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SFO°C Solutions for Our Climate

Synthesis Paper: Accelerating a Just Energy Transition in Asia



Author:
Hardhana Dinaring Danastri (Indonesia Research Institute for Decarbonization)

Contributors:
Henriette Imelda (Indonesia Research Institute for Decarbonization), Patricia Nicdao, Nicole Torres, Stephanie Hilario, Angelika Pizarro, Denise Lao (all Parabukas), Saehee Jeong, Kahyoun Moon (Solutions For Our Climate)

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Table of Content

Table of Content 01
List of Abbreviations 02
Executive Summary 04

01 Background 06

02 Just Energy Transition in Asia 09
2.1 Why It Matters 09
2.2 Asia's Growing Leadership in Just Energy Transition 10
2.3 Understanding Just Transition in Asia's Energy Sector 14

03 Financing Just Energy Transition in Asia 16

04 Conclusion and Recommendation 19
4.1 Conclusions 19
4.2 Recommendations 21

List of Abbreviations

AI	: Artificial Intelligence
AIGCC	: Asia Investor Group on Climate Change
APAEC	: ASEAN Plan of Action for Energy Cooperation
ASEAN	: Association of Southeast Asian Nations
BEP	: Basic Energy Plan
CFPP	: Coal-Fired Power Plant
COP	: Conference of Parties
ETM	: Energy Transition Mechanism
GCF	: Green Climate Fund
GEDSI	: Gender Equality, Diversity, Disability, and Social Inclusion
GHG	: Greenhouse Gas
GST1	: The First Global Stocktake
GWp	: Gigawatt-peak
IEF	: Indonesia Environment Fund
IRID	: Indonesia Research Institute for Decarbonization
JETP	: Just Energy Transition Partnership
NDC	: Nationally Determined Contribution
PEP	: Philippines Energy Plan
PPCA	: Powering Past Coal
PT SMI	: PT Sarana Multi Infrastruktur
PV	: Photovoltaic

SAF	: Sustainable Aviation Fuel
SEGF	: Sustainable Energy Credit Guarantee Facility
SFOC	: Solutions for Our Climate
SOE	: State-Owned Enterprise
TAFF Conference	: The Transitioning Away from Fossi Fuels Conference
TAFF Roadmap	: The Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner
UNEP	: United Nations Environment Programme
UNESCAP	: United Nations Economic and Social Commission for Asia and the Pacific
UNFCCC	: United Nations Framework Convention on Climate Change
USD	: United States Dollar
VPP	: Virtual Power Plant
WMO	: World Meteorological Organization
WRI	: World Resources Institute

Executive Summary

In negotiations on just transition under the Paris Agreement, Parties failed to reach consensus on following up the 'transition away from fossil fuels' from the first Global Stocktake (GST1). At the United Nations Framework Convention on Climate Change (UNFCCC) 30th Conference of Parties (COP) in Belém, Brazil, two initiatives related to fossil fuel transition were proposed. First is the development of the global Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner (TAFF Roadmap) led by the COP30 Brazilian Presidency, and the second one is the Transitioning Away from Fossi Fuels Conference (TAFF Conference) by the Coalition of the Willing. The first TAFF Conference was held in Santa Marta, Colombia, co-hosted by the Netherlands and Colombia. [1]Notably, both TAFF initiatives are not intended to prescribe specific pathways for countries and regions, recognizing that countries have different just transition pathways based on their national priorities and contexts. Instead, they provide an important space to define shared priorities and shape the direction of future climate action, while consensus remains out of reach under the UNFCCC.

The TAFF initiatives provide opportunities for Asia to participate in shaping the global direction of energy transition. Asia is a region with some of the world's largest economies, as well as developing nations with growing industrialization (SFOC, 2026). Asia and the Pacific account for almost half of global energy demand, which has been largely met by fossil fuels, particularly coal (WRI, 2022). Various countries have committed to ambitious policies and commitment to reduce fossil fuels in their energy system, including through dedieselization[2] and 100 Gigawatt-peak (GWp) of solar Photovoltaic programs (Indonesia), committing to coal phase-out by 2040 (South Korea) and joining the Powering Past Coal Alliance (PPCA) at the national level (South Korea and Singapore), developing the national roadmap on transitioning away from fossil fuels (Cambodia), expanding renewable energy particularly solar and wind (the Philippines, Viet Nam, and China).

