[*insert logo(s) of country programme-specific donors*]

Country Results Report

The Biodiversity Finance Initiative (**BIOFIN**) programme in **Indonesia**
REPORTING PERIOD: January to December 2025

Jan – Dec 2025



BIOFIN
The Biodiversity Finance Initiative

[*insert logo(s) of country programme-specific donors*]

BIOFIN COUNTRY PROGRAMME

W: https://www.biofin.org/index.php/indonesia

BIOFIN
The Biodiversity Finance Initiative

BIOFIN COUNTRY PROGRAMME PROFILE

Country: Indonesia

Geographic coverage: country-wide, with site-specific projects in the following sub-national geographic areas: Central Java Province, Tuva Village – Central Sulawesi Province

Programme period (as funded by Phase II/Phase II Extended funds): June 2019 to 31 December 2027;

Budget (from Phase II/Phase II Extended funds): USD —2,841,065.40

Alignment with UNDP country programme strategic outcomes: CPD Outcome 4. Stakeholders adopt innovative and integrated development solutions to accelerate advancement toward the Sustainable Development Goals

The Biodiversity Finance Initiative (BIOFIN) programme team in Indonesia would like to thank our partners – namely, the Federal Republic of *G*ermany, the European Commission, the *S*wedish International Development Cooperation Agency, the United Nations-Partnership for Action in Green Economy, The Government of United Kingdom, the Government of Canada, Norwegian Agency for Development Cooperation – for their support in making the implementation of BIOFIN in Indonesia possible.
This report is collaboratively authored by members of the programme team, with support from the BIOFIN global programme management team.

Cover photo by Directorate of Environment Bappenas

Table of Contents

Table of Contents i

Executive summary iii

A. Country factsheet: the country's biodiversity finance profile and the programming approach 1

A.1. Biodiversity finance profile 1

A.2. National implementation context 2

B. Overview of key results 2

B.1. PIR>BER>FNA>BFP 2

B.2. Implementation of Finance Solutions 2

B.2.1. Key objective: provide technical assistance to help ensure that Unlocking Sukuk for Biodiversity Project Financing is in place and fully operational 2

B.2.2. Key objective: provide technical assistance to help ensure that leveraging faith-based funds for biodiversity is in place and fully operational 6

B.2.3. Key objective: provide technical assistance to help ensure that Ecological Fiscal Transfer is in place and fully operational 11

B.2.4. Key objective: provide technical assistance to Institutionalize Results-based Budget Tracking for Biodiversity Expenditure 13

B.2.5. Key objective: provide technical assistance to ensure that the Debt for Nature Swap is in place and fully operational 18

B.2.6. Key objective: provide technical assistance to help ensure that Biodiversity Offsets are in place and fully operational 18

B.2.7. Key objective: provide technical assistance to help ensure that Developing a Financing Plan for Agro-ecotourism in Bali is in place and fully operational 13

B.2.8. Implementation of activities under the "Enabling and Scaling up Nature-related Financial Disclosures" (IKI-TNFD) project 19

B.2.9. Key objective: provide technical assistance to help ensure that Biodiversity Credits are in place and fully operational 15

C. Social inclusion stories 23

D. Lessons learned and adaptive measures: 25

E. Risks 26

E.1. Programmatic risks (risks *to* the programme) 27

E.2. Social and environmental risks (*of* the programme) 28

List of annexes and related notes 28

Annex 1: Indicator Tracking Table (in Excel) 28

Annex 2: [insert annex heading] 28

Executive summary

Indonesia's biodiversity finance showed strong performance in resource mobilization and innovative financing. The Sukuk for Biodiversity raised $2.8 million in Islamic bonds for the Maluku Conservation Center, demonstrating how Sharia-compliant instruments can drive environmental outcomes. Partnerships between BIOFIN and BAZNAS catalyzed $100,991 for nature-positive community enterprises in Kahayya and Tuva villages, unlocking new capital while embedding sustainability into Islamic philanthropic finance. In public finance, BIOFIN's Results-Based Budget Tracking successfully tagged $0.31 billion in biodiversity-related government spending by mid-2025, enhancing fiscal accountability and informing policy decisions. These innovations indicate a maturing biodiversity finance ecosystem in Indonesia, with both public and private sectors increasingly aligned with nature-positive outcomes.

In early 2025, Indonesia strengthened biodiversity finance policies. Central Java advanced its Ecological Fiscal Transfer scheme through Governor Regulation No. 61/2023, formalizing conservation funding via BANKEU using performance-based metrics. Ten districts were prioritized for 2026 implementation, and despite Boyolali's reversal allocation, verification systems were institutionalized for future disbursements—a significant step in integrating biodiversity into fiscal decisions. Nationally, BIOFIN supported a biodiversity tagging system aligned with the 2025-2045 IBSAP, developing guidelines for government adoption. For the TNFD initiative, BIOFIN provided training, created Indonesia-specific modules, and developed a roadmap for private sector engagement and regulatory alignment on nature-related disclosures.

Financial and policy initiatives deliver tangible ecological outcomes. The Maluku Conservation Center, funded by biodiversity sukuk, rescued 955 birds, 323 reptiles, and 319 other animals (2023-2024), supporting species protection efforts. In Kahayya and Tuva villages, sustainable farming of coffee, honey, and cocoa is regenerating ecosystems while improving rural livelihoods. These examples demonstrate how combining community empowerment with strategic financing creates enduring ecological benefits.

Finance Solution 1: Unlocking Sukuk for Biodiversity Project Financing

The finance solution aims to institutionalize the process for accessing Sukuk financing for biodiversity by providing technical support to proponents and expanding collaboration with other interested ministries that have biodiversity projects.

BIOFIN assists the technical unit in Bappenas in developing criteria and indicators for the ministry regulation on Sukuk allocation while also building capacity for green projects. A set of criteria and indicators for green project-based sukuk has been finalized, covering aspects such as green energy, climate resilience, sustainable transportation, waste management, sustainable natural resource management, and green building. These criteria and indicators

are being incorporated into the technical guidelines, which supplement the Bappenas ministerial regulation.

In the first semester of 2025, BIOFIN continued to support the revision of Bappenas's Ministerial regulation on sukuk financing amid government transitions and structural changes, with the new Directorate of Domestic Financing taking responsibility for sukuk allocation. Awareness-raising efforts included consultation with the Directorate of Marine and Fisheries. Bappenas, which is now considering several biodiversity projects for the 2027 sukuk cycle, including the genomic bank for livestock.

In the second semester of 2025, the BIOFIN global mission underscored Indonesia's significant steps in developing innovative financing mechanisms for biodiversity, particularly the preparation and establishment of the Maluku Wildlife Conservation Center in 2021, a biodiversity project financed through the Green Sukuk (SBSN) scheme.

By end of 2025, the solution had mobilized $2.8 million through project-based sukuk for the Maluku Conservation Center, which has successfully rescued 955 birds, 323 reptiles, and 319 other animals from 2023 to 2024.

Finance solution 2: Leveraging Faith-based Fund for Biodiversity

Islamic social funds in the form of zakat, *infaq*, and *sadaqah* represent significant potential sources of funding in Indonesia, being the country with the largest population of Muslims in the world. Realizing this opportunity, this finance solution intends to institutionalize the process of identifying, implementing, and reporting on faith-based funds for biodiversity finance.

The biodiversity initiatives in Tuva and Kahayya villages demonstrate innovative approaches to conservation and sustainable development. During 2025, integrated capacity-building activities in Kahayya and Tuva villages produced results in strengthening community-based livelihoods and sustainable land management. The beekeeping training in Kahayya enhanced practical skills in stingless bee management, particularly Tetragonula nigrocincta, through hands-on learning in colony relocation, trapping box and desiccator production, and value-added products such as herbal honey and beeswax, confirming high local potential productivity improvement, biodiversity conservation, and future initiatives including colony multiplication and educational bee tourism. In parallel, technical assistance and advanced farmer field school activities in Tuva Village significantly improved cocoa cultivation practices, farm rehabilitation, and productivity through structured, practice-oriented training covering the full production cycle from needs assessment and plant nutrition to pest management, farm planning, post-harvest handling, and product diversification. Strong participation, especially by women, and the involvement of champion farmers as facilitators ensured effective knowledge transfer, increased farmer confidence, and expanded opportunities for sustainable income generation and improved community welfare.

