

## Indonesian Banks being assessed on ASEAN Sustainable Banking Report



On September 6, 2018 WWF published ASEAN Sustainable Banking Report which reviewed the publicly disclosure level towards corporate governance aspect and environment, social and governance (ESG) integration in accord with international and national framework. This report measured ESG integration progress on ASEAN banks performance and identified which areas that need improvements by banking sector.

This is an update of WWF's 2017 in collaboration with National University of Singapore (NUS) Business School's Centre for Governance, Institutions and Organizations. The report benchmarks 34 ASEAN banks in six countries against a set of indicators that represent the fundamental pillars of sound corporate governance practices and robust ESG integration pillars. Indonesian banks assessed in this report are Bank Central Asia, Bank Mandiri, Bank Negara Indonesia, Bank Panin, Bank Permata, Bank Rakyat Indonesia, dan Bank Victoria.

Four IKBI members, i.e. BCA, Bank Mandiri, BNI, and BRI, as the 'First Movers on Sustainable Banking', has shown their leadership through improvement in their policy and Environmental, Social and Governance (ESG) procedures. For instance, BNI and BRI has disclosed their palm oil financing policy resume, and BNI has developed the organizational structure that accommodates sustainable finance role and responsibilities.

This report showcased that banks play an important role in financing the transition, especially on sustainable food, energy and transportation systems; and must be part of the solution. Investors who are responsible, as caretakers of capital, need to ensure that the banks in their portfolios make timely progress in this regard, and are actively involved in supporting the transition.

## Focus Group Discussion "Innovation on Renewable Energy Financing"

Institute for Essential Services Reform (IESR) conducted a focus group discussion about "Innovation on Renewable Energy Financing" at Double Tree Hotel Cikini that attended by key stakeholders.

"Innovation on Renewable Energy Financing" Focus Group Discussion has been held on 28th September 2018 by Institute for Essential Services Reform (IESR) in partnership with The Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU)'s project via GIZ. This FGD was aimed to identify the financing instruments and scheme on renewable energy projects financing in Indonesia, test out the guarantee-scheme for renewable energy project, and formulate the recommendations for public policy instruments and banking regulations which appropriate for financing mobilization on renewable energy projects.

The study conducted by IESR (2018) shared the experience of three countries (India, China and Germany) on developing clean energy. It is concluded that funding and financing support for renewable energy projects, especially in the early days of technology penetration into the domestic market, became one of the success factors. The availability of appropriate financing instruments and risk mitigation instruments also becomes policy levers which can then mobilize funding from domestic and international funding institutions. In addition, the study conducted by GIZ (2018) concerning the Guarantee Fund Scheme to support the renewable energy development in Indonesia, presented an analysis of the renewable energy development's challenge in Indonesia and the guarantee scheme models implemented in various countries (France, Singapore, Thailand, etc.) as well as the general framework of the guarantee fund and its institutional options to support the renewable energy development in Indonesia.

The event was attended by a variety of key stakeholders such as senior level leaders from financial service institutions (banks and non-banks), ISFI members, leaders of renewable energy developers, financing and banking experts, and relevant government agencies.

