

A. COVER PAGE

1. Fund Name: Joint SDG Fund

2. MPTFO Project Reference Number:

3. Joint Programme Title: Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia

4. Short Title: ASSIST Indonesia

5. Country and Region: Indonesia, Southeast Asia

6. Resident Coordinator: Valerie Julliand, valerie.julliand@un.org

7. RCO Joint Programme Focal Point:

Diandra Pratami, Development Coordination Office, Economist diandra.pratami@un.org

8. Lead Agency Joint Programme Focal Point:

Norimasa Shimomura, UNDP, norimasa.shimomura@undp.org

9. Government Joint Programme Focal Point:

Deni Ridwan, Ministry of Finance, deni.ridwan@kemenkeu.go.id

Dian Lestari, Ministry of Finance, dian.lestari74@kemenkeu.go.id

10. Type of Financial Intervention:

Three interventions namely: bonds, impact funds, and SDG linked credit lines.

11. Short Description:

The proposed joint programme (JP) brings UNDP, UNEP, UNICEF, and UNIDO together to support the Government of Indonesia (GoI) to meet its SDG targets by (1) taking proven and new financing instruments to scale through the provision of pre- and post-transactions technical assistance for three financing instruments: thematic bonds, blended finance instrument, and SDG-linked loans, and (2) providing capacity building to relevant stakeholders (e.g. GoI, Local Governments (LGs), Financial Institutions, Small and Medium-sized Enterprises or SMEs) to improve institutional capacities to access and utilize finance towards the achievement of the SDGs.

The proposed interventions will build on and take to scale successful UN programmes taking into account the ongoing COVID-19 crisis. This will result in a reduction in the financing gap and accelerating Indonesia's SDGs achievement through increased financing from innovative financing mechanisms and instruments from both government and non-government sources (e.g., public, private, and Islamic capital). The JP has the potential to assist the GoI and other key stakeholders to mobilise up to United States Dollars (USD) 4.55 billion (bn) to achieve the identified programmatic outcomes during the period of 2021 – 2024. The impact of the JP programme is spread across a number of SDGs; however, the JP will prioritize and monitor six SDGs goals: 5, 6, 9, 13, 14, and 17.

12. Keywords:

SDGs finance, thematic bond, SDG linked-loans, blended finance, impact fund, SMEs

13. Overview of Budget:

Joint SDG Fund contribution	USD 9,580,500
Co-funding committed: (PUNOs)	USD 2,436,000
Co-funding anticipated: (indicate sources)	-
TOTAL	USD 12,016,500
Co-financing: (ADB-tbc)	USD 100,000
Co-financing ratio (1: Total/SDG Fund Contribution)	1:0.01

14. Timeframe:

Start date:	End date:	Duration:
April 2021	March 2025	48 Months

15. Gender Equality Marker:

Gender Equality Marker Score 2

16. Participating UN Organizations (PUNOs) and Partners:

16.1 PUNOs:

Convening agency:

United Nations Development Programme (UNDP), Norimasa Shimomura, Resident Representative (norimasa.shimomura@undp.org)

Other PUNOs:

- o United Nations Children's Fund (UNICEF),
Debora Comini, Country Representative dcomini@unicef.org
- o United Nations Industrial Development Organization (UNIDO),
Esam Alqararah, Country Representative e.alqararah@unido.org
- o United Nations Environment Programme (UNEP),
Deschen Tsering, Director, Asia and the Pacific Office,
dechen.tsering@un.org

16.2 Partners

National authorities:

- o Ministry of Finance
Directorate General Budget Financing and Risk Management
 - o Luky Alfirman (Echelon 1), luky.alfirman@kemenkeu.go.id
 - o Deni Ridwan (Echelon 2), deni.ridwan@kemenkeu.go.idFiscal Policy Agency
 - o Febrio Nathan Kacaribu (Echelon 1),
febrio.kacaribu@kemenkeu.go.id
 - o Dian Lestari (Echelon 2), dian.lestari74@kemenkeu.go.id
- o Ministry of National Planning Agency
 - o Amalia Adininggar Widayanti (Echelon 1), winny@bappenas.go.id
 - o Siliwati (Echelon 2), sili@bappenas.go.id
- o Coordinating Ministry of Maritime and Investment Affairs
 - o Sora Lokita (Echelon 2)
- o Financial Service Authority (OJK)
 - o Djoko Kurnijanto (Echelon 2), dkurnijanto@ojk.go.id
 - o Ahmad Rifqi (Echelon 2), ahmad.rifqi@ojk.go.id
- o West Java Provincial Government
 - o Noneng Komara Nengsih (Echelon 2), kirimsurat@jabarprov.go.id
 - o Yogi Jaelani (Echelon 3), biro.perekonomian@yahoo.com

Civil society organizations:

- o Association for Assistance to Women in Small Businesses (ASPPUK/*Asosiasi Pendamping Perempuan Usaha Kecil*)
- o Salmiah Ariyana, mia.ariyana@gmail.com

Private sector:

- o PT Mandiri Capital Indonesia
 - o Joshua Agusta, joshua.agusta@mandiri-capital.co.id
- o Indonesia Sustainable Finance Initiative
 - o Agus Sudiarto, secretariat@ikbi.org
- o Bank Rakyat Indonesia
 - o Agus Sudiarto, agus.sudiarto@bri.co.id
- o Bank HSBC Indonesia
 - o Julyasari, julyasarijulyasari@hsbc.co.id
- o DBS Singapore
 - o Yulanda Ho Yan Chung, yulandachung@dbs.com
- o PT Sarana Multi Infrastruktur
 - o Darwin Trisna Djajawinata, darwin@ptsmi.co.id
 - o Fakhrul Aufa, fakhrul@ptsmi.co.id
- o PT Principal Asset Management
 - o Fadlul Imansyah, fadlul.imansyah@principal.co.id
- o PT Ammana Fintech Syariah
 - o Widji Tri Kusuma Adhi, widji@ammana.id

International Financial Institutions:

- o Asian Development Bank
 - o Anouj Mehta, amehta@adb.org

National Philanthropy Organization:

- o Indonesia's National Zakat Agency (BAZNAS)
 - o Irfan Syauqi Beik, irfan.beik@baznas.go.id
- o Indonesian Waqf Board (BWI)
 - o Imam Nur Aziz, imamnur@gmail.com

Other partners:

- o APEC Business Advisory Council (ABAC)
 - o Shinta Kamdani, shinta.kamdani@sintesagroup.com
 - o Maria Sutanto, maria.sutanto@sintesagroup.com
- o West Nusa Tenggara Province Chamber of Commerce and Industry H. Faurani, kadinntb2017@gmail.com

UN SIGNATURE PAGE

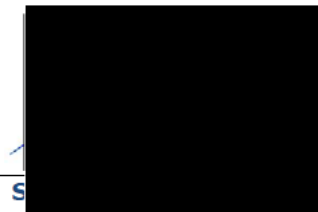
Resident Coordinator
Valerie Julliand

30/11/20



Participating UN Organization
(lead/convening)
United Nations Development Programme
Norimasa Shimomura
Resident Representative

30/11/20



Participating UN Organization
United Nations Children's Fund
Debora Comini
Country Representative

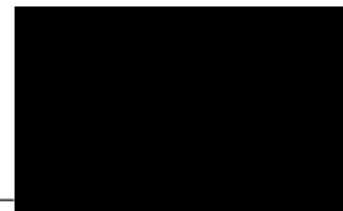
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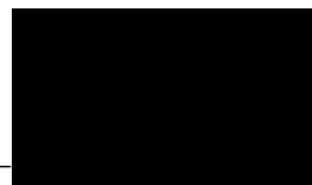
Participating UN Organization
United Nations Industrial Development
Organization
Esam Alqararah
Country Representative

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Participating UN Organization
United Nations Environment Programme
Deschen Tsering
Director, Asia and the Pacific Office

30/11/20



GOVERNMENT SIGNATURE PAGE

National Coordinating Authority
Ministry of Finance



30/11/2020

Luky Alfirman
Director General of Budget Financing and Risk Management
Ministry of Finance of the Republic of Indonesia



Official support letter attached

Explanation of Signature:

Republic of Indonesia's Ministry of Finance (MoF) recognizes that UNDP, UNEP, UNICEF, and UNIDO (Participating UN Organizations/ PUNOs) have developed this Joint Programme proposal for the Joint SDG Fund Secretariat. The proposal is aligned with the Government of Indonesia's Medium-Term Development Plan and with the Ministry of Finance's efforts to innovate and scale up innovative financing mechanisms and debt instruments that align with sustainable development.

This proposal serves as a general guide of what outcomes and outputs are anticipated in the projected completion time. The timeline and activities indicated in this proposal will be subject to further adjustments in accordance with the Government of Indonesia's strategies, priorities, and/ or other unforeseen circumstances. The involvement of parties will be subject to each institution's authority. More technical details on the implementation and coordination of this program will be further elaborated and agreed upon following the successful approval of this proposal. A steering committee under the leadership of the senior representative of the Government of Indonesia and UN Resident Coordinator, will provide strategic direction on the overall programme implementation.

The MoF recognizes that the use of funding will be solely managed by the Joint Programme with no liability to MOF.

The MoF welcomes the PUNOs engagement in support of our aspiration to increase public and private financial flows towards effective investments in green and social sectors, for the achievement of Paris Agreement and Sustainable Development Goals in Indonesia.

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National Coordinating Authority
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B. STRATEGIC FRAMEWORK

1. Call for Joint Programmes: SDG Financing (2020) – Component 2

2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

3. United Nations Development Assistance Framework (UNDAF) Outcomes and Outputs:

3.1 Outcomes: This JP proposal responds to four of the UN Sustainable Development Cooperation Framework (UNSDCF) 2021-2025 outcomes:

- Outcome 1. People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil their human development potential as members of a pluralistic, tolerant, inclusive, and just society, free of gender and all other forms of discrimination.
- Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation.
- Outcome 3. Institutions, communities, and people actively apply and implement low-carbon development, sustainable natural resource management, and disaster resilience approaches that are all gender-sensitive.
- Outcome 4. Stakeholders adopt innovative and integrated development solutions to accelerate advancement towards the SDGs.

3.2 Outputs: These outcomes are achieved through the following specific outputs:

- Output 1.1.5 Access to Water, Sanitation and Hygiene (WASH) Practices. Government at national and sub-national levels has improved capacity to implement well-resourced safe water supply and sanitation systems.
- Output 2.1.5 SMEs. Enterprise and financial services, the enabling business environment and capability of local firms have improved to increase productivity and meet compliance requirements as suppliers to the global market.
- Output 3.1.1 Strengthened institutional capacities in government agencies and other key national stakeholders to develop, improve, and implement coordinated policies/strategies/plans for increased resilience to climate change and disasters and reduced greenhouse gas (GHG) emissions.
- Output 3.1.2 Government and the private sector have increased capacity to develop policy options and access to financing for renewable energy and energy efficiency towards reducing GHG emissions.
- Output 4.1.2 Innovative Financing and Partnerships. Government and stakeholders have increased capacity to develop, establish, gain access to and leverage innovative financing, instruments and partnerships to address key sustainable development challenges (including gender inequality) in Indonesia.

4. SDG Targets directly addressed by the JP

4.1 List of goals and targets:

Goal 5: Achieve gender equality and empower all women and girls

- Target 5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Goal 6: Ensure availability and sustainable management of water and sanitation for all

- Target 6.2 – By 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

- Target 9.3 – Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Goal 13: Take urgent action to combat climate change and its impacts

- Target 13.1 – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Goal 14: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

- Target 14.B – Provide access for small-scale artisanal fishers to marine resources and markets.

Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development

- Target 17.1 – Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection; and
- Target 17.3 – Mobilise additional financial resources for developing countries from multiple sources.

4.2 Expected SDG impact:

- Significant increase in public and private capital allocation for the SDGs, which will accelerate Indonesia's path towards sustainable development.

5. Relevant objective(s) from the national SDG framework:

This JP is related to the following development agendas from Indonesia's National Mid-Term Development Plan (RPJMN) 2020-2024, which has been developed in accordance with the SDGs to support full achievement by 2030:

- To strengthen economic resilience for better economic growth;
- To reduce inequality through regional development;
- To strengthen the stability of law and defence, and transform public service;
- To rebuild the living environment and increase resilience towards natural disasters and climate change.

6. Trans-boundary and/or regional issues:

N/A

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem Statement

The National Mid-Term Development Plan (RPJMN) 2020-2024 reflects the Government of Indonesia's (GOI) strong commitment to achieving the SDGs while making a significant shift towards low-carbon economic transformation and intensifying efforts to address underfunded sectors such as sanitation and developing the blue economy. Despite the many advances pre-COVID-19, a GOI study¹ indicated that an estimated USD 4.7 trillion (tn) of funding is required to achieve the SDGs, of which an estimated 58% is to be mobilised from non-government sources.² The COVID-19 pandemic has left the country with a fiscal deficit of USD 54bn (4.67% of GDP) as of October 2020³ which has exacerbated the SDG financing gap.

By 2100, CC is expected to result in up to a 7% drop in Indonesia's GDP), yet 38% of the country's Nationally Determined Contributions (NDC) to the Paris Agreement remain underfunded. Evidence reveals that women and men experience climate change (CC)'s impacts differently due to their socially constructed roles and responsibilities⁴ therefore, an equity lens and financing for gender equality are required to advance SDGs in light of CC. Indonesia requires around USD 20.6 billion (bn) annually for implementing climate action until 2030^{5,6,7}; additionally, the RPJMN noted that USD 1.29bn is needed annually to provide adequate sanitation services for households and communities, and investments in resilience for the marine sector will cost around 9% of GDP by 2024.

The GOI has an appetite to test and develop various innovative green financing instruments which could channel funding towards addressing these gaps (e.g., it has developed the world's first sovereign green sukuk (Islamic bonds) and launched both the Tri Hita Karana (THK) Roadmap for Blended Finance⁶ and the Tropical Landscape Financing Facility (TLFF)). In fact, the Minister of Finance points out that "The Green Sukuk initiative has paved the way for capital flow for our sustainable future." The GOI has also expressed interest in blue and SDG bonds/sukuk and sub-national bond issuance, and has emphasised inclusion and low-carbon development as a national priority⁷ for COVID-19 recovery. However, there remain a number of challenges that need to be addressed in deploying innovative financing instruments at scale to reach the next level.⁸

The JP seeks to address some of the key market failures by creating enabling environment for public and private investments. As a result of the COVID-19 crisis, an emerging area of support includes scaling up financing for SMEs. Indonesian SMEs which make up 98.8% of all businesses⁹ and contribute to 60.3% of the GDP have been hit hard by the pandemic. In terms of the gender gap, globally, the World Bank finds female-owned businesses were 5.9 percentage points more likely to have closed their businesses than male-owned businesses¹⁰. Even before the pandemic, most women have limited availability of basic

¹ The amount of projected government and non-government financing required to achieve the SDGs under the "high" scenario for 2020-2024 and 2025-2030. Source: Bappenas (Roadmap of SDGs Indonesia; RPJMN 2020-2024)

² <https://www.unicef.org/indonesia/media/1626/file/Roadmap%20of%20SDGs.pdf>

³ <https://www.thejakartapost.com/news/2020/11/24/indonesias-budget-deficit-jumps-to-54-1b-in-october-as-virus-related-debt-piles-up.html>

⁴ <http://www.fao.org/climate-smart-agriculture-sourcebook/enabling-frameworks/module-c6-gender/chapter-c6-1/en/>

⁵ Indonesia's Second Biennial Update Report Under UNFCCC, 2018

⁶ This is an international unifying framework for mobilising additional commercial capital towards the SDGs, developed under the leadership of the GOI and OECD.

⁷ See here on how Indonesia is integrating recovery strategy through "Building Back Better with Low Carbon Development Initiative (LCDI)".

⁸ See CBI [Unlocking green bonds in Indonesia: a guide for issuers regulators and investors](#)

⁹ Indonesian SMEs make up 98.8% of all businesses, employ more than 104 million people (97% of the workforce), and account for 56% of total business investments and 60.3% of the GDP. They have been particularly hit hard by the pandemic. For access to finance constraints, see [here](#).

¹⁰ <https://blogs.worldbank.org/developmenttalk/global-state-small-business-during-covid-19-gender-inequalities>

credit.¹¹ This requires technical and capacity building support for tackling collateral and credit enhancement issues as well as strengthening the bankability/investibility of SME initiatives.

Finally, the JP will leverage Indonesia's leading position in sharia-compliant sustainable financing instruments. As the world's largest Muslim majority country, Indonesia has tremendous potential to scale up mobilisation and use of the Zakat (Islamic philanthropic alms giving) and Waqf (Islamic endowment funds)¹², and facilitate blended financing approaches that can accelerate achievement of the SDGs.

1.2 Related Interventions

This JP provides an opportunity to capitalise on the success and momentum which the United Nations Country Team (UNCT) has helped to build in Indonesia.

The Innovative Finance Lab (IFL): Established by UNDP in 2018 with aims to unlock and leverage innovative finance to help close the SDGs financing gap through Islamic finance, blended finance, green finance, etc. The JP will leverage this unit to provide the capacity building and TA support and to provide overall programme management.

Climate Budget Tagging (CBT): In 2015, the Ministry of Finance (MoF), with support from UNDP and UNEP, issued Ministerial Regulation (PMK) No. 143/2015 on budget tagging for climate change, which was designed to drive improvements in the alignment of public expenditure and revenue processes with climate and other environmental goals. In 2020, the government is also planning to expand the implementation of CBT to sub-national levels (i.e. Gorontalo, Riau, and West Java provinces) – which can be leveraged by the JP as an initial work to further support the municipal bonds/ sukuk issuance.

Green Bond & Green Sukuk: In 2018, the MoF, supported by UNDP, has worked on the issuance of innovative financing instruments for climate change actions, which has led to the development of the Green Bond and Green Sukuk Framework. This framework was designed to facilitate the financing and/or refinancing of eligible green projects via issuance of the Green Bond and Green Sukuk. The JP will build on this success and expand to other thematic bonds, including SDG/blue bonds/sukuk and municipal bonds, which will take into account gender equality benefits.

Tropical Landscape Financing Facility: In 2016, with support from UNEP, BNP Paribas, ADM Capital, and ICRAF, Indonesia's private-sector tropical landscape facility was launched together with the GOI. The TLFF is a landmark blended finance facility which consists of a lending platform and a grant fund.¹³ The JP will complement the TLFF with targeting smaller-scale projects.

SDG Indonesia One: In 2018, the MoF and PT Sarana Multi Infrastruktur (SMI), the Government's non-bank infrastructure financing company, established an integrated funding platform which collects public and private capital to provide end-to-end financing support in developing SDG-aligned infrastructure projects through blended finance schemes. The platform has more than 30 partners, including UNDP, with commitments exceeding USD 3bn.¹⁴ The JP will complement this platform by collaborating around pipeline development and wider stakeholder management, which have proven to be challenging in the current context.

11 https://www.ifc.org/wps/wcm/connect/2a9123b3-d369-4115-8cbf-19083218ce64/G20_Women_Report.pdf?MOD=AJPERES&CVID=jqel-xk

12 Zakat is typically paid by financially stable Muslims as annual alms to the National Zakat Agency (BAZNAS), formed by the GOI through Presidential Decree No. 8/2001. As of 2019, only 3.5% of zakat contribution was collected by BAZNAS and other private zakat organisations.

