



# 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



#### PT SMI at a Glance

**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

- 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

# Structure of PT SMI **Government of Indonesia** Shareholders Ministry of Finance of Republic of Indonesia 100% 30% **INDONESIA INFRASTRUCTURE**



**AAA**Stable

BBB/Stable

**National Rating** 

International Rating

Highest rating for local company

Almost equal to

Government

Rating

Asset

**Equity** 

**Multiplier Effect to** USD4\_3billion **Financing Commitment** 

**6.03**times

18.14times

**Multiplier Effect to** 

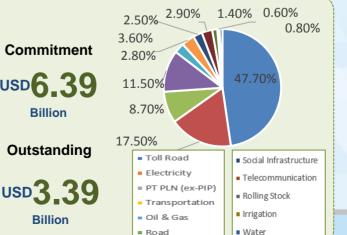
**Paid-up Capital** 

USD6.39

Outstanding

Billion

USD3.39 **Billion** 



**Unqualified Opinion** 

Financial Statement Opinion 9 years in a **Project Cost** 

USD 2.5 billion



#### **Our Business Model**

#### **PT SMI Business Pillars** Pillar #1 Pillar #2 Pillar #3 **Source of Funds Sectoral Focus FINANCING & PROJECT ADVISORY INVESTMENT DEVELOPMENT SERVICES** Electricity Transportation Telecommunication Infrastructure **PPP Project Capital Injection** Financing **Development Financial Advisory** from GOI · Senior loan (Working Capital, Investment Loan) Conventional Train Rolling Oil and **Fund Management** Junior Loan **Capital Market** Stock for Geothermal Gas Mezzanine (Bonds, Notes, Investment Infrastructre · Equity investment Securitization. **Advisory Development** Efficiency Water · Arranger & Underwriter Road and **Green Bond)** Energy Standby Lender PPP Bridge Sustainable Financing **Renewable Energy** Waste Water & Irrigation 🔉 **Project Municipal Financing** Waste Management **Loans and Grants Development &** (PIP/RIDF) **Financing Arranger Energy Efficiency Sharia Capital Sharia Financing** Correctional Hospital Education Market (Sukuk, **Project Preparation** IMBT/ Lease with Option Infrastructure Infrastructure **Sharia Hedging)** for Municipal to Own **Financing** Murabahah/Installment **BPJS / Sharia** Investment Sale with Deferred Payment Sharia Insurance **Advisory** MMQ/Diminishing Regional Tourism & Partnership Market Infrastructure **Capacity Building** Hajj & Syirkah Infrastructure Musyarakah/Joint **Financial** Partnership and Technical Funds **Advisory** IMFZ/Indent Lease with Assistance (Sharia) Option To Own\* **Sovereign Wealth** MMOB\* Social Infrastructure **Fund** SDG Indonesia One



03

#### PT SMI's Concrete Steps to Support Sustainable Development

02 **Bilateral / Multilateral Partnerships** Global Green Growth Institute

> Agence Française de **Développement (AFD)**

Partnership in green financing for renewable energy projects

**Green Bond Issuance** 

PT SMI issued the first corporate green bond in Indonesia (June 2018), awarded as Medium Green, to provide green financing

Sustainable Financing

Establishment of Sustainable Finance Division to finance RFprojects related

> **Geothermal Fund Management Innovative Products**

**Environmental and Safety** 

**Management Frameworks (ESMF)** 

The development and implementation of

Guidelines of Environmental and Safety

Management Frameworks (ESMF)

Trillion from Indonesia **Investment Agency** (PIP)

05

**Grant Agreement** with World Bank amounted to USD 55,25 million for geothermal exploration activities

Innovative Projects to address SDGs with high social economic benefits

**SDG Indonesia One** 

08

PT SARANA MULTI INFRASTRUKTUR (PERSER)

Blended Finance Platform to support Sustainable Development Goals

**Green Climate Fund** (GCF)

PT SMI as the first accredited entity in South-East Asia

Geothermal fund management with amount of IDR 3,1 (CTF and GEF Fund)



