Mid-Term Review of the UN Joint Programme “Accelerating SDGs Investments in Indonesia (ASSIST)”.

Final Report

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The overall goal of the JP is Acceleration of the achievement of targeted SDGs through increased innovative financing	**Country**: Indonesia
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Disclaimer

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Acronyms

ABAC : APEC Business Advisory Council

ADB: Asian Development Bank

ACMF: ASEAN Capital Market Forum

APBD: Anggaran Pendapatan dan Belanja Daerah/ Regional income and expenditure budget

APBN: Anggaran Pendapatan dan Belanja Negara/ National income and expenditure budget

ASSIST: Accelerating SDGs Investments in Indonesia

BI: Bank of Indonesia

BAPPENAS: Development Planning Agency

BCA: Bank Central Asia

BFA: Blue Finance Accelerator

BMA: Baitul Mal Aceh

BRI: Bank Rakyat Indonesia

CC: Climate Change

CF: Catalytic Funding

CMMIA: Coordinating Ministry of Maritime and Investments Affairs

CPD: Country Programme Document

DD: Due diligence

ESG: Environmental, Social and Governance

Fintech: Financial Technology

GoI: Government of Indonesia

GDP: Gross Domestic Product

HoA: Head of Agencies

ICMA: International Capital Market Association

IIF: Indonesia Impact Fund

IndoGAP: Indonesia Good Aquaculture Practice

IMM: Impact Measurement and Management

IVAs: Impact Venture Accelerators

JP: Joint Programme

KPIs: Key Performance Indicators

LF: Logical Framework

LNOB: Left No One Behind

MCI: Mandiri Capital Investment

M&E: Monitoring and Evaluation

MoF: Ministry of Finance

MSCI Morgan Stanley Capital International

MSME: Micro Small Medium Enterprise

MTR: Mid-Term Review

NDC: Nationally Determined Contributions

OJK: Otoritas Jasa Keuangan/ Financial Service Authority

PFM: Public Financial Management

PMU: Project Management Unit

PUNOs: Participated United Nations Organizations

PSC: Programme Steering Committee

PwD: Person with disability

RC: Regional CoordinatorRPJMN: Rencana Pembangunan Jangka Menengah Nasional/ The National Mid-Term Development Plan (RPJMN)SDGs: Sustainable Development Goals

RoI: Republic of Indonesia

SDGF: Sustainable Development Goal Funding

SDI: SheDisrupt Indonesia

SES: Social and Environmental Safeguards

SFF: Sustainable Finance Framework

SMEs: Small Medium Enterprises

SOP: Standard Operating Procedures

SLF: Sustainability-Linked Financing

SLL: Sustainability-linked loan

TA: Technical Assistance

TE: Technical Expert

TLFF: Tropical Landscape Financing Facility

TEI: Trade Expo Indonesia

ToC: Theory of Change

UNDP: United Nations Development Programme

UNEG: United Nations Evaluation Group

UNEP: United Nations Environmental Program

UNICEF: United Nations Children's Fund

UNIDO: United Nations Industrial Development Organization

UNRCO: United Nations Resident Coordinating Office

UNSDCF United Nations Sustainable Development Cooperation Framework Guidance

USD: United States Dollar

Executive summary

JP background

The joint programme (JP) brings UNDP, UNEP, UNICEF, and UNIDO together to support the Government of Indonesia (GoI) to meet its SDG targets by (1) taking proven and new financing instruments to scale through the provision of pre- and post-transactions technical assistance for three financing instruments: thematic bonds, SDG-linked loans and Indonesia Impact Fund, and (2) providing capacity building to relevant stakeholders (e.g. GoI, Local Governments (LGs), Financial Institutions, Startups, Small and Medium-sized Enterprises (SMEs) to improve institutional capacities to access and utilize finance towards the achievement of the SDGs.

The overall goal of the JP is **Acceleration of the achievement of targeted SDGs through increased innovative financing**. This is envisaged to be achieved through one overarching outcome and three mutually reinforcing outputs:

Outcome: Increased financing leveraged – through innovative finance mechanisms including:

- Output 1: Catalysed: Issuance of thematic bonds at national and subnational levels
- Output 2: Increased: Green and SDG-linked loans prioritising women-owned/-led SMEs.
- Output 3: Operationalised: Indonesia Impact Fund - prioritising women-owned/-led start-ups.

The JP is funded by the SDG Fund USD $ 9,580,500 with contributions from Participating UN Organisations (PUNOs) of USD $ 2,436,000. The JP is a 4-year program started in April 2021, and due to end in March 2025.

Evaluation scope

The Mid-Term Review (MTR) assessed progress towards the achievement of the ASSIST JP's objectives and key results, both developmental and financial, as specified in the JP Document. The MTR also reviewed the achievements of the JP and identify the need for changes to be made to its objectives and/or strategies, when required, to set the JP on-track to achieve its intended results. The MTR also reviewed the JP's strategy and its risks to sustainability.

The MTR assessed JP performance against expectations set out in the JP's Logical Framework/Results Framework, it assessed the achievement of JP results against what was expected to be achieved and drew lessons that can both improve the sustainability of benefits from this JP, and aid in the overall enhancement of future programming. The MTR measured the extent to which the JP has contributed to address the needs identified in the design phase and degree to which implementation, efficiency and quality delivered on expected results (outputs) and specific objectives (outcomes), against what was originally planned or officially revised, thus, the MTR report promotes accountability and transparency and assesses the extent of JP accomplishments.

Evaluation approach

Mixed methods[1] have been used for the MTR to generate mix of qualitative and quantitative data. The use of mixed methods had the advantage of supporting data triangulation across multiple sources, which helped to

[1] Mixed methods involve desk review, semi-structured interviews, and surveys for data collection, and also descriptive analysis, content analysis,

increase data accuracy and credibility to inform the reliability of the evaluation results. The evaluation used methods of document review and interviews for data collection to obtain answer to all of the evaluation questions outlined in the TOR. The evaluation had two levels of data collection and validation of information:

- A desk review of JP documentation where both qualitative and quantitative data have been collected – See annex 2 for list of documents reviewed.
- Semi-structured interviews with key stakeholders for qualitative data collection (Annex 8 list of persons interviewed), a total of 56 interviewees have been engaged of which 26 females.

Data analysis was based on observed facts, evidence, and data. Findings are specific, concise, and supported by quantitative and/or qualitative information that is reliable, valid, and generalizable.

Findings

Achieved results: There has been substantive progress made in the first half to set the basis for increasing innovative financing for SDG financing and successes in advancing the bonds issuance, capacity building and SMEs support. The JP has been successful in setting the basic frameworks for mobilising funding through the bond issuance through supporting the development of the Republic of Indonesia's SDGs Government Securities Framework, promoting the issuance of thematic bonds, enabling impact measurement, support pipeline development, securing commitments from banks for sustainable finance, supporting IIF with technical assistance and significant efforts to support SMEs and start-ups.

Despite progress, majority of the 2021-2023 targets have not been fully met yet, in fact, it is evident that the likelihood of achieving some end of programme targets may be limited within existing circumstances such as value of finance leveraged through SDG-linked loans for SMEs, finance leveraged from IIF and municipal bonds. There are number of reasons for not achieving the targets at the outcome level including the ambitious nature of the targets, economic impacts of COVID-19 and its recovery, Global and local macroeconomic changes and inflation rates, capital outflow from Indonesia due to the rise of interest rate globally, Government of Indonesia reconsidering its borrowing through bond issuance due to high revenue expectation, capacity of the banks to implement SDG-loan products. So much of these are beyond the control of the JP, however, a roadmap for rectifying and speeding up delivery on targets would be still needed.

The JP has been successful in setting the basis for bond issuance by supporting the development of the Republic of Indonesia's SDGs Government Securities Framework to ensure the utmost credibility and accountability of the issuer's intentions to finance the SDGs, facilitating thematic bond issuance worth of USD 3.057 billion so far (SDG Bond, Blue Bond and Green Sukuk) and building the capacity of stakeholders on thematic bonds and to measure and report SDGs Bond Impacts. The added value of JP in managing financial resources in transparent and effective manner is equally important to the value facilitate mobilising them. However, there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure, and despite its importance as a first step, there has been no public expenditure reporting on the broader SDGs results. There has not been specific technical support aimed at increasing the revenues of local governments.

The JP has been unable to develop a new banking loan product specifically for SDGs, mainly due to banks' capacities, willingness, and readiness to provide sustainable finance products in absence of Sustainable Finance

thematic analysis and simple quantitative data analysis in excel for survey data and quantitative indicators for data analysis. See below sections for more details.

Framework (SFF), so the JP refocused its efforts to support banks with developing SFFs and received commitment letters from 5 banks to develop their SFFs. There are no loans materialised that specifically funds SDGs-related projects, simply because there is no SDG loan product yet. The JP has been enhancing the capabilities of SMEs and startups in product development through training and workshops provided to over 995 people in SMEs covering basic design skills and sustainable material exploration.

The JP has been providing technical support to the IIF including the development of the measurement and monitoring framework for the IIF's impacts, development of pipeline projects and facilitating the engagement between the startups and the IIF. The IIF has invested a total of USD 2 million since its inception in 2021, with USD 500K invested during the first semester of 2023. The Fund utilizes the Impact Framework developed with support from the JP to ensure that investments align with the SDGs. The JP has been playing an intermediary role between the businesses and investors through the implementation of the Impact Venture Accelerators (IVA) including She Disrupts Indonesia and Blue Finance Accelerator in 2023 cohorts. IVAs provide a platform where companies scale their businesses and increase their contribution towards the SDGs through Impact Measurement and Management module. Despite successes, two out of three targets defined until the end of 2023 have not been fully met.

The model of supporting businesses under this component may be replicable through other projects and to other funds, but it is fundamentally relying on UNDP and UNIDO playing the role of capacity building and intermediary between businesses and investors, this work would seize once the project comes to an end. A more strategic approach is required to invest in enabling local institutions doing such a role rather than done solely by the UN agencies. See more discussion in the sustainability section.

Relevance: The JP demonstrates high relevance to both national and subnational needs in Indonesia, effectively addressing the requirements of stakeholders and beneficiaries involved in the initiative. With COVID-19 impacts in terms of diverting funds from development towards COVID-19 recovery, the JP scope has become more relevant than ever before to assist the Indonesian Government in developing a holistic financing strategy that is more aligned with sustainable development. Moreover, it aligns seamlessly with the strategic planning framework outlined by the Indonesian Government, PUNOs, and the funding agency (i.e SDG Fund).

Coherence: The JP design has successfully presented a transformational farmwork in its goals, largely through the incorporation of a diversity of funding sources which are prepared to commit significant amounts of capital towards the achievement of the SDGs upon demonstration of proof-of-concept for the proposed pilot activities in financial innovation. It also captures the barriers/problem analysis towards enhancing SDGs financing in Indonesia and presented well-structured components in an integrated approach to achieve a transformational change in SDGs financing including bonds issuance, banking solutions, and supporting SMEs and startups. Coherence of the JP can be further strengthened by co-designing and co-implementing a unified M&E, gender mainstreaming and communication and knowledge management. Some of these elements are already underway.

However, the design encompasses some flaws such as ambitious targets that may be challenging to achieve within the JP circumstances and timeframes, shortcomings in terms of not identifying and addressing assumptions related to the readiness of local authorities for Component 1 and the banking sector for Component 2 and lacking a comprehensive assessment of the engagement with banks regarding the feasibility of the SDG-loan products and the necessary due diligence. The defined indicators lacked utility in terms of providing guidance to the JP team on what needs to be achieved and included fundamental flaws like irrelevance to the JP results and clarity.

Effectiveness: The JP has been generally effective in delivering activities despite shortcomings in achieving targets. The effectiveness of the JP has been supported by effective stakeholders’ engagement strategy and working closely with Government agencies along with the good relationship and comparative long partnerships between the UNDP and other PUNOs, clearly the maturity of coordination among PUNOs has evolved from lessons learned from previous JPs. On the other side, factors that hindered JP effectiveness include the substantive macroeconomic changes took place on the back of COVID-19 locally and globally, limited awareness and knowledge about thematic bonds at the subnational level, limited capacity and preparedness of the banking sector to participate in the JP activities in addition to procedural complications in procuring expertise and engaging private sector efficiently.

Efficiency: The JP has been efficient in terms of its human, financial and time resources as well as organizational/governance structure and the contribution of the JP model to enhancing UN efficiency. The JP demonstrated diligence in using available funds efficiently, despite its extensive scope, numerous partners, and diverse target areas. The budget utilization rate for the Joint Programme (JP) is deemed satisfactory, and the utilization of complete funding is on track as planned. The JP secured competent technical staff, maintaining lean core teams in each PUNO and outsourcing services for additional expertise when needed. The JP has been going through considerable delays due to COVID-19, team assembly and lengthy procurement and due diligence procedures.

Project management: The JP was formulated through extensive consultations with key stakeholders and has successfully cultivated crucial partnerships at both the national level, local level and across various sectors. The relationships with these stakeholders have been positive, gaining substantial support. The JP has effectively established robust partnerships with pertinent stakeholders, aligning with the stakeholders identified in the project document. Notably, the JP has prioritized building partnerships with the private sector, a central focus of its efforts under component 2. The JP has excelled in forming partnerships and fostering mutually beneficial collaborations, thereby enhancing the Programme's comparative advantage and value-added across all interaction levels. The JP has come to learn that Indonesia Financial Services Authority (OJK) plays a significant role in regulating and supervising the capital market and financial institutions, and engaging with OJK would be a strategic partnership for the JP. The Resident Coordinator (RC) has been taking a lead role on the PSC Executive Co-Chair along with representatives from the GoI and was critical in resolving coordination issues when they arise. The RC has engaged with project partners to identify the key issues and risks and provide strategic oversight to address the challenges faced by the JP.

Sustainability: The sustainability of the JP is grounded on creating sustainable business models for SDG financing in Indonesia that can be self-driven in the future after demonstrating the viability of proposed pilot activities in financial innovation. This approach has been strengthened by establishing institutional and regulatory settings for thematic bonds with the Government backed by capacity building and development of Government Securities Framework and IIF’ impact frameworks and indicators. However, the sustainability of the JP is challenged by absence of institutional structures to perform the role of PUNOs in supporting business under component 2 and 3, limited capacities and awareness of stakeholders and public around viability of the thematic bonds, and changes in the political leadership at the national and subnational levels that may hinder the endorsement of the needed regulatory reforms.

Table 1: Evaluation Ratings Table

Project Design	Rating[2]	Rationale and Achievement Description
Design	MS	The JP design has successfully presented a transformational farmwork in its goals, largely. It also captures the barriers/problem analysis towards enhancing SDGs financing. Coherence of the JP can be further strengthened by co-designing and co-implementing a unified M&E, gender mainstreaming and communication and knowledge management. Some of these elements are already underway. However, the design encompasses some flaws such as ambitious targets, not identifying and addressing assumptions related to the readiness of local authorities for Component 1 and the banking sector for Component 2 and lacking a comprehensive assessment of the engagement with banks regarding the feasibility of the SDG-loan products and the necessary due diligence. The defined indicators lacked utility in terms of providing guidance to the JP team on what needs to be achieved and included fundamental flaws like irrelevance to the JP results and clarity.
Progress/ Results to date		
Overall objective	MS	Despite achieving 85%, 0% and 17% of 2021-2023 targets for outcome indicator 1, 2 and 3 respectively, the overall objective is rated Moderately Satisfactory (MS) based on the progress made in the first half to set the basis for increasing innovative financing for SDG financing and successes in advancing the bonds issuance, capacity building and SMEs support. The JP has been successful in setting the basic frameworks for mobilizing funding through the bond issuance through supporting the development of the Republic of Indonesia's SDGs Government Securities Framework, promoting the issuance of thematic bonds, enabling impact measurement, support pipeline development, securing commitments from banks for sustainable finance, supporting IIF with technical assistance and significant efforts to support SMEs and start-ups.
Component 1	MS	The JP has been successful in setting the basis for bond issuance by supporting the development of the Republic of Indonesia's SDGs Government Securities Framework. The JP facilitated thematic bond issuance worth of USD 3.057 billion so far.

[2] Outcomes, Effectiveness, Efficiency, M&E, I&E Execution, Relevance are rated on a 6-point rating scale: 6 = Highly Satisfactory (HS), 5 = Satisfactory (S), 4 = Moderately Satisfactory (MS), 3 = Moderately Unsatisfactory (MU), 2 = Unsatisfactory (U), 1 = Highly Unsatisfactory (HU).

Project Design	Rating[2]	Rationale and Achievement Description
		However, there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure as opposed to more broadly SDGs results against public expenditure, and no technical support done to specifically increase revenues of local government.
Component 2	MU	Targets defined under this component are either not at all met or not fully met. The JP has been unable to develop a new banking loan product specifically for SDGs. There are no loans materialized that specifically funds SDGs-related. The inability to materialize loans that cater exclusively to SDG-related projects suggests a significant disconnect between the program's targets and its practical execution. This may stem from various factors, including a lack of market readiness, insufficient incentive structures for banks to develop and offer such specialized loan products. The JP has been enhancing the capabilities of 955 people in SMEs.
Component 3	MS	The JP has been providing technical support to the IIF including the development of the measurement and monitoring framework for the IIF's impacts, development of pipeline projects and facilitating the engagement between the startups and the IIF. The IIF has invested a total of USD 2 million since its inception in 2021. The JP has been playing an intermediary role between the businesses and investors through the implementation of the Impact Venture Accelerators (IVA) including She Disrupts Indonesia and Blue Finance Accelerator in 2023 cohorts. IVAs provide a platform where companies scale their businesses and increase their contribution towards the SDGs through Impact Measurement and Management module. Despite successes, two out of three targets defined until the end of 2023 have not been fully met.
Project management		
Management efficiency	HS	The JP has successfully cultivated crucial partnerships at both the national level, local level and across various sectors. The relationships with these stakeholders have been positive, gaining substantial support. The RC has been taking a lead role on the PSC Executive Co-Chair along with representatives from the GoI and was critical in resolving coordination issues when they arise. The interagency coordination among PUNOs is effective and the establishment of the HoA (Heads of Agencies) platform has proven

Project Design	Rating[2]	Rationale and Achievement Description
		instrumental in reinforcing coordination and alignment among the PUNOs (Programme Units), resulting in actionable recommendations.
Risk management	MS	The risks log has been kept up to date in Quantum, this included identifying new emerging risks backed with an assessment of causes and impacts, however, data extracted from the quantum shows no reporting on the risk mitigation measures taken by the program.
Monitoring & Evaluation (M&E)		
M&E design at entry	MU	The M&E framework provided at the design stage was briefly presented with standard requirements defined. A more detailed and comprehensive plan was supposed to be developed at a later stage, but this never happened, and the JP missed a crucial opportunity to refine indicators and targets, and establish a coherent framework for all PUNOs M&E activities.
M&E Plan Implementation	MS	The JP has been submitting semi-annual and annual reports and annual financial reports as required by the SDG Fund. The reports are oriented towards results and grounded on evidence. The Mid-term review was delayed for nearly 1 year after the exact mid-term point of the project cycle. Minor shortcoming related to inconsistency in reporting on some indicators
Overall Quality of M&E	MS	Based on the above, generally the M&E is rated Moderately Satisfactory.
Assessment of Outcomes	Rating	
Relevance	HS	The JP demonstrates high relevance to both national and subnational needs in Indonesia, effectively addressing the requirements of stakeholders and beneficiaries involved in the initiative. Moreover, it aligns seamlessly with the strategic planning framework outlined by the Indonesian Government, PUNOs, and the funding agency (i.e SDG Fund).
Effectiveness	S	The JP has been generally effective in delivering activities despite shortcomings in achieving targets. The effectiveness of the JP has been supported by effective stakeholders' engagement strategy and working closely with Government agencies along with the good relationship and comparative long partnerships between the UNDP and other PUNOs. On the other side, factors that hindered JP effectiveness include the substantive macroeconomic changes took place on the back of COVID-19 locally and globally, limited awareness and knowledge about thematic bonds at the subnational level, limited capacity and preparedness of the banking sector to participate in the JP activities in

Project Design	Rating[2]	Rationale and Achievement Description
		addition to procedural complications in procuring expertise and engaging private sector efficiently.
Efficiency	S	The JP has been efficient in terms of its human, financial and time resources as well as organizational/governance structure and the contribution of the JP model to enhancing UN efficiency. The JP demonstrated diligence in using available funds efficiently, despite its extensive scope, numerous partners, and diverse target areas. The budget utilization rate for the Joint Programme (JP) is deemed satisfactory, and the utilization of complete funding is on track as planned. The JP secured competent technical staff, maintaining lean core teams in each PUNO and outsourcing services for additional expertise when needed.
Overall Project Outcome Rating	S	A combined rating based on Relevance, Effectiveness and Efficiency
Sustainability	**Rating[3]**	
Financial resources	Moderately Likely (ML)	The continuation of the bond issuance is contingent on multiple factors including political support, the dynamics of the global economy, capital outflows, foreign portfolio investors' appetite, etc. Nonetheless, GoI seems to be committed to pursue the issuance on the long term. On the other side, financing for technically supporting SMEs and startups seems to be reliant on the JP funding, and no resources allocated for what beyond the JP funds.
Socio-political/economic	Moderately Likely (ML)	Generally, the GoI supports and owns the outcomes of the ASSIST programme, however, the upcoming national elections in 2024 may introduce political risks that could impact the pace of developing these regulations. A change in the political landscape might potentially slow down the endorsement of new regulations.
Institutional framework and governance	Moderately Likely (ML)	The JP invested considerably setting the institutional and regulatory settings for thematic bonds at the national level. On the other side, there is still limited capacities and awareness of stakeholders and public around viability of thematic bonds at the subnational level.
Environmental	Likely (L)	There are no direct major environmental risks expected from the technical support provided by the JP in fact, supporting local banks to

[3] Sustainability is rated on a 4-point scale: 4 = Likely (L), 3 = Moderately Likely (ML), 2 = Moderately Unlikely (MU), 1 = Unlikely (U).

Project Design	Rating[2]	Rationale and Achievement Description
		sign on Principles for Responsible Banking (PRB) is likely to result in positive environmental outcomes. However, projects funded by the mobilized finance may result in environmental and social impacts, and these need to be addressed in the project development stage of each individual project.
Overall Likelihood of Sustainability	Moderately Likely (ML)	The sustainability of the JP is grounded on creating sustainable business models for SDG financing in Indonesia that can be self-driven in the future after demonstrating the viability of proposed pilot activities in financial innovation. This approach has been strengthened by establishing institutional and regulatory settings for thematic bonds with the Government backed by capacity building and development of Government Securities Framework and IIF' impact frameworks and indicators. However, the sustainability of the JP is challenged by absence of institutional structures to perform the role of PUNOs in supporting business under component 2 and 3, limited capacities and awareness of stakeholders and public around viability of the thematic bonds, and changes in the political leadership at the national and subnational levels that may hinder the endorsement of the needed regulatory reforms.

Conclusions

In a brief (**see details in section 6**), the Joint Programme aligns with Indonesia's strategic needs for sustainable development post-COVID-19. The JP design has successfully presented a transformational farmwork for delivering SDGs in Indonesia, employing diverse funding sources to support innovative financial pilot activities. The JP has been generally effective in delivering activities despite shortcoming in achieving targets. The effectiveness of the JP has been supported by effective stakeholders' engagement strategy and working closely with Government agencies along with the good relationship and comparative long partnerships between the UNDP and other PUNOs. On the other side, factors that hindered JP effectiveness include the substantive macroeconomic changes took place on the back of COVID locally and globally, limited awareness and knowledge about thematic bonds at the subnational level, limited capacity and preparedness of the banking sector to participate in the JP activities in addition to procedural complications in procuring expertise and engaging private sector efficiently.

Despite progress, the likelihood of achieving some end-of-program targets appears limited under the current circumstances, particularly in areas such as the value of finance leveraged through SDG-linked loans for SMEs, Finance leveraged from the IIF, and the issuance and leveraging of municipal bonds.

The JP places a strong emphasis on a human rights and gender equality perspective with specific reference to leaving no-one behind, and while ensuring to accommodate balanced numbers of women/men officers in the programme particularly when it comes to SMEs and startups engagement, nonetheless, the JP still needs to assess gender-sensitivity of the programme results.

The sustainability of the JP is built on establishing sustainable business models for SDG financing in Indonesia, bolstered by the creation of supportive institutional and regulatory frameworks for thematic bonds. This includes efforts in capacity building and the development of frameworks and indicators for government securities and the IIF's impact assessment. However, challenges to its long-term viability include the absence of structures to continue the support provided by PUNOs, limited awareness and capacity among stakeholders regarding the thematic bonds, and the risk of political changes affecting regulatory reform endorsements.

Recommendations and Lesson Learned

Based on the findings, there are some lessons learned from the JP implementation as follows: (**see details in section 6**)

1. The JP serves as a positive illustration of collaborative teamwork among PUNOs.
2. To attain extended-term strategic goals, collaboration with, and ownership by, the government is essential, along with a dedication to formulating a well-suited array of policies and institutional reforms strategically sequenced for incremental enhancement of national capacity over an extended period.
3. Sustainability is not an afterthought step.
4. Aiming for 'too big too soon' makes the project design appear appealing from the outset, but often, at the expense of feasibility.

Based on the findings, and in line with some of the lessons learned, this section proposes recommendations that are mainly focussed to inform improvements in the second half of the JP timeframe. (**see details in section 6**).

