NOT FIT FOR PURPOSE

ADB's Energy Transition Mechanism

NGO Forum on ADB

Holding ADB accountable since 1992

March 2025

Published by NGO Forum on ADB

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About the cover photo: An abandoned coal plant in Indonesia.

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About NGO Forum on ADB
NGO Forum on ADB is a network of civil society organizations that monitor and advocate for accountability, transparency, and environmental and social justice in projects financed by Asian Development Bank (ADB)and Asian Infrastructure Investment Bank (AIIB)

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ACRONYMS

ACT - Accelerating Coal Transition
ADB - Asian Development Bank
BESS - battery energy storage system
BOT - Build Operate Transfer
CEP - Cirebon Electric Power
CIF - Climate Investment Funds
CIF-ACT - Climate Investment Funds Accelerating Coal Transition
COP - Conference of Parties
CFPP - coal fired power plant
CRM - coal retirement mechanism
DMC - developing member countries
ESCAR - Environmental and Social Compliance Audit Report
ETM - Energy Transition Mechanism
ETMPTF - Energy Transition Mechanism Partnership Trust Fund
ETM FV - Energy Transmission Mechanism Fund or Vehicle
GCF - Green Climate Fund
GEAPP - Global Energy Alliance for People and Planet
GHG - greenhouse gasses
GW - gigawatt
JETP - Just Energy Transition Partnership
JFPR- Japan Fund for Prosperous and Resilient Asia
I-JETP - Indonesia Just Energy Transition Partnership
ILO - International Labour Organization
MCA - multi-criteria analysis
MDB - multilateral development bank
MW - megawatt
PJTA - Preliminary Just Transition Assessment
PLN - PT Perusahaan Listrik Negara (Indonesia)
PPA - Power Purchase Agreement
PSA - Poverty and Social Analysis
PSALM - Power Sector Assets and Liabilities Management Corporation (Philippines)
RE - Renewable Energy
TA - technical assistance
UNFCCC - United Nation Framework Convention on Climate Change Conference of Parties
UOP - use-of-proceeds

BACKGROUND: PURPOSE AND METHODOLOGY BEHIND THE WRITING OF THIS PAPER

The following paper has been written with the intention to provide the NGO Forum on ADB's Secretariat, International Committee members, member groups and allies with a comprehensive and updated overview about the ways in which the ADB's plans for operationalizing Energy Transition Mechanism (ETM) pilots are evolving, along with critical considerations to take firm, principled positions as social movement organizers and advocates working for environmental, energy, climate, labor, gender, economic and social justice, corporate and IFI accountability, and in defense of human rights.

This document is intended for supporting reflection and positioning among Forum members and allies, and as such is not envisioned as one which would be widely disseminated; however a summary may be shared in a more public form. It is primarily based on documents from the ADB's website, information made available during ETM-related meetings with ADB staff and collective letters/statements/position papers written by Forum members, allies and Secretariat staff. In addition, it is grounded in the collective insights and sense of continued determination to challenge the ETM model by Forum-affiliated members and allies which has emerged over the hours of preparatory meetings and debriefings since the beginning of ETM-related monitoring efforts in 2021.

Overview

This paper begins with the context in which the ETM was introduced by the ADB and initial responses from the Forum Network member groups and allies, proceeds to describe the ETM model proposed and how it fits into ADB's associated regional technical assistance projects as well as the functioning of the ETM Partnership Fund, then provides details and updates about ADB country specific financing where the ETM is planned to be piloted, outlines key concerns and positions raised to date by Forum members and allies and concludes with some forward-looking remarks.

THE CONTEXT

After years or tireless campaigning to call for the Asian Development Bank (ADB) to stop financing fossil fuel development and align its energy policy to an emissions pathway consistent with limiting global heating to 1.5°C, social movements and civil society organizations were able to claim an important success in October 2021 when the ADB finally put into writing a commitment to not finance new coal projects. Accordingly, the 2021 Energy Policy reads as follows:

> ***"ADB will not support coal mining, processing, storage, and transportation, nor any new coal-fired power generation."*** [1]

However, rather than signaling that the institution would take responsibility for remedying outstanding grievances at coal projects financed in the past or even for substantively reassessing its ongoing disbursements to the existing coal project it retains on its books (the Jamshoro Power Generation Project in Pakistan) and considering how to avert indirect exposure to coal financing, the ADB policy direction conveniently shifted attention to the realm of coal retirement mechanism (CRM) planning and financing.

As a result, the ADB's Energy Policy now suggests:

> ***"ADB will support the early retirement of coal-based power plants and the enhancement of power generation dispatch regimes to discourage the use of high-emitting, inefficient coal-fired power plants. It will also assist the decommissioning of coal-fired power plants and site redevelopment for new economic activity, including the removal and secure management of hazardous materials, restoration of soil and water quality, redevelopment of buildings, and upgrades of existing infrastructure. In providing support for the phasing-out of coal, ADB will also help create new jobs in cooperation with the local communities and stakeholders."*** [2]

For climate, environmental, gender, labor, social and economic justice advocates, including those who are members and allies of the NGO Forum on ADB, CRMs are becoming associated with a range of concerns, questions and new problems.[3] Market-based CRMs such as those being supported by multilateral development banks, are underpinned by neoliberal business-as-usual assumptions. This includes a singular focus on switching to fuel sources that are assumed to be less carbon intensive, and the assertion that the pathway forward necessarily must be through dependence on the private sector. In this transition process, women are assumed to be in need of training and capacity building to take on emerging roles in energy and extractives sectors, which leaves other contributions to social well-being required for a functional economy (e.g. health care, teaching, cultural work, civil society organizing among others) remaining unconsidered and unvalued. As will be outlined below, in the end, pursuing CRM schemes is in fact opening up additional channels for the ADB to support a range of false solutions in the name of greening the energy sector. It also means that loopholes for financing of new coal projects/expanding the coal fleet in borrowing member countries may continue to exist through more opaque channels, particularly through support to utility companies, trade finance and financial intermediary arrangements.

At the 26th UN Framework Convention on Climate Change Conference of Parties (UNFCCC COP) in Glasgow, only about a month after the official approval of the ADB’s 2021 Energy Policy, the ADB representatives announced the official launching of the Energy Transition Mechanism, with the stated purpose to “leverage a market-based approach to accelerate the transition from fossil fuels to clean energy”[4]. Specifically, they suggested that the idea was that “investments—from governments, multilateral banks, private sector investors, philanthropies, and long-term investors – will finance country-specific ETM funds to retire coal power assets on an earlier schedule than if they remained with their current owners.”[5] Since then, the ETM has been profiled in relation to both bilateral donor arrangements, as well as multilateral donor-driven schemes, including the Investment Plans for Just Energy Transition Partnerships (JETPs) and the Climate Investment Funds Accelerating Coal Transition (CIF ACT).

Correspondingly, from 2021 onward, ADB staff and consultants tasked with ETM development and promotion have been met with civil society organizations prepared to engage by raising critical questions and concerns, but also to strategically disengage to demonstrate complete rejection of the plans being pursued by the ADB in the name of energy transition and the climate.

