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UNDP and the Indonesian Environment Fund Launch Catalytic Funding in Leveraging Impact for the Indonesia Impact Fund

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Reinforcing Global Market Access for MSMEs’ SDGs-Oriented Collective Brand ‘MyNyale’ at Trade Expo Indonesia
Dear Readers,

As we enter 2024, we have passed the halfway mark to achieve the Sustainable Development Goals (SDGs) by 2030. The SDGs are a call to action to end poverty and inequality, protect the planet, and ensure that people all over the world live in dignity and enjoy health and prosperity. As the UN Secretary General has said on numerous occasions, the world is far off from these global targets. According to BAPPENAS, using its own methodology, 63% of the 216 indicators of Indonesia’s SDGs Programme Action Plan for 2021-2024 have been achieved. While this represents considerable progress, it also means that more than a third still needs more attention.

A key enabler of the SDGs is financing. Indonesia has achieved several significant milestones in this area, and we at the UN in Indonesia, through the UN Joint Programme “Accelerating SDGs Investments in Indonesia (ASSIST JP)” are proud to support the government in identifying and attracting innovative financing for the SDGs. Under ASSIST JP’s three programme components, we have catalyzed the issuance of sustainability-oriented debt instruments, the implementation of SDGs-linked loans, and the operationalization of the country’s first impact fund. With the task of leveraging innovative finance for the SDGs, ASSIST JP has helped mobilize over US$ 3 billion since its inception in 2021—and we are only halfway!

Combining the expertise of four participating UN agencies: the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Children’s Fund (UNICEF), and the United Nations Industrial Development Organization (UNIDO), ASSIST JP offers comprehensive support to stakeholders to accelerate SDGs investments. While we aim for financing leverage, our interventions go deeper by ensuring stakeholders are equipped with the necessary capacity to adopt sustainable financing practices. The achievements highlighted in the articles of this newsletter provide insight into our commitment to create a lasting legacy and ensure long-term sustainability.

Our accomplishments do not mark the end of our mission. While we expect 2024 to be nothing short of challenging, with an economic headwind due to global conflicts and the widening of the SDGs financing gap, we are ready and as committed as ever to support Indonesia accelerate its progress towards the SDGs and achieve the dream of a sustainable, just and inclusive future—leaving no one behind.

Valerie Julliand
Resident Coordinator of the United Nations in Indonesia

UNDP, through ASSIST JP, supported the Ministry of Finance in publishing the 2023 SDG Bond Allocation and Impact Report. This report provides a detailed account of the allocation and impacts generated from Indonesia’s SDG bond issuances in 2022, amounting to Rp 3.26 trillion (US$ 210 million). The report adopts a data-driven approach to promote transparency on the proceeds from this issuance and evaluates the effectiveness and progress of the SDG bond initiatives. Further, the report highlights how the proceeds from the bonds can significantly contribute to advancing the SDGs in Indonesia.

The SDG Bond funded three sectors in Indonesia - Agriculture, Education, and Social Protection. These projects focused on green, blue, and social initiatives, in accordance with Indonesia’s SDGs Government Securities Framework. The projects included several initiatives such as a biofortification programme that benefited over 470,000 farmers, scholarships for more than a million Islamic
elementary school students, and vocational education in the fisheries and maritime sectors benefiting 8,700 students. These initiatives have significantly contributed to several SDGs, including SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health and Well-Being, SDG 4: Quality Education, and SDG 9: Industry, Innovation and Infrastructure. The collaborative efforts showcased the impact of Indonesia's SDG Bonds for sustainable and inclusive development across communities.

In September 2023, under the ASSIST JP, UNDP and the Ministry of Finance jointly organized an SDG Bond Project Site Visit & SDG Talk to highlight Indonesia’s contribution to global sustainable finance and raise public awareness about financing the SDGs. The site visit and talk aimed to showcase the real-world impact of Indonesia’s SDG Bond on the environment and communities, and raise awareness of the importance of financing in achieving the 17 Goals.

Over 50 participants, including representatives from the Ministry of Finance, Ministry of National Development Planning, Ministry of Fisheries and Aquaculture, Ministry of Social Affairs, Udayana University, youth-led NGOs, and university students participated in the site visit. The team visited the Polytechnic for Fisheries and Aquaculture in Bali's Jembrana Regency, to see firsthand one of the projects managed by the Ministry of Fisheries and Aquaculture financed from the 2022 Indonesia SDG Bond. The Polytechnic offers programmes in aquaculture, capture fisheries, and seafood processing, and has enabled access to vocational skills for youth from marginalized coastal communities. Following this, the team visited a “Social Barn,” established by the Ministry of Social Affairs to showcase the logistics and processes involved in effective and efficient distribution of disaster relief support to distressed communities.

