

A grayscale photograph of a rural landscape. In the foreground, there is a field of tall grass. In the middle ground, a tractor is visible in a field. The background features a large, rounded mountain under a cloudy sky. A large blue semi-transparent rectangle is overlaid on the left side of the image, containing white text.

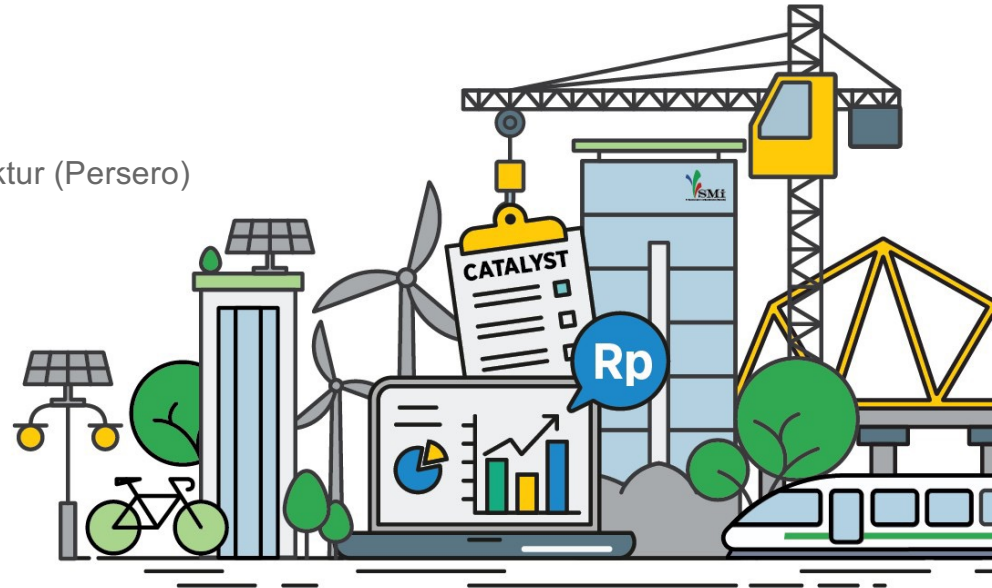
SDG INDONESIA ONE – FAARIS
PRANAWA, DIRECTOR, PT SARANA
MULTI INFRASTRUKTUR (PTSMI)

Tri Hita Karana Blended Finance Deep Dive Workshops

SDG Indonesia One Blended Finance Platform

Faaris Pranawa
Director
PT Sarana Multi Infrastruktur (Persero)

Jakarta
19 April 2022



**Non-Bank Financial Institution for Infrastructure Financing,
 100% owned by Government of Republic of Indonesia through Ministry of Finance**

Business Pillars & Strategic Partnership

Innovative, unique and flexible financing products to close the gap and be complementary of banking products

- Senior Loan,
- Subordinate/ Mezzanine,
- Equity,
- Public Sector Financing
- Sustainable Financing, Sharia Financing

Project Development & Advisory as enabler in infrastructure investment

- Business Process Advisory
- Project Preparation Advisory
- Transaction Advisor/ Fund Raising Advisor/ Syndication Arranger
- Investment Advisory & Financial Advisory (Sharia)

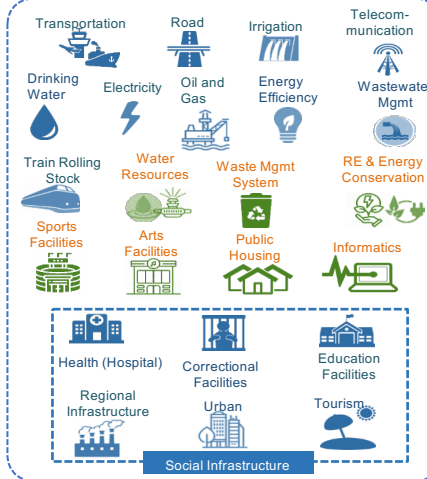
Strategic partnership for domestic and international institution to accelerate infrastructure development in Indonesia

