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FAIR FINANCE ASIA

INCLUSIVE JUST ENERGY TRANSITION IN SOUTHEAST ASIA

PHASING OUT COAL, PHASING IN JUSTICE

KEY FINDINGS FROM FFA AND I-JET'S ROADMAP FOR FINANCING A RESPONSIBLE REGIONAL COAL PHASE-OUT IN ASIA

August 2026

WHY IS A ROADMAP FOR COAL PHASE-OUT NEEDED?

Climate change impacts affect billions of people in Asia every day, especially marginalized and vulnerable communities. There is a growing consensus that transitioning from coal to clean and community-centered renewable energy systems is essential for global sustainability. The fossil fuel shock triggered by the conflicts in West Asia in 2026 further highlighted the urgency of energy transition.

How far along are Asian nations in phasing out coal? How does finance shape the energy transition? Fair Finance Asia (FFA) and Influencing Just Energy Transition in the ASEAN (I-JET) analyse financial flows for coal power generation and assess the maturity and progress of coal phase-out policies across selected countries in Asia.

By identifying key challenges and risks, FFA and I-JET offer actionable principles for governments, financial institutions, companies, and civil society to support a just and equitable transition.

WHO IS FAIR FINANCE ASIA?

Fair Finance Asia (FFA) is a regional network of over 90 civil society organizations (CSOs) promoting responsible and sustainable finance.

WHO IS I-JET?

Influencing Just Energy Transition in the ASEAN (I-JET) is a multi-country initiative advancing gender-just and socially-inclusive energy transition.

SCOPE OFTHE STUDY

This study focuses on five member states in Association of Southeast Asian Nations (ASEAN) in which FFA operates, including Cambodia, Indonesia, Lao PDR, the Philippines, and Thailand.

Contents

For more detailed info, please read FFA and I-JET's full report *Phasing out Coal, Phasing in Justice: Roadmap for Financing a Responsible Regional Coal Phase-Out in Asia.*