13 <http://tlffindonesia.org/>

14 <https://ptsmi.co.id/sdg-indonesia-one/>

SDGs Financing Hub (SFH): The GOI is one of the pioneers in establishing the integrated financing framework (INFF), and is currently designing the SFH, with the support from UNDP, as one of the major components of the INFF process. The SFH is expected to take on three critical roles: to coordinate nationally the financing of the SDGs, manage an SDG fund, and support project preparation and matchmaking. The JP will align with the INFF process and provide the test cases of financing solutions for future replication under the SFH.

SMART-Fish (Sustainable Market Access through Responsible Trading of Fish) programme: This ongoing initiative aims to ensure a participatory approach to fisheries trade management, with ongoing commitment by all stakeholders. Through this programme, UNIDO has developed fisheries export strategies and good practices to improve productivity and efficiency along the selected value chains, resulting in better income and livelihood of small-scale fish farmers, fishermen and processors, while ensuring sustainable management of maritime resources. The JP will take to scale initiatives to strengthen coastal operators' industrial performance and trade capacities through SDG-linked loans thus promoting the Blue Economy.

Islamic Financing Initiatives: All the JP's proposed financing instruments have an Islamic finance aspect, in keeping with the national priorities. From green sukuk, which are Islamic bonds, to sharia-compliant lending schemes and community programming, the JP will leverage the experience of UNDP and UNICEF in scaling up and mainstreaming Islamic finance into its operations (See [Annex 8.6](#)).

1.3 SDGs and Targets

The impact of the JP is spread across a number of SDGs; however, the JP will prioritise and monitor six SDGs and seven targets. They include goals 5, 6, 9, 13, 14, and 17. The table below provides an overview of the targets and their current baseline.

Table 1: JP's SDG Targets and Baseline

Targets	Indicator	Status	Methods to measure progress
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	5.5.2 Proportion of women in managerial positions	28.97 (as of 2018)	% of firms in Indonesia with a female as the top manager, and the share of middle or senior management positions filled by a female
6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	6.2.1 Proportion of population using a hand-washing facility with soap and water	76.07 (as of 2019)	6.2.1a measures the proportion of population that is using an improved sanitation facility, which is not shared with other households
9.3 Increase the access of small-scale industrial and other enterprises, in particular, in developing countries, to financial services, including affordable credit, & their integration into value chains & markets	9.3.2 Proportion of small-scale industries with a loan or line of credit	17.58 (as of 2017)	9.3.2 measures the number of small-scale industries with an active line of credit/a loan from a financial institution in the reference year in % to the total no. of such enterprises
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	13.1.1 The number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population	0.14 ¹ and 2,527.9 ² (in 2017)	Data collection by the Indonesian National Board for Disaster Management
14.B Provide access for small-scale artisanal fishers to marine resources and markets	14.B.1 progress by countries in the degree of application of a legal/ regulatory/ policy/ institutional framework which recognizes and protects access rights for small-scale fisheries	N/A	The national indicator is calculated based on the country's responses to the biannual Code of Conduct for Responsible Fisheries ("CCRF") survey questionnaire, which is circulated by FAO to members and IGOs and INGOs
17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	17.1.2 Proportion of domestic budget funded by domestic taxes	10.24 (as of 2018)	Central government taxes / Central government expenditures
17.3 Mobilize additional financial resources for developing countries from multiple sources	17.3.1 Foreign direct investment, official development assistance as a proportion of total domestic budget	N/A	Sum of equity capital, reinvestment of earnings, and other capital / GDP

Note: 1) Number of deaths and missing persons per 100,000 persons, 2) Number of affected persons per 100,000 persons

Source: <http://sdqs.bappenas.go.id/dashboard/#!/layouts/layout3.html>, <http://sdq-tracker.org>, https://sustainabledevelopment.un.org/content/documents/23803INDONESIA_Final_Cetak_VNR_2019_Indonesia_Rev2.pdf

Interlinkages among the SDGs: the JP will primarily deliver on SDG 17 and other targets linked to "access to finance" by deploying several financing instruments at scale. The resultant increase in finance flow towards SDG investments and projects will contribute to the achievement of SDGs 5, 6, 9, 13 and 14. SDG 5 is seen not only as a single goal, but will be mainstreamed into the other SDGs targets of the JP. Ensuring that large-scale government programmes financed through the proceeds of thematic bonds are meeting

green, blue and social impact standards provides an opportunity for systemic changes in the way government achieves and reports on policy outcomes.

Increasing access to finance for SMEs, particularly those that are women-owned/-led, not only contributes to SDGs 5, 6, 9, and 13, but also SDG 14 (by targeting SMEs in the fisheries sector) and SDG 17 (if the sources of investment are foreign). Similarly, if access to adequate and equitable sanitation and clean water is enhanced, including by LGs and SMEs working in this area, this will strengthen resilience and the adaptive capacity of cities and rural areas to respond to climate change challenges while increasing time savings for women and children and job opportunities. This will enable women to be even more economically productive and can also improve the school participation and attendance rates of their children.

In partnership with the MoF, this JP will support the GOI with the deployment of financing instruments that will leverage additional gender-inclusive public, private, and Islamic capital, which directly supports SDG 17. The proposed interventions will build on and take to scale successful UN programmes and take into account the ongoing COVID-19 crisis by increasing the ability of SMEs to access financial services (prioritising women-owned/-led SMEs). See [Annex 8.1](#) for more information on the interlinkages.

2. Programme Strategy

2.1 Theory of Change

Indonesia is an emerging market with strong potential for innovative financing for the SDGs. However, for Indonesia to unlock this potential and achieve SDG priorities it needs to address the capacity constraints that prevent access to and effective utilisation of finance, as well as facilitate the rollout of new financing instruments at scale.

If:

1. Government capacity to leverage financing through innovative financing instruments for gender-inclusive green and social projects is strengthened;
2. financial institutions capacities to issue loans and blended finance instruments that enable the achievement of SDGs are strengthened; and
3. start-ups and SMEs access to and utilisation of finance for SDG impact are improved

Then, progress towards achieving the targeted SDGs will be accelerated because the barriers to unlock the potential of the deployment of the innovative financing instruments are addressed and the necessary capacities are in place.

The JP will build on ongoing programmes of PUNOs to address barriers to the 'supply of green and social finance'. This will enhance the country's potential to deploy innovative financing instruments, including at sub-national levels, thus directing SDG finance towards under-served sectors such as the marine sector, the nascent impact investment ecosystem, and SMEs. On the 'demand side', the JP will build the capacity of national institutions, start-ups, and SMEs to better access and utilise the finance mobilised for SDG impact.

The JP proposes to deploy at scale three mutually reinforcing financing instruments: thematic bonds, the Indonesia Impact Fund (IIF) – a blended finance instrument, and SDG-linked loans. A number of these instruments have already been tried and tested in Indonesia. What these initiatives do is to bring them together to facilitate synergies and address gaps to enhance the leveraging potential and help to build a more cohesive SDG finance ecosystem.

The JP will support the GOI to expand thematic bond issuance to new sectors (e.g. Blue and SDG bonds) and take bond issuances to the subnational level. This would ensure that as government takes on more debt to address COVID-19 recovery, it is linked to sustainable investments. It will increase investor confidence in Indonesia's

creditworthiness through improvements in the enabling environment. In addition, it will also strengthen government's ability to deliver sustainable financing for SDGs, both at national and subnational levels. In this regard, a two-pronged approach will be followed:

1. The JP will expand on the MoF's public expenditure transparency and accountability initiatives for SDG results to include measuring the impact of expenditures. This will strengthen impact reporting for the bonds issued in support of the SDGs. Lessons from national level will inform subnational replication to measure the impact of municipal bonds; and
2. The JP programme will support subnational governments to expand their local revenues through increasing local tax and non-tax revenue (e.g. household fees/tariffs, retribution fees, and business fees registration). The increased local revenue would serve as both collateral for municipal bonds and increase budget allocations to SDG-related social and environmental projects (e.g. WASH, School Connectivity, renewable energy for health and social service facilities). In so doing, the JP will ensure that the bonds issued and the broad investments mobilised for SDGs are fiscally sustainable.

Considering the COVID-19 crisis and the national need to support sustainable economic recovery, the JP will collaborate with a network of 14 banks under ISFI to launch SDG-linked loans for SMEs. The JP will support banks to launch the SDG-linked products, including through the creation of a green/SDG catalogue which will streamline loan approval systems and provide metrics for measuring progress in terms of the achievement of the SDGs.

The JP will capitalise on the growing impact investment ecosystem in Indonesia by operationalising the IIF in collaboration with Mandiri Capital Indonesia, and the Indonesia APEC Business Advisory Council (ABAC). The JP will provide technical assistance (TA) to the IIF in order to improve the measurement of SDG impacts for investors. It will also provide concessional finance for risk mitigation to ensure an attractive blended finance structure.

To complement the SDG-linked loans and impact fund, the JP will launch an accelerator programme to support growth-stage enterprises to become investment-ready and a capacity-building hub for SMEs to become more sustainable. Together, these initiatives will drive private capital towards the SDGs. The bonds target large-scale investors with a view to aligning national programmes with targeted SDG impacts. The blended finance structure of the IIF targets growth-stage start-ups, and the SDG-linked loans target SMEs.

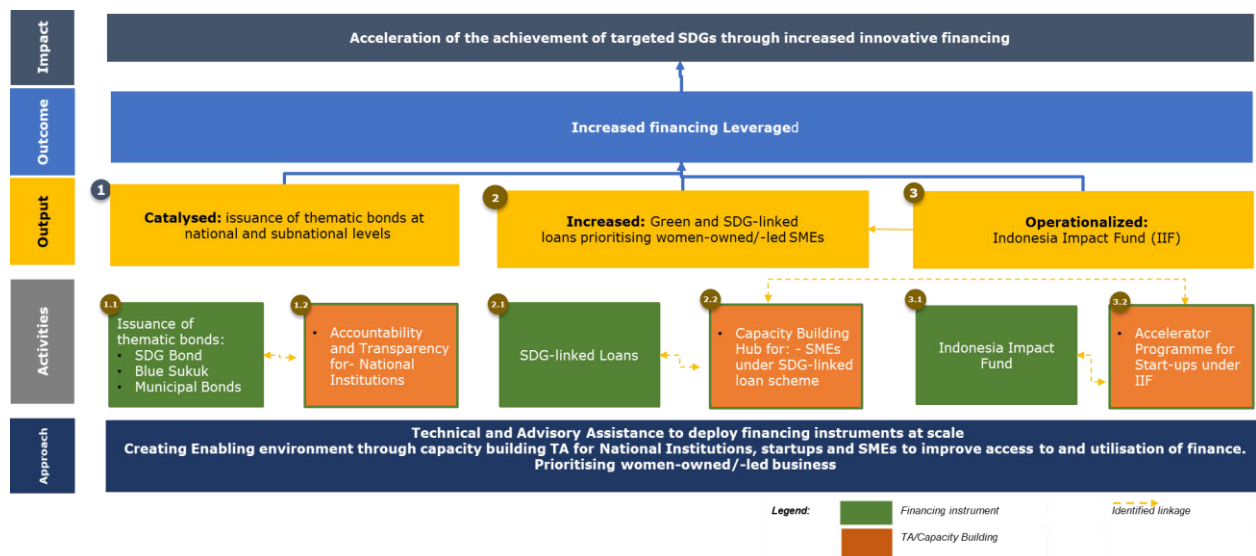
Assumptions

The critical assumptions for this TOC include: 1) despite the COVID-19 pandemic, a global financial crisis does not impact the flow of investments; 2) government continues to prioritise SDG implementation; and 3) government maintains commitment to the economic reform agenda including the business climate improvement outlined in the recently passed "Omnibus Law"¹⁵; 4) government will continue to opt for "debt path" to financing COVID-19 recovery; 5) MoF has a political will to improve the public expenditure's transparency and accountability, including tax reform policies/ shift in tax policies at sub-national level.

The JP results framework is outlined in [Annex 2.2](#).

¹⁵ The Indonesian House of Representative has ratified the Jobs Creation Bill (*RUU Cipta Kerja* and widely known as the "Omnibus Law") on 5 October 2020, after approximately 8 months of deliberation. October 2020. There are 76 laws being amended under the Omnibus Law which are aimed to boost investments and create more jobs in Indonesia. Among others, the Omnibus Law introduces (i) provisions to simplify business licensing procedures and (ii) changes to the existing manpower law. The Omnibus Law sets out a framework for revising the investment regulations surrounding foreign investment and ownership, but it does not in itself overrule the current policies. Details of expected substantive changes are yet to be announced and will require implementation through further rules and legislation.

Figure 1: Theory of Change Graphic



2.2. Proposed Intervention

The JP will support strengthening of capacities and offer TA and de-risking support to take forward a complementary mix of different instruments, sized to address gaps at different scales of investment, the borrowing capacity of the project sponsor, the anticipated revenue flows from the projects, and other critical elements. This section provides details of our three proposed instruments:

Figure 2: Three Proposed Instruments of the JP

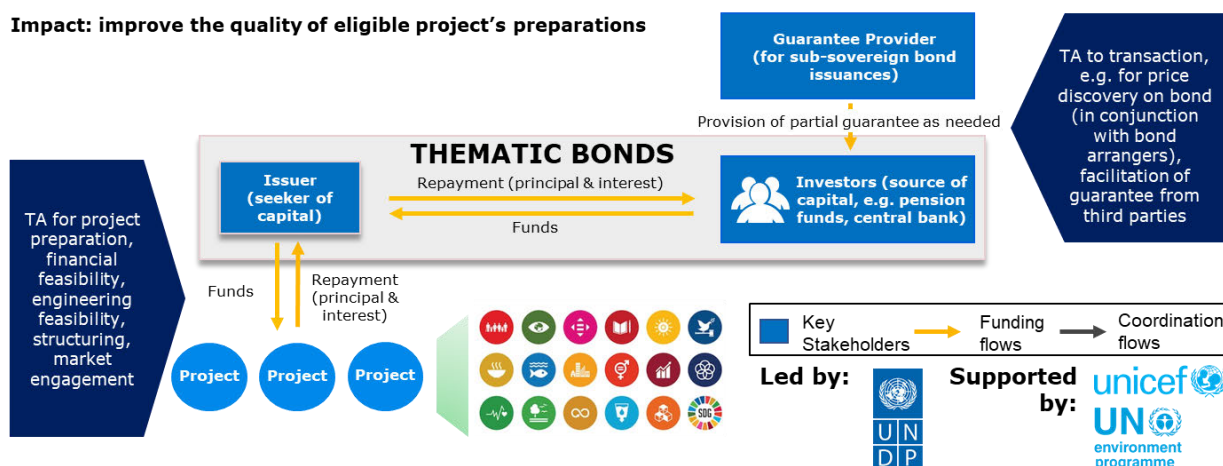
Instruments	Thematic Bonds	Blended Finance Projects	SDG-linked Loans for SMEs
Typical market size of each issuance / facility	Sovereign: USD 1 billion Municipal: USD 250 million	USD 20 million	USD 50,000
Anticipated volume (aggregate) under the JP	Sovereign: up to USD 4 billion Municipal: up to USD 500 million	USD 30 million	USD 20 million

Thematic Bond Issuances

In recent years, the Indonesian debt capital markets have shown appetite for financial innovation, as evidenced most recently through the oversubscribed five-year 2.30% USD 750mn green sukuk issued by the GOI in 2020, amid the COVID-19 crisis – leading to a total of USD 2.75bn raised from the three green sukuk issuances since 2018. Building on the experience and expertise of UNDP’s Innovative Financing Lab (IFL) in supporting the Government for this initiative, the JP plans to leverage further such innovations at both the national and sub-national levels.

Figure 3: Thematic Bond Issuances

Impact: improve the quality of eligible project's preparations



Sovereign Bonds

In mid 2020, the GOI's Directorate of Government Debt Securities commissioned a study on the prospect of the issuance of an SDG bond. The study's findings (attached as a part of [Annex 8.2](#)) clearly indicate the likelihood of success for such an instrument, and also underscore the fact that external support from a partner such as the UN will help in project selection, impact measurements and institutional strengthening/capacity-building. For the SDG bond and other sovereign issuances, the capital required by national agencies will be managed and brought to market via the MoF. Preliminary modelling and soft roadshows indicate that institutional investors (pension funds and insurance companies) will consider an instrument of up to five years with a nominal interest rate of between 3.3 and 3.5%, dependent on the sovereign yield curve at the time of issuance. The GOI is exploring two different types of instruments – SDG bonds with an aggregate quantum of USD 3bn (three issuances of USD 1bn), and a blue sukuk (Islamic bonds) with an estimated amount of USD 1bn. These bonds will be issued in line with international standards such as the Green Bonds Principles and Sustainability Bond Guidelines. As of August 2020, the GOI had USD 203bn of external debt outstanding; it has a demonstrated track record of on-time debt service, as evidenced by meeting bondholder expectations with payments in full of USD 15bn in 2019 and a further USD 9bn in 2020.¹⁶ Debt analyses by credit ratings agencies show that there is sufficient headroom to take on additional debt at the sovereign level. The JP will build on the niche and support that UNDP already offers similar to the pre- and post-issuance assistance¹⁷ for the MoF and relevant line ministries for the green sukuk, for instance in developing and issuing the bond, including providing technical assistance and capacity-building, assisting with project selection, impact reporting, advocacy at national and international events, as well as analysis and research development.

Sub-national bonds

In addition to bond issuances at the national level, sub-national public entities (i.e., municipalities) are also interested in entering the domestic debt capital markets. Municipal bonds are a potentially large, yet unexploited, source of funding for local infrastructure.¹⁸ They can be issued as either conventional or Islamic bonds depending on Local Government (LG) preference. Moreover, recent estimates show that the 30 largest cities in Indonesia have an untapped borrowing capacity of USD 3.8bn, based on Indonesian norms.¹⁹ Various sub-national governments have explored infrastructure financing through

¹⁶ External Debt Statistics of Indonesia, October 2020, a Joint Publication between the Ministry of Finance and Bank Indonesia, https://www.bi.go.id/en/iru/economic-data/external-debt/Pages/SULNI_Oktober_2020.aspx

¹⁷ https://www.undp.org/content/dam/undp/library/corporate/Financial%20Institutions/UNDP_IFIs_Green%20BondGreen%20Sukuk%20Service%20Lines_.pdf







¹⁸ According to the World Bank (2017), consolidated sub-national borrowing was only 0.07% of GDP in 2014, well below the national developing country average of 5%.

¹⁹ <http://documents1.worldbank.org/curated/en/105641474276980936/pdf/PID-Appraisal-Print-P154947-09-19-2016-1474276976060.pdf>

issuance in the local markets but have been prevented from issuing bonds by various risk management and procedural issues imposed by Local Parliaments (DPRD). To facilitate municipal bond issuances, the GoI issued three new regulations in late 2017 simplifying the application, prospectus and audit process. Moreover, under the recently issued Omnibus Law, the process will no longer require DPRD to approve the issuance of municipal bonds. This presents an unprecedented opportunity for the JP to support subnational governments to issue Indonesia's first municipal bond (with estimated amount of USD 500mn), which can follow a sustainability-related theme. The new law permits municipalities to issue bonds directly with an approval from the MoF and with the consideration of the Ministry of Home Affairs (MoHA). Further, to ensure sufficient investor appetite, there are opportunities for credit enhancement through guarantees from bilateral and multilateral aid agencies (e.g. SIDA, US FCDO, KFW and the World Bank Group). The JP has successfully engaged with municipal officials in West Java Provincial Government to discuss the prospect of TA in the preparation for the country's inaugural municipal bond issuance.

