

Rich nations target \$20 bn to wean Indonesia off coal

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Indonesia has one of the largest coal reserves in the world.

Rich nations pledged Tuesday to raise at least \$20 billion to help wean Indonesia off coal and reach carbon neutrality by 2050, a decade earlier than planned, the White House said.

The United States, Japan, Canada and six European countries signed the accord with Jakarta on the sidelines of the G20 summit in Bali to ensure a "just power sector transition" away from Indonesia's coal-dependent economy, they said in a statement released by the White House.

Under the deal, Indonesia, home to the world's third-largest rainforest, pledges to be carbon-neutral by 2050,—10 years earlier than previously planned—and to almost double its renewable energy generation by 2030.

Indonesian President Joko Widodo hailed the deal, which follows a similar agreement for South Africa last year, as a model that could be replicated in other countries to meet the world's climate goals.

"Indonesia is committed to using our energy transition to achieve a [green economy](#) and drive [sustainable development](#)," he said, pledging the deal would help "accelerate this transition".

Sponsors of the agreement said Jakarta had committed to an ambitious shift to clean energy in return for \$10 billion in public sector finance and \$10 billion in private funding over three to five years.

The financing included "grants, concessional loans, market-rate loans, guarantees and private investments" for the country, which has one of the largest coal reserves in the world.

US President Joe Biden said the deal showed "countries can dramatically cut emissions and increase renewable energy while... creating quality jobs and protecting livelihoods and communities."



Indonesian President Joko Widodo and US President Joe Biden launched the partnership, hailing it as a model for other countries to reach carbon neutrality.

'Work in progress'

Indonesia has at times questioned climate deals, including a 2021 agreement to end deforestation by 2030 it signed, warning it could hinder the country's [economic development](#).

But despite the new incentives, experts cautioned that a lot of work remained for Indonesia to meet the demands of the partnership.

"It's a work in progress. But Indonesia has gotten to enough comfort level with the scale of finance that they want to go ahead with it. There

will be a lot of follow up work," said Friederike Roder, senior director for EU and G20 at NGO Global Citizen.

But he warned: "There is concern that the finance is not adequate for the total transformation that is needed".

Indonesian officials welcomed the pact despite the worries.

The deal shows "we can create a more sustainable world for our grandchildren, our citizens, and the [future generation](#)," Indonesia's coordinating minister of maritime and investment affairs Luhut Binsar Pandjaitan told a press conference.

The donor pledge announced on Tuesday was part of a slew of projects announced under an infrastructure partnership—aimed as a counter-balance to China's Belt and Road Initiative—to provide support to developing nations.

They ranged from funding for digital projects in the Pacific to investment in the sustainable mining of nickel and cobalt in Brazil and powering solar projects in Honduras.

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