1. To ensure the sustained impact and scalability of the JP results, it is imperative to develop a comprehensive sustainability plan or exit strategy.
2. Leverage the significant potential in Faith-Based Finance and particularly green sukuk in Indonesia to support SDGs.
3. Investigate the feasibility of SDG bond issuance in the corporate market.
4. Develop and implement a targeted capacity building program for banking sector and OJK aiming to promote Sustainable Financing Framework and SDG banking products in parallel to the development of the SFFs.
5. Assess the feasibility of amending existing banking loan products to align with the SDGs rather than creating entirely new ones.
6. Review, update and activate the implementation of the communication strategy.
7. Develop a dashboard for monitoring and tracking bonds and sukuk to provides real-time insights, facilitates efficient decision-making and promotes transparency.
8. Integrate the newly-developed gender action plan into the PUNOs working planning and reporting.
9. Consider JP extension at no cost (6-12 months).
10. Assess the suggested modifications to indicators (table 3) in cooperation with PUNOs and SDG Fund, and update indicators and targets accordingly.

1. Introduction

1.1 Background and context

The joint programme (JP) brings UNDP, UNEP, UNICEF, and UNIDO together to support the Government of Indonesia (GoI) to meet its SDG targets by (1) taking proven and new financing instruments to scale through the provision of pre- and post-transactions technical, assistance for three financing instruments: thematic bonds, SDG-linked loans and Indonesia Impact Fund, and (2) providing capacity building to relevant stakeholders (e.g. GoI, Local Governments (LGs), Financial Institutions, Small and Medium-sized Enterprises or SMEs) to improve institutional capacities to access and utilize finance towards the achievement of the SDGs.

The JP builds on and take to scale successful UN programmes taking into account the COVID-19 crisis and its impacts. This will result in a reduction in the financing gap and accelerating Indonesia's SDGs achievement through increased financing from innovative financing mechanisms and instruments from both government and non-government sources (e.g., public, private, and Faith-based capital). The JP has the potential to assist the GoI and other key stakeholders to mobilise up to United States Dollars (USD) 4.55 billion (bn) to achieve the identified programmatic outcomes during the period of 2021 – 2025. The impact of the JP programme is spread across a number of SDGs; however, the JP prioritizes and monitor six SDGs goals: 5, 6, 9, 13, 14, and 17.

The Government of Indonesia (GOI) has an appetite to test and develop various innovative green financing instruments which could channel funding towards addressing these gaps (e.g., it has developed the world's first sovereign green sukuk (Islamic bonds) and launched both the Tri Hita Karana (THK) Roadmap for Blended Finance[4] and the Tropical Landscape Financing Facility (TLFF). In fact, the Minister of Finance points out that "*The Green Sukuk initiative has paved the way for capital flow for our sustainable future*." The GOI has also expressed interest in blue and SDG bonds/sukuk and sub-national bond issuance, and has emphasised inclusion and low-carbon development as a national priority for COVID-19 recovery[5]. However, there remain a number of challenges that need to be addressed in deploying innovative financing instruments at scale to reach the next level.

Problems to be addressed by the JP

The National Mid-Term Development Plan (RPJMN) 2020-2024[6] demonstrates the Government of Indonesia's (GoI) commitment towards achieving the Sustainable Development Goals (SDGs) and transitioning to a low-carbon economy. However, **the government faces a significant financing gap, which could hinder it from achieving its sustainability targets**. Prior to the pandemic, through the Sustainable Development Goals (SDGs) Roadmap, the estimated financing gap (high scenario) in Indonesia was calculated at USD 1 trillion[7], however, the pandemic has widened the SDG financing gap at a time when revenues have also contracted. This calls for an imperative for a financing recovery strategy that will respond to shocks that the pandemic triggered across public and private

[4] This is an international unifying framework for mobilising additional commercial capital towards the SDGs, developed under the leadership of the GOI and OECD.

[5] From a presentation by the Ministry of National Development Planning/National Development Planning Agency (BAPPENAS), Country Experiences: Sustainable COVID-19 Recovery & Climate Action. available here.

[6] Indonesian Government, National Mid-Term Development Plan (RPJMN) 2020-2024

[7] Indonesian Government/UNDP, Indonesia Integrated National Financing Framework (INFF), August 2022. Available here.

finance and lay out an approach for unlocking the necessary investments to finance SDGs and the Paris Agreement whilst managing heightened future risks and uncertainties.

In addition to increased SDG resource needs, the central government also aims to increase the average capital budget expenditure contribution to 1.7–2.3% of GDP[8] across each financial year of Medium-term National Development Planning (RPJMN), in order to meet growth targets. However, **limited fiscal space constrains the allocation of sufficient funds and public financial management challenges prevent more efficient capital budget execution**, with higher rates of return on investment. While the former may reflect the government's ability to exercise its income-generating power through available revenue sources, the latter showcases technical challenges in the government bodies that can be addressed if we understand the underlying issues.

As a result of the COVID-19 crisis, an emerging area of support has been to scale up financing for SMEs. Indonesian SMEs make up 98.8% of all businesses and contribute to 60.3% of the GDP have been hit hard by the pandemic[9]. In terms of the gender gap, globally, the World Bank finds female-owned businesses were 5.9 percentage points more likely to have closed their businesses than male-owned businesses[10]. Even before the pandemic, most women have limited availability of basic credit. This requires technical and capacity building support for tackling collateral and credit enhancement issues as well as strengthening the bankability/invertibility of SME initiatives.

Finally, the JP has an opportunity to leverage Indonesia's leading position in sharia-compliant sustainable financing instruments. As the world's largest Muslim majority country, Indonesia has tremendous potential to scale up mobilisation and use of the Zakat (Islamic philanthropic alms giving) and Waqf (Islamic endowment funds), and facilitate blended financing approaches that can accelerate achievement of the SDGs.

1.2 JP strategy

The JP seeks to address some of the key market failures by creating enabling environment for public and private investments and leverage Indonesia's leading position in sharia-compliant sustainable financing instruments. As the world's largest Muslim majority country, Indonesia has tremendous potential to scale up mobilisation and use of the Zakat[11] (Islamic philanthropic alms giving) and Waqf (Islamic endowment funds), and facilitate blended financing approaches that can accelerate achievement of the SDGs.

The JP supports strengthening of capacities and offer TA and de-risking support to take forward a complementary mix of different instruments, sized to address gaps at different scales of investment, the borrowing capacity of the project sponsor, the anticipated revenue flows from the projects, and other critical elements.

The JP provides technical assistance for pre- and post- issuance of thematic bonds/sukuk, institutional strengthening and capacity building, and campaigning and advocacy. Through the TA, the PUNOs support the GOI with the development of the framework for thematic bonds/provide second party opinion, project selection and preparation, data collection and analysis, and impact measurement and reporting. The advocacy efforts focus on

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[8] Indonesian Government, National Mid-Term Development Plan (RPJMN) 2020-2024

[9] OECD, SME and Entrepreneurship Policy in Indonesia 2018, available here.

[10] World bank Blog, The Global State of Small Business during COVID-19: Gender Inequalities. Available here.

[11] Zakat is typically paid by financially stable Muslims as annual alms to the National Zakat Agency (BAZNAS), formed by the GOI through Presidential Decree No. 8/2001. As of 2019, only 3.5% of zakat contribution was collected by BAZNAS and other private zakat organisations.

supporting the GOI to gain recognition on the international stage with regards to its efforts related to SDG financing.

The JP is meant to support banks to launch the SDG-linked products, including through the creation of a green/SDG catalogue which will streamline loan approval systems and provide metrics for measuring progress in terms of the achievement of the SDGs, this includes TA to ensure proper origination and assessment of loans as well as capacity-building for both bank staffs, SMEs and third-party verifiers. A capacity building hub to support potential SMEs (prioritizing women-owned/-led and youth-owned/-led businesses) to access and effectively utilise the loans with a view to delivering on SDGs.

Also, the JP provides support to design a framework to track SDG impacts at both fund and enterprise level through tangible, measurable indicators aligned with the SDGs, ensuring that the parameters and reporting are in line with international best practices and harmonised with established standards; identify additional limited partners (from conventional and sharia market) interested in impact investments; and directly facilitate seed funding to improve the attractiveness of targeted investees which might not otherwise meet the return requirements of the limited partners.

The JP is funded by the SDG-F USD $ 9,580,500 with PUNOs Co-finance of USD $ 2,436,000. The JP is designed to be a 4-year program starting from March 2021 to March 2025.

The overall goal of the JP is **Acceleration of the achievement of targeted SDGs through increased innovative financing**. This is envisaged to be achieved through one overarching outcome and three mutually reinforcing outputs:

Outcome: Increased financing leveraged – through innovative finance mechanisms including:

- Output 1*:* Catalysed: Issuance of thematic bonds at national and subnational levels
- Output 2: Increased: Green and SDG-linked loans prioritising women-owned/-led SMEs.
- Output 3: Operationalised: Indonesia Impact Fund - prioritising women-owned/-led start-ups.

The JP accelerates Indonesia’s progress to achieve the SDGs (prioritising SDG targets 5.5, 6.2, 9.3, 13.1, 14.b, and 17.3) in line with the following development agendas from Indonesia’s RPJMN 2020-2024:

- To strengthen economic resilience for better economic growth.
- To reduce inequality through regional development.
- To strengthen the stability of law and defence and transform public service.
- To rebuild the living environment and increase resilience towards natural disasters and climate change.

Theory of Change

Indonesia is an emerging market with strong potential for innovative financing for the SDGs. However, for Indonesia to unlock this potential and achieve SDG priorities it needs to address the capacity constraints that prevent access to and effective utilisation of finance, as well as facilitate the rollout of new financing instruments at scale.

If:

- Government capacity to leverage financing through innovative financing instruments for gender-inclusive green and social projects is strengthened.

- financial institutions capacities to issue loans and blended finance instruments that enable the achievement of SDGs are strengthened; and
- start-ups and SMEs access to and utilisation of finance for SDG impact are improved.

Then, progress towards achieving the targeted SDGs will be accelerated because the barriers to unlock the potential of the deployment of the innovative financing instruments are addressed and the necessary capacities are in place.

The JP builds on ongoing programmes of PUNOs to address barriers to the 'supply of green and social finance'. This will enhance the country's potential to deploy innovative financing instruments, including at sub-national levels, thus directing SDG finance towards under-served sectors such as the marine sector, the nascent impact investment ecosystem, and SMEs. On the 'demand side', the JP builds the capacity of national institutions, start-ups, and SMEs to better access and utilise the finance mobilised for SDG impact.

The JP proposes to deploy at scale three mutually reinforcing financing instruments: thematic bonds, the Indonesia Impact Fund (IIF) – a blended finance instrument, and SDG-linked loans. A number of these instruments have already been tried and tested in Indonesia. What these initiatives do is to bring them together to facilitate synergies and address gaps to enhance the leveraging potential and help to build a more cohesive SDG finance ecosystem.

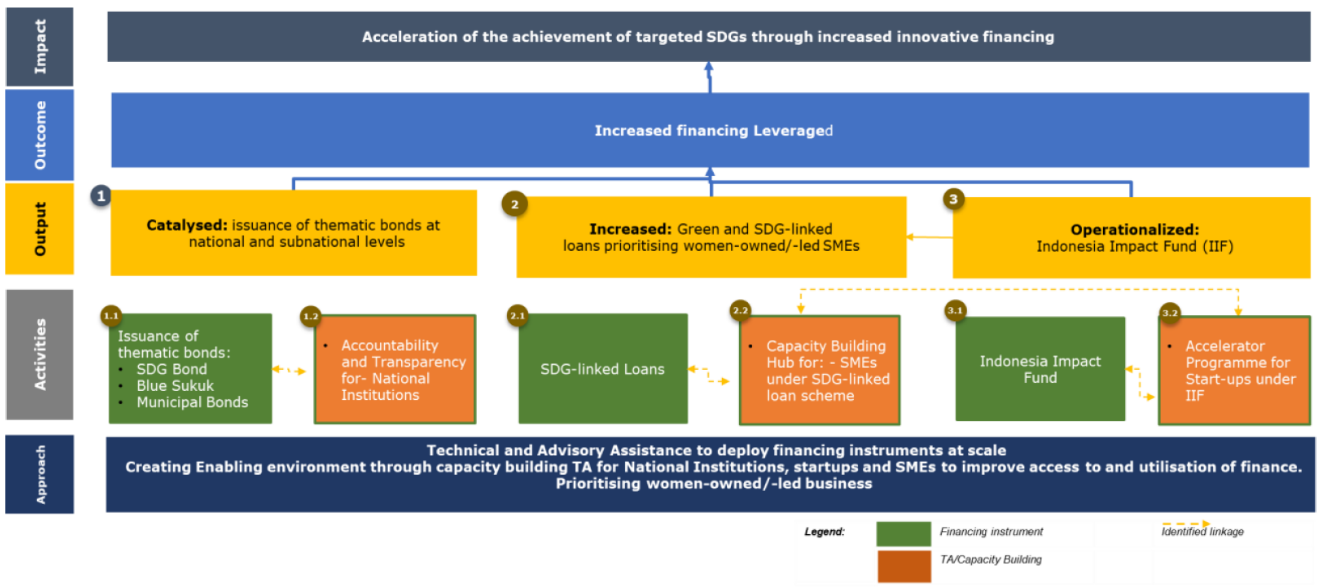
The JP supports the GOI to expand thematic bond issuance to new sectors (e.g. Blue and SDG bonds) and take bond issuances to the subnational level. This would ensure that as government takes on more debt to address COVID-19 recovery, it is linked to sustainable investments. It will increase investor confidence in Indonesia's creditworthiness through improvements in the enabling environment. In addition, it will also strengthen government's ability to deliver sustainable financing for SDGs, both at national and subnational levels. In this regard, a two-pronged approach will be followed:

1. The JP expands on the MoF's public expenditure transparency and accountability initiatives for SDG results to include measuring the impact of expenditures. This will strengthen impact reporting for the bonds issued in support of the SDGs. Lessons from national level will inform subnational replication to measure the impact of municipal bonds; and
2. The JP programme supports subnational governments to expand their local revenues through increasing local tax and non-tax revenue (e.g. household fees/tariffs, retribution fees, and business fees registration). The increased local revenue would serve as both collateral for municipal bonds and increase budget allocations to SDG-related social and environmental projects (e.g. WASH, School Connectivity, renewable energy for health and social service facilities). In so doing, the JP will ensure that the bonds issued, and the broad investments mobilised for SDGs are fiscally sustainable.

The JP capitalises on the growing impact investment ecosystem in Indonesia by operationalising the IIF in collaboration with Mandiri Capital Indonesia, and the Indonesia APEC Business Advisory Council (ABAC). The JP will provide technical assistance (TA) to the IIF in order to improve the measurement of SDG impacts for investors. It will also provide concessional finance for risk mitigation to ensure an attractive blended finance structure.

To complement the SDG-linked loans and impact fund, the JP will launch an accelerator programme to support growth-stage enterprises to become investment-ready and a capacity-building hub for SMEs to become more sustainable. Together, these initiatives will drive private capital towards the SDGs. The bonds target large-scale investors with a view to aligning national programmes with targeted SDG impacts. The blended finance structure of the IIF targets growth-stage start-ups, and the SDG-linked loans target SMEs.

Figure 1: The JP theory of change



Assumptions: The critical assumptions for this TOC include: 1) despite the COVID-19 pandemic, a global financial crisis does not impact the flow of investments; 2) government continues to prioritise SDG implementation; and 3) government maintains commitment to the economic reform agenda including the business climate improvement outlined in the recently passed "Omnibus Law15"; 4) government will continue to opt for "debt path" to financing COVID-19 recovery; 5) MoF has a political will to improve the public expenditure's transparency and accountability, including tax reform policies/ shift in tax policies at sub-national level.

Stakeholders participation

The JP involves multiple stakeholders from the UN, Government, private sector and civil society organisations. UNDP, UNICEF, UNEP, and UNIDO are the key UN agencies participating in the JP with implementation responsibilities for the JP activities, and the UN Resident Coordinator is accountable for JP delivery who primarily monitors JP implementation through participation in the Programme Steering Committee (PSC).

The JP embarks on long-standing collaboration with the GoI, and involves key Government partners including the MoF, Ministry of Planning (Bappenas), Coordinating Ministry for Maritime and Investment Affairs (Kemenko Kemaritiman dan Investasi), OJK, relevant LGs, these governmental agencies are the main owners of the project outcomes and benefits who are primarily in charge of SDGs financing in their respective roles. The JP also engages private sector in different capacities including local banks for financing SDG loans, investors for SDG projects and corporate private sector for bonds issuance. The SMEs are main direct beneficiaries of JP activities particularly under component 2 and 3 of the JP.

2. Evaluation scope and objectives

The Mid-Term Review (MTR) assessed progress towards the achievement of the ASSIST JP's objectives and key results, both developmental and financial, as specified in the JP Document. The MTR also reviewed the achievements of the JP and identify the need for changes to be made to its objectives and/or strategies, when required, to set the JP on-track to achieve its intended results. The MTR also reviewed the JP's strategy and its risks to sustainability.

The scope of the MTR involved to evaluate the three components of the JP and assessed their respective areas of intervention, progress, and achievements. The aim of this comprehensive evaluation was to provide detailed recommendations to be implemented by the JP in the second half of the JP implementation. A detailed evaluation questions have been integrated into the ToR, and in response, MTR developed evaluation matrix with refined evaluation questions across effectiveness, efficiency, relevance, coherence[12], sustainability and cross-cutting questions. The evaluation matrix also mapped the evidence used for answering each question including gender responsive data collection tools. See Annex 2 of this document for more details.

The MTR assessed JP performance against expectations set out in the JP's Logical Framework/Results Framework, it assessed the achievement of JP results against what was expected to be achieved and drew lessons that can both improve the sustainability of benefits from this JP, and aid in the overall enhancement of future programming. The MTR measured the extent to which the JP has contributed to address the needs identified in the design phase and degree to which implementation, efficiency and quality delivered on expected results (outputs) and specific objectives (outcomes), against what was originally planned or officially revised, thus, the MTR report promotes accountability and transparency and assesses the extent of JP accomplishments.

The MTR provides evidence-based information that is credible, reliable, and useful and comply with the UNDP Evaluation Guidelines. The MTR was undertaken in line with UNEG principles concerning independence, credibility, utility, impartiality, transparency, disclosure, ethical, participation, competencies, and capacities. The evaluation process has been independent of participating PUNOs and JP partners. The opinions and recommendations in the evaluation are those of the Evaluators and do not necessarily reflect the position of any stakeholders. The MTR was carried out between December 2023 – February 2024, with geographical coverage in Indonesia, as the JP focuses on supporting Government of Indonesia.

3. Evaluation approach and methods

3.1 Methods

Mixed methods[13] have been used for the MTR to generate mix of qualitative and quantitative data. The use of mixed methods had the advantage of supporting data triangulation across multiple sources, which helped to increase data accuracy and credibility to inform the reliability of the evaluation results.

[12] Although the ToR didn't include 'coherence' evaluation questions, but this was added during the inception phase by the evaluators.

[13] Mixed methods involve desk review, semi-structured interviews, and surveys for data collection, and also descriptive analysis, content analysis, thematic analysis and simple quantitative data analysis in excel for survey data and quantitative indicators for data analysis. See below sections for more details.

Data collection methods

To strengthen the robustness of the evaluation evidence, a mix method was used to generate qualitative and quantitative data to best describe JP results based on the on the results framework as outlined in the JP document. The evaluation used methods of document review and interviews for data collection to obtain answer all of the evaluation questions outlined in the TOR. The evaluation had two levels of data collection and validation of information:

- A desk review of JP documentation where both qualitative and quantitative data have been collected – See annex 4 for list of documents reviewed.
- Semi-structured interviews with key stakeholders for qualitative data collection (Annex 8 list of persons interviewed), a total of 56 interviewees have been engaged of which 26 females.

An evaluation matrix was developed as a base for gathering of qualitative inputs for analysis. The evaluation matrix defined the objective for gathering non-biased, valid, reliable, precise, and useful data with integrity to answer the evaluation questions.

Desk review*:* The initial stage of the evaluation involved the review of project documentation and associated documents. An information package has been provided by the JP management team. The evaluators reviewed all relevant sources of information, such as the project document, project reports – including annual reports, progress reports, project files, previous evaluations, national strategic and policy documents, and other materials that the evaluator considered useful for an evidence-based evaluation assessment. The key output of the desktop review was to collect data and information as potential evidence that underpin evaluation and also helped the evaluator to familiarize with the work context in detail. See annex 4 for list of documents reviewed.

Semi-structured interviews*:* Engaging stakeholders has been critical for the success of the evaluation. The JP involved multi-stakeholders and teams in different capacities and the TE engaged with various stakeholders to cover different perspectives taking into account the principle of gender responsiveness. Stakeholders' interviews conducted during the evaluation with various stakeholders and teams. Interviewees involved open questions about their perspectives of JP successes, challenges and also about their particular roles in the JP. The interviews were used to collect detailed data and info about the JP delivery. See annex 2 for interview guide.

Interviews relied on **a targeted and purposive sampling strategy** to include a diversity and balance of perspectives from each stakeholder category and gender balance. The interviewees were selected to be inclusive of all participating stakeholders including UNDP, participating UN agencies, Government counterparts, private sector and JP staff and relevant international organizations.

The main purpose of the engagement was to collect evidence that support MTR process and findings and gain sufficient understanding of their perspectives on the program successes and challenges. All interviews will be undertaken in full confidentiality.

Gender responsiveness has been integrated throughout the evaluation process including gender balance during the engagement with stakeholders by ensuring both genders are engaged, particularly when it comes to beneficiaries, assessing the gender integration in the JP design and delivery, and ensuring that data collection and analysis are gender sensitive. The evaluation used gender-disaggregated data of personnel engaged by the JP to identify barriers and differentiate roles that may be more suited to each gender. The evaluation also checked whether all "people count" indicators are gender segregated and if the JP had reported women ratio in related indicators.

Throughout the evaluation process, the main stakeholders have been engaged and interviewed using semi-structured interview[14] method. Interviews relied on targeted and purposive sampling strategy to include a diversity and balance of perspectives from each stakeholder category.

Data analysis methods

Data analysis was based on observed facts, evidence, and data. Findings are specific, concise, and supported by quantitative and/or qualitative information that is reliable, valid and generalizable.

The data analysis method involved:

Descriptive analysis: A descriptive analysis of the JP will be used to understand and describe its main components, including related activities; partnerships; modalities of delivery; etc. Descriptive analysis preceded more interpretative approaches during the evaluation;

Content analysis: A content analysis of relevant documents was conducted to identify common trends and themes, and patterns for each of the key evaluation issues. Content analysis was also used to flag diverging views and opposite trends, and determined whether there was need for additional data generation. Emerging issues and trends were synthesized to inform each stage of the reporting process (validation; draft and final evaluation reports);

Thematic analysis: Responses collected from semi-structured interviews were analyzed through thematic analysis, this is a method of analyzing qualitative data applied on interview transcripts. The evaluators have closely examined the data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly.

Quantitative analysis: A Simplified analyses was conducted on all quantitative measures (for example financial investments mobilized) by reviewing and validating JP datasets on quantitative indicators. The generated statistics were used to develop emergent findings and inform the triangulation process.

The evaluation primarily relied on **triangulated** evidence gathered through two main avenues: desktop review and interviews. Desktop review entails a thorough examination of existing documentation, reports, studies, and any relevant written materials that pertain to the subject of the evaluation. This approach enables the evaluator to gain a comprehensive understanding of the background, context, and previous findings related to the evaluation objectives. Interviews, on the other hand, offer a dynamic and interactive method to collect firsthand accounts, insights, and perspectives from individuals directly involved with or affected by the program. These included stakeholders, beneficiaries, program staff, and other relevant parties. The qualitative data derived from interviews provided depth and context that complemented the information gathered through desktop review.

[14] A semi-structured interview is a method of research used most often in the social sciences. While a structured interview has a rigorous set of questions which does not allow one to divert, a semi-structured interview is open, allowing new ideas to be brought up during the interview as a result of what the interviewee says. The interviewer in a semi-structured interview generally has a framework of themes to be explored.

By synthesizing the findings from both the desktop review and interviews, the evaluation was able to draw on a diversified set of evidence. This triangulation process not only strengthened the validity of the evaluation findings but also enriches the analysis by incorporating different viewpoints and types of evidence. The convergence of data from these varied sources allowed for a more comprehensive understanding of the program's effectiveness, challenges, and impacts.

The main **cross-cutting issue** that this evaluation considered was gender mainstreaming. The evaluation ensured that the analysis integrate gender considerations where possible, obtained data disaggregated by sex and other relevant categories where available, and employed a diverse range of data sources and processes to ensure the inclusion of diverse stakeholders, including the most vulnerable where appropriate.

Ratings

The MTR used ratings structure as stipulated in the MTR's Terms of Reference. The different scales for rating various criteria are shown in Table 2 below.

