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# BIOFIN INDONESIA

## The Biodiversity Finance Initiative

Biodiversity Finance Initiative (BIOFIN) is a global partnership addressing the biodiversity finance challenge in a comprehensive manner.

### The Five Main Focuses

#### Biodiversity Finance Policy and Institutional Review (PIR)

Through this process, the national BIOFIN Team maps the impact of economic sectors on biodiversity, identifies the main financing mechanisms being used and reviews which subsidies have an impact on biodiversity. The PIR also reviews the overall financing architecture for biodiversity in the country and generates specific recommendations for an improved institutional framework.

#### Biodiversity Expenditure Review (BER)

Through the Biodiversity Expenditure Review, the national BIOFIN team assesses which expenditures national stakeholders incur towards biodiversity, from both national and international resources, including the public and private sector. This helps the country generate national level expenditure data on biodiversity.

#### Biodiversity Finance Needs Assessment

Detailed calculations will be made to find out how much it would cost to complete all activities and reach all goals of the Indonesian Biodiversity Strategy and Action Plan (IBSAP).

#### Biodiversity Finance Plan (BFP)

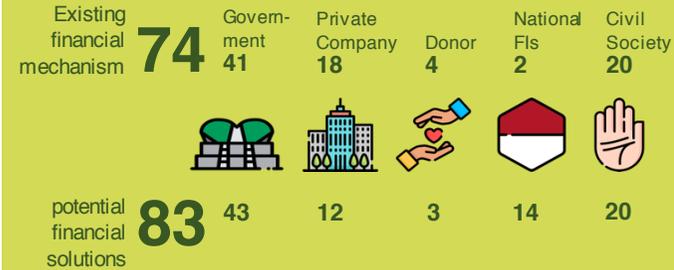
Under this component BIOFIN will develop a strategy to mobilize potential finance actors and finance mechanisms to raise revenue for biodiversity and ecosystem services conservation.

#### Implementing the Biodiversity Finance Plan

The scope of activities shall be defined by the recommendations of the Resource Mobilization Strategy.



### Biodiversity Financial Plan



### Potential Financial Solutions

|                                       |  |   |   |
|---------------------------------------|--|---|---|
| Zakat, Infaq, Shadaqah, Waqf (ZISWAF) | Crowdfunding                           | Green/ Blue Sukuk                           | Ecological Fiscal Transfer for Conservation |
| CSR for Biodiversity                  | Private Platform for Coral Restoration | Tourism Fees & Commercial Advertisement     | Debt for Nature Swap                        |
| Bioprospecting                        | Biodiversity Offset                    | Rare Species Fee                            | Wastewater Fees and Penalties               |
| Environmental Trust Fund              | Aid Coordination                       | Impact Investment through Green/ Blue Sukuk | State Budget                                |

\* Highlighted are BIOFIN's current priority



## Financial Solutions Proposal

### Strategizing Islamic Fund and Matching Private Fund for Marine Protected Areas (MPA)

Insufficient biodiversity financing has led to ineffective management of Marine Protected Area. Given current funding needs and available budgets, there is a current biodiversity financing gap of over \$1.1 trillion US dollars.

**Potential of Islamic fund for alleviating poverty and provide opportunity to close the biodiversity financing gap.**



#### Kawasan Konservasi Pulo Pasi Gusung

Bontoharu Sub-Regency  
 Fishermen: 874 HH  
 Coconut estate: 256,971 ha  
 Recipient of RASKIN: 1,034 HH

Bontolebang Population: 268 HH, 974 person  
 Poor: 30 HH, 120 person  
 Percentage : 12.32% of population

#### Taman Nasional Takabonerate

Takabonerate Sub-Regency  
 Fishermen: 1,570 HH  
 Coconut estate: 92,378 ha  
 Recipient of RASKIN: 1,274 HH

Rajuni Population : 503 HH, 2,039 person  
 Poor : 62 HH, 250 person  
 Percentage : 12.26% of population  
 Coconut Estate : 10.5 ha

### Green Sukuk for Biodiversity Project

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**.

Indonesia green bond and green sukuk has set criteria of eligible projects encompassing 9 sectors, among them are the sustainable management of natural resources. However, current project that targets biodiversity-related sector have been found very limited.



Identify project with biodiversity component

Develop project impact metric for green sukuk

Work with key ministries to increase capacity

Budget tagging of biodiversity project

## Crowdfunding

Crowdfunding is generally defined as “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet”.

#### Outputs:

Crowdfunding through sport activities are implemented and raise funding to be channelled to biodiversity-related projects.

#### Outcomes:

Crowdfunding campaign for biodiversity financing attract public interest

Identify existing platform for crowdfunding, analyze and recommend strategy to pilot biodiversity financing through crowdfunding



Implement pilot biodiversity financing through crowdfunding and document its success and/ or failures

Working with key stakeholders, to identify potential biodiversity project/ activities for key area potential for funding



Identify and attract other funding sources to fill the gap if the crowdfunding result less than expected

### Private Platform for Coral Reef Restoration



225 coral reef species



99,093 KM of coastline



5,319 species of sea fauna



70% of sea area

Partnership on advancing National Coral Reef Restoration Movement provides an opportunity to partner with many other companies to protect and conserve marine ecosystem.

The initial partnership is with MARS to bring participants who are eager to learn and apply the skills and expertise on marine conservation. The participants are mostly CSOs, NGOs, and government staff who are responsible for protecting marine national parks or marine conservation areas.

## Ecological Fiscal Transfer

Ecological Fiscal Transfers (EFT) is a modification of intergovernmental fiscal transfers—redistributing the national budget across levels of government according to agreed upon ecological principles and priorities.

At present, there are four types of intergovernmental fiscal transfer mechanism; General Purpose Grant (DAU), Specific Purpose Grant (DAK), Regional Incentive Fund (DID), and Village Fund (DD). Unfortunately, DAD Environment is the only instrument that accommodate ecological component within its requirement.

DID, which incentivize local government project through fiscal transfer, is one of the possible ways to compensate the biodiversity restoration activities such as conservation, which is more efficient and less costly than establishing a complex regulatory framework.

#### Proposed Key Activities



Focus on DID



Assess ecological aspect for the prioritised categories



Adjustment on the general item and specify it for ecological needs tourism

### CSR for Biodiversity



US\$ 10,761 M revenue from tourism industry



10,406,759 tourist on 2015



US\$ 28,208 M GDP from tourism activity



3.5 M jobs from tourism

The integration of financial institution to support ecotourism business allow capacity of community for production, marketing increased. This in turn, increase income of community and reduce the pressure to natural resource through maintaining and preserving natural resources as their prime asset.

Development of ecotourism is one of prioritized activities under biodiversity utilization action plan set in the IBSAP. Consultation with stakeholders including financial service authority (OJK) identified location and potential financing from corporate responsibility of national banks under sustainable finance framework.