

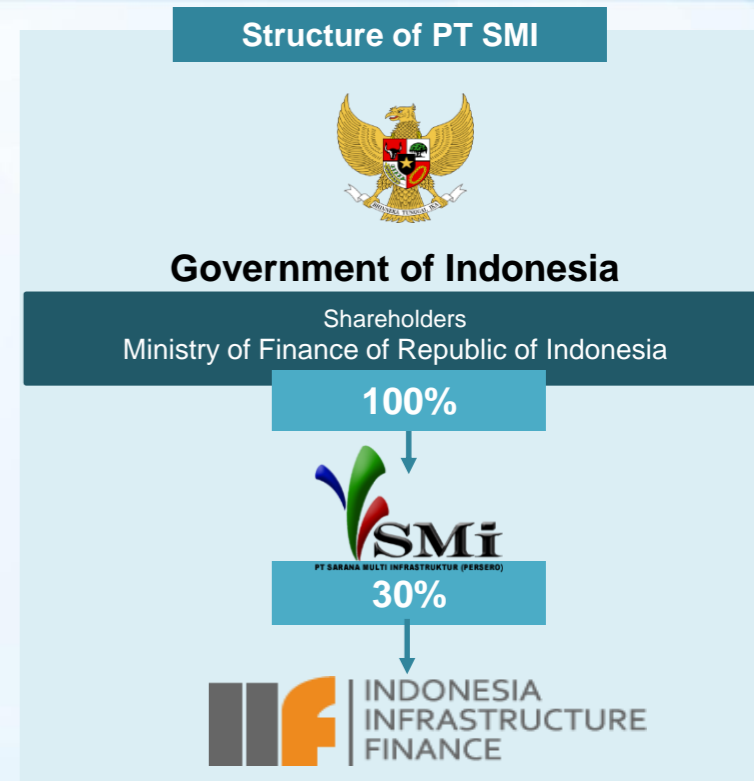
PT SARANA MULTI INFRASTRUKTUR (PERSERO)

PT SMI's Initiative in Green Finance

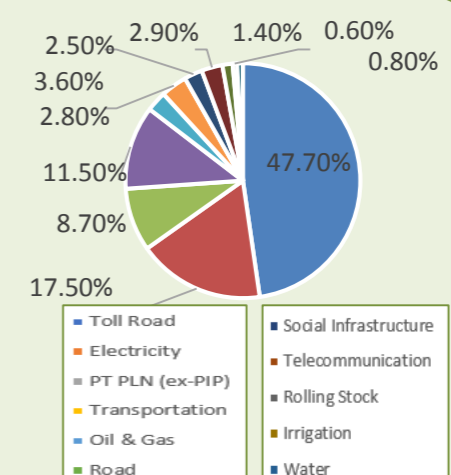
Regional Workshop on Accelerating Renewable Energy
Investment in Southeast Asia