Table 2: MTR Rating Scales & Evaluation Ratings Table

TE Rating Scales	
Ratings for Outcomes, Effectiveness, Efficiency, M&E, Implementation/Oversight, Execution, Relevance	**Sustainability ratings:**
6 = Highly Satisfactory (HS): exceeds expectations and/or no shortcomings 5 = Satisfactory (S): meets expectations and/or no or minor shortcomings 4 = Moderately Satisfactory (MS): more or less meets expectations and/or some shortcomings 3 = Moderately Unsatisfactory (MU): somewhat below expectations and/or significant shortcomings 2 = Unsatisfactory (U): substantially below expectations and/or major shortcomings 1 = Highly Unsatisfactory (HU): severe shortcomings Unable to Assess (U/A): available information does not allow an assessment	4 = Likely (L): negligible risks to sustainability 3 = Moderately Likely (ML): moderate risks to sustainability 2 = Moderately Unlikely (MU): significant risks to sustainability 1 = Unlikely (U): severe risks to sustainability Unable to Assess (U/A): Unable to assess the expected incidence and magnitude of risks to sustainability.

3.2 Ethical Considerations

The MTR consultants were held to the highest ethical standards and was required to sign a code of conduct upon acceptance of the assignment. This evaluation was conducted in accordance with the principles outlined in the

UNEG ‘Ethical Guidelines for Evaluation’[15]. The evaluators ensured to safeguard the rights and confidentiality of information providers, interviewees, and stakeholders through measures to ensure compliance with legal and other relevant codes governing collection of data and reporting on data. The evaluator also ensured security of collected information before and after the evaluation and protocols to ensure anonymity and confidentiality of sources of information where that is expected. The information knowledge and data gathered in the evaluation process has been solely used for the evaluation and not be used for other purposes without the express authorization of UNDP and partners.

3.3 Limitations

The main constraints experienced in this evaluation was related to data collections are stakeholders’ availability for interview particularly when such engagement took place at the end of the calendar year and beginning of a new year where holiday season was observed. In response, the JP management team helped to liaising with all stakeholders to ensure availability during the evaluation interview and try to find alternatives for those who are not available, including online engagement where possible. Also, some of the data sets were not available in the form required to report on the indicators, particularly, data related to number of SMEs as opposed to number of individuals trained by the program, this required back and forth communication with the team to better understand what the data exactly represented. Ultimately, the evaluation coverage was comprehensive, in spite of the challenges encountered.

4. Findings

4.1 Relevance

Finding
Rating: HS The JP demonstrates high relevance to both national and subnational needs in Indonesia, effectively addressing the requirements of stakeholders and beneficiaries involved in the initiative. With COVID impacts in terms of diverting funds from development towards COVID recovery, the JP scope has become more relevant than ever before to assist the Indonesian Government in developing a holistic financing strategy that is more aligned with sustainable development. Moreover, the JP aligns seamlessly with the strategic planning framework outlined by the Indonesian Government, PUNOs, and the funding agency (i.e SDG Fund).

Relevance is the extent to which JP’s objectives are consistent with beneficiaries’ requirements, country needs, global priorities and partners’ and donors’ policies.

Relevance to the national priorities

The JP is aligned with Indonesia’s National Mid-Term Development Plan (RPJMN) 2020-2024, which has been developed in accordance with the SDGs to support full achievement by 2030. The objectives of the RPJMN are to strengthen economic resilience for better economic growth, to reduce inequality through regional development,

[15] UNEG Ethical Guidelines for Evaluation, 2020, available here.

to strengthen the stability of law and defence, and transform public service and to rebuild the living environment and increase resilience towards natural disasters and climate change. The RPJMN reflects the GoI's strong commitment to achieving the SDGs while making a significant shift towards low-carbon economic transformation and intensifying efforts to address underfunded sectors such as sanitation and developing the blue economy[16].

Prior to the pandemic, through the Sustainable Development Goals (SDGs) Roadmap, the estimated financing gap (high scenario) in Indonesia was calculated at USD 1 trillion[17], however, the pandemic has widened the SDG financing gap at a time when revenues have also contracted. This calls for an imperative for a financing recovery strategy that will respond to shocks that the pandemic triggered across public and private finance and lay out an approach for unlocking the necessary investments to finance SDGs and the Paris Agreement whilst managing heightened future risks and uncertainties. In addition to increased SDG resource needs, the central government also aims to increase the average capital budget expenditure contribution to 1.7–2.3% of GDP[18] across each financial year of Medium-term National Development Planning (RPJMN), in order to meet growth targets.

As a result of the COVID-19 crisis, an emerging area of support has been to scale up financing for SMEs. Indonesian SMEs make up 98.8% of all businesses and contribute to 60.3% of the GDP have been hit hard by the pandemic[19]. In terms of the gender gap, globally, the World Bank finds female-owned businesses were 5.9 percentage points more likely to have closed their businesses than male-owned businesses[20]. Even before the pandemic, most women have limited availability of basic credit. This requires technical and capacity building support for tackling collateral and credit enhancement issues as well as strengthening the bankability/invertibility of SME initiatives.

The GOI has demonstrated an appetite to test and develop various innovative financing instruments which could channel funding to close the SDG funding gaps (e.g., it has developed the world's first sovereign green sukuk (Islamic bonds). In fact, the Minister of Finance points out that "The Green Sukuk initiative has paved the way for capital flow for our sustainable future." The GOI has also expressed interest in blue and SDG bonds/sukuk and sub-national bond issuance and has emphasized inclusion and low-carbon development as a national priority[21] for COVID-19 recovery. However, there remain a number of challenges that need to be addressed in deploying innovative financing instruments at scale to reach the next level.[22]

By 2100, climate change is expected to result in up to a 7% drop in Indonesia's GDP), yet 38% of the country's Nationally Determined Contributions (NDC) to the Paris Agreement remain underfunded. Evidence reveals that women and men experience climate change (CC)'s impacts differently due to their socially constructed roles and responsibilities. Therefore, an equity lens and financing for gender equality are required to advance SDGs in light of CC. Indonesia requires around USD 20.6 billion (bn) annually for implementing climate action (SDG 13) until

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[16] Project Document, *Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia*

[17] Indonesian Government/UNDP, Indonesia Integrated National Financing Framework (INFF), August 2022. Available here.

[18] Indonesian Government, National Mid-Term Development Plan (RPJMN) 2020-2024

[19] OECD, SME and Entrepreneurship Policy in Indonesia 2018, available here.

[20] World bank Blog, The Global State of Small Business during COVID-19: Gender Inequalities. Available here.

[21] "Building Back Better with Low Carbon Development Initiative (LCDI)".

[22] CBI Unlocking green bonds in Indonesia: a guide for issuers, regulators and investors

2030.[23] Additionally, the RPJMN noted that USD 1.29bn is needed annually to provide adequate sanitation services for households and communities, and investments in resilience for the marine sector will cost around 9% of GDP by 2024[24].

Relevance to UN agenda in Indonesia

UNSDCF

The JP is aligned with the key United Nations Sustainable Development Cooperation Framework (UNSDCF) 2021-2025 outcomes, particularly; the fourth strategic priority is that of 'Innovation to accelerate progress towards the SDGs', Outcome 4: Stakeholders adopt innovative and integrated development solutions to accelerate advancement towards the SDGs, particularly output 4.2: Innovative Financing and Partnership Government and stakeholders have increased capacity to develop, establish, gain access to and leverage from innovative financing instruments and partnerships to address key sustainable development challenges including gender inequality in Indonesia, and Outcome 2- Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation (output 2.5: Enterprise and financial services, enabling business environment and capability of local firms have improved to increase productivity and meet compliance requirements as suppliers to global market).

Outcome 2 aims to empower both institutions and individuals to actively participate in a rapidly evolving economy. This involves implementing strategies for creating higher value in economic activities and generating employment. The initiative also focuses on improving training and skills development systems across agriculture, manufacturing, and services, incorporating new technologies and innovative practices. The objective is to establish a more advanced and supportive business environment, particularly by enhancing the capacity of small and medium-sized enterprises (SMEs). Efforts are to be made to formalize the extensive informal sector, promote inclusive work environments, foster gender equality and women's empowerment, and advocate for workers' rights, with a special focus on vulnerable populations such as refugees, migrants, people with disabilities, and those affected by HIV.

UNDP

The project is also aligned with the UNDP development agenda, particularly with UNDP Indonesia Country Programme Document (CPD), Outcome 4– Innovations for Accelerating the Achievement of SDGs.

In Outcome 4 UNDP aims to accelerate the achievement of SDGs through innovative approaches, partnerships, and digital infrastructure. The theory of change involves replacing business-as-usual approaches with innovative processes, leading to inclusive and sustainable growth. UNDP plans to support the development of an integrated national financing framework, explore innovative financing mechanisms, leverage big data and disruptive technologies, and promote South-South and triangular cooperation. These efforts align with specific SDGs and UNDP's six signature solutions as well as the JP's outcome.

UNDP has been working closely with the West Java Provincial Government to issue the first municipal bond in Indonesia. It has facilitated the discussion between the central government and the West Java Provincial

[23] Indonesia's Second Biennial Update Report Under UNFCCC, 2018

[24] Project Document, Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia

Government, at which the MoF is planning to provide TA for the development of a "Debt Management Unit". Furthermore, discussion with West Java Local Development Planning Agency (BAPPEDA) has showcased their interest in UNDP support in the municipal pipeline project development, i.e. by conducting the study of "Low Carbon Initiative Landscape Mapping & Business Case Development". In addition, the JP will establish engagement with other potential province(s) such as DKI Jakarta, Central Java, East Java, etc[25].

UNDP has already supported ABAC and MCI in launching of the IIF and, through this JP, UNDP will accelerate efforts to operationalise the fund before the end of 2025. Currently, UNDP is holding frequent discussions on efforts needed for the operationalisation of the impact fund. UNDP provides advisory support relating to impact measurement and management (i.e in developing impact framework, impact due diligence criteria and review of potential investees) that would be required for the Fund. 26.

With reflection from the Green Sukuk, the government is looking at the significant potential and has shown great interest towards replicating such success with Blue Sukuk. In this regard, UNDP and UNEP, with support from DBS Bank Singapore, together with the Coordinating Ministry of Maritime and Investment Affairs have developed a Blue Financing Strategic Document. A series of intensive discussions and consultations have taken place with key stakeholders on the potential development of the Blue Bond/Sukuk27.

UNEP

UNEP's Medium-Term Strategy for 2022—2025 aims to deliver a transformational change for people and nature. And it does so by drilling down on the root causes of the three planetary crises of climate change, nature and biodiversity loss, and pollution and waste. The JP is aligned with this strategy, in particular, Enabling Subprogrammes- Finance and economic transformation, Action C- Accelerating the alignment of finance with sustainability objectives and policy priorities. UNEP Finance Initiative will work through its various normative initiatives, such as the Principles for Responsible Banking, where UNEP will seek to promote access to sustainable digital finance that is gender-responsive, including for micro-, small- and medium-sized enterprises.

UNEP, with support from UNDP, has initiated discussion with Bank Rakyat Indonesia (BRI), a member of ISFI, which has already achieved Rating A in the Morgan Stanley Capital International (MSCI) Sustainability Index and was the issuer of Indonesia's first corporate Sustainability Bond in 2019. The discussion is centred around establishing cooperation in developing SDG-linked loans for SMEs operating in SDG priority sectors, where the JP will offer financial incentives such as interest rate subsidies and subsidies on third-party verification costs, as well as developing a common 'green catalogue' which lists bankable business improvements and the SDG performance measurements/key performance indicators (KPIs). The JP will also establish engagement with other potential bank(s), such as Bank Negara Indonesia, members of UNEP FI, or other members of ISFI, with discussions to follow suit. For the potential pilot area, UNIDO has received Letter of Endorsement from Indonesia Chamber of Commerce and Industry - West Nusa Tenggara Provinces (KADIN NTB) to support its SMEs and creative industry in the area. Initial discussion has also been established with two Civil Society Organizations engage in gender-related initiative, i.e. IBCWE (Indonesia Business Coalition for Women Empowerment) and ASPPUK (Association for Assistance to Women in Small Businesses), at which further engagement shall be established with ASPPUK as

[25] Project Document, Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia

[26] Project Document, Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia

[27] Project Document, Driving Public and Private Capital Towards Green and Social Investments in Indonesia / Accelerating SDGs Investments in Indonesia

the potential beneficiaries for SDG-linked loan and/or capacity building partner to more than its 2 million women-led/-owned enterprises members distributed in more than 100 districts in Indonesia.

Also, with reflection from the Green Sukuk, the government is looking at the significant potential and has shown great interest towards replicating such success with Blue Sukuk. In this regard, UNDP and UNEP, with support from DBS Bank Singapore, together with the Coordinating Ministry of Maritime and Investment Affairs have developed a Blue Financing Strategic Document. A series of intensive discussions and consultations have taken place with key stakeholders on the potential development of the Blue Bond/Sukuk.

UNICEF

The JP is aligned with UNICEF Strategic Plan 2022- 2025 – GOAL Area 5- Every child, including adolescents, has access to inclusive social protection and lives free of poverty. UNICEF works with governments to effectively implement poverty reduction policies, including financing and investments for children at national and local levels.

UNICEF collaborates with the Ministry of Finance in identifying budgetary expenditure and investments related to children's SDG goals. Within the partnership with Fiscal Policy Agency, Directorate General of Fiscal Balance, and selected Local Governments in the last two years, an institutional and technical capacity has been built to help assess the impact of fiscal policy and public investment decisions on poverty and socio-economic inequality.

UNIDO

The JP is also aligned with UNIDO's Medium-Term Programme Framework 2022-2025, Digital transformation and innovation. The framework supports smart production applications, technology promotion, innovative financing and quality infrastructure, while fostering entrepreneurship and industrial skills.

UNIDO's ongoing initiative in Indonesia aims to ensure a participatory approach to fisheries trade management, with ongoing commitment by all stakeholders. Through the JP, UNIDO has developed fisheries export strategies and good practices to improve productivity and efficiency along the selected value chains, resulting in better income and livelihood of small-scale fish farmers, fishermen and processors, while ensuring sustainable management of maritime resources. The JP will take to scale initiatives to strengthen coastal operators' industrial performance and trade capacities through SDG-linked loans thus promoting the Blue Economy.

The JP will also support banks to launch the SDG-linked products, including through the creation of a green/SDG catalogue which will streamline loan approval systems and provide metrics for measuring progress in terms of the achievement of the SDGs.

Relevance to the SDG Fund

The JP is aligned with the Joint SDG Fund strategy, which embarks on a theory of change that involves unleashing policy accelerators, developing the SDG financing ecosystem, and catalysing SDG programming and investments, recognizing the interdependent nature of the SDGs and the need for integrated, cross-sectoral policies and catalytic finance. Funding from the Joint SDG Fund to the Indonesian JP will help accelerate funding flows towards the delivery of the SDGs, as it would be complementary to existing PUNO and other financial programming. To date, the bulk of UN activities have focused on support to the public sector in the creation of appropriate enabling environments for the movement of capital, which have largely been successful.

Relevance to the beneficiaries' needs

Stakeholders and beneficiaries engaged in this MTR process have emphasized the relevance of the JP support to their needs, particularly in relation to bond issuance, capacity building, business incubations and development.

4.2 Coherence of the programme design

Findings
Rating: MS The JP design has successfully presented a transformational farmwork in its goals, largely through the incorporation of a diversity of funding sources which are prepared to commit significant amounts of capital towards the achievement of the SDGs upon demonstration of proof-of-concept for the proposed pilot activities in financial innovation. The JP design also captures the barriers/problem analysis towards enhancing SDGs financing in Indonesia and presented well-structured components in an integrated approach to achieve a transformational change in SDGs financing including bonds issuance, banking solutions and supporting SMEs and startups. Coherence of the JP can be further strengthened by co-designing and co-implementing a unified M&E, gender mainstreaming and communication and knowledge management. Some of these elements are already underway. However, the design encompasses some flaws such as ambitious targets that may be challenging to achieve within the JP circumstances and timeframes, shortcomings in terms of not identifying and addressing assumptions related to the readiness of local authorities for Component 1 and the banking sector for Component 2, and lacking a comprehensive assessment of the engagement with banks regarding the feasibility of the SDG-loan products and the necessary due diligence. The defined indicators lacked utility in terms of providing guidance to the JP team on what needs to be achieved, and included fundamental flaws like irrelevance to the JP results and clarity.

The JP has been designed to be transformational in its goals, largely through the incorporation of a diversity of funding sources which are prepared to commit significant amounts of capital towards the achievement of the SDGs upon demonstration of proof-of-concept for the proposed pilot activities in financial innovation.

The design and development of the joint programme were guided by comprehensive analyses conducted at the national level by various agencies. The JP design process involved consultations with the government, key partners, and the active engagement of United Nations Organizations and development partners. Notably, there was a robust sense of ownership of the JP by government bodies during the initial stages of program formulation.

The design primarily focused on the programmatic rationale and harnessed the comparative advantages of PUNOs to attain the expected JP results, with the potential to catalyze systemic change. The JP was specifically tailored to generate a higher level of joint collaboration than what regular joint programming could deliver. This approach encourages robust coordination within the UN system, expediting institutional and behavioral change. Consequently, the JP contributes to the attainment of SDG-related country priorities and outcomes, influencing changes in policy, policy implementation, country budget allocations, and the adoption and scaling-up of proven solutions.

The JP design has successfully captured the barriers/problem analysis towards enhancing SDGs financing in Indonesia, and in response the project design presented well-structured components to remove the identified barriers with specific activities leading to specific outputs and outcomes. The project design offers an integrated solution to achieve a transformational change in SDGs financing including bonds issuance, banking solutions and supporting IIF.

To this end, there have been a number of weaknesses observed by the evaluation team, as follows:

1) The JP theory of change (ToC) is grounded on a number of assumptions, while some assumptions are identified in the ToC, other key ones have neither been identified nor tested during the design stage, including:
    - **Readiness for municipal bonds**: It was assumed that Indonesian authorities at the subnational level are at the same level of readiness and capacity as the national level to issue thematic bonds. Experience from JP implementation shows that local authorities have limited capacities and lack of long political commitment and stability at the local level to maintain the bonds issuance.
    - **Banking sector readiness to design and implement SDG-loans**: the JP found that banks were not yet ready to design a loan product specifically for sustainability. They needed to acquire some level of knowledge about sustainable finance prior to feeling more comfortable in providing relevant products and services.
2) The targets set by the JP have proven to be overly ambitious within the current circumstances and timeframes. Achieving these targets necessitates the establishment of a long-term framework owned by the government. The JP role should incrementally create an enabling environment and enhance institutional capacities among stakeholders, fostering effective ownership and implementation of policies that extend beyond the confines of a specific project. It is evident that certain targets will not be met by the end date of the JP in March 2025, for example outcome indicator 2 (Value of finance leveraged through SDG-linked loans for SMEs), the municipal bond and other targets that will vary in the level of achievements – see section 4.3 for the status of targets at the MTR stage.
3) The original structure of the JP, outlined in the ProDoc, incorporates credit guarantee and interest rate subsidy schemes as financial support mechanisms to enhance the financial viability of the SDG-linked loans, specifically the IndoGAP Certification Loan. A total funding allocation of USD 600,000 has been designated for these schemes. However, the disbursement process for these enhancements has proven to be challenging. Similar to many UN agencies, UNEP is restricted from providing funding to for-profit entities. Despite exploring various options, the team has been unsuccessful in finding a viable solution.
4) When it comes to partnering with banks under component 2 of the JP. The project design didn't include due diligence for banks that were specifically named in the project document. Delaying this to the implementation stage could result in reputation risk and considerable delays in the implementation of activities.
5) The JP design didn't include Social and Environmental Safeguards (SES) exercise to identify any potential social and environmental impacts from the JP activities, although such impacts are unlikely, but such a due diligence would still be needed to keep up with the standards of the UN and donors.
6) In terms of indicators, the JP found it necessary to make adjustments to the wording of indicators, mainly to expand their scope, and numerical targets underwent reductions to align with the emerging circumstances (see section 4.2 for details of changes and justifications).
7) In addition to the JP changes on indicators, the evaluators noted the following flaws in the indicators:

- Indicator 2 under component 2 (Number of SDG-linked loans disbursed) didn't define the scope of the SDG-linked loans, this leaves a room for different interpretations, and it was noticed that some SMEs loans were reported under this indicator though not necessarily coming from SDG-linked loan framework.
- Indicator 3 and 4 under Component 1 (Number of APBN and APBD reporting SDG results against public expenditure & Number of LGs reporting an increase in local revenue) are irrelevant to the results to be achieved by the JP. These indicators are not directly pertinent to the current scope of JP interventions. The activities undertaken by the JP do not have a direct impact on this indicator, and there is no evidence that the JP's efforts will result in a change in this specific indicator. For example, the JP has no direct contribution to increase revenues at the LG level.
- Indicator 1 and 2 under component 3 (Indicator 1: Number of start-ups accessing IIF equity Indicator 2: Number of startups and MSMEs which receive capital/funding from IIF) are technically similar in what they are measuring and have been confusing to the JP team in terms of differentiating between them. The JP team has been reporting the number of startups assessed under indicator 1 and number of startups approved for funding under indicator 2. The evaluator notes that despite difference in wording, indicators 1 and 2 are technically measuring the same change.
- Indicator 3 under component 2 is essentially measuring number of SMEs to be trained, however by asking for disaggregation by age, it confuses the measurement with number of people trained rather than number of SMEs.

Accordingly, the MTR team suggests the following changes to be applied to the indicator:

Table 3: Proposed changes to the JP indicators

Current indicator	Revised
Outcome indicators	
Outcome indicator 1: Value of finance leveraged through thematic debt instruments	No change
Outcome indicator 2: Value of finance leveraged through SDG-linked loans for SMEs (disaggregated by women-owned/-led)	Outcome indicator 2: Value of finance leveraged through banking sector to support SMEs implementing SDG-related projects (disaggregated by women-owned/-led)
Outcome indicator 3: Value of finance leveraged from IIF	No change
Component 1	
Indicator 1: Number of frameworks for the Sovereign SDG and Sub sovereign SDG/Blue/Green and corporate bonds	No change
Indicator 2: Number of thematic bonds issued (SDG, Blue, Municipal, Green)	No change

Current indicator	Revised
Indicator 3: Number of APBN and APBD reporting SDG results against public expenditure.	No change – though reporting on this indicator should change to include SDG broader expenditures and not only limited to child related expenditures
Indicator 4: Number of LGs reporting an increase in local revenue in APBD.	To be removed
Indicator 5: Number of reports produced-for bond investors showing SDGs results and or the improvement of the enabling environment enhanced fiscal sustainability.	No change
Component 2	
Indicator 1: Number of Green Catalogues	Indicator 1: Number of Sustainable Finance Frameworks (SFFs) developed for local banks.
Indicator 2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender)	Indicator 2: Number of enterprises accessing loans from the local banks to implement SDG-related projects. (disaggregated by women-owned/-led)
Indicator 3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led)	Indicator 3: Number of entrepreneurs trained (disaggregated by region, age, and gender)
Component 3	
Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led)	To be merged with indicator 2
Indicator 2: Number of startups and MSMEs which receive capital/funding (disaggregated by age and gender - women-owned/-led) from IIF and other financial institutions	Change numbering and slight change on the wording: Indicator 1: Number of startups and MSMEs which receive capital/funding from IIF and other financial institutions (disaggregated by age and gender - women-owned/-led)
Indicator 3: Number of startups and MSMEs trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led) - cumulative.	change number and remove 'age' from disaggregation. Indicator 2: Number of startups and MSMEs trained/ Cohorts going through accelerator program (disaggregated by gender - women-owned/-led) - cumulative.

4.3 Effectiveness

Findings
- The JP has been generally effective in delivering activities despite shortcoming in achieving targets. The effectiveness of the JP has been supported by effective stakeholders' engagement strategy and working closely with Government agencies along with the good relationship and comparative long partnerships between the UNDP and other PUNOs.