JP Engagement: This component is led by UNDP and supported by UNEP and UNICEF. The UN's value-add under this component is threefold: 1) TA for pre- and post- issuance of thematic bonds/sukuk, 2) institutional strengthening and capacity building, and 3) global campaigning and advocacy. Through the TA, the PUNOs will support the GOI with the development of the framework for thematic bonds/provide second party opinion, project selection and preparation, data collection and analysis, and impact measurement and reporting. Our advocacy efforts will focus on supporting the GOI to gain recognition on the international stage with regards to its efforts related to SDG financing.

Table 2: Financing Instrument 1 – Thematic Bonds at National & Sub-national Levels

	Potential Areas of Support			Potential Structure	Potential Impact	Key Partners	Potential Sectors/ Projects
	Pre-Issuance	Issuance	Post issuance				
 SDGs Bond	<ul style="list-style-type: none"> Framework development SDGs alignment opinion Project selection Feasibility study 	<ul style="list-style-type: none"> Advocacy & Campaign (inc. support on the communications and/or presentations to investors) 	<ul style="list-style-type: none"> Impact report preparation & writing Data collection, Impact framework Institutional strengthening & capacity buildings Complementary support on local taxation to support debt management at local level 	<ul style="list-style-type: none"> Tenor: 5 years Yield: 3.32% p.a. Estimated amount (for 2021 – 2024): <u>SDG Bond</u> USD 3bln (3x issuances, each USD 1bln) <u>Blue Sukuk</u> USD 1bln (1x issuance) 	<ul style="list-style-type: none"> Synergy between financing and the country's SDGs roadmap to promote the realization of SDGs in Indonesia. The first(s)' Sovereign SDG Bond in the region, first global Blue Sukuk Supporting Government's effort in combating COVID-19 impact Social protection: support 1,63mln poor urban people, 2,08mln people and 110k firms whom lost their job Bring in ~USD 5bln financial flows to support the current government fiscal stimulus of IDR 695.2tn 	<ul style="list-style-type: none"> Ministry of Finance BAPPENAS HSBC Credit Agricole 	<ul style="list-style-type: none"> Poverty: social assistance programs Social Infrastructure Health Education Gender
 Blue Sukuk					<ul style="list-style-type: none"> Social protection: support 1,63mln poor urban people, 2,08mln people and 110k firms whom lost their job Bring in ~USD 5bln financial flows to support the current government fiscal stimulus of IDR 695.2tn 	<ul style="list-style-type: none"> Ministry of Finance Coordinating Ministry of Maritime and Investment Affairs BAPPENAS DBS 	<ul style="list-style-type: none"> Marine protection & restoration of biodiversity and ecosystems Sustainable fisheries Marine renewable energy Tourism
 Municipal Green Bond				<ul style="list-style-type: none"> Tenor: 5 years Yield: 5.5 - 6.75% p.a. Estimated amount (2021 – 2024): USD 500 mln 	<ul style="list-style-type: none"> First municipal green bond to be issued in the domestic market. Strengthen subnational role and its contribution in achieving the Sustainable Development Goals, which supported their Regional Action Plans Driving a potential USD 500mln towards priority green sectors in the selected province Improve the quality of monitoring and evaluation on the use of proceeds as well as on the achievement of SDGs targets, especially through Green Sectors Expand investor basis, particularly tapping into local investors. 	<ul style="list-style-type: none"> Ministry of Finance Indonesian Financial Services Authority (OJK) West Java Provincial Government and/ or other potential local governments PT SMI 	<ul style="list-style-type: none"> Waste to Energy Renewable Energy Sustainable Transportation Water & Sanitation

Lastly, with regards to creating an enabling environment that will generate investors' confidence in Indonesia's creditworthiness, The JP will work with national and selected subnational government to strengthen public finance transparency and accountability. Building on the lessons from the green sukuk, the JP will work with line ministries and LG to improve efficiencies in tracking budget allocations and budget execution. It will develop systems for reporting on SDG outcomes against national and local budgets. It will also strengthen government's operational capacity to deliver results, feeding into impact reporting and sustainable financing for SDGs, both at national and subnational levels. In this regard, a two-pronged approach will be followed:

1. The JP will expand on the MoF's national-level public expenditure transparency and accountability initiatives for SDG results to include measuring the impact of expenditures. This will strengthen impact reporting for the bonds issued in support of the SDGs. This will also be replicated at subnational level to measure the impact of municipal bonds; and
2. The JP will ensure that the bonds issued, and the broad investments mobilised for SDGs are fiscally sustainable. In particular, the programme will support subnational governments to expand their local revenues by designing strategic interventions towards increasing local tax and non-tax revenue (e.g., through introducing households' fees/tariffs, retribution fees, and business fees registration). The increased local revenue would serve as both collateral for municipal bonds and increase budget allocations to SDG-related social and environmental projects (e.g. WASH, School Connectivity, renewable energy for health and social service facilities).

Please refer to [Annex 8.2](#) for further details on thematic bond issuances at national and sub-national levels.

SDG-Linked Loans to SMEs

The Indonesian Financial Services Authority (OJK) has been urging banks, especially the eight banks appointed as Pioneers of Sustainable Banking, to increase lending to further SDG outcomes, specifically in green buildings, ecotourism, renewable energy, organic farming, and sustainable infrastructures. However, the green component of banks' portfolios was only at 2% of total financing as of 2018, although with growth of 14% per annum from 2016 to 2018. Traditionally, Indonesian SMEs have struggled to access financing due to lack of collateral and lack of confidence by financial institutions. In recent months, COVID-19 has exacerbated the problem. To mitigate the impacts of the pandemic on SMEs, the GOI has offered credit guarantees and interest rate subsidies for SMEs generally as part of the COVID-19 National Economic Recovery programme for SMEs (*Pemulihan Ekonomi Nasional/PEN*) Scheme. The JP's objective is to support both conventional and Islamic banks to expand their loan facilities for their SME clients by identifying and financing bankable small business improvements, which not only improves the financial position of the lenders but also their sustainability performance and contributions to the SDGs.

Table 3: Financing Instrument 2 – SDG-linked Loans





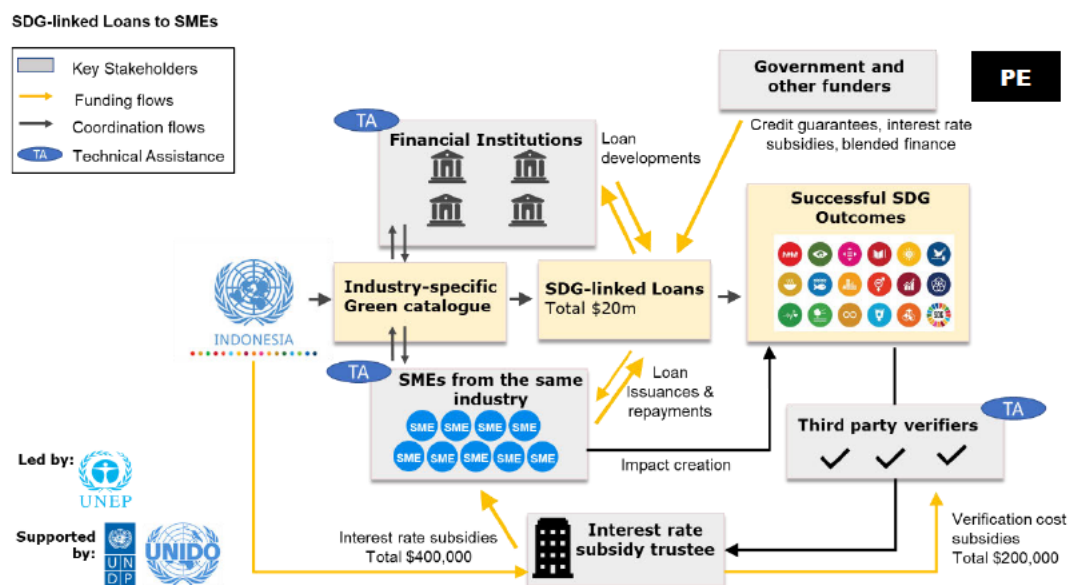
	Potential Areas of Support			Potential Structure	Key Partners	Potential Sectors/ Projects
	Preparation	Product Launching	Post-Launching			
<p>SDG linked loans</p> <p><i>Interest rate subsidy subject to successful sustainability outcomes</i></p> 	<ul style="list-style-type: none"> Green Catalogue Framework development Pipeline development Institutional strengthening & capacity buildings Engagement with value chain stakeholders Engagement with public and private financiers 	<ul style="list-style-type: none"> Campaign & Advocacy Institutional strengthening & capacity buildings 	<ul style="list-style-type: none"> Impact measurement & reporting (e.g. green business growth, green jobs, etc.) Impact framework Scale-up and expansion in other sectors and geographies 	<p>SDG-linked loan</p> <ul style="list-style-type: none"> Tenor: 1- 5 years Interest rate: up to 7 percent Leveraged amount: USD 20 million Financial Incentives of Interest rate & verification cost subsidies from the UN 	<ul style="list-style-type: none"> OJK BRI ISFI   	<ul style="list-style-type: none"> Agriculture Aquaculture Marine & Fisheries Processing Industry Trading Services
<p>POTENTIAL IMPACTS:</p> <ol style="list-style-type: none"> World's first 'green catalogue' to simplify green loan assessment (industry-specific standardised list of localised bankable sustainable business improvements that help borrowers to make a sustainable and inclusive recovery from COVID-19). Drive the collective engagement between banks towards SDGs priority sectors and outcomes Support issue of pilot loans to align to the SDGs by developing standardised green loans within the Indonesian banking sector which will reduce cost and scale up green lending. 						

Figure 4: Structure of the Proposed SDG-linked Loans Instrument



JP Engagement: To ensure the continued success of this facility, this component will be led by UNEP and supported by UNDP and UNIDO. The JP will support banks to launch the SDG-linked products, including through the creation of a green/SDG catalogue which will streamline loan approval systems and provide metrics for measuring progress in terms of the achievement of the SDGs. JP support will also include support in the form of:

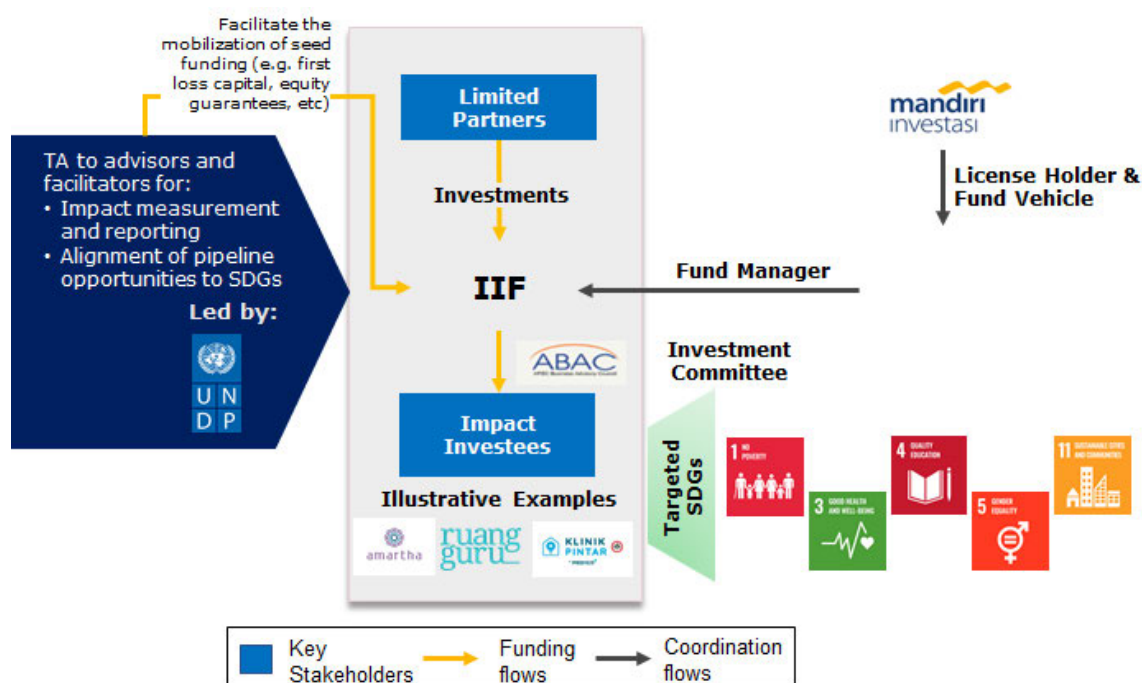
- 1) TA to ensure proper origination and assessment of loans as well as capacity-building for both bank staffs, SMEs and third-party verifiers. A capacity building hub will support potential SMEs (prioritizing women-owned/-led and youth-owned/-led businesses) to access and effectively utilise the loans with a view to delivering on SDGs;
- 2) direct capital (USD 600,000) to fund interest rate subsidies and verification costs to counter the perceived and real additional cost and risk of piloting new green loans.

Please refer to [Annex 8.4](#) for further details on SDG-linked loans.

Indonesia Impact Fund (IIF)

The IIF is the first Indonesian private impact investment fund investing into early-stage start-ups that are supporting the implementation of SDGs in Indonesia. Mandiri Capital Indonesia (MCI) has designed the inaugural fund (see [Annex 8.5](#) for the draft prospectus) to invest in private-sector opportunities that respond to five priority SDGs in the Indonesian context, including poverty alleviation (SDG 1), good health and well-being (SDG 3), quality education (SDG 4), gender equality through promoting economic empowerment for women (SDG 5), and sustainable cities and communities (SDG 11). The IIF plans to blend concessional and non-concessional finance from development finance institutions, charitable foundations, family offices and pension funds to invests in SMEs with an acceptance of potentially lower overall returns than might be provided by purely commercial investors. The current prospectus for the IIF anticipates a capital raise of up to USD 30mn for a 20% internal rate of return (IRR) over an eight-to-ten-year period; this IRR represents a discount relative to current market returns for typical venture capital funds (greater than 25%), capturing a differential based on the double bottom line approach of financial returns with impact. As the fund manager, MCI will work with the investment committee, ABAC, to select 25-30 startups (including women-owned/-led and youth-owned/-led startups) who can qualify to receive equity investments.

Figure 5: Structure of the IIF



JP Engagement: To ensure continued success in new sectors, this component, to be led by UNDP, will provide support to:

- 1) design a framework to track SDG impacts at both fund and enterprise level through tangible, measurable indicators aligned with the SDGs, ensuring that the parameters and reporting are in line with international best practices and harmonised with established standards;
- 2) identify additional limited partners (from conventional and sharia market) interested in impact investments; and
- 3) directly facilitate seed funding to improve the attractiveness of targeted investees which might not otherwise meet the return requirements of the limited partners.

A comprehensive capacity building programme to complement the impact fund will be rolled out, including through accelerator programme to support growth-stage enterprises (prioritizing youth-led and women-led) to become investment-ready (see [Annex 8.7](#)). The Accelerator programme includes modules to improve impact monitoring and measurement at enterprise level. In addition, capacity building and TA support will be given to MCI as they develop the SDG Impact measurement framework for the fund. This will be based on UNDP’s recently launched SDG Impact standards for equity funds (see [Annex 8.8](#)).

2.3 Leverage Potential

The JP has the potential to assist the GOI and other key stakeholders to mobilise USD 4.55bn (as shown in Table 2 below) to achieve the identified programmatic targets during the course of the period relative to the programme’s overall investment of USD 11mn.

Table 4: Leverage potential of the JP

Indonesia Joint Programme			
Financing Instrument	Finance Mobilised (USD millions)	Target	Type
1. Thematic Bonds	4,500	2024	Public
2. SDG-linked loans	20	2024	Private
3. Indonesia Impact Fund	30	2022	Private
Total Impact	4,550	-	

Table 5: Approach to quantify the aforementioned leverage potential

Measure	Formula Used	Value
Overall programme co-financing leverage (criterion 3.3)	Total programme investment : Total finance value	1: 405
Public finance leverage	Programme investment on public finance : thematic bonds value	1: 794
Private finance leverage (criterion 3.4)	Blended finance programme investment : (SDG-linked loans + IIF value)	1: 8.98
Private finance leverage vs. total programme	Total programme investment : (SDG-linked loans + IIF value)	1: 4.45

2.4 Value-add

This JP leverages the accumulated knowledge and experience of UN partner agencies in financing the SDGs, and the proposed work will be expanding and capitalising on already successful initiatives, taking viable financial mechanisms already under development to scale or deploying them in new contexts. Seizing the momentum from the success of the green sukuk, TLFF, and UN’s Islamic finance initiatives in Indonesia, the programme proposes to leverage the combined impact of complementary roles, capacities (e.g., some agencies can offer capital support while others cannot), synergistic activities (e.g., IFL and TLFF, and budget support), and the combined convening power of the JP and other partner agencies to address barriers and opportunities across the sustainable financing ecosystem to achieve wider reach and stronger policy advocacy at the national and subnational levels.

The UN is best placed to deploy the long-term TA, project pipeline development, and institutional capacity development required for the SDG-related instruments to work and gain momentum. Guiding national and local government as well as private entities in SDG-linked impact monitoring is also widely demanded and, through the experience with green sukuk, has been shown to add value for stakeholders. This JP takes an ecosystem and market-wide approach which recognises the integrated nature of the SDGs and the implementation principles of the 2030 Agenda and lends itself well to address, in particular, the complexities of achieving the SDGs in the context of COVID-19 recovery in Indonesia.

Importantly, the programme does not depend on the progress of a single issuer but recognises that there needs to be a variety of sustainable finance instruments available to investors if the Indonesian sustainable finance market is to develop.

There is strong government ownership of the existing programmes, as evidenced throughout this proposal. However, public funds from national and sub-national governments were already constrained prior to the start of the COVID-19 pandemic and are now even more severely limited, with insufficient funds for either direct investment or facilitation in projects. The private sector has expressed its appetite for financial participation in projects across the country but is largely risk-averse and is likely to consider opportunities where risk exposure is mitigated (i.e., through the guarantees and TA support proposed in the above-named interventions).

Funding from the Joint SDG Fund to the Indonesian JP will therefore help accelerate funding flows towards the delivery of the SDGs, as it would be complementary to existing PUNO and other financial programming. To date, the bulk of UN activities have focused on support to the public sector in the creation of appropriate enabling environments for the movement of capital, which have largely been successful. However, the PUNOs have individually and collectively realised that further funding is required to catalyse private finance for critical projects, particularly around project/instrument structuring and risk mitigation, both of which are not considered under current programming.

As a result of the funding from the Joint SDG Fund, the UNCT will have helped to unlock billions of dollars for projects that PUNOs and their bilateral/multilateral peers have helped to progress through targeted TA. The JP is designed to contribute significantly to social and human rights values and standards. Without this funding, many projects are likely to continue to be delayed or remain undelivered.