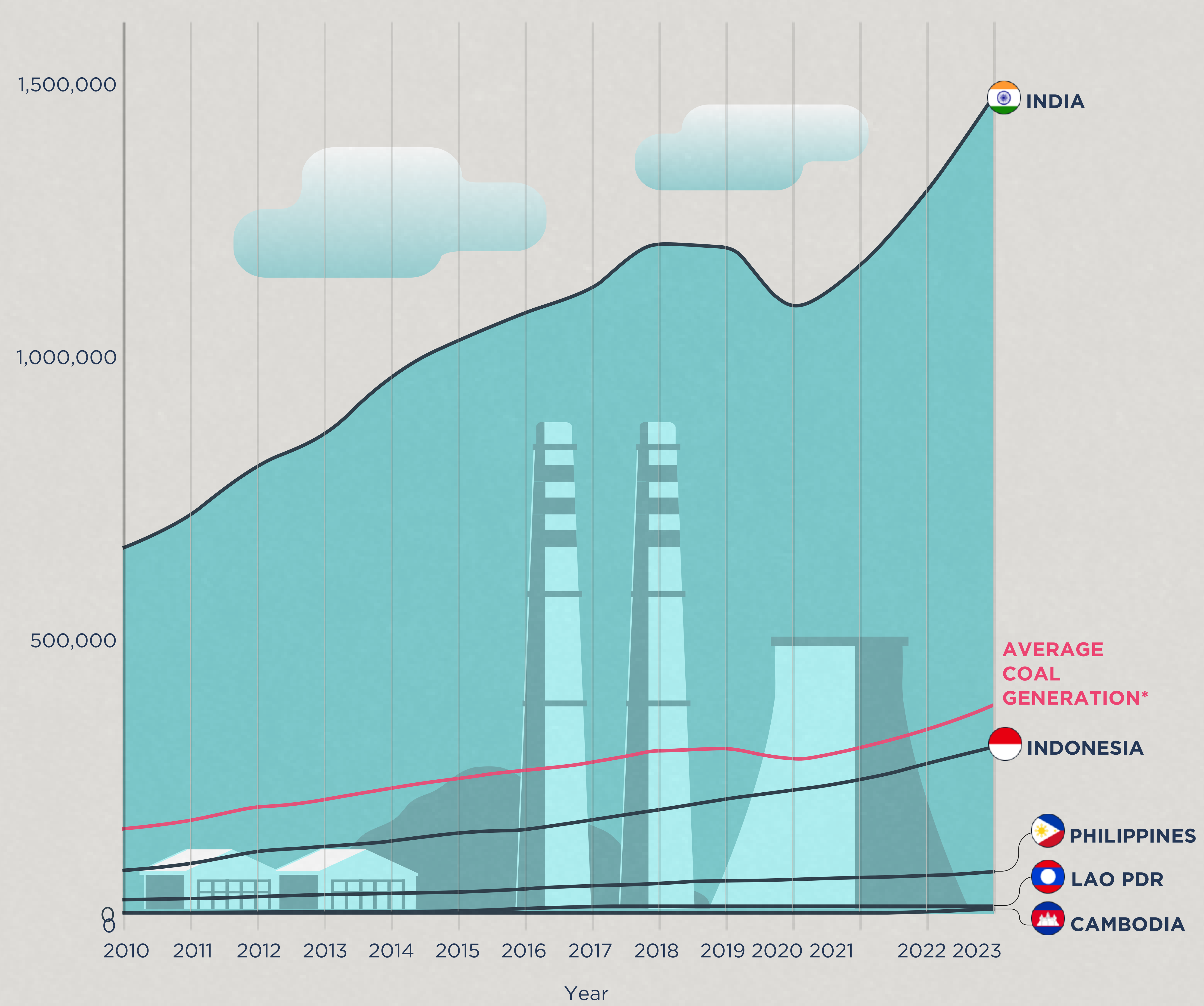
ASIA'S CONTINUED DEPENDENCE ON COAL

Coal continues to play a significant role in Asia's energy landscape, despite growing climate commitments across the region.

As of 2024, coal still accounts for over 56% of the electricity generation mix in the Asia-Pacific (APAC) region, according to data from International Energy Agency (IEA).

Over the past decade, coal electricity generation in the countries assessed in APAC has grown significantly, increasing from around **6.13 million GWh** to nearly **8.78 million GWh**.

Cambodia, India, Indonesia, Lao PDR, and the Philippines remain heavily reliant on coal, with over 50% of electricity generated from coal.



Source: International Energy Agency (IEA), Country and regional electricity profiles, latest available data (2010–2023). https://www.iea.org/countries

**Note: Average coal generation in India, Indonesia, the Philippines, Lao PDR, and Bangladesh.*

WHERE ARE COAL PROJECTS BEING FINANCED IN ASIA?

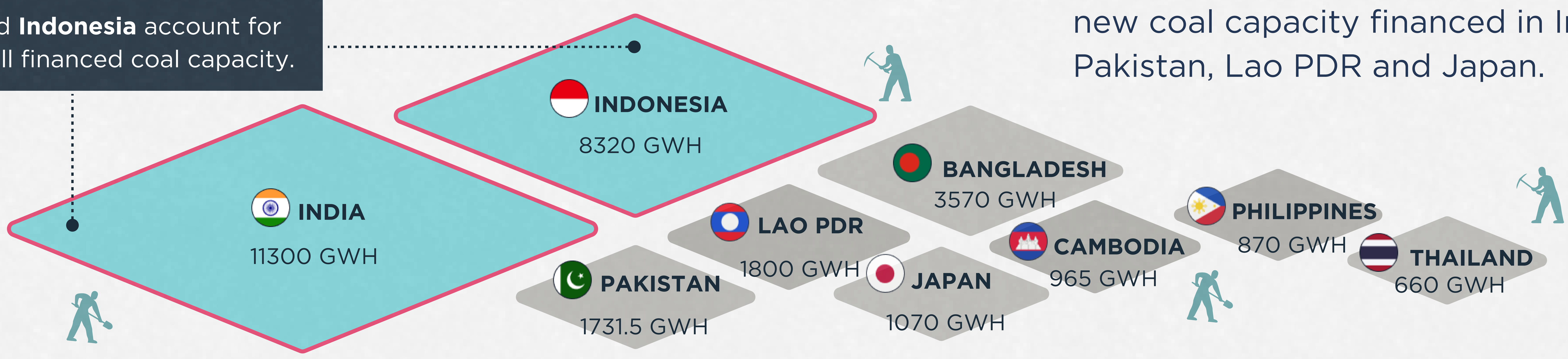
The coal power plant development capacity is highly concentrated, about 96% of development is found in just ten countries, five of which are monitored in FFA's studies:**India (#2)**, **Indonesia (#3)**, **Bangladesh (#4)**, **Lao PDR (#9)**, and **the Philippines (#10)**.

Based on the dataset, FFA has tracked coal financing activities in 14 selected countries since 2020 relying on publicly available data.

Among all assessed Asian countries, India and Indonesia account for 58% of all newly added coal capacity recorded. There is also a significant increase of new coal capacity financed in Indonesia, Pakistan, Lao PDR and Japan.

Coal Capacity Financed in Assessed Asian Countries (2020-2025)

India and **Indonesia** account for 58% of all financed coal capacity.