- On the other side, factors that hindered JP effectiveness include the substantive macroeconomic changes took place on the back of COVID locally and globally, limited awareness and knowledge about thematic bonds at the subnational level, limited capacity, and preparedness of the banking sector to participate in the JP activities in addition to procedural complications in procuring expertise and engaging private sector efficiently.
- The JP achieved 85%, 0% and 17% of 2021-2023 targets for outcome indicator 1,2 and 3 respectively, however, there has been substantive progress made in the first half to set the basis for increasing innovative financing for SDG financing and successes in advancing the bonds issuance, capacity building and SMEs support.
- The JP has been successful in setting the basic frameworks for mobilising funding through the bond issuance through supporting the development of the Republic of Indonesia's SDGs Government Securities Framework, promoting the issuance of thematic bonds, enabling impact measurement, support pipeline development, securing commitments from banks for sustainable finance, supporting IIF with technical assistance and significant efforts to support SMEs and start-ups.
- Despite progress, majority of the 2021-2023 targets have not been fully met yet, in fact, it is evident that the likelihood of achieving some end of programme targets may be limited within existing circumstances such as value of finance leveraged through SDG-linked loans for SMEs, finance leveraged from IIF and municipal bonds.
- There are number of reasons for not achieving the targets at the outcome level including the ambitious nature of the targets, economic impacts of COVID and its recovery, Global and local macroeconomic changes and inflation rates, capital outflow from Indonesia due to the rise of interest rate globally, Government of Indonesia reconsidering its borrowing through bond issuance due to high revenue expectation, capacity of the banks to implement SDG-loan products. So much of these are beyond the control of the JP, however, a roadmap for rectifying and speeding up delivery on targets would be still needed.
- The JP has been successful in setting the basis for bond issuance by supporting the development of the Republic of Indonesia's SDGs Government Securities Framework to ensure the utmost credibility and accountability of the issuer's intentions to finance the SDGs, facilitating thematic bond issuance worth of USD 3.057 billion so far (SDG Bond, Blue Bond and Green Sukuk) and building the capacity of stakeholders on thematic bonds and to measure and report SDGs Bond Impacts. It should be noted that the added value of JP in managing financial resources in transparent and effective manner is equally important to the value facilitate mobilising them.
- However, there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure as opposed to more broadly SDGs results against public expenditure, and no technical support done to specifically increase revenues of local government.
- Two out of three targets defined under component 2 are showing 0% progress and one on track. The JP has been unable to develop a new banking loan product specifically for SDGs, mainly due to banks' capacities, willingness and readiness to provide sustainable finance products in absence of Sustainable Finance Framework (SFF), so the JP refocused its efforts to support banks with developing SFFs, and received commitment letters from 5 banks to develop their SFFs. There are no loans materialised that specifically funds SDGs-related projects, simply because there is no SDG loan product yet. The JP has been enhancing the capabilities of SMEs and startups in product development through training and workshops provided to over 955 people in SMEs covering basic design skills and sustainable material exploration.
- The JP has been providing technical support to the IIF including the development of the measurement and monitoring framework for the IIF's impacts, development of pipeline projects and facilitating the engagement between the startups and the IIF. The IIF has invested a total of USD 2 million since its

inception in 2021, with USD 500K invested during the first semester of 2023. The Fund utilizes the Impact Framework developed with support from the JP to ensure that investments align with the SDGs.
- The JP has been playing an intermediary role between the businesses and investors through the implementation of the Impact Venture Accelerators (IVA) is including She Disrupts Indonesia and Blue Finance Accelerator in 2023 cohorts. IVAs provide a platform where companies scale their businesses and increase their contribution towards the SDGs through Impact Measurement and Management module. Despite successes, two out of three targets defined until the end of 2023 have not been fully met.
- The model of supporting businesses under this component may be replicable through other projects and to other funds, but it is fundamentally relying on UNDP and UNIDO playing the role of capacity building and intermediary role between businesses and investors, this work would seize once the project comes to an end. A more strategic approach is required to invest in enabling local institutions doing such a role rather than done solely by the UN agencies. UNIDO started to strengthen the delivery model by developing e-learning platform, developing a collective brand 'MyNyale' and more engagement with the provincial governments. See more discussion in the sustainability section.

Progress towards results is provided on below tables against the MTR targets in the JP. Ratings and comments are provided in the following paragraphs.

JP objective

The JP aims at accelerating of the achievement of targeted SDGs through increased innovative financing and supporting the Government of Indonesia in meeting the SDGs target through Innovative Financing by providing technical assistance & capacity building to relevant stakeholders. To achieve this objective, the JP is expected to leverage $4.0 billion through thematic debt instruments, $ 8.5 million through SDG-linked loans and $23 million through the IIF. Based on data analysis below, the JP remains off track in terms achieving the MTR targets and some targets are unlikely to be achieved by the end of the programme, particularly target defined under outcome indicator 2.

Despite achieving 87%, 0% and 17% of 2021-23 targets for outcome indicator 1,2 and 3 respectively, the overall objective is rated Moderately Satisfactory (MS) based on the progress made in the first half to set the basis for increasing innovative financing for SDG financing and successes in advancing the bonds issuance, capacity building and SMEs support. The JP has been successful in setting the basic frameworks for mobilising funding through the bond issuance through supporting the development of the Republic of Indonesia's SDGs Government Securities Framework, promoting the issuance of thematic bonds, enabling impact measurement, support pipeline development, securing commitments from banks for sustainable finance, supporting IIF with technical assistance and significant efforts to support SMEs and start-ups.

There are number of reasons for not achieving the targets including the ambitious nature of the targets, economic impacts of COVID and its recovery, Global and local macroeconomic changes and inflation rates, capital outflow from Indonesia due to the rise of interest rate globally, Government of Indonesia reconsidering its borrowing through bond issuance due to high revenue expectation, capacity of the banks to implement SDG-loan products. So much of these are beyond the control of the JP, however, a roadmap for rectifying and speeding up delivery on targets would be still needed.

Table 4: Outcome indicators and targets

Result / Indicators	Baseline	2021-2023 cumulative target	Achieved till the end of 2023	End of JP target (cumulative)	Status
Outcome indicator 1: Value of finance leveraged through thematic debt instruments	USD 0	USD 3.5 billion	**USD 3.057 billion (87% of the target)**	USD 4.0 billion	MS
Outcome indicator 2: Value of finance leveraged through SDG-linked loans for SMEs (disaggregated by women-owned/-led)	USD 0	USD 6 million	**USD 0 million (0% of the target achieved)**	USD 8.5 million	MU
Outcome indicator 3: Value of finance leveraged from IIF	USD 0	USD 17 million	**USD 3 million (17% of the targets achieved**	USD 23 million	MU

Targets review

Due to multiple factors including: 1) Economic impacts of COVID and its recovery, 2) Global and local macroeconomic changes and inflation rates, 3) capital outflow from Indonesia due to the rise of interest rate globally, 4) Government of Indonesia reconsidering its borrowing through bond issuance due to high revenue expectation, 5) capacity of the banks to implement SDG-loan products and 6) 2024 national elections is expected to slow down the development of policy and regulatory reforms. The reduction of targets has been formally approved by the steering committee and SDG-F, and included:

- **Outcome indicator 1: Value of finance leveraged through thematic debt instruments**: The JP proposed to revise the 2023 target to USD 1.5 billion from the previous USD 2 billion, this was based on the challenges highlighted by the Ministry of Finance (MoF), such as high interest rates and costly borrowing in the global market, the JP has adjusted its strategy for issuing SDGs Bonds.
- **Outcome indicator 2: Value of finance leveraged through SDG-linked loans for SMEs (disaggregated by women-owned/-led)**. Also, the JP proposed to revise the 2023 target from USD 7 million to USD 1 million, as well as the 2024 target from USD 8 million to USD 2.5 million, this change is based on recognizing the limited size of the potential interest banks, therefore affecting the potential size of financing (loans) disbursed. However, at the time of the MTR, the final target seems to be far away and unlikely to be achieved withing the JP timeframes.
- **Outcome indicator 3: Value of finance leveraged from IIF**. The JP proposed to reduce the 2023 target from USD 8 million to USD 5 million. While the JP managed to leverage finance amounting to USD 3 million during the initial implementation year of 2021, the Indonesia Impact Fund (IIF) faced a significant challenge in high turnover rates within the fund management team beginning 2022. This has consequentially slowed down fund activities, including fundraising efforts and investment deployed.

Reducing targets is understandable and justified in the circumstances and context outlined above, however, it should have been associated with road map/mitigation measures to address the fundamental challenges, for example, tab on the potential in Green Sukuk, engaging with, and building the capacity of local banks to establish the needed momentum for financing SDG-linked loans, the road map would demonstrate how the program is confident of achieving the revised targets.

Table 5: Additional financing leveraged to accelerate SDG achievement.

Indicators	Target 2021		Target 2022		Target 2023		Target 2024
	Target	Achieved	Target	Achieved	Target	Achieved *(as of October 2023)*	Proposed
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope	594:1	346:1	278:1	129:1	560:1	278:1	144:1
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale	594:1	346:1	278:1	129:1	560:1	278:1	144:1

Component 1: Thematic Bond Issuance

Ratings		
Progress/ Results to date	Rating	Rationale and Achievement Description
Component 1	MS	The JP has been successful in setting the basis for bond issuance by supporting the development of the Republic of Indonesia's SDGs Government Securities Framework to ensure the utmost credibility and accountability of the issuer's intentions to finance the SDGs, facilitating thematic bond issuance worth of USD 3.057 billion so far (SDG Bond, Blue Bond and Green Sukuk) and building the capacity of stakeholders on thematic bonds and to measure and report SDGs Bond Impacts. However, there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure as opposed to more broadly SDGs results against public expenditure, and no technical support done to specifically increase revenues of local government.

The JP has been successful in setting the basis for bond issuance by supporting the development of the Republic of Indonesia's SDGs Government Securities Framework to ensure the utmost credibility and accountability of the issuer's intentions to finance the SDGs, facilitating thematic bond issuance worth of USD 3.057 billion so far (SDG Bond, Blue Bond and Green Sukuk) and building the capacity of stakeholders on thematic bonds and to measure and report SDGs Bond Impacts. However, there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure as opposed to more broadly SDGs results against public expenditure, and no technical support done to specifically increase revenues of local government.

Table 6: Breakdown of bonds issuance facilitated

Year	Green Sukuk	SDG Bonds	Blue Bonds	Corporate Bonds	Total ($)
2021		584.035.908,90			**584.035.909**
2022		210.010.951			**210.010.951**
2023	1.586.432.093,83	482.317.225	149.040.000	45.400.000	**2.263.189.319**
Total ($)	**1.586.432.094**	**1.276.364.085**	**149.040.000**	**45.400.000**	**3.057.236.179**

It is acknowledged that the GoI owns and operates the process bond issuance, however, the JP has added important values to the ongoing processes by ensuring the utmost credibility and accountability of the issuer’s intentions to finance the SDGs and meeting investors’ expectations, this achieved by supporting the development of the Republic of Indonesia’s SDGs Government Securities Framework and establishing the framework for allocation and impacts reporting. The JP also is guiding the Government to investigate opportunities for enlarging the bond issuance portfolios through innovative approaches. And finally, the JP also helped building the capacity of the Government on innovative financing, with a specific focus on municipal bonds. The value of managing financial resources in transparent and effective manner is equally important to the value facilitate mobilising them.

Output 1: Catalysed Issuance of thematic bonds at national and subnational levels

Under this output, the JP aims to develop the fiscal policy of Indonesia for SDGs at national and subnational levels and engage stakeholders and bond investors to participate in advancing sustainable progress for SDGs.

Table 7: Component 1 indicators and targets

Result / Indicators	Baseline	2021-2023 cumulative target	Achieved till the end of 2023	End of JP target (cumulative)	Status
Indicator 1: Number of frameworks for the Sovereign SDG and Sub sovereign SDG/Blue/Green and corporate bonds	1	2	1 (50% of the 2021-23 target achieved)	3	MU
Indicator 2: Number of thematic bonds issued (SDG, Blue, Municipal, Green)	0	4	5 (125% of the 2021-23 target achieved)	5	HS
Indicator 3: Number of APBN and APBD reporting SDG results against public expenditure.	0	8	8 (100% of the 2021-23 target achieved)	12	MU[28]
Indicator 4: Number of LGs reporting an increase in local revenue in APBD.	0	9	**Not Relevant** The JP reported: 9 (100% of the 2021-23 target achieved)	12	NA

[28] This is rated MU despite the reported progress because the expenditures analysis of the 9 APBN and APBDs was limited to child expenditures only and lacked broader SDGs context. See explanation under the relevant indicator.

Result / Indicators	Baseline	2021-2023 cumulative target	Achieved till the end of 2023	End of JP target (cumulative)	Status
Indicator 5: Number of reports produced for bond investors showing SDGs results and or the improvement of the enabling environment enhanced fiscal sustainability.	0	4	3 (75% of the 2021-23 target achieved)	6	MS

Indicator 1.1: Number of frameworks for the Sovereign SDG and Sub sovereign SDG/Blue/Green and corporate bonds. 2021-23 target: 2. Achieved. 1 (50%). End of JP target: 3.

To issue an SDG Bond, the Government of Indonesia, with support of the JP, has developed a robust framework (Republic of Indonesia (RoI) SDGs Government Securities Framework [29]) that is aligned with recognized international standards and principles, such as those established by the International Capital Market Association (ICMA) and ASEAN Capital Market Forum (ACMF). The Framework ensures the utmost credibility and accountability of the issuer's intentions to finance the SDGs is well reflected to meet investors' expectations. The Framework was developed by the Ministry of Finance (MoF), in collaboration with the Ministry of National Development Planning (BAPPENAS) and the Coordinating Ministry of Maritime and Investments Affairs (CMMIA), with support from the UNDP, HSBC, and Credit Agricole as joint advisors.

The Framework (the "SDGs Framework") has been developed to demonstrate how RoI intends to issue Green and Blue Bonds and Sukuk ("Green Securities"), and Social and Sustainability Bonds and Sukuk ("SDGs Securities"), collectively referred as "Green and SDGs Securities" to fund projects that will deliver environmental and social benefits that support the nation to achieve its 2030 development agenda.

The Framework outlines the scope of Eligible SDGs Expenditures that can be financed or refinanced by Indonesia's thematic bonds. These include projects or sectors that contribute to the climate change mitigation and adaptation (green focus), the advancement of the blue economy (blue focus), and the generation of positive social outcomes (social focus). The Framework categorizes eligible use of proceeds into the two following areas:

I. Eligible SDGs Expenditures with Green and Blue Focus
II. Eligible SDGs Expenditures with Social Focus

As part of a globally recognized external review process, Centre for International Climate and Environmental Research (CICERO) and International Institute for Social Development (IISD) subjected the Framework to a verification process and discussed strengths and weaknesses. The review concluded that the framework was classified as "Medium Green", citing its strong outlook for medium-to-long-term low-carbon development, and given a "Good" rating to the overall governance structure. The review provided insights on the allocation of proceeds among development sectors and discussed the range of projects that can be financed through the framework[30].

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[29] Republic of Indonesia (RoI) SDGs Government Securities Framework, 2021.

[30] Republic of Indonesia SDGs Framework Second Opinion, 2021.

The JP provided technical support and contributed to the framework development, including in ensuring the alignment with the objectives of the UN SDGs, and developing the allocation and impacts reports.

Indicator 1.2: Number of thematic bonds issued (SDG, Blue, Municipal, Green). 2021-23 target: 4. Achieved: 5. End of JP target: 5.

The JP supported the Thematic Bond Issuance, particularly the SDG Bond, Blue Bond and Green Sukuk. The JP has collaborated with the Indonesian government to enhance its capacity for leveraging financing through innovative methods, establishing the foundation for a future in which finance can systematically bolster the Sustainable Development Goals (SDGs).

With the support of the JP and aligned with SDG 17.3 objectives, over USD 1.2 billion has been raised from the public through thematic bond issuance. This amount includes USD 284 million from the third release of SDG Bonds in early 2023 and USD 150 million from the inaugural blue bond managed under the SDGs Government Securities Framework. The latter is anticipated to contribute to the realization of Goal 13 (Climate Action) and Goal 14 (Life Below Water). The remaining funds originate from the issuance of SDG Bonds in 2021, totalling USD 587 million, and in 2022, amounting to USD 210 million.

Indonesia Sovereign SDG Bond

In September 2021, the Republic of Indonesia issued an SDG bond of EUR500 million. The SDG bond was classified under the Republic's "SDGs Government Securities Framework", published in August 2021, which identifies "eligible expenditures" across green, blue and social-focus categories to help the Republic meet the United Nations' SDGs.

In 2022, Indonesia issued SDG Bonds totalling IDR 3.26 trillion (approximately USD 210 million), which have been committed to financing SDG-focused projects to accelerate an inclusive and sustainable recovery. The issuance demonstrates the country's continuous commitment to tapping into innovative sources of financing for investments that align with its sustainable development targets and generate positive social impact while simultaneously fostering the expansion of the domestic market.

Blue Bond in the Japanese debt capital market

With the JP support, Indonesia issued a first-of-its-kind Blue Bond in the Japanese debt capital market in May 2023, raising JPY 20.7 billion (US$ 150 million). This issuance marks the world's first publicly offered sovereign Blue Bond aligned with International Capital Market Association (ICMA) principles. Its issuance demonstrates Indonesia's commitment to tapping innovative sources of financing for investments that benefit communities and the sustainable use of marine ecosystems – the blue economy.

The bond was issued both with 7-year and 10-year maturity periods, with 1.2 and 1.43 percent coupon rates respectively. The proceeds from this bond issuance will provide a much-needed boost to Indonesia's blue economy, including coastal protection, sustainable management of fisheries and aquaculture, marine biodiversity conservation and mangrove rehabilitation.

The JP has played a key role in in delivering the blue bond by developing the framework, facilitating engagement among stakeholders, and contributing to identifying and assessing potential projects eligible for funding.

Indonesia's Thematic Bond Market Investor Survey

To further understand the gap and opportunities in advancing thematic bond investments in Indonesia, UNDP in collaboration with the Indonesia Financial Services Authority (OJK), Indonesia Stock Exchange (IDX), and Asian Development Bank (ADB) will be conducting a market survey to domestic market investors to better understand investor perspectives, interest, and preferences in sustainable investing. This survey is expected to play a vital role in understanding the market, gaining insights into investor behaviour, and making data-driven decisions to meet the demand for thematic bond investments. UNDP is currently in the procurement process to source a service provider to deliver this survey.

The Asian Development Bank (ADB) conducted a survey aimed to assess institutional investors' interest in green bonds issued in Indonesia, as well as the perspectives of local arrangers and underwriters on their clients' interest in green bond issuance. UNDP contributed to the section related to outlining sustainable finance initiatives. The survey assessed market drivers, impediments, and development priorities for Indonesia's sustainable finance market to assist development partners in identifying potential areas of support to accelerate the development of Indonesia's sustainable finance market.

The survey concluded that while most local institutional investors expressed interest in investing in green bonds, a substantial proportion of respondents indicated that they lack the resources and capacity to develop and implement environmental, social, and governance (ESG) investment policies. In the meantime, all underwriters indicated that they are willing to explore the possibility of underwriting green bonds for their clients. However, almost half of issuers responded that they are not yet interested in issuing green bonds, but with a majority of respondents indicating an interest in issuing green bonds in the next 3 years[31].

Feasibility Study on Sustainability-Linked Financing (SLF)

Currently, UNDP is delivering a Feasibility Study on Sustainability-Linked Financing (SLF) to understand the opportunities to mobilize capital to support borrowers improve environmental, social and governance performance including selection of relevant Key Performance Indicators (KPIs). The study includes investigating the structural alignment between the features of SLF and Islamic Fintech as both are impact-based systems[32].

Assessment on Indonesia's Municipal Bond Landscape

The JP, in collaboration with the Ministry of Finance, launched the "Assessment on Indonesia's Municipal Bond Landscape[33]". This comprehensive study examines the challenges and possibilities surrounding municipal bond issuance in Indonesia, identifying potential issuers at the provincial level. The study's insights will serve as a crucial reference for stakeholders and the JP alike, guiding future interventions aimed at raising awareness, enhancing capacity, and addressing the needs of subnational governments and other players within the municipal bond ecosystem. **Five promising local governments** have been identified, and discussions with the Ministry of Finance and relevant stakeholders are underway to provide pre- to post-municipal bond issuance support for the two most prospective issuers.

[31] ADB, Green Bond Market Survey for Indonesia: Insights on The Perspectives of Institutional Investors and Underwriters, 2022.

[32] UNDP, Feasibility Study on Sustainability-Linked Financing (SLF), Inception report, 2023.

[33] Assessment on Indonesia's Municipal Bond Landscape, 2023

Post-study, partners have strengthened their capacity for innovative financing, with a specific focus on municipal bonds. This effort includes training for **109 participants** from both governmental and non-governmental sectors to accelerate subnational development.

Additionally, to leverage social finance, the JP has offered technical assistance to Baitul Mal Aceh (BMA), a regional agency in Aceh province responsible for Islamic tax and donation collection. This assistance has led to an increased budget allocation from Islamic taxes and donations for various programs, such as education, social protection, WASH, and initiatives addressing stunting. BMA, with JP's support, has enhanced its management and operational capabilities, revised guidelines, and developed a Master Plan for Child-Focused Programmes, aligning with new standards and pursuing ISO-9001 certification. By the end of 2022, BMA disbursed approximately USD 600,000, benefiting 688 households with children and contributing to the achievement of SDG targets 6.2, 5.5, and 17.1.

In alignment with SDG 17, the Joint Programme, through Public Finance for Children (PF4C) activities, has supported 20 government officials and 43 local government officials in enhancing their understanding of child-sensitive social sector expenditures. This capacity-building initiative ensures effective utilization of public finance and enhances officials' comprehension of the Child-Oriented Budget Tagging Approach, aiding in the assessment of spending related to children and Public Financial Management (PFM).

The inaugural SDG Bond Impact Report was unveiled to the public during the JP-donor and stakeholders' dialogue event held in June 2023. This report underscores the government's responsibility and dedication to utilizing public funds to bolster the national sustainable development agenda. As per the report's conclusions, a noteworthy 41 million individuals in Indonesia have experienced positive outcomes, including enhanced access to health and education services, along with advancements in information and communication technologies, thereby making significant contributions to SDGs 3, 4, and 9.

The JP is currently developing municipal bond issuance guidelines aligned with the under development municipal regulations for managing bonds. However, the way to issue municipal bonds seems to be way long with multiple barriers including misinformation about the bond, limited capacities of local governments and the lack of long political commitment and stability at the local level to maintain the bonds issuance.

Capacity building

Four capacity-building initiatives also continued to be implemented to enhance the knowledge of relevant stakeholders towards the concept and application of green, social, and sustainability bonds, as well as to advocate for its issuance—especially in the domestic market. The series of capacity building activities was joined by a total of 273 representatives from government/regulator, corporates, and financial institutions, with women representing more than 40% of the total participants.

Indicator 1.3: Number of APBN and APBD reporting SDG results against public expenditure. 2021-23 target: 8. Achieved: 8. End of JP target: 12.

The Child Budget Analysis (CBA) is an essential instrument to perform the measurement and analysis of public spending on children for advancing social policy goals and protecting their rights on a global scale. The JP supported the 2021 Indonesia Child Budget Analysis (CBA) and covered four Ministries of the central government, namely the Ministry of Education and Culture, the Ministry of Health (MoH), the Ministry of Social affairs (MoSA) and the Ministry of Women Empowerment and Child Protection (MoWECP).

UNICEF also supported another study to provide an overview of subnational budget analysis for children in selected subnational regions (5 regions in total). The study aimed to identify and categorize local government spending related to children, utilizing data from the Directorate General of Fiscal Balance, Ministry of Finance. The study focuses on fifteen subnational governments (i.e. provincial, district, and city governments) in five selected provinces: Aceh, East Java, East Nusa Tenggara, South Sulawesi, and Papua. In total 1 national and 5 regions covered by the CBAs done so far.

The JP is meant to provide technical assistance for fiscal policy accountability and transparency, with national and subnational governments, and for strengthening institutional capacity in line ministries responsible for SDGs bond related results. However, the indicator is concerned with APBN and APBD reporting SDG results against public expenditure while the CBA is limited scope to child-related budget and expenditure analysis only. **The work reported under this indicator does not seem to have achieved the key objective**.

Indicator 1.4: Number of LGs reporting an increase in local revenue in APBD. 2021-23 target: 9. Achieved: 11. End of JP target: 12.

None of the assessed LGs reported increase in local revenues based on the analysis of the data for 2019-2022. UNICEF has done analysis for 5 selected LGs (Aceh, East Java, South Sulawesi, NTT, and Papua) and data shows that all LGs are in fact experiencing decline in local revenues from 2019 to 2022. This decline is attributed to economic impacts of COVID 19, however, despite the decline, early signs of recovery in revenues are seen and expected to increase in 2023, this will be validated once data is collected.

The JP is meant to provide technical assistance for increasing public revenue, expand blended finance, and strengthen fiscal policy sustainability for SDG related public bonds, at national and subnational levels. There is no technical support done to specifically increase revenues, so even though if revenue numbers were increasing in the LGs, it would be hard to attribute any change under this indicator to the JP.

Indicator 1.5: Number of reports produced for bond investors showing SDGs results and or the improvement of the enabling environment enhanced fiscal sustainability. 2021-2023 target: 4. Achieved: 3. End of project target: 6.

The JP supported the Minister of Finance of the Republic of Indonesia to develop the first **SDG Bond Allocation and Impact Report of 2022**[34] and later the 2023 report to showcase in detail the allocation of the bond's fund and the impact it has generated for the communities. The report is also seen as a form of transparency and accountability displayed by Indonesia in its commitment to achieve long-term inclusive development and meet the Sustainable Development Goals. The report revealed information about the 2021 SDG Bond Allocation Breakdown by Eligible Expenditure and Sector and by geographical regions and a list of all funded projects with Quantitative Impact Matrix demonstrating impacts. The second report of 2023 is underway.

The second report under this indicator is Assessment on Indonesia's Municipal Bond Landscape, see above explanation under indictor 1.2.

Also, worth mentioning that 'SDG bond allocation and impact Report 2023' has been published at the time of the drafting this report.

[34] SDG Bond Allocation and Impact Report, 2022.

Component 2: SDG-Linked Loans

Ratings		
Progress/ Results to date	Rating	Rationale and Achievement Description
Component 2	MU	Targets defined under this component are either not at all met or not fully met. The JP has been unable to develop a new banking loan product specifically for SDGs, mainly due to banks' capacities, willingness and readiness to provide sustainable finance products in absence of Sustainable Finance Framework (SFF), so the JP refocused its efforts to support banks with developing SFFs, and received commitment letters from 5 banks to develop their SFFs. There are no loans materialized that specifically funds SDGs-related projects, simply because there is no SDG loan product yet. The JP has been enhancing the capabilities of SMEs and startups in product development through training and workshops provided to over 995 people in SMEs covering basic design skills and sustainable material exploration.

