

ACCELERATING INDONESIA'S CLEAN ENERGY TRANSITION

How the ASEAN Catalytic Green Finance Facility is mobilizing large-scale finance for grid-ready renewable energy and a just, affordable transition.



Staff at Solar Farm in Selong, Lombok island, Indonesia (photo by ADB).

On 18 November 2025, the Asian Development Bank (ADB) approved Phase 1 of the [Accelerating Indonesia's Clean Energy Transition Program](#)—a landmark, multi-phase effort that will guide Indonesia's shift to renewable energy over the next 10–15 years. Phase 1 alone provides \$1.6 billion in results-based lending to develop solar and wind power projects and strengthen power grid infrastructure. It also enhances institutional capacity to manage the energy transition. Overall, Phase 1 is expected to avoid 2.5 million tCO₂e annually and catalyze more than \$1 billion in private investment.

The ASEAN Catalytic Green Finance Facility (ACGF) provides Phase 1 with \$30 million in cofinancing from the ASEAN Infrastructure Fund (AIF), the European Union (EU), and the United Kingdom (UK). Parallel financing from Agence Française de Développement

(AFD) and Germany's KfW Development Bank (KfW) is also anticipated, making this the largest ACGF-supported energy program to date.

Technical assistance funds from the Green Climate Fund (GCF) and the UK will help integrate environmental safeguards, enhance gender inclusion, and build implementation capacity.

ACGF's strategic collaboration with ADB on Indonesia's energy transition builds on nearly a decade of reforms under the Sustainable and Inclusive Energy Program. Backed by AIF and ACGF partners, the program laid policy and governance foundations that now enable Indonesia to undertake a long-term, system-wide transition program at scale.

PARTNERS





Indonesia, home to the world’s fourth-largest population, is experiencing rapid economic growth, projected at 5% in 2025, and expected to increase to 8% by 2029. Industrial expansion and rising consumption are driving electricity demand, which is increasing by 4–5% annually and will continue to rise over the coming decades. Yet 85% of power generation still comes from fossil fuels, and renewable energy development is not keeping pace with demand.






The grid requires significant upgrade to integrate variable renewable energy, while regulatory and financing barriers continue to limit private sector investment. Achieving the country’s goal of 40% renewable energy by 2040 (up from 15% in 2024) will require substantial reforms and large-scale capital mobilization.

To implement its energy transition, Indonesia will need \$141 billion in investment over the next 10 years with an estimated 80% of financing for renewable energy expected to come from the private sector.¹

	4-5% increase in electricity demand annually		Coal remains a significant share of the energy-mix		\$141 billion needed to implement the energy transition over the next 10 years
	85% of electricity generated from fossil fuels		Evolving regulation and limited private sector participation		

ADB’s Accelerating Indonesia’s Clean Energy Transition Program is a multi-phase, results-based lending program that advances the country’s just and affordable transition, an effort led nationally by Indonesia’s State Electricity Company (PLN). Phase 1 builds on interventions initiated under the Sustainable and Inclusive Energy Transition Program, and introduces a comprehensive approach to overcome remaining barriers related to the energy transition. It will:



- 
Advance the Deployment of Renewable Energy Projects, focusing on solar and wind projects with shorter lead times than, for example, large hydropower projects.
- 
Strengthen Power Grid Infrastructure for variable renewable energy integration, ensuring the grid is better suited to accommodate solar and wind generation. Investments will also prepare for future regional grid integration through the ASEAN Power Grid initiative.
- 
Catalyze Private Sector Investments by structuring commercially viable projects and deploying risk mitigation measures and financing frameworks to attract private capital for renewable energy.
- 
Enhance Institutional Capacity to manage the transition by building technical knowledge and skills, and promoting the inclusion of more women in the energy workforce.
- 
Improve Environmental Safeguards to identify areas with high biodiversity and critical habitats, and to minimize risks, particularly for birdlife, when planning solar and wind power projects.

