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SPECIAL REPORT INDONESIA LEADS ON THE SDGs, MOBILISING BILLIONS OF DOLLARS FOR SUSTAINABLE INFRASTRUCTURE, WOMEN, OCEANS AND FORESTS WITH A FOCUS ON HARMONY AND HAPPINESS

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As the fourth most populous country in the world, and one of the fastest growing emerging markets, Indonesia's ability to deliver high-quality, inclusive growth, in harmony with its natural and human resources is vital. Indonesia is already demonstrating strong leadership for the SDGs: it is striving to meet ambitious climate targets (committing to cut greenhouse gas emissions by at least 29% under the Paris Agreement). It is implementing a Roadmap for Sustainable Finance, issued the world's first green sukuk bond (\$1.25 bn) and the world's first sustainable land use bond (\$95 m) earlier this year, has reduced the country's poverty rate to 9.8% and increased access to clean water to 76.74%.

All this has occurred alongside a major national infrastructure programme which aims to deliver \$400 billion worth of new public-works projects in the transportation, energy, water and waste sectors over five years, in line with the G20's priority focus on infrastructure. Indonesia's national infrastructure finance institution – PT SMI – has recently launched a first-of-its-kind integrated funding platform called "SDG Indonesia One", under the leadership of Sri Mulyani, Minister of Finance. SDG Indonesia One will support large-scale sustainable infrastructure projects in Indonesia; the platform has already reached USD2.34 billion in commitments out of a target of USD4 billion.



"As leaders, as politicians, and as technocrats, we often get very busy and very excited talking about indices, talking about ratios and talking about statistics. We often forget that the ultimate purpose of everything that we work so hard to achieve is quite simply to deliver happiness to our people." President of the Republic of Indonesia Joko Widodo sharing the Triple Happiness key to SDGs at the THK Forum, October 2018

Indonesia continued to set a clear course for the SDGs while hosting the 2018 IMF-World Bank Annual Meetings in Bali. The "Tri Hita Karana Forum on Sustainable Development" (THK Forum) – a two-day conference preceding the Annual Meetings – was a prime example. Endorsed by President Joko Widodo and counting Unilever's CEO Paul Polman and Christiana Figueres amongst the THK Forum Steering Committee, more than 500 high-level delegates attended the THK Forum, under the theme of "Blended Finance and Innovation for Better Business Better World".

Blended finance is the use of development finance (public or philanthropic funds) to mobilise commercial capital for the SDGs. President Jokowi shared with the ASEAN Leaders gathering in Bali and subsequently at the APEC in Port Moresby with 21 heads of States that "Indonesia encourages innovative sources of financing like blended finance."

The THK Forum showed the effectiveness of this approach to financing the SDGs. THK launched over 30 high-impact projects, investments and initiatives, and is estimated to have mobilised close to \$10 billion for priority SDG sectors including green infrastructure, sustainable land use, oceans, ecotourism, health, women and innovation.

In particular, there was a strong focus on women and SDG5; the co-founders of THK Forum were women from diverse backgrounds and many of the key partners and speakers were women leaders, including Christine Lagarde (Managing Director, IMF), Kristalina Georgieva (CEO, World Bank), Mari Pangestu (President, United in Diversity Foundation (UID)), Patricia Espinosa (Executive Secretary of the UNFCCC), Naoko Ishii (CEO, Global Environment Facility), Emma Sri Martini (President of PT SMI), Anousheh Ansari (first female private astronaut, CEO, Prodea Systems), Henrietta Fore (Executive Director, UNICEF), Mary Ellen Iskenderian (President, Women's World Banking), Resa Boenard (Princess of the Dump), Melati Witsen (Bye Bye Plastic), Marisa Drew (CEO Impact, Credit Suisse), Ingrid van Wees (VP Finance and Risk Management, ADB), Shelly Porges, Yu Foo Yee Shun (Singapore MP), Annie Koh (SMU) and others.

The Billion Dollar Fund for Women campaign was also launched at the THK Forum, with almost half a billion dollars already committed to invest in women entrepreneurs across all sectors including food and agriculture, financial services, consumer package goods, AI, blockchain and enterprise software.

Other highlights from the THK Forum include a commitment from Starbucks Indonesia to go "plastic free" by 2020, Blue Halo S, an innovative concept to support sustainable fishing with concession system, projects on renewable energy, low carbon transport and connectivity, a roadmap for the future of Indonesia's food and land use system, a 25 year commitment from Cargill to support an innovative finance mechanism for forest protection and restoration, and the groundbreaking of Tsinghua University's Southeast Asia Centre at the UID Creative Campus in Kura Kura Bali.