Finance Solution 3: Ecological Fiscal Transfer

The financial solution aims to promote the Ecological Fiscal Transfer (EFT) instrument implementation as a solution for financing ecology and biodiversity management. The rationale for Ecological Fiscal Transfer (EFT) is to allocate financial resources to relevant sub-national government jurisdictions for performing ecological functions, such as conservation areas, for which benefits are shared beyond the jurisdictions. Central Java was selected due to its high fiscal capacity, as evidenced by its government budget, where locally generated revenue surpasses central government transfers. This fiscal independence allows the province to restructure its budget and provide financial assistance to its districts.

In early 2025, a financial outcome from EFT was achieved with the allocation of US$22,181 to the Boyolali District in Central Java to support facility improvements in Indrokilo Botanical Garden. This commitment was formalized through Governor Regulation No. 38/2024. However, this result was later undermined when provincial government policy shifted to align with national priorities, resulting in the complete elimination of the allocation.

Despite this, the Provincial Development Planning Agency and the Environment Agency of Central Java Province finalized the data verification process to determine priority locations for the 2026 EFT program through provincial BANKEU. The top 10 regencies and cities prioritized for EFT in 2026 were identified: (i) Boyolali, (ii) Blora, (iii) Karanganyar, (iv) Tegal, (v) Banyumas, (vi) Purworejo, (vii) Klaten, (viii) Brebes, (ix) Wonogiri, and (x) Semarang.

Finance Solution 4: Institutionalize Result-based Budget Tracking for Biodiversity Expenditure

The solution aims to migrate biodiversity expenditure assessments from a manual to an online system, promoting its institutionalization into the performance-based budgeting system. This involves analyzing expenditure classification, providing guidelines and capacity development, and improving allocation and program planning.

Since 2021, BIOFIN has supported biodiversity tracking in collaboration with the National Development Planning Agency (Bappenas) through meetings, consultations, and coordination between technical departments. Indonesia's Biodiversity Action Plan 2015-2020 required USD 10.6 billion to manage and improve biodiversity nationwide. In 2016, the Biodiversity Expenditure Review (BER) identified USD 0.41 billion in public funding for biodiversity, which increased to USD 0.62 billion by 2022. Despite this, a significant funding gap remains, highlighting the need to improve budget implementation by targeting public spending relevant to biodiversity.

A financial outcome was achieved during the first semester of 2025, accumulating USD 1.99 billion mobilized from the public budget for biodiversity action since 2022. Additionally, 405

people were directly supported by BIOFIN through networking and training to finance biodiversity since 2020.

Key activities in the first semester of 2025 include biodiversity budget tracking training for 66 participants from 21 key line ministries. The training strengthened understanding of biodiversity budget tagging, provided hands-on experience with the KRISNA application, and supported the integration of the 2025-2045 Indonesian Biodiversity Strategy and Action Plan into ministerial work plans. Participants received a draft tagging guidebook and provided feedback that will improve future training efforts and finalize the guidebook for broader application.

During the second semester of 2025, an intensive formulation process was undertaken to develop the framework and financing instruments for the Indonesia Biodiversity Strategy and Action Plan (IBSAP) 2025–2045. This process included a series of studies aimed at analyzing the policy and enabling environment, identifying financing gaps and opportunities, and proposing strategic financing solutions to support the achievement of IBSAP National Target 19 on biodiversity financing. The studies comprise Policy and Institutional Review (PIR), Biodiversity Expenditure Review (BER), Financial Needs Assessment (FNA), and preparation of a Biodiversity Finance Plan (BFP).

In parallel, a study on positive incentives was conducted to explore fiscal and non-fiscal incentive mechanisms that can encourage biodiversity-positive practices across sectors, contributing to the achievement of IBSAP National Target 20 on Incentive Reform. This analysis seeks to identify instruments that not only mobilize additional resources but also realign existing incentives to reduce pressures on biodiversity and promote its sustainable use.

Public consultations and the official launch of the document are planned for the first quarter of 2026 to ensure alignment with national priorities and build ownership among relevant stakeholders.

Finance solution 5: Debt for Nature Swap

No activities for this finance solution in 2025.

Finance Solution 6: National Gap Analysis of Indonesia’s Biodiversity Offset System

No activities for this finance solution in 2025.

Finance Solution 7: Developing a Financing Plan for Agro-ecotourism in Bali

No activities for this finance solution in 2025.

Finance Solution 8: Integrating Nature-related Disclosure in the Reporting System in Indonesia

The finance solution intends to support the market adoption of a risk management and disclosure framework for organizations to report and act in evolving nature-related risks, in particular, aligning with national priorities to shift away from nature-negative outcomes and toward nature-positive outcomes. A new proposal, developed with other BIOFIN countries, aims to support the TNFD secretariat in preparing and aligning TNFD training materials for national companies and financial institutions. The proposal was approved in the first semester of 2024 to enhance sustainability reporting and disclosure practices across Indonesia. The workplan has been developed, and the implementation has started in 2024.

In the first half of 2025, BIOFIN conducted significant capacity building for nature-related financial disclosure in Indonesia, involving facilitating training for national training partners in Cambridge and Singapore, supporting PPA UI to develop TNFD modules adapted to the Indonesian context, and launching the implementation of the IKI-TNFD project with a focus group discussion involving key stakeholders (GRI, WWF, IAI, OJK, UNEP FI). During the second half 2025, TNFD awareness seminar and capacity building for companies were conducted and resulted strong interest to implement within their companies. In 2026, BIOFIN plans to provide coaching series to facilitate interest companies to implement TNFD.

Finance solution 9: Biodiversity credit

In the first half of 2025, a mini-regional exchange on biodiversity credits brought together Indonesia, Thailand, and the Philippines, resulting in new finance proposals. The three-day workshop in Jambi combining field activities at Harapan Forest has shed light on a new understanding of biodiversity credit and its principles. All countries expressed interest in developing biodiversity credit by outlining country workplans at the end of the workshop. This growing interest prompted Bappenas to engage with a wider range of stakeholders, including business associations. Following BIOFIN Indonesia's presentation at the Santiago global meeting in May, we continue developing a biodiversity credit roadmap through working papers and focus group discussions on policy frameworks, lessons from carbon credit and PES schemes, and market awareness. An assessment is undergoing to see company’s interest and site feasbility.

Other Results and Looking Ahead

2025 marks the beginning of a new presidency, with changes occurring from the ministerial level down to director-level positions across government departments. These changes have also affected provincial and district governments, including the implementation of national policies such as free school meals, being translated into food policies at provincial and district levels. The transitions have significantly impacted budget allocations at both national and regional levels. At this stage, it is necessary for the project to observe and stay abreast with

ongoing challenges by adapting and engaging broad stakeholders to find opportunities for other innovative biodiversity financing.

2026 will be more promising as institutional arrangement within the ministries have been settled and opportunities ahead with progressing financial solutions. 2026 also marks an important year for CBD COP which is expected to result in meaningful direction for biodiversity management globally.

