

OJK PROMOTES FINANCING FOR SOCIAL FINANCE PROGRAMS

Jakarta, March 23, 2017 — The Financial Services Authority (OJK) supports a plan to issue financing instruments for social finance programs that aim to carry out social projects in various fields, including health, education, and microeconomy empowerment.

“Social finance programs, which are based on economic empowerment, oriented towards the community and preserve the environmental supportive power, are ideal for Indonesia where most of the people are heavily dependent on agricultural, plantation, farming as well as fishery sectors,” said OJK Chairman Muliaman D Hadad in his opening remarks at Social Finance and Social Enterprises Workshop, which was held in partnership with the United Nation Development Program (UNDP), on Thursday, in Jakarta.

He stated that social finance programs could run if new funding instruments were created to finance projects that would benefit the public. Some tools that should be developed to support such programs included social finance investment funds and social impact bonds.

Muliaman described that social finance investment funds were investment funds designed for financing social projects aimed at dealing with poverty, unemployment and developing community economy.

While social impact bonds are debt papers issued for financing projects that bring impacts on the community, such as health, education, and environmental projects.

“The two financing instruments will raise investments and funding towards social-community development and environmental preservation,” Muliaman said.

Christophe Bahuet, UNDP Country Director, also said that his organization’s support for financing social finance projects covered different types of private funding such as impact investors, angel investors, crowdfunding or venture capital, which not only generated financial profit, but also benefited the society.

Earlier, to increase the role of financial services companies in supporting financing under social finance concept, the OJK launched scores of initiatives and strategic programs like the *Jaring* Program, which was designed to develop the maritime industry, and the Regional Financial Access Acceleration Team (TPAKD) in provinces, districts and cities.

Also, the OJK has been developing *Laku Pandai* (Branchless Banking under Financial Inclusion Framework) program and 20 banks, which have 275,916 agents and 3,700,215 customers and IDR 216.5 billion in savings funds, have joined the program.

In addition, the OJK will continue promoting people’s business loans (KUR) by launching new schemes to expand distribution of the loans’ benefits to more productive sectors.

Muliaman also revealed a plan to launch the Food Action (Food Acceleration, Synergy and Financial Inclusion) Program, which would apply the food-value-chain financing model, in Lima Puluh Kota District, West Sumatra, on Friday (Mar. 24).

The Food Action program's goal is to encourage the financial services industry to contribute more to the government's priority programs, especially those in food sectors, as agents of national economic development.

For more information:

Triyono, Head of Communications and International Affairs Department
Tel: +62 21 2960 0000 E-mail: triyono@ojk.go.id Website: www.ojk.go.id.