Indonesia: Institutional and Capacity Building Support for the Just Energy Transition Partnership Secretariat

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Institutional and Capacity Building Support for the Just Energy Transition Partnership Secretariat</th>
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<tbody>
<tr>
<td>Project Number</td>
<td>57050-001</td>
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<tr>
<td>Country / Economy</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Project Status</td>
<td>Active</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Technical Assistance</td>
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<tr>
<td>Source of Funding / Amount</td>
<td>TA 10122-INO: Institutional and Capacity Building Support for the Just Energy Transition Partnership Secretariat</td>
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<tr>
<td></td>
<td>Japan Fund for Prosperous and Resilient Asia and the Pacific</td>
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<tr>
<td></td>
<td>US $ 2.00 million</td>
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Operational Priorities

- **OP1:** Addressing remaining poverty and reducing inequalities
- **OP2:** Accelerating progress in gender equality
- **OP3:** Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- **OP4:** Strengthening governance and institutional capacity

Sector / Subsector

- **Energy / Energy sector development and institutional reform**

Gender

- Some gender elements

Description

The knowledge and support technical assistance (TA) will provide institutional support and implementation capacity to the Just Energy Transition Partnership Secretariat (JETP Secretariat). The JETP Secretariat, which is hosted by Indonesia’s Ministry of Energy and Mineral Resources, has an important role in supporting the energy transition by coordinating the mobilization and deployment of an initial $20 billion over 35 years on a planned 50:50 basis between public and private financing under the I-JETP. In accordance with the I-JETP governance framework, the secretariat reports to the Government of Indonesia and the IPG.

As set forth in the joint statement issued by the Government of Indonesia and the IPG (footnote 2), the JETP Secretariat’s key deliverables include:

1. a road map for the power sector in line with the net-zero emission target; (ii) strategies to reform energy and finance sector policies and to leverage financial resources in support of Indonesia’s just energy transition activities; (iii) a work program that addresses the social and economic impacts of Indonesia’s just energy transition; (iv) detailed terms of the I-JETP financing; (v) the finalization of initial sources of financing for specific I-JETP projects and initiatives; (vi) a road map for the enhancement of domestic renewable manufacturing capability that meets local content requirements; (vii) a plan to accelerate the early retirement, or avoid the construction, of coal-fired power plants (CFPPs) after 2023; and that it intends to accelerate its effort to phase out operational CFPPs and scale up the use of clean energy.

The TA project aims to support Indonesia’s accelerated and socially just energy transition, including the accelerated deployment of renewable energy and a phase-down of on-grid and off-grid coal-fired electricity generation, a more climate-resilient economy, and, ultimately, economy-wide net-zero emissions.

Project Rationale and Linkage to Country/Regional Strategy

As of 2021, Indonesia has been the fifth-largest cumulative greenhouse gas (GHG) emitter globally at more than 100 gigatons, from deforestation, peatland fires, and the use of fossil fuels. The country’s energy sector emissions increased by 122% to about 600 million tons of carbon dioxide between 2000 and 2021, and coal accounted for more than 70% of the increase. In 2019, Indonesia’s electricity generation capacity was dominated by coal at 50.7%, followed by gas at 26.0%, oil at 7.4%, hydropower at 7.0%, geothermal at 3.0%, biomass at 2.7%, wind and biogas at 0.2% each, solar at 0.1%, and a small amount of waste-to-energy.

Under Indonesia’s nationally determined contributions submitted in 2015, the government committed to reduce, by 2030, 29% of its GHG emissions unconditionally, and 41% conditional on international assistance. Under enhanced national determined contributions, submitted in 2022, to accelerate its unconditional reduction target to 31.89% and the conditional reduction target to 45.2%, Indonesia submitted the Long-Term Strategy for Low Carbon and Climate Resilience 2050 to the United Nations Framework Convention on Climate Change, providing a framework for reaching net-zero emissions by 2060. In September 2022, it issued Presidential Regulation No. 112/2022 on the Acceleration of Renewable Energy Development for the Supply of Power to overcome bottlenecks hindering growth of clean energy. State-owned utility PT Pusaka Listrik Negara (PLN) announced that it will stop building new coal-fired power plants (CFPPs) after 2023 and that it intends to accelerate its effort to phase out operational CFPPs and scale up the use of clean energy.

The JETP Secretariat, which is hosted by Indonesia’s Ministry of Energy and Mineral Resources, has an important role in supporting the energy transition by coordinating the mobilization and deployment of an initial $20 billion over 35 years on a planned 50:50 basis between public and private financing under the I-JETP. In accordance with the I-JETP governance framework, the secretariat reports to the Government of Indonesia and the IPG.

Four working groups were established to focus on technical, policy, financing, and just transition workstreams and support the secretariat’s delivery of commitments under the I-JETP. The government and the IPG appointed the International Energy Agency to lead the technical working group, the World Bank to lead the policy working group, ADB to lead the financing working group, and the United Nations Development Programme to lead the just transition working group.

As set forth in the joint statement issued by the Government of Indonesia and the IPG (footnote 2), the JETP Secretariat’s key deliverables include (i) a road map for 2030 for the power sector in line with the net-zero emission target; (ii) strategies to reform energy and finance sector policies and to leverage financial resources in support of Indonesia’s just energy transition activities; (iii) a work program that addresses the social and economic impacts of Indonesia’s just energy transition; (iv) detailed terms of I-JETP financing; (v) the finalization of initial sources of financing for specific I-JETP projects and initiatives; (vi) a road map for the enhancement of domestic renewable manufacturing capability that meets local content requirements; (vii) a plan to accelerate the early retirement, or avoid the construction, of CFPPs; (viii) the identification of financing instruments and enabling policies to improve PLN’s long-term financial sustainability; and (ix) the preparation of the Comprehensive Investment and Policy Plan (CIPP). The CIPP will support the achievement of the following I-JETP targets: (i) power sector emissions peaking by 2030 at an absolute value of no more than 290 million tons of carbon dioxide, renewable energy comprising at least 34% of all power generation by 2030; and achieving net-zero emissions in Indonesia’s power sector by 2050.
Project Outcome

Description of Outcome

Comprehensive Investment and Policy Plan implemented

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Comprehensive Investment and Policy Plan approved and annually updated

Status of Implementation Progress (Outputs, Activities, and Issues)

Comprehensive Investment and Policy Plan implementation monitored

Geographical Location

Nation-wide

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services

It is expected that diverse expertise ranging from energy systems, project management, transition finance, legal, communications, safeguards, and just transition will be recruited under the proposed TA.

Procurement

Office supplies

Responsible ADB Officer

Jeffries, Andrew

Responsible ADB Department

Southeast Asia Department

Responsible ADB Division

Indonesia Resident Mission (IRM)

Executing Agencies

Coordinating Ministry for Maritime Affairs and Investment

Timetable

Concept Clearance

28 Apr 2023

Fact Finding

27 Feb 2023 to 03 Mar 2023

MRM

- -

Approval

17 Jul 2023

Last Review Mission

- -

Last PDS Update

05 Jul 2023

TA 10122-INO

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<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
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<td>17 Jul 2023</td>
<td>26 Jul 2023</td>
<td>26 Jul 2023</td>
<td>30 Jun 2025</td>
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Financing Plan/TA Utilization

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<th>Cofinancing</th>
<th>Counterpart</th>
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<td>Gov</td>
<td>Beneficiaries</td>
<td>Project Sponsor</td>
<td>Others</td>
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Cumulative Disbursements

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<th>Amount</th>
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<tbody>
<tr>
<td>03 Aug 2023</td>
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