A. Country factsheet: the country's biodiversity finance profile and the programming approach

A.1. Biodiversity finance profile

Indonesia is a tropical archipelago with 13,466 verified islands out of 17,499 islands, with a land area of 2.01 million km^2 and a water area of about 5.8 million km^2 consisting of 3.25 million km^2 of Indonesian waters and 2.55 million km^2 of Exclusive Economic Zone and an 80,791 km long coastline (Dihidros-Indonesian Navy 2012, in the Marine and Fisheries Figures 2013). Indonesia is also flanked by the Pacific Ocean and the Indian Ocean, which makes it a megadiverse country. Indonesia's biodiversity includes the diversity of living things with their variety of resources, in terrestrial, marine, and aquatic ecosystems, as well as their ecological complexity (LIPI, 2014). Indonesia's position with geological uniqueness sets off a high endemicity of flora, fauna, and microbes. The number of endemic faunas comprises 270 mammal species, 386 bird species, 328 reptile species, 204 amphibian species, and 280 fish species (5th national report, 2015).

As a country with mega biodiversity resources, Indonesia has committed to protecting and managing its natural resources aligned with international conventions and agreements. Indonesia's biodiversity is an asset to the development of the national economy. At the national level, policies and institutions have been set to manage, protect, and utilize biodiversity. This also includes financial resources needed and allocated by the government and other concerned stakeholders, e.g., the private sector, NGOs, etc.

Indonesia is the 10th largest economy in terms of purchasing power parity (World Bank, 2022). Before COVID-19 hit the world, Indonesia cut poverty reduction by more than half since 1999, to under 10 percent in 2019. Furthermore, Indonesia's economy is now recovering, and the growth is projected at 6.49 percent in Q3-2024 (yoy) (Central Bureau of Statistics, 2025).

In terms of biodiversity finance, the Biodiversity Expenditure Review (BER) conducted by BIOFIN in 2017 showed that biodiversity expenditure was around Rp 6.51 trillion in 2011 to Rp 6.71 trillion in 2016, or less than 1 percent of the annual national budget. Such expenditure still depends on the government's budget, while contributions from private and other stakeholders are still limited. The initial update on the biodiversity budget has shown an increase of around Rp 8.5 trillion and Rp 8.6 trillion in 2021 and 2022, respectively.[1]The proportion of the national budget remains unchanged.

Compared to the financial needs assessment (FNA) conducted by BIOFIN in 2018 resulted in a total financial need to cover IBSAP 2015 – 2020 of around Rp 167.9 trillion by 2020, the current biodiversity expenditure is still leaving a huge gap, although the gap is known now.

[1] *The figure is unofficial as part of result-based budget tracking finance solutions*

Therefore, BIOFIN is working with the government to identify and demonstrate a solution that works to close the biodiversity finance gap.

A.2. National implementation context

BIOFIN process in Indonesia has shed light on the institutional and financial contexts of biodiversity financing while promoting national dialogues that capacitate stakeholders to accelerate the easing of their financial needs to the point where the systematic lack of investment no longer hampers biodiversity targets. Biodiversity finance is not only about mobilizing new resources, but also about better delivering what is available, reallocating previously misplaced resources to where they can create positive impacts, and acting today to reduce the need for future investments.

BIOFIN Indonesia implements two-pronged strategies, i.e., engage and build the capacity of stakeholders on biodiversity financing and implement a range of finance solutions. The finance solution at the implementation stage includes the continuation of existing solutions, i.e., Sukuk, and leveraging Islamic and other faith-based funds, and two new solutions, i.e., ecological fiscal transfer and result-based budget tracking. Three finance solutions will be at the feasibility stage, i.e., debt for nature swap, biodiversity offset, and developing a finance plan for the agro-ecotourism sector. BIOFIN will engage with various stakeholders at the national as well as sub-national government, the private sector as well as CSO, and local communities in implementing these finance solutions.

B. Overview of key results

B.1. PIR>BER>FNA>BFP

N/A

B.2. Implementation of Finance Solutions

B.2.1. Key objective: provide technical assistance to help ensure that Unlocking Sukuk for Biodiversity Project Financing is in place and fully operational

Sukuk has provided a significant amount of project financing in Indonesia; however, the number of biodiversity projects receiving funding under this scheme is still limited. The government has seen the opportunity to include more biodiversity projects in the Sukuk portfolio. Realizing the importance of the Sukuk project's preparation stage, the finance solution intends to institutionalize the process for accessing Sukuk financing for biodiversity by

providing technical support to proponents and expanding the work with other interested ministries with biodiversity projects.



Figure 1. Animal Conservation Station at Ternate City (part of Maluku Conservation Center)

1 palm cockatoo without an owner was successfully secured from KM Ciremai on Tusday, 24 December 2024 (source: https://bksdamaluku.ksdae.menlhk.go.id/galeri-balai-ksda-maluku?page=3)



18 black-capped lories were secured from KM Leuser on Thursday, 19 September 2024 (source: https://bksdamaluku.ksdae.menlhk.go.id/galeri-balai-ksda-maluku?page=4)





13 PARROTS WERE SMUGGLED VIA KM NGAPULU

On Saturday (14 December 2024), the Yos Sudarso Port Forestry Police Team in Ambon successfully thwarted a bird smuggling attempt carried out on the KM Ngapulu vessel. After receiving information about bird calls heard on the vessel, officers and a joint team conducted a thorough inspection and found 13 smuggled birds in poor condition. These included:

- 3 Electus Parrots (Electus roratus)
- 1 Black-capped Lory (Lorius lory)
- 9 Yellow-crested Cockatoos (Cacatua galerita)

These birds are currently being held at the Maluku Islands Wildlife Conservation Center quarantine before being released back into the wild.

(source: https://www.instagram.com/p/DDnuZ84zOkZ/?img_index=1)

Since the first initiation of the solution in 2019, the concept of deploying Sukuk for biodiversity has expanded its scope to other ministries and has been furthered up and opportunities to include ‘green’ projects have also emerged by focusing on the detailed criteria and indicators for green project-based Sukuk. In the first semester of 2025, we remained in response to the ongoing initiative to revise Bappenas’s Minister regulation on sukuk financing, while the new government is on board, and changes took place in Bappenas’s structure. New Bappenas’s directorate of domestic financing will be responsible for sukuk allocation.

In the second semester of 2025, The BIOFIN global team conducted Insights and Results Mission in Indonesia from 28 September to 1 October 2025, aimed to review the effectiveness

of biodiversity finance solutions, identify key lesson learned, and strengthen national policy direction. The mission consisted of a field visit to the Maluku Conservation Center (MCC) and a stakeholder workshop at Bappenas.

The visit to MCC demonstrated how Green Sukuk financing is being utilized to support conservation infrastructure in the Wallacea region, a biodiversity hotspot heavily impacted by illegal wildlife trade. The center has significantly improved the handling of confiscated animals by providing rehabilitation and facilitating release back into their native habitats. However, the absence of operational funding within the Green Sukuk framework remains a challenge, highlighting the need for complementary mechanisms such as crowdfunding, corporate social responsibility, or donor support. The release of the Green Imperial Pigeon during the mission underscored the tangible conservation impact of these investments, as well as the merging social changes within local communities.



Figure 2: BIOFIN Global team, Bappenas, Ministry of Forestry and Ministry of Environment visited BKSDA Maluku and Maluku Conservation Center
(source:https://x.com/undpindonesia/status/1972908086206804211?s=46&t=Db_IiZBZbdJfS3lCYGjhbA)

Awareness raising for sukuk financing continues, and consultation with several agencies such as Ministry of Marine and Fisheries Affairs, Ministry of Agriculture have resulted some proposal for development. The engagement also revealed that some proposals were ready, only a few remains that need support. One potential from the Directorate of Livestock, a bank genomic

for domesticated livestock, is proposed. At the end of 2025, discussion continues with the Directorate of livestock, and facilitation to laboratory and equipment design is being prepared.

Until the first semester of 2025, the solution mobilized $2,8 millions of public funds through project-based sukuk for constructing the Maluku Conservation Center that helps empower the community and provides feed to the confiscated wildlife animals. The infrastructure has saved 955 birds, 323 reptiles, and 319 other animals from 2023 to 2024.