Forum’s exchanges with ADB ETM staff began with insisting on full public disclosure of plans, analysis and reports underway regarding the piloting of the ETM and for concerns of those living and working around coal project sites to guide closure and remedial action of plant sites. However, as more information about the ETM approach was released — it became clearer that plans proposed entirely sidestepped key aspects of holding corporate and financial actors accountable for harms, losses and damages, instead centering upon the question of providing the coal project proponents with financial compensation packages to cope with potential profit losses associated with shortening power purchase agreements and refurbishing project sites to operate on alternative fuels. As a result, Forum members and allies swiftly took up a position to publicly challenge the very premises upon which the ETM are based as counter-productive, not only failing to take into account human rights, labor and environmental considerations, but in fact undermining key aspects of a rights-based approach which remain non-negotiables if a transition is to be just, inclusive, fair, sustainable and ensure remedy of past, present and ongoing harms.

Statements exemplifying this position have been released by Forum members and allies from the time the ETM was publicly unveiled at COP 26 in Glasgow up until the time of writing (April/May 2024), such as the following:

- Towards a swift and just end to coal: A statement of civil society and communities in Asia-Pacific urging the Asian Development Bank not to gamble with our climate plight with a premature coal buy-out scheme
- No Bail out for Coal Companies
- For a Swift Closure of Cirebon Coal-Fired Power Project Unit 1; Keeping Unit 2 Out of Operation

- Request for Suspension of Loan Disbursement to Unit 2 and Responsible Action for the Early Retirement of Unit 1 in Cirebon Coal-Fired Power Plant Project, Indonesia
- Position Paper on the Application of the Energy Transition Mechanism for Cirebon Coal-Fired Power Plant Unit 1 in Indonesia.

ETM Models as Proposed by the ADB

Although the ADB identified three possible models to follow (*asset-level* for transitioning a single coal project, *portfolio-level* for corporations operating and willing to transition more than one coal project, or *acquisition-level* for cases when the ownership and operation of a coal project would be taken on by the ETM Fund Vehicle), the two pilots announced to date by the ADB — Cirebon 1 in Indonesia and the Mindanao STEAG project in the Philippines — adhere to the single asset model. Due to the closed door nature of ETM-related discussions, no public information is available to confirm whether or not ADB is considering application of other models at other sites in either country.

In mid-2021, the ADB initially announced plans to assess the feasibility of piloting the ETM in Indonesia, Philippines and Vietnam, with plans to expand to other countries such as Pakistan and Kazakhstan in the future. Under the regional technical assistance project "Opportunities to Accelerate Coal to Clean Power Transition in Selected Southeast Asian Developing Member Countries", the ADB contracted three consultancy firms (Carbon Trust, Climate Smart Ventures and Asia Group Advisors) to undertake a desk-based assessment to evaluate and prioritize which coal fired power plants (CFPPs) could be suitable for the application of the ETM (using a 'multi-criteria analysis' or MCA) and recommend options for financing in Indonesia, Philippines and Vietnam. No discussions with civil society groups in these three countries were held to determine what metrics to use for prioritization for the MCA, which incorporated only the following three aspects:

- Security score (how the early retirement of a CFPP can affect a grid's security of supply)
- Cost score (if operations generate strong cash flows);
- Carbon score (how the removal of the CFPP will contribute to carbon emissions reduction). [6]

No other criteria, for instance impacts on ground and surface water bodies, impacts on local food sources or considerations related to health and well-being were factored in. As a result, this first set of assessment left the costing of reparations, redress and remedy for health impacts on host communities and workers, the burdens on the public health system, as well as remediation of ecological damages (including disposal of remaining coal ash) completely unmentioned. There was also a complete lack of consideration for ADB's own responsibility for financing some of these projects and the corresponding support that should be provided for closure. Despite these exclusions being raised by the Forum members and allied groups at the time of the disclosure of the technical assistance report in late 2021, continued marginalization of pivotal social, environmental and economic issues still persists into 2024 in the reports, assessments and proposals related to the ETM. This remains the case for example, in documents produced under several regional technical assistance projects which are connected to supporting planning, evaluating and promoting piloting of the ETM.

Importantly, as it is the studies produced under these technical assistance programs that form reference points for ETM piloting, the framing and the approach articulated documents will influence the way ADB staff and consultants move forward in negotiations with coal project operators and government counterparts.

Key Technical Assistance Associated with the Roll-Out of the ETM Model
As of April 2024, regional technical assistance (TA) support approved by the ADB that are associated with the ETM include the following:

- Project 55124-001: Accelerating the Clean Energy Transition in Southeast Asia

  This 13.12 million USD TA is intended to finance "(i) the design of a funding mechanism to support the early retirement of coal and other fossil fuel-based generation assets, and (ii) the establishment of a fund or facility to develop clean energy infrastructure". This includes "the development of country-specific plans for coal asset retirement with comprehensive analysis of the associated economic and social benefits, establishment of the funding mechanism, and preparation of the implementation rules and procedures of the fund or facility."[7] In addition, the TA is expected to look into scaling up public- and private-sector investments in 'renewable' energy (identified focus on solar and wind, waste-to-energy, battery storage, hydropower and electrical mobility) as well as support for the Greater Mekong Subregion power interconnectivity discussions.

  It is under this TA that the majority of tenders for ETM related consultants are posted, including for associated

The 204-hectare Cirebon 1 coal power project is located in the port city of Cirebon, about 220 kilometres from Jakarta, Indonesia. The facility overlooks the Java Sea from Mundu Bay."
Image: ResponsiBank Indonesia, published on Eco-Business, available at https://www.eco-business.com/news/indonesias-cirebon-1-coal-power-project-highlights-gaps-in-adbs-coal-to-clean-etm-scheme/.

researchers, stakeholder engagement specialists, power sector trade and planning specialists, technical advisors and specialists in transition mining and extractives. In terms of outcomes, so far, the primary focus of reporting has been on developing regional and country specific "Strategic Environmental and Social Assessments" of the ETM.

However, the majority of reports being produced by consultants hired under this TA do not appear to be posted publicly online. Filing access to information requests may be needed in the future in this respect. Countries listed as eligible for this technical assistance include: Indonesia, Philippines, Vietnam and Cambodia. The initial timeline is set for between July 2021 and June 2025.

- Project 57248-001: Advancing Just Energy Transition in Asia and the Pacific

  According to the project description, this 1 million USD TA is intended for supporting JETP secretariat/s as well as JETP investment plans, including through proposing financing structures/ sources and coordination, country-specific energy transition assessments and 'asset-level pre-feasibility technical, financial, and economic assessments of specific JETP and ETM transactions"[8]. Countries included in this TA are Indonesia, Philippines, Vietnam and Cambodia. Approved in December 2023, it is expected to continue through until December 2025.

- Project 56228-001: Enabling a Just Transition to Low-Carbon and Climate-Resilient Economies and Societies in Asia and the Pacific

  This 2.13 million USD TA is intended for the development of just transition policies, institutional frameworks as well as operational approaches and projects in both the energy and non-energy sectors, while also integrating just transition frameworks into ADB policies, programs, project pipelines and country planning. Financing may also support the ETM roll-out in Indonesia, Philippines, and Kazakhstan. [9] Tenders reference the hiring of just transition facilitators for Indonesia and Philippines. Up to a total of seven borrowing member countries (unidentified) are expected to receive support through this facility; its indicative timeline runs from December 2022 to December 2025.