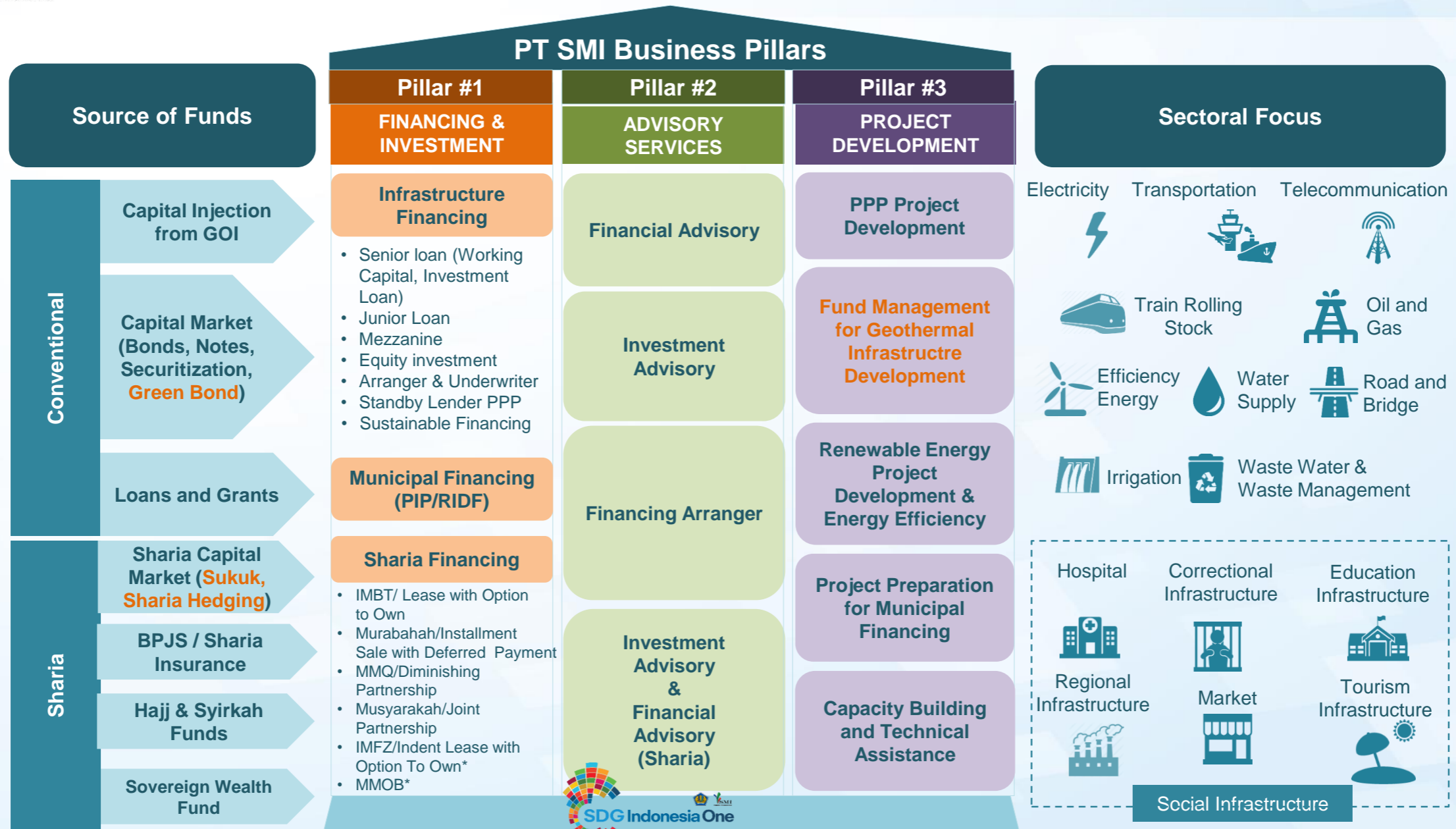
20-21 May 2019, Da Nang, Vietnam

Status	PT Sarana Multi Infrastruktur (Persero) ("PT SMI") was established in 2009 as a State-Owned Enterprise under the Minister of Finance Regulation No. 100/PMK.010/2009 on Infrastructure Financing Companies
Duties	PT SMI carries the duty of supporting the Government's infrastructure development agenda for Indonesia through partnerships with private and/or multilateral financial institutions in Public-Private Partnership (PPP) projects. As such, PT SMI can serve as a catalyst in accelerating infrastructure development in Indonesia.
Ownership	100% owned by the Government of Indonesia
Vision	To serve as catalyst in accelerating national infrastructure development