B.2.2. Key objective: provide technical assistance to help ensure that leveraging faith-based funds for biodiversity is in place and fully operational

Islamic social fund in the form of zakat, *infaq, sadaqah, and waqf* has huge potential in Indonesia, being the biggest Muslim country in the world. This finance solution intends to institutionalize the process of identifying, implementing, and reporting on faith-based funds to finance biodiversity-related activities.

Box 1: Definition of Islamic Social Fund Instrument

Zakat: Zakat is one of the obligations of a Muslim that must be fulfilled to purify property and soul. In Islamic teachings, various types of zakat have differences in both the benefits and payment mechanisms

1. Zakat Fitrah
   Zakat fitrah is an obligation that must be paid once a year at the beginning of the holy month of Ramadhan until before the Eid prayer. The amount of this zakat is equivalent to 3.5 liters (2.5 kilograms) of staple foods in the area concerned, such as rice, wheat, and the like. If we want to replace it with money, we must pay according to the price of the staple food multiplied by the amount of zakat, which is 3.5 liters or 2.5 kilograms.

2. Zakat Mal
   Also known as zakat on property, zakat mal is applied to money, gold, and other valuable assets owned and rented by someone. The condition is that the assets are *halal* (from their origin), meet the minimum limit, and have been owned for one year.

3. Other form of zakat mal, including zakat on income, trade, agriculture, mining, marine products, livestock products, bonds, savings, gold and silver, and others. Each type of zakat has its own calculation.

Infaq: Infaq, according to Sharia terms, means to spend wealth for a certain purpose as guided by Islam. Infaq shall include expiation, donation to the family or some foundation, and so on. Infaq is strongly encouraged, but not an obligation.

Sadaqah: It is a voluntary act that involves giving or donating to a person or charity. Shadaqah is not imposed by material things; hence it is subject to no specific rules or conditions. We can give shadaqah to anyone, especially those in need.

Waqf: In the Islamic context refers to the transfer of ownership rights of an asset, such as land or buildings, for public or charitable purposes. The purpose of waqf is to benefit society and sustainably support charitable activities. By relinquishing ownership, the asset is retained and used for Sharia-compliant purposes, providing ongoing benefits without diminishing its value. Waqf assets can address social issues and support education, health, micro-economy, transportation, places of worship, and da'wah activities, ensuring the perpetual growth of their benefits and goodness.

Site-based implementation demonstrates how threats to biodiversity are minimized through the development of community enterprises. The two sites selected thus far allows for a "business case" to integrate biodiversity objectives into the BAZNAS policy. (is this ok ?)

By the end of 2024, a new village for faith-based solution named Kahayya in South Sulawesi was identified. Kahayya is a small village nestled at the eastern foot of Mountain Bawakaraeng and the northern slopes of Mount Lompobattang, rich in untapped potential. Located in Kindang Sub-district, Bulukumba Regency, the village consists of three hamlets: Tabuakkang, Gamaccaya, and Kahayya, which serve as the central settlement. Kahayya is inhabited by 1,245 people, most of whom rely on agriculture and forest products for their livelihoods. Sitting at an elevation ranging from 700 to 1,800 meters above sea level, Kahayya is characterized by hilly terrain and drylands, yet it is home to a remarkable wealth of biodiversity.

Since 2022, the Zakat Community Development (ZCD) program by BAZNAS started the formation of the Tabuakkang Farmers Group and the Mustika Kahayya Honey Group to empower the community to explore local potentials such as coffee farming and wild honey production. Honey harvested from wild bees like *Apis dorsata* and A*pis nigrocincta* averages around 200 liters per year. This honey has become not only an alternative source of income but also a promising biodiversity-based enterprise.

However, much of this potential remains underdeveloped. Challenges persist in terms of production facilities, marketing access, and technical know-how. At the same time, Kahayya faces ecological pressures, including land conflicts, environmental degradation, and threats to its forest ecosystems.

In first semester 2025, BIOFIN conducted a visit to Kahayya Village together with Bappenas to carry out the kick-off and site preparation for the Faith-based Biodiversity Fund pilot location. The initial visit was held in collaboration with several relevant local government agencies to support BIOFIN's activities in Kahayya Village.

Findings from the visit to Kahayya Village that local products such as coffee and honey have gained recognition in national markets, and supporting infrastructure like homestays and road access is beginning to take shape to promote ecotourism. Nevertheless, several challenges remain, including limited production equipment, marketing constraints, land conflicts, and low success rates in rehabilitation efforts due to the use of unsuitable plant varieties.

As a follow-up, further interventions are planned, including training in honey cultivation, restoration of bee forage plants, product development, and strengthened impact reporting aligned with the SDGs. With a community-based approach and multi-stakeholder collaboration, Kahayya Village is seen as a highly promising pilot for integrating Islamic social finance in nature conservation and sustainable development.

In the last semester of 2025, a four-day beekeeping training program was implemented following through field coordination and preparation in Kahayya, South Sulawesi. Initial activities focused on logistical readiness, technical coordination with local stakeholders, and field assessments that highlighted strong local initiatives in stringless bee cultivation, particularly *Tetragonula nigrocincta*, alongside the need for improved technology and more sustainable land-use practices. The training combined intensive hands-on practice with limited theory, covering colony relocation and regulation, trapping box production, desiccator fabrication, herbal honey processing, and various value-added bee products. Field-based learning was reinforced through discussions, video screenings, and direct evaluation of colony behavior and environmental conditions. Despite language barriers that limited verbal interaction, participants showed high levels of engagement and enthusiasm, especially for practical activities that offered immediate livelihood benefits. Overall, the program confirmed that Kahayya Village holds significant potential for strengthening community-based beekeeping, improving productivity, and supporting biodiversity conservation, while fostering local economic opportunities and interest in future initiatives such as educational bee tourism and colony multiplication.



Figure 3: participants of beekeeping training



Figure 4: herbal honey practice

In the first semester of 2025, in Tuva village, as part of the follow-up to the field school program, various technical assistance activities were carried out for participants to strengthen their kakao cultivation practices in the field. One of the main activities was a visit and control of Field School participants' gardens (17 farmers; 11 male, 6 female) to directly monitor plant conditions and identify challenges faced by the farmers. Through this visit, the continuous improvement of good agricultural practices has led to significant enhancements in overall garden management techniques and productivity.

Farmers have gained valuable knowledge about sustainable farming methods, soil conservation, and optimal resource utilization. Rehabilitating unproductive cocoa plants restores optimal land productivity, while garden pruning improves plant structure, air

circulation, and productive branch growth. These efforts enhance cocoa farmers' productivity and welfare in the areas.

In the second semester of 2025, the advanced farmer field school in Tuva Village successfully strengthened local capacity in sustainable cocoa cultivation through the full participation of 20 women, highlighting women’s active role in village-level natural resource management and their strong commitment to skills development. Facilitated by champion farmers from earlier field school programs, the training delivered practical, locally relevant knowledge through a structured series of modules covering needs assessment, plant nutrition, pest and disease management, chemical and botanical pesticides, sustainable farm planning, seedling management and replanting, farm rehabilitation, and farm evaluation, The program was further strengthened by post-harvest and cocoa processing modules conducted in early 2026, which equipped participants with skills in quality handling and product diversification. Overall, the training enhanced participants’ technical competencies across the entire cocoa production cycle, supported improved farm management and productivity, and expanded opportunities for value addition and livelihood development.



Figure 5: Filling botanical pesticide into the sprayer tank



Figure 6. Participants of the field school are engaging in grafting activities

The community proposes an agricultural cooperative to facilitate trading of agricultural products and supplies, with initial capital of USD1,575 (USD 1 = IDR 15,871) sourced from cocoa grower members. However, the local cocoa growers still discussed the idea and to ensure the sustainability of this initiative, monthly evaluations and socialization efforts to promote cooperative success were recommended.

The finance catalyzed for biodiversity in this solution reached USD 100,991 in 2024. The number of projects adopted is currently one project in Tuva village, while it is expected to expand next semester in the other two locations. Around 17 people are directly supported by BIOFIN through networking and training in this finance solution.