- Ministries/Government Institutions, Local Governments
- Private / State-owned Enterprises (BUMN)
- FI/Bank/Private Equity, Multilateral/Bilateral, Sovereign Wealth Fund
- Capital market, institutional investor (pension fund, insurance, social security fund, haji fund, etc)

PT SMI's advantages

Long-term financing
Non bank financial institution
Innovative Financing Product
Flexible Financing Scheme
Large Multiplier effect

Sectoral Focus



Performance (December 2021) Audited

AAA/Stable National Rating	Highest rating for local company
BBB/Stable International Rating	similar with sovereign rating
USD 8.3 Billion	Total Asset
USD 2.7 Billion	Total Equity
USD 51.9 Billion	Total Project Value
24.4 times	Multiplier effect To paid up capital
“unqualified opinion”	FS Opinion for 13 consecutive years

Government of Indonesia Already Has a Framework for Implementing the SDGs at the National Level

Regulatory Framework



Presidential Regulation No. 59 year 2017 regarding the Implementation of Sustainable Development Goals

National Action Plan (RAN)

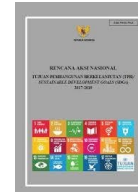
Regional Action Plan (RAD)

Progress of SDGs in National Level

Mainstreaming SDGs in Government Planning Document



Launching of National Action Plan for SDGs



Voluntary National Report



Governor Regulation for implementation



Sumatera Barat, Riau, Bengkulu, Lampung, Jawa Barat, Jawa Tengah, DIY, Jawa Timur, Kalimantan Utara, Kalimantan Timur, Sulawesi Selatan, Gorontalo, Bali, NTB, NTT

Involvement in G20



Indonesia Leadership in Global Forum for SDGs



ASEAN Leader Gathering



ASEAN Ministerial Forum



Localizing SDGs

Establishment of SDG Center in University



*) Sustainable Development Solutions Network

**) Voluntary National Review

PT SMI Concrete Steps as Development Financial Institutions to Support SDGs and Climate Finance Projects in Indonesia