Mission	<ol style="list-style-type: none"> To become a strategic partner that delivers value added contributions to Indonesia's infrastructure development To develop flexible financing products To offer service excellence backed with good corporate governance



Financial Highlight (December 2018)

<p>AAA/Stable National Rating</p> <p>BBB/Stable International Rating</p> <p>Unqualified Opinion Financial Statement Opinion 9 years in a row</p>	<p>Asset USD 4.3 billion</p> <p>Equity USD 2.5 billion</p> <p>Project Cost USD 38.2 billion</p>	<p>Multiplier Effect to Financing Commitment 6.03 times</p> <p>Multiplier Effect to Paid-up Capital 18.14 times</p>	<p>Commitment USD 6.39 Billion</p> <p>Outstanding USD 3.39 Billion</p>	
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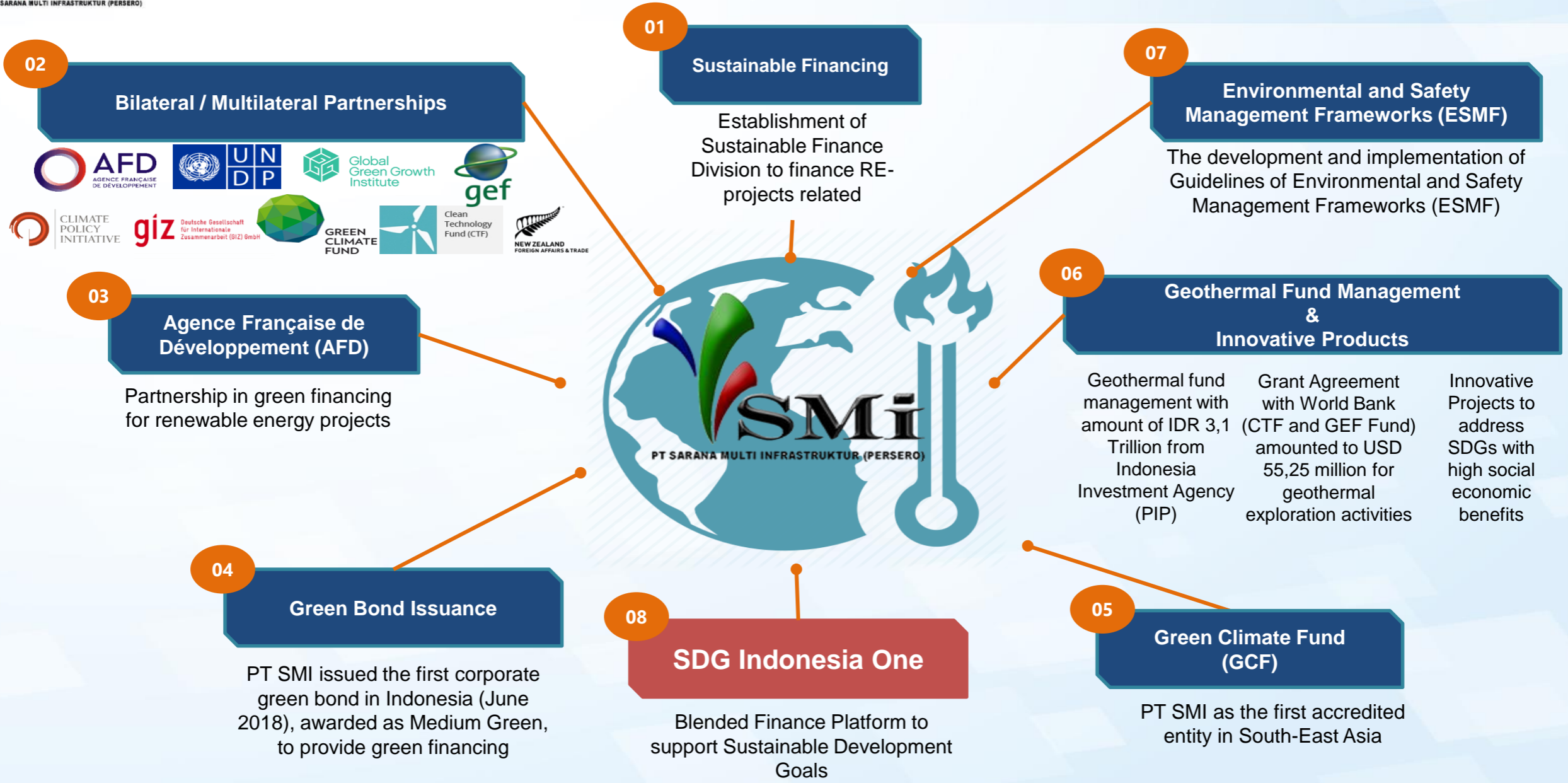