B.2.3. Key objective: provide technical assistance to help ensure that Ecological Fiscal Transfer is in place and fully operational

The finance solution intends to promote ecological fiscal transfer as a solution for financing ecology and biodiversity management. This will be mediated through intense policy advocacy and multilevel government capacity building. Monitoring and evaluation will be conducted, along with replication efforts.

The rationale for Ecological Fiscal Transfer (EFT) is to allocate financial resources to relevant sub-national government jurisdictions for performing ecological functions, such as conservation areas, whose benefits extend beyond their jurisdictions. The current design of EFTs in Indonesia is focused on the regional level, with transfers arranged from the province

to the district and/or from the district to the village. Since the initiative is still limited and not all regions have implemented such a mechanism, there is an opportunity to replicate and advocate for nationwide-scale implementation.

BIOFIN collaborates with Bappenas and the Central Java Government to establish the implementation of Ecological Fiscal Transfer (EFT). Through a series of consultations and studies, the design and criteria for EFT were developed and integrated the criteria into the governor regulation by 2023 and the approved allocation by 2024.

Central Java was selected due to its high fiscal capacity, as evidenced by its government budget, where locally generated revenue surpasses central government transfers. This fiscal independence allows the province to restructure its budget and provide financial assistance to its districts.

Governor Regulation No. 61/2023 directs financial assistance to BANKEU for conservation and environmental preservation, aiming to improve environmental management and encourage sub-provincial governments to prioritize these efforts. The allocation formula is based on five pillars: pollution, land cover and biodiversity, water resources protection, natural disasters, and environmental regulations and institutions. Eligible projects include the development of biodiversity parks, green open spaces, botanical gardens, and forest parks.

EFT signifies a crucial step towards addressing the pressing environmental challenges faced by the province. Through the establishment of the BANKEU scheme, Central Java aims to redirect fiscal resources towards biodiversity conservation and environmental preservation initiatives. This financial instrument presents a valuable opportunity to fund biodiversity programs and support Indonesia in achieving its global biodiversity targets.

In early 2025, a financial outcome from EFT was achieved with the allocation of US$22,181 to the Boyolali District in Central Java to support facility improvements in Indrokilo Botanical Garden. This commitment was formalized through Governor Regulation No. 38/2024. However, this result was later undermined when provincial government policy shifted to align with national priorities, resulting in the complete elimination of the allocation.

The selection of Indrokilo as the beneficiary was based on several key considerations. First, the botanical garden has strong ecological potential, characterized by rich biodiversity and unique ecosystems that can be further enhanced through conservation, research, and educational initiatives funded by EFT. Second, its strategic location in Boyolali Regency ensures easy public access, enabling the site to serve as a center for environmental education and a promising ecotourism destination. Lastly, Indrokilo’s mission is closely aligned with the core objectives of the EFT program, which seeks to reward regions that demonstrate real efforts in environmental conservation. Its focus on plant conservation and public engagement makes Indrokilo an ideal and impactful model for the implementation of EFT in Central Java.

While ensuring EFT for 2025, the project continues preparing the EFT site for 2026. On March 14, 2025, the Provincial Development Planning Agency and the Environment Agency of Central Java Province conducted a data verification process to finalize environmental performance data submitted by 35 regencies and municipalities between November 2024 and February 2025. The results of this verification were used to determine priority locations for the 2026 EFT program through provincial BANKEU. The top 10 regencies and cities prioritized for EFT in 2026 were identified: (i) Boyolali, (ii) Blora, (iii) Karanganyar, (iv) Tegal, (v) Banyumas, (vi) Purworejo, (vii) Klaten, (viii) Brebes, (ix) Wonogiri, and (x) Semarang.

This verification activity is in line with Governor Regulation No. 61 of 2023 (a BIOFIN-supported policy), which regulates financial assistance for conservation efforts, including: (a) development of biodiversity parks, (b) green open spaces, urban forests, and city parks, (c) botanical gardens or arboretums, and (d) grand forest parks. All 35 regencies and cities submitted their 2024 environmental performance data through the Environmental Performance Indicator (IKLH) platform. This data is structured around the five pillars developed through the BIOFIN intervention.

B.2.4. Key objective: provide technical assistance to Institutionalize Results-based Budget Tracking for Biodiversity Expenditure

This solution intends to migrate the ongoing work of biodiversity expenditure assessment from a manual system to an online system. It aims to promote the institutionalization of biodiversity expenditure into the performance-based budgeting system.

This will be done by analyzing biodiversity expenditure classification at various Ministries and Institutions while helping the relevant key ministries to implement biodiversity budget tracking through guidelines and capacity development for key ministerial staff. In the long run, this will benefit BD agencies to improve allocation as well as future program planning and allocation.

Indonesia’s biodiversity initiatives began by defining biodiversity for a new strategic action plan, continuing in early 2023 with the development of a dynamic tagging system to track expenditures by specific goals. Unlike the previous thematic tagging, dynamic tagging is simpler and updated annually by Bappenas, making budget management more efficient.

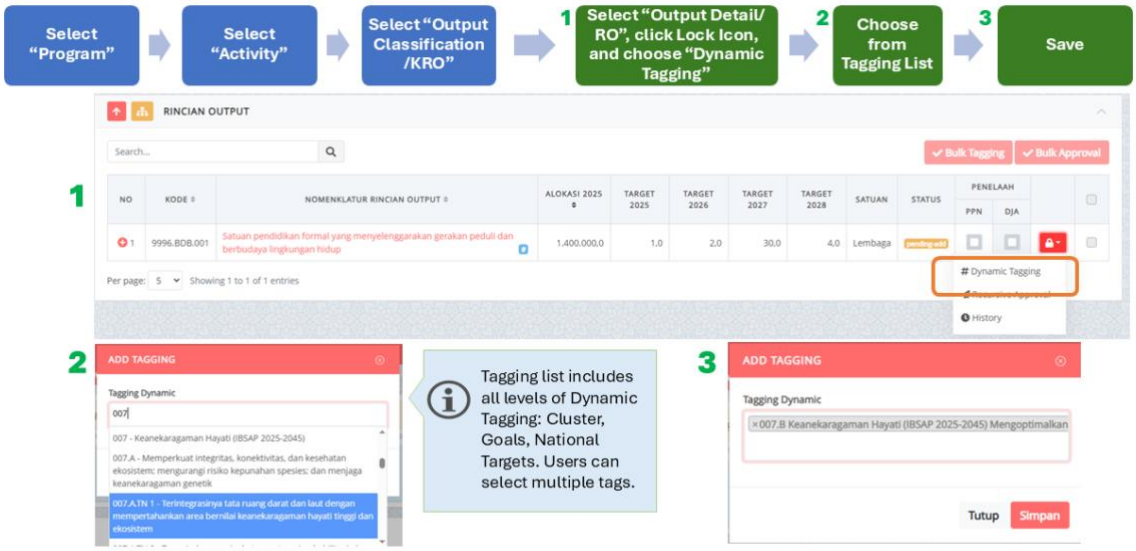
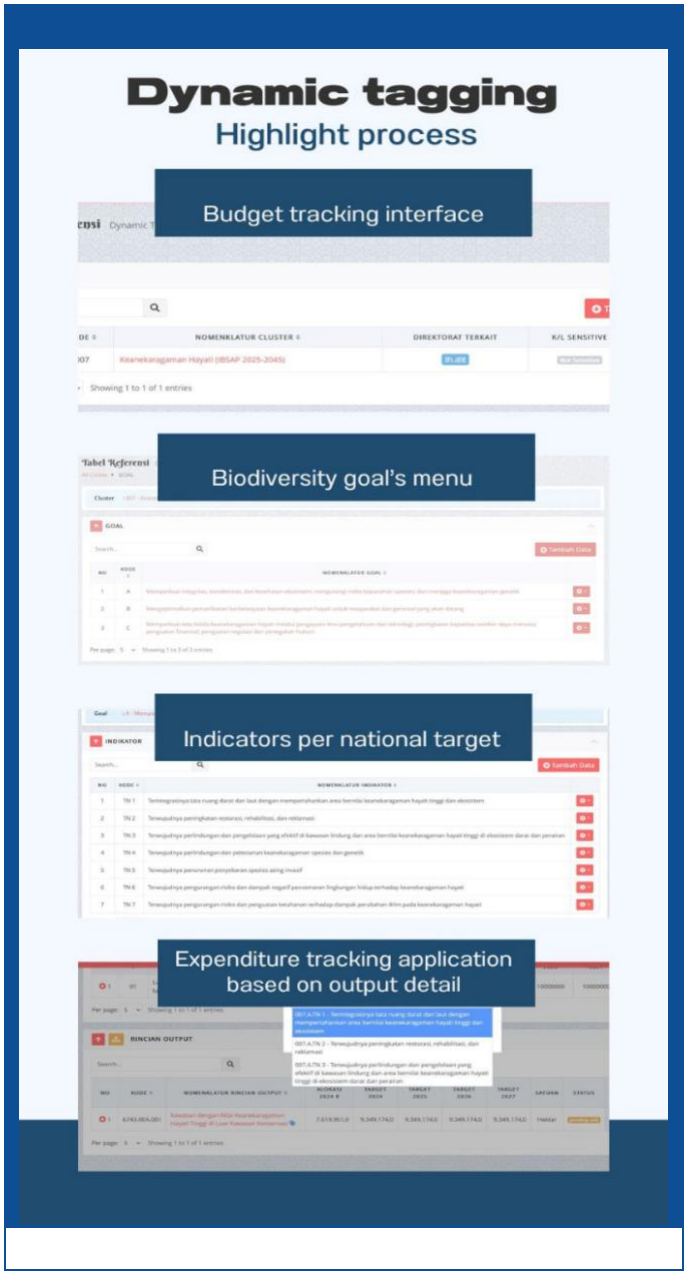