Source: Global Energy Monitor (GEM), Global Coal Project Finance Tracker, latest available data (April 2025). https://globalenergymonitor.org/projects/global-coal-project-finance-tracker

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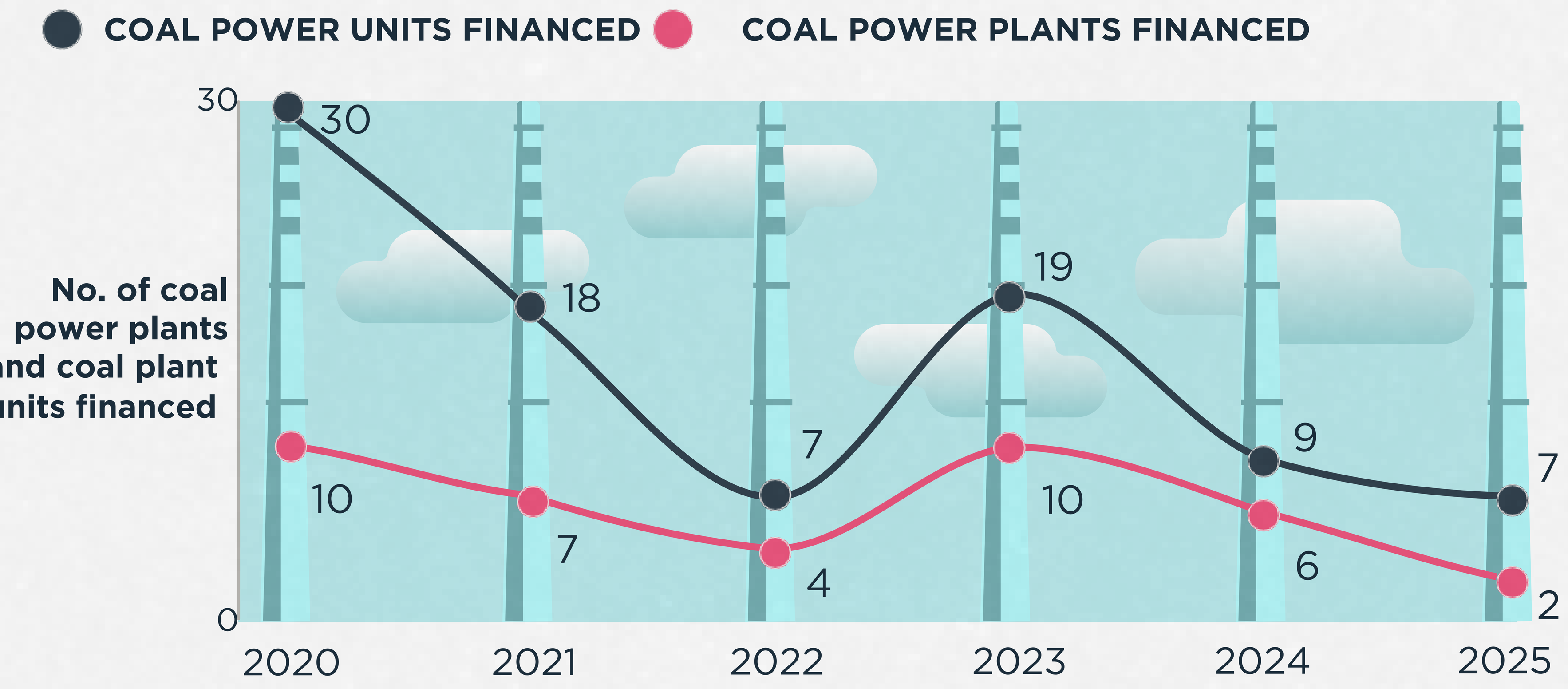
SIGNIFICANT DECLINE IN COAL POWER FINANCING ACTIVITIES

Coal plant financing across assessed countries has declined in the past five years, falling from 10 coal power plants and 30 units in 2020 to 6 coal power plants and nine units in 2024, with only two coal power plants and seven units recorded as of April 2025.*

The downward trend in coal financing is also reflected in power capacity: total coal generation capacity receiving financing plummeted from 11,695 MW in 2020 to just 2,400 MW in 2025.



Source: Global Energy Monitor (GEM), Global Coal Project Finance Tracker, latest available data (April 2025). https://globalenergymonitor.org/projects/global-coal-project-finance-tracker

**Note: This analysis uses "counts of financier involvement" in coal projects, rather than financing value. This approach tracks how often financial institutions were involved and provides a directional view of trends, given the limitation where financing values are not fully disclosed. Among the 128 transactions recorded, 33 (over 25%) did not disclose exact financing values.*

WHO IS FINANCING COAL IN ASIA?

Between 2020 and 2025, FFA tracked 128 instances of financier involvement in coal plant projects across **14 countries**. International sources provided 56% of this support (or 72 involvements) and the remaining 44% (56 financier involvements) were all domestic.