Output 1.2: Increased green and SDG-linked loans which target SMEs, prioritizing women-owned/-led SMEs

Table 8: component 2 indicators and targets

Result / Indicators	Baseline	2021-2023 cumulative target	Achieved till the end of 2023	End of JP target (cumulative)	Status
Indicator 1: Number of Green Catalogues	0	2	0 (0% of the 2021-23 target achieved))	2	U
Indicator 2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender)	0	20	0 (0% of the 2021-23 target achieved))	60	U
Indicator 3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led)	0	650	955 (648 males, 307 females) (146%)	1250	S

Two out of three targets defined under component 2 are showing 0% progress and 1 on track. The JP has been unable to develop a new banking loan product specifically for SDGs, mainly due to banks' capacities, willingness and readiness to provide sustainable finance products in absence of Sustainable Finance Framework (SFF), so the JP refocused its efforts to support banks with developing SFFs, and received commitment letters from 5 banks to develop their SFFs. There are no loans materialised that specifically funds SDGs-related projects, simply because there is no SDG loan product yet. The JP has been enhancing the capabilities of SMEs and startups in product development through training and workshops provided to over 995 people in SMEs covering basic design skills and sustainable material exploration.

The JP has come to learn that Indonesia Financial Services Authority (OJK) plays a significant role in regulating and supervising the capital market and financial institutions, and engaging with OJK would be a strategic partnership for the JP. The JP started new joint research with OJK aims to identify issues and opportunities for climate mitigation in financial sector in Indonesia by analysing the gap between the existing policies and practices of sustainable finance and international best practices. This research activity is undergoing the procurement process at the moment. Also, a new capacity building activities are currently planned with OJK to strengthen the capacities of financial professionals (specifically the risk and sustainability departments and other general departments) in sustainable finance concepts and practices, and provide an opportunity to also engage with financial professionals, policymakers, academics, and other stakeholders on this topic.

Apart from these activities, partnering with OJK would bring an important value to the program to address the regulatory barriers towards developing loans products and SFFs, and this a good step towards bringing them on board to this project. OJK was invited for an interview as part of this evaluation, but rejected to participate as they have not been engaged in ASSIST program effectively until this moment and thought that they had nothing to offer in the interview – as per their written communication to the evaluators.

The JP has been enhancing the capabilities of SMEs and startups in product development towards industrial upgrading aiming to create a pipeline of potential loan recipients linked to SDGs. This involves enhancing market access and value addition for SMEs and startups through the provision of technical assistance. This assistance includes training and workshops covering basic design skills and sustainable material exploration for the jewellery and textile sectors, the introduction of good agriculture practices (specifically organic and low-input farming techniques) for the agrifood sector, as well as sustainable financial management and accounting for all sectors.

Indicator 2.1: Number of Green Catalogues launched. 2021-23 target: 1. End of JP target: 2.

The JP was meant to target green SME lending by supporting banks by developing Indonesia’s first ‘SDG-linked loans’ for SMEs and industry-specific ‘green loan catalogues. However, Banks were found not yet ready to provide sustainable finance products due to either a complete absence of SF Frameworks or with SF framework that requires de-risking in addition to the Banks’ limited capacities in this space. See section ‘Factors that hinder achievements’ for more details about these challenges.

Accordingly, the JP is currently developing a Sustainable Finance Frameworks (SFFs) to address the knowledge gap of Indonesian banks on sustainable finance and create a Frameworks that are aligned with the Banks’ priorities. And equip banks with guidance in creating sustainable finance products and services. Three domestic banks are being supported by the JP to develop their Sustainable Finance Framework.

The framework will involve co-development of the Eligibility Guide (with UNEP FI and an international consulting firm), internal guides to identify transactions that financed environmentally or socially impactful activities, external guides to communicate the bank’s sustainability commitment, and developing sustainability-aligned financial products (loan or deposit). It will also include an eligibility guide that sets out the qualifying green and social categories, sub-categories, activities, and exclusions.

The JP team actively promotes the UN Principles for Responsible Banking (PRB) to support banks. Through the Principles, banks take action to align their core strategy, decision-making, lending and investment with the UN SDGs, and international agreements such as the Paris Climate Agreement. Three out of five supported banks (Bank Aladin Syariah, Bank Jago and BTN) are now signatories of the PRB.

Further, the JP will be seeking a second-party opinion to provides the transparency investors and lenders demand, and to ensure alignment between the instrument/programme/framework with the relevant market sustainability standards and principles and with the Bank's sustainability objectives with the relevant market sustainability standards and principles to the stakeholders. It also aims to assess the financing instruments/programmes/frameworks' use of proceeds and their contributions to the UN SDGs.

The lengthy procurement process to get experts on board coupled with lengthy due diligence procedures within UN have caused significant delay in delivering the sustainable finance framework, until the time of writing this report, the consultants have not yet been onboarded.

Indicator 2.2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender). 2021-23 target: 20. End of JP target: 60.

So far, no actual loans have materialised and disbursed for SMEs yet. Given the low likelihood of a specific SDG-loan product to be developed, it is accordingly unlikely that the end of the project target is met by the end of the JP.

The JP reported 8 loans for the farmers, but these have not necessarily come based on a specific SDG-loan product, but farmers SMEs got loans from the banks. This triggers the need to define what an SDG-loan means for the sake of reporting on this indicator appropriately.

The JP has been actively engaging the private financing sectors and received commitment letters from 5 banks to develop Sustainable Finance Frameworks. Among those, Bank Aladin Syariah and Bank Jago have committed to collaborating with the JP to co-develop sustainable finance frameworks, marking a significant step in joint efforts to establish a sustainable economic and financial environment in Indonesia. This initiative also plays a role in promoting financing in the development sector, as outlined by the objectives of SDG 9.

The JP is supporting the following banks:

Bank Jago:

- Supporting the co-development of the Sustainable Finance Framework
- Assisting them in the implementation of UN's Principles for Responsible Banking.

Bank Aladin:

- Supporting the incorporation of the Indonesia Green Taxonomy into its operation.
- Supporting the co-development of the Sustainable Finance Framework
- Assisting them in the implementation of UN's Principles for Responsible Banking.

BCA:

- Supporting the development of the Sustainability-linked loan (SLL) product. The JP supported three knowledge sharing sessions so far and provided feedback on the SOP for the SLL.
- Supporting the co-development of the Sustainable Finance Framework.

BTPN Syariah:

- Supporting the co-development of the Sustainable Finance Framework

BTN:

- Supporting the co-development of the Sustainable Finance Framework
- Assisting them in the implementation of UN's Principles for Responsible Banking.

There have been a few loans observed where MSMEs benefited from, however, these loans didn't materialise under a well-defined SDG Loan banking product, especially that 'SDG Loans' are undefined in the project documentation so far.

The ultimate target of loans (i.e 60) seems unlikely to be achieved within current JP timeframes based on the level of maturity of a banking product that specifically addresses the SDGs.

According to the banks who have been interviewed during this MTR, developing a new loan product would take a long time - it takes number of processes internally within the bank and regulatory approvals to get a product ready, so amending existing products to be more sustainable might be more feasible options that could be investigated.

Indicator 2.3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led). 2021-23 target: 848. End of JP target: 1250.

The JP has collected data on number of entrepreneurs trained. Reporting on this indicator has been confused between number of people trained as opposed to number of SMEs trained. The confusion stemmed from the need to disaggregate data by 'age'. Whilst the indicator is supposed to measured number of SMEs, data reported here represent number of people trained. After careful consideration of data by UNIDO, the new number reported as number of SMEs to be 848 SMEs.

The JP has directed its efforts towards industrial upgrading for SMEs and startups, aiming to create a pipeline of potential loan recipients linked to SDGs. This involves enhancing market access and value addition for SMEs and startups through the provision of technical assistance. This assistance includes training and workshops covering basic design skills and sustainable material exploration for the jewellery and textile sectors, the introduction of good agriculture practices (specifically organic and low-input farming techniques) for the agrifood sector, as well as sustainable financial management and accounting for all sectors.

The JP has been focused on enhancing the capabilities of SMEs in product development by utilizing locally available raw materials. This effort is guided by training and coaching sessions provided by both national and international experts contracted by UNIDO. Specifically, for textile SMEs, training sessions were conducted to impart design skills, emphasizing the utilization of waste materials such as water hyacinth, pineapple fiber, plastic waste, banana stems, and other accessible resources for weaving. The resulting prototypes took the form of fashion and home decorations, which were showcased during the ASSIST donor and stakeholder event on June 21, 2023. The event was attended by key stakeholders, including representatives from ministries, UN agencies, embassies, and donors. Additionally, this event marked the pre-launch of the MyNyale umbrella brand and the official launch of prenerhub.id, a learning platform catering to startups and SMEs in Lombok and Indonesia at large.

In the agri-food and aquaculture sector, the UNIDO ASSIST project has provided valuable support to SMEs through various training and capacity-building initiatives, including:

1. Conducting a training session on pitch decks tailored for the Blue Finance Accelerator (BFA) program. This initiative aimed to encourage and prepare SMEs in the blue sector in Lombok to participate in the Blue Finance Accelerator program.
2. Organizing collective training on financial management and introducing green SDG-linked loans. This program was designed for selected SMEs to enhance their knowledge and skills in accounting and financial record-keeping. The objective is to enable SMEs to maintain relevant and comprehensive financial records.
3. Arranging a study tour to Bali focusing on permaculture and sustainable agriculture practices. This capacity-building activity aimed to provide practical insights and knowledge on permaculture and sustainable agriculture methods. Nine participants from NTB, including Agrifood SMEs, MAPORINA, the Department of Agriculture, and the Department of Cooperative and SMEs, were involved in this enriching experience.

To market the SMEs product, the UNIDO ASSIST team has established network for market expansion with several associations in the tourism sectors such as ICA, APJI, MHA and APPMI. In addition, the team has initiated negotiations with the Bank of Indonesia (Central bank of Indonesia) on the establishment of an SMEs impact investment to assist the required funds and investment to improve their business improvement.

The JP's commitment to encouraging small-scale farmers involved reinforcing Aquaculture SOP application and IndoGAP certification through capacity-building activities, including awareness-raising events and entrepreneur talks. This intervention enhances farmers' capabilities and knowledge in implementing environmentally friendly aquaculture practices, contributing specifically to the goals outlined in SDG 9: Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.

JP's commitment extends to expanding access to economic and business opportunities for SMEs, thereby improving social welfare and enhancing national productivity. Initiatives include encouraging small-scale farmers to strengthen Aquaculture SOP application and IndoGAP certification through capacity-building activities like awareness-raising events and entrepreneur talks. These efforts contribute to enhancing farmers' capabilities and knowledge in implementing environmental best practices. Overall, this activity aligns with the achievement of Sustainable Development Goal target 9.3, which focuses on increasing the access of small-scale industrial and other enterprises to financial services, low-cost financing, and their integration into value chains and markets, particularly in developing nations.

Table 9: List of trainings delivered under component 2

No	Activities	Date	Disaggregated number of participants based on sex		Total of participants	Objectives
			Male	Female		
1	Awareness raising on Aquaculture SOP and IndoGAP certification	12 May 2022	25	10	35	To improve knowledge and skills of shrimp farmers on Aquaculture

No	Activities	Date	Disaggregated number of participants based on sex		Total of participants	Objectives
			Male	Female		
						SOP and IndoGAP certification
2	Entrepreneurs talk #01 Success. Story: Aquaculture SOP application for mode productive Vannamei shrimp farming in Indonesia	20 July 2022	47	32	79	To provide information on the success story of a shrimp farmer who has implemented the aquaculture SOP for a motivational message to other entrepreneurs.
3	Entrepreneur Talk #02 Insights into Weaving Product Development	27 September 2022	12	35	47	To provide insights and knowledge on weaving product development and current market trends in textiles.
4	Basic Design and Product Development (Textile and Jewellery)	31 Oct - 4 November 2022	7	25	32	To improve knowledge and skills of SMEs in basic design and product development in the textile and jewelry sector.
5	Low input agriculture and organic farming workshop I	15 – 16 November 2022	16	1	17	To improve knowledge and skills of SMEs in agrifood sectors on certified organic and low input agriculture products and markets
6	Initial workshop on consortium for organic products, Safety and security	6 December 2022	23	10	33	To discuss the needs and potential to establish a networking group or value chain for organic and low input agriculture products.
7	Sustainable material exploration for jewellery workshop	12-14 June 2023	12	1	13	To provide knowledge and skills of SMEs in exploring the potential alternative and eco-

No	Activities	Date	Disaggregated number of participants based on sex		Total of participants	Objectives
			Male	Female		
						friendly materials for jewellery.
8	Perma kumpul event for agrifood SMEs	24-25 June 2023	4	3	7	To provide chamber for upgrading knowledge and skills of SMEs and government sectors on permaculture and sustainable agricultural practices.
9	Basic design workshop for Vocational School teachers	4-7 July 2023	16	6	22	To upgrade knowledge and skills of vocational school's teachers on basic design as a part of future ecosystem in textile and jewellery industry.
10	Workshop on natural dye and pigment experimentation	18-21 July 2023	5	13	18	To provide chamber for SMEs and weavers in exploring the available local materials for natural dye on weavings.
11	Empowerment of MSMEs for Coastal communities	19 August 2023	7	35	42	To improve knowledge and skills of MSMEs in coastal communities in entrepreneurship
12	Entrepreneur talk: Sustainable agriculture	22 August 2023	49	27	76	To provide insights on the importance of sustainable agriculture policies and practices and the approach to reach tourism market through community development and other strategies.
13	Genta Organic "ToT"	2-4 October 2023	18	16	34	To provide chamber for SMEs and government in the field of agriculture

No	Activities	Date	Disaggregated number of participants based on sex		Total of participants	Objectives
			Male	Female		
						in increasing knowledge of sustainable agricultural systems that can be implemented in Lombok.
14	Genta Organic on field workshops	Nov-Dec 23	407	93	500	To provide on field practical workshop on sustainable and organic agriculture to farmers in West Nusa Tenggara
			648	**307**	**955**	

Component 3: Indonesia Impact Fund (IIF)

Ratings		
Progress/ Results to date	Rating	Rationale and Achievement Description
Component 3	MS	The JP has been providing technical support to the IIF including the development the Fund's impact framework, conducting impact due diligence (Impact Review) for potential investees, development of pipeline of startups and capacity building for investees on impact. The IIF has invested a total of USD 2 million since its inception in 2021, with USD 500K invested during the first semester of 2023. The Fund utilizes the Impact Framework developed with support from the JP to ensure that investments align with the SDGs. The JP has been playing an intermediary role between the businesses and investors through the implementation of the Impact Venture Accelerators (IVA) including She Disrupts Indonesia and Blue Finance Accelerator in2023 cohorts. IVAs provide a platform where companies scale their businesses and increase their contribution towards the SDGs through Impact Measurement and Management module. Despite successes, two out of three targets defined until the end of 2023 have not been fully met.

Output 1.3: Operationalised the Indonesia Impact Fund

Table 10: Component 3 indicators and targets

Result / Indicators	Baseline	2021-2023 cumulative target	Achieved till the end of 2023	End of JP target (cumulative)	Status
Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led)	0	30	66 (220% of the 2021-23 target achieved)	30	HS
Indicator 2: Number of startups and MSMEs which receive capital/funding (disaggregated by age and gender - women-owned/-led) from IIF and other financial institutions	0	19	8 (42% of the 2021-23 target achieved)	39	MU
Indicator 3: Number of startups and MSMEs trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led) - cumulative.	0	140	45 (32% of the 2021-23 target achieved)[35]	240	MU

Indicators/targets revision:

- The JP proposed to include MSMEs in the scope of beneficiaries receiving capital funding and training/Acceleration under Indicator 2 and 3, respectively; The inclusion of MSMEs under the output-level indicators meant to reflect the existing activities under Component 3 to scale-up not only Startups, but also MSMEs.
- The JP proposed to include financing provided by other financial institutions, in addition to the investments made by IIF under Indicator 2, as not all the startups and MSMEs receiving support from the JP can meet/match with the criteria of IIF. However, with the capacity building and technical assistance provided by the JP, their capacity for accessing more financing and investment opportunities has been strengthened.
- The JP proposed to reduce the target number of Start-ups and MSMEs receiving capital funding in 2023 from 15 to 4 startups. The JP proposal to reduce the target of Start-ups and MSMEs receiving capital funding also reflects challenges in fundraising efforts by IIF, where investment activities are consequentially slowed.

The JP has been providing technical support to the IIF including the development of the measurement and monitoring framework for the IIF's impacts, development of pipeline projects and facilitating the engagement between the startups and the IIF. The IIF has invested a total of USD 2 million since its inception in 2021, with USD 500K invested during the first semester of 2023. The Fund utilizes the Impact Framework developed with support from the JP to ensure that investments align with the SDGs. The JP has been playing an intermediary role between the businesses and investors through the implementation of the Impact Venture Accelerators (IVA) including She Disrupts Indonesia and Blue Finance Accelerator in2023 cohorts. IVAs provide a platform where companies scale their businesses and increase their contribution towards the SDGs through Impact Measurement and Management module. Despite successes, two out of three targets defined until the end of 2023 have not been fully met.

[35] Whilst the indicator is supposed to measured number of start ups/MSMEs, data reported here represent number of people trained.

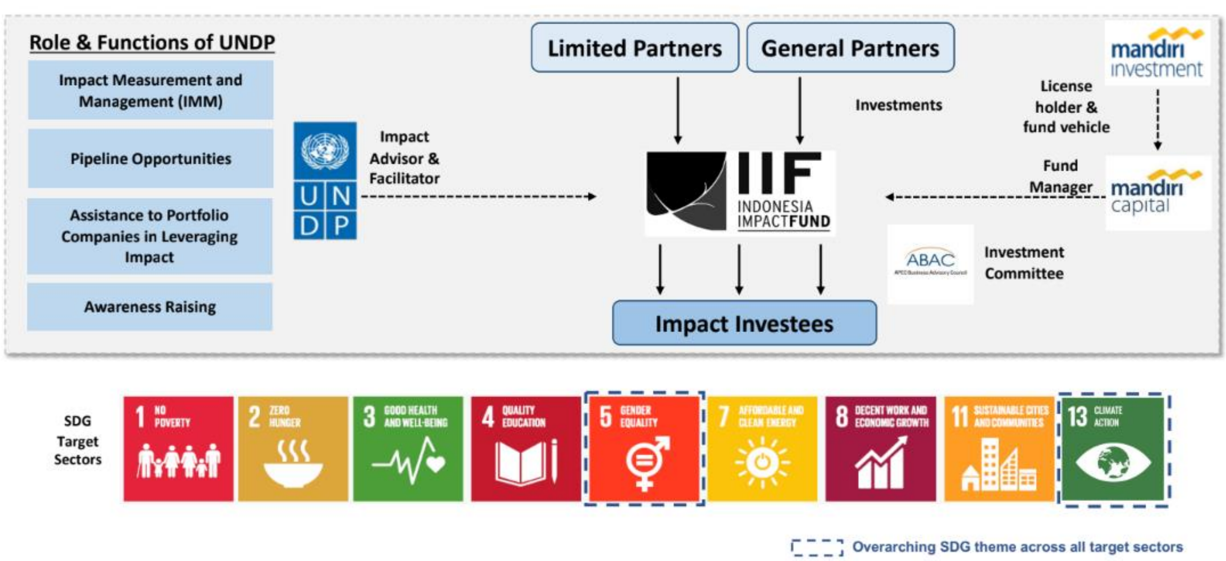
Table 11: breakdown of IIF funds

Year	Funds Raised	Investment (USD)	Total (USD)
2021	2.350.000	Cakap (500.000)	500.000
2022	0	Greenhope (500.000), Delos (500.000)	1.000.000
2023	0	Fishlog (500.000)	500.000
Total ($)	**2.350.000**		**2.000.000**

The model of supporting businesses under this component may be replicable through other projects and to other funds, but it is fundamentally relying on UNDP and UNIDO playing the role of capacity building and intermediary role between businesses and investors, this work would seize once the project comes to an end. A more strategic approach is required to invest in enabling local institutions doing such a role rather than done solely by the UN agencies. See more discussion in the sustainability section.

UNDP helped Indonesia Impact Fund (IIF) co-developing its framework in 2021 where SDG Impact Standards have been incorporated into IIF's Impact Framework, co-developed by UNDP. UNDP developed an impact thesis and set portfolio level goals as well as helped to refine impact indicators for both Fund and Investee level, and established an impact due diligence criterion, conducted ex-ante impact reviews, and identify issues to be addressed through an impact action plan.

Figure 2: Overview of the Indonesia Impact Fund (IIF) model



Further, UNDP supported IIF in developing its impact reports for potential investees in Indonesia. The purpose of these report is to conduct an Impact Due Diligence (DD) (Impact Review) assessment for potential investee of Indonesia Impact Fund and understand the extent to which the potential investee aligns with IIF's impact goals and priorities, including impacts achieved/expected, contributions to the Sustainable Development Goals, and to highlight impact risks if any. Identify gaps if any that should be addressed either pre- or post-investment.

So far, UNDP delivered three impacts reports:

- Impact Review: Delos, July 2022[36].
- Impact Review, Kecilin, December 2022[37].
- Impact Review, Fishlog, Marc 2023[38].

UNDP and UNIDO have collaboratively developed a catalogue startups profile where potential startups and initiatives have been mapped out as potential beneficiaries from the IIF[39].

The Indonesia Impact Fund has invested a total of USD 2 million since its inception in 2021, with USD 500K invested during the first semester of 2023. The Fund utilizes the Impact Framework developed with support from the JP to ensure that investments align with the SDGs. Notably, several investments are in line with the JP's SDG targets, such as SDG 14.b, which provides access for small-scale artisanal fishers to marine resources and markets through tech-based sustainable and efficient shrimp farming practices.

JP managed to leverage finance amounting to USD 3 million in financing during the initial year of implementation in 2021. However, challenges such as high turnover in the fund managers has slowed down the activities of the Indonesia Impact Fund, including fundraising efforts. Consequently, in the second year of implementation (2022), no funds were raised under the IIF. The JP recognises the importance to continue to support the IIF in conducting impact reviews for potential investees. However, there will be challenges in fundraising and investment to potential investees due to low investor appetite in current market conditions.

The Catalytic Funding (CF) aims to leverage larger-scale impact from IIF investees in diversifying and expanding business operations to vulnerable communities as well as underserved, high-risk areas. Under the CF, the JP has engaged in a partnership with BPDLH to be the implementing partner. The JP continues to provide support through advisory and monitoring in the overall implementation of the CF program.

Indicator 3.1: Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led). 2021-23 target: 30. End of JP target: 30.

Please refer to the 'coherence' section for explanatory notes on the deficiencies in the design of indicator 3.1 and 3.2.

The JP supported overall 66 startups accessing IIF equity stems from the She Disrupts Indonesia and Blue Finance Accelerator. The JP facilitated one-on-one introduction between the ventures and Mandiri Capital as the fund manager. Additionally, the JP also implemented Demo Day platforms to facilitate the startups' pitching to investors, which included MCI as jury audiences for their pitching. On the other hand, MCI as the FM have also sourced their own startups as part of their individual networks.

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[36] UNDP, Impact Review: Delos, July 2022.

[37] UND, -Impact Review, Kecilin, December 2022.

[38] UNDP, Impact Review, Fishlog, Marc 2023.

[39] UNDP & UNIDO, Catalogue Start Ups Profile

Indicator 2: Number of startups which receive capital/funding (disaggregated by age and gender - women-owned/-led). 2021-23 target: 30. End of JP target: 39.

Through the Blue Finance Accelerator (BFA), the JP has played a pivotal role in advancing Indonesia's blue sector economy. This initiative facilitates increased collaboration among startups and SMEs, fostering partnerships among stakeholders to enhance access to financing, and aligning industry best practices. The BFA program, geared towards supporting the Indonesian government's development of the blue economy and achieving SDG 14: Life Below Water, focuses on accelerating the growth of local startups/SMEs and enhancing the capacity of government entities operating in blue sectors, including sustainable aquaculture, fisheries, marine ecosystem conservation, coastal community development, and marine waste management. The JP helped in mapping and identifying indicators, provided pipeline for consideration, assessing eligibility, and undertaking workshops to improve businesses skills to be part of the BFA.

In collaboration with the Asian Development Bank and the Coordinating Ministry of Maritime and Investment Affairs (CMMAI), the BFA program, part of the ASSIST JP, provides selected startups and SMEs in the blue economy with a six-month accelerator program. This initiative aims to improve their business and impact measurement capacities, ensuring equitable benefits for marine ecosystems and coastal communities.

The indicator refers to the startup receiving investment from the IIF. From the Fund's inception until now there have been four investments made: Cakap, Fishlog, Greenhope and Delos [IIF investees]. The JP, as technical advisor on impact, supported the inception and implementation of the Fund with:

- Development of an impact framework, pre-screening toolkit and impact due diligence criteria
- Conducting an impact review process for potential/incoming investees
- Capacity building on Impact Measurement and Management to investees (startup receiving investment from IIF).

Indicator 3: Number of startups trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led) - cumulative. 2021-23 target: 140. End of JP target: 240.

The JP implemented number of initiatives aiming at supporting MSMEs and startups in building their capacities to develop business development skills. While this work is significantly valuable, it is largely limited to skills development with little on access to finance (i.e the main purpose of this).

Result for Indicator 3 is 45 startups and MSMEs trained included 109 enterprises.

The JP's support for business through Blue Finance Acceleration (BFA) and SheDisrupts Indonesia (SDI) included capacity building towards Impact Measurement and Management (IMM) including business development and sector specific modules (jointly implemented with respective partners in each program). In terms of access to financing, both BFA and SDI held Demo Days where the participating businesses were given a chance to pitch their businesses in front of investors, partners, ecosystem builders/enablers, communities, media and the public.