IMBT= Ijarah Muntahia Bittamlik
MMQ= Musarakah Mutanaqisah

MMOB= Mudharabah Muqayyadah on Balance Sheet
IMFZ= Ijarah Mausufah Fiz Zimmah

*Under development process
New initiatives in 2018

PT SMI's Concrete Steps to Support Sustainable Development



New Business Unit

Sustainable Financing

Focus

- New & Renewable Energy
- Energy Conservation
- Waste Management

Product

- Loan
- Grant
- Quasi Equity Facility
- Technical Assistance

Strategy

- Create strategic relationship with potential clients
- Create strategic cooperation with multilateral institutions
- Coordination with government institutions

Economical

Social

Sustainable Development & Green Growth

Environmental

Landscape of Climate Change Funding

Contributor Countries

Multilateral Funds

- Green Climate Fund
- Clean Technology Fund
- Global Environment Facility
- Nationally Appropriate Mitigation Action Facility
- Adaptation Fund

Bilateral Funds

- International Climate Fund (UK)
- Global Climate Change Initiative (USA)
- KfW Development and Climate Finance
- International Climate Initiative (Germany)

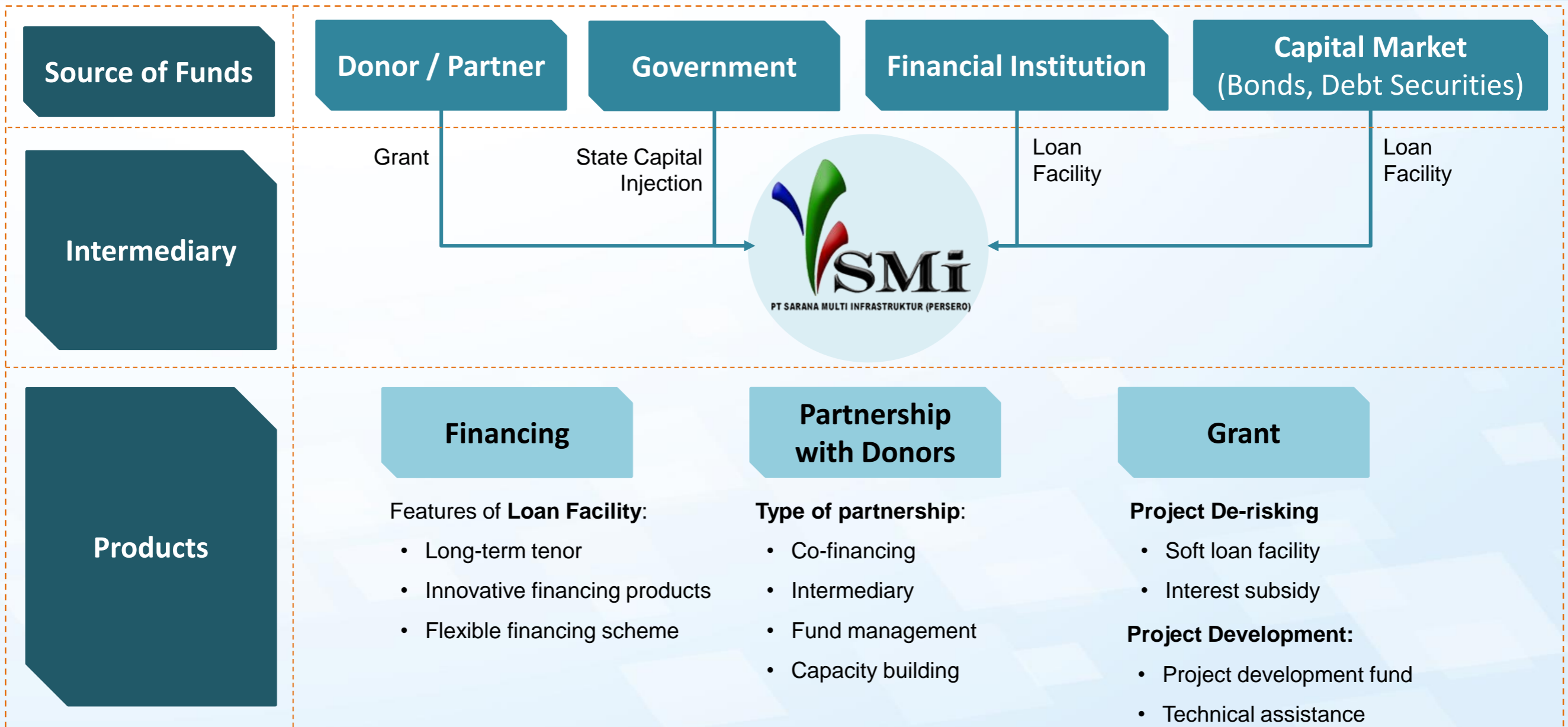
Private Funds

- DEG - Deutsche Investitions- und Entwicklungsgesellschaft GmbH
- Climate Public Private Partnership
- Climate Insurance Fund
- Acumen

Implementing Agencies and Institutions

- The World Bank
- Asian Development Bank
- KfW Development Bank
- AFD – French Development Agency
- GIZ – German Development Agency

Recipient Countries



Strategic Partnership with Bilateral / Multilateral Institutions

Technical Assistance



Climate Policy Initiative (CPI)
Grant USD 200,000 for project assessment & capacity building on climate change and clean energy project



UNDP
Technical Assistance
Wind Power - USD 300,000



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GIZ
Consultation RE & Sustainable Transportation



GGGI
Collaboration for Green Projects Promotion



AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT
AFD
Soft Loan USD 100 million, Grant USD 5 million, & TA EUR 400,000 for RE & EE



GREEN CLIMATE FUND
GCF
As Accredited Entity



THE WORLD BANK
Implementing Agency



Clean Technology Fund (CTF)
Grant USD 49 million



AIIB & World Bank Group
RIDF Loan
AIIB (USD 100 million)
World Bank (USD 100 million)



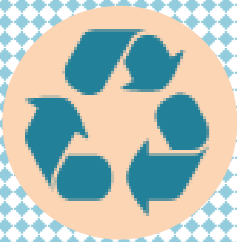
ADB & World Bank Group
Subordinated Loan to IIF
ADB (USD 100 million)
World Bank (USD 200 million)



Global Environment Facility (GEF)
Grant USD 6.25 million



NEW ZEALAND FOREIGN AFFAIRS & TRADE
New Zealand Foreign Affairs & Trade
Technical Assistance NZD 2.13 million



Facility Distribution Scheme



Credit Facility Agreement (CFA)

Loan Facility
 US\$ **100** Million
 10 years tenor with
 3 years grace period

Quasi Equity Facility (QEF)

Grant Facility
 US\$ **5** Million
 De-risking tools
 for PT SMI

Technical Assistance Programme (TAP)

Grant Facility
 EUR **400** Thousand
 Expertise &
 transfer knowledge

First Loss Mechanism (FLM)

Purpose

To derisk part of the Eligible Loan provided by PT-SMI to a SMI's Client for an Eligible Investment.

Eligibility

PT-SMI would have the right to use a portion of the Grant to cover its first losses, up to the loss incurred by PT-SMI with a maximum of 15% of SMI's Loan or a maximum amount of USD 2 Million in case any eligible investment failure happens before the Commercial Operation Date.

Case: The Use of FLM as a De-Risking Tool



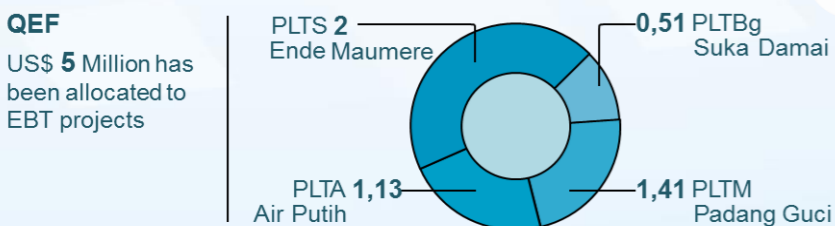
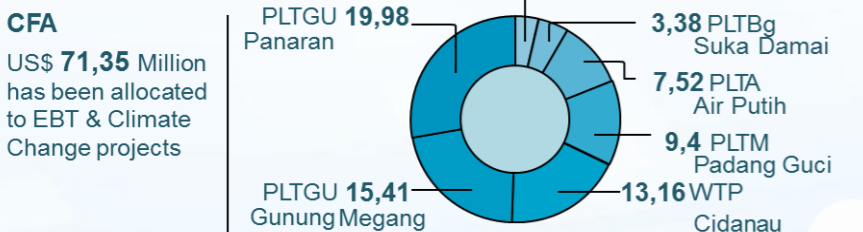
Project	Air Putih Mini-Hydro Power Plant
Location	Ladang Palembang, Lebong Utara, Bengkulu
Project Cost	US\$ 50.44 Million
Capacity	21 MW