- Project 52096-001: Southeast Asia Energy Sector Development, Investment Planning and Capacity Building Facility

  Support is being provided through this 11.25 million USD TA for geothermal expansion in Indonesia (Dieng Unit 2 in Central Java and the Patuha Unit 2 in West Java), battery energy storage system (BESS) project preparation under the JETP in Viet Nam and energy transition planning in Cambodia. Although not strictly ETM-related, the reports and tenders under this TA may be further referenced in the future for ETM/just transition activities. Countries included are Indonesia, Philippines, Vietnam and Cambodia. The indicative timeline for this TA is from October 2018 until December 2024.

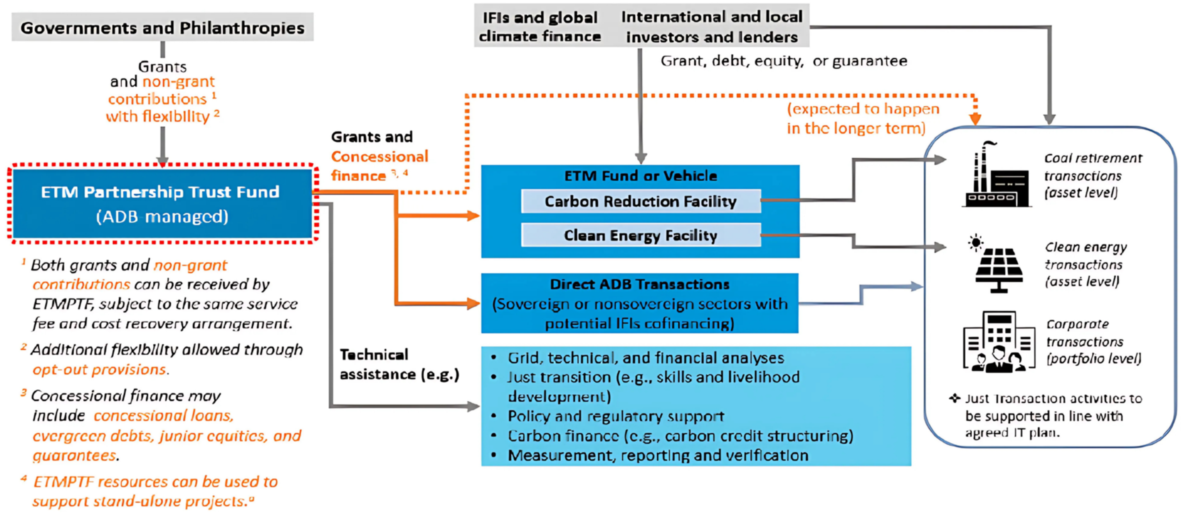
ADB’S ENERGY TRANSITION MECHANISM PARTNERSHIP TRUST FUND

In July 2022, the ADB formally announced the preparation of the Energy Transition Mechanism Partnership Trust Fund (ETMPTF), “to begin resource mobilization and support for activities related to the ETM.”[10] In particular, the Fund is intended to support “ETM activities related to (i) reducing greenhouse gas emissions from coal-fired power plants through early retirement or repurposing of such plants for clean energy; (ii) increasing the share of clean energy, including support for enhanced grid capacity and storage; (iii) helping Developing Member Countries (DMCs) develop and enact policy and regulatory measures to accelerate the shift from coal to clean energy; and (iv) supporting the transition to clean energy in a just manner (just transition).”[11] Non-grant transactions through the fund are also envisioned in order to “refinance existing debt to enable the early retirement of coal-fired power plants”.

Importantly, approval for projects that solely avail of financing from the Trust Fund is not in the hands of the ADB board, but rather delegated to a committee made up of the Director General Climate Change, the heads of relevant ADB operations departments, and ADB’s chief economist.[12]

ETMPTF documentation also suggests the following: “ADB’s safeguard requirements [2009] will apply within each project’s area of influence. The area of influence encompasses new and existing facilities that the recipient of the ETMPTF financing develops or controls as a result of ETMPTF’s support to a project. The project’s area of influence does not include impacts that might occur without the project or independently of the project, *or legacy issues or impacts that occurred before, and not in anticipation of, ETMPTF financing*.”[13]

The following additional exception is also worth underscoring: “ETMPTF resources are envisioned to be used to provide support to one or more ETM regional or national vehicles, which are financial intermediary–like entities, such as an ETM fund or vehicle (ETM FV), to undertake coal retirement and clean energy transactions at the asset or portfolio level”. In such cases, “safeguard responsibilities will be delegated to the fund or vehicle based on its environmental and social management system, following ADB’s requirements for financial intermediary safeguards.”[14]



ADB = Asian Development Bank, ETM = Energy Transition Mechanism, ETMPTF = Energy Transition Mechanism Partnership Trust Fund, IFI = international financial institution, JT = just transition.
Note: [a] These stand-alone projects may be without any financing by ADB or with cofinancing by third-party financiers.
Source: Asian Development Bank.

The ETM Partnership Fund Structure (Updated in October 2022).
Credit: ADB (2022).

CLIMATE INVESTMENT FUNDS' ACCELERATING COAL TRANSITION PROGRAM

The Climate Investment Funds (CIF) is a multilateral fund headquartered at the World Bank which channels support from donor countries and the private sector into concessional finance and grants disbursed through Multilateral Development Banks (MDBs). It was established in 2008, and was supposed to function in the interim until the Green Climate Fund (GCF) became operational under the UN Framework Convention on Climate Change (UNFCCC).

However the CIF's original sunset clause for closure has been postponed indefinitely. As a result, it continues to operate outside of the UN climate architecture and has failed to evolve to take into consideration the recent discussions related to loss and damages. Concerns that have been raised over the past several years by civil society groups[15] include the fact that CIF has no complaints mechanism of its own (unlike the GCF), is driven by priorities as defined by donor countries and multilateral development banks (as opposed to functioning under the umbrella of the UN), and lacks channels for civil society groups from recipient countries to be informed about as well as effectively intervene in decision making or to put forward proposals for funding. Instead, since funds are managed by the multilateral development bank (MDBs), primary beneficiaries are governments and the private sector, and the bulk of financing is in the form of concessional loans. Though respective MDB safeguards are supposed to be adhered to at the project level, the CIF funding decisions do not specifically take into consideration the Equator Principles, the UNFCCC Paris Agreement, or the UN Guiding Principles on Business and Human Rights, let alone UN and International Labour Organization (ILO) Conventions.