Figure 7. Dynamic tagging process featured in KRISNA



The change from thematic to dynamic tagging in KRISNA was driven by the exclusion of biodiversity in thematic tagging. Introducing a new thematic tag for biodiversity is a lengthy process requiring the approval of several authorities. Dynamic tagging, however, offers several advantages: it only needs annual updates by Bappenas and can be introduced at any planning and budgeting stage, making it more flexible and efficient. Unlike thematic tagging, which requires complex institutional arrangements and nonexistent regulations, dynamic tagging has already been applied to topics like the National Action Plan for Persons with Disabilities, the SDGs, and national economic recovery.

The biodiversity tagging system will be introduced in three phases: (1) the initial phase (2021-2024), (2) the intermediate phase (2025-2026), and (3) the advanced phase (post-2026). The initial phase established the definition of biodiversity expenditure, set inclusion/exclusion

criteria and indicators, and identified initial biodiversity expenditure based on available data. This phase tagged US$0.31 billion (1$=Rp 16,206) as biodiversity expenditure by 11 (eleven) ministries in 2025. The primary outcome was establishing definitions and boundaries for tracking the biodiversity budget, identifying associated partners, and exploring tagging mechanisms.

The year 2025 marks a new phase in biodiversity budget tagging implementation in Indonesia, as the 2025–2045 Indonesian Biodiversity Strategy and Action Plan (IBSAP) mainstreaming begins to take effect alongside the first year of implementation of the National Long-Term Development Plan (RPJPN) 2025–2045 and the National Medium-Term Development Plan (RPJMN) 2025–2029. This alignment is expected to gradually improve the identification and tracking of biodiversity-related spending, contributing to more informed planning and resource allocation over time. Starting in 2025, dynamic tagging is managed by the Directorate at Bappenas, which has full access to budget data. However, limited human and time resources, along with the legal framework, pose challenges. Therefore, capacity building in the directorate, additional system tagging options, and guidelines for tagging data are essential. In the advanced phase, biodiversity budget tagging will be carried out by planning units within ministries or agencies. The process will be reviewed and approved by partners in the National Development Planning Agency Directorate, who are well-versed in the objectives and outcomes of the activities and have full access to relevant data and information. While many countries have identified their biodiversity expenditure through one-off measurements, Indonesia is among the first to adopt a systematic approach.

To prepare the stakeholders for dynamic tagging implementation, on June 20th, 2025, BIOFIN, in collaboration with the National Development Planning Agency (Bappenas), conducted a biodiversity budget tracking training to strengthen the capacity of ministries and agencies in understanding biodiversity budget tagging and integrating biodiversity management policies into development planning. The training successfully equipped 66 participants to serve as focal points for biodiversity budget tagging within 21 (twenty-one) key line ministries. It also supported the implementation of follow-up actions to enhance the mechanism for continuous biodiversity budget tracking. Moreover, the mainstreaming of the 2025–2045 Indonesian Biodiversity Strategy and Action Plan (IBSAP) has been effectively integrated into the work plans of key sectoral ministries and agencies, ensuring alignment with national biodiversity objectives.



Figure 8. Participants follow a presentation on the budget tagging mechanism at the training session.

The training introduced participants to key concepts for identifying biodiversity-related expenditures and provided hands-on practice using the KRISNA application for budget tagging, referring to a draft tagging guidebook developed for the session. Participants also contributed constructive feedback on the training materials and guidebook, which will be used to improve future capacity-building efforts and finalize the guidebook for broader application across ministries.

The tagging system has accomplished several critical objectives: First, it has uncovered biodiversity contributions embedded within existing government programs that were previously uncategorized. Second, it establishes a reliable foundation for evidence-based planning and performance monitoring. Third, it creates a framework that aligns fiscal decisions with conservation goals, enhancing both policy coherence and transparency.

With this infrastructure in place, Indonesia is now positioned to make more strategic investments in biodiversity. Government agencies can better articulate the value of conservation initiatives, defend existing programs, and build compelling cases for expanding successful approaches in future budget cycles.

To continue support to IBSAP 2025-2045 financing framework, a Kick-Off Meeting was held for the development of the IBSAP 2025–2045 Financing Framework and Instruments on Februart 5, 2025, including Policy and Institutional Review (PIR), Budget Expenditure Review (BER), Financial Needs Assessment (FNA), Positive Incentives, and Biodiversity Finance Plan (BFP). The discussions focused on inputs for the scoping and methodology of the assessments, work plan arrangement, and support for data provision from line ministries.

Mid-term meeting on IBSAP 2025-2045 Financing framework revealed the key insights on improving data availability, strengthening coordination between national and regional levels, and enhancing the effectiveness of positive incentives to support biodiversity financing under the IBSAP framework.

Peer review discussion for biodiversity positive incentive on October 2025 highlighted the need to align regulatory frameworks to ensure financial mechanisms effectively contribute to national biodiversity targets. The meeting concluded with a shared commitment to strengthen data sharing, coordination, and monitoring systems to improve the overall effectiveness of biodiversity positive incentive financing in Indonesia.

A financial outcome was achieved from biodiversity budget tracking, with a total of USD 1.99 billion mobilized from the public budget for biodiversity action since 2022. This semester's tracking resulted in a lower figure of $0.31 billion due to changed government priorities leading to national budget reallocation. Additionally, 405 people were directly supported by BIOFIN through networking and training to finance biodiversity since 2020, and one concept paper outlining the tagging system was developed. Furthermore, one guideline/manual was prepared to be disseminated to key government agencies.

B.2.5. Key objective: provide technical assistance to ensure that the Debt for Nature Swap is in place and fully operational

No activities conducted in 2025

B.2.6. Key objective: provide technical assistance to help ensure that Biodiversity Offsets are in place and fully operational

The finance solution aims to understand how regulated biodiversity offsets schemes can be applied in the Indonesian context, the policy challenges, gaps, and how to measure adequate compensation for any biodiversity loss, and how much compensation is distributed among the government actors. Finally, the study is expected to recommend the implementation options for biodiversity offsets in Indonesia.