The cross-cutting nature of major initiatives at the THK Forum reflected the Balinese "Tri Hita Karana" philosophy which means "Three Ways to Happiness". This philosophy focuses on finding harmony between people, the environment and the spiritual. In his powerful and profound address to the THK Forum, President Jokowi said Indonesia may not be the most advanced or the most wealthy, but it can teach the rest of the world how to be happy by focusing on this ethos of "triple happiness".

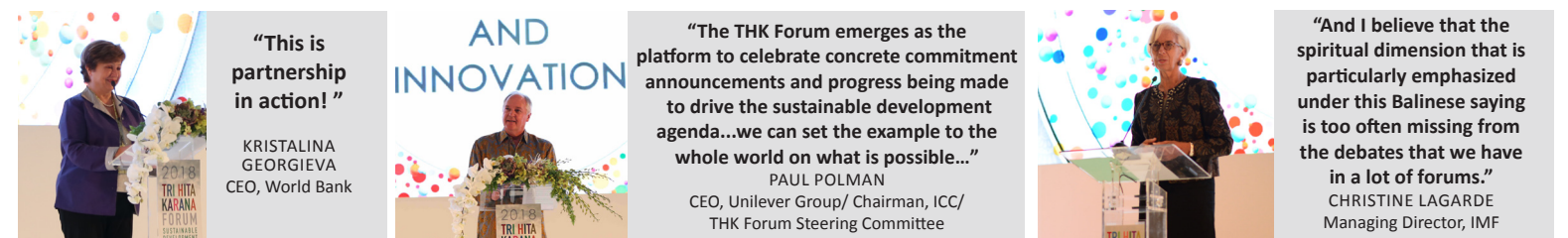


The ground-breaking ceremony for the Tsinghua Southeast Asia Center (Tsinghua SEA) held at Kura Kura Island in Bali, Indonesia.

The 2018 THK Forum was co-organised by the Government of Indonesia with United in Diversity Foundation, International Chamber of Commerce, Business and Sustainable Development Commission Blended Finance Taskforce, and UN Sustainable Development Solutions Network. The World Bank, IMF, China Development Bank, OECD, World Economic Forum, ADB, Milken Institute, Tsinghua University, University of Indonesia, KADIN, APINDO, HSBC, Gajah Tunggal, GITI, MAP, Starbucks and Unilever were also all key partners for this event. Faculty who contributed include Nobel Laureate Joseph Stiglitz, Jeffrey Sachs from Columbia University, Lord Nicholas Stern from LSE, Robert Kaplan from Harvard, Charlie Fines from MIT, Bambang Brodjonegoro and Mari Pangestu, President Qiu Yong and Vice President Yang Bin from Tsinghua University, Ketut Dharma from Udayana University et al.

Jeremy Oppenheim, Chair of the Blended Finance Taskforce, Founder of SYSTEMIQ and advisor of the THK Forum said that "as Indonesia makes high-quality inclusive growth – based on low-carbon infrastructure, sustainable land-use, gender equality, eco-tourism and blended finance – central to its economic strategy, it will inspire countries around the world to step up and show the same level of ambition and action".

Nowhere was this more clearly demonstrated as when the "Tri Hita Karana Roadmap for Blended Finance" was signed at the THK Forum, led by the Indonesian government, ICC, Blended Finance Taskforce, PT SMI, Convergence and major partners from governments including Canada, SIDA, Africa Dev Bank, private sector and civil society facilitated by OECD Secretary General Angel Gurría. The THK Roadmap for Blended Finance is a significant milestone as the international community and Indonesia commit to a shared blended finance value system and action required for the greater mobilisation of private funds to support the delivery of the SDGs. Driving more leadership and collaboration like this will be critical if we are to deliver the SDGs in Indonesia, and the world.



The Roadmap is only a starting point and will shape future action on increasing the effectiveness and scale of blended finance. Partnership from all who operate in the blended finance market is invited. It is only through engaging with a wide set of actors, and building a global community of support to drive this agenda forward, that blended finance can achieve its full potential in the SDG era. The action will be centred around five areas: (1) **Practice**: Translate the common narrative into good practice, (2) **Mobilisation**: Accelerate mobilisation of private commercial finance, (3) **Transparency**: Build on efforts to facilitate transparency in the use of blended finance, (4) **Build inclusive markets**: Addressing specificities in the local and international investment climate, and (5) **Impact**: Promote measurement and monitoring of the impact of blended investments towards the SDGs. Therefore bringing on board all relevant actors will be important in ensuring the effectiveness and impact of the roadmap, including other G20 Members.

Join us in TRI HITA KARANA ROADMAP FOR BLENDED FINANCE towards achieving the sustainable development goals [Contact > info@thkforum.org](mailto:info@thkforum.org)

