

**COUNTRY INTERVENTION
REPUBLIC OF INDONESIA**

**AGENDA ITEM 2 (C)
SPECIAL SESSION: CATALYZING CLIMATE FINANCE AND INVESTMENT
17 MAY 2023**

*Honorable Chair,
Excellencies,
Distinguished colleagues,*

First of all, I would like to appreciate the ESCAP Secretariat for the insightful, substantive, and timely provision of the summary of the theme study on accelerating climate action in Asia and the Pacific for sustainable development.

Let me begin by emphasizing that addressing climate change is a defining challenge of our time. Climate change threatens the very foundation of our planet. It is crucial to recognize that it is not merely an environmental issue but also a development issue. Our success to tackle this challenge will depend on how we translate our commitments into coherent plans and taking concrete actions.

It is undeniable that fulfilling these commitments will not only require us to rethink our values, choices, and priorities. For developing countries, it also requires a significant increase in finance and investments – and attaining it has its own barriers. Those barriers include:

- *Market infrastructure that has yet to be fully-developed;*
- *Limitations of financial instruments;*
- *Real and perceived risks;*
- *as well as limited capacity of market and financial institutions.*

Indonesia acknowledges these challenges but remains committed to taking tangible actions. We aim to build an ecosystem that encourages private investment in financing the transition towards low carbon and climate-resilient development pathways through several efforts:

First, Indonesia has consistently strengthened regulations related to green-investment and formulated policies that drive sustainable finance practices by equipping it with clear criteria and measurable environmental aspects.

- *Since 2017, Indonesia's Financial Service Authority has encouraged companies to submit Sustainability Reports – and in early 2022, they published **the first edition of Green Taxonomy** to guide the financial services sector in developing a portfolio of financial products and/or services.*

Second, Indonesia has established both fiscal and non-fiscal incentives for green investment, such as through tax allowance, import duty exemption, tax holiday, and zero Sales Tax on Luxury Goods (PPnBM) for Electric Vehicles.

Lastly, Indonesia has actively promoted and implemented the use of innovative financing mechanisms that can catalyse climate finance and green investment, particularly through blended finance which has the potential to shift risks and manage returns in developing countries.

- *During the G20 2022 Indonesian Presidency, the G20 has agreed on a G20 Principles to Scale Up Blended Finance in Developing Countries, including Least-Developed Countries and Small Island Developing States.*
- *Those principles could help governments to take an active role by building local capital markets, advancing sustainable development priorities, and working closely together with private actors...*
- *...and push development cooperation providers to catalyse support in developing countries in terms of financing, capacity building, and policy support.*

Going forward, Indonesia stands ready to work together for stronger regional cooperation on global climate change mitigation and adaptation efforts, as well as in addressing the financing needs and technology transfer.

I thank you.

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