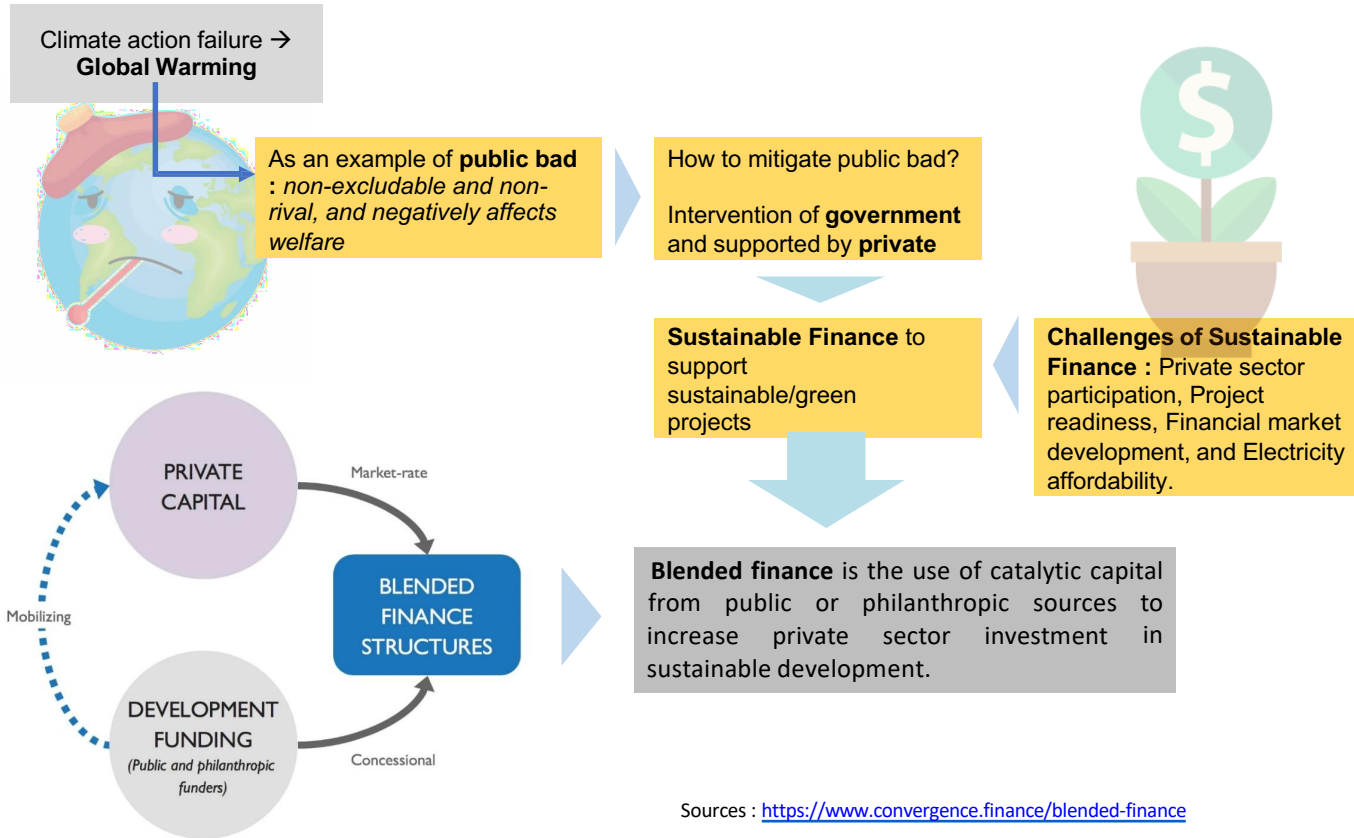
Strategic Direction of PT SMI's Climate Finance

1. Making PT SMI's climate finance **consistent with low emission**, climate-resilient pathways
2. **Taking steps to end finance for carbon-intensive** fossil fuel based-energy
3. **Mobilizing private sector climate finance**, promoting climate PPP's, as well as project preparation
4. **Scaling up international climate borrowings and enhancing the impact** (through SDG Indonesia One)
5. **Defining, measuring, and reporting** PT SMI's climate finance

Concrete Action of PT SMI's Climate Finance

- 1 **Sustainable Financing**
Established **Sustainable Finance Division** (2016) to finance RE-projects related
- 2 **Green Climate Fund (GCF)**
PT SMI as **the first accredited entity** in South-East Asia
- 3 **SDG Indonesia One (SIO)**
Blended Finance Platform (October 2018) to support Sustainable Development Goals (SDGs), including support for green projects
- 4 **Green Bond & Impact Report**
Issued the **1st corporate green bond & impact report in Indonesia**
- 5 **Environmental and Safety Management Frameworks (ESMF)**
The development and implementation of **Guidelines of Environmental and Safety Management Frameworks (ESMF)**

Framework : Climate Change Issue Must Be Resolved By Collaboration Between Government And Private



Sources : <https://www.convergence.finance/blended-finance>

SDG Indonesia One Alignment with OECD Blended Finance Principles

OECD Blended Finance Principles

Principle 1: Anchor Blended Finance use to a Development Rationale

Principle 2: Design Blended Finance to Increase the Mobilization of Commercial Finance

Principle 3: Tailor Blended Finance to Local Context

Principle 4: Focus on Effective Partnering for Blended Finance

Principle 5: Monitor Blended Finance for Transparency and Results

SDG Indonesia One

- Linkage with National Priority sectors
- Encourage integrating environmental, social and governance (ESG) factors when selecting blended finance projects

Facilitate local capital market development, with a focus on providing access to finance for example: credit enhancement product for renewable energy