While the idea of biodiversity offsets schemes is still not a priority for the government, biodiversity shares a similar concept to biodiversity offset. The voluntary biodiversity credits generate the government's interest and a regional exchange with BIOFIN Philippines, Thailand, and Indonesia in early 2025 (detailed in the next section B.2.9).

No activity-related biodiversity offset was conducted in 2025.

B.2.7. Key objective: provide technical assistance to help ensure that the Developing a Financing Plan for Agro-ecotourism in Bali is in place and fully operational

No activities conducted in 2025

B.2.8. Implementation of activities under the "Enabling and Scaling up Nature-related Financial Disclosures" (IKI-TNFD) project

The finance solution intends to support the market adoption of a risk management and disclosure framework for organizations to report and act on evolving nature-related risks, aligning with national priorities to shift away from nature-negative outcomes and toward nature-positive outcomes.

Within the BIOFIN framework, UNDP has partnered with the Directorate of Environment of Bappenas to support a rapid assessment study on nature-related financial disclosure and expand the work on integrating private sector disclosure into monitoring integrated platforms.

In the first semester of 2025, a series of capacity-building activities was conducted to enhance national capacity related to nature disclosure. BIOFIN facilitated the Center for Accountancy Development at the University of Indonesia (PPA UI) to attend TNFD training in Cambridge and the Indonesia Chartered Accountants (IAI) in Singapore. PPA UI prepared the final draft of TNFD modules adapted to the Indonesian context. After attending a TNFD capacity-building workshop in Singapore facilitated by BIOFIN in May 2025, IAI expressed greater enthusiasm to engage with TNFD issues and suggested holding follow-up activities involving regulators and the private sector before conducting actual capacity building for the private sector.

Implementation of capacity building on nature-related disclosure as mandated by the IKI-TNFD project began with a focus group discussion attended by key stakeholders: GRI, WWF, IAI, OJK, UNEP FI, and TNFD training partners. The discussion identified several important next steps: comprehensive capacity building modules targeting different organizational levels (including specialized training for board members, senior leaders, and staff), a strategic seminar specifically for companies under OJK supervision (particularly those in capital markets), and the collaborative development of a detailed roadmap to advance nature-related financial disclosure practices throughout Indonesia. Participants emphasized the importance

of proper timing for these initiatives—avoiding mid-month periods—and potentially using a hybrid format to maximize stakeholder participation. The training for the private sector received full endorsement, with all participants agreeing to contribute.



Figure 9. BIOFIN facilitated an FGD on nature-related financial disclosure.

The follow-up plan for the next semester is to conduct a TNFD awareness seminar and TNFD capacity building for companies. The preparation of training material and selection of a training provider have been done during the first semester of 2025.

In the second semester of 2025, BIOFIN facilitated two major activities: the TNFD Awareness Seminar on 5 August 2025 and the TNFD Training on 18–19 September 2025. The public seminar, co-organized with Bappenas, focused on strengthening awareness and foundational knowledge of the TNFD framework in preparation for the full training. The event attracted more than 90 participants from leading Indonesian private-sector organizations, demonstrating increasing business interest in integrating sustainability and nature-related risk considerations.



Figure 10. BIOFIN facilitated public seminar to improve awareness regarding nature-related financial disclosure

TNFD training on 18-19 September 2025, co-organized with Bappenas built the capacity of around 40 participants from companies and financial institutions to apply the TNFD framework. The training produced initial action plans for nature-related disclosures, while a prior assessment revealed fragmented mechanisms, leading to proposed one-year TNFD extension to strengthen integration with TNFD and IFRS S1/S2 standards. The training guided participants on the practical application of the TNFD framework and supported them in developing initial action plans for nature-related disclosures. The 1.5-day training featured six modules designed to help companies integrate nature-related considerations into governance, strategy, and risk management, in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).



Figure 11. BIOFIN facilitated nature-related financial disclosure training

B.2.9. Key objective: provide technical assistance to help ensure that Biodiversity Credits are in place and fully operational

In the first semester of 2025, a mini-regional exchange on biodiversity credit resulted in new finance proposals among Indonesia, Thailand, and the Philippines. A workshop was held in Jambi for three days, attended by key governments from 3 countries, and explored biodiversity credit implementation. The participants also discussed first-hand experiences managing restoration activities by PT REKI, a forest restoration company, in Jambi. The workshop combines field-based activities and classroom learning sessions. Participants gained insights into ecosystem restoration and biodiversity monitoring through a visit to Harapan Forest, which is being considered as a pilot site for biodiversity credits in Indonesia.

Classroom sessions deepened participants' knowledge of the high-level principles, policy frameworks, and market potentials for biodiversity credits. The session was supported with international case studies from Colombia and Australia, followed by the policy discussion aligning with the Southeast Asia regional context. Exploration of biodiversity credits methodologies from leading global standards, namely Plan Vivo and Verra, through practical group exercises was also conducted. This exercise enhanced participants' capacity to apply the frameworks in the development of biodiversity credit schemes.

In the global meeting at Santiago in May, BIOFIN Indonesia shared the initial experience of biodiversity credit preparation, and it attracted discussion among participants.

As the next step, in the second semester of 2025, BIOFIN continues developing the biodiversity credit roadmap through a series of activities, including the preparation of a working paper (policy brief) and the organization of focus group discussions (FGDs). One FGD had been conducted exploring key topics such as policy and regulatory frameworks, lessons learned from carbon credit and payment for environmental services (PES) schemes. Additionally, an assessment for potential pilot location project within the area of PBPH concession holders such as Harapan Forest (PT. REKI), Katingan Mentaya Project (PT. RMU), PT Alam Bukit Tiga Puluh (ABT) and in social forestry area such as village forest facilitated by KKI WARSI are being discussed with the government.

During the focus group discussion, the proposed model consists of two models namely (1) integration with Carbon Economic Value (CEV) through a credit stacking scheme, where carbon credits and biodiversity credits are developed at the same location, (2) Biodiversity Credit standalone scheme which is separated from carbon credit mechanisms. This model is ideally developed based on the richness of Indonesia's biodiversity. Both schemes can use mandatory or voluntary standards where applicable.



Figure 12. Biodiversity credit workshop participants visited Harapan Rainforest, Jambi, Indonesia



Figure 13. Focus group discussion (FGD) on existing policy and regulations to design biodiversity credit

C. Social inclusion stories

The financial solution of a faith-based fund for biodiversity is closely related to improving social welfare while also enhancing the ecological condition of the area. This initiative supports livelihood activities by improving cocoa plantation practices, introducing agroforestry schemes for local farms, training locals to create organic fertilizer using local resources, and cocoa processing into value-added products like chocolate bars, cookies, and other chocolate-based items. The faith-based financial solution is also designed to embrace gender equality, involving women and youth as key beneficiaries. Female cocoa field school training demonstrated the efforts to support and empower women to the revival of cocoa production and the overall

improvement of the community's economy. This will enhance capacity of female farmers as potential trainers in the future.



Figure 14. Various value-added cocoa products are produced by the Tuva village communities.

The implementation of advanced farmer field school in Tuva Village highlights a strong social inclusion narrative by placing women at the center of capacity building efforts in sustainable cocoa cultivation. Through their active and consistent participation, women farmers demonstrated leadership, commitment, and growing technical confidence across the entire cocoa production cycle, from farm management to post-harvest processing. Supported by peer learning and mentorship from champion farmers, the initiative created a safe and enabling space for women to strengthen their skills and decision-making roles at the household and community levels. By deliberately engaging women as a key beneficiary, the program not only promoted gender equality but also contributed to improved livelihoods and community resilience, reinforcing the critical role women in driving sustainable agriculture and local economic development.