China, **Japan**, and **South Korea** are the largest sources of international financing (39, 11, and 7 involvements respectively). **Indonesia** and **India**'s financier involvement (17 and 13) is entirely domestic; **Pakistan**'s is almost entirely domestic (10 of 11).

TYPES OF FINANCIERS

Most coal project financier involvements come from financial institutions (72%). Non-financial corporate investors and project sponsors account for 23%. It is worth noting that about 5% of financiers are not clearly identified, highlighting the need for greater transparency in financing disclosures.

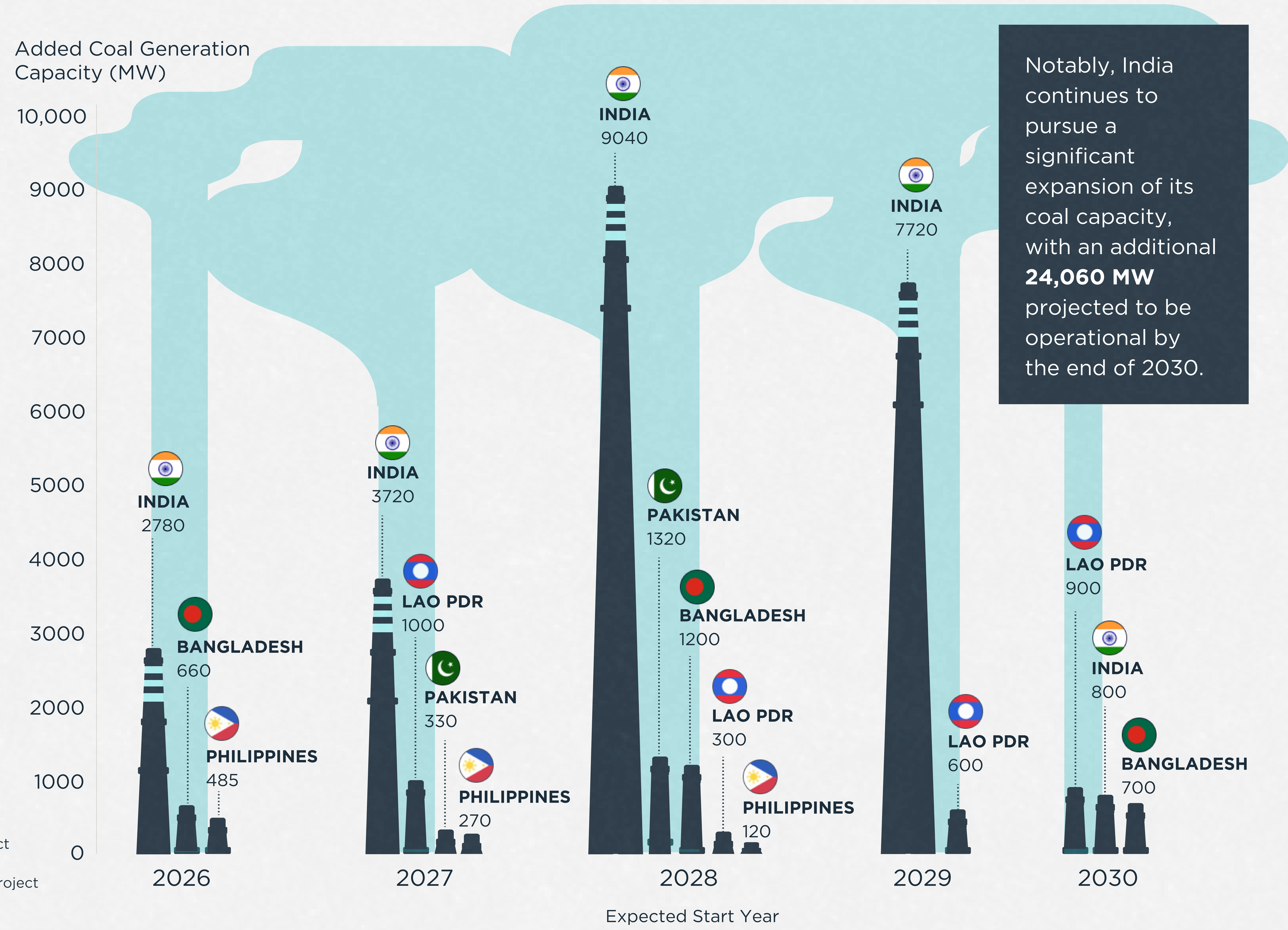
TYPES OF FINANCIAL INSTRUMENTS

Loans make up most coal project financing, totaling USD 23.583 billion (82% of disclosed value). Equity (value-share for equity is 12%, USD 3.45 billion), loan refinancing (6%, USD 1.84 billion), and bonds (1%, USD 0.03 billion) are other types of financial instruments involved.

