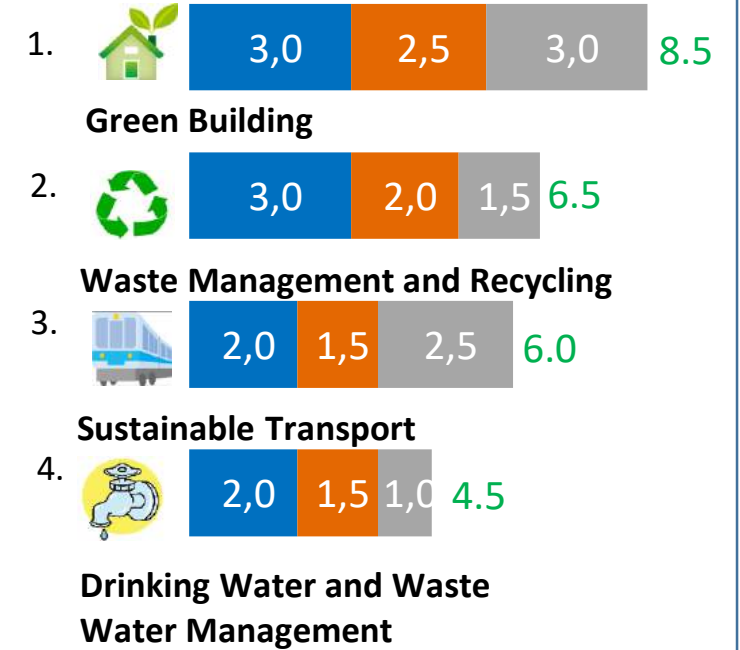
## Renewable Energy Sector



## Climate Smart Agriculture Sector



## Urban Infrastructure Sector

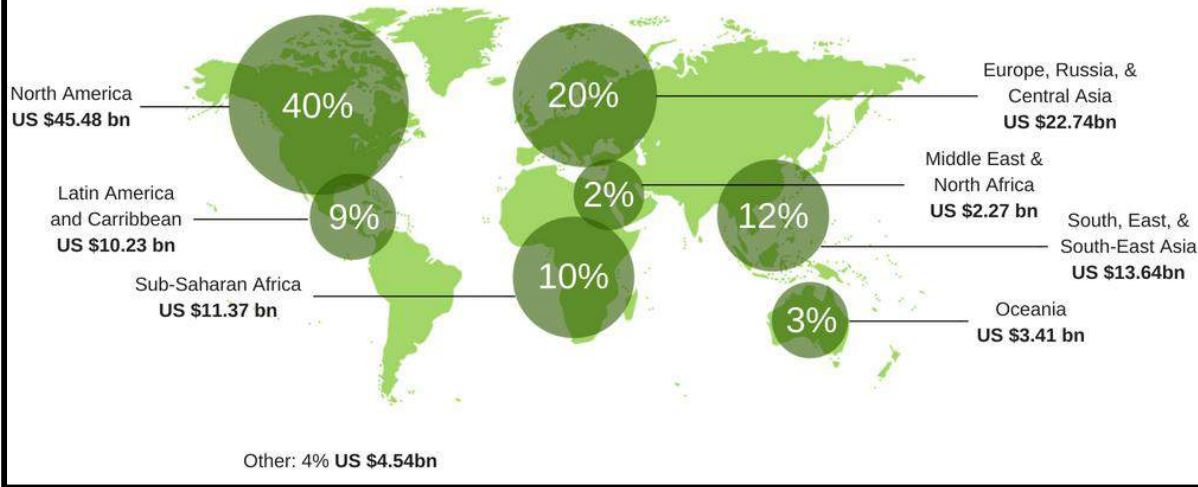




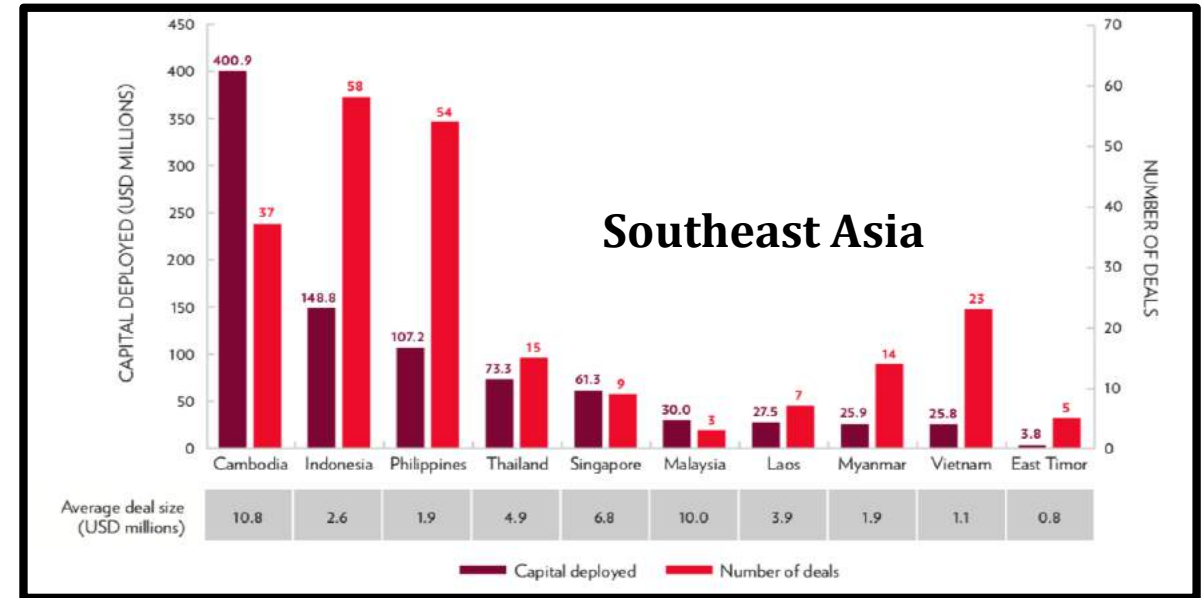
# IMPACT INVESTING AROUND THE WORLD

## IMPACT INVESTING BY REGION 2017

Total Assets Under Management (AUM) = US \$ 113.7bn

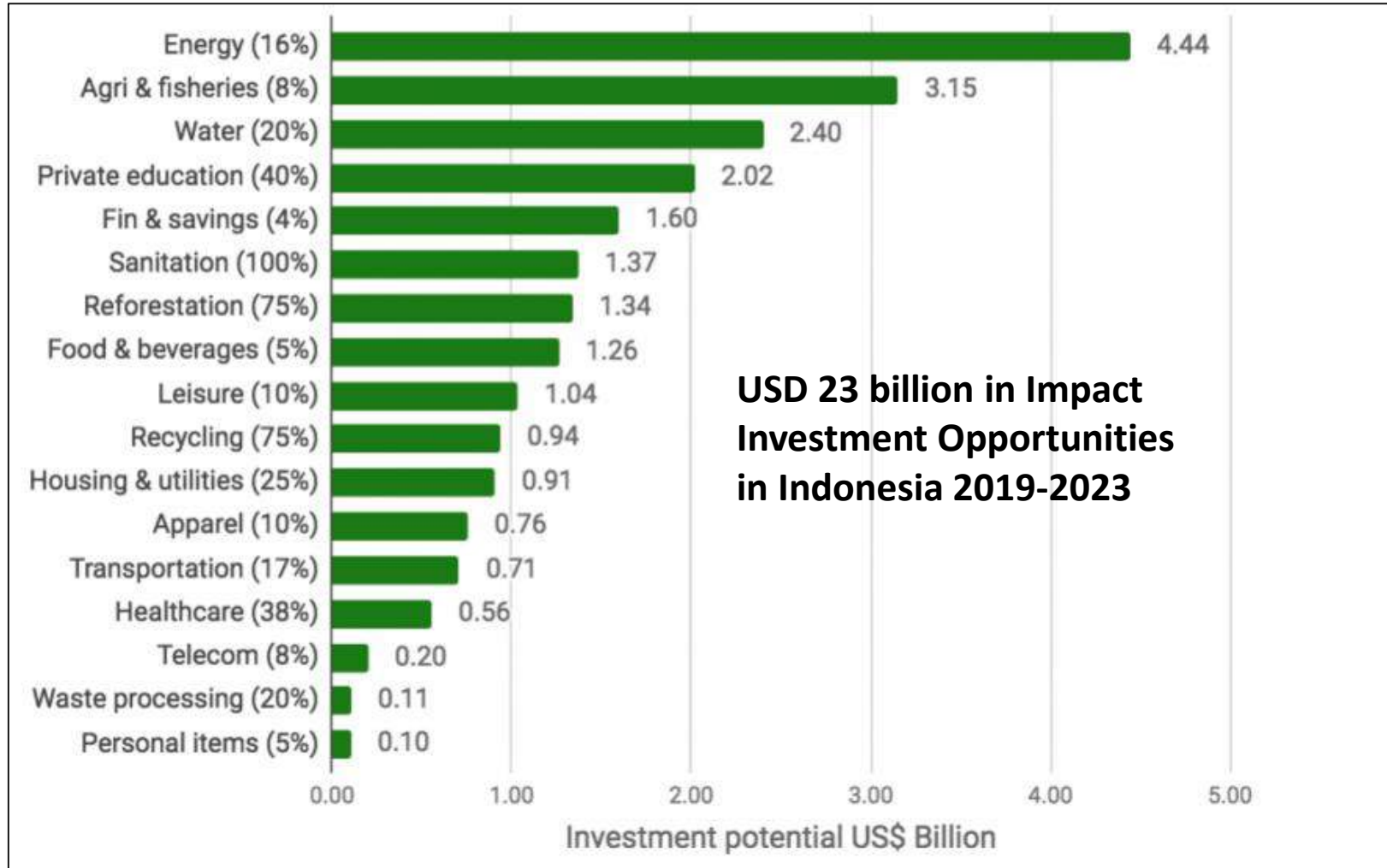


Source : Impact Investing Hub





# Impact Investing Opportunities in Indonesia



**\$ 23 billion impact investment =**



30 million low-mid income jobs



38 million mid-low income students educated



87 mid-low income beneficiaries



4 GW of renewable electricity



6 million tonnes of CO2 offsets

+ 14 % return on investment

Source : Sanders, T. (2019). Mekar Impact Fund – Improving the quality of life in Indonesia profitably