¹ ADB. 2025. *Indonesia: Accelerating Indonesia’s Clean Energy Transition. Program (Phase 1). Report and Recommendation of the President.*

PROGRAM HIGHLIGHTS

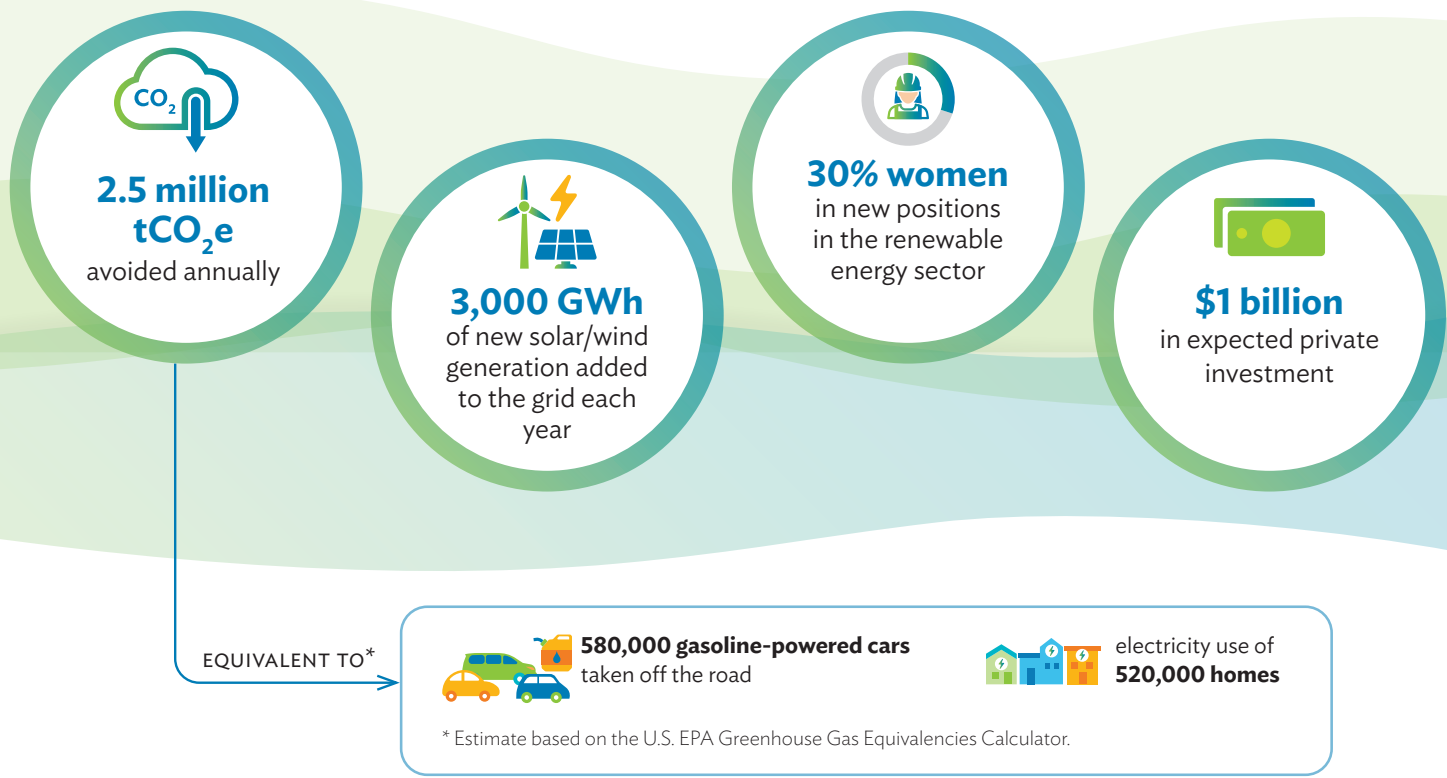
The **Accelerating Indonesia's Clean Energy Transition Program** is built on close collaboration among ADB, AIF, ACGF partners, and the Government of Indonesia—demonstrating how coordinated action can mobilize financing and drive transformative energy reforms.

Total Financing: \$1.6 billion

ADB \$470 million	AIF \$10 million	EU \$10 million	UK \$10 million
AFD \$351 million*	KfW \$351 million*	Government \$403 million	GEAPP** \$3 million

* up to €300 million in anticipated parallel cofinancing.
** Global Energy Alliance for People and Planet.