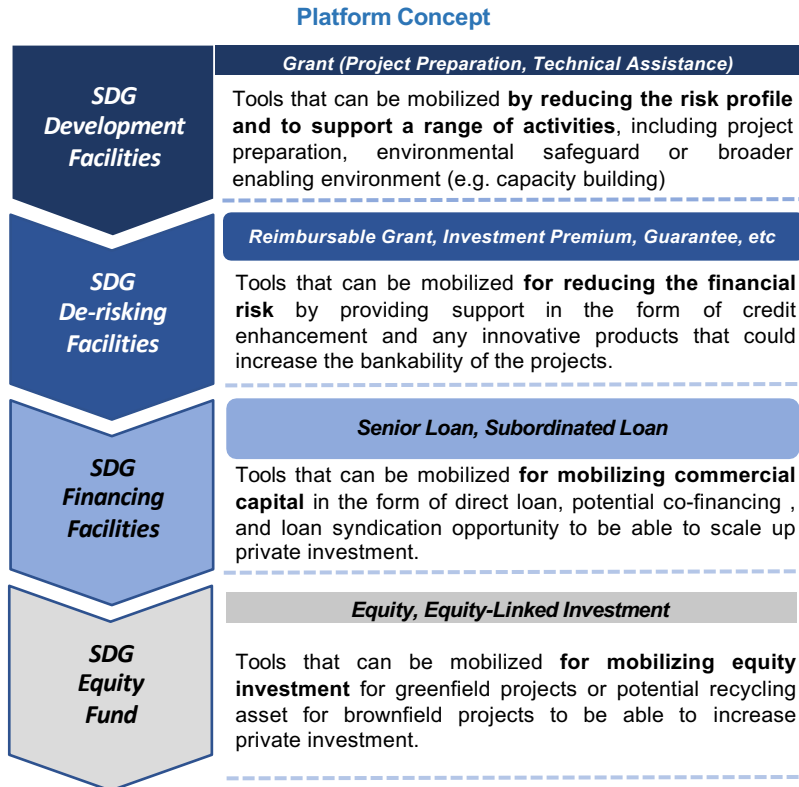
- Focus on crowding in domestic finance
- Promote local currency financing

- Understand the mandates, objectives and risk-return profiles of each actor involved
- Make sufficient funding available for early stage project preparation to accelerate the creation of a pipeline of bankable projects

- Promote better reporting on development results, improving data collection and quality assurance processes
- Promote collaboration as integral to the partnership

Sustainable Development Goals (SDG) Indonesia One - Blended Finance Platform: From the Concept to the Implementation

SDG Indonesia One from concept to implementation with various parties



SDG Indonesia One Partners (March 2022)

