Project Summary Information

	Date of Document Preparation: 22/06/26
Project Name	Indonesia’s Green Transition and Climate-Resilient Economic Development Program (Subprogram 1)
Project Number	P001145
AIIB member	Indonesia
Sector/Subsector	Multisector
Alignment with AIIB's thematic priorities	Green Infrastructure
Status of Financing	Under Preparation
Objective	The Program’s development objective is to support Indonesia’s transition towards a low-carbon and climate-resilient economy through policy and institutional reforms that (i) strengthen the enabling policy environment for climate investment, (ii) accelerate a low carbon transition in high emitting sectors, and (iii) enhance the resilience of marine, coastal, and wetland ecosystems.
Project Description	The Program proposes policy actions across three reform areas to support the implementation of Indonesia Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR 2050). The Program addresses key policy, institutional, and investment constraints that limit Indonesia’s transition to a low-carbon and climate-resilient economy. Consistent with the Program Development Objective, the policy actions are organized around three mutually reinforcing reform areas: Reform Area 1: Enabling an Investment-Conducive Environment for Accelerated Climate Action focuses on strengthening climate governance, sustainable finance, carbon market development, and infrastructure project facilitation to improve the enabling environment for climate investment. Reform Area 2: Accelerating Climate Mitigation through Clean Energy and Emission Control supports emissions reductions in high-emitting sectors through reforms that promote clean energy, low-carbon fuels, waste-to-energy solutions, and cleaner technologies.

	Reform Area 3: Enhancing Climate Resilience of Marine, Coastal, and Wetland Ecosystems While Fostering a Low-Carbon Transition strengthens the policy and institutional frameworks for blue-carbon development, ecosystem-based adaptation, and integrated coastal management.
Expected Results	The Program is expected to strengthen climate governance, improve conditions for public and private investment, support emissions reductions, and enhance climate resilience, thereby advancing Indonesia's transition to a low-carbon and climate-resilient economy.
Environmental and Social Category	Not applicable
Environmental and Social Information	**Applicable Policy and Categorization.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and provisions related to Climate-Focused Policy-Based Financing (CPBF) set forth in Section 16 of the ESP, are applicable to all three (3) reform areas of this Program. Therefore, the provisions on Environmental and Social (ES) categorization in the ESP do not apply to this Program. The Program supports policy and institutional reforms and is not expected to cause direct ES impacts, involuntary resettlement, or impacts on Indigenous Peoples. However, possible future activities or investments associated with certain policy actions may give rise to indirect, short-term, and temporary adverse impacts. The assessment considers potential downstream effects associated with implementation of policy actions, some of which may give rise to moderate or context-specific risks depending on implementation modalities and sequencing, to be further assessed at appraisal. **Environmental and Social Instruments.** The Program supports Indonesia's transition toward a low-carbon and climate-resilient economy through policy and institutional reforms. The preliminary assessment of the ES impacts is summarized in an ES analysis matrix, which identifies the likely positive and adverse effects of each prior action and outlines areas for further assessment at appraisal. The preliminary analysis indicates that the Program is expected to generate net positive ES outcomes and will be further refined at appraisal. The final ES analysis matrix will be disclosed by the Bank in a timely and appropriate manner to inform the Member's consultation. The ES analysis matrix provides a structured assessment of each prior action, including potential risks related to green industrial development, waste-to-energy systems, biofuel policies, and coastal and marine interventions, and indicates their relative significance based on preliminary assessment. **Environmental and Social Aspects.** The Program is not expected to generate direct adverse environmental impacts as the program will focus on tackling regulatory and policy uncertainty and bottlenecks, complex permitting process and inconsistencies between national and sub-national levels that hinder the climate reform accelerations. The potential likely negative environmental effects of the Program depend on to what extent the ES country system is generally established and functional, although with identified gaps in enforcement, monitoring, and consistency across sectors and

	sub-national levels to cope with possible future investments from several prior actions. Potential negative environmental effects may vary depending on implementation and may include risks related to land use change, pollution (including from waste-to-energy systems), and coastal and marine ecosystem disturbance. While these risks are expected to be manageable, their magnitude will depend on the effectiveness and consistency of application of country systems. The project team will further assess the adequacy and the effectiveness of the AMDAL system in Indonesia as the mechanism for environmental assessment and approval to align the objectives of environmental protection with the objectives of the prior actions. In addition, the Program supports policy and institutional reforms and is not expected to generate direct social impacts. Any social effects arising from the supported prior actions are expected to be indirect and materialize through downstream implementation of activities and investments enabled by these reforms. Potential indirect social risks include distributional and affordability impacts from climate-related policies, labor and livelihood transition risks, pressures on access to land, coastal and marine resources, and risks of exclusion of vulnerable groups from emerging climate-related opportunities. These risks are expected to be context-dependent and generally low to moderate at the policy level but may become more material at implementation stage if not effectively managed. At this stage, no prior action is currently assessed as likely to result in significant adverse ES impacts. However, certain prior actions may present moderate or localized risks that will require further assessment during appraisal. **Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement.** Individuals and communities who believe that they are adversely affected by the Program may submit complaints to the responsible government authorities and the appropriate local/national grievance mechanisms. The information of the GRM to be used and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in the appropriate manner. Given the policy-based nature of the Program, reliance will be placed on existing national and sub-national grievance mechanisms, which will be further assessed at appraisal in terms of availability, accessibility, and effectiveness in addressing environmental and social concerns. The Ministry of Finance (MOF) is the main implementing agency and is thus responsible for implementing the program supported by the proposed operation. The MOF will coordinate with other government agencies to implement the operation. AIIB will conduct regular policy dialogue and monitor program implementation. More details will be discussed and determined with the client during program appraisal.
Cost and Financing Plan	USD 500 million
Borrower/Investee Company/Counter	Republic of Indonesia

party/Guaranteed entity		
Guarantor	Not Applicable	
Implementing Entity/Sponsor	Ministry of Finance of the Republic of Indonesia	
Estimated date of loan closing (SBF)/Estimated date of last disbursement (NSBF)/ Estimated Date of first disbursement (Fund)	October 30, 2030	
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Date of Concept Decision	June 24, 2026	
Date of Appraisal Decision/Estimated Date of Appraisal Decision	August, 2026	
Date of Financing Approval/Estimated Date of Financing Approval	October, 2026	

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the processes of AIIB's Management. For information on AIIB's PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html