

Summary

The 1st Annual Meeting for Financial Policy Dialogue between GOI and JBIC Jakarta-Indonesia, 3 August 2010

The 1st Annual Meeting (“Meeting”) for Financial Policy Dialogue (“Dialogue”) between the Government of Indonesia (“GOI”) and the Japan Bank for International Cooperation (“JBIC”) which constitutes the international arm of Japan Finance Corporation (each of GOI and JBIC being a “Party”) took place on August 3rd, 2010 in Jakarta, Indonesia.

Representation: Indonesia's Vice Minister of Finance, Vice Minister of National Development Planning and other government officials from the Ministry of Finance (“MOF”), Coordinating Ministry for Economic Affairs (“MENKO Perekonomian”), State Ministry of National Development Planning (“BAPPENAS”), Ministry of Energy and Mineral Resources (“MEMR”), Ministry of State Enterprises (“BUMN”), State Ministry of Environment (“KLH”), National Council on Climate Change (“DNPI”), other relevant government entities such as PT PLN (PERSERO) (“PLN”), PT Pertamina, PT Pertamina Geothermal Energy (“PGE”), PT Sarana Multi Infrastruktur (Persero) (“SMI”) and Indonesia Infrastructure Guarantee Fund (“IIGF”) as well as the JBIC mission led by the President and CEO, JBIC.

Overview: The Preparation of Dialogue was held on 15th February 2010, wherein the Parties agreed to discuss the urgent and important relevant issues and topics related to JBIC’s financial cooperation with GOI as well as other topics of mutual interests through the Dialogue. The purpose of the Meeting was to report the achievements obtained through discussions by the Working Teams of the Dialogue and to exchange opinions about future cooperation between the Parties. After the discussion summarized below, the Parties confirmed to continue discussion on the future power development through Working Teams, particularly, with a view to mitigating adverse impacts on global warming. The Parties also agreed to maintain the Working Team No.1 for Macro Economy and Financial Cooperation and to organize ad-hoc meetings for other topics such as environmental issues. As another outcome, the MOU between SMI and JBIC was signed after the Meeting.

Key Discussion:

1. JBIC proposed the idea of “Future Cooperation between GOI and JBIC”. The main agenda of the proposal was reconciliation between economic growth and environmental preservation. JBIC specified three key points: (1) Efficient use of domestic natural resources, (2) “Supply Chain” approach, (3) Contribution of environment-friendly technologies, and further suggested that for mutual benefit, eco-friendly power development plans should be designed focusing on (1) Clean Coal (technology) (2) Renewable Energy and (3) Natural Gas. In this context, potential contribution by Japanese business entities through environment-friendly technologies was emphasized.
2. Working Team No.1, whose agenda was (1) Macro Economy and (2) Financial Cooperation with JBIC, discussed possible upgrading of fiscal analysis and agreed to continue macroeconomic dialogue.
3. Working Team No.2, whose agenda was (1) Future IPP projects and (2) Future development of geothermal energy: In relation to Future IPP projects, as a result of the discussion, GOI, PLN and JBIC shared the common understanding of appropriate risk sharing. In addition, in relation to future IPP projects, JBIC expressed its appreciation

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for the GOI's and PLN's commitment and on-going efforts to ensure highly-efficient, environment-friendly and reliable plants.

4. The MOU between SMI and JBIC was concluded to confirm their further cooperation in promoting environment-friendly projects categorized as GREEN*, in relation to the discussions of the Working Teams No.2 and No.3, whose topic was Environmental Business Projects. The collaboration between PT SMI and JBIC is expected to increase flow of private investment in Indonesia especially in the projects with fair amounts of impacts of GHG reduction.

* GREEN: "Global action for Reconciling Economic growth and Environmental preservation,"
JBIC's facility to finance projects contributing to mitigation of greenhouse gas (GHG) emissions.