1 The report from The First International Conference on Transitioning Away From Fossil Fuels can be accessed here: https://transitionawayconference.com/report

2 Dedieselization is the process of replacing or integrating fossil-fuel diesel power plants with cleaner, renewable energy sources to reduce carbon emissions and cut fuel costs

Since fossil fuels have been an integral part of their economies, reducing fossil fuel dependence in Asia then requires careful consideration of economic stability, jobs, and regional development. Thus, in this context, a just energy transition means ensuring that the shift towards renewable energy in the system supports people and communities, while also maintaining economic resilience. For Asian countries, just energy transition is beyond meeting climate goals; it is a national competitiveness strategy, which is likewise tied to energy security, resilience against global trade measures, and manufacturing enhancement to align with green economy. Supporting Asia's transition should not merely focus on fossil fuel phase-out; it must finance the renewable energy phase-in while addressing the socio-economic risks that emerge from the transition. Support also needs to include helping developing countries assess future energy potentials, identifying pathways to expand energy access, translating commitments into investable transition plans, as well as redirecting finance to energy transition projects and initiatives.

Asia needs to engage with and support the TAFF initiatives and their processes, especially as the region is widely considered a key driver of the global energy transition. For the region, this provides an opportunity to shape how transition strategies can reflect regional priorities and development realities. For instance, Asian countries would particularly benefit from engaging in discussions on the trade and import-export dimensions of the transition within the processes, given the region's dependence on imported fossil fuels. At the same time, lessons from implementation on the ground can provide valuable input to the TAFF Roadmap by highlighting potential trade-offs and unintended consequences of different transition pathways. For example, including biomass as an option for energy transition should take into account the potential deforestation risks, aligning with the Roadmap for Halting and Reversing Deforestation and Forest Degradation by 2030 (Forest Roadmap).



01. Background



Fossil fuels roughly account for 75% of global Greenhouse Gas (GHG) emissions. Therefore, implementing fossil fuel transition is critical to meet the Paris Agreement's goal of limiting global warming to 1.5oC above pre-industrial levels. However, the United Nations Environment Programme (UNEP) reports that fossil fuel transition issues remain structurally unaddressed both in the national plans and international processes. Further, under the Paris Agreement negotiations process, operationalizing 'transition away from fossil fuels' from the first Global Stocktake (GST1) continues to face slow progress.

At the COP30 in Belém, two initiatives related to fossil fuel transition were proposed. First is the development of the global Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner (TAFF Roadmap) led by the COP30 Brazilian Presidency, and the second is the first Transitioning Away from Fossil Fuels Conference (TAFF Conference) by the Coalition of the Willing. The first TAFF Conference was already held in Santa Marta, Colombia, co-hosted by the Netherlands and Colombia. [3]The two initiatives are critical in initiating a constructive dialogue among the international climate community on how to advance the GST1 outcomes, particularly on reducing the use of fossil fuels.

3 The report from The First International Conference on Transitioning Away from Fossil Fuels can be accessed here: https://transitionawayconference.com/report



The global **TAFF Roadmap is not intended to be an implementation plan by setting targets, timelines, and responsibilities across countries and sectors.** It is neither a binding nor a negotiated document. Instead, its main purpose is **to provide a shared knowledge base and a set of elements for advancing the just energy transition agenda.** It seeks to encourage national decision-making and strengthen international cooperation by presenting options, opportunities, and possible sequence of actions that can accelerate the global transition. At the same time, it recognizes that countries may pursue different pathways based on their national priorities and contexts.

Therefore, it is important to understand the existing opportunities and challenges across countries and regions, including in Asia, especially since the region drives a large share of the world's future energy demand and is heavily reliant on imported fossil fuels (E3G, 2026). Asia's fossil fuel dependence has become a significant challenge for implementing energy transition, from both technical and financial perspectives. Yet, there are also socio-economic risks and opportunities that come with such efforts which receive limited attention. These socio-economic transition risks must be well-managed, for the transition to be accelerated with minimum social and economic adverse impacts.

Notably, these TAFF initiatives offer important opportunities for Asia to shape the direction of the global energy transition, building on the region's experiences and lessons to transition away from fossil fuels while maintaining energy security. While a just transition is a qualifier to the Paris Agreement's target, it is the necessary process in which those goals become achievable for all countries. **The direction of global fossil fuel transition must be guided by just transition principles, where opportunities emerging from the transition are equitably distributed to historically marginalized groups and communities.** Capacity building programs (e.g., reskilling and upskilling), social protection mechanisms, social dialogues, therefore, need to be embedded in the policy planning and implementation.

