



Summary Report - Webinar

„Indonesia’s Energy Transition: Pathways to Justice and Sustainability – A Critical Perspective“

The energy transition is a key prerequisite for effective climate protection. In Indonesia, it is taking place amid tensions between economic growth, ecological challenges, and social justice. Through international climate partnerships such as the Just Energy Transition Partnership (JETP), the Global North is also seeking to support this transformation.

On 27 June 2025, Watch Indonesia! hosted a webinar via Zoom that focused precisely on these intersections, between energy policy, socio-ecological justice, international financing, and civil society participation, within the complex political and ecological realities of Indonesia.

The webinar brought together three experts with complementary insights on energy politics, social justice, and climate transformation in Indonesia and beyond.

Dr. Anna Fünfgeld is a postdoctoral researcher at the University of Hamburg’s Cluster of Excellence CLICCS and an associate fellow at the German Institute for Global and Area Studies (GIGA). Her research focuses on climate justice, energy politics, and green extractivism in the Global South, grounded in political economy and post-structuralist theory.

Bhima Yudhistira Adhinegara, Executive Director of the Center of Economic and Law Studies (CELIOS), contributes economic expertise to the debate, concentrating on the governance of Indonesia’s energy transition and its critical mineral economy. His previous experience includes work with the Indonesian Chamber of Commerce and the World Bank’s International Finance Corporation.

Ahmad Ashov Birry is the Program Director at Trend Asia, where he campaigns for an equitable shift away from fossil fuels toward community-led renewable energy systems.

Moderation: **Silvia Seidlitz**, a physicist and environmental activist with Scientists for Future.

Indonesia’s Energy Transition: Coal Power and Structural Barriers

Dr. Anna Fünfgeld opened the discussion by highlighting how Indonesia’s energy system is deeply entangled with coal dependency, a result of historical, political, and economic developments over the past two decades. Coal has not only become the country’s primary energy source, accounting for over 60 percent of electricity generation, but has also become a political tool, protected by vested interests and elite networks. This dominance was accelerated by the post-decentralization boom in coal mining licenses, rampant political patronage, and policies such as the 35,000 MW coal program.

Exiting coal, she argued, is not merely a technical matter but a structural one. Coal oligarchs have entrenched themselves in parliament, ministries, and state-owned enterprises, shaping a legal and institutional environment that continues to favour coal through subsidies, domestic market obligations, and infrastructure development. These structures marginalize renewable energy alternatives, especially those that are small-scale and community-based.

Dr. Fünfgeld emphasized the geopolitical dimension of Indonesia’s energy transition. The rising demand for electric vehicles and clean technologies, especially from the Global North, is driving a rapid expansion of nickel mining. Under the guise of climate protection, this “green extractivism” is causing environmental destruction and a social crisis, particularly in eastern Indonesia. Similar problems arise with large-scale geothermal projects, which often violate the rights of indigenous communities.

Electric vehicles and “clean” energy cannot protect the climate if the raw materials needed for them continue to be sourced through environmental destruction and exploitation. Against this backdrop, the energy transition, as currently visible in Indonesia, risks reinforcing or even accelerating the very dynamics of climate change it claims to combat.

Just Energy Transition Partnership (JETP) and Its Challenges

Bhima Yudhistira focused on the financial mechanisms behind Indonesia's Just Energy Transition Partnership (JETP), a multi-billion-dollar initiative co-financed by international donors, development banks, and private investors. Despite public narratives of global solidarity, Bhima emphasized that the JETP is largely driven by debt-based instruments such as concessional loans and equity financing. Of the USD 21.6 billion pledged, only USD 1.1 billion has been realized so far and the majority of these funds did not benefit local populations or foster the involvement of marginalized groups.

JETP funding prioritizes large-scale commercial energy projects, with minimal benefit for communities, workers, or local economies. Only 9 of the 54 supported projects involve direct investment through loans or equity, while the majority consist of small grants without structural impact. The participation of affected communities in the so-called "green" energy projects was mostly limited or entirely absent. Additionally, energy workers face an uncertain future due to a lack of social protection and retraining opportunities.

Bhima warned that the JETP risks financing high-risk, harmful technologies such as carbon capture and storage (CCS), which are costly, unproven at scale, and pose environmental risks to communities. He also echoed concerns about nickel mining for electric vehicle production, noting how extractive activities are expanding with little regulation and enormous ecological costs. Although promoted as part of the green economy, the extraction of nickel in Sulawesi and other regions causes severe ecological degradation and health impacts, including air and water pollution, and has been linked to rising premature deaths. The transition to e-mobility, he argued, should not come at the cost of new forms of extractivism that sacrifice environmental and human rights for export-driven goals.