2.5 Innovative Nature

This proposal is innovative in three ways:

1. **Financial instruments:** The extension of bond issuances to new thematic areas (blue and SDG bonds/sukuk) with new issuers and taking green bonds/sukuk to sub-national level. The programme is taking an ecosystem approach to expand Indonesia's access to international bond investors and to scale up the domestic bond market, including through the adoption of national SDG bond standards. Complementing large-scale bond issuances with smaller-scale SDG-linked commercial loans developing innovative new lines of credit where the cost of borrowing is tied to the borrower's contribution toward the achievement of the SDGs through the first SDG-linked loans for SMEs in Indonesia will leverage private capital to strengthen enterprises alignment with the SDGs. At the same time, the launch of the IIF makes a significant contribution to Indonesia's nascent impact investment ecosystem.
2. **UN System Collaboration for SDG financing:** The JP will enable PUNOs to deliver sustainable finance services through a joint Programme Management Unit (PMU) hosted under UNDP's IFL. This is in response to General Assembly Resolution 71/243: Repositioning of the UN development system in the context of the quadrennial comprehensive policy review of operational activities for the development of the UN system, which calls for UNDP as the support platform of the UN development system to provide an integrator function in support of countries in their efforts to implement the 2030 Agenda. The PMU will be a catalytic programmatic vehicle building on the UN's collective experience and IFL's reputation, providing TA and going to scale together as one UN system.
3. **New Partnerships:** The JP will leverage new partnerships with non-traditional stakeholders. For example, domestic banks under ISFI, the local chamber of

commerce (KADIN), CSOs with ASPPUK, tapping into new branches of Islamic/faith-based finance, and new venture capitalist networks (e.g. MCI). Particularly for marine resource management and circular economy areas, new partnerships with the ADB are being brokered. Subnational partnerships with local financial institutions (i.e. Bank Jambi and Bank Jawa Barat), and local investment bodies (BKPM) have already been initiated in order to support the development of the local bond market.

Taken together, this JP will robustly expand innovation in the domestic thematic bond and impact investing ecosystems, mobilise private and Islamic finance for the SDGs particularly, climate change resilience at the local level, and in a novel manner deliver stronger UN coordination in accelerating SDG implementation. The JP will also contribute to the UN's and GOI's response to the impact of COVID-19.

2.6 Results

The overall goal of the JP is Acceleration of the achievement of targeted SDGs through increased innovative financing. This will be achieved through one overarching outcome and three mutually reinforcing outputs:

Outcome: Increased financing leveraged – through innovative finance mechanisms including:

- *Output 1: Catalysed:* Issuance of thematic bonds at national and subnational levels
- *Output 2: Increased:* Green and SDG-linked loans prioritising women-owned/-led SMEs
- *Output 3: Operationalised:* Indonesia Impact Fund - prioritising women-owned/-led start-ups

The JP will accelerate Indonesia's progress to achieve the SDGs (prioritising SDG targets 5.5, 6.2, 9.3, 13.1, 14.b, and 17.3) in line with the following development agendas from Indonesia's RPJMN 2020-2024:

- To strengthen economic resilience for better economic growth;
- To reduce inequality through regional development;
- To strengthen the stability of law and defence and transform public service;
- To rebuild the living environment and increase resilience towards natural disasters and climate change.

The JP is also aligned with key (UNSDCF) 2021-2025 outcomes:

- *Outcome 1:* People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil their human development potential as members of a pluralistic, tolerant, inclusive, and just society, free of gender and all other forms of discrimination.
- *Outcome 2.* Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation.
- *Outcome 3.* Institutions, communities, and people actively apply and implement low-carbon development, sustainable natural resource management, and disaster resilience approaches that are all gender-sensitive.
- *Outcome 4.* Stakeholders adopt innovative and integrated development solutions to accelerate advancement towards the SDGs.

A comprehensive framework for tracking and measuring SDG impacts will be developed for all instruments including impact reporting on bonds based on SDG impact standards, Impact frameworks for equity funds and SDG linked loans. This will feed into a joint mid-term review. The direct beneficiaries of this JP would be national and subnational entities, start-ups and SDG-aligned SMEs (prioritising women-owned/-led SMEs). Indirect beneficiaries will be the citizens of Indonesia, especially the most vulnerable groups whose livelihoods can significantly improve if the SDGs are achieved and their access to financial

and non-financial services is increased. Please refer to [Annex 2.2](#) for the Results Framework.

2.7 Gender and Human Rights Plan

In line with the 2030 Agenda, the JP places a strong emphasis on a human rights and gender equality perspective²⁰ with specific reference to leaving no-one behind and the application of the twin-track approach which involves gender mainstreaming and gender focus in the outcome, outputs and indicators of the programme. At the same time, the programme will seek to analyse the inequalities which lie at the heart of issues relating to access to finance and redress discriminatory practices and unjust distributions of power that impede financial empowerment and progress. The JP will consider the respective roles of men and women in all aspects of the programme; both women and men are targeted to receive culturally compatible social and economic benefits, receive full respect for their human rights, with no adverse effects during the programme life cycle. The JP's assurance committee (see [3.1](#)) has the responsibility for reviewing annual progress reports and ensuring that environmental, social, and gender issues are adequately addressed within the JP, and further ensuring that the design and the execution of the activities are consistent with the requirements of the minimum standards of social safeguarding and gender policies. In accelerating achievement of the SDGs, the JP will be contributing to human rights to economic agency and access to basic services.

Gender Mainstreaming

The PUNOs will put efforts into ensuring a gender-equality perspective across the entire programme lifecycle, as follows:

- Context analysis: identifying the barriers experienced by gender or other vulnerable groups, including youth and persons with disabilities (PwD); identifying and understanding implications of different strategies by gender or other vulnerable groups;
- Design: considering gender objectives and outcomes, such as the lending criteria for the SDG-linked loans giving priority to women-owned/-led and youth-owned/-led SMEs, including PwD, gender criteria for financed projects;
- Implementation: the design and approach to capacity building as well as the training will take into account gender balance among the participants (affirmative actions will be taken, whenever needed, to tackle gender barriers); activities conducted with the basis of analysis with gender disaggregated data;
- Learning: learning and reflection of the gender issues in the ongoing programme (i.e. changes in the design of the programme, identification of new opportunities for women or approach in tackling gender barriers during intervention);
- Monitoring, evaluation and reporting: monitoring captures different results by gender, disaggregated data by sex and age, tracking progress markers by sex and age, gender-specific evaluation questions against what was planned to help explain any variance, a gender lens perspective in the analysis and reporting process; and
- Programme management: ensure adequate resource allocation to recruit Gender Economist Specialists to support the PUNOs in gender mainstreaming across the activities. In addition, the programme management will support the gender-equality working environment, including the compliance with the UN PSEA (Preventing Sexual Exploitation and Abuse) policy.

Gender-focused Outputs and Outcome

The gender lens will be mainstreamed across the outcome of the JP. Specific prioritisation of beneficiaries of women-owned SMEs is designed, as women own almost half of all SMEs in Indonesia. Their business enterprises, on average, are informal and smaller in size. Women entrepreneurs also face 55% of the annual financing gap, with a USD 6bn shortfall.

²⁰ Refers to equal opportunities, rights and responsibilities of women and men, and requires the closing of gender gaps, particularly in relation to economic outcomes and leadership at all levels. It ensures that the interests, needs, and priorities of women and men are taken into account in decision-making.

Indonesian women-owned/-led SMEs are often focused on less capital-intensive sectors, and women in business face discrimination in various aspects, hindering their ability to grow their businesses. A condensed gender-inclusive intervention of the JP will strive to address the relevant challenges faced by women in startups and SMEs through several key targets.

Table 6: List of marginalised and vulnerable groups

List of Marginalised and Vulnerable Groups	Dedicated Outcome	Dedicated Output
Women and girls	X	X
Youth		X
Persons with Disabilities (PwD)		X

2.8 Progress

Some initial efforts by the PUNOs, which represent the prerequisites to full programme success, are listed below:

Thematic Bonds: The GOI is planning to issue SDG Bond to strengthen the country’s SDG commitment while advancing innovative sustainable development finance towards its 2030 achievement. Following the strong engagement and continuous support for the Green Sukuk development and issuance, GoI has further requested UNDP through the JP to support SDG Bond issuance proposed for mid-2021. A feasibility study, supported by UNDP, to capture market potentials and scheme is underway and aims to be finalised in December 2020. In addition, the framework development is taking place and aims to be finalized in March 2020, with support from HSBC and Credit Agricole – in this regard, UNDP will also be involved either in the co-writing/ development process or later in providing opinion on the SDGs alignment.

Also with reflection from the Green Sukuk, the government is looking at the significant potential and has shown great interest towards replicating such success with Blue Sukuk. In this regard, UNDP and UNEP, with support from DBS Bank Singapore, together with the Coordinating Ministry of Maritime and Investment Affairs have developed a Blue Financing Strategic Document. A series of intensive discussions and consultations have taken place with key stakeholders on the potential development of the Blue Bond/Sukuk.

UNDP has also been working closely with the West Java Provincial Government to issue the first municipal bond in Indonesia. It has facilitated the discussion between the central government and the West Java Provincial Government, at which the MoF is planning to provide TA for the development of a “Debt Management Unit”. Furthermore, discussion with West Java Local Development Planning Agency (BAPPEDA) has showcased their interest in UNDP support in the municipal pipeline project development, i.e. by conducting the study of “Low Carbon Initiative Landscape Mapping & Business Case Development”. In addition, the JP will establish engagement with other potential province(s) such as DKI Jakarta, Central Java, East Java, etc.

Enabling environment: UNICEF is currently working with the Fiscal Policy Agency (BKF, Ministry of Finance) in identifying budgetary expenditure and investment in SDG goals related to children. Within the same partnership with BKF, in the last two years an institutional and technical capacity has been built to help assess the impact of fiscal policy and public investment decisions on poverty and socio-economic inequality.

SDG-linked loans to SMEs: UNEP, with support from UNDP, has initiated discussion with Bank Rakyat Indonesia (BRI), a member of ISFI, which has already achieved Rating A in the Morgan Stanley Capital International (MSCI) Sustainability Index and was the issuer of Indonesia’s first corporate Sustainability Bond in 2019. The discussion is centred around establishing cooperation in developing SDG-linked loans for SMEs operating in SDG priority

sectors, where the JP will offer financial incentives such as interest rate subsidies and subsidies on third-party verification costs, as well as developing a common 'green catalogue' which lists bankable business improvements and the SDG performance measurements/key performance indicators (KPIs). The JP will also establish engagement with other potential bank(s), such as Bank Negara Indonesia, members of UNEP FI, or other members of ISFI, with discussions to follow suit. For the potential pilot area, UNIDO has received Letter of Endorsement from Indonesia Chamber of Commerce and Industry - West Nusa Tenggara Provinces (KADIN NTB) to support its SMEs and creative industry in the area. Initial discussion has also been established with two Civil Society Organizations engage in gender-related initiative, i.e. IBCWE (Indonesia Business Coalition for Women Empowerment) and ASPPUK (Association for Assistance to Women in Small Businesses), at which further engagement shall be established with ASPPUK as the potential beneficiaries for SDG-linked loan and/or capacity building partner to more than its 2 million women-led/-owned enterprises members distributed in more than 100 districts in Indonesia.

Indonesia Impact Fund: UNDP has already supported ABAC and MCI in launching of the IIF and, through this JP, UNDP will accelerate efforts to operationalise the fund before the end of 2021. Currently, UNDP is holding frequent discussions on efforts needed for the operationalisation of the impact fund. UNDP provides advisory support relating to impact measurement analyses that would be required for the fund.

2.9 Sustainability

The JP has been designed to be transformational in its goals, largely through the incorporation of a diversity of funding sources which are prepared to commit significant amounts of capital towards the achievement of the SDGs upon demonstration of proof-of-concept for the proposed pilot activities in financial innovation. With successful mobilisation of capital for the double bottom line goals of social impact and financial returns, funding sources will seek new and varied instruments that are based on the approaches supported by the JP. As a result of this demand, other intermediary stakeholders will be able to structure transactions similar to those that were the subject of development during the JP implementation period, thereby further ensuring continuity and programme legacy.

The JP will work closely with the MoF and other key stakeholders such as the SDG Indonesia One platform under SMI and the Ministry of Planning (BAPPENAS) SFH to ensure strong ownership and eventual handover of results. More specifically, our plan for sustainability varies depending on the instruments deployed. For example, if thematic bonds are issued, either by the national or subnational government, the instruments will be sustained by the respective government ministry or agency who will issue the bond (e.g. MoF, LGs). PUNOs aim to mobilise resources to provide advisory support to the GOI following programme closure through establishing a unit for catalysing private investments co-managed by the PUNOs and hosted in UNDP's IFL. This will bring together UN agencies under a national integrator platform, as mandated by the UN Reform agenda (A/RES/71/243).

The SDG-linked loans will be launched by BRI and other banks, and therefore the sustainability of these products will be the responsibility of the banks. However, the likelihood of sustainability will significantly depend on the demand for the products and their profitability. Already, the government's KUR scheme can be leveraged and will ensure broad adoption of the tools and financing facility by the banks. PUNOs will provide pre-transaction TA, where requested, to facilitate and strengthen the banks' sustainability plan for these products.

The IIF will be managed by MCI as the fund manager; however, in order to ensure that the fund is sustainable, PUNOs have agreed to support ABAC and MCI with fundraising to attract more investment in the fund. This support can go beyond the programme duration

once the platform has been operationalised through this JP. The catalysing unit will host the JP's accelerator/capacity building hub for startups and SMEs beyond the four-year period.

2.10 Replicability

The experiences of the JP in Indonesia will be immediately transferable and replicable in other sectors, domestic jurisdictions, countries and regions, and by other bond issuers, banks, and equity fund managers. The following list is intended to be a set of illustrative examples showing the potential for replication:

- Other sectors: During the implementation period of the JP, the PUNOs will work together to identify opportunities for lending to SDG-linked projects sponsored by SMEs in specific sectors. Successful deployment and repayment of capital in these sectors will create a pathway and precedents for investment across a wider set of SMEs in a wider range of sectors, particularly when coupled with risk mitigation tools. Development of the eco-system for SDG investment is in line with international developments and will have a demonstrator effect to show international investors a route to enter Indonesia's emerging market.
- Other domestic jurisdictions: Indonesia has 34 provinces, many of which are larger than other countries, yet most do not receive significant external holistic support of the nature envisaged in this JP. The pilot work with targeted local governments in Indonesia will ensure the institutionalisation of the concept of municipal bond issuance for creditworthy local governments in the domestic capital markets. Successful repayment of capital to institutional investors will reduce the perception of risk associated with sub-national entities.
- Other countries/regions: Given Indonesia's prominence as the largest Muslim-majority country in the world, it is well-positioned to experiment with Islamic finance in new and innovative ways. Successes in Indonesia in Islamic concessional finance incorporating contributions from the Muslim community can potentially be replicated in other jurisdictions around the world through the network of UN country offices and Sharia councils.

3. Programme Implementation

3.1 Governance and Implementation Arrangements

PUNOs will draw on shared and agency-specific partnerships and financing expertise to support the national and subnational government and domestic financial institutions to develop debt instruments, blended finance projects, and SDG-linked loans. This joint collaboration will be supported by a long-standing collaboration with the MoF. The JP will have the following governance structures:

1. The Programme Steering Committee (PSC) consists of the Resident Co-ordinator as the Executive Co-Chair along with representatives from the GoI. In addition, senior managers from UNDP, UNICEF, UNEP, and UNIDO will sit on the PSC as JP Partners. UNDP will be the lead technical agency, given its extensive involvement in innovative finance and experience working with the GOI to drive the national agenda on these efforts. However, the JP's funds will be allocated directly to each respective PUNO. The allocation is further explained in [Annex 4](#) (Budget and Work Plan). The PSC will oversee compliance monitoring conducted by PUNOs and internal audit and will enable an integrated platform for collective decision-making. The PSC will convene annually to assess implementation and address programmatic obstacles.

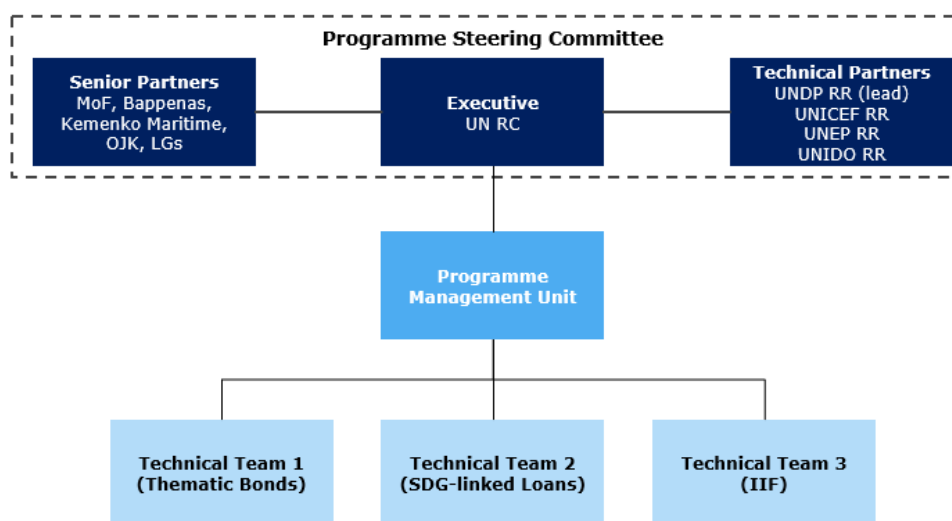
Government partners include high-ranking officials from the MoF, Ministry of Planning (Bappenas), Coordinating Ministry for Maritime and Investment Affairs (Kemenko Maritim), OJK, relevant LGs, and industry experts (as needed). They will provide advisory support to the PSC on programmatic risks and challenges.

UNDP and other Technical Partners will monitor and review the delivery aligned to KPIs and ensure appropriate and effective resourcing via quarterly meetings. PUNOs will allocate management-level representatives from each participating UN agency to oversee delivery and provide quality assurance. PUNOs will convene quarterly technical meetings with the National Programme Manager (NPM) and the Chief Technical Advisor (CTA) from the management unit. PUNOs will work to leverage existing structures and mechanisms similar to the JP’s proposed interventions linked to IFL, SFH, and Green Sukuk.

2. The PMU will be hosted in UNDP’s IFL and will be led by the NPM, who will be supported by the CTA. The PMU will own daily management, with regular meetings (leveraging travel and technology) to drive cross-programme cohesion. The PMU will be coordinated programme implementation across the technical team contributed by each PUNO to ensure complementarity and synergy. Our PMU will also maintain a programme management dashboard to monitor updates and progress on both outcome and output level milestones. The PMU will also undertake other non-technical functions such as finance, admin, communication, and other support functions.

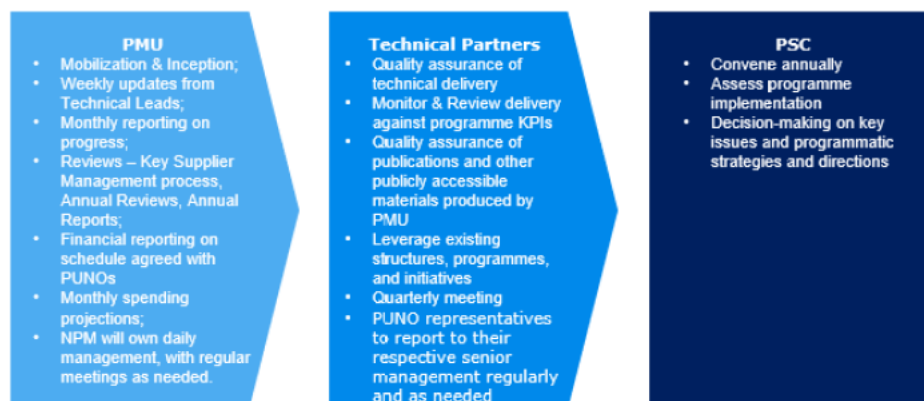
The governance structure below presents an overview of the above narrative. The high degree of integration and joint implementation was designed to reduce transaction cost. This also justifies the centralisation of the PMU and UNDP as lead agency, which will further reduce operational costs.

