

New analysis shows Indonesia's public sector and international private capital hold potential to generate additional funding for just energy transition

Jakarta, 19 September— The Just Energy Transition Partnership for Indonesia (I-JETP), a groundbreaking initiative committed to mobilizing a USD 20 billion blend of international public and private funds, can be seen as an initial down payment on Indonesia's ambitious long-term Just Energy Transition program (JET Program). This long-term program demands substantial financial support - likely far exceeding USD 200 billion over the next ten to 15 years.

In this new report, Philippe Benoit, Research Director for [Global Infrastructure Analytics and Sustainability 2050](#), highlights the imperative need for growing and diversifying funding through a comprehensive "3+1" strategy. This strategy encompasses the active participation of multilateral development banks, international public financial institutions, international private capital, domestic private capital and the often overlooked domestic public sector.

Benoit's study underscores the critical role that the Government of Indonesia must play in mobilizing capital, including maximizing the utilization of domestic private and public capital. This includes finding creative ways to draw out resources for clean energy from Indonesia's private mining companies, which have recently experienced large revenue increases. Additionally, it encourages engagement with the state-owned enterprises (SOEs) in the energy sector, which possess extensive financial resources that could be reallocated towards the Just Energy Transition program.

Indonesia's strong standing in international capital markets suggests that securing half of the \$20 billion targeted under the JETP to be provided by the private sector is feasible from a liquidity perspective. Yet, the real challenge lies in generating a robust supply of bankable clean energy projects.

In light of this, there is a pressing need for international private capital to intensify its efforts in building out a project pipeline, including allocating the staff and management resources to this effort. The International Partners Group (IPG) and the Glasgow Financial Alliance for Net Zero (GFANZ) can actively contribute in various ways, including attracting top-tier companies to take the lead on these projects.

"The I-JETP provides an opportunity for the Government of Indonesia to send a strong signal to the global financial community that the country is open and ready for business in clean energy," said Philippe Benoit. "In parallel, the international private sector, poised to reap the rewards of reduced carbon emissions within Indonesia and beyond, now should step forward with enhanced preferential terms and innovative mechanisms that will turbocharge the availability and attractiveness of financing for Indonesia's energy transition."

"Keeping equity and development in mind is crucial for the success of the Just Energy Transition Program in Indonesia. This ensures ongoing support from the country's domestic stakeholders and keeps it appealing to investors who care about environmental, social and governance (ESG) factors.

Local partners expect I-JETP to address affordability, and as a corollary of this issue, the expansion of the power sector should be designed to raise standards of living and bring economic benefits to all segments of the population,” said Andri Prasetyo, the Asia Regional Researcher at Zero Carbon Analytics.

Notes to editors

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You can download the full report through this link from 19th September, 12pm Jakarta/7am Brussels:
<https://zerocarbon-analytics.org/>

Zero Carbon Analytics is an international research group providing insights and analysis about climate change and the energy transition. Our researchers and analysts specialize in understanding and synthesizing the developments in energy systems, land use, climate science, just transitions and other important topics in the climate debate.