To close the event, an SDG Talk, a dynamic talk show spotlighting Indonesia’s SDG progress, was hosted at Universitas Udayana, Bali. Representatives from the UN Resident Coordinator's Office, UNDP, key line ministries, and the Kalimajar Foundation shared insights into Indonesia's commitment, strategies, and practical approaches to accelerate sustainable development, focusing on implementation of innovative financing instruments, such as the SDG Bond. Over 100 participants, including university students, youth-led NGOs, and communities, attended the talk show, fostering a vibrant dialogue on Indonesia’s path towards sustainable development and underlining the potential of sustainable financing for a more resilient and equitable future.

The full report can be accessed via the following link:

SDG Bond Impact Allocation and Impact Report

Or by scanning the following QR Code:

![QR Code Image](image-url)
**Introductory Training on Sustainable Finance and Thematic Bonds for Subnational Development**

The Government of Indonesia continues strengthening the enabling environment for financing by introducing regulations to facilitate access to innovative financing instruments for subnational governments. UNDP, through ASSIST JP, is building on this momentum and organized an "Introductory Training on Sustainable Finance and Thematic Bonds for Subnational Development" in collaboration with the Ministry of Finance on 5 October 2023.

The event introduced the potential of thematic bonds like green, social, and sustainability bonds as feasible financing options for subnational governments. Over 40 representatives from the Ministry of Finance, Ministry of Home Affairs, Coordinating Ministry of Economic Affairs, and the Financial Services Authority participated in the training. They highlighted the key process and requirements of thematic bond issuances and provided an overview of the applicable international principles, standards, and best practices.

The participants, who represent key stakeholders within Indonesia's municipal bond ecosystem, were guided through the pre-issuance until the post-issuance stage of thematic bonds, while highlighting the processes' alignment with the existing municipal bond process. Moving forward, the JP will continue to advocate the inclusion of thematic aspects through activities tailored to the needs and interests of stakeholders.

**A National Seminar in Surabaya on Subnational Creative Financing to Accelerating the Subnational Development**

ASSIST JP, through UNICEF, conducted a socialization event on regional creative financing in Surabaya on November 23, 2023. The event was organized in collaboration with the Directorate General of Financial Balance (DJPK) – Ministry of Finance. The objective of the event was to promote creative regional financing, aligning with the SDGs and facilitating access to innovative financing for local governments.

The event was prompted by the issuance of Law Number 1 of 2022 concerning Financial Relations between the central Government and regional governments.

Speakers from various organizations, including the Ministry of Finance, Ministry of Home Affairs, UNICEF Indonesia, Financial Services Authority, PT. Sarana Multi Infrastruktur (SMI), World Bank, MCAI, and Mandiri Sekuritas, shared insights during the event. The event was held in a hybrid format, allowing both physical and virtual attendance. Representatives from provincial and district/city governments across Indonesia actively participated.

**Discussion themes included:**

1. Socialization of the maximum cumulative deficit limit of the Regional Budget for 2024;
2. Regional loan socialization;
3. Regional bond and regional sukuk socialization;
4. Socialization of Regional Government and Business Entity Cooperation (KPBU Dareah); and
5. Contributions of development partners and the private sector to regional creative financing.

The ASSIST JP presented its programme activities, emphasizing its role in supporting the enhancement of SDGs financing at the regional level, particularly on ASSIST's work plan to support Subnational Creative Financing in East Java.
Advocacy sessions, hearings, and comprehensive training programmes were organized by the ASSIST JP, through UNICEF, in collaboration with Baitul Mal Aceh (BMA), Baitul Mal Kab./Kota (BMK) Bireun, BMK Aceh Tengah, BMK Aceh Utara, BMK Lhokseumawe, BMK Sabang, as well as Dayah Babussalam Al Hanafiah and Dayah Riadhatul Qulub. The primary objective of these initiatives was to advocate for the integration of the master plan for child-responsive programmes, rooted in family empowerment, into the framework of Baitul Mal programs. Additionally, emphasis was placed on the critical need for establishing a dedicated planning and database unit.

Simultaneously, the training sessions were designed to provide prospective programme assistants with a comprehensive orientation on family empowerment-based child-responsive programmes. The overarching aim was to enhance the institutional capacity of BMK by disseminating and aiding in the implementation of standardized Standard Operating Procedures (SOPs), aligning with the established references at BMA. Furthermore, efforts were directed towards capacitating BMK to effectively utilize ZIWAH funds (Zakat, Infaq, Waqf, and Other Religious Assets) to enhance family welfare, thereby contributing to poverty reduction in Aceh. This involved orienting BMK on the pilot project design of family empowerment-based child-responsive programs.