Balancing energy security, economic growth, and climate commitments presents a great challenge for Asian countries. Before replacing fossil fuels in the energy system, many countries in Asia are in fact still struggling to provide reliable energy access to their people. **Ensuring energy availability and affordability, therefore, becomes more crucial for many countries in Asia, regardless of the energy sources used.** While transitioning to renewable energy is necessary to meet climate commitments, fossil fuels continue to underpin Asian economies across sectors. This underscores the need for economic diversification, social protection to cushion affected workers, and capacity building to support workers in transitioning to new livelihoods—all of which require substantial resources. At the same time, limited fiscal space narrows governments' policy options, as investments in a just energy transition must compete with other developmental priorities, such as education, health, and infrastructure. Recognizing the diverse capacity of Asian countries, it is then important to understand the readiness of each country in transitioning to renewable energy, given the transition risks and opportunities.



02. Just Energy Transition in Asia

2.1 Why It Matters

Asia is highly vulnerable to impacts of climate change. In 2024, the World Meteorological Organization (WMO) reported that Asia was warming nearly twice as fast as the global average. Rising temperatures and humidity similarly affect livability and intensify climate-related disasters in the region. The region, however, lacks institutionalized mechanisms to address climate adaptation. Socio-economic vulnerability, such as poverty, further exacerbates the climate impacts on local communities. To mitigate future climate impacts, ambitious mitigation measures—while enhancing adaptive capacity—is certainly needed, especially in the energy sector.

Asia is a region with some of the world's largest economies, as well as developing nations with growing industrialization. The region currently accounts for almost half of global energy demand; however, it has been mainly met by fossil fuels, particularly coal. In 2025, an estimated of 83% of the world's coal-fired power plant (CFPP) is located in Asia, making it the world's highest emitting region. Therefore, policy decision made across Asian countries will have a major influence on the global mitigation efforts to ensure that the 1.5oC target remains within reach.

Most Asian countries are dependent on energy imports, particularly fossil fuels. For instance, energy imports account for 55% of the Philippines' primary energy supply and 97% of South Korea's. Yet, the 2026 energy crisis—triggered by the closure of the Hormuz Strait—has revealed that fossil fuel-based energy system, especially when it is imported, is not aligned with countries' energy and economic security objectives. The current energy system is highly vulnerable to external shocks, especially geopolitical conflicts that affect global energy supply. The situation has urged Asian countries to build long-term and structural resilience in their energy system to ensure that they are not severely affected by global energy crisis in the future, including by pursuing energy transition towards renewable energy deployment while gradually transition away from fossil fuels.



2.2 Asia's Growing Leadership in Just Energy Transition

Many Asian countries have introduced various policy innovations and initiated regional cooperations that aim to reduce fossil fuel dependence in the region. At the global level, many Asian countries have submitted their post-GST1 Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. Cambodia's latest NDC, for example, has highlighted the country's energy transition ambition by increasing renewable energy to 72% unconditionally and 80% conditionally by 2035. South Korea also submitted its 2035 NDC target of 53%-61% reduction compared to 2018 levels, which the upper end is 1.5oC-aligned.

At the regional level, ASEAN Member States, through the ASEAN Plan of Action for Energy Cooperation (APAEC), are working together to diversify regional energy supply by realizing the region's renewable energy potential as an effort to enhance energy security as well as meet climate targets. Under the APAEC phase three (2026-2030), **ASEAN have collectively committed to achieving a 30% share of renewable energy in total primary energy supply and reducing energy intensity by 40% by 2030, compared to 2005 levels.** The region has achieved a notable progress, including Sustainable Aviation Fuel (SAF) expansion, rapid growth of solar PV deployment, and policy development focused on cross-border green electricity trade.

At the national level, some Asian countries are members of global initiatives that aim to reduce fossil fuels. For instance, South Korea and Singapore have joined the Powering Past Coal Alliance (PPCA). At the COP30, South Korea has officially committed to phasing out 40 of the 61 coal plants by the 2040 and announcing a roadmap to gradually phase out the remaining 21 plants whose design lifespans extend beyond 2040, ahead of schedule. Cambodia, on the other hand, has expressed political support for the Fossil Fuel Treaty at the COP30 and has since been engaging itself with the processes, including by developing a national roadmap to transition away from fossil fuels. Previously in 2021, South Korea, along with Japan and China, also announced a moratorium on overseas coal financing.



