

The background features a complex geometric pattern of overlapping triangles in various shades of brown, purple, and black. A thin, light-colored grid is overlaid on this pattern. A large, semi-transparent semi-circle is centered horizontally, framing the main title text.

Notes on Sustainable Finance Landscape in Indonesia

Indonesian Center for Environmental Law

Development of Indonesia's Sustainable Finance Landscape



Sustainable Finance Landscape

- **Financial Services Authority (OJK) No. 51 year 2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuer Companies, and Public Companies**
 - Defining sustainable finance as the comprehensive support from the financial services sector to create sustainable economic growth by harmonizing economic, social, and environmental interests → This definition only limited to financial services sectors, yet absence discussion on investment
 - In implementation there are several notes: Sustainable Finance action plan shall be easily accessible for public; obligation to conduct monitoring and evaluation; strengthening the accountability; sanction
- **Financial Services Authority Regulation No. 60 year 2017 on Green Bond**
- **Law No. 4 year 2023 on Financial Sector Development and Strengthening**
 - May also include “investment” as sustainable finance
 - Mandating to develop Sustainable Finance Committee consist of Ministry of Finance, Financial Services Authority and Central Bank (Bank Indonesia), but environmental and natural resources - related sector and investment-related sector are not engaged
 - Has not amplying human rights and environmental principles ; not specifically provide protection for the implementation of gender-friendly business ; absence of the obligation of financial service institutions to implement transparency and accountability

Indonesia's Green Taxonomy 1.0 – 2.0

Green Taxonomy 1.0

GREEN: protect and improve the environment

YELLOW: not significantly harmful to the environment and prerequisites must be met for financing

RED: harmful to the environment

Green Taxonomy 2.0 (Sustainable Taxonomy)

- Captive power plant?
- Consider main contributing sectors: coal, palm oil
- Adding quantitative criteria which consider national interests
- Focus on downstream efforts?

Notes:

- Small and medium scale enterprises consider as green activity, while the capital may reach minimum IDR 2 billion
- Strong criteria for yellow tier? (i.e. palm oil plantation that comply with Indonesian Certification)
- No obligation to publish the beneficial owner from an activity
- To what extent "national interest" factor will affect in the revision process?