Budget Olympics: Introducing Younger Generations to Public Finance

The Ministry of Finance, through the MoF/Kemenkeu Learning Center (KLC), organized the 2023 Budget Olympics – with support from the ASSIST JP, through UNICEF. This Olympics, which has been held for six years, carries the theme “Generasi Muda Peduli Uang Kita/Young Generation Caring for Public Finance.” There are four competition categories open to participants, including university students, senior high school students, junior high school students, and teachers.

This competition aims to educate students and teachers about the concepts and policy implementation of the state budget and Public Financial Management (PFM) and encouraging their participation in fiscal discussions.

The number of registrants for the senior high school level competition for the 2023 Budget Olympics reached 4,010 teams (12,030 students), comprising 1,105 teams from regional I (Sumatera), 1,925 teams from regional II (Java and Indonesian students abroad), 475 teams from regional III (Kalimantan, Bali, and Nusa Tenggara), and 505 teams from regional IV (Sulawesi, Maluku, and Papua).

For further information about competition, please visit: https://klc2.kemenkeu.go.id/oa and www.youtube.com/watch?v=TlfC86x-1Co

Or by scanning the following QR Code:

Advocating Child-Responsive Programmes: Collaboration through Islamic Finance Activities in Aceh

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In terms of database enhancement, the BMA database has been seamlessly linked to the web, and the registration application is ready to be operationalized. A significant step forward was taken by BMA through the issuance of a special decree, appointing a dedicated team responsible for the management of the database.

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**Enabling the Sustainable Finance Ecosystem through Comprehensive Support to the Financial Sector**

The Indonesia Financial Services Authority, Otoritas Jasa Keuangan (OJK), has reaffirmed its commitment to creating a Sustainable Finance (SF) environment in Indonesia through the Phase II of the Sustainable Finance Roadmap. Under the ASSIST JP, UNEP will provide capacity building for banks and support the OJK in creating a stronger SF environment.

UNEP has identified SF frameworks as the foundation for Indonesia’s financial institutions (FIs) in navigating the SF environment. Further, this activity is aligned with UNEP’s initiatives that have established the world’s foremost sustainability frameworks to help the global financial industry address sustainability challenges.

UNEP received commitments from Bank Aladin Syariah and Bank Jago mid-year and from BCA and BTPN Syariah later in 2023 to co-develop their SF Frameworks. The team is currently engaging with two other FIs for possible future commitments. UNEP is also supporting these FIs in acquiring further SF practices, such as supporting the integration of the Indonesia Green Taxonomy (IGT) for Bank Aladin Syariah and developing BCA’s internal capacity to prepare for Sustainability Linked Loan product.

Furthermore, UNEP is promoting membership of Indonesian banks in the UN Principles for Responsible Banking (UN PRB). The UN PRB has 325 signatories from banks in 80 countries with total assets of US$ 89 trillion, representing approximately 50% of the global banking sector. Through PRB, banks can receive guidance and assistance to continue their sustainability journey.

UNEP’s contribution to stimulating a stronger SF environment in Indonesia also includes support for OJK. The team received commitment from the OJK Institute to conduct capacity-building events for financial institutions and conduct joint research on sustainable finance in 2024. Furthermore, UNEP has received a request for technical assistance from OJK’s SF Banking Team of the Department of Banking Regulation and Development (Departemen Pengaturan dan Pengembangan Perbankan) on climate-related risk stress test (CRST). UNEP believes this support will complement OJK’s capacity to steer the direction of SF in Indonesia.

Creating an SF environment requires commitment and collaborative actions from all related parties and stakeholders in the financial services sector. The JP is committed to supporting and bridging these efforts and contributing to building an encompassing, innovative, and sustainable economy aligned with nature and public interests in Indonesia.

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**UNIDO and JALA Join Forces in Conducting Assessment on Shrimp Farming in Lombok**

UNIDO under the ASSIST JP is joining forces with JALA, a technology provider company in supporting the aquaculture sector on Lombok Island, West Nusa Tenggara. The journey started with conducting an initial assessment by both UNIDO and JALA in August 2023, which revealed the current state of shrimp farming in Lombok, as the pilot locus for intervention, focusing on productivity, challenges, and sustainability of the shrimp farmers. This initial investigation revealed significant obstacles encountered by traditional shrimp farming methods. From water quality management to disease outbreaks, it became evident that a shift towards more modern and sustainable practices is urgently needed. One of the key takeaways from the assessment is that equipping farmers with the latest technologies and advising them on aquaculture SOPs can significantly enhance productivity of their ponds while minimizing adverse environmental impacts.