In 2021, CIF formally launched the "Accelerating Coal Transition" program (CIF-ACT) which is intended to support financing of coal facility repurposing, while issuing policy-based loans to governments requiring the implementation of sector reforms that are intended to ensure further deregulation, liberalization and privatization. Financing for the CIF ACT is primarily being pooled from funds contributed by the US, UK, Germany, Canada, and Denmark. According to CIF's launch announcement for the ACT program, South Africa, India, Indonesia, and the Philippines were "selected on advice from an independent panel of experts, who assessed country candidates based on potential for transformational change and private sector mobilization, among other metrics"[16] as the first countries to receive loans under the ACT program. More recently, two additional countries, North Macedonia and the Dominican Republic have been added as recipient countries of CIF ACT financing. In the case of Indonesia and the Philippines, ADB and World Bank Group are working with government ministries to develop and implement "CIF-ACT Investment Plans". ETM piloting as well as other coal repurposing initiatives are incorporated as components to be co-financed with concessional loans from CIF blended with loans provided by the ADB and the World Bank Group and private sector contributions.

COUNTRY LEVEL ETM PILOTING

Indonesia

In Indonesia, ADB announced the first ETM pilot in late 2022 as the 660MW Cirebon 1 CFPP. At the time of writing, negotiations between the ADB, Indonesia's national utility company, PT PLN, the Indonesian Investment Authority, and Cirebon 1's operating company, Cirebon Electric Power (CEP),[17] continue. No individuals elected by Cirebon 1's workforce or surrounding communities as representatives/spokespeople are included in this process.

Cirebon 1, which came into operation in 2012, was not identified as a priority project for the ETM under the pre-feasibility studies commissioned by the ADB. Instead, it was CEP that evidently sought to 'volunteer' the Cirebon 1 CFPP as the first facility to be piloted for closure/repurposing under the ETM. Notably, while seeking ADB support to transition Cirebon 1, the same consortium of companies was also finalizing the building of an expansion project at an adjacent site, the 1000 MW Cirebon 2 Coal Fired Power Project, expecting to bring it into full operation within the year (2022-23). As a result, even if Cirebon 1 is closed or repurposed to run on fuels other than coal with compensatory funding provided to CEP by the ADB and other donors contributing to the ETM, the toxic plumes of ash will continue to be emitted in the same vicinity by the even bigger expansion facility, operated by – and generating profits for – the same parent company.

Information disclosed to date by the ADB in relation to the application of the ETM process expected at Cirebon 1 includes a Preliminary Poverty and Social Analysis (PSA), the summary of a "Preliminary Just Transition Assessment" (PJTA) and an "Environmental and Social Compliance Audit Report" (ESCAR), which was prepared by CEP for ADB. A Stakeholder Engagement Plan has not been released publicly nor has a detailed project information sheet been posted on the ADB's website. The project is categorized as Private Sector (Infrastructure Finance Division 2), though no specific financing amount to be sourced from the ADB has been identified in these documents. According to the ADB's PSA document, "The project will contribute to addressing climate change although adverse economic impacts on the livelihoods of communities and workers reliant on the Cirebon 1 coal-fired power plant (CFPP) are anticipated during the transition process." This analysis also suggests that "a third-party consultant has been engaged to undertake the E&S compliance audit for the existing facility" – despite the fact that the draft audit posted on the ADB's website (see below) clearly states it has been prepared *by* CEP *for the* ADB.

The proposed financial arrangement is that ADB (along with other co-financiers) will provide a commercial loan / concessional finance to CEP with the agreement that the PPA will be shortened to December 2035, "while maintaining the neutrality of Sponsors' return on a present value basis compared to a business as usual scenario."[18] This means that the project would continue to be powered by coal up until 2035, after which time CEP would be contractually obligated to decommission or repurpose the facility.

Accordingly, the ESCAR elaborates as follows: "Under the ETM, ADB would provide a financing package to CEP where the use-of-proceeds ("UOP") would be used for:

- Refinancing existing debt(s); and
- A one-off special dividend distribution to the sponsors to compensate them for lost revenue of the final years of the PPA lifetime, swap unwinding costs, prepayment fees, and other expenses arising concerning the refinancing."[19]

Prior to 2035, the ADB plans to engage in consultations on its "Preliminary Just Transition Assessment" (PJTA) and conduct technical studies on repurposing options and the just transition implications, which will then form the basis of a "Just Transition Plan" (expected to be completed by 2032) and a Post-PPA plan (developed from 2033 onward) for implementation beyond 2035. The above steps are identified by the ADB as the "Just Transition Process in Cirebon 1". The PJTA focuses on the "just transition impacts": direct and to a lesser extent, indirect and 'induced' at and around the site. The "just transition" in this context is being defined by the ADB as what happens to the facility, whether or not it is closed or repurposed. *Direct impacts* considered relate to loss of jobs/income for workers employed by the company and its contractors. *Indirect impacts* considered include loss of jobs/income for workers in coal mines supplying Cirebon 1, loss of goods and services supported by Cirebon 1's corporate social responsibility programs (e.g. for batik making, cooking and catering), impacts on local businesses that are patronized by Cirebon workers, and loss of community cohesion based on the assumption that Cirebon 1 has become part of the local "socioeconomic fabric". The *induced impacts* identified in the PJTA include grid instability/ lack of sufficient power flowing through the Java-Bali grid and reduction in tax revenue for government bodies.

All impacts of transitioning Cirebon 1 identified by the ADB are negative – for people working at the site, living around it and governmental bodies. This means considerations for the clean up of areas contaminated by coal ash and effluent, cleaner air, spaces to grow food without being covered by toxic emissions or effluent, or healthier populations are completely invisibilized. The assessment undertaken by the ADB also fails to delve into potential impacts arising from repurposing (or 'fuel switching') the facility, which would leave much of the infrastructure intact, but could require additional land acquisition as well as continued air and water-borne pollutants.

The understanding of just transition as exemplified in the Cirebon 1 PJTA, is demonstrative of the massive divide between the Bank's approach and that of social, economic, environmental and climate justice movements. On the contrary, just transition – from below – is interpreted as inclusive of principles, processes, and practices for building collective economic, political and social power to shift from an extractive to a regenerative economy, where past harms must be redressed and where reparations are required as part of moving forward in a just and equitable way, with the understanding that when "the process of transition is not just, the outcome will never be". [20]

The ADB's ESCA Report for Cirebon 1 recounts that the original project Environmental and Social Impact Assessment (dated 2010) considered the project as having limited adverse social or environmental impacts that would be largely reversible and readily mitigated, with the application of the Equator Principles II (version in use at that time) and IFC's environmental and social screening criteria (identified as "Category B"). The Audit Report also explains that the ADB assessed the Cirebon-1 ETM pilot project "as potentially Category B on environment and Category C on Involuntary Resettlement and Indigenous Peoples" as per the institution's

2009 Safeguard Policy Statement. The initial low-risk categorization diverges from the ADB's own assessments of coal fired plants it financed in the past as "Category A", evidently failing to consider serious impacts on local community health and livelihood as well as the surrounding coastal ecologies. Meanwhile, the assumption that repurposing the facility would also incur mitigable environmental and social impacts fails to take into account problems that can be expected to arise if the facility is repurposed to operate on biomass, refuse derived waste or the blending of hydrogen/ammonia with coal (co-firing).