Figure 15. Women's participation in Tuva Field School II

D. Lessons learned and adaptive measures:

Using Islamic social funds (zakat) for biodiversity as a co-benefit is innovative, as religious funds typically focus on religious teachings, poverty alleviation, and community development. Integrating livelihood improvements with biodiversity-positive activities provides valuable lessons. Similarly, Central Java's ecological fiscal transfer (EFT) model can be adapted by other marine-dependent Indonesian regions. We're working with the Ministries of Finance and Home Affairs to expand EFT to other provinces, potentially increasing district-level biodiversity funding across Indonesia.

One of the critical milestones in the implementation of Ecological Fiscal Transfers (EFT) in Central Java was the issuance of Governor Regulation (Pergub) No. 14 of 2025, which revised the allocation of financial assistance for conservation activities at Indrokilo Botanical Garden in Boyolali. Under the previous Governor Regulation No. 38 of 2024, conservation activities at the site had been allocated IDR 360 million; however, the revised regulation reduced this allocation to zero. This budget revision directly resulted in the postponement of conservation programs initially planned for implementation in 2025, including conservation development,

research, environmental education, and edutourism activities. A key lesson learned from this experience is that changes in political leadership such as the transition of a governor can significantly influence policy priorities and budget allocations for conservation,

Biodiversity tracking at the output level provides valuable lessons for estimating biodiversity expenditure. The training revealed the need for ongoing, two-way, constructive discussions to determine whether outputs or activities qualify as biodiversity-related expenditures. The practical guideline book and list of "keywords" reflecting real-sector examples, combined with hands-on tagging exercises, effectively boosted participants' confidence in applying the tagging methodology. This approach also highlighted the importance of addressing institutional and technical challenges, including changing organizational mandates and structures within ministries, inconsistent data entry, and varying levels of understanding across line ministries. Furthermore, the training emphasized the need for improved coordination between Bappenas and line ministries to ensure more consistent and systematic implementation of biodiversity budget tagging.

The mini-regional exchange on biodiversity credits in early 2025 gave useful insights for Indonesia, Thailand, and the Philippines participants to explore new ways to finance biodiversity protection. Participants learned directly from PT REKI's forest restoration work in Harapan Forest, to connect theory with practice, gaining a clearer understanding of how biodiversity credits can work on the ground. Overall, this blended learning experience proved highly effective in building shared understanding and supporting the development of national biodiversity credit roadmaps and pilot initiatives.

Lesson learned at the Maluku Conservation Center highlight the importance of aligning innovative conservation financing with long-term operational sustainability. While Green Sukuk has proven effective in funding essential conservation infrastructure, the experience shows that asset-based financing alone is insufficient to cover ongoing operational needs such as animal care, veterinary services, transport for wildlife release, and daily maintenance. Strong inter-ministerial coordination and transparent planning are critical to ensure conservation investments deliver lasting biodiversity outcomes. The center also demonstrates the value of community engagement, as wildlife rescue and release activities have begun to shift local perceptions and reduce incentives for illegal wildlife trade. Going forward, complementary financing mechanisms including CSR contributions, crowdfunding, and donor support are needed to bridge operational funding gaps and strengthen monitoring, ensuring that conservation centers function not only as sanctuaries for wildlife but also as hubs for education, behavior change, and sustainable biodiversity management.

E. Risks

[*This section of the CRR provides an update on the country programme's risk log/risk register, on the one hand, and the social and environmental risks posed by the programme, on the other. Note that these two types of risks are different and are presented in two separate sub-sections, as reflected below.*]

E.1. Programmatic risks (risks *to* the programme)

[*This sub-section should list the risks faced by the programme. Before listing the risks, provide a brief (one to two sentences should suffice) overview of the overall risk status and highlight any major changes from the previous report Then list the risks (**'implementation' countries, consider listing FS-specific risks**), using your existing risk register or adopting the template provided below (feel free to submit the risk register as a separate additional annex, if you wish.*]

[insert content in line with the guidance provided in the paragraph above]

As the Indonesian government embarks on a new presidency, this leads to changes in the ministerial cabinet and government structure. In implementing the above financial solutions, there are some risks in terms of capacity, commitment, and changes in leadership position.

Table 1: Risk register for BIOFIN Indonesia

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	Enter a brief description of the risk	*When was the risk first identified?*	*Environmental Financial Operational Organizational Political Regulatory Strategic Other (In Atlas, select from list)*	*Describe the potential effect on the project if this risk were to occur Enter probability on a scale from 1 (low) to 5 (high) P = Enter impact on a scale from 1 (low) to 5 (high) I =*	*What actions have been taken/will be taken to counter this risk?*	*Who has been appointed to keep an eye on this risk?*	*Who submitted the risk?*	*When was the status of the risk last checked?*	*For example: no longer relevant (i.e., P and/or I would = 0, if 0 was an option), reducing, increasing, no change*
	Risk of change of government officials due to rotation, promotion, and/or demotion	January 2025	Organizational	The initiative might be delayed or suspended in implementation P=2 I= 3	We will build intense communication and introduce and update the project when the change take place.			30 June 2025	No change since the officials rotation has taken place recently
	Risk of low commitment of line ministry during the project preparation stage	Since the beginning	Organizational	The proposal quality is below par P=3 I=3	We will facilitate technical capacity building for key officials and projects developers in the ministries			30 June 2025	Decreasing, as we continue intensive engagement with key ministries
	Risk of sensitivity of religious-based funds	Since the beginning of the intervention	Political	The initiative might be suspected of being religious conservation an obstruct the project implementation P=3 I=3	We will build intensive communication through formal and informal channels with relevant stakeholders ensuring prior acceptance before commencing work in the field. We will also capacitate the institutions throughout the implementation of the solutions.			30 June 2025	we continue engagement with religious leaders, the risk is lower.
	Risk of change in regional budget policy impacting the EFT	January 2025	Political	The change of budget priority may impact the allocation of EFT. P=4 I=5	The project will maintain the engagement between the project and relevant regional stakeholders to maintain the momentum for EFT implementation.			30 June 2025	Increasing

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	Risk of low commitment of key ministries in improving biodiversity tracking	Since the beginning	Organizational	The biodiversity tracking system is not used, and it remains offline. P=1 I=1	The project will engage the relevant directorate in Bappenas and inform them about the initiative, therefore, gaining support from the beginning.			30 June 2025	No change
	Multiple Standard Frameworks Related to SR Analysis	Since the beginning	Regulatory	Integrating data into AKSARA will not work. P=4 I=3	Collect aggregate data, selection, standard identification, and protocol application.			30 June 2025	No Change
	Risk of change in government administration due to the presidential election	October 2024	Political	policies that could affect project implementation in implementing financial solutions P=4 I=2	Maintain open communication channels and build relationships with key government officials and stakeholders.			30 June 2025	Decreasing as the new administration has changed, but not significantly changed the roles and responsibilities

.

E.2. Social and environmental risks (*of* the programme)

[*This sub-section should report on social and environmental risks of the programme. Proposed text has already been inserted, and there is no need to edit or add more, unless the proposed text does not apply to your country programme or you wish to add more detail.*]

The BIOFIN country program does not generate additional social and environmental risks. Indeed, the program works to mitigate existing risks by integrating UNDP's programming principles for strengthening social and environmental sustainability (SESP), and the programme is directly aligned with Standard 1 of the project-level standards therein, viz., Biodiversity Conservation and Sustainable Natural Resource Management.

List of annexes and related notes

The following annexes are included in this report:

Annex 1: Indicator Tracking Table (in Excel)

[use the text inserted alongside, no need to edit/add anything further unless the text is not applicable to your country programme or you wish to add details] The Indicator Tracking Table provides an up-to-date snapshot (subject to the availability of related data) of progress made towards the BIOFIN country programme's M&E indicator targets.

Annex 2: [insert annex heading]

[*Add any additional annexes that you find to be necessary to supplement the content provided in the CRR.*]

[insert a description of the additional annex(es)]


BIOFIN
The Biodiversity Finance Initiative