By bringing together experts, stakeholders, and technologies, UNIDO and JALA aim to nurture the ecosystem of knowledge and women empowerment for shrimp farmers through the provision of breakthrough solutions enabling them to thrive.
UNDP and the Indonesian Environment Fund (IEF) have launched a Catalytic Funding Programme aimed at supporting startups under the Indonesia Impact Fund in implementing larger-scale impact and climate solutions aligned with the 2030 Agenda. As impact investing gains momentum in Indonesia's entrepreneurial landscape, with ecosystem players focusing more on sustainability and impact, UNDP continues to provide best-practice technical advisory to the Indonesia Impact Fund (IIF) under the ASSIST JP. The IIF, managed by Mandiri Capital Indonesia and convened under the APEC Business Advisory Council (ABAC), emphasizes impact measurement and management.

Despite the progress, key issues persist in the impact investment market, with ventures often facing resource gaps in scaling their impact to high-risk areas or vulnerable communities. To address this, the JP, supported by the Joint SDG Fund, has initiated a milestone-based Catalytic Funding mechanism in collaboration with the IEF, a Public Service Agency under the Ministry of Finance responsible for fund management and disbursement towards climate-oriented activities.

Planned for implementation from January to October 2024, the Catalytic Funding is expected to enable startup recipients to accelerate their intervention and engagement in priority areas aligned with several SDGs, including No Poverty; Zero Hunger; Quality Education; Gender Equality; Clean Energy; Economic Growth; Industry, Innovation, Infrastructure; Sustainable Cities; and Climate Action. Sector-specific projects will target improving financial literacy among small-scale fishermen households, enhancing small-scale farmers’ capacities, providing access to inclusive climate education in underserved areas, and generating employment opportunities for shrimp farming communities.

To inaugurate the initiatives, we held a launch event on 11 December was attended by key figures including the Vice Minister of Finance Suahasil Nazara, Resident Representative of UNDP in Indonesia Norimasa Shimomura, Minister of Economic Affairs from the Embassy of Japan to Indonesia Hajime Ueda, Director-General of Treasury at the Ministry of Finance Asteria Primanto Bhakti, Secretary of the Fiscal Policy Agency Dini Kusumawati, and representatives from various government bodies, financial institutions, startups, and development organizations.
Reinforcing Global Market Access for MSMEs’ SDGs-Oriented Collective Brand ‘MyNyale’ at Trade Expo Indonesia

MyNyale, the first sustainable lifestyle collective brand in Lombok, took center stage at the Trade Expo Indonesia (TEI) on 18-22 October 2023, held in BSD City by the Ministry of Trade. This event marked a significant step in reinforcing global market access for Micro, Small, and Medium-sized Enterprises (MSMEs) in Lombok, showcasing the brand’s commitment to support the SDGs. The establishment of a collective brand is an integral part of the strategic marketing schemes of UNIDO under the ASSIST JP. MyNyale participation at the TEI has received remarkable joint support from the Ministry of Cooperatives and SMEs, as well as the Ministry of Trade, underscoring the collaborative efforts between the Indonesian Government and UNIDO to uplift local MSMEs and to promote sustainable industrial development.

Aiming to collectively exhibit SDGs-oriented products of MSMEs in Lombok, MyNyale offers a unique fusion of exotic tradition, modernization, as well as sustainability practices in three key sectors: textiles, jewelry, and agrifood. In the textile sector, MyNyale presented a captivating range of woven products deeply rooted in Lombok’s culture of handweaving. These items are handcrafted using eco-friendly and natural materials, with a special focus on supporting youth and women-led enterprises. The jewelry sector showcased a stunning collection of handmade jewelry, made in collaboration with skilled artisans, using materials like upcycled shells, mother of pearls, locally sourced South Sea pearls, reclaimed metals, gemstones and other alternative materials. Meanwhile, in the agrifood sector, the brand adheres to sustainable farming practices, promoting low-input and organic products while supporting rural communities and preserving traditional farming methods.

The TEI provided an ideal opportunity for MyNyale to exhibit its SDGs-oriented products, as it has attracted more than 900 local businesses and 3,257 buyers and business people from 88 nations. The brand’s strategic positioning in the expo aligns with the overarching goal of the expo “Sustainable Trade for Global Economic Resilience”, serving as pivotal momentum to escalate sales and to reinforce global market access for MSMEs. With the tagline “My Impactful Choice”, the brand is not merely about commerce, it raises awareness of potential global buyers and businessmen to purchase and invest in SDGs-oriented products to bring about impact to global communities. Hence, MyNyale participation at the expo serves as more than just a showcase of exquisite products: It opens a gateway to increase exposure for impact investors seeking opportunities in SDGs-oriented ventures. This strategic participation positions MyNyale at the intersection of global markets and impact investment, fostering a narrative where economic growth is intertwined with positive social and environmental impact, aligning with the SDGs.

Please access the following link for further reading:
Empowering Indonesia’s Blue Economy

Or by scanning the following QR Code: