

IFN FORUM

INDONESIA

2019

27TH AUGUST 2019

Shangri-La Hotel,
Jakarta

Sheikh Bilal Khan

*Chief Islamic Finance Officer,
Astana International Financial
Centre*



#IFNINDONESIA2019

Exporting the Indonesian Success into Strategic Markets of CIS – Geo-Economic Collaboration for Sustainable Growth of Islamic Green Finance

- Indonesia has taken a leadership role on climate action – setting ambitious targets in its Nationally Determined Contributions (NDCs) of 29 percent reduction in emissions using its own resources and 41 percent with external resources by 2030.
- To meet the financing needs for Indonesia's climate change commitments and to achieve its national emission reduction goals by 2030 requires at least USD \$50 billion
- To raise this money, the government issued a Green Sukuk worth USD \$1.25 billion in February 2018. It was the world's first sovereign bond exclusively aimed to fund climate change in a manner where financing is compliant with Islamic law.
- Those who invest in the bond are guaranteed that their money will be spent on green projects.

Green Opportunities for Indonesia in Central Asia

- Which new markets can Indonesian model be exported and what are the opportunities for growth in Islamic green finance in Central Asia?
- AIFC supports the development of green finance, providing a platform for issuing green bonds for companies that implement projects to ensure a more efficient use of existing natural resources, reduce negative environmental effects, improve energy efficiency, mitigate the impact of, and enhance adaptation to climate change.
- In 2017, \$333.5 billion was invested in green energy worldwide, by contrast with less than \$0.4 billion in 2004. In 2017, global green bond issuance reached \$155.5 billion, a 60% increase as compared to the previous year. From 2018 to 2050, over \$11.5 trillion will be invested in the green energy sector. Almost half of it – over \$5.5 trillion – will be invested in countries of Asia and the Pacific.
- The concept of green economy is being actively implemented in Kazakhstan. A goal was set to increase the share of alternative and renewable energy in the country's energy mix to 50% by 2050. Astana International Financial Centre (AIFC) is designed to become the major regional platform for implementing and funding green projects both in Kazakhstan and in neighboring Central Asian countries.

Welcome to AIFC

ASTANA INTERNATIONAL FINANCIAL CENTRE (AIFC) PLAYS A PIVOTAL ROLE IN POSITIONING ITSELF AS A GLOBAL CENTRE FOR BUSINESS AND FINANCE, CONNECTING THE ECONOMIES OF **THE CENTRAL ASIA, THE CAUCASUS, EAEU, WEST CHINA, MONGOLIA, MIDDLE EAST AND EUROPE.**



Potential of AIFC-Indonesia Collaboration

“FINANCIAL GATES”



“BELT AND ROAD INITIATIVE”



PRIVATIZATION OF STATE ENTERPRISES



Strategic Directions

THE MAIN GOAL OF THE AIFC IS TO DEVELOP A NON-BANKING FINANCIAL SECTOR AND CREATE FAVOURABLE CONDITIONS FOR INVESTING. POSITIONING NUR-SULTAN AS THE MAIN FINANCIAL CENTRE IN THE REGION SHOULD BE ACHIEVED THROUGH THE IMPLEMENTATION OF THE FOLLOWING FIVE STRATEGIC DIRECTIONS:

Capital Markets



Asset Management



Green Finance



Islamic Finance

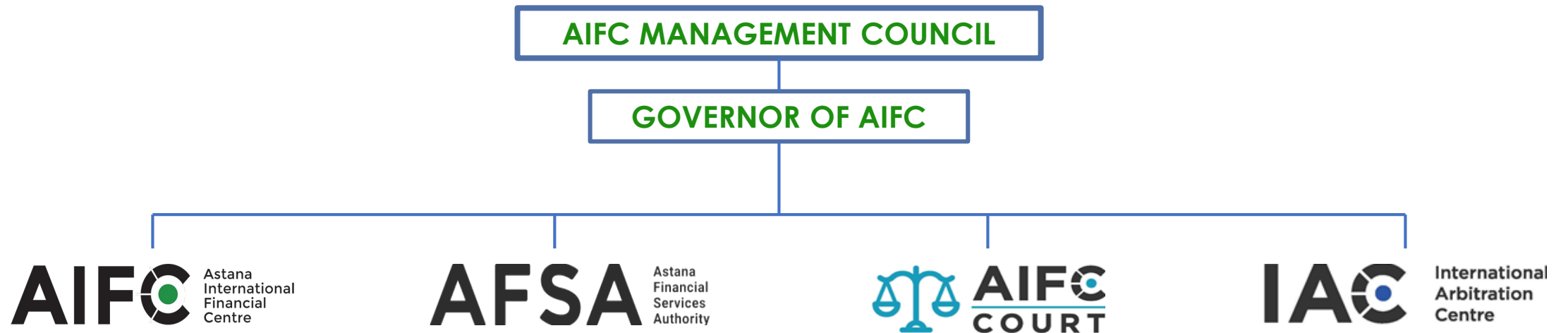


FinTech



AIFC Structure

AIFC Independent Bodies



OTHER KEY PLAYERS





Independent Centre Bodies



Creates all the necessary conditions for the activities of bodies, structural units, participants and employees of the AIFC.



Regulates financial services and related activities in the AIFC, develops regulated financial services acts and supervises the activities of the AIFC participants



Represents the first independent legal system of Common (English) Law in the region to resolve civil and commercial disputes.



Acts as an independent, cost-effective and operational alternative to litigation. It offers arbitration, mediation and other forms of alternative dispute resolution.

Other Key Players



High-tech stock exchange that provides a full business cycle of financial services, including securities trading, clearing and settlement.



Created to ensure accelerated integration of foreign citizens into the Kazakhstan's business community through the provision of a wide range of government (500+) and social services for foreign customers on the principle of "one window". The entire support system is in English



Opens the gates for international entrepreneurs, start-ups, industry experts, offering modern infrastructure, transparent and flexible regulation to enter the markets of Asia and Europe.



The AIFC Bureau aims to develop human capital within and outside of the AIFC eco-system by creating a platform for continuous professional development, building and supporting professional communities, promoting international certifications, organizing events to improve financial and investment literacy.



Develops a green finance policy, assists players of the Kazakhstan's market and the region that issue green bonds, raises public awareness about green finance.



Strategic Documents on Green Economy in Kazakhstan

- Environmental Code
- Strategy for the development of the Republic of Kazakhstan until the year 2050
- Concept on the transition of the Republic of Kazakhstan to a green economy
- Other sectoral programmes, strategies and plans
- Concept of building a green finance system in Kazakhstan
- Strategy of AIFC regional leadership in green finance until 2025

Where can Indonesian model apply and what do statistics say?

- Until 2030, up to US\$155 billion in fully or partially green infrastructure investments needed to reach the NDC and GEC targets
- In recent years, green investment from climate investment funds and Global Environment Facility (GEF) has accounted for about one-third of green investments in Kazakhstan
- As climate finance needs increase significantly, domestic sources and international capital markets have to play a bigger role
- According to Green Finance Survey of the Astana Economic Forum 2017, about 50% of investors already have experience with green investment in Kazakhstan, almost all are interested for future
- 13% say market appetite for green finance in Kazakhstan is high, 35% say moderate
- 50% mentioned green bonds (conventional or Islamic) as most attractive financial instrument

AIFC Islamic Green Finance Facilities for Collaboration with Indonesia

- High-tech platform of the Astana International Exchange
- Unique in the CA region AIX Green Bond Rules based on Green Bond Principles
- Favourable doing business conditions for the AIFC participants: tax exemption for financial services and English common law system
- Green Finance Centre is created to promote and develop green finance in Kazakhstan and in the region
- Introduction of new instruments and facilities of green financing and investing
- Drafting policies and amendments on green finance instruments to Kazakhstan's legislation
- Preparing reports, surveys, studies, researches on demand and supply of green finance in Kazakhstan and the region



World Class Legal Environment

Common Law Court System

AIFC COURT IS INDEPENDENT IN ITS ACTIVITIES. IT OPERATES IN ACCORDANCE WITH THE BEST INTERNATIONAL STANDARDS FOR RESOLVING CIVIL AND COMMERCIAL DISPUTES IN THE AIFC.