Expected Outcomes



Why Results-Based Lending Delivers Impact

- Links disbursements to measurable results, providing a strategic tool for driving broad institutional reforms.
- Disburses funds only when agreed program results are achieved.
- Uses and reinforces national systems for financial management, procurement, and safeguards.
- Aligns the efforts of government agencies, incentivizes performance, fosters ownership, and reinforces accountability.
- Drives large-scale results by enabling development partners to pool resources around shared priorities within a unified results framework.



ACGF IMPACT

Combining concessional funds and parallel cofinancing with AIF's own resources to bolster Indonesia's Energy Transition

Collaboration for Transformative Progress

AIF's strategic collaboration with ADB to contribute to Indonesia's clean energy transition began in 2015 with the Sustainable and Inclusive Energy Program. Building on years of joint efforts, subprogram 3—approved for financing in November 2022—marked the first ACGF-supported energy program in the region. This longstanding collaboration now extends to the first phase of the Accelerating Indonesia's Clean Energy Transition Program, a landmark initiative and the largest to date in terms of combined ACGF partner contributions.

Mobilizing Concessional Finance to Attract Private Investment

ACGF will provide \$30 million from AIF, the EU, and the UK, complemented by up to \$702 million in anticipated parallel cofinancing from AFD and KfW. The program is expected to unlock more than \$1 billion in private investment for solar and wind projects.

Technical Assistance to Strengthen Safeguards and Inclusion

ACGF—through support from the UK and GCF—will also help to improve environmental safeguards and enhance women's participation in Indonesia's clean energy transition. This includes expanding an online spatial mapping tool to Indonesia to identify high-biodiversity and critical-habitat areas, helping minimize risks to birdlife when planning solar and wind projects. Additional assistance will build capacity for inclusive recruitment and implement an outreach program for female university students to increase women's participation in renewable energy roles.

“AIF is proud to be part of Indonesia's journey toward a cleaner, more sustainable energy future. This program reflects the power of collaboration—bringing together ADB, ACGF partners, and the Government of Indonesia to create solutions that attract private investment and accelerate the shift to renewable energy. Beyond financing, these efforts are about building resilience, fostering innovation, and ensuring that the benefits of the energy transition are inclusive and far-reaching, and protect the environment.”

Yogi Rahmayanti

*Director, Directorate for Regional and Bilateral Policy,
Directorate General Financial Stability and Development,
Ministry of Finance, Indonesia*

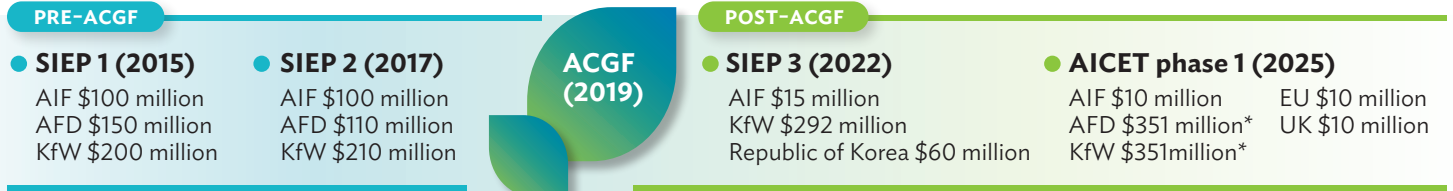
Indonesia's Representative to the AIF Board of Directors

Solar energy panels in Sumba island, Indonesia (photo by ADB).



SYSTEM-WIDE TRANSFORMATION THROUGH PROGRAMMATIC AND SUSTAINED PARTNER SUPPORT

Between 2015 and 2022, AIF provided \$215 million for the Sustainable and Inclusive Energy Program—both before and after ACGF’s establishment—together with ACGF partners AFD, KfW, and the Republic of Korea. The program delivered measurable gains in sector governance, financial sustainability, renewable energy integration, and equitable access, laying a strong foundation for the Accelerating Indonesia’s Clean Energy Transition Program.