SDG Development Facilities

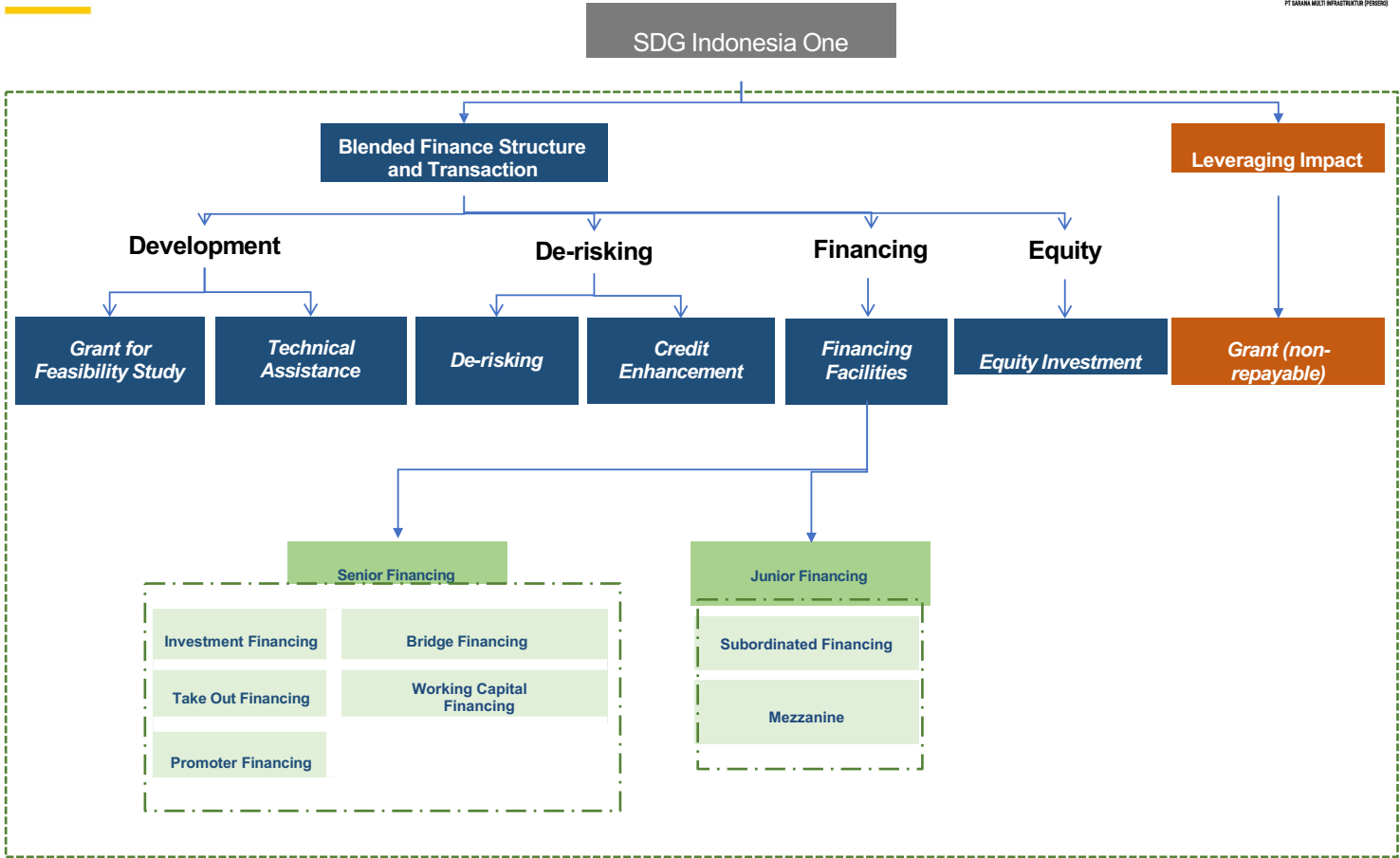
SDG De-risking Facilities

SDG Financing Facilities