COAL POWER GENERATION IS EXPECTED TO EXPAND IN NEXT FIVE YEARS

Although coal financing is declining, coal power generation is not expected to drop immediately. This is because many known coal projects that were permitted in the past are still in the pipeline and are expected to begin operations soon.

Across the countries assessed, coal generation capacity is expected to continue expanding from 2026 to 2030, with the peak of new capacity coming online in 2028.



Notably, India continues to pursue a significant expansion of its coal capacity, with an additional **24,060 MW** projected to be operational by the end of 2030.

Source: Global Energy Monitor (GEM), Global Coal Project Finance Tracker, latest available data (April 2025). https://globalenergymonitor.org/projects/global-coal-project-finance-tracker

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POLICY LANDSCAPE CHANGE (2020-2025)

KEY OBSERVATIONS

- International coal finance pledges have influenced regional financing patterns. Commitments by major overseas financiers have contributed to a decline in new international coal project financing, while remaining coal finance is increasingly shaped by domestic policy and financial sector decisions.
- Coal phase-out commitments remain uneven across the report's focus countries in Southeast Asia. Cambodia and Thailand have had no new coal project financing since 2020, while Indonesia, Lao PDR, and the Philippines continue to show varying levels of coal financing activity, transition planning, and policy restriction.
- Coal moratoriums do not always amount to full phase-out pathways. Many still lack clear retirement timelines, implementation roadmaps, or just transition measures for affected workers and communities.

Legend

- Clear policy implemented
- Promises made or policies with loose deadlines, or exceptions

	COAL MORATORIUM	COAL PHASE-OUT POLICY	SITE-LEVEL INTERNATIONAL SUPPORT	ECONOMY-LEVEL INTERNATIONAL SUPPORT
CAMBODIA	No new coal power plants since 2023.	Stated in nationally determined contribution, with no formal roadmap or timeline.	None	None
INDONESIA	No new utility-scale coal plants added to power pipeline since 2022, with exceptions for captive coal power.	Formal policy limited to phase-out of captive coal by 2050; Transition roadmaps in development for the power sector, including coal phase out selection criteria.	Energy Transition Mechanism	Just Energy Transition Partnership; Accelerating Coal Transition – Climate Investment Funds
LAO PDR	None	No formal policy	None	None
PHILIPPINES	No greenfield coal plants added to power pipeline since 2020, with exceptions.	No formal policy	Energy Transition Mechanism	Accelerating Coal Transition – Climate Investment Funds
THAILAND	None	No formal policy, despite promises to phase out coal by 2050.	None	Gesellschaft für Internationale. Zusammenarbeit led International Climate Initiative – Just Energy Transition

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THE INTERDEPENDENCE AMONG ASIAN COUNTRIES

Phasing out coal is more complex than simply cutting off financing or shutting down power plants. Since many Asian economies are deeply reliant on coal, whether through mining in Indonesia or energy exports in Lao PDR, this transition is as much an economic transformation as an energy one.

A just transition recognizes the disproportionate risks experienced by different groups and aims to equitably distribute the benefits and potential harms associated with transitioning to a green economy.

The priority is not only to meet climate targets, but to do so in a way that protects livelihoods, strengthens energy security, and positions the region for sustainable growth. An actionable phase-out strategy must be multi-stakeholder and cross-border.

INDONESIA

As the largest coal exporter in the world, Indonesia primarily supplies thermal coal to **China** and **India**. Domestically, *69.1%* electricity generation comes from coal, as it is an affordable source of electricity for fast growing populations and industry.