In BFA Demo Day, over 140 connections were made, and 40 introductions facilitated by JP implementing partner Instellar to investors (local and regional such as Circle Capital) for the participating businesses (including to IIF/Mandiri Capital Indonesia). In SDI, four ventures received financing by Creatella Impact (implementing partner): HiPajak, Sesama Care, Banoo and OKE Garden.

SheDisrupts Indonesia 2023

SheDisrupts Indonesia 2023 is a model venture competition, mentorship, and pre-acceleration training program for women-led and women owned social impact startups in Indonesia. The overall objective of the program is to empower women entrepreneurs and build their capacity to run sustainable and profitable businesses and be a strong contributor and force for the socio-economic advancement and achievement of the Sustainable Development Goals (SDGs) in Indonesia.

The JP has contributed to implement the She Disrupts Indonesia 2023 competition and pre-accelerator program for women-led businesses in partnership with Creatella Impact, Sasakawa Peace Foundation, Moonshot Ventures, Monks Hill Ventures, and UN Women by providing cash and in-kind contributions and contributing to planning and delivery of the program. This program focuses on building the capacity of more than 30 women-led startups or startups with women as beneficiaries, contributing to the achievement of SDG 5: Gender Equality by scaling up women entrepreneurs in Indonesia.

The 2023 program was launched on 12 December 2022 and concluded its main part on 24 March 2023. 80 early stage, women-led social startups participated in the venture competition, of which 54 were selected for 2 rounds of mentorship and judging sessions with a total of 161 hours of business and investment mentoring and 16 hours of additional mentoring during pre-acceleration. On average, each startup received 4 hours of mentoring. 32 startups took part in a 3 week long intensive pre-acceleration program covering 33 hours of training. 26 startups were selected to pitch live during the demo day in front of 100 investors and other ecosystem players.

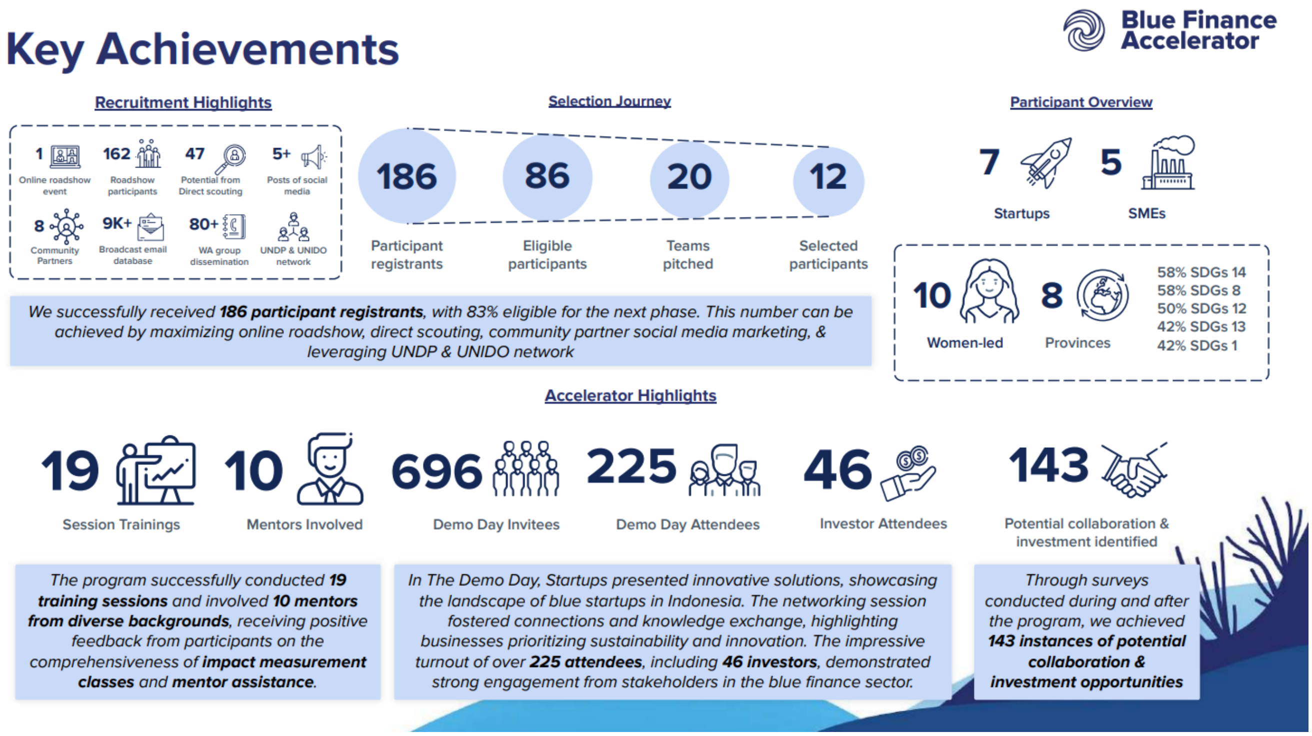
Blue finance acceleration program

Over the span of 8 months, the program garnered substantial interest and demand, evidenced by the successful enrolment of 187 participants. Notably, 12 participants from startup and SMEs were selected to partake in the program. The initiative facilitated a comprehensive series of capacity-building activities, covering business modules, impact measurement and management, and blue-themed modules. A total of 19 training sessions were conducted, equipping participants with essential knowledge and skills crucial for their entrepreneurial journey.

Mentorship played a pivotal role in the program's success, connecting participants with 10 mentors from diverse backgrounds. These mentors provided valuable guidance and support throughout the accelerator journey, enhancing the overall learning experience for the participants.

The program culminated in a successful demo day event, providing a platform for participants to showcase their innovations and potential to a broad audience, including investors. The event involved 225 attendees, including 46 investors who engaged directly with participants, gaining insights into their innovative solutions and business models. The overall program design, particularly the inclusion of the demo day event, effectively generated significant interest and potential collaborations among various stakeholders. As a result, the program identified a remarkable 165 potential collaborations among participants, investors, government entities, and other organizations, highlighting the program's impact and success in fostering meaningful connections within the entrepreneurial ecosystem.

Figure 3: summary of key achievements of BFA



preneurhub.id e-learning platform

Further, the JP is developing preneurhub.id e-learning platform for Start-ups and SMEs with the aim of reaching out to more SMEs in Lombok and across Indonesia. The platform will be populated with necessary training modules together with the project stakeholders and will be handed over to the Ministry of Cooperatives and SMEs of The Republic of Indonesia. The Status preneurhub.id is still under development and completion as UNIDO is working on the modules.

Launch of Umbrella brand MyNyale and participation at Trade Expo Indonesia

The JP provided support for the MyNyale collective brand's involvement in the Trade Expo Indonesia (TEI), marking a collaborative endeavour between UNIDO, the Ministry of Cooperation and SMEs, and the Ministry of Trade in Indonesia. The primary objective is to amplify the visibility of a diverse array of products from local SMEs and broaden their market presence. TEI, recognized as an International B2B-focused trade show, is strategically crafted to catalyse the growth of export products and extend their reach to international markets, operating under the auspices of the Ministry of Trade of Indonesia. The 38th Trade Expo Indonesia Hybrid Edition in 2023 revolves around the theme "Sustainable Trade for Global Economic Resilience." Its purpose is to exhibit high-quality Indonesian products to the global market through a blend of on-site activities (October 18 - 22) and an online exhibition (October 18 - December 18). Beyond merely promoting products, the event is geared towards fostering business networks, attracting investments, and showcasing the excellence of Indonesian products and services.

The mission encompassed active participation in the Trade Expo Indonesia (TEI) 2023, with a primary focus on promoting and showcasing products developed under the MyNyale collective brand. This brand, initiated by

UNIDO and managed by the Cooperative of Gumi Nyale Sejahtera, has been established through collaboration with selected SMEs.

The evaluation of the JP effectiveness was conducted through the results framework and the corresponding narrative report. Many interviewees acknowledged the significance of the goals, indicators, and work plans, emphasizing the crucial role played by PUNOs. The technical support provided by PUNOs and their capacity to strategically direct these elements to areas of utmost importance were recognized as pivotal factors contributing to the success of the JP, according to the perspectives shared by interviewees.

Based on data collected through the MTR, the following observations were made related to programme effectiveness:

Factors that have contributed to achievements

Based on evidence gathered through the MTR, the following key points represent the key factors that have contributed to successes:

- Effective stakeholders' engagement strategy and working closely with Government agencies for building innovative SDGs financing. The programme has not only developed the capacity to address issues related to the SDGs but has also played a role in shaping a shared vision for priority actions in this regard, contributing significantly to the country's advancement. The government and national stakeholders are likely to sustain this momentum in the second half of the JP and beyond.
- The good relationship and comparative long partnerships between the UNDP and other PUNOs and the government of Indonesia were a valuable asset for this JP. It is obvious that the interagency coordination has evolved from previous JP experiences and bult on lessons learned. This relationship has helped to build trust, cooperation and a shared vision on the importance of public financing management for the achievements of the SDGs. As a part of the coordination mechanism to ensure an integrated and coordinated implementation of the JP, the HoA meeting is scheduled to be conducted biannually to monitor and review the JP implementation as well as to provide strategic guidance to overcome any risks and challenges encounter by the JP.

Factors that hinder achievements

The KP has been challenged by a number of factors that either slowed down progress or hindered the achievements of the JP, these include:

- The post COVID substantive changes at the macro economy level globally and locally in Indonesia have impacted the JP in multiple ways. Consumer price inflation in Indonesia averaged 4.1% in the ten years to 2022, above the Asia-Pacific regional average of 2.1%. The inflation rate for 2022 was 4.2%[40], but fell to 2.61% in December 2023[41]. Indonesia's economic growth and progress to achieving the SDGs has been greatly impacted by the pandemic. Although positive signs of recovery have begun, full economic recovery is likely to take a long time. Globally, the cost of borrowing has been increasing as a result of economic volatility and global conflicts. And as debt rising and capital outflows, interest rates continue to rise globally, and this would have impact on the capital outflows intensifying as foreign portfolio investors will reduce their exposure to riskier assets in Indonesia. All of these factors not only limited the appetite of the investors but also affected the Government of Indonesia to reconsider reducing its borrowing capacities, especially as investors started to expect high revenues on bonds.

[40] Focus economics – available here.

[41] https://tradingeconomics.com/

- "*The COVID-19 pandemic, the Ukrainian conflict, food and energy crises, have exacerbated the financing gap to achieve SDGs investment target of 4.7 trillion dollars in 2030 under a high intervention scenario based on Bappenas' SDGs Roadmap. This environment highlights the importance of ASSIST JP's role and objective to mobilise investment and explore innovative finance on SDGs in public and private sectors*"[42].
- The COVID impacts also included interruption of the delivery towards JP targets, where direct engagements with stakeholders and businesses were limited for capacity building and policy dialogues. Online solutions were applied to adapt but COVID restrictions did cause delays on the progress.
- The way to issue municipal bonds seems to be way long with multiple barriers including misinformation about the bond, limited capacities of local governments and the lack of long political commitment and stability at the local level to maintain the bonds issuance.
- Banking sector preparedness: During the engagement with banks, the JP found that banks were not yet ready to design a loan product specifically for sustainability. They needed to acquire some level of knowledge about the sustainable finance prior to feeling more comfortable in providing relevant products and services. Another challenge the JP faced in engaging with the banks was conflicting with the internal priority and timeline of the bank. As the designated project partner, BRI still needs to sign the MOU. On the other hand, engagements with two other potential partner banks, Bank BTPN Syariah and Bank NTB Syariah, have yet to move as expected. Further, the JP didn't initiate partnership with OJK from the beginning under component 2, despite its significant role in developing and endorsing banking regulatory frameworks.
- PUNOs participating in this JP have no legal grounds for channelling funds to the private sector, which was a main reason as to why the guarantee scheme was not possible.
- Lengthy internal procedures for due diligence and procurement processes have added complications to JP implementation. For example, the contractual process for consultants to help with the
- Limited capacities and maturity of business that potentially could be eligible for IIF. Sourcing impactful and scalable startups that meets the requirement of the IIF Fund Manager has been very challenging for the JP team.
- For the IIF, the high turnover in the fund managers has slowed down the activities of the Indonesia Impact Fund, including fundraising efforts. Consequently, in the second year of implementation (2022), no funds were raised under the IIF.

Cross-cutting issue (human rights, gender and LNOB)

Findings
The JP places a strong emphasis on a human rights and gender equality perspective with specific reference to leaving no-one behind, and while ensuring to accommodate balanced numbers of women/men officers in the programme particularly when it comes to SMEs and startups engagement, nonetheless, the JP still needs to assess gender-sensitivity of the programme results.

The JP is strategically crafted to make substantial contributions to social and human rights values and standards. The absence of this funding would likely result in prolonged delays or the non-delivery of numerous projects. By expediting progress towards the Sustainable Development Goals (SDGs), the JP actively promotes human rights, particularly economic agency and access to essential services.

[42] Minutes of meeting of the steering committee.

In adherence to the Leave No One Behind (LNOB) principle, the JP has endeavored to tackle the underlying inequalities in access to finance. It aims to rectify discriminatory practices and unjust power distributions hindering financial empowerment and advancement. In this pursuit, the JP is actively working to implement thematic bonds at the local level, aiming to benefit underprivileged populations in remote areas. While this initiative is still evolving and facing multiple challenges, the development of successful financing models at the local level allows for scalability to reach diverse communities, leaving no one behind.

With a commitment to gender equality, the JP ensures a balanced representation of women and men officers, particularly in SMEs and startups engagement. Data collected on indicators related to SMEs and startups is disaggregated by gender. The JP considers the distinct roles of men and women throughout the program, targeting both for culturally compatible social and economic benefits, while respecting their human rights. Gender objectives and outcomes are integrated into lending criteria for SDG-linked loans, prioritizing women-owned/led and youth-owned/led SMEs, including persons with disabilities (PwD), and establishing gender criteria for financed projects.

The monitoring efforts of the JP encompass diverse results by gender, employing disaggregated data, tracking progress markers, gender-specific evaluation questions, and a gender lens perspective in the analysis and reporting process.

However, there is a recognized need to ensure a gender-equality perspective across the entire program lifecycle, extending to JP outcomes and outputs. This entails systematically identifying gender mainstreaming gaps, closing these gaps, and identifying approaches and best practices to enhance gender equality and women's empowerment through innovative finance instruments. This includes prioritizing financing allocation to human rights and gender equality and improving access to financial services for women-owned micro, small, and medium enterprises (MSMEs), among other strategies.

Acknowledging these needs, the JP has recently collaborated with UN Women to gain insights into opportunities for gender mainstreaming and seek advice on UN Women's strategy for monitoring gender mainstreaming in the project. Additionally, there are ongoing efforts in this direction noted by the recruitment of a Gender Expert.

Although, disability inclusion was not a direct program objective, nevertheless, the Joint Programme (JP) activity has also included indirect beneficiaries classified as people with disabilities. A total of 131,015[43] persons with disabilities received benefits from the PKH program and Children's Social Rehabilitation Assistance funded by SDG Bonds, and UNIDO's training activity for SMEs.

4.4 Efficiency

Findings
- Rating: S - The JP has been efficient in terms of its human, financial and time resources as well as organizational/governance structure and the contribution of the JP model to enhancing UN efficiency. The JP demonstrated diligence in using available funds efficiently, despite its extensive scope, numerous partners, and diverse target areas.

[43] 2023 SDG Bonds Allocation and Impact Report

- The budget utilization rate for the Joint Programme (JP) is deemed satisfactory, and the utilization of complete funding is on track as planned.
- The JP secured competent technical staff, maintaining lean core teams in each PUNO and outsourcing services for additional expertise when needed.
- the JP has been going through considerable delays due to COVID, team assembly and lengthy procurement and due diligence procedures.
- The JP was formulated through extensive consultations with key stakeholders and has successfully cultivated crucial partnerships at both the national level, local level and across various sectors. The relationships with these stakeholders have been positive, gaining substantial support. The JP has effectively established robust partnerships with pertinent stakeholders, aligning with the stakeholders identified in the project document. Notably, the JP has prioritized building partnerships with the private sector, a central focus of its efforts under component 2. The JP has excelled in forming partnerships and fostering mutually beneficial collaborations, thereby enhancing the Programme's comparative advantage and value-added across all interaction levels. The JP has come to learn that Indonesia Financial Services Authority (OJK) plays a significant role in regulating and supervising the capital market and financial institutions, and engaging with OJK would be a strategic partnership for the JP.
- The programme has not only developed the capacity to address issues related to the SDGs but has also played a role in shaping a shared vision for priority actions in this regard, contributing significantly to the country's advancement. The government and national stakeholders are likely to sustain this momentum in the second half of the JP and beyond.
- The establishment of the HoA (Heads of Agencies) platform has proven instrumental in reinforcing coordination and alignment among the PUNOs (Programme Units), resulting in actionable recommendations. These recommendations have played a crucial role in improving progress and addressing emerging challenges, particularly concerning operational aspects.

Efficiency is a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.

The provision of technical assistance was highly professional, aligning well with the stipulations of government agencies. Rigorous due diligence was applied to financial and portfolio management, and each participating UN agency was supported by a dedicated team for program assistance, complemented by outsourced international expertise, deemed sufficient and fitting. The budget utilization rate for the Joint Programme (JP) is deemed satisfactory, and the utilization of complete funding is on track as planned, so far 50% of the total budget have been either spent or committed, UNICEF and UNIDO have passed 50% of the financial delivery.

Table 12: Total Expenditure & Commitment as of Dec 2023.

PUNOs	Allocation	Exp & Com	Delivery Rate	Total Remaining Balance
UNDP	4,380,590	1,943,790	44%	2,436,800
UNICEF	2,516,253	1,706,770	68%	809,483
UNIDO	1,142,857	715,614	63%	427,243
UNEP	1,540,800	418,260	27%	1,122,540

PUNOs	Allocation	Exp & Com	Delivery Rate	Total Remaining Balance
TOTAL	**9,580,500**	**4,784,434**	**50%**	**4,796,066**

In terms of PUNOs committed contributions, these seem to be on track with 58%, 62.5%, and 75% of the commuted contributions have been made by UNDP, UNICEF and UNEP respectively, data was not available for UNIDO's contribution. See below table.

Table 13: Overview of PUNOs financial contributions

PUNO	Committed contributions	Contributions made to date	Remainder
UNDP	$ 1.000.000	$ 581,804 (58%)	$418,196
UNICEF	$1,200,000	$ 750,292 (62.5%)	$449,708
UNIDO	$96,000	NA[44]	NA
UNEP	$140,000	$105,000[45] (75%)	$35,000
Total	$2,436,000		

The review of documents and stakeholder interviews indicated thorough planning and operationalization of resources. Engaging qualified personnel and judiciously selecting partners for technical expertise and capacity building enabled Participating UN Organizations (PUNOs) to promptly address gaps. Stakeholders praised the flexibility of PUNOs' support, facilitating quick resolution of technical difficulties.

The JP successfully ensured efficiency and adaptive management. Examination of JP implementation data, supported by stakeholder interviews, revealed the program's diligence in using available funds efficiently, despite its extensive scope, numerous partners, and diverse target areas. PUNOs' efficiency stemmed from the technical competence and personal dedication of each PUNO team, contributing to the effective implementation of interventions.

The evaluation affirmed that the JP secured competent technical staff, maintaining lean core teams in each PUNO and outsourcing services for additional expertise when needed. This structure effectively addressed personnel needs related to policy and system strengthening, as well as technical support for innovative financing modelling.

Given the novelty of reform interventions in Indonesia and the highly specialized nature of some tasks, the JP outsourced work to international consultants.

While the program's composition and structure were conducive to achieving results, deeper collaboration across components could have enhanced the full potential of the JP model. Although structured by themes, the division among PUNOs' portfolios maintained essential elements, such as a network of partners and strategic positioning. However, the program struggled to ensure a more holistic approach, prompting a call for consolidation through a stronger focus on cross-sectoral engagement with less emphasis on thematic approaches.

Efforts to overcome silos should be intensified, but the program's structure and central focus facilitated interaction for the benefit of the reform and the UN's strategic positioning. The evaluation underscored that the

[44] Data is not available.

[45] In-kind contribution 3 years x $35,000

partnership among UN agencies brought efficiencies and effective results, emphasizing the value of a joint approach combining expertise, credibility, and extensive stakeholder and partner networks.

Partnerships with ADB, SDI, BFA to support SMEs and startups and avoid duplication of efforts have been efficient and cost effective. It would have costed the JP much more if there were done by the JP only using its own resources only.

On the timeframe, the JP has been going through considerable delays due to COVID-19, team assembly and lengthy procurement and due diligence procedures. Given the level of delivery on targets and financial delivery, it is unlikely that the JP activities and targets are fully achieved by March 2025 as planned. 6–12-month extension at no cost is recommended by the MTR and will enable the JP to implement its activities, achieve targets and develop and implement an appropriate exit strategy.

Given the above, the efficiency of implementation met expectations with some shortcomings (delays). Therefore, **the overall ranking of efficiency** is **Satisfactory (S)**.

Project Management

Ratings		
Progress/ Results to date	Rating	Rationale and Achievement Description
Management efficiency	HS	The JP was formulated through extensive consultations with key stakeholders and has successfully cultivated crucial partnerships at both the national level, local level and across various sectors. The relationships with these stakeholders have been positive, gaining substantial support. The JP has effectively established robust partnerships with pertinent stakeholders, aligning with the stakeholders identified in the project document. Notably, the JP has prioritized building partnerships with the private sector, a central focus of its efforts under component 2. The JP has excelled in forming partnerships and fostering mutually beneficial collaborations, thereby enhancing the Programme's comparative advantage and value-added across all interaction levels. The JP has come to learn that Indonesia Financial Services Authority (OJK) plays a significant role in regulating and supervising the capital market and financial institutions, and engaging with OJK would be a strategic partnership for the JP. The programme has not only developed the capacity to address issues related to the SDGs but has also played a role in shaping a shared vision for priority actions in this regard, contributing significantly to the country's advancement. The government and national stakeholders are likely to sustain this momentum in the second half of the JP and beyond. The establishment of the HoA (Heads of Agencies) platform has proven instrumental in reinforcing coordination and alignment among the PUNOs (Programme Units), resulting in actionable recommendations. These recommendations have played a

		crucial role in improving progress and addressing emerging challenges, particularly concerning operational aspects.
Risk management	MS	The risks log has been kept up to date in Quantum, this included identifying new emerging risks backed with an assessment of causes and impacts, however, data extracted from the quantum shows no reporting on the risk mitigation measures taken by the program

The JP is managed by a Project Management Unit (PMU) hosted by UNDP as a lead agency, the PMU is responsible for inter-agency coordination, delivery of specific activities and report on the programme as a whole. The participating PUNOs are responsible for delivering their assigned activities against specific Key Performance Indicators (KPIs).

UNDP as lead agency is accountable to the RC for the results and use of resources that has been allocated by the fund, and each PUNO assumes full programmatic and financial accountability for the funds disbursed to it by the UNDP Multi-Partner Trust Fund Office of the Joint SDG Fund (UNDP). Such funds are being administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives, and procedures.

The high degree of integration and joint implementation was designed to reduce transaction cost. This also justifies the centralisation of the PMU and UNDP as lead agency, and further reduce operational costs.

There are number of partners from the Government of Indonesia (GoI) engaged in the JP, mainly the Ministry of Finance (MoF) is the main counterpart from the GoI who is mandated to advancing sustainable finance in Indonesia, and also, the Ministry of National Development Planning (Bappenas) is a key stakeholder as the GOI's Coordinator for the National SDGs Taskforce.