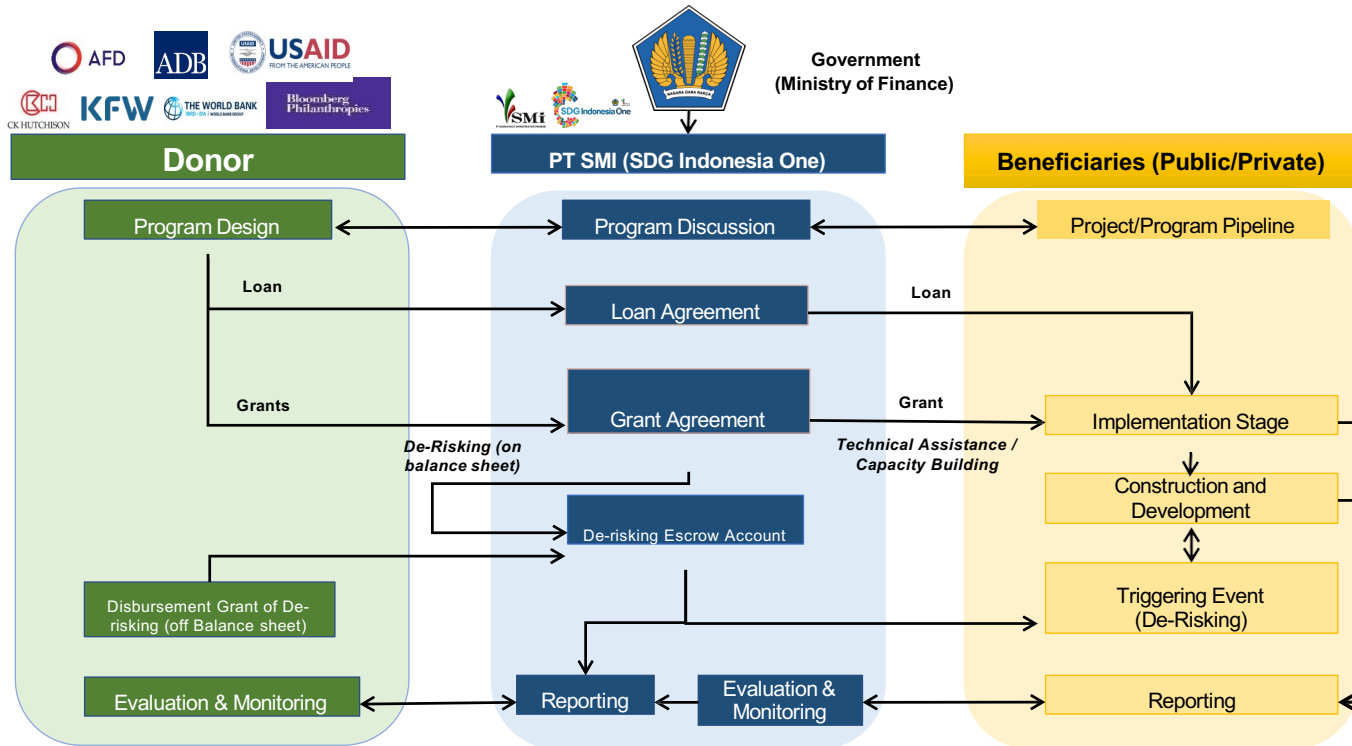
SDG Financing Facilities

SDG Equity Fund

“The total of commitment from 35 Partners has reached USD 3.27 billion”