MALAYSIA

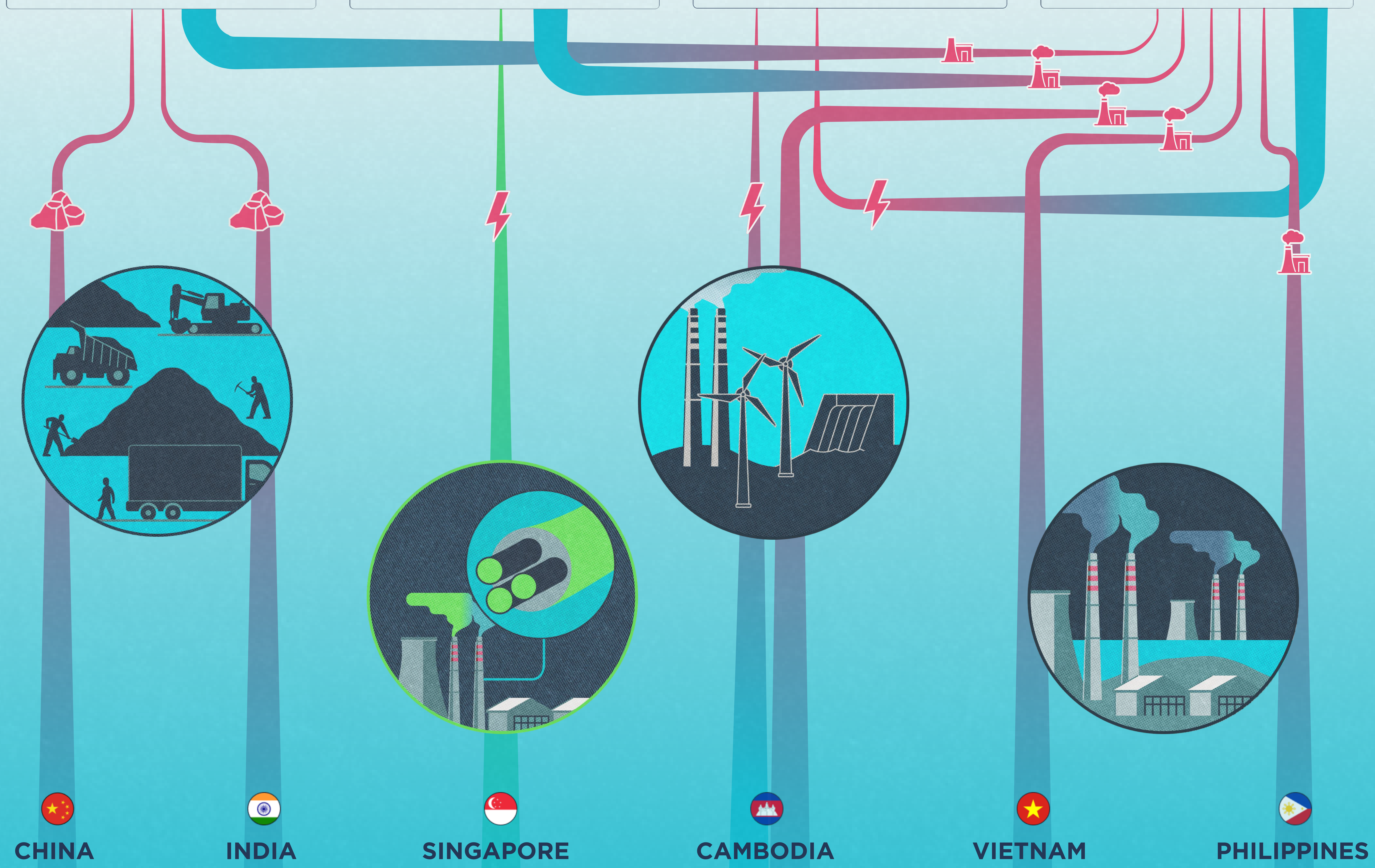
Thestateof Sarawak is positioning itself as a regional clean energy hub. Its strategy includes exporting renewable energy to **Singapore** via subsea cables while phasing out coal-fired generation at the Sejingkat and Balingian power plants.

LAO PDR

Coal-fired powerplants are primarily export-oriented, supplying significant coal energy to neighboring **Thailand** and **Cambodia**.

THAILAND

While domestic coal financing declines, Thai companies remain active in the regional energy sector, operating coal-fired power plants in **Cambodia**, **Vietnam**, **Malaysia**, **Indonesia**, and **the Philippines**.



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MULTI-STAKEHOLDER COORDINATION AS ENABLER OF COAL PHASE-OUT

To accelerate Asia's energy transition and mitigate potential risks of this process, it must be guided by continuous coordination across multiple stakeholder groups, including **national governments, sectoral ministries, state-owned utilities, private companies, financial institutions, civil society organizations, and local communities**.

▼ COLLABORATIVE COAL PHASE-OUT: THE CHILE CASE

☑ GOVERNMENT

Chile's government launched a national decarbonization initiative in 2018 to halt new unabated coal power plant development and established a working group of various stakeholders to design a coal exit strategy, including shutdown conditions and a timeline.

☑ MULTILATERAL DEVELOPMENT BANKS

Multilateral development banks, serving as the essential link between national policy and implementation of transition, provided loans to incentivize early plant closure by linking financing terms to clean energy replacement and verified emissions reductions.

☑ PRIVATE COMPANIES

Four major coal private companies voluntarily submitted coal exit plans, forming bilateral binding protocols with the government. The voluntary actions by energy companies sped up the process and Chile subsequently advanced its coal exit timeline by ten years.

☑ LOCAL GOVERNMENT & COMMUNITIES

In Chile, coal workers are found in specific regions. Some rural areas depend a lot on coal for their economy. Industry associations, consumer groups, municipalities, intergovernmental agencies, non-government organizations (NGOs), and academics are involved. Each contributes based on its role.

SOCIAL SAFEGUARDS AND JUST TRANSITION REQUIREMENTS

As ASEAN economies navigate this transition, the priority is not only to meet climate targets but to do so in a way that protects livelihoods, strengthens energy security, and positions the region for sustainable growth.