Notably, all focus group discussions listed in the audit which were reportedly intended to gather perspectives from local NGOs and residents of communities surrounding the plant took place on CEP's property, making it appear as though little consideration was put into organizing such engagements in an area that would be considered more neutral for participants, and potentially less intimidating for people to join. Specifically, given the ESCAR explains that "the Project is guarded by the National Police of Cirebon as part of the local policy to guard 'National Vital Objects' (Objek Vital Nasional), with four armed personnel guarding the Project main entrance," it is not clear to what extent the presence of security personnel as well as company representatives was considered when residents, workers and civil society members were engaged in discussions. Meanwhile, some information about working conditions reported by workers has been redacted, as has some information about the terms of compensation, leaving gaps in information being disclosed. Nevertheless, issues of concern which the audit identified as in need of attention, include:

- the lack of information on the environmental and social impacts of the plant on the company website and the lack of any assessment of impacts associated with the decommissioning phase or proposed mitigation/ management measures;
- the need to improve the grievance redress mechanism procedure at the site, e.g. by clearly outlining processes and channels by which grievances can be raised, identifying how these will be communicated and creating ways for anonymous complaints to be made as well as guidance to ensure confidentiality and non-discrimination;
- the need to re-assess fly ash and bottom ash as hazardous materials (currently handled by CEP as non-hazardous);
- the need to evaluate waste water contamination using internationally agreed upon standards;
- the need to undertake independent calculation of GHG emissions using agreed upon international methodologies (noted as "important to demonstrate through the ETM the reduction in GHG emissions achieved"[21]);
- A "process of reconciliation" required for project affected people who were subjected to displacement and are now claimed by the company to be beneficiaries of corporate social responsibility programs in lieu of compensation
- improvement of labor conditions of those contracted by service providers for on-site work, including ensuring access to a formal grievance mechanism and respect for freedom of association, and the
- need to retain an up to date chemical inventory with site walk throughs that include inspections of hazardous materials on site.

Given this range of issues to be resolved and the reality that the project will be run as a coal fired plant for the next 11 years, it would appear that ADB's evaluation of the project as

"Category B" stands on highly questionable grounds. Accordingly, as put forth in a recent position statement from WALHI/Friends of the Earth-Indonesia along with two local civil society organizations, Rakyat Penyelamat Lingkungan and Koalisi Rakyat Bersihkan Cirebon, "considering the severe impact that the construction and operation of Cirebon 1 has already had on local residents in terms of their means of livelihood, such as salt pans and fishing grounds, as well as their health, it is crucial that Cirebon 1 be retired as promptly as possible and that remedial measures for the environmental and social impacts, including restoration to its original state, be implemented."[22]

In effect, by compensating CEP for shortening the PPA as explained in the ESCAR and PJTA, civil society groups assert the ETM approach signals to companies that it is possible to avoid liability or risk of stranded assets in the future."[23] Meanwhile, those whose health and livelihoods have been deeply affected by Cirebon 1 and 2's building and operations still remain without remedy for the harms they have suffered over the years.

Donor Financing Arrangements for Bolstering the ETM in Indonesia

The ETM support in Indonesia, also rests on financing associated with the Just Energy Transition Partnership (JETP or I-JETP) and the Climate Investment Funds' ACT program. The connections between the three are clearly stated in Indonesia's CIF ACT Investment Plan, which was finalized in June 2023 and describes the financial arrangement being negotiated for the repurposing of Cirebon 1 as the "first tranche of I-JETP".[24]

In addition, projects that the ADB is financing in Indonesia associated with the roll out of the ETM and JETP include the following:

- 56140-001: Accelerating Indonesia's Clean Energy Transition Program – Phase 1 (Proposed)

  This 470 million USD results-based loan to PLN is intended for "(i) increasing electricity supply from renewable energy sources, (ii) piloting the retirement of old and inefficient coal-fired power plants (CFPPs), (iii) replacing diesel power plants, and (iv) strengthening PLN institutional capacity to manage a just energy transition"[25]. Although no exact sites are listed, new power generating facilities are expected to be planned for Java-Bali, Sumatra, Nusa Tenggara and Sulawesi as well as grid connections.

- 57229-001: Building Capacity for Low-Carbon Power Infrastructure Development (Approved in December 2023)

  This 3.4 million USD technical assistance grant is sourced from the ETMPTF, the GCF, Global Energy Alliance for People and Planet Energy Access and Transition Trust Fund, ASEAN Catalytic Green Finance Facility Trust Fund and ADB's TA fund. It is intended to support the development of solar PV and wind generation with independent power producers and 'capacity building' on applying safeguards; and to support the development of "a corporate just transition framework" for PLN that would be applicable to the decommissioning of coal-fired and other fossil-fuel power generation assets.

- 57050-001: Institutional and Capacity Building Support for the Just Energy Transition Partnership Secretariat (Active since July 2023)

  This 2 million USD in TA, with financing from the Japan Fund for Prosperous and Resilient Asia (JFPR) is intended to support the operations of the Secretariat Office for the Indonesian Just Energy Transition Partnership[26] (I-JETP Secretariat), established in February 2023. ADB is taking the lead in the financing working group for the JETP, and this TA is intended to support the development, writing, and monitoring of the JETP "Comprehensive Investment and Policy Plan" (containing "a road map for the energy transition through on-grid and off-grid energy modeling; (ii) a description of programs and initiatives that will support energy transition objectives, and their estimated costs; and (iii) an implementation road map"). Several tenders are associated with this TA to support the roll-out of the JETP in Indonesia.

Projects to be financed through the CIF ACT Investment Plan in Indonesia with ADB and World Bank Group co-financing also relate to market-based coal repurposing, including

- A results based loan totalling 789 million USD (blended sourcing from ADB and CIF funds) for PLN to "accelerate the development of renewable energy as an alternative source of electricity supply to reduce electricity supply from CFPPs", and "strengthening PLN institutional capacity to manage a just energy transition".
- A financial intermediary loan of 200 million USD from the ADB and CIF to Indonesian state-owned company PT SMI to support the transition of coal fired power projects, including potentially Pelabuhan Ratu CFPP and Pacitan CFPP (by compensating shareholders to incentivize the shortening on power purchase agreements). In addition, a grant of 1 million USD would also accompany this project to support PT SMI develop "just transition implementation guidelines"
- ADB and CIF-sourced loans totalling 500 million USD to transition an Independent Power Producer (IPP)-operated (private sector) coal fired power plant (Cirebon 1) and to develop a list of other potential IPPs to follow after the first transaction.
- Blended loan financing from the World Bank totalling 950 million USD to repurpose coal fired power plants, including likely Suralaya 1 and 2 (which were originally developed in the 1990s on the advice of the World Bank and dependent on their loans) and Paiton 1. These facilities may be converted to run on biomass, despite the sourcing of the wood pellets/acquisition of land for planstations and high GHG emissions impacts expected.
- New "Renewable Energy (RE)" capacity developed with IFC loans worth 140 million USD along with 50 million USD concessional loan from CIF. Expected to include support for floating solar (West Sumatra and West Java), a waste-to-energy incineration project (West Java), a hydropower project (North Sumatra) and national hydropower mapping studies, as well as support for the replacement of captive coal fired power plants (e.g. as currently used in smelting processes and in industrial parks) sector, with facilities using large scale solar, hydropower or green hydrogen.