At the country level, China, India, and Viet Nam have demonstrated leadership in renewable energy expansion, particularly solar. Other countries have also established national energy policies, wherein transition to renewable energy becomes one of the key themes. South Korea, with its Basic Energy Plan (BEP), has set out 15-year energy plans, including the renewable energy expansion plan. The BEP is updated every two years to ensure a balance between energy security and climate targets. The 12th BEP is expected to address existing policy gaps and rising electricity demand from Artificial Intelligence (AI) and data centers, by prioritizing renewable energy provision and grid integration.



In the Philippines, through the Philippines Energy Plan (PEP) of 2023-2050, the government aims to achieve energy efficiency and conservation resulting in 10% energy savings on oil products and electricity by 2040 up to 2050. The PEP has also set out renewable energy targets in national power generation mix, reaching 35% and 50% by 2030 and 2050, respectively. The transition to renewable energy, particularly offshore wind, is intended to address current energy security concerns while also considering energy crises in the future, as the domestic fossil fuel reserve continues to decrease. Advanced and smart grid technologies are enabling infrastructure essential in the transition to renewable energy. Recognizing that climate-related disasters, particularly extreme weather events, pose physical risks to the country's energy system, the PEP also aims to address the energy sector's adaptive capacity by developing resilience and climate-proof energy infrastructure.

Indonesia, one of the countries with the largest coal mining, has also introduced several policies to accelerate just energy transition. The government has established a roadmap for energy transition in the electricity sector through Ministry of Energy and Mineral Resources Regulation No. 10/2025. The transition measures include accelerating renewable energy developments, strengthening transmission infrastructure and smart grid development, integrating energy storage, and gradually reducing reliance on fossil fuels-based power generation. There are also pathways being explored for coal transitions, such as the possibility of early retirement of certain coal-fired power plants. Indonesia also has a program to replace diesel power generations with renewable energy, named dieselization program, which aims to reduce the use of fossil fuel in the country's energy system. The program is particularly relevant for an archipelagic country like Indonesia, where small islands still rely on diesel generators to supply electricity. Another initiative to complement the dedieselization program is the 100 GWp solar PV ambition. The government intends to build 100 GWp solar PV in 80.000 villages by 2028. Since many isolated grids in Indonesia still rely on diesel-based generators, combining solar PV with battery storage or hybrid system can gradually reduce the diesel consumptions. In addition, in 2026, the government has expedited the B50 policy—a program requiring diesel to be blended with 50% palm oil-derived biofuel and 50% conventional diesel—to reduce oil imports, which was initially planned in 2027.



The Asian subnational governments also play important roles in just energy transition by driving ambitions and implementing initiatives on the ground. For example, the Chungnam Province in South Korea joined the PPCA in 2018 as the first Asian subnational member. Subsequently, the province declared a climate emergency in 2019, committing to carbon neutrality by 2045, which is five years ahead of the central government. The leadership of the Chungnam Province has led seven more provinces—Seoul, Gyeonggi-do, Incheon, Jeju, Daegu, Jeollanamdo, Gangwon—to join the PPCA, representing 80% of the South Korea's coal capacity. Their collective voice has urged the national government to join the PPCA and take more ambitious climate action. Chungnam is also one of few subnationals that have publicly endorsed TAFF at COP30.

However, despite all these efforts, policy ambition and implementation gap persists. In the context of the Philippines, although the country has relatively adopted an ambitious energy transition policy, compared to ASEAN member states, institutional and administrative challenges continue hindering progress. Lengthy permitting procedures and bureaucratic delays hinder project development, including by large companies that already have substantial and technical capacity. Streamlining permitting process, however, must not undermine the just transition considerations.

Lessons learned from Cambodia also show that one of the key challenges to close the implementation gap is in translating policy commitments into concrete action plans and investment strategies. Developing countries in Asia, like Cambodia, require means of implementation (i.e., financial support, technology transfer, capacity building) to enable the implementation, including support for conducting project readiness.