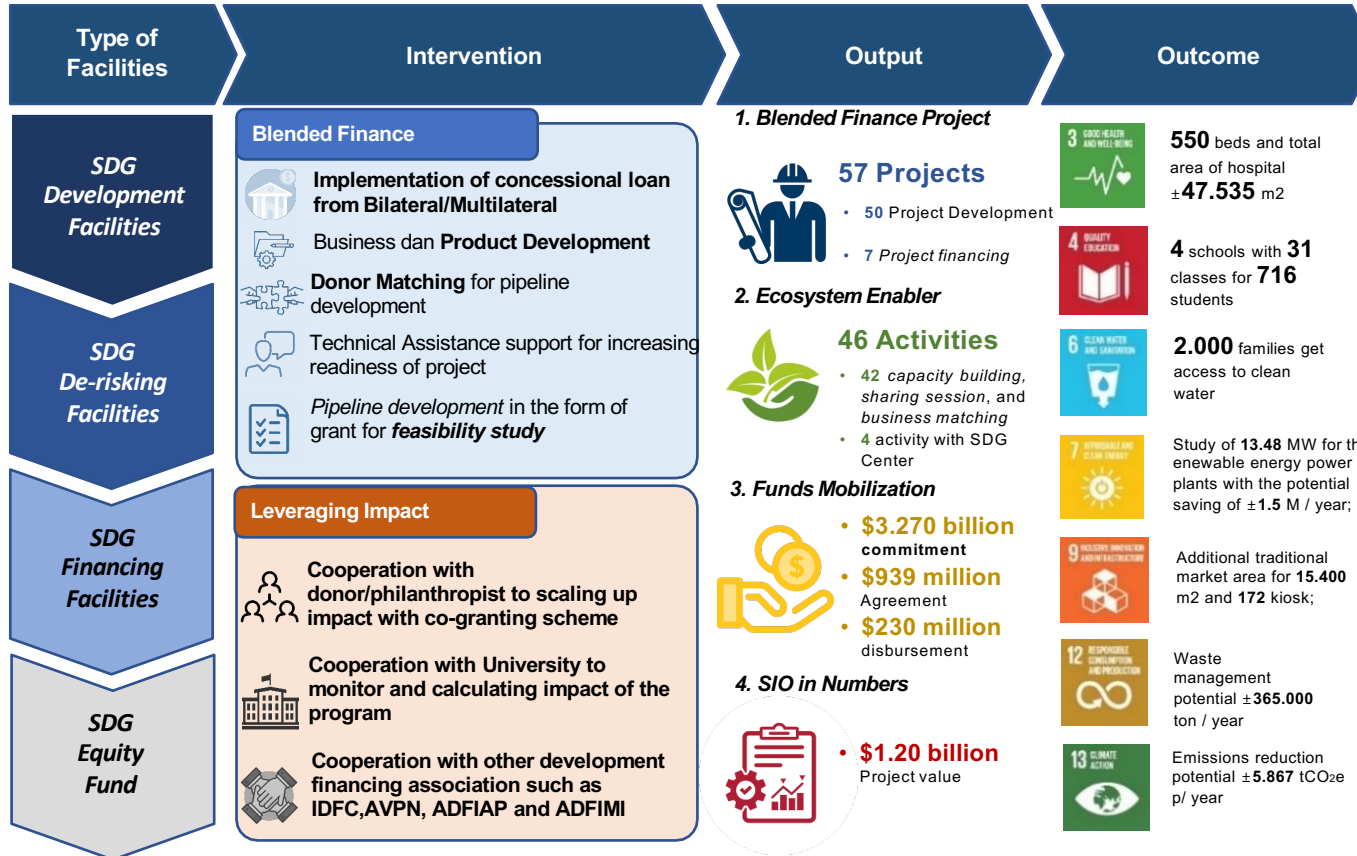


Business Model of SDG Indonesia One



The donor partners becomes the source of funds for the SIO platform, in which the commitment of these funds will only be effective if there is an underlying program that can be collaborated. For this reason, PT SMI in this case must discuss together to be able to design programs that can be collaborated with donors.

Highlight Implementation of SDG Indonesia One



Implementation Model of Blended Finance Structure in SDG Indonesia One



Type of Facilities	Blended Finance Structure	Description	Program
Development <i>(Early-Stage Risk)</i>		Grants for meeting project preparation costs for viable rooftop solar projects ready to scale, and is targeted explicitly at mobilizing debt finance	Airport Solar Rooftop Program (Supported by Climate Works Foundation)
		Grants originating from donor/philanthropy which aim to build capacity to achieve financial, economic and social objectives.	<ul style="list-style-type: none"> • USAID-SINAR Program • European Climate Foundation (ECF) Clean Energy Program
De-risking <i>(Financing and Credit Risk)</i>		Grants originating from donors/philanthropy which aim to reduce credit risk by replacing the non-refundable portion of loan repayments by project owners.	WB - Geothermal Resource Risk Mitigation (GREM) Program
		Grants originating from donors/philanthropy which aims to reduce the risk of capital expenditure by providing grant support to subsidize the capital expenditures.	<ul style="list-style-type: none"> • European Union – AFD Investment Premium Scheme • UK– Mentari Program Investment Grant Scheme
Financing <i>(Long term and competitive rate)</i>		Concessional loan with/without government guarantees which could provide long term financing and competitive rate which can catalyze commercial financing	<ul style="list-style-type: none"> • ADB SIO Green Finance Facility • AFD Financing facility