#### PT SMI's Initiative in Sustainable Financing

**New Business Unit** 

#### Sustainable Financing

#### **Focus**

- New & Renewable Energy
- Energy Conservation
- Waste Management

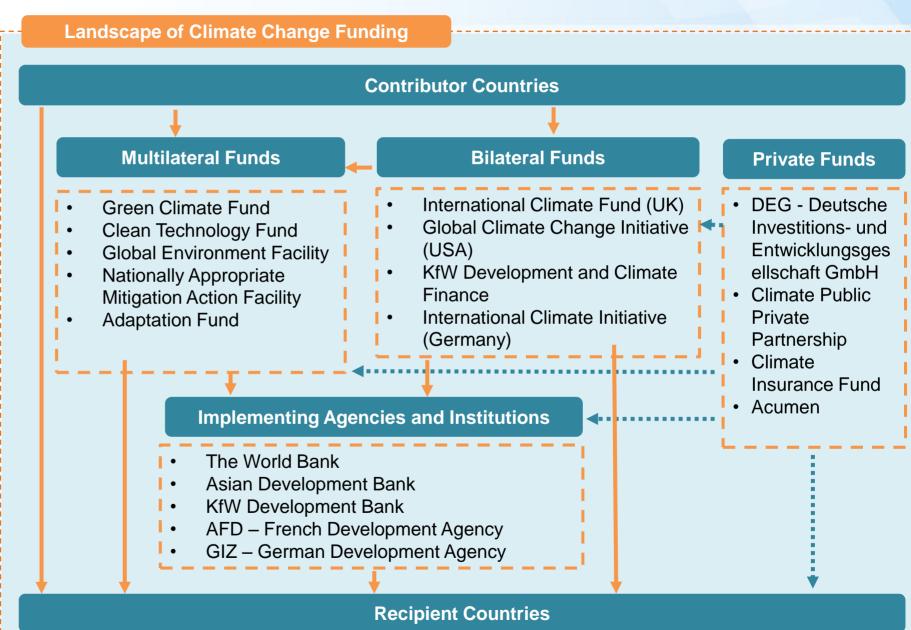
#### **Product**

- Loan
- Grant
- · Quasi Equity Facility
- Technical Assistance

#### **Strategy**

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







#### **Financing Business Model**

Project development fund

Technical assistance

**Capital Market Donor / Partner Financial Institution** Government Source of Funds (Bonds, Debt Securities) Loan Loan Grant State Capital **Facility Facility** Injection **Intermediary Partnership Financing** Grant with Donors Features of Loan Facility: Type of partnership: **Project De-risking Products**  Co-financing Soft loan facility · Long-term tenor Innovative financing products Intermediary · Interest subsidy Flexible financing scheme Fund management **Project Development:** 

Capacity building



#### 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



#### **AFD**

Soft Loan USD 100 million, Grant USD 5 million, & TA EUR 400.000 for RE & EE







Implementing Agency



Clean Technology Fund (CTF) Grant USD 49 million



GIZ Consultation RE & Sustainable Transportation



#### GGGI

Collaboration for **Green Projects Promotion** 





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





**Financing** 

Lebong Utara,

# SMI PT SARANA MULTI INFRASTRUKTUR (PERSERO)

#### Partnership between PT SMI and AFD

#### **Facility Distribution Scheme**



Credit Facility Agreement (CFA) Loan Facility

US\$ 100 Million

10 years tenor with 3 years grace period

US\$ 71.35 Million

has been allocated

to EBT & Climate

Change projects

US\$ 5 Million has

been allocated to

**EBT** projects

**CFA** 

**QEF** 

Quasi Equity Facility (QEF) Grant Facility

US\$ 5 Million

De-risking tools for PTSMI

PLTGU 19.98.

PLTGU 15.41-

Gunung Megang

Ende Maumere,

**PLTA 1,13** 

PLTS 2

Panaran



Technical Assistance Programme (TAP) Grant Facility

EUR 400 Thousand

Expertise & transfer knowledge

**2.5** PLTS

**7.52** PLTA

9.4 PITM

13.16 WTP

**-0,51** PLTBg

.41 PLTM

3,38 PLTBg Suka Damai

Air Putih

Cidanau

Padang Guci

Suka Damai

Padang Guci

Ende Maumere

# 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.

#### **Social Economic Benefits**



Support

~US\$ 300 Million Green Investment



Reduce

protect

 $\sim\!\!250$  Thousand Ton CO2 per year



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)

**PLTU:** Steam Electric Power Plant **PLTS:** Solarpower Electric Power Plant

Air Putih

PLTGU: Gas and steam powered electric Power Plant
PLTBG: BioGas Electric Power Plant

**PLTA:** Hydro Electric Power Plant **PLTM:** Micro Hydro Electric Power Plant

#### WTP: Water Treatment Plan



Ladang Palembang,

US\$ 50.44 Million

Bengkulu

21 MW

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

#### **Project Description**

Location

Capacity

**Project Cost** 

Power generation under a run-off river scheme with annual energy electricity of 116.42 x 10<sup>6</sup> kWh. The project will supply electricity to the regional power network and contribute to improving the stability and

reliability of the power system.