The JP is governed by the following governance structures:

The Programme Steering Committee (PSC)

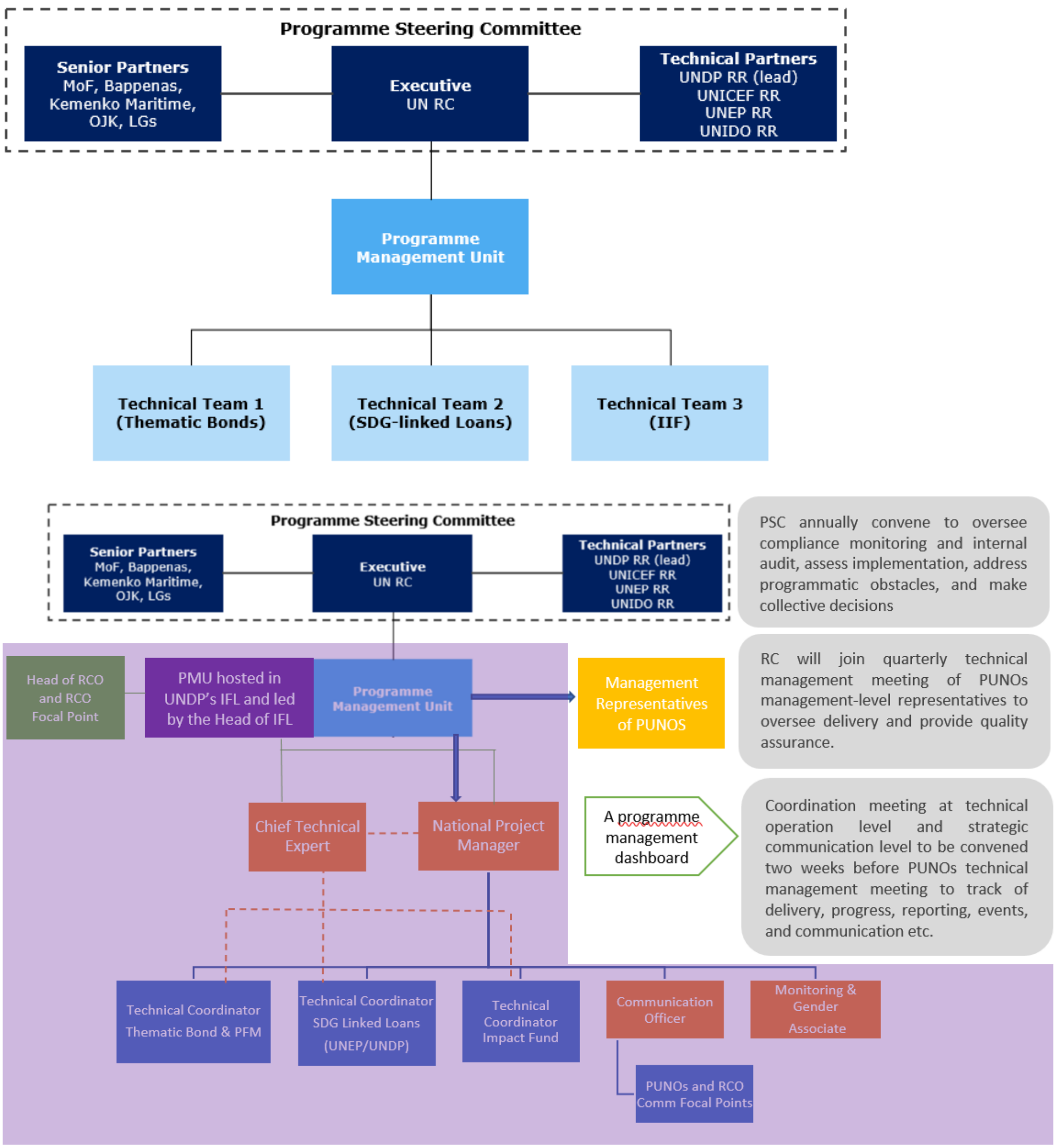
The PSC oversees compliance monitoring conducted by PUNOs and internal audit and enables an integrated platform for collective decision-making, and consists of the Resident Co-ordinator as the Executive Co-Chair along with representatives from the GoI. In addition, senior managers from UNDP, UNICEF, UNEP, and UNIDO who sit on the PSC as JP Partners. UNDP is the lead technical agency, given its extensive involvement in innovative finance and experience working with the GOI to drive the national agenda on these efforts.

Government partners include high-ranking officials from the MoF, Ministry of Planning (Bappenas), Coordinating Ministry for Maritime and Investment Affairs (Kemenko Maritim), OJK, relevant LGs, and industry experts (as needed). They provide advisory support to the PSC on programmatic risks and challenges.

The PSC is supposed to convene annually to assess implementation and address programmatic obstacles, however, the first PSC meeting was not convened until after 10 March 2022 (i.e after 11 months from the JP starting time). The second PSC meeting was held on 19 July 2023 (i.e after nearly 16 months of the first PSC meeting. Only 2 PSC meetings have been convened until the time of this evaluation.

While, the frequency of the PSC was less than planned, it is believed (by some interviewees) that given the scale of the challenges that the JP has been facing, the PSC could have had more prominent role in addressing the challenges and providing strategic support to the JP teams, and frequency of the PSC meeting is recommended to be intensified in the second half of the JP to be every six months rather than annually.

Figure 4 Governance structure of the JP



The role of Resident Coordinator

The Resident Coordinator (RC) has been responsible for monitoring the implementation of the JP, with the involvement of the Joint SDG Fund Secretariat to which it must submit data and information when requested. The RC has been taking a lead role on the PSC Executive Co-Chair along with representatives from the GoI.

The RC role has been amplified by establishing, and then chairing, the Head of Agencies (HoA) platform additional platform for coordination and quality assurance among PUNOs, the HoA enabled the RC to be closer the JP and its issues. Through the HoA, the RC has been urging the PUNOs to identify real linkages between components and work together as one team by bringing comparative advantages of each PUNO together.

Also, the RC, through the PSC and HoA, has engaged with project partners to identify the key issues and risks and provide strategic oversight to address the challenges faced by the JP. The RC leadership was critical in resolving coordination issues when they arise.

It should be noted that programme-level activities such as (communication strategy, gender analysis, reporting, etc) are expected to be delivered by the lead agency (i.e UNDP) and RC office has not been resourced by the JP to implement cross-cutting activities. The strategic focus of RC role on the monitoring and coherence among JP components is deemed to be effective, while cross-cutting activities continue to be led by the UNDP, as a lead agency.

Head of Agencies Meeting (HoA)

Although not stipulated in the project document, the JP introduced a Head of Agencies Meeting (HoA) as an additional platform for coordination and quality assurance among PUNOs. The HoA aims to review and discuss the progress and challenges of ASSIST JP implementation and identify key priorities and strategies to achieve in the remaining 2023. Also, the HoA discusses and agrees on any contingency plans required for ASSIST JP to achieve its targets and goals, including to mitigate any risks and challenge.

The HoA meets every six months and consist of the following representatives:

- UN Resident Coordinator
- UNDP Resident Representative
- UNEP Programme Management Officer
- UNICEF Representative
- UNIDO Representative in Jakarta / Indonesia, Timor Leste, ASEAN Affairs

Establishing the HoA platform has helped in strengthening the coordination and alignment among the PUNOs, and resulted in generating actionable recommendations that have helped improving progress and addressing emerging challenges particularly as related to the operational side of things.

The JP was formulated through extensive consultations with key stakeholders and has successfully cultivated crucial partnerships at both the national level, local level and across various sectors. The relationships with these stakeholders have been positive, gaining substantial support. The JP has effectively established robust partnerships with pertinent stakeholders, aligning with the stakeholders identified in the project document. Notably, the JP has prioritized building partnerships with the private sector, a central focus of its efforts under component 2. The JP has excelled in forming partnerships and fostering mutually beneficial collaborations, thereby enhancing the Programme's comparative advantage and value-added across all interaction levels.

The programme has not only developed the capacity to address issues related to the SDGs but has also played a role in shaping a shared vision for priority actions in this regard, contributing significantly to the country's advancement. The government and national stakeholders are likely to sustain this momentum in the second half of the JP and beyond.

The establishment of the HoA (Heads of Agencies) platform has proven instrumental in reinforcing coordination and alignment among the PUNOs (Programme Units), resulting in actionable recommendations. These recommendations have played a crucial role in improving progress and addressing emerging challenges, particularly concerning operational aspects.

Monitoring and evaluation (M&E)

Ratings		
Sustainability	Rating	Rationale and Achievement Description
M&E design at entry	MU	The M&E framework provided at the design stage was briefly presented with standard requirements defined. A more detailed and comprehensive plan was supposed to be developed at a later stage, but this never happened, and the JP missed a crucial opportunity to refine indicators and targets, and establish a coherent framework for all PUNOs M&E activities.
M&E Plan Implementation	MS	The JP has been submitting semi-annual and annual reports and annual financial reports as required by the SDG Fund. The reports are oriented towards results and grounded on evidence. The Mid-term review was delayed for nearly 1 year after the exact mid-term point of the project cycle. Minor shortcoming related to inconsistency in reporting on some indicators.
Overall Quality of M&E	MS	Based on the above, generally the M&E is rated satisfactory.

The JP design initially incorporated a concise monitoring and evaluation framework with the understanding that the JP would later develop a more comprehensive Monitoring, Reporting, Evaluation, and Learning (MREL) framework and plan. The intention was to enhance program management, meet broader JP needs, and fulfill quarterly and annual reporting requirements. Unfortunately, the JP did not follow through on this plan, missing a crucial opportunity to refine indicators and targets (please refer to coherence section for more details on the flaws with the indicators), and establish a coherent framework for all PUNOs M&E activities. The brief M&E framework included in the project document entails annual reporting (progress and financial), mid-term review and terminal evaluation.

JP reporting has been oriented towards results and grounded on evidence. Each PUNO submits narrative reports to the UNDP, acting as the Lead Agency, following instructions and templates provided by the Joint SDG Fund Secretariat. The Convening/Lead Agent compiles these reports and submits a consolidated version to the Joint SDG Fund Secretariat through the Resident Coordinator. Up to the time of evaluation, the JP has submitted three semi-annual and two annual reports to the SDG Fund, with the 2023 annual report currently in preparation.

It noted by the evaluator that reporting on Indicators have been challenging for the JP team due to deficiencies in the design of the indicators (see coherence section), misinterpretation of the indicators and confusing reporting on indicators between annual and cumulative achievements (some indicators were reported annually, others cumulatively).

The Resident Coordinator primarily monitors JP implementation through participation in the Programme Steering Committee (PSC). Indicators outlined in the project document have been consistently updated and monitored, with regular reporting to the SDG Fund. Additionally, all PUNOs have been submitting annual financial reports at the conclusion of each fiscal year, specifically as of December 31 of each year.

The evaluators have been given access to all the reports presented to date and there is evidence of the effective monitoring being conducted by all PUNOs. The format allows for a thorough description of the activities undertaken, hyperlinks to publications and published materials as well as financial reporting in an organized manner.

Risk management

Risks were articulated in JP planning documents. The stated risks were logical and robust at the time. The prodoc defines 7 key risks including, 4 of which are assessed as 'major', 2 as 'moderate' and 1 'low'. The identified risks are supported with a proper assessment based on impacts and likelihood and backed with relevant mitigation measures and roles and responsibilities defined. The prodoc anticipated the key risks that the project may encounter during the implementation, including, Government priorities shift away from SDGs which might have been relevant based on the COVID and post COVID impacts. The identified risks at the design stage seemed reasonably identified given the circumstances at the time.

During the implementation stage, the risks log has been kept up to date in Quantum, this included identifying new emerging risks backed with an assessment of causes and impacts, however, data extracted from the quantum shows no reporting on the risk mitigation measures taken by the program.

Among emerging risks during implementation, the JP identified the risk that the GoI was considering revising its borrowing plans due to a recorded surplus in the state budget, this will have an impact on Government of Indonesia to reduce the amount and frequency of bond issuances.

Also, the national election year in 2024 is expected to hinder the governors from making any decisions relevant to municipal bond issuance. Most subnational authorities, including the governors of West Java, East Java, and Central Java, are anticipated to wait until the end of their terms and the result of the election in 2024, as a result, no sub-national government will issue a municipal bond. The emerging risks may impose challenges for the programme delivery and in response the programme management needs to identify its response strategies including intensifying the engagement with the local authorities and building their capacities to be able to manage bonds at the local level.

4.5 Sustainability

Ratings		
Sustainability	Rating	Rationale and Achievement Description
Financial resources	Moderately Likely (ML)	The continuation of the bond issuance is contingent on multiple factors including political support, the dynamics of the global economy, capital outflows, foreign portfolio investors' appetite, etc. Nonetheless, GoI seems to be committed to pursue the issuance on the long term. On the other side, financing for technically supporting SMEs and startups seems to be reliant on the JP funding, and no resources allocated for what beyond the JP funds.
Socio-political/economic	Moderately Likely (ML)	Generally, the GoI supports and owns the outcomes of the ASSIST programme, however, the upcoming national elections in 2024 may introduce political risks that could impact the pace of developing these regulations. A change

		in the political landscape might potentially slow down the endorsement of new regulations.
Institutional framework and governance	Moderately Likely (ML)	The JP invested considerably setting the institutional and regulatory settings for thematic bonds at the national level. On the other side, there is still limited capacities and awareness of stakeholders and public around viability of the thematic bonds at the subnational level.
Environmental	Likely (L)	There are no direct major environmental risks expected from the technical support provided by the JP, in fact, supporting local banks to sign on Principles for Responsible Banking (PRB) is likely to result in positive environmental outcomes. However, projects funded by the mobilized finance may result in environmental and social impacts, and these need to be addressed in the project development stage of each individual project.
Overall Likelihood of Sustainability	Moderately Likely (ML)	The sustainability of the JP is grounded on creating sustainable business models for SDG financing in Indonesia that can be self-driven in the future after demonstrating the viability of proposed pilot activities in financial innovation. This approach has been strengthened by establishing institutional and regulatory settings for thematic bonds with the Government backed by capacity building and development of Government Securities Framework and IIF' impact frameworks and indicators. However, the sustainability of the JP is challenged by absence of institutional structures to perform the role of PUNOs in supporting business under component 2 and 3, limited capacities and awareness of stakeholders and public around viability of the thematic bonds, and changes in the political leadership at the national and subnational levels that may hinder the endorsement of the needed regulatory reforms.

Findings

The sustainability of the JP is grounded on creating sustainable business models for SDG financing in Indonesia that can be self-driven in the future after demonstrating the viability of proposed pilot activities in financial innovation.

This approach has been strengthened by establishing institutional and regulatory settings for thematic bonds with the Government backed by capacity building and development of Government Securities Framework and IIF' impact frameworks and indicators.

However, the sustainability of the JP is challenged by absence of institutional structures to perform the role of PUNOs in supporting business under component 2 and 3, limited capacities and awareness of stakeholders and public around viability of the thematic bonds, and changes in the political leadership at the national and subnational levels that may hinder the endorsement of the needed regulatory reforms.

The JP has been strategically crafted to pursue transformative objectives, primarily by embracing a range of funding sources willing to allocate substantial capital towards realizing the SDGs. This commitment is contingent upon demonstrating the viability of proposed pilot activities in financial innovation. Upon the successful mobilization of capital, aligning with the dual objectives of social impact and financial returns, these funding sources are poised to explore new and diverse instruments rooted in the approaches endorsed by the JP. The envisaged outcome of this dynamic is that, spurred by this demand, other intermediary stakeholders will have the capacity to structure transactions similar to those developed during the JP implementation period.

This sustainability model has been strengthened by the following sustainability elements:

- For the thematic bonds under component 1, and as these are issued by national and subnational governments, PUNOs have been playing the supporting role through technical assistance, capacity building and advisory support to the GOI aiming to mobilise resources. These capacities and instruments are more likely to continue beyond the project.
- Revisions of the underlying regulations for thematic bonds, both at the national and subnational government, are still in progress. Once completed and officially endorsed, these revisions will become a crucial element for long-term sustainability. However, it's worth noting that the upcoming national elections in 2024 may introduce political risks that could impact the pace of developing these regulations. A change in the political landscape might potentially slow down the endorsement of new regulations.
- Development of the securities framework for promoting the issuance of thematic bonds is important element of GoI sustainability and accountability towards bonds issuance.
- Under the Indonesia Impact Fund (IIF), the JP support included technical assistance to the Fund through development of Fund-level impact frameworks and indicators, assessment of potential impact investments through impact review analyses, pipeline development of impact ventures through accelerator programmes. These are significant elements in ensuring the sustainability of the IIF continuation after the ASSIST programme.

However, the JP sustainability model is challenged by the following:

- There are no institutional structures that are clearly established and embedded within national institutions to perform the role of PUNOs in supporting business under component 2 and 3 after the JP ASSIST comes to an end. Supporting SMEs and startups has been fundamentally relying on UNDP and UNIDO in playing the role of capacity building and intermediary role between businesses and investors, this work would seize once the project comes to an end. UNIDO started to strengthen the delivery model by developing e-learning platform, developing a collective brand 'MyNyale' and more engagement with the provincial governments. A more strategic approach is required to invest in enabling local institutions doing such a role rather than done solely by the UN agencies. This requires establishing structures and ensuring that priorities for follow-up are included in policies, responsibility for continued action rests with the wide range of stakeholders involved in the project.
- There is no evidence at the moment that stakeholders have been capacitated enough to contribute to the continuity and enduring legacy of the programme, and not empowered as broader community of actors becomes adept at replicating and building upon the innovative transactional models pioneered by the JP particularly in the banking sector and IIF.

- Globally, the cost of borrowing has been increasing as a result of economic volatility and global conflicts. And as debt rising and capital outflows, interest rates continue to rise globally, and this would have impact on the capital outflows intensifying as foreign portfolio investors will reduce their exposure to riskier assets in Indonesia. All of these factors not only limited the appetite of the investors but also affected the Government of Indonesia to reconsider reducing its borrowing capacities, especially as investors started to expect high revenues on bonds.
- The level of awareness about thematic bonds as viable financing options for issuers, and impactful investment opportunities for investors is still nascent for subnational governments and the general public.
- The conception of SDG-linked loans envisioned them being initiated and overseen by local banks, placing the responsibility for the sustainability of these products directly on the shoulders of the banks. Similarly, the upcoming Sustainable Finance Frameworks (SFFs) are anticipated to be owned and managed by local banks. Although banks seemed interested and eager to improve their sustainability profiles, however, the sustainability of these frameworks will largely hinge on the demand for the products and their overall profitability. A clearer understanding of the long-term viability of implementing the SFFs will emerge once these new SFFs are fully developed for local banks. At that point, the demand for the products and their financial viability will paint a more definitive picture of the likelihood of sustained success over the long term.
- At the local government level, it is anticipated that many current leaders at the subnational level, including Governors of regions like West Java, East Java, and Central Java, may refrain from taking further action or formulating policies on municipal bonds or sukuk until the conclusion of their terms before the 2024 election, and this is another political risk that may potentially affect the JP delivery.
- Supporting SMEs and startups to develop their businesses and access fund has been opportunistic in capitalising on other initiative and has no continuation horizon in the future.

5. Conclusions

1. The Joint Programme aligns with Indonesia's strategic needs for sustainable development post-COVID-19.
2. The JP design has successfully presented a transformational farmwork for delivering SDGs in Indonesia, employing diverse funding sources to support innovative financial pilot activities. Nonetheless, the JP design was challenged with ambitious targets that may be difficult to achieve within the given timeframe, and insufficient consideration of the readiness of local authorities and the banking sector.
3. The JP has been generally effective in delivering activities despite shortcoming in achieving targets. The effectiveness of the JP has been supported by effective stakeholders' engagement strategy and working closely with Government agencies along with the good relationship and comparative long partnerships between the UNDP and other PUNOs. On the other side, factors that hindered JP effectiveness include the substantive macroeconomic changes took place on the back of COVID locally and globally, limited awareness and knowledge about thematic bonds at the subnational level, limited capacity and preparedness of the banking sector to participate in the JP activities in addition to procedural complications in procuring expertise and engaging private sector efficiently.
4. The JP met 85% of its targets for outcome indicator 1, but did not achieve any targets for outcome indicator 2 and met only 17% for outcome indicator 3 during the 2021-2023 period.
5. The JP has been successful in setting the basic frameworks for mobilising funding through the bond issuance.
6. Despite progress, the likelihood of achieving some end-of-program targets appears limited under the current circumstances, particularly in areas such as the value of finance leveraged through SDG-linked loans for SMEs, Finance leveraged from the IIF, and the issuance and leveraging of municipal bonds.

7. There are number of reasons for not achieving the targets at the outcome level including the ambitious nature of the targets, economic impacts of COVID and its recovery, Global and local macroeconomic changes and inflation rates, capital outflow from Indonesia due to the rise of interest rate globally, Government of Indonesia reconsidering its borrowing through bond issuance due to high revenue expectation, capacity of the banks to implement SDG-loan products. So much of these are beyond the control of the JP, however, a roadmap for rectifying and speeding up delivery on targets would be still needed.
8. Under component 1, the JP has effectively laid the groundwork for bond issuance to support SDGs in Indonesia, but there are number of shortcomings including that support provided to APBN and APBD was limited to reporting on child-related public expenditure as opposed to more broadly SDGs results against public expenditure, and no technical support done to specifically increase revenues of local government.
9. Under component 2 of the JP, progress has been mixed, with two targets showing no advancement and one on track. The JP has struggled to develop a new banking loan product aimed at supporting SDGs, largely due to limitations in banks' capacities, willingness, and readiness to offer sustainable finance products without a SFF. In parallel, the JP has focused on enhancing the capabilities of SMEs and startups, providing training and workshops to over 995 individuals.
10. Under component 3, the JP has been providing technical support to the IIF including the development of the measurement and monitoring framework for the IIF's impacts, development of pipeline projects and facilitating the engagement between the startups and the IIF. The JP has facilitated the connection between businesses and investors through implementing Impact Venture Accelerators (IVA), including She Disrupts Indonesia and the Blue Finance Accelerator for the 2023 cohorts, these offered a platform for companies to scale up their operations and enhance their SDG contributions via an Impact Measurement and Management module. The model of supporting businesses under this component may be replicable through other projects and to other funds, but it is fundamentally relying on UNDP and UNIDO playing the role of capacity building and intermediary role between businesses and investors.
11. The JP places a strong emphasis on a human rights and gender equality perspective with specific reference to leaving no-one behind, and while ensuring to accommodate balanced numbers of women/men officers in the programme particularly when it comes to SMEs and startups engagement, nonetheless, the JP still needs to assess gender-sensitivity of the programme results.
12. The budget utilization rate for the Joint Programme (JP) is deemed satisfactory, and the utilization of complete funding is on track as planned. The JP secured competent technical staff, maintaining lean core teams in each PUNO and outsourcing services for additional expertise when needed. The JP has been going through considerable delays due to COVID, team assembly and lengthy procurement and due diligence procedures.
13. The JP was developed after thorough consultations with key stakeholders, successfully establishing vital partnerships at national, local, and sectoral levels. These collaborations have been well-received, offering significant support. Specifically, the JP has focused on building relationships with the private sector, especially under component 2, and has excelled in creating and maintaining these partnerships.
14. The sustainability of the JP is built on establishing sustainable business models for SDG financing in Indonesia, bolstered by the creation of supportive institutional and regulatory frameworks for thematic bonds. This includes efforts in capacity building and the development of frameworks and indicators for government securities and the IIF's impact assessment. However, challenges to its long-term viability include the absence of structures to continue the support provided by PUNOs, limited awareness and capacity among stakeholders regarding the thematic bonds, and the risk of political changes affecting regulatory reform endorsements.

6. Recommendations & Lessons

6.1 Recommendations

Based on the findings, and in line with some of the lessons learned, this section proposes recommendations that are mainly focussed to inform improvements in the second half of the JP timeframe.

1. To ensure the sustained impact and scalability of the JP results, it is imperative to **develop a comprehensive sustainability plan or exit strategy**.
   This plan should outline how the achievements of the JP will be maintained and expanded, elucidating the capacities and mechanisms required by counterparts and beneficiaries to pursue JP outcomes after its conclusion. It is crucial to differentiate the sustainability plan from the exploration of replication and new project ideas, although considerations for future resource mobilization are important. The sustainability plan should concentrate on key aspects, such as defining critical roles in the future, establishing ownership of outcomes, and invigorating the ability of partners to continue the services initiated by the JP, such as playing the intermediary role between businesses and investors even beyond the JP end date, this requires identifying a local partner who can perform the role of supporting businesses on the long term and capacitate the partner to do that. This plan aims to foster long-term continuity, emphasizing the transition from the JP to a self-sustaining model. Furthermore, the exit strategy should serve as a guide for participating stakeholders, notifying them of the project closure and delineating a comprehensive plan to achieve long-term goals. It is recommended that the JP identifies a roadmap for the future, focusing on critical milestones that must be achieved beyond the JP's conclusion. It is never too early to commence the development of a sustainability plan, ensuring a smooth transition and the enduring impact of the JP's initiatives. Responsibility: All PUNOs and UNDP to lead the process. Relevant finding: see conclusion #14 and relevant details in sustainability section.
2. **Leverage the significant potential in Faith-Based Finance and particularly green sukuk in Indonesia** to support SDGs. The JP to actively support the Government of Indonesia in advancing mechanisms and governance of Green Sukuk and other Faith-Based Finance options, and applying impacts measurement framework, as part of the innovative financing approaches that can be leveraged for SDGs.
   By providing support in these areas, the JP can contribute to the establishment of a robust and effective Green Sukuk framework. This includes ensuring transparent governance structures, implementing mechanisms for monitoring and measuring the environmental and social impacts of Green Sukuk projects, and integrating sustainable practices within the broader financial landscape.
   In doing so, the JP can play a pivotal role in fostering sustainable development, aligning financial instruments with environmental and social goals, and facilitating the mobilization of funds towards projects that contribute positively to the SDGs. This approach not only enhances the impact of green sukuk but also reinforces Indonesia's commitment to sustainable and responsible financing practices. Responsibility: UNDP. Relevant finding: see conclusions #4,5 & 6 and relevant details in effectiveness section.
3. **Investigate the feasibility of SDG bond issuance in the corporate market**. This involves a comprehensive analysis of various factors to determine whether issuing bonds is a viable financing option for a corporation. This should include assessment of the corporation's commitment to sustainable practices and assess how closely its activities align with specific SDGs, and if feasible, develop a framework for SDG bond issuance, outlining the specific SDGs targeted, and establish clear metrics for measuring the impact of the funded projects on these goals. Responsibility: UNDP. Relevant finding: see conclusions #4,5 & 6 and relevant details in effectiveness section.