Showcase Blended Finance (Development): Collaboration Between PT SMI and ClimateWorks Foundation

Grant for Feasibility Study in Solar Rooftop -- PT Pertamina Power Indonesia



Project Description	Solar Power Plant
Project Owner	PT Pertamina Power Indonesia ("PT PPI")
Sector Eligibility	Electricity
Project Location	29 locations of Fuel Terminal and New Gantry System (project details attached)
Estimated Project Value	USD5,753,352
Financing Modalities	Grant for Project Preparations and Private Loan
Project Preparation Phase	Feasibility Study Preparation
Land Status	No need for new land acquisition (using existing buildings)
Project Information	<ul style="list-style-type: none"> All 29 locations where the Solar Power Plant will be installed are buildings owned by PT Pertamina Patra Niaga with rooftop installation type. The concept of the business model that will be implemented is that the owner of the building/land will rent the Solar Power Plant and the facilities provided by PT PPI in accordance with the lease agreement. From the results of the temporary discussion of the 29 proposed locations, there are 25 solar power plants that are planned to be developed with capacities below 500 kVA. In accordance with Minister of Environment Regulation Number 5 of 2012 and Minister of Environment Regulation Number 16 of 2012, the project does not require an environmental permit. Meanwhile, the other 4 PLTS locations are indicated to have capacities above 500 kVA which require environmental permits in the form of UKL/UPL.



Solar Panel on Refinery Unit IV Cilacap PT PERTAMINA (PERSERO)



Solar Panel on Logistics PT Pertamina International Shipping

Showcase Blended Finance (Development and De-risking): Collaboration Between PT SMI and Development Bank

Credit Enhancement Product to Support Clean Energy in Mobilizing Private Capital through Capital Market Instrument

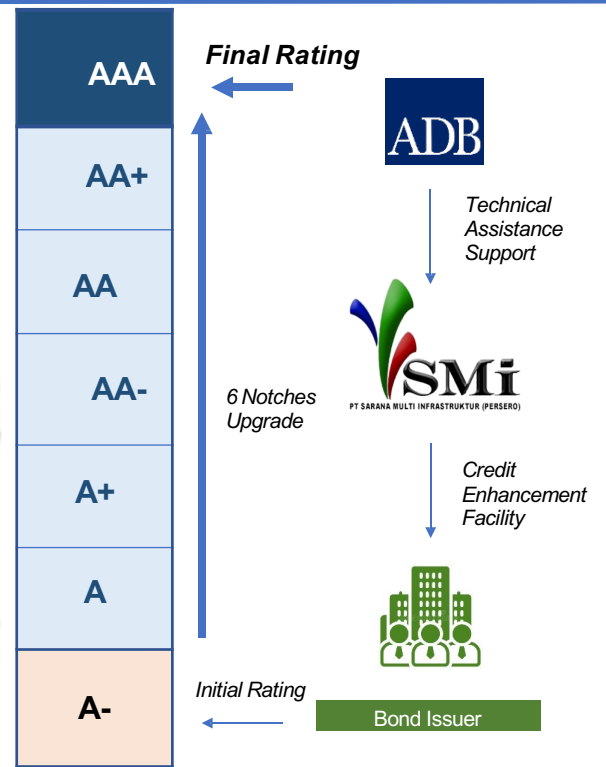


Facility Details

Sector	Electricity – Renewable Energy
Issuer	Private Company
Issuance	IDR 750,000,000,000 (~USD 52.4 million)
Tenor	3 years, 5 years, 7 years
Rating	idAAA(sf)

As an investment portfolio, these bonds are relatively safe because the Bonds are supported by the Credit Enhancement Facility (CEF) from PT Sarana Multi Infrastruktur (Persero) with a maximum standby facility of IDR 750 billion. These funds can be used to fulfill the Reserve Fund for Interest Payments and/or the Reserve Fund for Repayment of Principal Bonds.

Credit Enhancement Facility



Thank You



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