#### **Optimization of Sustainable Funding:**

PT SMI as the First Issuer of Corporate Green Bond in Indonesia

#### Compliance of Standard

Regulatory Standard

Second **Opinion** 

Global



Green Bond Principles (GBP)

Regional





**ASEAN Green Bond Standards** (GBP)

Local





**OJK Regulation** (POJK Number 60/2017)

#### **Second Opinion Provider:**

°CICERO Center for International

**Second Opinion Result:** 

Climate Research

°CICERO

#### Medium Green

"Similar to Sovereign Green Sukuk Government of Indonesia"

100%

**Eligible Green Projects** 



#### **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** 







**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



#### **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> <li>Basic fiduciary standards;</li> <li>Project management</li> <li>Grant award and/or funding allocation mechanism;</li> <li>On-lending and/or blending (for loans)</li> </ol>
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

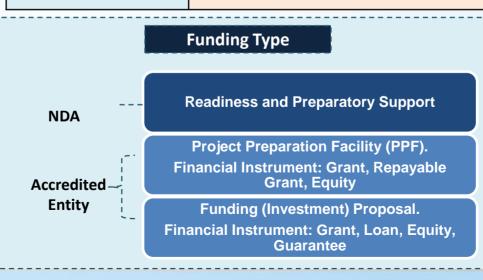
# PT SARANA MULTI INFRASTRUKTUR (PERSERO)

Ministry of Finance of Republic of Indoenesia

Fiscal Policy Agency (BKF)
National Designated Authority
(NDA) for GCF

PT Sarana Multi Infrastruktur (PT SMI)

PT SMI as the first accredited entity in South-East Asia



# BRT Semarang | Semara

#### Project Uniqueness

PT SMI

- 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

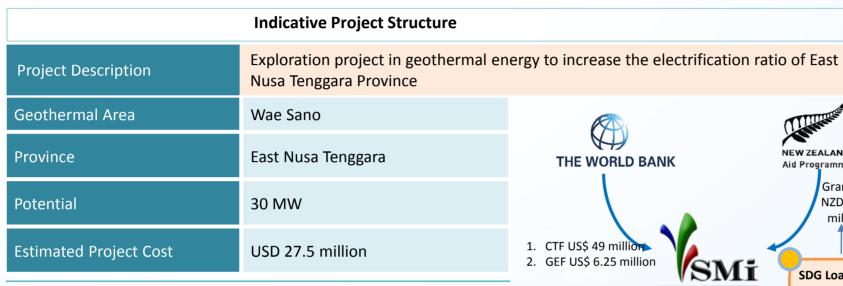
- Reduce GHG emission by enhancing public transport role as the backbone for urban mobility
- BRT project will also increase the quality of life of these 1,000 individuals and might open new job opportunity up to 2,000 people.
- The time savings obtained in the 15-20 km corridors will be multiplied by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



#### **Geothermal Fund Management:**

**Indicative Capital Structure** 

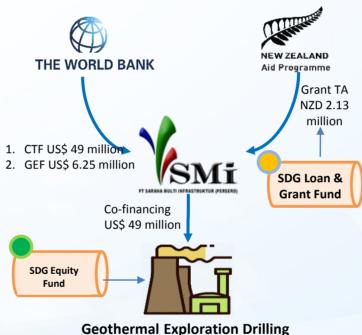
#### Scheme for Geothermal Energy Upstream Development Projects (GEUDP)



#### Social & Economic Benefits

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

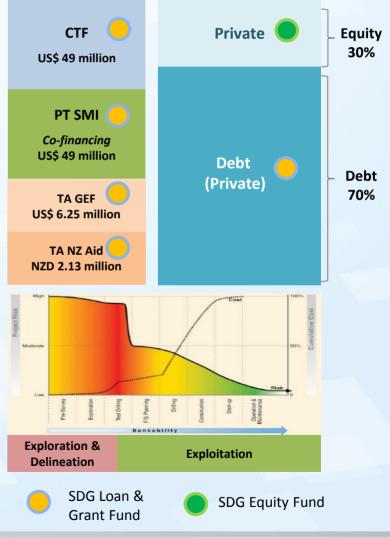




17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE **GOALS** 

**Grant & TA** 





# **06**Project Highlight:

#### The Utilization of Grant to finance Off-Grid Solar PV in East Sumba

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



Project	Off-Grid Solar PV
Location	East Sumba, NTT
<b>Project Cost</b>	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 longterm 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**



