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through the deployment of off-grid renewable energy solutions such as solar panels and micro-hydro systems. This has helped to improve energy access and reduce reliance on fossil fuels in these areas. To maximize the social impact of clean energy transition for vulnerable communities, especially low and middle income households, the Ministry of Energy and Mineral Resources allocates funds in the state budget to build clean energy infrastructure, among others: Provision of nearly 21 thousand units of portable batteries for households far from the electricity grid, almost 1 thousand solar power plants for rural electrification with more than 28 thousand kWp capacity, and 62 units of micro-hydro power plants with more than 5 thousand kWp capacity

d. Challenges in phasing out coal: While Indonesia has been making progress in promoting renewable energy, the country still heavily relies on coal for its energy needs. Phasing out coal and transitioning to cleaner sources of energy remains a challenge, especially given the country's abundant coal reserves and the existing infrastructure for coal-fired power plants.

e. Overall, the trends in Indonesia's energy transition over the last 5 years have been positive, with increasing investment and policy support for renewable energy. However, there are still challenges to overcome, particularly in phasing out coal and accelerating the transition to cleaner sources of energy. The transition is ongoing and efforts are needed to ensure that it continues to accelerate in the coming years.

Emerging leadership on integrating people and communities

One example of leadership emerging on integrating Indonesian people and communities in the energy transition is the Indonesian government's efforts to promote renewable energy development and increase access to clean energy for all citizens. The government has set ambitious targets for renewable energy capacity and is implementing policies to support the growth of the sector, such as feed-in tariffs and incentives for renewable energy projects.

Additionally, there are a number of non-governmental organizations and community groups in Indonesia that are working to raise awareness about the benefits of renewable energy and empower local communities to participate in the energy transition. These organizations are providing training and resources to help communities develop their own renewable energy projects, such as solar panels and micro-hydro systems.

Overall, there is a growing recognition in Indonesia of the importance of involving people and communities in the energy transition, and leaders from government, civil society, and the private sector are working together to ensure that the transition is inclusive and benefits all Indonesians.

Insights for decision-makers

The results of Issue Monitor shows that commodity price is the one of the uncertainty issues in the world, in the context of energy transition progress in Indonesia, commodity prices send mixed signals for Indonesia's energy transition, with both opportunities and challenges to consider for a faster, fairer, and more far-reaching approach focused on scaling up.

Opportunities:

High Fossil Fuel Prices: Current high prices for oil, gas, and coal can incentivize a faster shift towards renewables. The economic benefits of renewable energy become more apparent when fossil fuels are expensive.

Increased Demand for Clean Energy Materials: The rise of renewables creates a demand for materials like lithium, copper, and nickel. This can benefit Indonesia's mining sector if it can develop these resources sustainably.

Challenges:

Volatility in Renewable Costs: Fluctuations in commodity prices, particularly for the materials needed in renewables, can make project costs unpredictable. This can hinder large-scale investment.

Supply Chain Bottlenecks: The surge in demand for clean energy materials can strain supply chains, potentially leading to shortages and driving up prices of these materials.

Just Transition Concerns: Rapid transition away from fossil fuels could lead to

job losses in the coal and oil sectors. A just transition plan that supports affected communities is crucial for fairness.

Strategies for a Faster, Fairer, and More Far-Reaching Transition:

Diversify Supply Chains: Indonesia can explore partnerships with other resource-rich countries to mitigate dependence on any single source for clean energy materials.

Invest in Domestic Production: Sustainable domestic production of clean energy materials can create jobs and reduce reliance on volatile global markets.

Focus on Recycling and Reuse: Developing robust recycling programs for renewable energy components can lessen dependence on virgin materials and price fluctuations.

Upskilling and Reskilling Programs: Investing in programs that equip workers with the skills needed for the clean energy sector can ensure a just transition.

Targeted Subsidies: Strategic use of subsidies can make renewable energy more affordable and incentivize wider adoption, particularly for low-income communities.

Insights from Commodity Prices:

Opportunities for Renewables: Rising prices of fossil fuels like coal and gas make renewable energy sources like solar and wind more economically attractive. This strengthens the case for increased investment and policy support for renewables.

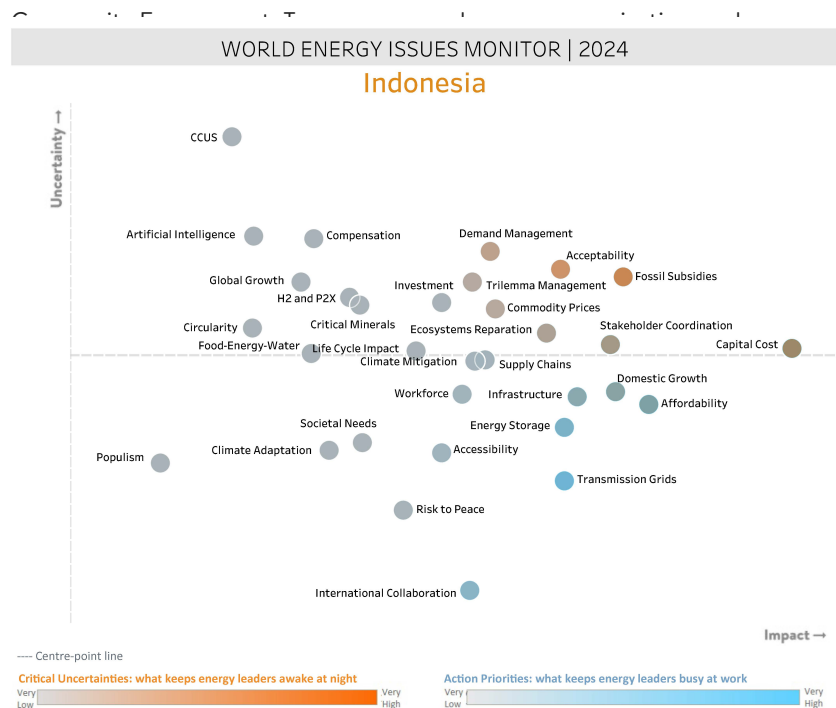
Investment Considerations: High prices for critical minerals like lithium and nickel, needed for batteries in electric vehicles and renewable energy storage, highlight the need for strategic investment in securing a sustainable supply chain. This could involve partnerships or local exploration and mining with strong environmental and social safeguards.

Transparency in Supply Chains: Concerns around potential price manipulation or unethical sourcing of critical minerals necessitate robust transparency measures throughout the supply chain. Collaborations with other countries and industry players can promote responsible sourcing practices.

Policy and Ecosystem for a Just Transition:

Targeted Subsidies: Commodity price volatility can disproportionately impact low-income populations. Consider targeted subsidies or social safety nets to mitigate the impact of rising energy costs during the transition.

Skills Development and Workforce Training: The shift towards renewables will require a differently skilled workforce. Invest in training programs to equip workers with the necessary skills for the new energy landscape.



Acknowledgements
Indonesia Member Committee