Project Description

Power generation under a run-off river scheme with annual energy electricity of 116.42 x 10⁶ kWh. The project will supply electricity to the regional power network and contribute to improving the stability and reliability of the power system.

Social Economic Benefits

- Support **~US\$ 300 Million** Green Investment
- Reduce **~250 Thousand Ton CO2** per year protect
- 1,5 Million People** from climate change impacts (access to clean water)
- Build **15,5 MW** renewable energy capacity / equivalent to 21,527 thousand households (900 VA)



Optimization of Sustainable Funding: PT SMI as the First Issuer of Corporate Green Bond in Indonesia

Compliance of Standard


Regulatory Standard

Second Opinion

100%

Eligible Green Projects



Global 



Green Bond Principles (GBP)

Second Opinion Provider:



Regional 



ASEAN Green Bond Standards (GBP)

Second Opinion Result:



Local 




OJK Regulation (POJK Number 60/2017)

“Similar to Sovereign Green Sukuk Government of Indonesia”

Eligible Sectors

1. Renewable energy
2. Energy efficiency
3. Sustainable pollution management and prevention
4. Sustainable natural resource and land use management
5. Clean transportation
6. Sustainable water and sewage management

Unique Features 



Environmental and Social Safeguard (ESS)




Annual Impact Reporting



Management of Funds (Dedicated Account)

Total Issuance
IDR 500 Billion
Programme Bond with Total Amount of IDR 3 Trillion

Optimization of Sustainable Funding: PT SMI as Green Climate Fund's Accredited Entity



GREEN CLIMATE FUND

Financial Instruments:

- Grant
- Loan facility
- Guarantee
- Equity

Sectors:

- Renewable energy
- Energy efficiency
- Climate change


MITIGATION

Energy Generation and Access
Forest and Land Use
Transport
Building, Cities, Industries, and Appliances

ADAPTATION

Health, Food, and Water Security
Livelihoods of People and Communities
Ecosystems and Ecosystem Services
Infrastructure and Built

Category	GCF Board Decision
Maximum size of an individual project or activity within a programme	Small (Including Micro) Total project cost ≤ USD 50 million
Fiduciary Function	<ol style="list-style-type: none"> 1. Basic fiduciary standards; 2. Project management 3. Grant award and/or funding allocation mechanism; 4. On-lending and/or blending (for loans)
Maximum environmental and social risk category	Medium Risk (Category B/ Intermediation 2 (I-2)) Mild adverse environmental and/or social risk, generally site specific, largely reversible, readily addressed through mitigation measures



BRT Semarang

Location: Semarang City, Central Java

Project Cost: Rp 18.9 billion (~USD 1.26 million)

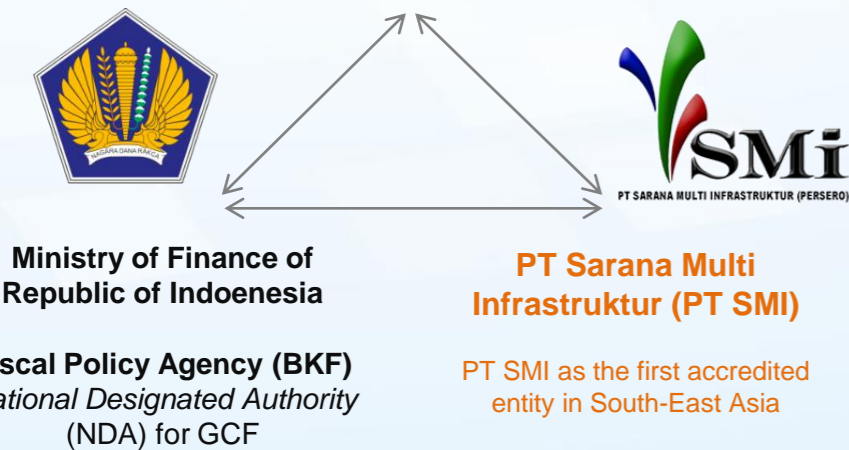
Role of PT SMI: **SDG Development Facilities**

Project Uniqueness:

- PDF grant provided by **Green Climate Fund (GCF)** for activities including: Feasibility study, ESIA, LARAP
- PDF procured by **GIZ** for activities including Pre-FS, Legal Study, Gender Assessment, Risk Analysis, Stakeholder Management

Social-Economic Benefits:

- Reduce GHG emission by enhancing public transport role as the backbone for urban mobility
- BRT project will also increase the quality of life of these 1,000 individuals and might open new job opportunity up to 2,000 people.
- The time savings obtained in the 15-20 km corridors will be multiplied by more than 115,000 passengers who use the system on daily basis