Figure 6: Governance Structure of the JP



The flow chart below captures the overall process and key responsibilities.

Figure 7: Overall process and key responsibilities of each stakeholder



3.2 Partnerships and Stakeholder Engagement

Table 7: List of stakeholders and relevant engagement to this JP

Stakeholder Name	Stakeholder Role in JP	Level of Engagement/Support to Date
Ministry of Finance (MoF)	Government Partner	The MoF will be our main GOI counterpart. This is due to UNDP and UNICEF’s long-lasting partnership and collaboration with the MoF, especially in advancing sustainable finance in Indonesia. There is significant interest from the MoF to receive specialised advisory support from PUNOs, through this JP, to accelerate the issuance of the SDG Bond. PUNOs are keen to expand on the SDG Bond by also obtaining the MoF’s support for the Blue Sukuk and municipal bonds in this JP.
Financial Service Authority (OJK)	PSC Member	OJK, as a key stakeholder for Indonesia’s sustainable finance policies and initiatives, will be engaged for any national financial regulations needed for governing the development of SDG-linked loan facilities within national banks. UNDP currently has an MoU with OJK. Please refer to Annex 9 for details.
Coordinating Ministry of Maritime & Investment Affairs (Kemenko Maritim)	PSC Member	Kemenko Maritim will be a critical partner for the issuance of the Blue Sukuk. UNDP has been a trusted partner of the ministry under the Archipelagic and Island States project, and can leverage this relationship through PUNOs’ past and ongoing engagements to build the necessary platform needed to gain the ministry’s buy-in.
Ministry of National Development Planning (Bappenas)	PSC Member	Bappenas will be a key stakeholder as the GOI’s Coordinator for the National SDGs Taskforce. Bappenas, in partnership with UNDP, is designing the SFH, and the JP intends to leverage this financing platform for the duration of this JP and consider SFH as one of the possible options for sustaining the work of the JP following closure.
DBS Bank Singapore	Blue Sukuk	DBS is a leading financial services group in Asia with a presence in 18 markets. DBS sustainability strategy including the areas of work in blue investment. UNDP currently has an MoU with DBS (see Annex 9)

Stakeholder Name	Stakeholder Role in JP	Level of Engagement/Support to Date
West Java Provincial Government	Municipal Bonds Issuance	West Java is the second most populous province in Indonesia, with a population of more than 50 million. The West Java Government has been one of our closest LG partners in Indonesia. PUNOs have implemented several projects in the province and have worked with them towards issuing the first municipal bond in Indonesia.
Bank Rakyat Indonesia (BRI)	SDG-linked Loans	BRI is one of the largest state-owned banks. PUNOs have had conversations with BRI regarding the SDG-linked loans, and the two sides have agreed to continue discussions to explore the level of effort needed for the development of these loans. Initial discussions indicated a high level of interest. BRI will be a key stakeholder throughout implementation, at which UNEP currently has an SoI with the Bank (see Annex 9).
Indonesia Chamber of Commerce and Industry, West Nusa Tenggara (KADIN NTB)	SDG-Linked Loans	The West Nusa Tenggara KADIN office representative focused on trade, industry and services, and is highly committed to tapping potentials and synergies of its local economy. UNIDO has received the Letter of Endorsement from KADIN NTB as the potential partner on the program for the development and implementation of SMEs creative industry in the area (see Annex 9).
Association for Assistance to Women in Small Businesses (ASPPUK)	SDG-linked Loans	ASPPUK is a network of 52 NGOs spread around 20 provinces in Indonesia. ASPPUK is actively working in the area of women MSMEs' empowerment and gender awareness. PUNOs have initiated the engagement with ASPPUK, at which their Letter of Endorsement to UNIDO showcasing interest to be the capacity building partner. (see Annex 9).
Mandiri Capital Indonesia (MCI)	Indonesia Impact Fund	MCI is a Corporate Venture Capital arm of Bank Mandiri, the largest integrated financial group in Indonesia. Under our proposed blended finance instruments, MCI will be one of our key stakeholders throughout implementation. UNDP is in the process of signing SoI with MCI.
APEC Business Advisory Council (ABAC)	Indonesia Impact Fund	ABAC Indonesia is the private-sector arm of the Asia-Pacific Economic Cooperation, with members appointed by the President of Indonesia. UNDP supported ABAC in launching the IIF and, through this JP, UNDP will accelerate efforts to operationalise the fund before the end of 2021. UNDP currently has an MoU with ABAC (see Annex 9).
European Union (EU)	Potential Co-financing Partner	PUNOs have had initial discussions with the EU regarding this JP as potential co-financing partner given that the overall size of the programme exceeds USD 10mn, PUNOs have worked with the EU on SDGs in Indonesia.
Asian Development Bank (ADB)	Potential Co-financing Partner	ADB has indicated co-financing up to USD 100,000 to launch the blue impact accelerator with UNDP. Additional initiatives are being discussed.

3.3 Monitoring, Reporting, and Evaluation

Reporting on the Joint SDG Fund will be results-oriented and evidence-based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of JP²¹; and
- *Final consolidated narrative report*, after the completion of the JP, to be provided no later than two months after the operational closure of the activities of the JP.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator. (When necessary the Lead Agency will convene a meeting for an annual Joint Review to consolidate and validate report, discuss progress and bottleneck; monitor the risks and revisit the strategy, if deemed be)

The Resident Coordinator will be required to monitor the implementation of the JP, with the involvement of the Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, JPs will prepare, and submit to the Joint SDG Fund Secretariat, six-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, at the request of the Joint SDG Fund Secretariat. The JP will allocate resources for monitoring and evaluation in the budget. The Resident Coordinator, when necessary would call for a review meeting with all PUNOs.

Progress of all indicators of the results framework will be reported to the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on the progress of the Joint SDG Fund. Hence, all PUNOs to provide data-driven reports to these indicators.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent (AA) with the following statements and reports prepared in accordance with its accounting and reporting procedures, and consolidate the financial reports, as follows:

- *Annual financial reports* as of 31 December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- *A final financial report*, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, at the request of the Fund Secretariat.

²¹ This will be the basis for release of funding for the second year of implementation.

After completion of a JP, a final, *independent and gender-responsive*²² evaluation will be organized by the Resident Coordinator. The cost needs to be budgeted, and if there are no remaining funds at the end of the JP, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The JP will be subjected to a joint final independent evaluation. This will be managed jointly by PUNOs as per the established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the JP. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms (or similar) of PUNOs. The management response to the recommendations to be shared by the evaluation team will be developed upon the completion of the joint evaluation.

In addition to the above, the JP will develop a monitoring, reporting, evaluation, and learning (MREL) framework and plan, which will be utilised to strengthen programme management. It will support wider JP needs, and quarterly and annual reporting requirements. Output data will be collected on a regular basis to monitor progress against the results framework.

Data will be collected against the results framework and will be presented to the JP's Technical Partners in Quarterly Monitoring Reports (QMRs), which will focus on progress toward outputs and outcomes, with clear identification and explanation of any variance from targets and corrective measures where appropriate. QMRs will also include information on programme budget, value-for-money analysis, and risk reporting. QMRs will be consolidated into an Annual Report, which will be submitted no later than one month after each calendar year.

A robust monitoring mechanism will include the following:

- a. Data collection against agreed programme KPIs;
- b. Scanning programme contexts and conditions for any changes that may require the strategy to be adjusted;
- c. Conducting interviews and receiving feedback from relevant stakeholders (as appropriate);
- d. Identifying key factors that have either enabled or hindered progress;
- e. Reviewing the relevance of JP's critical assumptions
- f. Assessing the quality of deliverables and progress;
- g. Assessing risks and identifying new risks in a risk log;
- h. Monitoring operational performance and risks;
- i. Verifying the validity of outputs and output progress;
- j. Assessing programme sustainability and national ownership; and
- k. Documenting lessons learned annually and sharing the document with the Joint SDG Fund Secretariat.

Regular monitoring will feed into learning activities across PUNOs and the wider UNCT, as well as with key stakeholders in the country. Also see [Annex 6](#) Communications Plan and [Annex 7](#) Learning and Sharing Plan.

²² [How to manage a gender responsive evaluation Evaluation handbook](#) UN Women, 2015

3.4 Accountability, Financial Management, and Public Disclosure

The JP will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the AA under which the funds will be channelled for the JP through the AA. Each PUNO receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each PUNO shall assume full programmatic and financial accountability for the funds disbursed to it by the AA of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the AA.

Indirect costs of the PUNOs recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on an annual basis, upon successful performance of the JP.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the AA, and any other relevant entities. In particular, the AA will include and ensure due recognition of the role of each PUNO and partners in all external communications related to the Joint SDG Fund.

3.5 Legal Context

Agency name: **UN in Indonesia**

Agreement title: United Nations Sustainable Development Cooperation Framework 2021-2025

Agreement date: April 2020

Agency name: **UNDP**

Agreement title: Partnership Agreement Framework Between the GOI and UNDP

Agreement date: 28 September 2012

Agency name: **UNICEF**

Agreement title: Basic Cooperation Agreement between the Government of Indonesia and the United Nations Children's Emergency Fund (UNICEF)

Agreement date: 17 November 1966

Agency name: **UNEP**

Agreement title: United Nations Sustainable Development Cooperation Framework 2021-2025

Agreement date: April 2020

Agency name: **UNIDO**

Agreement title: United Nations Sustainable Development Cooperation Framework 2021-2025

Agreement date: April 2020

D. Annexes of the Joint Programme

Annex 1. List of Related Initiatives

Name of initiative/project	Key expected results	Links to the JP	Current status	Lead organisation	Other partners	Budget and funding source	Contract person (name and email)
Innovative Financing Lab (IFL)	Unlock and leverage innovative finance to help close the SDGs financing gap through Islamic finance, blended finance, green finance, etc.	Provision of capacity building and technical assistance support towards the development of JP's outcome of debt instruments, SDG-linked loan, and IIF	Active	UNDP	<ul style="list-style-type: none"> • Ministry of Finance (MoF) • Bappenas • OJK • Indonesia's National Zakat Agency (BAZNAS) • Principal Asset Management • ABAC • MCI • DBS Bank Singapore, etc 	USD 500,000 (UNDP)	Muhammad Didi, muhammad.d.hardiana@undp.org
Sustainable Development Finance (SDF)	Strengthening government capacity on gender responsive public climate finance through development of climate budget tagging, climate expenditure review, gender responsive climate budgeting	Potential partner for municipal bond and blue sukuk	Active	Fiscal Policy Agency (BKF) – Ministry of Finance	<ul style="list-style-type: none"> • Bappenas • Ministry of Environment and Forestry • CIFOR • GGGI • GIZ 	USD 500,000 (UNDP, UNEP)	Debi Nathalia, debi.nathalia@undp.org
Archipelagic Island States Forum (AIS)	Engage and collaborate with key stakeholders (government, private sector, civil society, and academia) on climate change-themed and ocean protection initiatives	Potential partner for blue sukuk	Active	Coordinating Ministry of Maritime Affairs	<ul style="list-style-type: none"> • Ministry of Foreign Affairs • Island State Countries 	USD 1,000,000 (GOI)	Abdul Situmorang abdul.situmorang@undp.org
Partnership for Action on Green Economy – Indonesia (PAGE)	Supports Indonesia in reframing economic policies and practices around sustainability to foster economic growth, create income and jobs, reduce poverty and inequality, and strengthen the ecological foundations of their low-carbon economies	Potential partner for municipal green bond	Active	UNDP	<ul style="list-style-type: none"> • Bappenas • UNEP • ILO • UNITAR • West Java Province 	USD 475,000 (5 UN Agencies)	Diah Ratna Pratiwi diah.pratiwi@undp.org

Name of initiative/project	Key expected results	Links to the JP	Current status	Lead organisation	Other partners	Budget and funding source	Contract person (name and email)
Tropical Landscape Financing Facility (TLFF)	Multi-stakeholder's initiative aims to finance local projects and companies in Indonesia that are focused on green growth and sustainable rural livelihoods, in line with the Indonesian Government priorities, the Paris Agreement, and the Sustainable Development Goals	Potential partner for municipal green bond	Active	UNEP	<ul style="list-style-type: none"> World Agroforestry Centre (ICRAF) BNP Paribas ADM Capital 	Founders contribution	Brian Taylor, brian.taylor@tlffindonesia.org
Indonesia Tax Benefit Microsimulation Model (INDOMOD)	Assessing the impact of fiscal policy and public investment decisions on poverty and socio-economic inequality	Supporting outputs on Thematic Bonds (Enabling Environment)	Active	Fiscal Policy Agency (BKF) – Ministry of Finance	SASPRI (South Africa based think tank)	USD300,000 (UNICEF)	Ratnawati Muyanto, rmuyanto@unicef.org
Public Finance for Children (PF4C)	Identifying budgetary expenditure and investment in SDG goals related to children	Supporting outputs on Thematic Bonds (Enabling Environment)	Active	BKF (Fiscal Policy Agency / Ministry of Finance)	University of Indonesia	USD400,000 (UNICEF)	Ratnawati Muyanto, rmuyanto@unicef.org
Islamic Finance for social investments in WASH	Mobilizing national and international Islamic finance for subnational implementation of WASH projects	Supporting outputs on Thematic Bonds (Enabling Environment)	Active	BAZNAS	Islamic Development Bank	USD350,000 (BAZNAS)	Maraita Listyasari, Mlistiyasari@unicef.org
UNEP Finance Initiative (UNEP FI)	Supporting the mainstreaming of environmental, social and governance considerations into the business decision makings of financial institutions.	Supporting outputs on SDG linked loans	Active	UNEP	Banks who are UNEP FI members	Annual membership fees and sponsorships of UNEP	Yuki Yasui, yuki.yasui@un.org
Sustainable Market Access Through Responsible Trading of Fish (SMART-Fish)	Increasing trade capacities of selected value chains within the fisheries sector in Indonesia= - resulting in better income and livelihood of small-scale fish farmers, fishermen and processors, while ensuring sustainable management of maritime resources.	Supporting outputs on SDG linked loans	Active	UNIDO	<ul style="list-style-type: none"> Fisheries farmers in the selected area Ministry of Maritime & Fisheries Affairs 	USD 6 mn (UNIDO)	Farrukh Alimdjano, f.alimdjano@unido.org

Name of initiative/project	Key expected results	Links to the JP	Current status	Lead organisation	• Other partners	Budget and funding source	Contract person (name and email)
Global Eco-Industrial Parks Programme (GEIPP) – Indonesia: Country Level Intervention	Incentivising and mainstreaming EIPs in relevant policy and regulations as well as identifying and implementing EIP opportunities with environmental economic and social benefits achieved by manufacturing enterprises.	Supporting outputs on SDG linked loans	Active	UNIDO	<ul style="list-style-type: none"> Industrial parks Ministry of Industry Business Associations 	USD 1.7 mn (UNIDO)	Farrukh Alimdjano , f.alimdjano@unido.org
Indonesia Sustainable Finance Initiative (ISFI)	First market-led inclusive national sustainable finance platform aims to create a level playing field on sustainable finance and capitalizing the finance sector to help achieve the national target on tackling climate change and achieving SDGs	Potential partner for SDG-linked loan	Active	Bank Rakyat Indonesia	<ul style="list-style-type: none"> 14 National Banks (Bank Mandiri, BCA BNI, Bank CIMB Niaga, etc) PT SMI WWF 	In-kind contribution by ISFI members	Agus Sudiar to, secretariat@ikbi.org
Biodiversity Finance Initiative (BIOFIN)	Strengthen the biodiversity finance framework in national level and closing the funding gap for conservation in sustainable manner	Potential partner for SDG-linked loan	Active	UNDP	<ul style="list-style-type: none"> Bappenas MOF KLHK Ministry of Agriculture Indonesian Institute of Sciences 	USD 1,000,000 (UNDP)	Bayuni Shantiko (bayuni.shantiko@undp.org)
Environment and Social Risk Management (ESRM)	Providing technical assistance and direct capacity building for Indonesia's Financial Service Authority. Private placement bonds on OCBC NISP Bank for energy efficiency and women-led SMEs projects	Potential partner for SDG-linked loan	Active	International Finance Corporation	<ul style="list-style-type: none"> OJK OCBC NISP Bank 	Swiss State Secretariat for Economic Affairs (SECO) and UKCCU/DFID	Rahajeng Pratiwi (rpratiwi@ifc.org)
Sustainable Market Access Through Responsible Trading of Fish (SMART-Fish)	Increasing trade capacities of selected value chains within the fisheries sector in Indonesia= - resulting in better income and livelihood of small-scale fish farmers, fishermen and processors, while ensuring sustainable management of maritime resources	Support for capacity building SDG-Linked Loan	Active	UNIDO	<ul style="list-style-type: none"> Fisheries farmers in the selected area Ministry of Maritime & Fisheries Affairs 	USD 6mln (UNIDO)	Farrukh Alimdjano , f.alimdjano@unido.org

Name of initiative/ project	Key expected results	Links to the JP	Current status	Lead organisation	• Other partners	Budget and funding source	Contract person (name and email)
Global Eco-Industrial Parks Programme (GEIPP) – Indonesia: Country Level Intervention	Incentivising and mainstreaming EIPs in relevant policy and regulations as well as identifying and implementing EIP opportunities with environmental economic and social benefits achieved by manufacturing enterprises.	Support for capacity building SDG-Linked Loan	Active	UNIDO	<ul style="list-style-type: none"> • Industrial parks • Ministry of Industry • Business Associations 	USD 1.7mln (UNIDO)	Farrukh Alimdjano , f.alimdjano@unido.org
Enhanced competitiveness and economic resilience through innovative modernisation branding and market access for local originative and traditional productive sectors in Indonesia	<p>Providing capacity building:</p> <ul style="list-style-type: none"> • Increased quantity and quality of local tourism trainers to adequately respond to the industry's demands and potential for exports; • Improved knowledge and skills of the national expertise in industrial modernisation, design, marketing, branding, and technologies; • Sustainable linkages between suppliers and the tourism industry – strengthening the local and regional economy; • Potential export of the higher value-added quality products; • Increase in job opportunities for the local population (especially for women and youths) and gradual improvement of their living conditions. 	Support for capacity building SDG-Linked Loan	<p>Planning stage</p> <p>Timeframe: 2021-2024</p>		<ul style="list-style-type: none"> • SME Selected entrepreneurs at NTB & Maluku region • Public and private Industry technical support institutions • Vocational training institutions and other educational entities • National experts, including staff of beneficiary enterprises, entrepreneurs, designers, and others • The regional/ local tourism industry (hotels and restaurants in different categories) 	USD 2.5mln (UNIDO)	Farrukh Alimdjano , f.alimdjano@unido.org

Name of initiative/ project	Key expected results	Links to the JP	Current status	Lead organisation	Other partners	Budget and funding source	Contract person (name and email)
SDG Indonesia One	Integrated platform to support SDG-related projects in Indonesia, mobilize private investments to tackle sustainability issues	Potential partner for Indonesia Impact Fund	Active	PT Sarana Multi Infrastruktur	<ul style="list-style-type: none"> Private Sectors (Adaro Energy, ENGIE, etc) Development Partners and CSOs (GGGI, UNDP, AFD, JICA, USAID, WB, KFW, etc) 	Financial commitment from 32 partners (USD 3.04 bln as per Jan 2019)	Fakhrul Aufa (fakhrul@pismi.co.id)
Completed Projects							
National Resource Efficient and Cleaner Production (RECP) programme Indonesia	Strengthening the Indonesian Cleaner Production Center (ICPC) and contributing to creating RECP Capacity and Network; RECP Implementation and Replication in industries; conducive Policy and Regulatory Framework; adoption of Technology and Innovation; and promoting investment and finance to support RECP; and introducing Cradle to Cradle (C2C) in Indonesia that provides enduring benefits for society from safe materials, water, and energy in circular economies and eliminates the concept of waste.	<p>Best practice for capacity building SDG-Linked Loan</p> <p>Using best tested in the country waste management and green manufacturing practices within RECP to contribute to inclusive and sustainable blue economies in remote areas.</p>	Completed (timeframe: 2011-2020)	UNIDO	<ul style="list-style-type: none"> Ministry of Environment and Forestry SECO Ministry of Industry 	USD 2 mn, funded by Switzerland through SECO	Farrukh Alimdjanov, f.alimdjanov@unido.org
Seaweed Value Chain Development for improved livelihoods of Coastal Communities	Fostering the development of the seaweed industry in Sumenep District, East Java Province and supporting farmers to increase productivity and quality in seaweed production and to market their products while introducing new technologies for seaweed processing that are both economically sound and environmentally safe.	<p>Best practice for capacity building SDG-Linked Loan</p> <p>Food and non-food fibre value chain development for joint SME competitiveness and better access to business development services (incl. finance).</p>	Completed (timeframe: 2015-2016)	UNIDO	<ul style="list-style-type: none"> Seaweed farmers at Sumenep Area Regional Government of East Java 	USD 25,000	Farrukh Alimdjanov, f.alimdjanov@unido.org

Annex 2. Result Framework

2.1 Targets for Joint SDG Fund Results Framework

Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement

Indicators	Targets*			
	2021	2022	2023	2024
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope ²³	353:1	336:1	1,009:1	241:1
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale ²⁴	353:1	336:1	1,009:1	241:1
*Please refer to the results framework (Outcome 1 indicators) for targets used for the calculation of these ratios.				

Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country²⁵
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of "Leaving No One Behind"
- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

²³ Additional resources mobilized for other/ additional sector/s or through new sources/means

²⁴ Additional resources mobilized for the same multi-sectoral solution.

²⁵ Annual survey will provide qualitative information towards this indicator.

2.2 Joint Programme Results Framework

Result / Indicators	Baseline	2021 Target	2022 Target	2023 Target	2024 Target	Means of Verification	Responsible Partner
Outcome: Increased financing leveraged							
Outcome indicator 1: Value of finance leveraged through thematic debt instruments	USD 0	USD 1bn	USD 1bn	USD 2bn	USD 500m	Final Consolidated Narrative Report (FCNR), press release from bond issuer	UNDP UNICEF
Outcome indicator 2: Value of finance leveraged through SDG-linked loans for SMEs (disaggregated by women-owned/-led)	USD 0	USD 0	USD 5m	USD 7m	USD 8m	FCNR, UNEP/Bank website, press release	UNEP UNDP
Outcome indicator 3: Value of finance leveraged from IIF	USD 0	USD 5m	USD 7m	USD 8m	USD 10m	FCNR, press release	UNDP
Output 1.1: Catalysed issuance of thematic bonds at national and subnational levels							
Indicator 1: Number of frameworks for the Sovereign SDG and Sub sovereign SDG/Blue/Green bonds	1	1	0	1	1	Annual report, thematic bond frameworks	UNDP UNICEF
Indicator 2: Number of thematic bonds issued (SDG, Blue, Municipal Green)	0 ²⁶	1	1	2	1	Annual report, press release from bond issuer	UNDP UNICEF UNEP
Indicator 3: Number of APBN and APBD ²⁷ reporting SDG results against public expenditure	0	1	3	4	4	Annual report	UNICEF
Indicator 4: Number of LGs reporting an increase in local revenue in APBD	0	3	3	3	3	Annual report	UNICEF
Indicator 5: Number of reports produced for bond investors showing SDGs results and enhanced fiscal sustainability.	0	1	1	2	2	Annual report	UNICEF
Output 1.2: Increased green and SDG-linked loans which target SMEs, prioritising women-owned/-led SMEs							
Indicator 1: Number of Green Catalogues launched	0	-	1	1	-	Annual report, UNEP/ Bank website, press release	UNEP UNDP
Indicator 2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender)	0	0	0	20	60	Annual report, UNEP/ Bank website, press release	UNEP UNDP

²⁶ Green Sukuk and other green bonds have been excluded

²⁷ National state budget (APBN) and local state budget (APBD)

Result / Indicators	Baseline	2021 Target	2022 Target	2023 Target	2024 Target	Means of Verification	Responsible Partner
Indicator 3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led)	0	50	200	400	600	Annual report, training report	UNDP UNIDO
Output 1.3: Operationalised the Indonesia Impact Fund							
Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led)	0	5	10	15	-	Annual report, IIF report, UNDP/ MCI website, press release	UNDP
Indicator 2: Number of startups which receive capital/funding (disaggregated by age and gender - women-owned/-led)	0	5	10	15	20	Annual report, startups evaluation report	UNDP UNIDO
Indicator 3: Number of startups trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led) - cumulative.	0	20	40	80	100	Annual report UNDP/ UNIDO website, accelerator programme report	UNDP UNIDO

Annex 3. Gender Marker Matrix

Indicator		Score	Finding and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis incorporating use of sex disaggregated data	2	<p>See Section 1. Baseline and Situation Analysis</p> <p>1.1 Problem Statement</p> <p>1.3 SDGs and Targets</p> <p>Context analysis features specific focus on gender-specific challenge; data can and will be consistently collected - sex disaggregated for gender-sensitive analysis.</p>	Means of verification: Proposal Document
1.2	Gender Equality mainstreamed in proposed outputs	3	<p>See Section 2. Programme Strategy</p> <p>The JP has successfully mainstreamed gender across the JP. Even related to outputs that are not directly linked to gender equality and women empowerment (GEWE), we have identified key linkages to promoting gender equality actions.</p> <ul style="list-style-type: none"> • Output 1.1 – PUNOs will support stakeholders with mainstreaming gender across pipeline projects • Output 1.2 – SDG-linked loans’ lending criteria will be designed with the intention to enable more lending to female entrepreneurs rather than male where appropriate. The lending criteria prioritises women-owned/-led SMEs whose businesses strengthen their alignment with sustainable practices through the loan. • Output 1.3 – IIF – pipeline of startups will be designed with the intention to prioritise women-owned/-led startups or gender-focused startups. 	Means of verification: Proposal Document
1.3	Programme output indicators measure changes on gender equality	2	<p>See Annex 2. Overall Results Framework 2.2 Joint Programme Results Framework</p> <p>5 out of 12 output indicators (42%) stipulates mainstreamed guiding principle.</p> <p>Output 2 Indicator 2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender) Indicator 3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led)</p> <p>Output 3 Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led) Indicator 2: Number of startups which receive capital/funding (disaggregated by age and gender - women-owned/-led) Indicator 3: Number of startups trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led)</p>	Means of verification: Results Matrix
2.1	PUNO collaborate and engage with Government	2	<p>See Section 3. Programme implementation</p> <p>3.2 Partnerships and Stakeholder Engagement</p>	

Indicator		Score	Finding and Explanation	Evidence or Means of Verification
N°	Formulation			
	on gender equality and the empowerment of women		<p>The JP has engaged with the Ministry of Finance and Bappenas on this proposal. Both ministries manages the national planning system which put Gender as a national thematic priority for line ministries to tagged in their budget submission. This directly related to project selection process under bond's issuance.</p> <p>The GoI and key partners have the capacity to enhance policy in order to scale up and expand the fiscal space to include women and children of marginalised groups. Collaboration will be as follows:</p> <ul style="list-style-type: none"> • Pipeline development for output 1.1 and output 1.3. Gender mainstreaming consultations will be conducted with the MoF, KemenPPA, and LG in the design and implementation of the relevant projects. • PFM capacity building training for government officials at the national and subnational levels will focus on maximising the number of women participants 	Means of verification: UN RC's letters to MOF and Bappenas, consultation meetings
2.2	PUNO collaborate and engages with women's/gender equality CSOs	2	<p>See Section 3. Programme implementation 3.2 Partnerships and Stakeholder Engagement</p> <p>The JP has consulted with Association for Assistance to Women in Small Businesses (ASPPUK/ Asosiasi Pendamping Perempuan Usaha Kecil) in project design and will continue to design and shape capacity building initiatives in partnership with this CSO.</p> <p>The JP will engage with women's / gender equality CSOs in terms of the design of the projects at the local level and throughout their implementation. The programme will develop an accessible feedback mechanism to capture beneficiaries' complaints related to all components of the programme (e.g., service delivery, targeting, impact), and CSOs will provide inputs in the impact reporting stage. The PUNOs will utilise their significant reach to help mobilise the network of partnerships required to amplify responses and hence, leverage financing sukuk. The PUNOs' wide network of women's CSOs, women's groups, and volunteer groups will ease access to reach vulnerable parts of the society. This wider engagement will aid the principle of participation, while ensuring that the JP is built upon the same foundation.</p>	Means of verification: Consultation meeting, letter of support
3.1	Program proposes a gender-responsive budget	2	<p>See Annex 4. Budget and Workplan 4.2 Budget per SDG Target</p> <p>This JP will focus on seven SDG targets, two of which are directly relevant to GEWE (targets 5.5 and 6.2). The JP has allocated 40.8% of its overall budget towards these two targets. In addition, activities to support targets 9.3 and 14.B are also gender-responsive (29.2%). In absolute numbers, we are allocating USD 7.0 million as gender-responsive budget.</p>	Means of verification: Budget Plan
Total Scoring		2		

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG Category

UNDG BUDGET CATEGORIES	UNDP		UNICEF		UNIDO		UNEP		TOTAL		
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Total Funds (USD)
1. Staff and other personnel	\$1,293,038	\$1,000,000	\$1,034,430	\$1,200,000	\$560,316	\$96,000	\$492,084	\$140,000	\$3,379,867	\$2,436,000	\$12,436,000
2. Supplies, Commodities, Materials	\$38,278		\$32,487		\$16,244		\$0		\$87,009		
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$162,435		\$116,025		\$27,846		\$0		\$306,306		
4. Contractual services	\$974,610		\$928,200		\$371,280		\$97,461		\$2,371,551		
5. Travel	\$139,230		\$139,230		\$46,410		\$39,806		\$364,676		
6. Transfers and Grants to Counterparts	\$1,000,000		\$0		\$0		\$968,000		\$1,968,000		
7. General Operating and other Direct Costs	\$541,139		\$225,037		\$102,210		\$0		\$868,385		
Total Direct Costs	\$4,148,729				\$2,475,409				\$1,124,305		
8. Indirect Support Costs (Max. 7%)	\$290,411		\$173,279		\$78,701		\$111,815		\$654,206		
TOTAL Costs	\$4,439,140	\$1,000,000	\$2,648,688	\$1,200,000	\$1,203,007	\$96,000	\$1,709,165	\$140,000	\$10,000,000	\$2,436,000	\$12,436,000
1st Year	\$1,332,936		\$590,854		\$270,122		\$654,568		\$2,848,480	\$0	\$2,848,480
2nd Year	\$1,386,248		\$635,815		\$289,483		\$698,081		\$3,009,627	\$0	\$3,009,627
3rd Year	\$828,717		\$684,567		\$310,398		\$172,976		\$1,996,658	\$0	\$1,996,658
4th Year	\$891,239		\$737,452		\$333,004		\$183,539		\$2,145,234	\$0	\$2,145,234

The overall programme size is slightly over USD 12 million, including PUNO contribution. The proposed budget from the Joint SDG Fund (c. USD 10m) is required given the overall ambitions of the JP and the activities to be undertaken in order to materialise and deploy the three financing instruments, namely thematic bonds (Output 1.1), SDG-linked loans (Output 1.2), and the Indonesia Impact Fund (Output 1.3). The breakdown of the budget allocation per output (excluding PUNO contributions) are as follow:

- Output 1 Thematic bonds: 48% of the proposed budget;
- Output 2 SDG-linked loans: 27% of the proposed budget; and
- Output 3 Indonesia Impact Fund: 25% of the proposed budget.

UNDP, as the lead agency, will also incur PMU costs which will be hosted by the IFL under UNDP. The overall programme management cost is will be approximately 5% of the overall cost of the budget. 7% of total budget is allocated for monitoring, reporting, and strategic communications purpose (5%) and final independent JP evaluation. General operating and other direct expenses vary between 10-15% per PUNO, except for UNEP. Indirect support costs are pegged 7% for every PUNOs involved in this initiative.

All partners receiving the Joint SDG Fund takes part by co-contributing as much as USD 2,436,000 in total, where UNDP contributes as much as USD 1 million (23% of its allocation) and UNICEF contributes USD 1.2 million (45% of its allocation), whereas UNIDO and UNEP contributes 8% of their allocations (USD 96,000 and USD 140,000 respectively).

In terms of our overall commitment to sustainable finance, UNDP has already spent USD 700,000 to assist with the issuance of GOI's Green Sukuk, strengthen Islamic finance institutions to pilot zakat for SDGs, and design and develop a venture accelerator programme. UNICEF has already invested USD 800,000 towards blended subnational financing schemes that has leveraged USD 571,000 in zakat funding (since 2017) and USD 1.6mn from subnational fiscal sources for social infrastructure at the local level. UNIDO has invested c. USD 50,000 for a scoping study to assess the potential of value chains in Maluku and other islands that can promote creative industries and marine-based ecotourism to leverage private capital from business. UNEP will ensure synergies between the JP and a USD 400,000 programme on Poverty Environment Action which is a collaboration between UNEP and UNDP and aims to mobilise and align public and private financing for the SDGs in Indonesia.

4.2 Budget per SDG Target

SDG Targets		%	USD
5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	30.8%	\$3,083,333
6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	10.0%	\$1,000,000
9.3	Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, & their integration into value chains & markets	20.8%	\$2,083,333
13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	10.0%	\$1,000,000
14.B	Provide access for small-scale artisanal fishers to marine resources and markets	8.3%	\$833,333
17.1	Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	10.0%	\$1,000,000
17.3	Mobilize additional financial resources for developing countries from multiple sources	10.0%	\$1,000,000
TOTAL		100.0%	\$10,000,000

This JP will focus on six SDG goals and seven SDG targets. We have managed to achieve this through two of our targets that focus on gender equality – targets 5.5 and target 6.2, In addition, activities to support targets 9.3 and 14.B are also gender-responsive (29.2%). In absolute numbers, the JP is allocating USD 7.0 million as gender-responsive budget.

Output 1.1 supports six of these targets, including 5.5, 6.2, 13.1, 17.1, and 17.3. This is the largest component of the overall programme – 46% of the overall budget. This is critical given that if this output is delivered, the JP will have managed to reduced SDG financing gap by USD 4.5bn.

Output 1.2 supports three SDG targets, including 5.5, 9.3, and 14.B. This output is focused on improving access to financial services for SMEs and entrepreneurs through the development and launching of SDG-linked loans. PUNOs have allocated 31% of the overall programme budget for this component. This requires significant TA to banks while understanding the financial needs of the SMEs and entrepreneurs with limited access to financial services.

Output 1.3 supports two targets, including 5.5 and 9.3 through this JP. Although the IIF's scope will be beyond these two targets (i.e. IIF will look to investment in startups focused on SDG 1, 3, 4, 5, and 11), the JP's primary support to the SDGs will be focused directly on entrepreneurs, especially women-owned/-led businesses. The JP has allocated approximately 33% of the overall programme budget for this component.

4.3 Work Plan

Outcome 1:					Increased financing leveraged – through innovative finance mechanisms																										
Output	Annual Targets				List of Activities	2021				2022				2023				2024				Overall Budget Description	Planned Budget			PUNO/s involved	Implementing partner/s involved				
	2021	2022	2023	2024		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)						
1.1 Catalysed issuance of thematic bonds at national and subnational levels	Thematic bond issued: 1	Thematic bond issued: 1	Thematic bond issued: 2	Thematic bond issued: 1	1.1.1 Technical Assistance to support on pre- and post-issuance of thematic bonds/sukuk																	\$933,312	\$185,000	\$1,118,312	UNDP, UNEP, UNICEF	MoF, Bappenas, Kemenkomarines, LGs, MOHA					
					1.1.2 Institutional strengthening & capacity building																				\$400,000		\$135,000	\$535,000	UNDP, UNEP		
					1.1.3 Campaign & advocacy																						\$350,000	\$50,000	\$400,000	UNDP	
					1.1.4 Strengthening public budgets SDGs results architecture, monitoring and accountability, particularly for SDGs related bond emissions, at national (APBD) and subnational																							\$882,896	\$400,000	\$1,282,896	UNDP, UNICEF
					1.1.5 Strengthening national and subnational tax and non-tax public revenue, blended finance (private-public partnerships) and fiscal sustainability for SDG related bond emissions.																							\$882,896	\$400,000	\$1,282,896	
					1.1.6 Disseminating fiscal policy results for SDGs at national and subnational levels, and engaging stakeholders and bond investors participation in the assessment of sustainable progress for SDGs.																								\$882,896	\$400,000	
1.2 Increased green and SDG-linked loans which target SMEs, prioritising youth-led and women-owned/-led business	Number of SDG-linked loan disbursed: 0	Number of SDG-linked loan disbursed: 0	Number of SDG-linked loan disbursed: 20	Number of SDG-linked loan disbursed: 60	1.2.1 Market analysis on target industry(ies)																		\$50,000		\$50,000	UNEP, UNDP	OJK, Bank BRI, MOF, ISFI, SMEs				
					1.2.2 Gap analysis																							\$50,000		\$50,000	
					1.2.3 Contextualize and tailor Principles of Responsible Banking as per gap analysis																								\$200,000		\$200,000
					1.2.4 Support banks to develop and launch the SDG-linked loans																								\$200,000	\$85,000	\$285,000
					1.2.5 Support banks to develop a green catalogue																								\$200,000	\$85,000	\$285,000
					1.2.6 Arrange financial incentives for banks to pilot loans																									\$968,000	