*up to €300 million in anticipated parallel cofinancing.

ACGF = ASEAN Catalytic Green Finance Facility, AFD = Agence Française de Développement, AICET = Accelerating Indonesia’s Clean Energy Transition, AIF = ASEAN Infrastructure Fund, EU = European Union, KfW = Germany’s Development Bank, SIEP = Sustainable and Inclusive Energy Program, UK = United Kingdom

Sustainable and Inclusive Energy Program Outcomes

Expanded Private Sector Engagement and Project Delivery

- Increased private investment, particularly through large-scale independent power producer projects.
- Diversified financing sources and boosted project delivery in the renewable energy sector.

Strengthened Sector Governance and Financial Health

- Improved PLN’s financial resilience and investment readiness, while enhancing institutional capacity for further energy transition reforms.
- Introduced pivotal clean energy policies which directly informed and propelled the preparation of AICET.

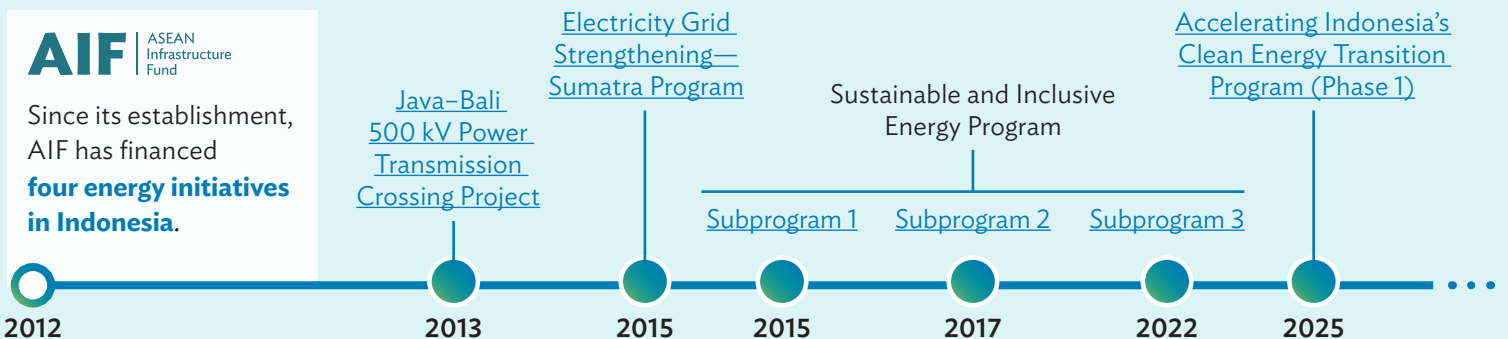
Achieved Near-universal Access to Electricity

- Indonesia surpassed its national electrification target, reaching 99.6% in 2022—highlighting Indonesia’s commitment to delivering reliable electricity even in remote and underserved areas.

Accelerated Renewable Energy Integration

- Nearly doubled the share of renewables in the national electricity mix, demonstrating significant progress in integrating clean energy into the grid.
- Prioritized renewable energy expansion under the last subprogram, cofinanced by ACGF partners—AIF, KfW, and the Republic of Korea.

The upcoming Accelerating Indonesia’s Clean Energy Transition program builds directly on these foundations and will continue to scale clean energy investments, enhance grid readiness, and embed just transition principles in the transition, to contribute to Indonesia’s shift toward a low-carbon, inclusive energy future.



PARTNER PERSPECTIVES



Solar energy panels give power to 36 houses in the village of Weepatando in Sumba island, Indonesia (photo by ADB).

United Kingdom

What drives the UK's support through ACGF for Indonesia's clean energy transition?

The UK is proud to partner with the Government of Indonesia and the Asian Development Bank, via the ASEAN Catalytic Green Finance Facility, to broaden access to clean energy through the Accelerating Indonesia's Clean Energy Transition Program. These efforts facilitate upgrades to Indonesia's electricity grid—essential for connecting more renewable power and improving reliability. Our contribution demonstrates the UK's strong commitment to strengthening Indonesia's Just Energy Transition Partnership (JETP), and beyond this, UK leadership of global efforts to tackle climate change. Together, we are investing in genuine partnerships to back Indonesia's move towards a prosperous and low-carbon future that benefits our planet, nature, and people.