Funding Type

NDA --- Readiness and Preparatory Support

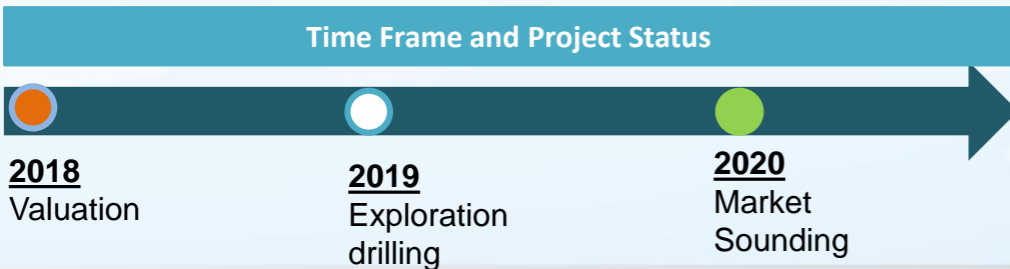
Accredited Entity --- Project Preparation Facility (PPF).
Financial Instrument: Grant, Repayable Grant, Equity

Funding (Investment) Proposal.
Financial Instrument: Grant, Loan, Equity, Guarantee

Geothermal Fund Management: Scheme for Geothermal Energy Upstream Development Projects (GEUDP)

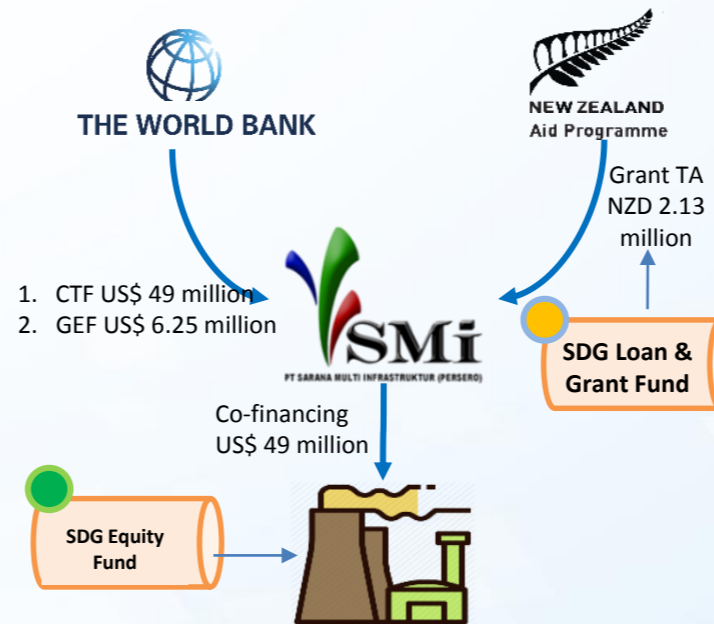
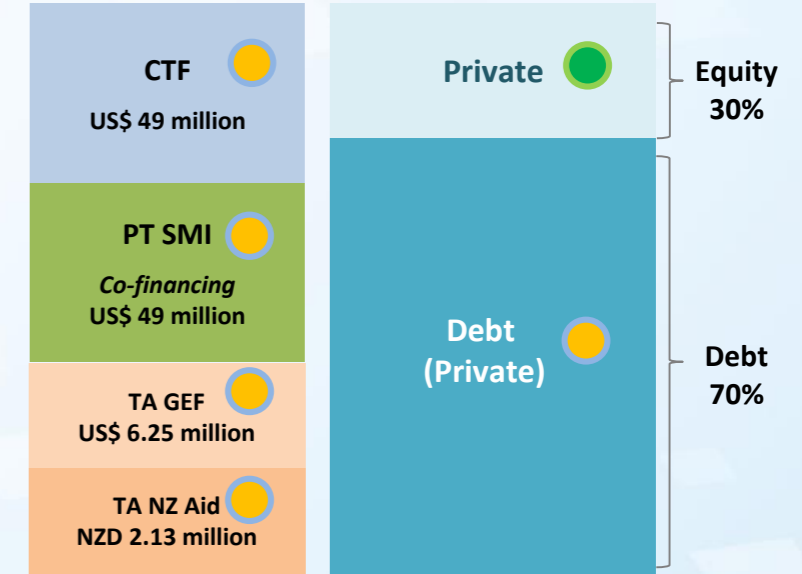
Indicative Project Structure	
Project Description	Exploration project in geothermal energy to increase the electrification ratio of East Nusa Tenggara Province
Geothermal Area	Wae Sano
Province	East Nusa Tenggara
Potential	30 MW
Estimated Project Cost	USD 27.5 million

- ### Social & Economic Benefits
1. Illuminate approximately 33,000 houses in the surrounding area.
 2. Increase the electrification ratio of East Nusa Tenggara Province. Currently the ratio is only at 59%.
 3. Improve the regional economy with the potential of increased tourism development and create jobs opportunity.