					1.2.7 Conduct mapping of SMEs and follow-up FGDs with select											Staff cost to conduct SMEs mapping and gender insights - coordination support	\$50,000		\$50,000	UNDP, UNIDO						
					1.2.8 Conduct risk analysis on SMEs and develop ranking system											Staff cost, technical support, contractual services to conduct risk analysis on SMEs and develop ranking system for entering the training programme	\$50,000		\$50,000							
					1.2.9 Develop capacity building training material											Staff cost and contractual services to develop/update training materials/modules, coordination with stakeholders, equipment (software/hardware) etc	\$100,000	\$74,000	\$174,000							
					1.2.10 Conduct training/incubator/mentoring programme, prioritizing youth and women-led businesses											Staff cost, technical support, contractual services to conduct training/incubator programme and mentoring, coordination support, travel, and operating expenses,	\$300,000	\$124,000	\$424,000							
					1.2.11 Implement SDG-linked pilot loans with trained SMEs and provide on-call advisory support											Staff cost, technical support, contractual services to deliver the implementation of SDG linked pilot loans in the selected sector/area/youth & women SMEs, travel, and operating expenses, series of meetings/FGDs and events	\$100,000	\$50,000	\$150,000							
1.3	Operationalised the Indonesia Impact Fund	Number of start-ups accessing IIF: 5	Number of start-ups accessing IIF: 10	Number of start-ups accessing IIF: 15	1.3.1 Setting-up an Impact Measurement and Management framework for IIF											Staff cost and contractual service to design an IMM framework to track SDGs impacts at both fund and enterprise	\$150,000		\$150,000	UNDP	MCI, ABAC, Startups					
					1.3.2 TA for application of IMM framework to portfolio companies														Staff cost and technical support to IFF portfolio companies on IMM and assistance in preparation of impact report to aligned with investors' expectations			\$200,000		\$200,000		
					1.3.3 On-going impact monitoring to support MCI in operationalizing the Fund														Staff cost and technical support to provide advice on IMM monitoring, management, impact report to LPs and IMM at divestment			\$200,000		\$200,000		
					1.3.4 Facilitate the mobilization of seed funding to IFF														Contractual services, transfers and grants to partners to improve the attractiveness of targeted investees and encourage the capitalization of the Fund Investor events	\$1,000,000			\$1,000,000			
					1.3.5 Develop pipeline of SDGs-contributing impact ventures, prioritizing youth-led and women-led businesses														Staff cost to conduct start-ups mapping and gender insights, coordination support, engage partnership and outreach, travel, development of communication tool.	\$100,000		\$74,000	\$174,000			
					1.3.5 Develop training modules and tools for thematic impact accelerator programme														Staff cost and contractual services to develop/update training modules, equipment (software/hardware), etc	\$100,000			\$100,000	UNDP, UNIDO		
					1.3.6 Conduct thematic impact accelerator programme for startups, prioritizing youth and women-led businesses														Staff cost, technical support and contractual services to run impact accelerator programme in thematic areas (e.g gender, blue, health) including travel for demo day and investor gathering events	\$300,000		\$124,000	\$424,000			
Joint Programme Management						2021				2022				2023				2024				Planned Budget			PUNO/s involved	Implementing partner/s involved
List of Activities						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Overall Budget Description	Joint SDG Fund (USD)	PUNO Contributions (USD)		
2.1	Programme Management				2.1.1 Pre funding (2020)											Contractual services for development of full pledged proposal, feasibility study	\$150,000		\$150,000	UNDP	MOF					
					2.1.2 Programme Management Unit													A programme management unit (PMU) that consisting of NPM, communication officer, and administration-finance officer. The PMU will coordinate programme implementation across the PUNOand leverage partnership with Government	\$500,000			\$200,000	\$700,000			
					2.1.3 Monitoring, reporting, and strategic communications													Monitoring and reporting, communication related activities and products as outlined in communication plan, donor events	\$500,000			\$50,000	\$550,000			
					2.1.4 Final independent evaluation													External Independent evaluation	\$200,000				\$200,000			
																	\$10,000,000	\$2,436,000	\$12,436,000							

The workplan outlines how PUNOs work in synergy on component outputs and activities towards the overarching outcome over a four (4) year period from 2021-2025 with resources provided by the Joint SDG Fund and PUNO contributions. PUNOs make co-contributions towards joint partnership activities especially where the activities leverage partner strengths and collective capacities.

Annex 5. Risk Management Plan

The Governance of the programme has been designed specifically in anticipation of programme risks and mitigating risks at an early stage. More specifically, the Technical Partners (PUNOs) will be responsible for ensuring that programme implementation is undertaken smoothly and in anticipation of risks and how to mitigate those risks effectively. The proposed risk management process and risk register are set out below.

1. Once a risk or a change in a risk has been identified, each technical team, which is led by a Technical Officer, will report directly to the NPM and CTA.
2. The NPM and CTA will discuss internally and determine the risk level and whether it requires escalation to PUNOs.
3. If the decision does not require escalation, the risk must nonetheless be documented in the next QMR or Annual Report.
4. If the decision requires escalation to, PUNOs will discuss internally and propose a mitigation plan for consideration.
5. If the proposed mitigation plan fails to be agreed by all PUNOS, then they will call a special PSC meeting to consider and decide the appropriate mitigation.
6. NPM and CTA will be responsible for implementing the selected mitigation plan.
7. PUNOs will then require monthly updates on the progress of the risk mitigation plan.
8. If the progress of the mitigation plan deviates enormously from intended objectives, Steps 4-7 will be repeated.

Table 2: Risk Matrix Table

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain – 5 Likely – 4 Possible – 3 Unlikely – 2 Rare – 1	Impact: Essential – 5 Major – 4 Moderate – 3 Minor – 2 Insignificant – 1	Mitigating measures	Responsible Org./Person
Contextual risks					
Government priorities shift away from SDGs	6	2	3	Regular engagement with government to continue to highlight the central nature of SDG responsiveness in achieving government goals	UNDP
Enabling environment (e.g. regulations, tax) worsens for investors and seekers of capital	9	3	3	Government is seeking to improve the environment, which is currently poor. Regular engagement with government to encourage improvements to the enabling environment are known well in advance	UNDP, UNICEF
Programmatic risks					

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain – 5 Likely – 4 Possible – 3 Unlikely – 2 Rare – 1	Impact: Essential – 5 Major – 4 Moderate – 3 Minor – 2 Insignificant – 1	Mitigating measures	Responsible Org./Person
Insufficient investor interest in proposed instruments	12	3	4	Current market interest is reasonably strong; programme diversity enables switch of emphasis to those instruments with greater interest	All PUNOs
Insufficient pipeline of investable projects to utilise the committed funds	12	3	4	Programme diversity avoids dependence on one instrument or type or project; TA from PUNOs in JP, coupled with support from other peer aid agencies	All PUNOs
Projects in search of funding are poorly articulated	4	2	2	TA from PUNOs in JP, coupled with support from other peer aid agencies, ensures feasibility studies and other financial/engineering documents are comprehensive and high-quality	All PUNOs
Institutional risks					
Necessary regulations and approvals from GoI partners are not issued/received on a timely basis	16	4	4	PMU and Technical Teams must start all communications with GOI to initiate discussions which will require approvals from GOI nationally or sub nationally (e.g. MOF policy/framework for bond; MoF/LGs approving municipal bonds, OJK approving SDG linked loans)	UNDP
Fiduciary risks					
Financial management/audits for JP are unsatisfactory	4	1	4	MoUs and other documents governing project include clear guidelines for project financial management and regular audits for objective independent decisions	All PUNOs (led by UNDP)

Annex 6. Communication Plan

1) Overall narrative of the joint programme

The main purpose of the communication plan is to help achieve the JP to meet its target in mobilising USD 4.55 billion to close the SDG financing gap in the identified programme in Indonesia’s National Medium-Term Development Plan (RPJMN) 2020-2024

Addressing inequality, human development and climate change have been cited as top priorities of the current administration. Our key message, therefore, should provide answers to those priorities. The identified themes are also the main thread of the UNCT, as well as respective UN agencies in the JP.

The overarching key message of the programme to the target audience are; 1) The JP helps eliminating inequality and advancing Indonesia’s human development through increased financing from innovative financing mechanisms and instruments from both government and non-government sources 2) The JP contributes to developing innovative financing instruments to sustain Indonesia’s green and inclusive growth. As a result, not only will communities enjoy an improved standard of living, but the country’s environment will also be better protected.

2) Strategic approach to key audiences



Notes: media: Kompas, The Jakarta Post, Katadata, Investor Daily, Bisnis Indoneisa, CNBC Indonesia

Leveraging all PUNOs, the Joint Programme proposes an all-around and pro-active communication and outreach strategy, using key channels and outreach platforms and targeting the main audience and secondary group. To keep the consistency of messages, each communication product will use the underpinning key messages in their respective narrative. Nonetheless, each product will be tailor-made using examples of developed financial products and or any success `initiatives.

On media presence and promotion, the `One UN` logo will represent collectively the UN partner agencies with the approval of the government. In some instances, UN agencies may justify the need to use their agency’s branding, especially where the activity corresponds to stakeholders who are familiar with that entity.

3) Objectives of strategic communication plan

The objectives of a strategic communication plan are to integrate the participating UN organisations' predetermined programmes and efforts and to inform communities and potential beneficiaries about the integrated materials.

Using results-oriented and evidence-based methodology, each UN agency will provide narrative reports (annual, mid-term, and final), which will be compiled by UNDP and will include data for all indicators of the result frameworks and findings.

Communications activities must be engaging, audience-centred, and responsive to feedback. Digital/social media of the UN agencies and each analytical tool can be used in interactive platforms to measure grass roots and multiplier impact.

4) Main activities

The Joint SDG Fund will enable 'Communicating as One' that facilitates coherent messaging on normative and operational matters to the Government of Indonesia and other key stakeholders as well as a consistent and teamed-up strategic dialogue with the country. The Ministry of Finance and other partners have also established their communication and information system and networks, be it traditional or modern that can be used to complement the existing communication strategy.

The Joint Programme communication plan will be distributed and allocated to each organization with each respective counterpart (including representative from Bappenas, Kemenko Marins, OJK, relevant Local Governments, and industry experts) and focal point. This integration and joint communication plan are designed to reduce transaction cost and support effectivity of the programme within the timeframe (48 months ended in December 2024) for three financing instruments (i.e., Thematic Bonds, SDG-linked Loans, and Indonesia Impact Fund). UNDP will lead the overall monitoring and reporting on the communication plan. See details of "Communication and Learning & Sharing Plan" in [Annex Z](#).



Annex 7. Learning and Sharing Plan

1) Strategic approach to learning and sharing

The JP will serve to promote iterative learning across innovative finance at both the national and sub-national levels. It will enable systematic documentation to inform input

and evidence to various stakeholders. In light of this, user-centred design approaches will be employed to generate insights from research and ensure that policy recommendations are grounded in the perspectives of the stakeholders. It promotes institutional and exchange between government at various levels, and with other countries in the region that are undertaking the innovative finance initiatives.

The JP becomes an umbrella to formulate exchange mechanism of the financing needs, strategies and instruments, and policies through cross-sectoral partnership to develop and accelerate innovative financing scheme for further replication by identifying entry point from all stakeholders' cross-cutting interest. It is required to ensure all parties can access transparent information, the presence of UNDP as leading agency that can bridge all stakeholders and align their role with their mandate to accommodate the mutual interest.

Monitoring, Reporting, Evaluation, and Learning (MERL) framework will be developed to strengthen programme management. Regular monitoring will feed into learning initiatives across PUNOs and the wider UNCT, as well as with key stakeholders in the country. The Joint Programme will also consider performance measurement based on the creation of new financing instruments and used by the Government of Indonesia. A basic checklist of for such criteria may include scale of interventions, borrowing capacity of project sponsor, revenue flows from projects, or other critical elements.

2) Objectives of learning and sharing
Incorporated in point 1.

3) Main activities

Organisational Learning and Knowledge Capture

- a. Knowledge production plan for the UN partner agencies, including mutual exchange initiative and organisation-wide knowledge mobilization exercises around the outcomes of the Joint Programme
- b. Lesson learned database and campaigns (particularly on knowledge management performance indicator framework)
- c. Revision of knowledge products development and dissemination process

Knowledge Networking

- a. Mapping of public forums and implementation of engagement plans
- b. Realignment of the UN partner agencies' knowledge networks
- c. Replacing report with blogs or public blogging initiative

The Joint Programme will support government counterparts prepare for and present in public forum in order to share the Indonesia experience and to learn from others. Key learning events are staggered throughout the program cycle providing key windows for showcasing milestone achievements and looking ahead.

1. Annual Islamic Finance Conference (AIFC)

A Ministry of Finance's annual event that brings together policy makers, economists, academics, and private sector to discuss various key Islamic finance, economic and development issues particularly for Indonesia. The purpose of AIFC are to discuss and exchange new ideas and information among experts. Previously, the AIFC was held in Jakarta in 2016, Yogyakarta in 2017, Makassar in 2018, and Surabaya in 2019. The 2020 edition was cancelled due to the COVID-19 pandemic.

2. Indonesia Development Forum (IDF)

An international conference organised by Bappenas with support from the Knowledge Sector Initiative of DFAT, to provide a platform for development practitioners in the public, private, and nonprofit sectors to meet and exchange innovative ideas. IDF will be hosted around in 2020 and 2021 (November) and will

provide a platform for the joint SDG fund partner to present research, insight and learning pertaining to key milestones. Through various interactive sessions, this forum encourages new thoughts and approaches in facing various major development challenges in Indonesia and will therefore be an ideal forum to showcase the innovative finance initiatives.

3. SDGs Annual Conference

An annual event hosted by Bappenas aims to provide input to policy makers in implementing development programs better to achieve the SDGs target in 2030. In addition, it will discuss issues and lessons learned about the implementation of SDGs at the Asia Pacific, encouraging the implementation of SDGs as a local level movement, accelerating the achievement of SDGs based on research and innovation results, increasing the involvement of the business sector, philanthropy, non-governmental organizations, and the young generation in implementing SDGs in Indonesia, and innovative finance for SDGs.

4. Annual Indonesia Sustainable Finance Initiative Seminar

An international seminar organized by Indonesia Sustainable Finance Initiative (ISFI), an inclusive national sustainable finance platform of 14 banks and PT Sarana Multi Infrastruktur comprising 62% national banking assets. In the event, participants discussed and share experiences for sustainable finance challenges and opportunities, as well as showcasing the national sustainable finance initiatives. The 2019 forum was co-hosted by ISFI, Indonesia Stock Exchange, and WWF Indonesia.

5. UNEP FI Annual Regional Roundtables on Sustainable Finance

The Regional Roundtables on Sustainable Finance of UNEP provides an opportunity for members and actors in the sustainable finance community to come together locally to discuss the latest trends and innovations and share good practice. The Roundtables brought together 2000+ UNEP FI members and sustainable finance practitioners for insights into advances in sustainable finance in 5 regions across the globe.

6. High Level Dialogue on Financing for Development (FfD)

High-level Dialogue on Financing for Development (FfD) is a sideline event of the annual UN General Assembly. The FfD meeting is mandated in the Addis Ababa Action Agenda and was firstly convened in September 2019. The Dialogue serves as a UN call for collective action to energize growth and tackle challenges in the global economy, encourage public and private investment to align with the 2030 Agenda, and promote new and innovative initiatives that target gaps in financing sustainable development.

Communication and Learning Plan

Thematic Bonds

Activities	Brief Description	Targeted Audience	Methods/ Instruments/ Tools	Resources	Responsible Organization / Focal Point	Timeline
Development of Knowledge Products	<p>These may include:</p> <ul style="list-style-type: none"> • Feasibility Studies for Municipal Bonds and Blue Sukuk • Municipal Bond Guidelines • Capacity Gap Analysis • Standard Operating Procedure for Impact Reporting • Impact Measurement and Reporting Manual • Infographics, handbook, informational video, and/ or other relevant materials to showcase Indonesia's Thematic Bond 	<p>Internal:</p> <ul style="list-style-type: none"> • PUNOs relevant project team members and partners <p>External Parties:</p> <ul style="list-style-type: none"> • Government/ Regulators at national and sub-national levels • Donors & Development Partners • Investors • Academics, CSOs, and other relevant stakeholders 	<p>These may include:</p> <ul style="list-style-type: none"> • Desktop Study/ Research • Stakeholder consultations and interviews • Focus Group Discussions • Workshops • Case Studies • Utilization of Website and Social Media platforms 	<ul style="list-style-type: none"> • Budget allocation of USD 350,000 for advocacy & campaign activities (see Annex 4 of budget and workplan) • PUNOs Technical Team • Technical Support (Experts or Academics) 	<p>Muhammad Didi Hardiana (UNDP, muhammad.hardiana@undp.org)</p> <p>Ratna Muyanto (UNICEF, rmuyanto@unicef.org)</p>	<p>2021 – 2024</p> <p>Feasibility Study on Blue Sukuk (2022/23)</p> <p>Municipal (2023/24)</p> <p>Municipal Bond Guidelines (2022/23)</p> <p>Capacity Gap Analysis SDG Bond (2022/23)</p> <p>SOP and Impact Reporting SDG Bond on 2022/23</p> <p>Communication and Learning Materials to be developed in 2021-2024</p>
Learning & Exchange Events	<ul style="list-style-type: none"> • South-South Exchange • UN SDGs Learning, Training, and Practice • SDGs Annual Conference • Annual Indonesia Sustainable Finance Initiative Seminar • Green Bond Bootcamp • UN Roundtable Discussions 		<ul style="list-style-type: none"> • Webinar • Offline Events 			<p>Annual events held in 2021 - 2024</p>

SDG-Linked Loan

Activities	Brief Description	Targeted Audience	Methods/ Instruments/ Tools	Resources	Responsible	Timeline
Development of Knowledge Products	<p>These may include:</p> <ul style="list-style-type: none"> Green Guidelines Impact Measurement and Management Framework Impact Report Infographics, handbook, video, and other relevant material to showcase Indonesia SDG-Linked Loan 	<p>Internal:</p> <ul style="list-style-type: none"> PUNOs relevant project team members and partners <p>External Parties:</p> <ul style="list-style-type: none"> Government/Regulators at national and sub-national levels Donors and Development Partners Investors Financial Institutions Relevant Sustainable Finance Initiatives (e.g., OECD, TCFD, etc) Academics, CSOs and other relevant stakeholders 	<p>These may include:</p> <ul style="list-style-type: none"> Desktop Study/ Research Stakeholder consultations and interviews Focus Group Discussions Workshops Case Studies Utilization of Website and Social Media platform 	<ul style="list-style-type: none"> Budget allocation of USD 250,000 for support banks to develop and launch the SDG-Linked Loans (see Annex 4 of budget and workplan) PUNOs Technical Team Technical Support (Experts or Academics) 	<p>Muhammad Didi Hardiana (UNDP, muhammad.hardiana@undp.org)</p> <p>Yuki Yasui (UNEP, yuki.yasui@un.org)</p> <p>Lusye Marthalia (UNIDO, l.marthalia@unido.org)</p>	<p>2021 – 2024</p> <ul style="list-style-type: none"> Green Guidelines 2022 Impact Measurement Framework 2022 Impact Report 2023/24 Communication & learning materials 2021 - 2024
Learning & Exchange Events	<p>Internal:</p> <ul style="list-style-type: none"> UN Innovative Finance Day South-South Exchange <p>External:</p> <ul style="list-style-type: none"> Indonesia SDGs Annual Conference UNEP FI Annual Regional Roundtables on Sustainable Finance OJK Sustainable Finance Forum ISFI Sustainable Finance International Seminar 		<p>These may include:</p> <ul style="list-style-type: none"> Launching event Webinar Offline events Report writing Utilization of official website and social media 			<p>Annual events held in in 2021 - 2024</p>