Although the CIF ACT Investment Plan was quietly approved by the responsible CIF Trust Fund committee in June 2023, it did not escape scalding critiques from Forum members and allies, as seen in position papers released at the time, one of which for instance concluded that under the "pretext of saving the world from climate crisis," the CIF ACT and JETP models are in reality imposing "a debt trap, a carbon finance instrument trading trap, and are entirely colonial in nature."[27]

Philippines

In the Philippines, the ADB is in the process of finalizing plans for piloting the ETM at the 200 MW Mindanao STEAG Coal Fired Power Project near Cagayan de Oro, Misamis Oriental. This CFPP was contracted in 2006 under a 25-year Build Operate Transfer (BOT) concession, which will expire in 2031. The state owned Power Sector Assets and Liabilities Management Corporation (PSALM) serves as the offtaker of the power generated by the Mindanao CFPP and has the option to buy out the BOT concession. ADB is in the process of assessing options for the retirement or repurposing of the facility , and developing new 'clean energy options', having hired technical advisors for this effort in early 2024.[28]

To date, host communities have been left with little information, and have issued a public statement calling attention to their demands to be involved in shaping a process which will affect their futures and that of the facility, and also for the company to provide redress and remedy for the harms and damages wrought by its operations. In fact, social and environmental justice groups in the area had launched protests against the project when it was first proposed over 20 years ago. Since then, they have continued to call for a shift to clean, renewable energy that would not cause the kind of environmental and health harms associated with coal.[29]

As of March 2024, no specific project data sheet on the ADB's website is associated with the proposed ETM piloting, however, it is considered as one component of the proposed CIF ACT Investment Plan for the Philippines. Accordingly, ADB is proposing to provide $95 million debt financing, with the expectation it would be matched by $95 million in concessional debt financing from CIF–ACT, plus $285 million funding from yet to be identified commercial co-financiers. [30] It is not clear whether the financing for this coal project's transition would be classified as a private sector loan by the ADB (with ADB safeguards and board decision-making in place) or if it would be financed under a separate ETM special purpose vehicle, with looser standards being applied (as explained above in the section on the ETM Partnership Fund).

Additional components of the Philippines CIF ACT Investment Plan include the following:

- A blended private sector financing facility, composed of 120 million USD concessional loan and 2 million USD grant from CIF, 240 million USD loan from ADB and 240 million USD in loans from unconfirmed commercial co-financiers, for (i) incentivizing private sector borrowers with a significant portfolio of operational CFPPs to accelerate voluntary retirement and/or repurposing of these CFPPs in their portfolio and (ii) developing a pilot floating solar park with an initial target capacity of up to 1 GW.
- A blended facility composed of 140 million USD concessional loans and 5 million USD from CIF, combined with a loan of 280 million USD from IFC and 280 million USD sourced from commercial co-financiers to incentivize private sector utilities to *consider* voluntary early retirement or repurposing and transition of CFPPs along with financing for greenfield RE projects including battery energy storage system (BESS) systems, offshore wind, floating solar or pumped hydro.

- Proposed grant of 2 million USD from CIF and 1 million USD from ADB to finance the development of a national just transition approach. This would include:
    - socio-economic impact modeling,
    - landscape analysis,
    - stakeholder mapping,
    - labor, skills and education mapping,
    - strategic social and environmental assessments,
    - stocktaking to identify relevant policies, regulations, programs and activities already ongoing,
    - organizing a stakeholder consultation,
    - developing a framework plan/ guidance, and;
    - establishing a mechanism for implementation.

Notably, this implies that ADB and World Bank consultants will be taking a leading role in directing a public process which should rightly be the subject of rigorous debate and discussions across all levels and sectors of society.

- A development policy loan from the World Bank of 600 million USD[31] along with 10 million in grant financing from CIF to support (i) coal to clean energy transition and adoption of low-carbon pathways, (ii) just energy transition, (iii) RE scale up, (iv) energy efficiency and demand side management, (v) transition to electric mobility, (vi) electricity market reforms, and (vii) electricity network modernization and flexibility."

Although the ADB and World Bank Group expected the CIF ACT Investment Plan to be approved by the CIF Trust Fund Committee in November 2023, Philippine civil society groups together with the Forum intervened with multiple formal written submissions raising a range of significant concerns, and followed up to share these comments directly with members of the responsible Trust Fund Committee. The Trust Fund Committee's decision on approving the Investment Plan has been subsequently postponed, with the ADB, World Bank and Philippines' Department of Energy being instructed to convene stakeholder meetings to gather and incorporate feedback and accordingly revise the plan to reflect concerns.

ADDITIONAL COUNTRIES WHERE ADB PROPOSED EXTENDING COAL RETIREMENT MECHANISM SUPPORT

The ADB has also been assessing options for ETM piloting in Kazakhstan, Pakistan and Vietnam. Information about the technical assistance being pursued in this regard is summarized below.

Kazakhstan

In December 2022, the ADB approved a 225,000 USD TA project, "Opportunities to Accelerate Coal to Clean Power Transition in Kazakhstan" to carry out a pre-feasibility study for the application of the ETM for coal fired power projects and coal dependent combined heat-power plants by mid-2024. Little information has been disclosed publicly and it is not clear whether a full feasibility study is getting underway or whether any pilot has been yet proposed. In addition, there has not been any clear channel established to widely share initial findings or processes underway with national or regional civil society groups, despite the fact that Kazakhstan is party to the UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention), providing a clear framework and guidance for ensuring involvement of, and consultation with those living and working in areas hosting coal power project sites.

Pakistan

Initially, in 2022, ADB consultants were hired to undertake a pre-feasibility study for piloting the ETM in Pakistan. At the time, civil society groups were concerned, having heard about the issues being raised by colleagues in Indonesia and the Philippines, and as a result, demanded the ADB provide updates and presentations about the process taking place. Civil society groups also diligently submitted several letters to articulate the flaws and concerning assumptions embedded in the model being pursued by the ADB, including the components of the multi-criteria analysis being applied. In the end, the ADB appears to have shifted focus, and has now approved a technical assistance grant of 800,000 USD entitled "Preparing Investment Program for Clean and Sustainable Energy".

The Global Energy Alliance for People and Planet (GEAPP) Energy Access and Transition Trust Fund is also contributing 1.00 million USD. The technical assistance is intended to support expanding plans for renewable energy projects and strengthening transmission and distribution infrastructure that could enable Pakistan to expand energy exports to neighboring countries. No coal transition mechanism is incorporated into this plan.

Vietnam

To date, the ADB has only conducted a pre-feasibility study for the ETM in Vietnam. Although neither the ADB nor the World Bank appear to be substantively involved in the roll-out of coal transition processes, both banks have released tenders for consultancies that mention the JETP. Reports resulting from these consultancies have yet to be disclosed.[32] Importantly, there has been a severe clamp down on advocates and researchers working on concerns related to the impacts of energy and extractives industries, including those involved in the defense of communities affected by coal projects and calling for a shift to decentralized renewable energy. In response, the Forum Secretariat, members and allies have been calling on the ADB and World Bank to take a clear position against the jailing of researchers and advocates working on these issues, and to clarify how they will move forward with project-related consultative processes at a time when the very people who work with affected communities face the threat of incarceration and are being forced to dissolve formal organizational structures in an attempt to escape further surveillance, intimidation and/or criminalization.