He also highlighted the Poco Leok geothermal project on Flores, funded by the German development bank KfW. Local communities do not see it as progress, but as a direct threat to their way of life. While the state and project developers often frame the tensions as communication issues, Bhima emphasized that they stem from deeper structural problems: the absence of consent, a lack of participatory planning, and the disregard for land rights. Projects like this follow the same top-down logic as other large-scale industrial developments—reinforcing, rather than addressing, the injustices of the fossil fuel era.

The financial architecture of the transition, he argued, must be redirected. Rather than prioritizing projects that serve investor returns or geopolitical strategies, funding must be steered toward socially grounded, low-risk, community-led renewable energy initiatives that are economically viable and environmentally restorative. He proposed mechanisms such as windfall taxes on extractive industries to fund local development, the creation of a regulatory reform task force to build investor confidence through transparency, and a strong emphasis on job creation and economic diversification in regions affected by coal phase-outs. Above all, he argued that the future of Indonesia's energy system must be measured not by megawatts alone, but by the degree to which it redistributes power and equity, and recognizes the rights of historically excluded and affected communities.

Energy Decentralization and Local Energy Initiatives

Ahmad Ashov Birry offered sharp criticism of Indonesia's centralized energy planning and the dominant narrative in global climate policy that equates decarbonization with climate justice. While international strategies emphasize emission reductions, they often overlook critical aspects such as biodiversity, human rights, and the participatory rights of affected communities. Indonesia highlights this disconnect particularly clearly: in the name of the energy transition, resources continue to be exploited on a large scale, while the benefits of renewable energy emerge only slowly, if at all.

Indonesia's official renewable energy share remains below 15 percent, far short of its 2025 target of 23 percent. At the same time, the government's electricity plan proposes an additional 26.7 GW of new coal plants, most of which will be used for captive industries such as mining and smelting. The exploitation of coal, nickel, and other resources continues

to be justified by the need for a “green economy,” but this model leaves local communities burdened with pollution, land degradation, and social disruption.

Indonesia's legal and institutional framework does not currently support community-based energy production. Yet, as Ashov highlighted, decentralized, community-owned renewable energy systems offer a powerful alternative. Trend Asia has documented successful examples such as micro-hydro power in Riau and Java, hybrid solar-wind systems in Central Java, and biogas cooperatives run by women's groups in West Nusa Tenggara. These initiatives demonstrate the social, ecological, and economic benefits of a bottom-up transition model. They increase energy access, strengthen local economies, and reduce environmental harm, all while respecting local knowledge and agency. For this model to thrive, however, policy must shift to prioritize public participation, funding access, and community ownership as core pillars of the energy system.

Realizing Justice in the Just Energy Transition

In the final segment of the event, participants discussed how the principle of justice in the Just Energy Transition can be implemented in concrete terms. Central to the discussion were questions such as: What realistic mechanisms could help integrate community-based renewable energy solutions into Indonesia's JETP framework? And: How can actors from the Global North (governments, companies, and civil society organizations) contribute to Indonesia's energy transition without imposing their own agendas or reproducing neo-colonial dynamics?

The speakers agreed that the concept of justice in the context of JETP needs to be more clearly defined. Social and ecological dimensions, as well as democratic participation, must be brought to the forefront. Local communities should not merely be seen as passive recipients in need of consideration or protection; they must be recognized and included as active co-creators of the energy transition. Only through such inclusion can resources be used more efficiently and genuine energy decentralization be achieved.

JETP's financing mechanisms should prioritize grants over loans. Access to these funds must be made more accessible to local communities so that marginalized groups, in particular, can benefit. The management and disbursement of JETP funds should be transparent. Local initiatives must receive sustained and long-term support—until they can operate independently and economically. Moreover, the JETP should actively promote the transfer of knowledge and technology, rather than relying solely on importing finished products like wind turbines or solar panels.

The planning and implementation of the energy transition must go hand in hand with economic transformation to ensure that both processes can support one another.

It is essential that JETP funds do not get lost in bureaucratic systems or diverted to questionable technological solutions such as carbon capture and storage (CCS) or nuclear energy. Donor institutions could make funding contingent on the condition that investments are directed toward scalable, socially just, and ecologically sound community-level projects—placing people and the environment at the center.

Participants also emphasized the importance of supply chain laws for achieving a socially and ecologically just energy transition. Such laws require companies to respect human rights and protect the environment throughout global supply chains. As a result, participants called for these regulations to be strengthened and consistently enforced at both EU and international levels. Civil society actors from the Global South must be actively involved in shaping these legal frameworks.

Written by Auxilia Phung

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