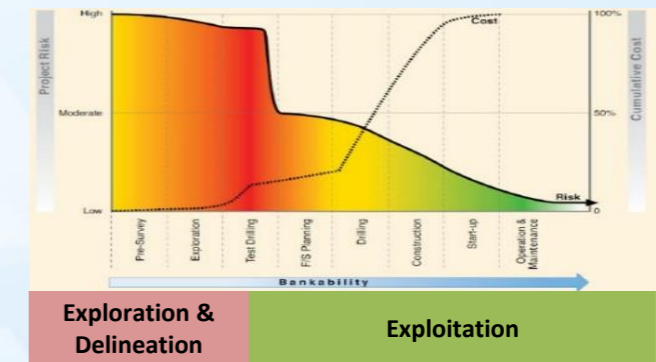


Indicative Capital Structure

Grant & TA



Geothermal Exploration Drilling



● SDG Loan & Grant Fund
 ● SDG Equity Fund

Off-Grid Solar PV Financing (East Sumba, NTT)



Project	Off-Grid Solar PV
Location	East Sumba, NTT
Project Cost	US\$ 5,945,153
PT SMI's Portion	US\$ 2,200,000

- Project Description**
- One of renewable energy projects that is financed under the grant from Millenium Challenge Corporation (MCC) and the Government of Indonesia.
 - Increase electricity capacity of 492 kWp in East Sumba

Source of Repayment

Grant from International Donor

Experience

Good track record in long-term EPC projects, especially in renewable energy power plant (± 10 years)



2 Mega Watt of electricity deficit or around 33% from the total of electricity power in East Sumba

The Uniqueness of PT SMI's Financing and Investment Products

Case Study: Promoter Financing for PLTMH Lau Gunung Project

Project Profile



Project Lau Gunung Mini-Hydro Power Plant

Location Dairi, North Sumatera

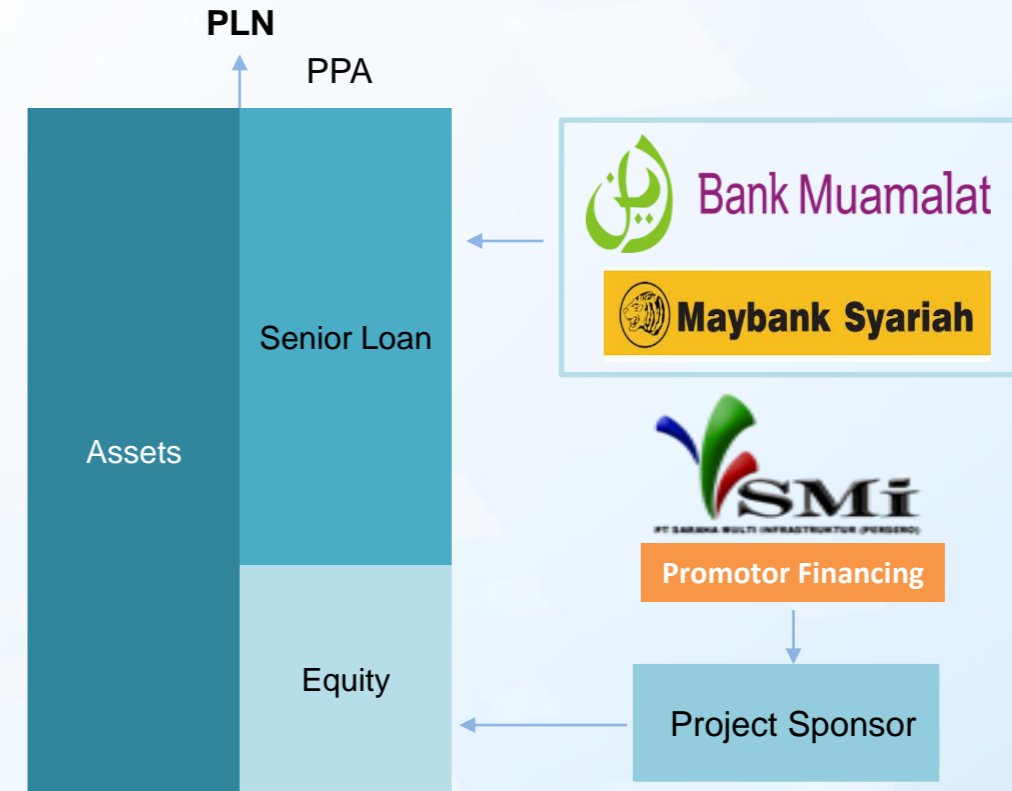
Project Cost IDR 288 billion

PT SMI's Portion IDR 50 billion

Project Description

Promoter Financing as a capital injection and/or loan to PLN's subsidiary for Mini Hydro Power Plant development and operational with 2x7.5 MW capacity in Dairi, North Sumatera

Project Structure




Maturity	1 Year
Notes	SMI provides promoter financing facility as a creditor for the project sponsors

Implementation of Environmental and Social Safeguard in PT SMI's Project Financing