# Improved Investment Climate

Investment climate is increased towards one of the best in the world



Enhancement of Labour-Intensive, Export-oriented, and High Value-added Sectors

EoDB ranking 35  
Investment to GDP ratio  
**34.1 percent**

2015 - 2025

Investment Acceleration on Advanced Technology and Highly Innovative Sectors

EoDB ranking 20  
Investment to GDP ratio  
**36.1 percent**

2025 - 2035

Sustainable Investment and Ensuring Security on Investment Abroad

EoDB ranking 10  
Investment to GDP ratio  
**37.8 percent**

2035 - 2045

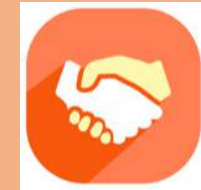


# IMPACT INVESTING ACTORS



## Government

**Government can play a role as an enabling-environment actors.**



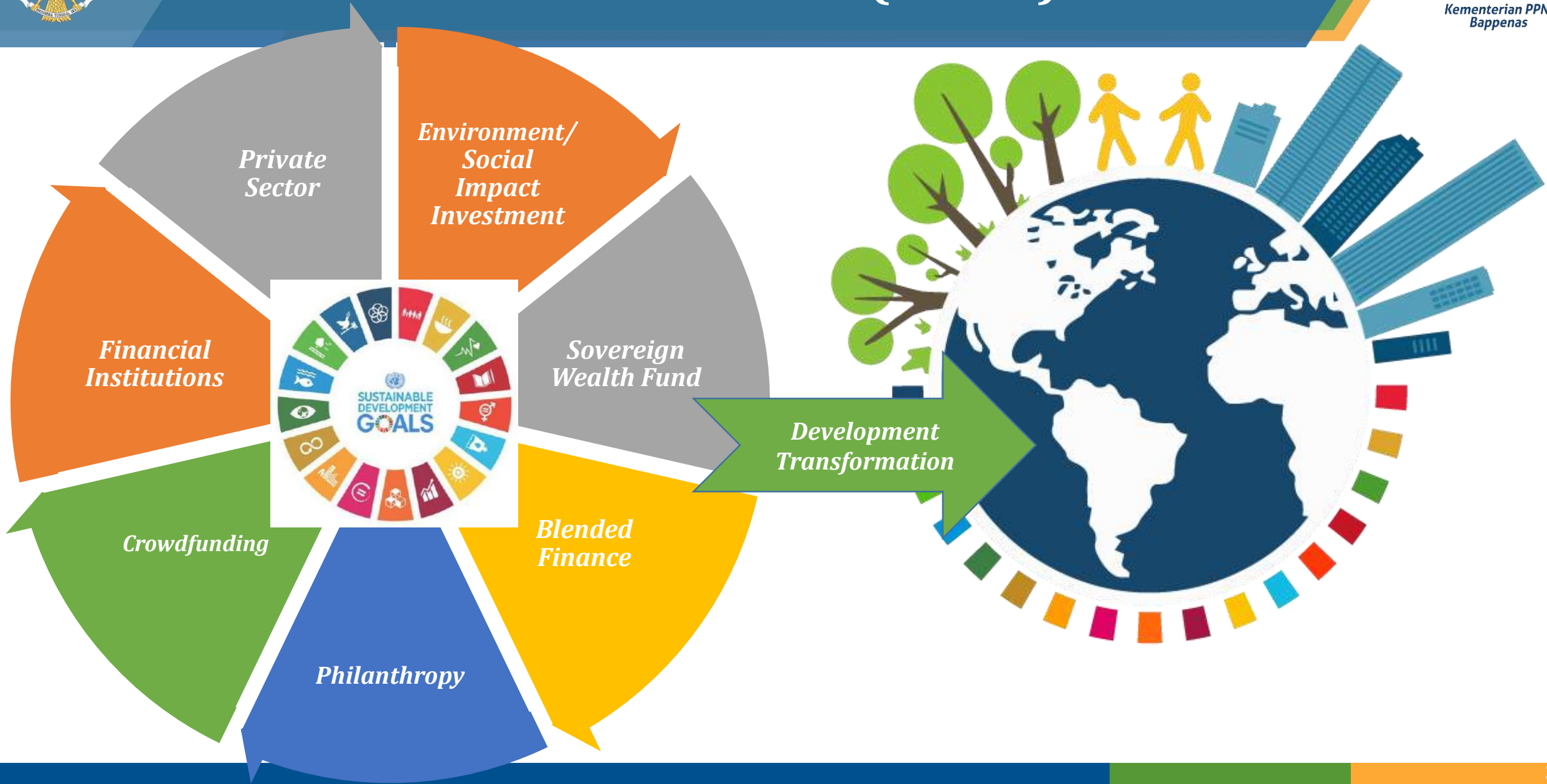
## Private Sector

**Private sector (financer and investor) is key players in impact investment**





# A CALL OF IMPACT ECONOMY (MORE) ACTIONS





## **4. BEST CASE PRACTICE AND EXAMPLE OF DEVELOPMENT PROJECTS**



# BEST PRACTICE : ISLAMIC BLENDED FINANCE – MICRO HYDRO POWER PLANT



- **Joint Effort & Blended Finance** : Ministry of Energy & Mineral Resources, National Amil Zakat Agency (BAZNAS), Jambi Bank & UNDP
- Micro Hydro Power Plant in Jambi provides electricity to 4 remote villages for 803 households & 4,448 people