For Indonesia, as the country continues to rely on imported technology, **improving local manufacturing capacity is required to accelerate energy transition efforts and to prevent dependence on imported clean technology.** In addition, the archipelagic nature of the country poses geographical challenges, such as logistical difficulties in transporting equipment and supporting infrastructure to project sites, which often hinder implementation. The complex regulatory framework of land acquisition further adds more challenges to accelerating energy transition in the country. The location of energy transition projects must avoid protected forests, conservation areas, agricultural areas, and sterile land. In addition, project locations must not overlap with areas designated for grid infrastructure and other electrification lines.

2.3 Understanding Just Transition in Asia's Energy Sector

Considering the significant role of fossil fuels in the region's economic growth and industrial development, reducing fossil fuel dependence in Asia requires careful consideration of economic stability, jobs, and regional development. For Asian countries, just energy transition is beyond meeting climate goals, it is a national competitiveness strategy, which is tied to energy security, resilience against global trade measures, and manufacturing enhancement to align with green economy.



In this context, many Asian countries have formulated various policies to ensure that energy transition policies are implemented in a just and equitable manner. For example, recognizing that people-centric approach will determine the success of energy transition programs, the Government of Indonesia has introduced various initiatives to support the development of human resources, including the Energi Patriot program that aims to expand electrification (including through renewable energy) in remote villages by empowering young graduates and training as well as certification programs for energy professionals.

The Philippines' people-centric approach in shaping the country's energy transition is translated into inclusive public participation, such as through consultations and dialogues. Furthermore, gender equality, diversity, disability, and social inclusion (GEDSI) principles have always been incorporated in the Philippines just energy transition plan (Department of Energy Philippines, 2026). 'Girls in Science' program was introduced to encourage women and girls to take science-based courses in elementary school, high school, and college, so they can partake in energy transition agenda, which is generally viewed as highly technical.

The common lessons found across countries show that ensuring a just transition in the energy sector requires multi-sectoral coordination. Assessing the socio-economic risks of energy transition requires coordination beyond actors in the energy sector. For instance, in the development of wind power in the Philippines, the Department of Energy has engaged with the Department of Environment and Natural Resources to expand the risks assessment of the offshore wind project development, including ecology and biodiversity considerations.

At the regional level, a just and inclusive energy transition has become the central theme of the third phase of APAEC 2026-2030. This reflects Southeast Asia's commitment to ensuring fair, affordable, and inclusive energy policies. For ASEAN, an inclusive energy transition means maintaining reliable and affordable energy access that benefits vulnerable communities, enables equitable economic development, and respects different national circumstances.



03. Financing Just Energy Transition in Asia



A report by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) reveals that **a threefold increase in annual investment to USD 2.3 trillion between 2024 and 2030 is needed for energy transition technologies in Asia and the Pacific region.** In Southeast Asia alone, the region needs around USD 218 billion annually to fund energy transition, primarily for clean energy and power grid development. This financial need is vital despite the region has already experiencing the most significant growth of energy transition investment. The Asia Pacific accounted for almost half of the global energy transition investment, surpassing USD 1 trillion in 2024, although most remained centralized in China. In the regional effort, five ASEAN member states (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) have developed and/or implemented national taxonomies, which are designed to be aligned with the ASEAN Taxonomy for Sustainable Finance, tailored to each country's local contexts.

Other financing approaches are emerging and already in place. The Energy Transition Mechanism (ETM), for instance, is designed to support CFPP's early retirement by leveraging blended and concessional finance to attract more private investment. Another example is the development of country-level transition partnership, such as the Just Energy Transition Partnership (JETP), which is currently being implemented in two Southeast Asian countries (Indonesia and Viet Nam). There are also growing efforts to develop carbon market mechanism in Asian countries which can be an opportunity to increase finance for energy transition.

Notably, the scale of financing needs is much greater than the available and accessible finance. Many Asian developing countries are grappling with diverse development priorities, besides undertaking a just and equitable energy transition. Existing international support, such as the JETP, offers more loan-based financing compared to grants-based financing, potentially increasing the debt-burden of developing countries. Moreover, accessing the available funding is also a challenge for developing economies. For example, accessing multilateral funds such as the Green Climate Fund (GCF) requires lengthy and rigorous processes.