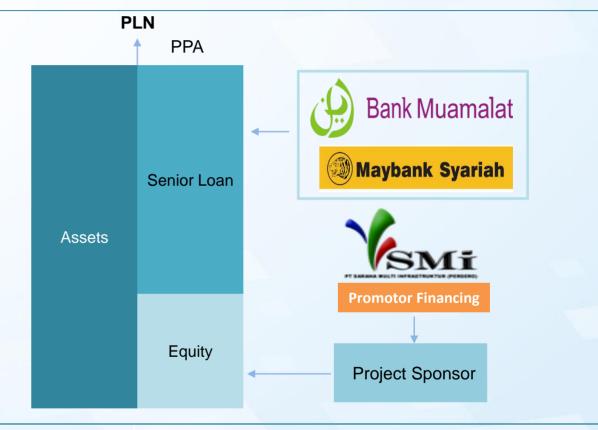


Project	Lau Gunung Mini-Hydro Power Plant
Location	Dairi, North Sumatera
Project Cost	IDR 288 billion
PT SMI's Portion	IDR 50 billion

#### **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

#### **Policy**

Compliance and Assessment of the Environmental and Social Rules and Regulations

**Employment & Work Environment, Gender Policy** 

**Pollution Prevention and Reduction** 

Safety and Health

**Land Acquisition and Resettlement** 

**Biodiversity and Natural Resources Management** 

**Indigenous People and Cultural Heritage** 

**Cultural Heritage** 

Energy Conservation and Use of Environmentally Friendly Energy

**Consultation and Grievance Handling Mechanism** 







#### Continuous capacity and capabilities improvement

**Monitoring and Reporting** 

ESS: Environmental & Social Safeguards



### **SDG Indonesia One Concept Note**

Platform Name	SDG Indonesia One		
Use of Proceeds	15 Sustainable Development Goals 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  2 280 3 6000 FEAUTH 10 REDUCTION 10 FOUGHTIN 10 REDUCTION 10 REQUIAITY 10 REDUCTION 11 AND COMMUNITIES 12 RESPONSBLE ONLY AND SANITATION 13 CHANGE OF THE SOALS AND SANITATION 14 AND COMMUNITIES 12 RESPONSBLE ONLY AND PRODUCTION AND PRODUCTION AND PRODUCTION SITURIORS SITURIORS AND PRODUCTION SITURIORS SITURIORS AND PRODUCTION SITURIORS AND		
Priority Sector	Health, education, renewable energy and urban infrastructure (transportation, water and waste management)*		
Role of the Platform	<ul> <li>Integrated platform support to projects (development, de-risking, construction)</li> <li>Link project activity with the most suitable investors</li> <li>Channel development finance via integrated-managed facilities</li> </ul>		
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> <li>PT SMI as a non-bank financial institution, 100% owned by the Government of Indonesia.</li> <li>Extensive experience and strong track record investing in Indonesia.</li> <li>The first financial institution accredited in Southeast Asia by the Green Climate Fund (GCF).</li> </ul>		
Source of Capital	Philanthropist, donor, climate funds, green investors, multilateral development bank, international agencies, commercial banks, sovereign wealth funds, institutional investors.		

<sup>\*</sup>Potentially Can Be Expanded

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

Investor

Contributions

# Donor (Philanthropist) and Impact/Climate Funds

Donor, Impact/Climate Funds and Development Banks Commercial Banks and Institutional Investors

Institutional Investor and Developer

#### **Contributions:**

Grant, Technical Assistance

#### **Objective:**

Pre-construction project development support

#### **Contributions:**

Concessional Loan, Grant

#### Objective:

Project de-risking (improving bankability)

#### **Contributions:**

Loan, Bond, Sukuk

#### Objective:

Construction / post-construction finance

**Contributions:** 

Equity

#### Objective:

Investment in high impact / new frontier SDG sector

**Product** 

# SDG Indonesia One (Managed by PT SMI)

# SDG Development Facilities

Grant (Project Preparation, Technical Assistance, Research)

# SDG De-Risking Facilities

Concessional Loan, First-Loss Facility, Interest Subsidy, Guarantee Premium Subsidy, VGF etc.

# SDG Financing Facilities

Senior Loan, Subordinated Loan

#### SDG Equity Fund

Equity, Equity-Linked Investment



#### Partnership for SDG Indonesia One (Status as of 7 December 2018)

SDG Partners

#### **Development Facilities**

#### **USD 40,8 Million**



























THE WORLD BANK







#### **De-Risking Facilities**

#### USD 1,92 Billion













#### Financing Facilities

#### **USD 316 Million**







#### **Equity Fund**

#### **USD 188 Million**







# **USD 2.46 Billion**





# **Thank You**

#### PT Sarana Multi Infrastruktur (Persero)

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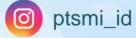
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