Coal phase-out restructures labor markets, local economies, and land use practices, which can negatively impact people's lives. It is critical that just transition safeguards are in place to ensure affected workers, communities, and regions are supported through this transition.

Key actions include

- ✓ **SUPPORT AFFECTED WORKERS WITH INCOME SUPPORT AND RESKILLING, AND ACCESS TO NEW GREEN JOBS**
- ✓ **GUARANTEEING PARTICIPATORY LAND-USE DECISIONS**
- ✓ **MAINTAINING AFFORDABLE ENERGY ACCESS THROUGH INTEGRATED PLANNING, GRID UPGRADES, AND DECENTRALIZED RENEWABLES**
- ✓ **DIVERSIFYING LOCAL ECONOMIES AND ENSURING FAIR COMPENSATION FOR AFFECTED COMMUNITIES**
- ✓ **IMPLEMENTING GENDER-RESPONSIVE POLICIES AND TARGETED SKILLS PROGRAMS FOR WOMEN AND INDIGENOUS PEOPLES**
- ✓ **PROTECTING CIVIC SPACE AND PARTICIPATION RIGHTS, DISCLOSING COAL-RETIREMENT DECISIONS AND INVOLVING CSOS AND AFFECTED COMMUNITIES IN MONITORING**

For more detailed info, please read FFA and I-JET's full report *Phasing out Coal, Phasing in Justice: Roadmap for Financing a Responsible Regional Coal Phase-Out in Asia.*

KEY RECOMMENDATIONS FOR GOVERNMENT & REGULATORS

GUIDING PRINCIPLES FOR A CREDIBLE COAL PHASE-OUT

1 NO NEW COAL DEVELOPMENT

Binding national policy is adopted, formally banning the installation of new grid-connected and captive coal plants, without exception.

2 TIMEBOUND AND ENFORCEABLE PHASE-OUT PLAN

Coal phase-out is codified in official policy and supplemented by a time-bound roadmap with government oversight, ensuring coal plants are pre-identified for decommissioning based on defined selection criteria and timelines are actively enforced.

3 ZERO UNABATED COAL IN THE POWER MIX

Unabated coal represents zero percent of the national electricity generation mix. This is evidenced by mandatory Greenhouse Gas (GHG) reporting by power sector companies showing no coal-attributable Scope 1 emissions, with GHG inventory reporting subject to independent assurance.

4 PERMANENT RETIREMENT OR CONVERSION OF ALL UNITS

All coal plants in the grid are permanently retired, decommissioned, or otherwise converted to cleaner alternative forms of power generation, including renewables or natural gas. Phase-out must extend to captive coal plants used in industrial operations.

5 NO INVESTMENT IN FALSE SOLUTIONS

Natural gas is a fossil fuel resource and should be subject to strictly monitored conversions in the short term. Existing conversions or those underway should be subject to strict life-cycle emissions limits, methane management, sunset dates before 2050, and safeguards to avoid fossil fuel lock-in where lowercarbon alternatives are feasible

6 END OF COAL FINANCING

Cessation of any future public or private financing, guarantees, or subsidies supporting the coal power value chain, including formal policy by national central banks banning new financing domestic or international institutions for the coal value chain.

7 SITE REMEDIATION REQUIREMENTS

Former coal sites are covered by remediation plans that specify clean-up targets, responsible parties, budget, and post-closure monitoring.

8 JUST TRANSITION COMMITMENTS

Just transition is supported with measurable outcomes, incorporating rights-based safeguards to enable coal phase-outs and the energy transition, including protections related to land rights and free, prior, and informed consent (FPIC), gender inclusion, energy access and affordability, and the protection of civic space and rights defenders. Monitoring and reporting of just transition outcomes and processes are performed as a collaboration between government, CSOs, and power-sector companies.

See page 7
Social safeguards and just transition requirements

9 NO EXPANSION FOR AI OR DIGITAL ENERGY DEMAND

Rising electricity demand associated with AI and digital transformation is not used to justify new coal or fossil fuel capacity, and is instead addressed through energy efficiency measures, grid optimization, and expansion of low-carbon power generation.

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KEY RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS

SEVEN STEPS FRAMEWORK & EXAMPLE OF GOOD PRACTICES:

1 Immediate prohibition of coal expansion support

Prohibit the provision of financial and advisory services to any company undertaking, planning, or committing to new coal-fired power generation or other coal expansion activities.

→ **Kasikornbank**'s ESG Credit Policy places thermal-coal businesses on its Exclusion List, explicitly disallowing new credit, extensions of existing credit, and Debt Capital Markets support, and committing to reduce outstanding loans to coal-fired power plants to zero by 2030.

