



## Indonesia Launches ETM Country Platform to Accelerate Just and Affordable Energy Transition

**Bali, 14 November 2022** –The Government of Indonesia today officially launched its Energy Transition Mechanism (ETM) Country Platform, a key coordination and delivery vehicle to drive forward the country's just and affordable transition in the energy sector.

The announcement was made by Minister of Finance Sri Mulyani Indrawati at the G20 Side Event joined by Asian Development Bank (ADB) President Masatsugu Asakawa, Islamic Development Bank President Dr. Muhammad Sulaiman Al Jasser, and World Bank President David Malpass. Also in attendance were France Minister of Economics, Finance, and Industrial and Digital Sovereignty Bruno Le Maire, South Africa Finance Minister Enoch Godongwana, and United States Secretary of the Treasury Janet Yellen.

"Indonesia's ETM Country Platform will send a very strong signal not just in the Asia and the Pacific but also the world that Indonesia is a global leader in the just and affordable transition from fossil fuels to clean energy," said Minister Sri Mulyani Indrawati.

"This is very important for us to be able to solve the threat of this platform, the ETM Country Platform, to demonstrate Indonesia's readiness to capitalize significant financial resources in energy sector that can provide reliable and affordable energy to maintain our strong growth, but yet also commit to the climate change."

"Indonesia's progress on ETM provides an example for other countries to forge a path to a net zero future. ADB is committed to supporting these efforts across Asia and the Pacific," said ADB President Masatsugu Asakawa. "Once scaled up, ETM has the potential, I hope, to serve as one of the largest carbon reduction model in the world."

In September 2022 the Indonesian government issued its enhanced NDC in September 2022, committing to reach an emission reduction target of 43.2% with sufficient international support by 2030. The Indonesia ETM Country Platform will leverage a blended finance approach to accelerate the transition from fossil fuels to clean energy.

The Government of Indonesia has appointed PT Sarana Multi Infrastruktur (Persero) ("PT SMI") as ETM Country Platform Manager to develop a financing and investment framework for the ETM program. PT SMI is collaborating with various institutional partners consisting of:

- Grant partners (Bloomberg Philanthropies & ClimateWorks Foundation's Global Energy Transition Initiative, UK MENTARI, and Global Energy Alliance for People and Planet);
- Financing partners (ADB, World Bank, Islamic Development Bank, Climate Investment Funds, HSBC, Standard Chartered, and Japan Bank for International Cooperation);
- Knowledge & technical partners (United States Agency for International Development, Global Green Growth Institute, Climate Policy Initiative, United Nations Development Programme, Rocky Mountain Institute, and Climate Bonds Initiative);
- And investment partner (Indonesia Investment Authority).

Each partner signed a Memorandum of Understanding (MOU) with PT SMI to jointly support the Government's agenda to accelerate a just and affordable energy transition in Indonesia.

Following technical assessments and discussion with its stakeholders, the Government of Indonesia has identified more than 15 gigawatts of CFPPs for early retirement, the first step in determining near-term and meaningful actions to accelerate the transition from fossil fuels to clean energy. The Government of Indonesia is working with international partners, including multilateral and bilateral institutions, philanthropies, and private investors to support the energy transition.

The governing board of the Climate Investment Funds, one of the world's largest multilateral funds for climate action in developing countries, recently endorsed in principle a \$500 million of highly concessional funds to Indonesia. These funds will mobilize more than \$4 billion of financing to accelerate the retirement of up to 2 GW from a shortlist of coal-fired power plants, helping to reduce an estimated 50 million tons of carbon dioxide emissions by 2030 and 160 million tons by 2040.

Previously, PT SMI and PT PLN, the Indonesian electricity company, also signed an MOU to develop a financing and investment scheme with regard to the energy transition of the coal-fired power plants conducted by PLN as the key stakeholders of the ETM. "The collaboration between PT SMI and our strategic partners marks a journey of PT SMI as the Indonesia ETM Country Platform Manager," said President Director PT SMI, Edwin Syahrudad. "PT SMI is committed to working with all of our partners and Government to fulfill all aspects of the transition required by each partner toward a just and affordable energy transition for the people of Indonesia." PT SMI and PT PLN begin discussions for the implementation of energy transition of 1.68 GW coal fired power plants owned by PLN where obtaining the most competitive cost of capital is a key factor in the success of that implementation.

Indonesia's ETM Country Platform announcement occurred at the same event in which ADB signed an MOU with PT PLN, Cirebon Electric Power, and the Indonesian Investment Authority (INA) to begin discussions for the accelerated retirement of Cirebon-1, a 660 megawatt coal-fired power plant in West Java. INA is working on a pipeline of potential private sector transactions totalling 1.5 GW, which includes Cirebon-1.

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