Early Warning System

AIIB-001048

Indonesia : Affordable and Sustainable Energy Transition Program, Subprogram 2

Quick Facts

Countries	Indonesia
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	C
Voting Date	2026-08-01
Borrower	Government of Indonesia
Sectors	Energy, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 150.00 million
Loan Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 1,300.00 million

Project Description

According to the AIIB, the project development objective is to support the Government of Indonesia in achieving its greenhouse gas emission reduction of 31.89% unconditionally, and conditional reduction target up to 43.20% of the business-as-usual scenario by 2030 (Enhanced Nationally Determined Contribution, 2022); and net-zero emission in the electricity subsector by 2050 through various policy measures to accelerate energy transition in the country.

The Affordable and Sustainable Energy Transition (ASET) Program aims at addressing key policy, institutional, and financial constraints to Indonesia's climate and energy transition agenda. The Program targets two reform areas:

(1) establish policies and regulatory framework for clean energy transition; and
(2) strengthen sector governance and financial sustainability.

Together, these reform areas target structural barriers that have historically slowed decarbonization of the energy sector and limited the mobilization of private and public climate finance.

- **Reform Area 1: Establish Policies and Regulatory Frameworks for Clean Energy Transition.**
  This pillar focuses on strengthening the policy and regulatory foundations needed to accelerate Indonesia's clean energy transition and unlock climate aligned investment at scale. Reforms address structural barriers affecting renewable energy deployment, grid flexibility, energy efficiency, electric mobility, industrial decarbonization pathways, and regional clean power cooperation. Key measures include improving the bankability of renewable energy procurement, enabling accelerated coal transition and system flexibility, strengthening mandatory energy conservation and EV ecosystem policies, and establishing frameworks for sustainable industrial zones and cross-border clean electricity trade. By clarifying market rules, reducing regulatory uncertainty, and prioritizing domestic electricity needs while enabling regional cooperation, this pillar supports the integration of clean energy with industrial development. Collectively, these reforms send clearer investment signals, strengthen private sector participation, and advance decarbonization of both the power and demand sectors.
- **Reform Area 2: Strengthen Sector Governance and Financial Sustainability.**
  This pillar focuses on enhancing governance, data integrity, and financial sustainability to ensure that energy transition reforms are credible, durable, and fiscally sound. Reforms include strengthening carbon market governance and emissions data systems, improving transparency in critical minerals revenue management, institutionalizing just transition and gender mainstreaming within key SOEs, and improving electricity subsidy targeting through integrated social and economic data platforms. Together, these measures improve accountability, reduce fiscal and operational risks, and strengthen the financial position of implementing entities such as PLN. By reinforcing institutional capacity, social inclusion, and fiscal efficiency, this pillar supports a clean energy transition that is economically sustainable, socially responsible, and aligned with Indonesia's broader green growth and climate resilience objectives.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

As stated by the AIIB, the Government of Indonesia has requested AIIB’s support through policy-based financing for the ASET Subprogram 2 and 3, each in the amount of USD 150mm. Co financiers ADB, KfW, AFD, and JICA have indicated financing of USD 500mm, EUR 270mm, EUR 150mm, and USD 150mm for the Subprogram 2, which add up to a total USD 1,300mm including AIIB’s portion. The same amount is indicated for Subprogram 3.

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan 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 AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

Bank Documents

- Project Summary (May 21, 2026) [Original Source]

Other Related Projects

- ADB-56368-001 Affordable and Sustainable Energy Transition Program, Subprogram 1