OVERARCHING CONCERNS AND RESPONSES FROM THE NGO FORUM ON ADB AND ALLIES

As indicated above, Forum Secretariat and member groups have challenged and denounced the energy transition model being advanced by the ADB through the ETM since 2021. Key concerns are summarized below.

- **Absence of Acceptance of Accountability for Financing Coal Projects**

Coal-fired power projects that the ADB and World Bank Group have financed in the past (directly, through financial intermediaries and through financing to utility companies) have led to economic and physical dispossession, chronic health problems reported by surrounding residents and contamination of surrounding land, coastal zones as well as watersheds. This includes for example, the Visayas Baseload Power Project and Masinloc Coal Fired Power Project in the Philippines as well as the Suralaya Thermal and Sumatra and Kalimantan Power Projects in Indonesia. The ADB and World Bank have outstanding responsibilities to fully compensate, redress and remedy the situation at sites they contributed to building – both directly and indirectly. Forum members and allies continue to hold them accountable for supporting remediation and reparative financing given the long term health and environmental harms for which they are culpable.

- **Absence of Cross-cutting Human Rights Approach**

A coal retirement mechanism that is underpinned by a human rights based approach would require rights to information, participation, and access to justice for different populations of affected communities and workers to be at the center of the agenda. In addition, protocols for how safe, enabling channels for community, environmental, labor rights and human rights advocates to raise questions and concerns as well as articulate their priorities and non-negotiable positions would be in place. The ETM model as explained above stands in stark contrast to such a rights-based approach.

In this regard, Forum member groups and allies have pointed out how the ETM model perpetuates a systematic lack of acknowledgement of contextual realities, most especially the violence and repression faced by environmental, human rights, Indigenous Peoples' rights, trade union/labor rights defenders and journalists as well as cultural workers who raise critical questions about matters related to energy, extractives, infrastructure, land, water and militarization which creates a disabling environment for civic participation in all countries where the ETM is planned to be piloted. We have also called out the problematic approach that ADB has consistently taken by relying on multi-stakeholder engagement sessions to present information and gather feedback on the ETM, asserting that such fora are not a replacement for meaningful, participatory, inclusive processes of public consultation, nor can they be expected to create neutral spaces for dialogue on equal footing. Significantly, oil, gas, energy and mining companies — domestic and foreign — have a high degree of influence politically via lobbying channels as well as revolving door practices between government offices and the private sector.

Notably, in multi-stakeholder forums then, it is the very same companies and authorities who are responsible for intimidating, harassing and silencing environmental, land, trade union and human rights defenders in attendance. In this context, civil society representatives do not find themselves in a space that would be safe to raise critical perspectives, concerns or questions.

- **Lack of Transparency; Timelines and coal projects selected should be determined using a 1.5°C emissions pathway**

Negotiations for ETM arrangements involve representatives of the state, operating and utility companies/state owned enterprises and the ADB. As discussions are subject to non-disclosure agreements, there are few channels for public scrutiny, let alone public input. Forum member groups and allies have pointed out that this means those who live and work in host communities and who work at the site as well as associated facilities are being left in the dark with no role or effective say in their future or that of the facility.

As detailed above in the case of Cirebon 1, we have also denounced the fact that the Social and Environmental Auditing of facilities along with development of 'preliminary just transition assessments' are being conducted without comprehensive input of affected people, including those living and working in host communities and those who are employed by CEP. In addition, studies undertaken by consultants to assess options for coal plant repurposing, such as for the Mindanao STEAG project, are not being disclosed openly on the ADB's website, considered instead as internal planning documents. This level of opacity means civil society groups are left with the option of engaging only on hypothetical grounds, without clarity on what terms are being discussed, the timeline being considered, the risks that may be associated and what alternatives assessments are being undertaken.

- **Undermining the Polluters' Pay Principles**

Forum member groups and allies have consistently held the position that financiers as well as corporations that have contributed to causing harm to the people and ecologies surrounding coal project sites must contribute to substantive remedy and commit to non-repetition.

However, projects for ETM piloting depend on companies that 'volunteer' facilities to be part of the scheme. There is no obligation on the part of these companies to resolve grievances or concerns of workers and surrounding residents arising from operating the project prior to finalizing the terms of the ETM arrangements. Indeed, the ADB has suggested that dealing with such concerns would be too costly to consider. This means companies can use the support offered by the loan package being provided via the ETM to cloak their operations in shades of green, maintaining a profitable business-as-usual model by eventually retrofitting their facilities. As a result, while the ETM financing package 'de-risks' the repurposing of the facility for the company, it is the public that continues to bear the burden of harm. Companies operating coal projects are as such being positioned as aid recipients, not responsible, accountable actors.

They are then in a position to continue with impunity to operate coal projects in other parts of the country and region without being held to account for harms and damages, as seen already both in Indonesia (Cirebon 2) and the Philippines (where a key corporate player in the Mindanao STEAG Coal Project, Aboitiz, is brazenly defying the government's moratorium on building greenfield coal power projects).[33] It can only be concluded then that financing made available through the ETM is signaling to the industry that it is acceptable to sidestep the damages their business operations have caused – and continue to cause – to the environment and communities. This ultimately means their operations — with continued dependence on coal — remain profitable, since there are mechanisms by which they can receive early payouts from taxpayer money without any firm obligation to align their operating models with international human rights, labor, climate or environmental standards.

In addition, with the focus having shifted from decommissioning to 'repurposing' or fuel switching, the terms and conditions being negotiated under the ETM are based on short-term questions of single asset profitability, not on climate, social and environmental imperatives. This raises the question of how the scheme itself will contribute to mitigating the climate crisis since internationally accepted targets of 1.5°C emissions pathways are in fact being undercut rather than upheld. In response, Forum member groups and allies have continued to assert that coal sites need to be decommissioned, not repurposed, rejecting the notion that 'fuel switching' to refuse-derived fuel, co-firing with ammonia and hydrogen, or biomass incineration could ever be considered 'clean' alternatives. We have also sought to expose the fact that repurposing coal projects in this way ends up legitimizing the prolonged use of unsustainable and harmful fuel sources. While such fuel-switching arrangements may not directly contravene ADB's 2021 Energy Policy, we refuse to accept these options as acceptable in the current energy sector landscape, most especially when it is critical for forward-looking plans for a system-wide transition to be developed in line with international climate and human rights obligations.

Failure to Consider Implications for Exacerbating Debt

Our collective call that climate finance must not exacerbate national sovereign debt burdens, but rather should be considered as reparations for harms, damages and losses has been reiterated both in writing as well as when engaging in meetings with ADB staff and board members to discuss the ETM. In response, the ADB staff have consistently claimed that loans for ETM implementation are made to the private sector, and that this would not significantly impact the debt to GDP ratio/increase the national debt burdens. However, cascading impacts on future public debt burdens cannot be disregarded. Private firms that face default or financial problems are able to leverage their lobby power with government authorities, pressuring them to take on responsibilities for debt repayment, especially when there are sovereign guarantees involved.