Since public funding is insufficient to close the gap between energy transition needs and available finance, countries require long-term financing that are not relying on grants, which innovative financing approaches are needed. Indonesia, through the Indonesia Environment Fund (IEF) under the Ministry of Finance, manages funds from contributor countries, philanthropies, private sector, and state budget to support energy transition initiatives, among others. Indonesia also has a country platform for Energy Transition Mechanism (ETM), namely PT Sarana Multi Infrastruktur (SMI), which is an Indonesian state-owned enterprise (SOE) that has been participating in the national energy transition projects. As an ETM Country Platform, PT SMI focuses on financing renewable energy development, phasing-out coal, modernizing transmission and distribution network by mobilizing finance, supporting project implementation and facilitating blended finance. Since 2019, the SOE has committed to stop financing the development of new CFPPs. The Titab Mini-Hydropower Plant and the Tembesi Floating Solar PV are among the renewable energy projects in Indonesia financed through blended finance mobilized by PT SMI.

In the Philippines, the private sector plays a very significant role in energy transition investment. Not only the government allows for 100% of foreign ownership in renewable energy projects, such as geothermal, solar, wind, biomass, ocean, and tidal energy, but the government of the Philippines also provides a sovereign guarantee for financing energy projects through Sustainable Energy Credit Guarantee Facility (SEGF) to attract private investments.

On the other hand, for advanced and developed economies such as South Korea, the issue lies in capital allocation, rather than the lack thereof. A study by SFOC suggests that the country's fossil fuel sector received USD 130 billion in 2024, where USD 57 billion went to coal. Meanwhile, within the same period, only USD 18.4 billion investment was channeled to renewable energy development. The study estimated that South Korea's investment needs for achieving coal phase out by 2035 is USD 1.4 billion, without funds required for just transition intervention. Redirecting finance from fossil fuels to expansion of renewable energy and flexibility resources such as storage, demand response and virtual power plant (VPP)[4] is very needed to accelerate just energy transition in the region.

4 A Virtual Power Plant is a network of decentralized energy sources that work together to generate, store, and manage electricity

Transition finance as a financing mechanism is gaining traction across Asia. In South Korea, for instance, an institutional groundwork is underway to bring transition finance products to the market. After releasing the Transition Finance Guideline in February 2026, the South Korea's Financial Supervisory Service has prepared a draft of practical best-practice standards which is expected to be finalized by October 2026. In the case of coal transition, South Korea's transition finance may have greater potential application for overseas coal assets owned or financed by Korean entities, including CFPPs in other countries, such as Indonesia, the Philippines, and Viet Nam. Meanwhile, in developing countries where CFPPs are generally younger, transition finance is more relevant since it can potentially generate more financing sources for early retirement.

Financing just energy transition in Asia extends beyond technology installment and infrastructure development. The cost of managing the social and economic risks that come with the transition is expected to be much higher. Under the JETP, developed countries aim to support energy transition acceleration while addressing broader socio-economic dimensions in developing countries in Indonesia and Viet Nam. For instance, there is a dedicated project aimed at making sure that the affected workers in coal mining attain capacity building program, such as retraining, that enables them to adapt with the transition. However, advancing the coal phase-out remains challenging, particularly in the absence of further clarity on the financial and political commitments needed from all parties to support the transition.

While public funding is certainly limited to cover the cost, private sector's participation then becomes crucial. Asia Investor Group on Climate Change (AIGCC) found that only 11% of the 240 investors being surveyed has had clear just energy transition strategy or approach, despite growing discussion of just energy transition finance. Integration of just transition considerations at the portfolio construction stage of the investment cycle remains limited. Most surveyed investors (58%) reported incorporating just transition through stewardship activities, including engagement with investee companies (AIGCC, 2026). The barriers of broader market adoption of just transition investment include the absence of a clear regulatory mandate that enables investors to incorporate just transition considerations into investment decisions, limited availability of relevant data, and lack of more mature market design and investable financing structures.



04. Conclusion and Recommendations

4.1 Conclusions

The processes under the TAFF Roadmap and TAFF Conference help define shared priorities and shape the direction of future climate action, especially when consensus remains out of reach under the UNFCCC and the Paris Agreement processes. **The two TAFF processes aim to address the term of the fossil fuel transition,** which is already beyond debating whether the transition is needed. The UNFCCC COP30 Presidency-led global roadmap is expected to provide guidance on what national transition roadmaps may include and how countries could approach their development in a more coherent and transparent manner. **Noting that the roadmap will not prescribe uniform pathways, regional and national perspectives are needed to ensure that the roadmap's guidance reflects diverse realities.**

Asia plays an important role in shaping the global direction of energy transition and achieving a just energy transition to meet the Paris Agreement's 1.5°C target. Many countries in Asia have demonstrated commitments to transition away from fossil fuels, as driven by energy security, economic, and climate imperatives. Asian countries also have submitted NDCs, established sectoral transition plans, and formulating a national roadmap on fossil fuel transition.