PT SMI ESS Architecture

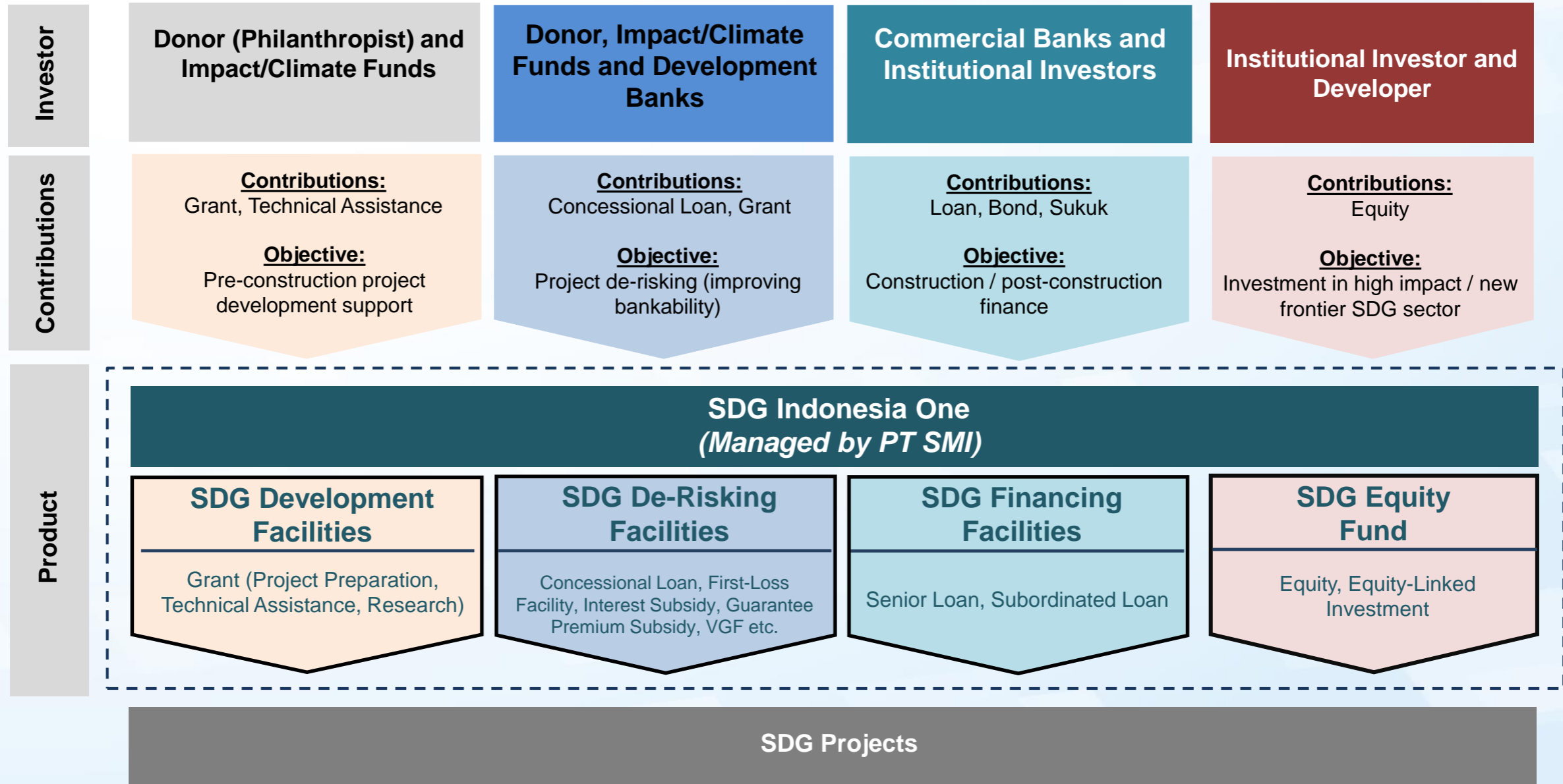


SDG Indonesia One Concept Note

Platform Name	SDG Indonesia One
Use of Proceeds	<p>15 Sustainable Development Goals <i>Today PT SMI obtain the mandate to focus only on infrastructure sector; therefore, it is permitted only to get involved in the 15 out of 17 SDGs</i></p> 
Priority Sector	Health, education, renewable energy and urban infrastructure (transportation, water and waste management)*
Role of the Platform	<ul style="list-style-type: none"> • Integrated platform support to projects (development, de-risking, construction) • Link project activity with the most suitable investors • Channel development finance via integrated-managed facilities
Project Location	Indonesia
Product Type	Grant, Loan and Equity, Technical Assistance, Capacity Building, Research
Structure	PT SMI as the intermediary, partners, fund manager, co-financier, sponsor, investor and implementing agency
Value Proposition	<ul style="list-style-type: none"> • PT SMI as a non-bank financial institution, 100% owned by the Government of Indonesia. • Extensive experience and strong track record investing in Indonesia. • The first financial institution accredited in Southeast Asia by the Green Climate Fund (GCF).
Source of Capital	Philanthropist, donor, climate funds, green investors, multilateral development bank, international agencies, commercial banks, sovereign wealth funds, institutional investors.

*Potentially Can Be Expanded

SDG Indonesia One Provides End-to-End Financing Support to Project Development





Thank You

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PT Sarana Multi Infrastruktur (Persero)



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