In addition, in both Indonesia and the Philippines, the CIF ACT programs involve substantive development policy loans, with real consequences on national spending priorities, plans and programs given the imposition of loan conditionalities.

Disempowering and Narrow Conceptualization of Just Transition

Among our main assertions is also that the shift away from fossil fuel dependence must be coupled with ensuring dignified healthy workplaces and communities – where freedom of association and collective bargaining are non-negotiables. This, we know cannot and will not happen if we are to rely on market-based interventions. As private sector-led initiatives are accountable to their shareholders and are profit-driven, providing services to entire geographic areas and populations may simply be deemed too unprofitable; similarly, public access to critical information may be denied due to the issuing of vague 'commercial sensitivity' or corporate confidentiality provisions. As a result, we continue to contest the assumption that the transition of the energy sector needs to be led by the very same power sector corporations that tacitly and not-so-tacitly pursue the development of extractivist, high GHG emitting energy systems. In addition, notably, advice being provided by the World Bank and ADB to governments about the energy transition depend upon the promotion of opening up the sector to 100% foreign ownership. Forum members have raised this as alarming on a number of fronts, not least because of the likelihood that foreigners may fill the ranks of skilled, well-paying jobs, but also as it signifies a loss of sovereignty, whereby transnational corporate actors may have more say over the direction of planning, regulatory requirements and greater risks for investor-state disputes over potential lost profits if the government puts in place new legislation requiring compliance with higher standards of environmental, labor, health or climate due diligence.

We have also sought to question the broad homogenization of women as "particularly at risk" in the energy transition, without taking into consideration the range of additional layers of structural, systemic positionalities. In ETM as well as CIF ACT materials, there is a consistent assumption that women should ideally be pursuing 'green' business/market-oriented sectors, without consideration for whether such jobs offer dignified, respectful conditions (including the right to freedom of association and collective bargaining). This reveals a complete lack of comprehension of women in all their diversities, who as 50% of the population bring forward different aspirations and assert a range of roles, paid and unpaid, in rural, urban and peri-urban communities; sidelining other critical societal functions, including care-giving, teaching, cultural work, community facilitation, environmental stewardship and civic engagement, among others. It is also illustrative of an abysmal failure to center the human rights of women (in all their diversities), including but not limited to acknowledging the legal obligations of governments to uphold the Convention on the Elimination of All Forms of Discrimination against Women. Accordingly, for instance, past harms wrought by coal and other energy sector/extractivist projects are not being taken into account in relation to the current realities and struggles faced by women, which include the dislocation of homes and communities, the erosion of local livelihoods and the destruction of natural resources from where women often source subsistence needs.

Similarly, Forum members and allies have noted the lack of substantive consideration of Indigenous Peoples, who are mostly referenced by the ADB in ETM related documents as recipients of support from coal companies' corporate social responsibility programming and as potentially affected in the expansion of non-fossil fuel dependent energy projects. This narrow approach to considering the realities, concerns and aspirations of populations of Indigenous Peoples fails to take into account grievances of those who have been affected by coal projects. It also negates a more holistic framing which would center their rights to (i) design, develop and operate decentralized systems that meet their identified needs, and (ii) not simply be consulted when projects encroach on their ancestral territories, but also to have the option to withhold their consent (the "right to say no") with the assurance that such assertions to collective rights over land, territories and resources would be wholly respected.

Overall, ETM financing deals are setting pathways for corporate capture of the energy transition, focussed on single asset techno-fixes and dependent on the voluntary 'goodwill' of fossil fuel companies, in effect contributing to undermining the possibilities for the pursuit of national transitions subject to regulatory norms and democratic processes at a scale and pace needed to respond to the climate crisis. It is critical to ensure that it is no longer profitable for corporate actors to continue business as usual in the fossil fuel sector, which means removing incentives and concentrating on the development of renewable energy options that serve the needs of the public, operating within planetary boundaries and in adherence to both human rights and labor rights without exception. It also requires meaningfully considering not only the financing required to provide for compensation and reparations that are rightfully due to communities harmed by destructive energy projects – alongside steps that will need to be taken to remediate land and water – but also more holistic approaches to just transitions, grounded in transparent, inclusive and democratic processes, with meaningful participation and engagement at all levels of society.

CONCLUSIONS: MOVING FORWARD

As environmental, climate, social, economic, gender and development justice and community rights advocates, part of or allied with the Forum, it remains critical to assert transformative, comprehensive understandings of just transitions rooted in the realities and contexts of rural, remote, urban, and peri-urban communities. By doing so, we can position ourselves to advance agendas for decommissioning fossil fuel projects, holding culpable financiers and corporate actors accountable while organizing to lay the groundwork for inclusive, transformative forms of energy justice and democracy.

Moving forward, some of the next steps in relation to the ETM that we may want to consider in the coming months and years include:

- Filing access to information requests for studies conducted under technical assistance projects outlined above, then reviewing these reports and popularizing the information to raise awareness of why Forum and allies are opposed to the model.
- Meeting with ADB board members/organizing presentations where they can hear why we oppose the ETM model, and what needs to be done at coal project sites financed by ADB in the past.
- Clearly articulating and popularizing demands related to closing off indirect financing for coal projects and associated infrastructure, as well as in relation to past financing of coal projects in preparation for the 2025 mid-term review of ADB's Energy Policy
- Working with communities around the identified pilot projects to develop alternative just transition assessments, plans and audits according to their perspectives
- Working with communities hosting projects that ADB has financed in the past to articulate demands for reparations, redress and remedy
- Developing easy to understand videos or infographics to break down different components of the CIF ACT investment plans (and why we oppose them)
- Developing a power mapping of the interests involved in the CIF ACT Investment Plans
- Prioritizing projects that will be financed within the CIF ACT plans to expose / oppose /monitor and strategize accordingly based on power mapping

The ETM and coal transition agenda promoted by the ADB and World Bank Group provide us with apt examples of what happens when neoliberal, extractivist, business-as-usual models are replicated in the name of addressing the climate crisis, one which we will need to continue to challenge, expose and oppose. Yet the related discussions that have been sparked amongst civil society and the broader public can be seen as an opportunity for us to seize upon together, to reclaim the space and center the agenda for the shift towards energy, climate, environmental, social, economic and development justice in a more holistic, encompassing understanding of our collective rights and the planetary commons upon which our survival depends.

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22 See: WALHI, "Position Paper on the Application of the Energy Transition Mechanism for Cirebon Coal-Fired Power Plant Unit 1 in Indonesia", February 2024: <https://foejapan.org/en/issue/20240228/16374/>. This paper also confirms the lack of justification for keeping Cirebon 1 operating due to "the chronic oversupply of electricity in the Java-Bali power grid, which is expected to continue for the next decade",combined with the ongoing impacts for those living and working in the area. As a result, WALHI concludes that the arrangements made under the ETM appear to be providing a framework to enable the operation of the plant for another eleven years. In addition, WALHI asserts that if the justification for transitioning the Cirebon 1 plant is related to GHG emissions and concern for the climate, then the only consistent and appropriate step to take would also be for the responsible companies to move forward with closure of the adjacent 1000MW Cirebon 2 plant.

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