Dominic Jermey
British Ambassador to Indonesia



European Union

How is the partnership with ACGF an effective way for the EU to support Indonesia's energy transition?

For the EU, working through ACGF in close partnership with ADB and in a Team Europe approach – together with KfW and AFD – is the kind of collaboration that makes a difference, and an effective way to bolster Indonesia's clean energy transition. It allows us to join forces and to pool resources and expertise to mobilize the blended finance needed to advance renewable energy, promote grid readiness, reduce risk and attract private sector participation, while reinforcing Indonesia's role in advancing the ASEAN Power Grid vision. This program is a concrete example of Global Gateway in action and forms part of Team Europe's €3.4 billion offer under the Just Energy Transition Partnership. We are proud to accompany Indonesia in driving forward a just, affordable, and sustainable energy transition that delivers long-term benefits for its people.

Denis Chaibi
Ambassador of the European Union to Indonesia and Brunei Darussalam



KfW

Why are partnerships so important for advancing clean energy programs in Southeast Asia?

Large-scale energy transition simply cannot be achieved by one institution alone. KfW values its long-standing collaboration with ADB and ACGF, which builds on Germany's international climate commitments and our extensive experience financing climate and energy projects worldwide, including in Southeast Asia. These kind of joint efforts mean that we can leverage concessional finance, attract private investment, and align with policy reforms that make clean energy projects viable and sustainable, at scale and in a more effective way—helping countries move closer to their climate goals.



AFD

How does AFD view its role in partnerships for clean energy transition?

For AFD, partnerships like this are central to our mission of enabling sustainable development and climate action worldwide, in line with France's commitments under the Paris Agreement. Our partnership with ADB and ACGF brings together resources and expertise to advance renewable energy deployment and unlock private capital. We see these efforts as more than financing infrastructure—they are about working together to enable countries to build resilient, inclusive, and low-carbon futures, which is exactly what we strive for.

Cyril Bellier
Head of Department for Eastern Europe, Middle East, and Asia

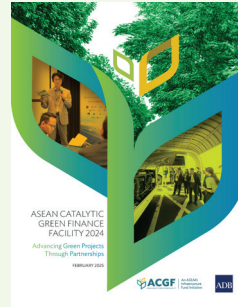


RESOURCES

Asian Development Bank

- [ADB News Release: ADB Boosts Indonesia's Clean Energy Transition](#)
- [Indonesia: Accelerating Indonesia's Clean Energy Transition Program \(Phase 1\)](#)
- [Indonesia: Sustainable and Inclusive Energy Program \(Subprogram 1\)](#)
- [Indonesia: Sustainable and Inclusive Energy Program \(Subprogram 2\)](#)
- [Indonesia: Sustainable and Inclusive Energy Program \(Subprogram 3\)](#)
- [ADB's Work in Indonesia](#)
- [Indonesia: Country Partnership Strategy \(2025–2029\)](#)

ASEAN Infrastructure Fund and ASEAN Catalytic Green Finance Facility



- [ASEAN Infrastructure Fund](#)
- [About ACGF](#)
- [ACGF Annual Report 2024](#)
- [ACGF: Investment Principles and Eligibility Criteria](#)

ACGF Partners

- [Agence Française de Développement](#)
- [European Union](#)
- [Green Climate Fund](#)
- [KfW](#)
- [United Kingdom – Foreign, Commonwealth, and Development Office](#)

Indonesia Government Partners



- [Perusahaan Listrik Negara](#)

About the ASEAN Catalytic Green Finance Facility (ACGF)

The ACGF is an innovative finance facility dedicated to accelerating green infrastructure investments in Southeast Asia. It supports ASEAN governments to prepare and source public and private financing for infrastructure projects that promote environmental sustainability and contribute to climate change goals. The ACGF is a facility under the ASEAN Infrastructure Fund, owned by ASEAN member states and the Asian Development Bank, which also administers the facility.



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