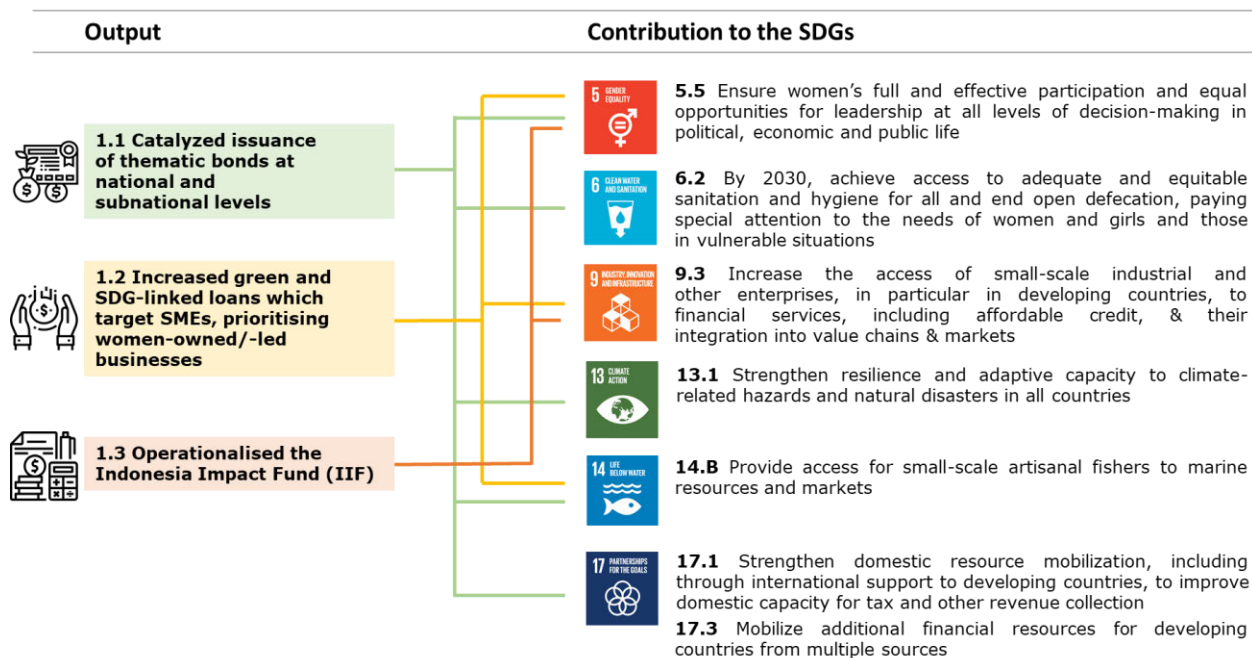
Indonesia Impact Fund

Activities	Brief Description	Targeted Audience	Methods/ Instruments/ Tools	Resources	Responsible	Timeline
Development of Knowledge Products	<p>These may include:</p> <ul style="list-style-type: none"> • Impact Measurement and Management Framework • Impact Report • Infographics, handbook, video, and other relevant material to showcase Indonesia Impact Fund 	<p>Internal:</p> <ul style="list-style-type: none"> • PUNOs relevant project team members and partners <p>External Parties:</p> <ul style="list-style-type: none"> • Government/Regulators at national and sub-national levels • Donors and Development Partners • Impact Investors • Impact Aim community • Academics, CSOs, and other relevant stakeholders 	<p>These may include:</p> <ul style="list-style-type: none"> • Study/Research • Interview • Case Studies • Documentation • Report writing • Utilization of official website and social media 	<ul style="list-style-type: none"> • Budget allocation of USD 500,000 for monitoring, reporting, and strategic communication (see Annex 4 of budget and workplan) • PUNOs Technical Team • Technical Support (Experts or Academics) 	<p>Muhammad Didi Hardiana (UNDP, muhammad.hardiana@undp.org)</p> <p>Lusye Marthalia (UNIDO, l.marthalia@unido.org)</p>	<p>2021 – 2024</p> <ul style="list-style-type: none"> • Impact Measurement & management Framework 2021 • Impact Report 2022 and 2023 • Communication and Learning Materials 2021 - 2024
Learning & Sharing Events	<p>Internal:</p> <ul style="list-style-type: none"> • UN Innovative Finance Day • South-South Exchange <p>External:</p> <ul style="list-style-type: none"> • Indonesia SDGs Annual Conference • Global Impact Investing Network • Impact Investment Summit Asia Pacific • Annual Islamic Finance Conference • Indonesia Development Forum 		<p>These may include:</p> <ul style="list-style-type: none"> • Launching event • Virtual webinar • Offline events • Report writing • Utilization of official website and social media 			<p>Annual events held in in 2021 - 2024</p>

Annex 8. Additional Texts

8.1 Link to SDGs

The Proposed outputs are linked to the selected SDG targets as follows:



Based on the figure above, Output 1.1 will support six targets, including 5.5, 6.2, 13.1, 14.B, 17.1, and 17.3. Target 5.5 will be achieved through the involvement of women participation in all training courses and sessions provided to GOI for PFM and other related activities for the issuance of thematic bonds. Additionally, in supporting GOI with pipeline development and project selection, PUNOs will work to ensure that gender equality has been mainstreamed across projects. For the development of the pipeline for thematic bonds, PUNOs will prioritise climate change projects focused on strengthening resilience towards natural disasters and water and sanitation projects focused on increasing access to adequate and equitable sanitation and hygiene. Additionally, through improvements around PFM and deploying debt instruments, this output will also support targets 17.1 and 17.3.

Output 1.2 will support three targets, including 5.5, 9.3, and 14.B. These loans will be designed and developed specifically to target women businesses, small scale industrial and other enterprises, as well as small-scale artisanal fishers. Therefore, the delivery of this output will directly support the achievement of these targets.

Output 1.3, through this programme, will support two targets, including 5.5 and 9.3. As highlighted in the text, IIF will focus on start-ups focused on five SDGs, including SDG 5. However, we recognise that there will likely be overlaps with target 9.3 by increasing the access of enterprises to financial services and their integration into value chains and markets, which will occur as a result of the investments that are to be made through IIF.

Finally, Output 2.1 will also support three targets, including 5.5, 9.3, and 14.B. This is because this output will overlap with the demand side of Outputs 1.2 and 1.3. In other words, this output which is expected to establish an accelerator/capacity building hub will focus on strengthening the capacity of start-ups seeking funding or SMEs seeking access to financial instruments to ensure that once funding/financing has been secured, the funds are used efficiently and effectively in ensuring sustainability of the business.

8.2 Thematic bond at national and sub-national levels (continued)

Business Model: Bond issuers will offer a full prospectus for review by qualified investors including anticipated use of proceeds, sponsor history, repayment terms and other relevant information. There is no expectation of concessionality on these instruments, and general government revenues including revenues from projects that are built or refinanced as a result of the bond issuances will fund debt service.

Stakeholders: The success of this initiative relies on the ability of the bond issuer to articulate its creditworthiness, strategic plan, and sufficient revenues to cover debt service; these functions will be supported through the JP but led by bond arrangers who will structure and place the bonds. Other key stakeholders include the institutional investors, with whom the JP plans to engage early, and regularly throughout, the process to gauge and maintain their interest, as well as a cross-section of the ultimate beneficiaries to ensure that projects supported through proposed bond issuances benefit from these interventions and capital investments.

Projects/Sectors: Proceeds from bond issuances at the national and subnational level are anticipated to align with the GOI's RJPMN but are likely to expand from those funded by the 2019 green issuance (which include renewable energy, energy efficiency, resilience to climate change for highly vulnerable areas and sectors, sustainable transport, waste-to-energy and waste management, green tourism, green buildings and sustainable agriculture). For example, the SDG bond can be directed to (re)finance SDGs projects listed in Indonesia's Sustainable Development Projects 2019-2030. However, it is currently under consideration by the GoI to accommodate the needs for COVID-19 relief and recovery efforts, which focuses on social protection initiatives/ programs, thus it is anticipated that bond issuances will deliver on the JP's prioritised SDGs, as well as the other goals that may not be specifically indicated in this document – e.g., goal 1 (no poverty) and 4 (quality education). See [Annex 8.3](#) Pipeline Projects for more a list of potential projects for thematic bonds.

Please refer to the document [link](#) below for more information about the Government's SDG Bond Feasibility Study:



Annex - SDGs Bond
Study.docx

8.3 Pipeline Projects for Thematic (SDGs) Bonds

The document can be accessed in **the National Secretariat of SDGs website**. The latest list of GoI's prioritised projects were provided in Annex 1 of RPJMN 2020 – 2024. The RPJMN 2020-2024 itself has been developed to be aligned with the GoI's commitment to achieve SDGs by 2030. According to the list, there are [41 major projects](#) with a total indicative financing of IDR 6,293.14 tn.

However, it should be noted that prior to the finalisation of RPJMN 2020-2024, Bappenas has released a list of [64 sustainable development projects](#) which fall under the transportation, water supply, healthcare, energy conservation, telecommunication, and utilities sectors.²⁸ The 64 projects were not covered in the strategic priority projects, but it is expected that Bappenas will provide an updated list of projects by the end of 2020.

²⁸ <http://sdgs.bappenas.go.id/dokumen/>

8.4 SDG-linked Loans (Continued)

Structure:

The JP will target green SME lending by supporting banks to develop Indonesia's first 'SDG-linked loans' for SMEs and industry-specific 'green loan catalogues'. While some sustainability measures are completely commercially viable, there will be many semi-commercially viable measures that the JP will include in the green catalogue. To enhance the financial viability of these loans, the JP will introduce financial support and enhancements, such as interest rate subsidies and credit guarantees (both subject to independent verification from third-party assessors). Further, given the novelty of the green catalogue itself, the JP will be allocating some of the Joint SDG Fund budget towards interest rate subsidies but will additionally secure this from other blended finance providers such as the GoI, the ADB and the IFC.

Please refer to the document [link](#) below for more information about the Green Catalogue:



Annex - Green
Catalogue.docx

Business Model: For each loan, the financial institutions involved will use the green catalogue and conduct their own independent due diligence to assess the creditworthiness of the prospective borrower as well as the anticipated use of proceeds.

Stakeholders: Indonesian banks that are committed to the origination of SDG-linked loans to SMEs will be the main counterpart for this activity. The PUNOs has initiated engagement with two ISFI members that are interested to collaborate further, i.e. BRI and BNI. Leveraging this potential scheme will be benefiting national banking sectors, especially from the green catalogue as a pipeline of investment opportunities as well as the accompanying interest rate subsidies and guarantees. 14 banks in Indonesia have signed on to ISFI (an open platform for financial institutions to promote and implement inclusive sustainable finance practices) with the express understanding that part of their engagement includes the potential of the provision of SDG-linked loans to SMEs (which origination will be based on their commercial interest). Their counterparties, the SMEs themselves, have historically been challenged in their search for affordable capital to enable their businesses to succeed and expand, and are well-positioned to benefit from the facilitation offered through these activities that will lead to more dedicated flows for SMEs.

Projects/Sectors: Loans originated through this sub-programme will focus on SDG projects (such as agriculture, marine and aquaculture, processing, trading, services, and creative economy such as handmade handicrafts) which improve human wellbeing and social equity while reducing environmental risks and ecological scarcities in alignment with the SDGs. The JP will leverage ongoing programmes such as UNDP's Impact Accelerator programme and UNIDO's blue finance project aiming to improve competitiveness of the value chains of the fisheries sector compliant with international market requirements through the incorporation of renewable energy usage; another is in financing to develop ecotourism in pilot project areas. In the design of the support, specific emphasis will be placed on enhancing access to capital for women-owned SMEs (feeding directly into measurable goals related to Outcome 2).

8.5 Indonesia Impact Fund

The IIF is a closed-end fund that is set up as a Variable Capital Company (VCC) in Singapore. Mandiri Investment Management Singapore will be the VCC's investment manager, and Mandiri Capital Indonesia will act as the investment advisor considering its expertise in Indonesia's venture capital market. The fund is targeting seeking subscription of up to USD 25mn to USD 30mn. Ultimately, it is aimed to invest into 25-30 start-ups

(Indonesian and/or Southeast Asian start-up's with Indonesia as its primary market) which is focused on five SDGs (SDG 1, 3, 4, 5, and 11) within eight years. The initial four years is intended to be the investing period, and the remaining four years is the divesting period, with a two-year extension period.

Business Model: The fund's investment committee, in conjunction with the fund manager, is responsible for selecting investees. Although the fund offers a discount relative to market returns due to the anticipated impact of the projects, it still fully anticipates that it will meet investor expectations. The critical nature of impact measurement and tracking underscores the need for expert advice from UN partners in the development of a reasonable and implementable framework to ensure an alignment of investments with the SDGs.

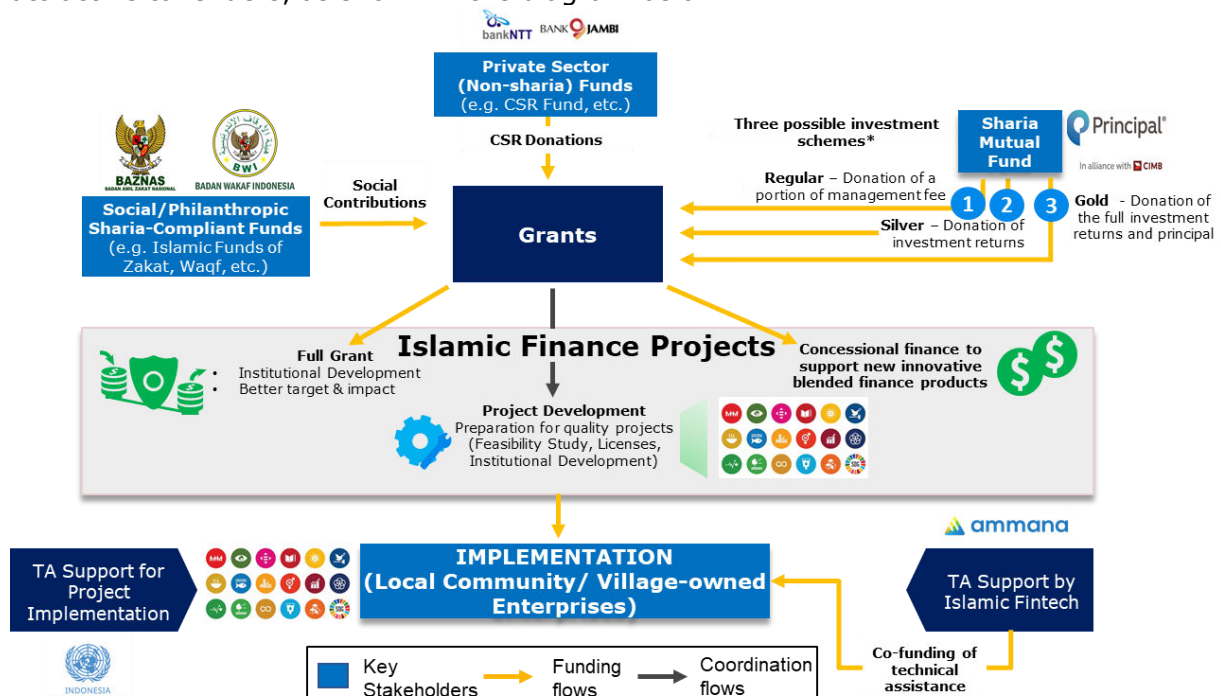
Please refer to the PDF [link](#) below for more information about the Indonesia Impact Fund:



Indonesia Impact Fund - The First Indon

8.6 Islamic Financing Initiatives

Critical community development projects are often severely constrained by a lack of funding. Unfortunately, many of these projects are not viewed as attractive for traditional investors due to the lack of predictable revenue flows. Accordingly, through Islamic financing initiatives, these projects will be funded through non-repayable or other concessional mechanisms such as Islamic finance (i.e. grants from Islamic welfare funds) and corporate social responsibility grants coupled with funding from the JP. This funding will either be used to directly cover all costs associated with small-scale projects or to provide the viability gap funding required to make projects financially sustainable and attractive to lenders, as shown in the diagram below:



This initiative is developed to leverage on the successful implementation of a micro hydro powerplant project by BAZNAS, the Regional Development Bank of Jambi, and UNDP through a blended financing mechanism, using zakat, CSR funding, and Global Environment Facility funding, has over 4,000 beneficiaries in five locations in Jambi. The

collaboration is to be continued with further concessional financing mechanisms targeting disaster-affected locations in West Nusa Tenggara and Central Sulawesi through a local economic development initiative. The JP aims to scale up this success to other regions across Indonesia. To strengthen the social accountability of the scaled-up initiatives, the JP will take into account the UN principle standards on gender equality and human rights.

Business Model: Given the non-repayable nature of the instruments in this sub-project, the initiative looks for anticipated impact rather than measuring financial returns. In instances where grants or concessional funds are further combined with repayable funds to help to either mitigate risk or help to close a viability funding gap, this pool of capital can play a catalytic role in achieving financial close of transactions.

JP Engagement: To ensure continued success in new sectors, the Joint Programme will provide support to:

- (1) Project sponsors to determine their capital requirements, identify likely sources of funding and design plans for long-term financial sustainability
- (2) Providers of capital and grants to articulate projects that deliver tangible goals that are squarely in line with their defined objectives
- (3) Directly participate as a source of non-repayable funding to projects along with other funders, particularly those that are in need of viability gap funding

8.7 Materials on Impact Aim Venture Accelerator Programme and Impact Measurement Management (IMM) Training

The document below pertains to activities of UNDP's Innovative Financing Lab's such as: Impact Aim Venture Accelerator and IMM Training Workshop. It contains a brief overview of social entrepreneurship and impact investing landscape, the cohort of the first batch, potential activities as well as communicative materials of IMM Training Workshop.

Please refer to the PDF [link](#) below for the full document.



IMM Training Offer
(Annex) .pdf



Impact Aim +
IMM.pdf

8.8 SDG Impact Standards for Private Equity Funds

The SDG Impact Standards serves as a document/ guide to promote sustainable development and advance contributions towards the SDGs through issuing bonds that finance assets, projects, programs, activities and/or outcomes linked to achieving SDGs and/ or other sustainable development outcomes. They are designed for bond issuers of all types, including sovereigns (and sub-sovereigns such as states, provinces, cities, towns or municipalities), supra-nationals and government entities, as well as companies, financial institutions and special purpose entities backed by activities (e.g. securitizations) or projects (e.g. infrastructure) (Issuers).

Please refer to the PDF [link](#) below for more information on the SDG Impact Standards.



SDG Impact
Standards for Private

Annex 9. Engagement with Potential Partners

Government Support

1. Endorsement Letter from [Ministry of Finance](#)
2. Memorandum of Understanding on Sustainable Finance initiatives between [UNDP and Indonesia Financial Service Authority \(OJK\)](#)

Thematic Bonds

3. Memorandum of Understanding on Blue Finance between [UNDP and DBS Bank Singapore](#)

SDG-Linked Loan

4. Statement of Intention between [UNEP and Bank Rakyat Indonesia](#)
5. Endorsement Letter to UNIDO from [West Nusa Tenggara Chambers of Commerce Industry](#) (KADIN NTB, unofficial English translation available [in here](#))
6. Endorsement Letter to UNIDO from [Association for Assistance to Women in Small Businesses](#) (ASPPUK, unofficial English translation available [in here](#))

Indonesia Impact Fund

7. Memorandum of Understanding on Indonesia Impact Fund between [UNDP and APEC Business Advisory Council](#)