2 Commit to a global phase-out of thermal coal by 2040

Publicly commit to coalphase-out to send clear market signaling that enables orderly transition planning by clients and investors and aligns coal exit timelines.

→ **CIMB** commits to phasing out thermal coal from its portfolio by 2040 and will not finance existing thermal coal mining clients deriving >50% combined direct revenue from thermal coal.

3 Mandate client transition planning

Require all fossil fuel clients to submit 1.5°C-aligned transition plans with capital allocation disclosure.

→ **Mizuho**'s Transition Finance Framework requires client's transition pathways aligned to the Paris Agreement by building a verification framework to assess credibility and transparency of client transition strategies and will only finance business-structure transformation after internal verification.

4 Escalate engagement to ensure transition compliance

Deploy time-bound, escalated engagement where clients fail to meet interim coal exit milestones, violate agreed transition plans, or pursue new coal-related activities.

5 Finance early retirement of thermal coal power plants

Allocate dedicated financing to support the managed early retirement of thermal coal-fired power plants, including through blended finance and managed phase-out structures.

→ **SMBC Group** involved in early retirement of CFPPs in Australia and their conversion to batteries, resulting in coal plants shutting down up to 10 years earlier than initially planned.

6 Protect people from transition- related harms

Integrate just transition and human rights requirements into financing covenants, due diligence, and monitoring frameworks to prevent and mitigate adverse social impacts.

→ **European Investment Bank (EIB)** mandates social impact assessment for any fossil/coal-related divestment or closure, which includes stakeholder engagement plans to ensure the rights and interests of affected communities, the labor and working conditions.

7 Report transparently on coal exposure

Publish comprehensive annual disclosures on coal exposure, phase-out progress, interim targets, exceptions, and just transition–related social metrics, supported by independent assurance.

→ **Crédit Agricole** publishes a granular breakdown of financing exposure by energy type, clients under phase-out, as well as low-carbon versus high-carbon ratios. The financial institution reports annually on coal exit KPIs.

For more detailed info, please read FFA and I-JET's full report ***Phasing out Coal, Phasing in Justice: Roadmap for Financing a Responsible Regional Coal Phase-Out in Asia.***

ANNEX

For more detailed info, please read FFA and I-JET's full report *Phasing out Coal, Phasing in Justice: Roadmap for Financing a Responsible Regional Coal Phase-Out in Asia.*

Data sources & assessment approach

1. The research contained in this report is desktop-based, relying exclusively on publicly available data, literature, and disclosures accessible **as of November 2025**. Subsequent policy announcements, financial disclosures, or regulatory developments occurring after this date are not reflected in the findings. It does not incorporate primary data collection, confidential information, or in-depth stakeholder interviews and has not been independently verified.
2. The primary source for coal asset tracking was the **Global Energy Monitor's (GEM) Global Coal Project Finance Tracker database**. GEM provides robust project-level data but only captures financing directly linked to specific coal-fired power projects and does not include broader corporate financing such as loans provided to companies operating in the coal-fired power sector. The dataset includes both financial institutions and corporate actors as financiers, with corporate actors representing a smaller share of coal unit financiers in both the number and value of transactions captured in this analysis.
3. While 2025 GEM data are included in the analysis, the 2025 dataset was incomplete at the time of writing and therefore does not reflect a full year of project and financing developments. In the majority of cases, financing captured in the analysis is associated with new coal units or expansion of coal power plant capacity. However, the GEM database does not systematically distinguish whether financing is directed toward new capacity, expansion, or other investments required for continued operation. As a result, in a small number of cases, financing associated with coal power plants may reflect other purposes, such as the installation of emissions control systems. These instances are infrequent, and this report does not distinguish them separately from the broader analysis of coal capacity financing.

Disclaimer

- This research does not incorporate primary data collection, confidential information, or in-depth stakeholder interviews and has not been independently verified. As such, the findings should not be interpreted as definitive statements of fact, nor as comprehensive assessments of any specific institution, policy, or financial instrument.
- All assessments of financial institutions, companies, regulatory environments, and coal phase-out practices are intended to provide objective insights into regional trends, highlight areas of progress, and identify opportunities for strengthening transition governance. The analysis does not seek to assign blame, criticize, or single out any entity, nor does it imply wrongdoing, negligence, or intent by any organization referenced.
- This material/production has been financed by the Embassy of Sweden in Bangkok, Thailand. Responsibility for the content rests entirely with the creator. The Embassy of Sweden in Bangkok does not necessarily share the expressed views and interpretations.

Credits

This report on coal phase-out was jointly undertaken by Fair Finance Asia (FFA) and Influencing Just Energy Transition in the ASEAN (I-JET) Programs. FFA acknowledges the collaboration and support of FFA national coalitions in Cambodia, Indonesia, Lao PDR, the Philippines, and Thailand.