However, it is important to recognize that each country starts from different stage. Countries also have diverse levels of readiness to transition to renewable energy, given the risks and opportunities that the transition brings. While advanced and industrialized economies already have well-established energy infrastructure and adequate finance capacity, many developing countries in Asia still have energy security issues where some of its regions lack access to energy.



Implementing just energy transition in developing countries must consider that energy access remains a crucial challenge. Energy demand is also expected to continue growing due to industrialization efforts. In this context, energy transition strategies must cover holistic development trajectory instead of solely emphasizing coal-fired power plants phase-out and transport electrification. **Supporting Asia's transition is not limited to fossil fuel phase-out; it must also finance the renewable energy phase-in while addressing the socio-economic risks that emerge from the transition.**

The 2026 global energy crisis has revealed the vulnerability of fossil fuel-based energy systems, especially when it is sourced from another region. The crisis has reinforced the links between energy transition, energy security, and economic resilience. For some countries in Asia, the crisis has created momentum to accelerate transition to renewable energy. Particularly for importing countries, energy transition presents as a strategy to build a long-term resilience in their energy systems.

There is growing recognition of the importance of blended finance and other innovative financial mechanisms to encourage greater participation of the private sector. These mechanisms are critical for reducing investment risks and strengthening market confidence in the renewable energy sector. In this context, public finance plays an essential catalytic role to encourage private investors to scale up their involvement in the energy transition projects.



4.2 Recommendations

Mobilizing means of implementation—finance, capacity building, technology development and transfer—is crucial to close the ambition and implementation gap. International support for energy transition should include assistance for long-term energy planning and system transformation, rather than being limited to financing individual projects. This support includes helping developing countries assess future energy demand, identify pathways to expand energy access, and explore opportunities to accelerate renewable energy deployment. Credible, realistic, and context-specific planning is likewise essential for ensuring that transition pathways are technically feasible, economically viable, and aligned with national development priorities. Moreover, it is also essential to mobilize investment in developing countries to enable implementation and translate transition strategies into concrete actions and infrastructure development.

Energy transition finance in Asia is needed to **support at least three key areas. First, supporting the early retirement of coal assets, while managing stranded asset risks. Second, large-scale investments are needed for renewable energy deployment and grid infrastructure in order to maintain energy security. Third, supporting just transition measures, including workforce reskilling, social protection, and economic diversification in coal-dependent regions.**



Asia needs to engage with and support the TAFF initiatives and their processes, especially as the region is widely considered a key driver of the global energy transition. For Asia, this provides an opportunity to shape how transition strategies can reflect regional priorities and development realities. In addition, considering that many Asian countries remain dependent on energy imports, Asian countries would particularly benefit from engaging in discussions on the trade and import-export dimensions of the transition within the conference process.

Asia can provide valuable input to the TAFF Roadmap by highlighting potential trade-offs and unintended consequences of different transition pathways. For example, while biomass may be considered as one of the options for supporting the energy transition, its deployment needs to be carefully assessed against potential deforestation and forest degradation risks. Such considerations would be important to ensure that transition pathways remain consistent with the objectives of the Roadmap for Halting and Reversing Deforestation and Forest Degradation by 2030 (Forest Roadmap).



Acknowledgement

This report summarizes the key findings from a three-part webinar series conducted by Indonesia Research Institute for Decarbonization (IRID), in collaboration with Solutions for Our Climate (SFOC), and Parabukas. The webinar series brought together government and civil society representatives from several Asian countries, including Indonesia, South Korea, Cambodia, and the Philippines, to exchange perspectives on the energy transition in Asia.

The organizers would like to express their gratitude to Germanwatch for facilitating the participation of a representative of the German Government in the second webinar. Their contribution enriched the discussion by bringing perspectives from a developed-country context.

The analysis and recommendations presented in this paper are based on a synthesis views, insights, and perspectives expressed in the webinar. They do not necessarily reflect the position of IRID, Parabukas, or SFOC. The paper aims to contribute to a broader understanding of the energy transition in Asia and to encourage continued dialogue and knowledge exchange among relevant stakeholders.