



BIODIVERSITY FINANCING THROUGH GREEN SUKUK

BACKGROUND

Government of Indonesia issued its first Islamic ‘green’ sovereign bond known as Green Sukuk in early 2018 listed in Singapore Stock Exchange and NASDAQ Dubai. It has attracted investment around US\$ 1.25 billion.

ROI’s green bond and green sukuk framework has set criteria of eligible green projects encompassing 9 sectors. However, projects specific to sustainable management of natural resources, which also contains biodiversity-related, have been found very limited.

ELIGIBLE GREEN PROJECTS

Green projects refer to projects which promote the transition to low-emission economy and climate resilient growth, including climate mitigation, adaptation, and biodiversity in accordance with the framework’s criteria and process.



Generation and transmission of energy from renewable energy



Improvement of the energy efficiency of infrastructure and efficiency



Resilience to Climate Change for Highly Vulnerable Areas and Sectors



Developing clean and climate resilient transportation systems



Improving waste management and transforming waste to energy source



Sustainable management of natural resources and biodiversity conservation



Developing and optimization of tourism areas with Green Tourism Principles



Developing green buildings in line with GBC Indonesia Greenship



Developing sustainable agriculture management and methods

GREEN SUKUK FOR BIODIVERSITY PROJECTS

Under ROI’s green bond and green sukuk framework, eligible project related to biodiversity can be included in the **Sustainable Management of Natural Resources** category. It covers activities such as;

First, Increasing carbon absorption by developing new forest areas or by revitalizing damaged forest areas using drought/flood/extreme temperatures resistant varieties.

Second, biodiversity and habitat conservation through the sustainable land use, sustainable agriculture, fisheries, and forestry management, protection of the coastal and marine environment, as well as sustainable pest management.



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BIOFIN MAIN ACTIVITIES



Identify potential green project from biodiversity sector



Develop metric of biodiversity project for green sukuk



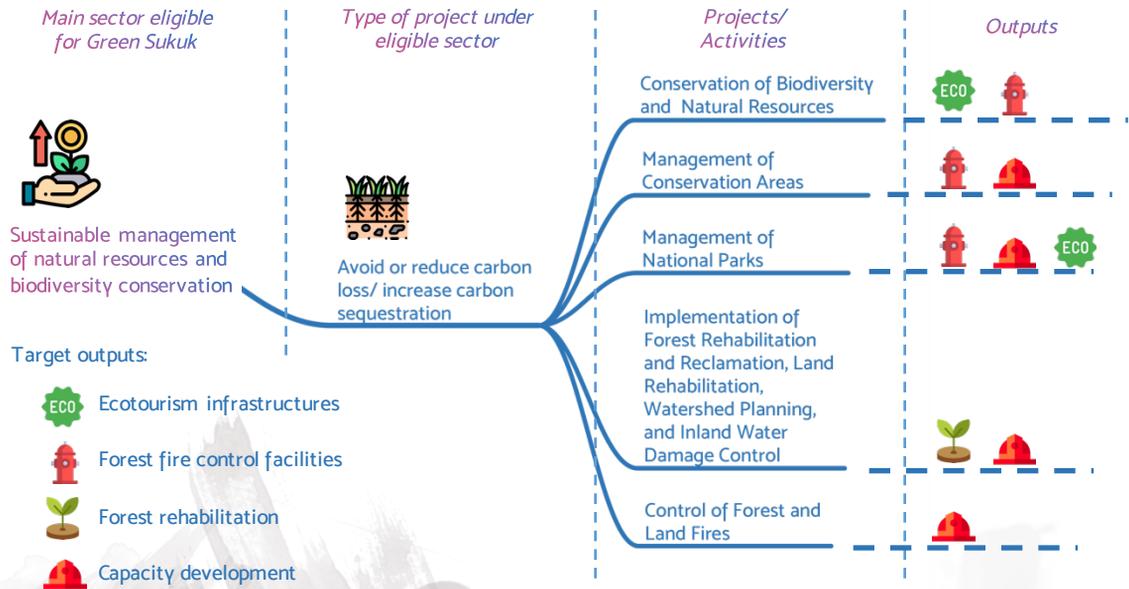
Work with key ministries to increase capacity



Identify using budget tagging of biodiversity project

POTENTIAL PROJECTS

Based on the initial identification result for fiscal year 2016 and 2018, several potential projects related to sustainable management of natural resources were found however the number and size of project were small. Compared to project related to climate change mitigation, eligible project related to habitat and biodiversity conservation is few. This due to the absent of guideline covering criteria and indicator for biodiversity related projects.



* example of eligible project from MOEF for fiscal year 2018

CHALLENGES & NEXT STEPS

Challenges



budgets for the Sustainable Management of natural resources are not all translated into capital expenditure/investment



the absence of criteria and indicators as identification guides



Biodiversity program and activities has indirect impact on reducing GHG emissions



budget for biodiversity is less than budget for climate change mitigation

Next Steps



Inform relevant stakeholders through publication, capacity building on green sukuk



Workshops for developing guidelines of eligible project on habitat and biodiversity conservation activities



Further identification of potential activities related to biodiversity

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