Jurisdiction

THE AIFC COURT HAS EXCLUSIVE JURISDICTION OVER CONSIDERATION AND RESOLUTION OF DISPUTES ARISING BETWEEN THE PARTICIPANTS OF THE AIFC, THE BODIES OF THE AIFC AND (OR) THEIR FOREIGN EMPLOYEES. CONTROVERSY SUBMITTED BY MUTUAL CONSENT TO THE AIFC COURT IS ALSO CONSIDERED IN THE JURISDICTION OF THE AIFC COURT.

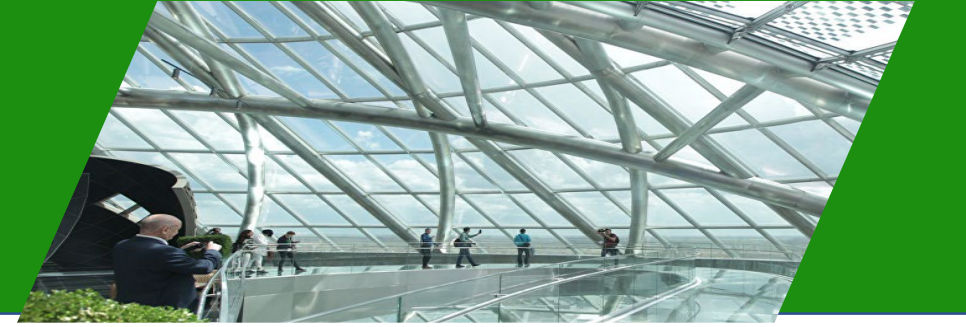
Execution of Decisions

DECISIONS OF THE AIFC COURT ARE GUIDED WITH A RELIABLE SYSTEM OF LAW ENFORCEMENT IN THE REPUBLIC OF KAZAKHSTAN. DECISIONS OF THE AIFC COURT ARE ENFORCEABLE IN CHINA, INDIA, THE UNITED ARAB EMIRATES, TURKEY, PAKISTAN, THE CIS COUNTRIES AND OTHER COUNTRIES THAT HAVE INTERNATIONAL AGREEMENTS WITH THE REPUBLIC OF KAZAKHSTAN.

Advanced Solutions and Efficiency

THE AIFC COURT PROVIDES AN OPPORTUNITY TO REMOTELY PARTICIPATE IN COURT PROCEEDINGS FROM ANYWHERE IN THE WORLD. IT ALSO PROVIDES SPECIAL EXPEDITED PROCEDURE FOR THE CONSIDERATION OF SMALL CLAIMS UP TO \$ 150,000.

The World's Best Regulatory Standards



JANUARY 2017

Registration of an independent regulator of financial and non-financial services provided on the AIFC territory.

REGULATORY ENVIRONMENT

24 legal acts have been developed. 25 financial activities and 3 market activities are regulated



THE BASEL
COMMITTEE ON
BANKING
SUPERVISION



INTERNATIONAL
ORGANIZATION OF
SECURITIES
COMMISSIONS



ISLAMIC FINANCIAL
SERVICES BOARD



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

INTERNATIONAL
ASSOCIATION OF
INSURANCE SUPERVISORS



AAOIFI

ACCOUNTING AND AUDITING ORGANIZATION
FOR ISLAMIC FINANCIAL INSTITUTIONS

ACCOUNTING AND
AUDITING ORGANIZATION
FOR ISLAMIC FINANCIAL
INSTITUTIONS

Multifunctional Area for the Global Community of Investors

STRATEGIC PARTNERS OF THE AIX ARE THE WORLD'S LEADING STOCK EXCHANGES AND FINANCIAL INSTITUTIONS, WHICH WILL HELP INCREASE LIQUIDITY IN THE CAPITAL MARKET, AS WELL AS PROVIDE A MODERN TRADING PLATFORM FOR THE AIFC EXCHANGE:

**Goldman
Sachs**





The Advantages of the Financial Centre

TAX OPTIMIZATION

UNTIL 2066

INDEPENDENT

JUDICIAL SYSTEM

INTERNATIONAL

REGULATORY ENVIRONMENT

SPECIAL

LABOR AND VISA REGIMES.
SINGLE WINDOW PRINCIPLES

Tax privileges

EXEMPTION

UNTIL 2066

CORPORATE INCOME TAX

FINANCIAL AND ANCILLARY SERVICES

INDIVIDUAL INCOME TAX

FOREIGN EMPLOYEES OF AIFC PARTICIPANTS

CIT and IIT

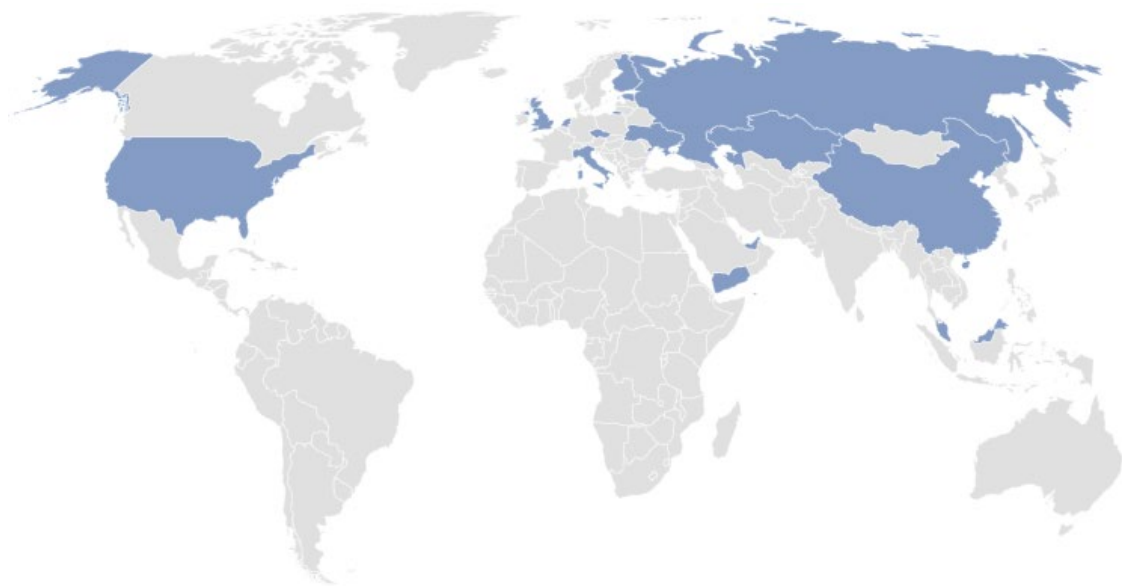
ON INCOME RECEIVED FROM THE INCREASE IN
THE VALUE OF SHARES, DIVIDENDS ON SHARES



AIFC Registered Participants

235 Companies from 26 countries

REGISTERED AS AIFC PARTICIPANTS



22 Brokers

CICC • SHENWAN HONGYUAN SECURITIES HONG KONG • WOOD & COMPANY FINANCIAL SERVICES • TSESNA CAPITAL • BCC INVEST • HALYK FINANCE • TENGRI CAPITAL • FREEDOM FINANCE • KAZKOMMERTS SECURITIES



Leading Financial Centre in the Region



The Global
Financial Centres
Index

RANK

1st

Financial Centre in
Eastern Europe and
Central Asia and

ranked **51ST** in the
world according to
the Global Financial
Centres Index (GFCI)
moving 37 positions
since March 2018



AIFC Authority Business Development Group

BUSINESS DEVELOPMENT GROUP HAS BEEN FORMED WITH A SOLE GOAL OF ATTRACTING NEW AIFC PARTICIPANTS AND SUPPORTING EXISTING ONES. THROUGHOUT ITS WORK, THE GROUP WAS ABLE TO BRING IN **TOP CHINESE BANKS, MULTIPLE GLOBAL LAW FIRMS, TECH COMPANIES FROM USA AND EUROPE AS WELL AS SEVERAL INTERNATIONAL ASSET MANAGEMENT FIRMS.**

TO JOIN THE FAST - GROWING
FINANCIAL HUB PLEASE CONTACT:

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CHIEF ISLAMIC FINANCE OFFICER



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THE REPUBLIC OF KAZAKHSTAN, NUR-
SULTAN CITY, MANGILIK EL, BLDG
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