4. **Develop and implement a targeted capacity building program for banking sector and OJK** aiming to promote Sustainable Financing Framework and SDG banking products in parallel to the development of the SFFs. This includes structured capacity needs assessment and design a modular program covering key aspects such as sustainable finance principles, SDG integration, impact measurement, risk management, and regulatory compliance. This should include demonstrating the effectiveness of the SFFs at a point in time when the SFFs in the pilot stage are ready to be demonstrated. Responsibility: UNEP. Relevant finding: see conclusion #9 and relevant details in effectiveness section.
5. **Assess the feasibility of amending existing banking loan products to align with the SDGs rather than creating entirely new ones** is a strategic approach that can offer several advantages. Developing a new loan product would take a long time–- it takes number of processes internally within a bank and regulatory approvals externally from OJK to get a product ready, so amending existing products to be more sustainable might be more feasible options that could be investigated. Responsibility: UNEP. Relevant finding: see conclusion #9 and relevant details in effectiveness section.
6. **Review, update and activate the implementation of the communication strategy.** This should include demonstrating the added value of the JP interventions in not only numbers but also in terms enhancing the accountability framework for SDG finance management. Also the strategy should include developing and implementing an innovative awareness campaign targeting subnational level to promote the thematic bonds as viable financing options for issuers, and impactful investment opportunities for investors as this is still nascent for subnational governments and the general public. The aim is to demystify thematic bonds, making them more accessible and appealing to subnational governments and the general public as viable financing and investment options. Responsibility: all PUNOs and UNDP to lead the development and implementation of the strategy. Relevant finding: refer to coherence findings for the need of integrated communication strategy.
7. **Develop a dashboard for monitoring and tracking bonds and sukuk** to provides real-time insights, facilitates efficient decision-making and more importantly promotes transparency by offering a comprehensive view of bond and sukuk issuances, performance, and impact. It also allows for tracking the historical performance of bonds and sukuk, aiding in the assessment of financial health and creditworthiness and improves communication with investors by showcasing issuer profiles, upcoming issuances, and investment opportunities. Responsibility: UNDP. Relevant finding: overall programme effectiveness.
8. **Integrate the newly-developed gender action plan into the PUNOs working planning and reporting,** this will complement the work that a consultant is doing to identify gender mainstreaming gaps, close the gender gaps and identify approaches and good practices that improve gender equality and women's empowerment through innovative finance instrument, such as prioritize financing allocation to human rights and gender equality, improving access to financial services for women MSMEs etc. At the time of drafting this report, the gender action plan is drafted, and needs to be finalised and integrated into the work planning and reporting to ensure appropriate implementation. Responsibility: All PUNOs and UNDP to lead. Relevant finding: see conclusion #11 and relevant details in effectiveness section.
9. **Consider JP extension at no cost (6-12 months),** given challenges explained under 'effectiveness' section, 6-12 months extension at no cost is deemed to be reasonable and gives enough space for the JP team to reach defined targets and implement a proper exit plan. The extension would be justified to accommodate cumulative delays caused by: 1) disruptions caused by the substantial changes of the global macroeconomy and its impact on the capital outflow and foreign investments, 2) COVID impacts also included interruption of the delivery towards JP targets, 3) additional time needed to build the capacity of local banks to be able to engage in sustainable finance delivery, and 4) lengthy procurement procedures and subsequent delays in recruitment of consultants. The exact

duration of the extension is to be assessed in 2024 by the PSC. Responsibility: RCO through the PSC. Relevant finding: see conclusion #12 and relevant details in efficiency section.

10. **Assess the suggested modifications to indicators (table 3) in cooperation with PUNOs and SDG Fund.** If consensus is reached, establish a baseline and targets, and seamlessly incorporate the updated indicators into forthcoming reporting processes. Responsibility: all PUNOs and UNDP to lead. Relevant finding: see conclusion #2 and relevant details in coherence section.

6.2 Lessons learned

- **The JP serves as a positive illustration of collaborative teamwork among PUNOs**. Each PUNO contributed its expertise and aligned its positioning within the JP, fostering a culture of shared insights and concerted efforts toward government engagement. This experience underscores the significance of a well-defined intervention logic capable of generating transformative outcomes, coupled with a pragmatic resourcing strategy. Such an approach proves pivotal in nations with constrained fiscal and institutional capacities, especially when national institutions are undergoing rapid reform. Drawing from the evaluator's extensive experience in assessing joint programmes, this JP stands out as an exemplary model, showcasing effective collaboration within the United Nations and joint programming.
- **To attain extended-term strategic goals, collaboration with, and ownership by, the government is essential**, along with a dedication to formulating a well-suited array of policies and institutional reforms strategically sequenced for incremental enhancement of national capacity over an extended period. The Indonesian experience highlights specific policy domains where governmental commitment is present but lacks inherent capability. Moreover, a sustained intervention with practical strategic decisions and specific outcomes owned by the Government is imperative for long-term success. Equally critical is the reinforcement of institutional capacities among pertinent stakeholders to effectively own and implement these policies beyond the boundaries of a certain project.
- **Sustainability is not an afterthought step**. Key elements of an exit strategy should be embedded in the project design, and addressed throughout the project life cycle. Sustainability of programme's outputs and benefits, at this scale, starts from the design stage. "So what" and "then what" are kind of the questions that should be asked early on in the design stage to ensure that there is a clear pathway for the benefits sustainability after the project ceases.
- **Aiming for 'too big too soon' makes the project design appear appealing from the outset, but often, at the expense of feasibility**. The experience gained from the Joint Programme (JP) underscores the importance of establishing practical project indicators and achievable targets aligned with the project objective. This involves a realistic assessment of what a project can realistically accomplish within the typically limited implementation period, considering well-researched assumptions about market size and readiness. Striving for overly ambitious goals may make the project design seem appealing but is ultimately unrealistic and unfeasible. Additionally, incorporating flexibility into the design proves crucial for adapting to unforeseen and urgent needs, supporting adaptive management. The challenges posed by the COVID-19 outbreak necessitated maintaining implementation momentum despite pandemic-related constraints. The incorporation of flexible structures and adaptive decision-making proved instrumental in promptly adjusting to new circumstances, including addressing emerging needs.

Annexes

Annex 1: TE ToR (excluding ToR annexes)

TOR is provided separately.

Annex 2: Evaluation matrix and data collection instruments

Evaluation matrix is important to identifying the key evaluation questions and how they will be answered through the selected methods. The evaluation matrix is a tool that evaluators create as a map and reference in planning and conducting an evaluation. It also serves as a useful tool for summarising and visually presenting the evaluation design and methodology for discussions with stakeholders. It details evaluation questions that the evaluation will answer, data sources, data collection and analysis tools or methods appropriate for each data source, and the standard or measure by which each question will be evaluated.

Table 12: Evaluation Matrix

Evaluative Criteria Questions	Indicators/evidence	Sources	Methodology
Relevance: How does the project relate to the development priorities at the local, regional and national level? ● Review how the JP addresses key country priorities, especially considering the JP’s intended focus on unlocking additional resources for the SDGs. ● Review to what extent was the theory of change presented in the outcome model a relevant and appropriate vision on which to base the initiatives. ● Review if the JP strategy is in line with the national development priorities and the UN Sustainable Development Cooperation Framework ● Review the extent to which relevant gender issues and other Leaving No One Behind (LNOB) issues were raised in the JP design, including reviewing that the revised results framework incorporates key considerations on gender and other LNOB dimensions both in their development and financial results. ● Undertake a critical analysis of the JP’s log frame indicators and targets, assess how SMART (Specific, Measurable, Attainable, Relevant, Time-bound) the indicators are, and whether the midterm and end-of-project targets are realistically achievable. Suggestions on specific amendments/revisions to the targets and indicators must be added to the Conclusions and Recommendations section.			
- To what extent was the project in line with national development priorities, country programme outputs and outcomes, the UNDP Strategic Plan, and the SDGs? - To what extent does the project contribute to gender equality, the empowerment of women and the human rights-based approach? To what extent has the project been appropriately responsive to political, legal, economic, institutional, etc., changes in the country?	- Level of alignment of JP’s activities with key country priorities and stakeholders’ plans - Stakeholders’ perceptions on the relevance of JP’s activities to their needs - Degree of coherence of the JP design in terms of theory of change, components, choice of partners, structure, delivery mechanism, scope, budget, use of resources, etc. - Degree of alignment of the JP activities with the UN Sustainable Development Cooperation Framework - Degree to which the project design identifies and address gender and human rights issues. - Existence of gender actions plan - Indicators SMARTness and appropriateness	- JP documentations - national policies or strategies, JP websites - JP stakeholders feedback	- Desk review - Stakeholders’ interviews -

	- Degree to which suggested amendments to the JP’s targets are realistic and justified.		
Effectiveness: To what extent have the expected outcomes and objectives of the project been achieved? ● Review the relevance and effectiveness of the proposed financial instruments and/or mechanisms, and other interventions of the JP ● Review the key results achieved against the JP revised results framework and key outcome indicators as specified in the Project Document, and takes into consideration relevant target revisions of the JP as approved by the Programme Steering Committee ● Identifying barriers to achieving the JP’s objectives for the remainder of the project ● Review the scope and scale of additional financing leveraged by the JP, including whether co-financing targets are being realised using the Financial Leverage Monitoring Table (Annex D), and provide reflections on ways in which the JP has been able to unlock additional financing or why additional financing has been limited ● Review whether the financial solutions/instruments developed have led to (or has the potential to lead to) developmental impact for the local communities and population, focusing on geographies and people left behind in terms of accelerating SDG achievements (including Gender Equality and Social Inclusion aspect).			
- To what extent were the project outputs achieved, considering men, women, and vulnerable groups? - What factors have contributed to achieving, or not, intended country programme outputs and outcomes? To what extent has the UNDP partnership strategy been appropriate and effective? - In which areas does the project have the fewest achievements? What have been the constraining factors and why? How can or could they be overcome? - To what extent are project management and implementation participatory, and is this participation of men, women and vulnerable groups contributing towards achievement of the project objectives? - To what extent has the project contributed to gender equality, the empowerment of women	**Delivery on project targets defined in the JP revised results framework – see below list** - Stakeholder feedback on the delivery of the financial instruments and/or mechanisms - Evidence extracted from the MoM of the Steering committee minutes - Stakeholders perceptions on the constraints - Geographical distribution of benefits - Evidence of success factors - Stakeholders feedback on the upscaling potential	- JP documentations () - Progress reports - JP deliverables - JP stakeholders feedback	- Desk review - Stakeholders’ interviews -
	- "Outcome indicator 1: - Value of finance leveraged through thematic debt instruments" - "Outcome indicator 2: - Value of finance leveraged through SDG-linked loans for SMEs (disaggregated by women-owned/-led)" - Outcome indicator 3: Value of finance leveraged from IIF - Indicator 1: Number of frameworks for the Sovereign SDG and Sub sovereign SDG/Blue/Green bonds - Indicator 2: Number of thematic bonds issued (SDG, Blue, Municipal Green)	-	-

<table>
<tr><td>and the realisation of human rights?</td><td>- Indicator 3: Number of APBN and APBD reporting SDG results against public expenditure
- Indicator 4: Number of LGs reporting an increase in local revenue in APBD
- Indicator 5: Number of reports produced for bond investors showing SDGs results and enhanced fiscal sustainability.
- Indicator 1: Number of Green Catalogues
- Indicator 2: Number of SDG-linked loans disbursed (disaggregated by sector, region, age, and gender)
- Indicator 3: Number of SMEs trained (disaggregated by region, age, and gender - women-owned/-led)
- Indicator 1: Number of start-ups accessing IIF equity (disaggregated by region, age, gender - women-owned/-led)
- Indicator 2: Number of startups and which receive capital/funding (disaggregated by age and gender - women-owned/-led)
- Indicator 3: Number of startups and trained/ Cohorts going through accelerator program (disaggregated by age and gender - women-owned/-led) - cumulative.</td><td></td><td></td></tr>
<tr><td colspan="4">Efficiency: Was the project implemented efficiently, in line with international and national norms and standards?

● Management arrangements
  ● Review the overall efficiency of the JP’s management as outlined in the Project Document
  ● Review the quality of execution of the PUNOs
  ● Review the role and quality of coordination and oversight provided by the UN RCO
● Work planning and financial management
  ● Review any delays in the JP’s start-up and implementation, identify the causes and examine if they have been resolved
  ● Evaluate the financial management of the JP, with specific reference to the cost-effectiveness of interventions
  ● Review whether the JP has developed and leveraged the necessary and appropriate partnerships
● Reporting and communications
  ● Assess how well the JP Team and partners undertake and fulfil Joint SDG Fund reporting requirements
  ● Assess how lessons derived from the JP have been documented, shared with key partners, and internalised by partners
  ● Review external communications produced by the JP.</td></tr>
<tr><td>- To what extent was the project management structure as outlined in the project document efficient</td><td>- Effectiveness of the JP coordination and interlinkages
- Stakeholders feedback on the effectiveness of the project management</td><td>- JP documentations
- board MoM</td><td>- Desk review
- Stakeholders’ interviews</td></tr>
</table>

in generating the expected results? - To what extent has the UNDP project implementation strategy and execution been efficient and cost-effective? - To what extent have resources been used efficiently? Have activities supporting the strategy been cost-effective? - To what extent have project funds and activities been delivered in a timely manner? - To what extent do the M&E systems utilised by UNDP ensure effective and efficient project management? -	- Frequency and effectiveness of the board in decision making and strategic guidance - Stakeholders feedback on the effectiveness of their participation - Number, and type, of engagements with stakeholders - Extent to which stakeholders are aware of the project and its activities - Documented adaptive management actions to accommodate the changing priorities - Extent to which project targets are met on time and on budget - Effectiveness of the M&E functions - Evidence of adaptive management actions where alternative strategies have been identified and addressed - Stakeholders feedback on project implementation strategies and alternatives - Cost in view of results achieved compared to costs of similar projects from other organisations - Level of discrepancy between planned and utilised financial expenditures - Planned vs. actual funds leveraged - Timeliness of activities delivery - Co-financing data and evidence - Existence, quality and use of M&E, feedback and dissemination mechanism to share findings, lessons learned and recommendation. - Quality of M&E at the design stage and throughout the implementation -	- Progress reports - JP deliverables - JP stakeholders feedback	
Sustainability: To what extent are there financial, institutional, socio-political, and/or environmental risks to sustaining long-term project results? ● Review the country ownership—both from public and/or private sector partners ● Validate whether the risks identified in the Project Document, Annual Reports are the most important and whether the risk ratings applied are appropriate and up to date ● Assess the likelihood of financial sustainability of the financial solutions/instruments devised and launched once the Joint SDG Fund support ends ● Assess any potential socio-economic, political or other risks that may jeopardise sustainability of the JP outcomes ● Assess whether the financial solution/instrument have sufficient country buy-in from the relevant public and private partners, from the demand and supply sides, to ensure sustainability following the completion of the JP, and whether the JP has a realistic and/or feasible exit strategy ● Assess whether the results and/or progress to date has the potential to achieve transformative change and/or demonstrative impact in the future beyond the JP to catalyse change, innovation and evolution			

in the financial sector – either public, private or developmental – in the country to devise new means or solutions to unlock additional financing for the SDGs ● By reviewing the JP's achievements, identify ways in which the JP can further expand these results and benefits and how these can be scaled into other countries/regions ● Identify the key factors that will require attention to improve prospects of sustainability, scalability, or replication of project outcomes/outputs/results ● Identify any unintended or unexpected positive or negative effects due to the JP interventions.			
- Are there any financial risks that may jeopardise the sustainability of project outputs affecting women, men and vulnerable groups? - To what extent will financial and economic resources be available to sustain the benefits achieved by the project? - Are there any social or political risks that may jeopardise sustainability of project outputs and the project contributions to country programme outputs and outcomes? - What could be done to strengthen exit strategies and sustainability in order to support female and male project beneficiaries as well as marginalised groups?	- Evidence of commitments from government or other stakeholder to financially support relevant sectors of activities after JP end - Level of project stakeholders ownership - Level of capacities at the country level to continue delivering on the project results - Existence of financial and institutional settings to support long term benefits - Likelihood of financial sustainability of the financial solutions/instruments - Efforts to support the development of relevant policies at the country level - Identification of emerging risks - Risk log updates - Exit strategy in place and actively operationalisation - Stakeholders feedback on the upscaling and replication potential - Stakeholders feedback on unintended results - Stakeholders feedback pm the transformative changes - Evidence of transformative change attributed to the JP	- JP documentation s - board MoM - Progress reports - JP deliverables - JP stakeholders feedback -	- Desk review - Stakeholders' interviews -
Cross-cutting issues and gender equality and women's empowerment: How did the project contribute to gender equality and women's empowerment?			
- To what extent have gender equality and the empowerment of women been addressed in the design, implementation and monitoring of the project? - Is the gender marker assigned to this project representative of reality? - To what extent has the project promoted positive changes in gender equality and the empowerment of women? Did any unintended	- Extent to which programme products are sensitive to gender - Extent to which project data are sex-disaggregated - Existence of logical linkages between gender results and project outcomes and impacts - Existence of gender marker - Extent to which have poor, indigenous and physically challenged, women, men and other disadvantaged and marginalised groups benefited from the JP	- JP documentation s - JP reports - JP stakeholders feedback	- Desk review - Stakeholders' interviews -

effects emerge for women, men or vulnerable groups? - To what extent have poor, indigenous and physically challenged women, men and other disadvantaged and marginalised groups benefited from the work of UNDP in the country?			
- To what extent have poor, indigenous and physically challenged women, men and other disadvantaged and marginalised groups benefited from the work of UNDP in the country?	- The MTR will investigate the extent to which human rights-based principles have been recognised by the project design and delivery.	- JP documentations - JP reports - JP stakeholders feedback -	- Desk review - Stakeholders' interviews -

Annex 3: List of individuals or groups interviewed or consulted.

Name of Organization	Interviewee(s)
1. UNDP	1. Nila Murti (F) 2. Bintan Ummah (F) 3. Ralista Haroen (F) 4. Kalila Anneszka (F) 5. Jessica Febriana (F) 6. Witari Astriani (F) 7. Devjit Chowdory (M) 8. Fathi Arsadipura (M)
2. UNEP	9. Satrya Wibawa (M)
3. UNIDO	10. Lana Roessl (F) 11. Lia Rosida (F) 12. Lilik Triyanto (M) 13. Zulkifli Subekti (M)
4. UNICEF	14. Ali Moechtar (M)
5. RC office	15. Diandra Pratami (F)
6. Directorate of Government Debt Security, DJPPR, Ministry of Finance	16. Novia Maharani (F) 17. Yoesman (M) 18. Renaldo (M)
7. Directorate of Regional Financing and Economy, DJPK, Ministry of Finance	19. Pradita Agustina (F) 20. Faisal Fahmi (M)
8. Department of Capital Market Development and Sharia Capital Market, OJK	21. Corporate Bonds, Municipal Bonds (Male)
9. Center for Macroeconomic Policy, BKF, MoF	22. Dien Sukmarini (F) 23. Aryo Yoga (M)
10. Directorate of State Budget Formulation, DG Budget, MoF	24. M Faisal (M) 25. Pradipta (F)
11. Baitul Mal Aceh	26. Mohammad Haikal (Male)
12. PT Bank Aladin Syariah Tbk (Aladin)	27. Nyoman Yogi (M)
13. PT Bank Jago Tbk (Jago)	28. Josephine Kusnadi (F)
14. PT Bank Central Asia Tbk (BCA)	29. Natalina Basari (F) 30. Riskha Utami (F) 31. Anata Odilia Yoshua (F) 32. Hans Wibisono Sutikno (M) 33. Jan Kevin Silitonga (M)
15. Ministry of Cooperatives and SMEs (Kemenkop UKM)	34. Hana (F) Luhur (M) 35. Dzikri (M)
16. Seni Kreative (SMEs in textile sector)	36. Ibu Seni (Female)

17. UD Sasak Tani (SMEs in Agriculture)	37. Zul Adha (Male)
18. Karya Pesisir	38. Tera (Male)
19. Mandiri Capital Indonesia, ABAC, Mandiri Investment Management	39. M. Salman (Male) 40. Baskoro (Male)
20. ADB	41. Kosinthr (pok) Puongsophol (Male)
21. ADB	42. Jimmi (Male) 43. Alexis Lebel (Male)
22. CMMAI, Acting Assistant Deputy for Maritime Security and Resilience	44. Akbar (Male)
23. Creatella	45. Christine (Female)
24. Indonesian Environment Fund/BPDLH	46. Nurul Al Mukarramah (Female) 47. Hisan (Male) 48. Makmun (Male)
25. Una	49. Lily Abraham (Female)
26. Terra Water	50. Christine (Female)
27. Delos	51. Astrid Handari (Female) 52. Guntur Mailarangeng (Male)
28. Fishlog	53. Galih Fauzan and Reza Fahlepi
29. Cakap	54. Muhammad Bayu (Male)
30. Greenhope	55. Tommy Tjiptadjaja (Male)
31. Banoo	56. Fajar Sidik Abdullah Kelana (Male)

Annex 4: List of supporting documents reviewed.

The list includes, but not limited to the following:

List of Documents Reviewed for UN JP Assist Project Mid-Term Review (MTR)

1. Thematic Bond Press Release

- Press Release Blue Bond – Mengenal Sukuk Tabungan
- Press Release Green Sukuk Q4 - Mengenal Sukuk Tabungan
- Press Release SDG Bond 2022 - Hasil Lelang Surat Utang Negara pada tanggal 22 November 2022
- Press Release SDG Bond 2023 – Hasil Lelang Surat Utang Negara pada tanggal 31 Januari 2023
- Press Release SDG Bond Issuer 2021 - The Republic of Indonesia Issues Inaugural EUR500 Million Sustainable Development Goals (SDG) Through SEC-Registered Shelf Take-Down

2. ASSIST JP Gender Aspect Concept Note
3. ASSIST JP MTR TOR International Evaluator
4. ASSIST JP MTR TOR National Evaluator
5. UNDP Evaluation Guidelines
6. Progress Report – Feasibility Study on Sustainability-Linked Financing

- Component 2: Assist JP SF Framework Information - JP Assist Sustainable Financing Frameworks
- Component 2: Assist JP SPO Product Knowledge -The second Party Opinion

7. **Commitment Letter:**

- Bank Aladin Syariah Letter to UNEP
- Bank Jago Commitment Letter
- BTPN Syariah Commitment Letter
- BCA Commitment Letter
- Requesting UNEP – Finance Initiative's Support in BTN Sustainability Project

8. **Donor Report:**

- 2022 Semi-Annual Report SDG Investments
- 2021 Annual Progress Report
- 2021 Semi-Annual Progress Update SDG Financing Portfolio
- Assist JP C2 Semi-Annual Progress Update
- 2022 Annual Progress Report - SDG Financing Catalytic Investments

9. **Project Documents:**

- Note to File – Assist JP
- Assist JP Prodoc Revision
- Assist JP PSC Meeting MoM
- Email Confirmation

10. UNIDO ASSIST JP Training/workshop for SMEs and start-ups 2022-2023
11. 2022 SDG Bond Allocation and Impact Report
12. Republic of Indonesia SDG Bond Allocation and Impact Report
13. ROI SDGs Framework Second Opinion
14. The ROI SDGs Government Security Framework
15. Assessment on Indonesia Municipal Bond Landscape
16. Green Bond Market Survey Indonesia
17. Final Assist JP C2 Semi Annual Progress Update
18. Final SDG Financing Catalytic Investments – 2022 Annual Progress
19. Component 2 UNEP Project Activities Revision Update – Proposed Revisions of UNEP’s Component 2 Activities ASSIST Indonesia Joint Programme
20. Updates for UN RCO – UN JP ASSIST in Indonesia (Component 2 – The Sustainability SDGs Linked Loans Project).

Annex 5. UNEG Code of Conduct for Evaluators

Independence entails the ability to evaluate without undue influence or pressure by any party (including the hiring unit) and providing evaluators with free access to information on the evaluation subject. Independence provides legitimacy to and ensures an objective perspective on evaluations. An independent evaluation reduces the potential for conflicts of interest which might arise with self-reported ratings by those involved in the management of the project being evaluated. Independence is one of ten general principles for evaluations (together with internationally agreed principles, goals and targets: utility, credibility, impartiality, ethics, transparency, human rights and gender equality, national evaluation capacities, and professionalism).

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.
8. Must ensure that independence of judgement is maintained, and that evaluation findings and recommendations are independently presented.
9. Must confirm that they have not been involved in designing, executing or advising on the project being evaluated and did not carry out the project's Mid-Term Review.

Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Evaluator: ____Mohammad Alatoom___

Name of Consultancy Organization (where relevant): _______________________________

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at ___6 December 2023_______ (Place) on ___________________ (Date)

DocuSigned by:
Mohammad Alatoom
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Signature: ______e-signed: Mohammad Alatoom_______

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
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9. Must confirm that they have not been involved in designing, executing or advising on the project being evaluated and did not carry out the project's Mid-Term Review.

Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Evaluator: ____Devi Saadah___

Name of Consultancy Organization (where relevant): ______________________________

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at ___26 December 2023_______ (Place) on __________________ (Date)

DocuSigned by:
Devi Saadah
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Signature: ____________

Annex 6. MTR Report Clearance

Mid-Term Review/Terminal Evaluation Report for *(Project Title & ProjectID and/or UNDP PIMS ID)*
Reviewed and Cleared By:

Commissioning Unit (M&E Focal Point)

Name: Ari Pratama (Management Performance Oversight Unit)

DocuSigned by:
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Signature: ____________________ **Date:** 27-May-2024

Deputy Resident Representative

Name: Sujala Pant

DocuSigned by:
Sujala Pant
04186D9E3AB9435...

Signature: ____________________ **Date:** 29-May-2024