# BEST PRACTICES : BLENDED FINANCE UNDER SDGs INDONESIA ONE



## Blended Finance On Going Projects



 <b>Urban Transport</b> 5 Projects (USD 6.48 B)	 <b>Telecommunication</b> 1 Project (USD 589 M)
 <b>Water</b> 3 Projects (USD 173 M)	 <b>Railway</b> 2 Projects (USD 533 M)
 <b>Road</b> 1 Project (USD 535 M)	 <b>Healthcare</b> 3 Projects (USD 113 M)
 <b>Tourism</b> 1 Projects (USD 535 M)	 <b>Renewable Energy</b> 72 Projects (USD 2.48 B)
 <b>Ports</b> 4 Projects (USD 5.91 B)	 <b>Special Economic Zone</b> 1 Project (USD 890 M)

**SDG Indonesia One will manage & leverage USD 2.34 B of fund\*, to facilitate 93 projects amount USD 18.2 B.**

\* commitments & pledges from 26 development partners (as of Oct 05, 2018)

- Innovative financing instrument to support the infrastructure development in achieving 16 of 17 SDGs Targets.
- SDG Indonesia One is a blended finance platform managed by PT. SMI to facilitate the involvement of philanthropist, donor, climate fund, green investors, MDBs, international agencies, commercial banks, sovereign wealth fund, institutional investors.
- Product Type: Development Facilities, De-risking Facilities, Financing Facilities, & Equity Fund.
- Priority sectors: Health, Education, Renewable Energy and Urban Infrastructure (transportation, water & waste management)\*

\*potentially can be expanded

Source : Ministry of Finance, 2019



# THANK YOU



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