

Comprehensive Support to the Republic of Indonesia

- Untied Loan and ODA Loan to Indonesia under the New Miyazawa Initiative -

1. Hiroshi Yasuda made an official visit to Indonesia for the first time as the Governor of Japan Bank for International Cooperation (JBIC), and signed today in Jakarta two loan agreements totaling 83,428 million yen with the Republic of Indonesia "Policy Reform Support Loan II" (Untied Loan) amounts up to 11,500 million yen (equivalent to US\$ 100 million), and "Social Safety Net Adjustment Loan" (ODA Loan) up to 71,928 million yen.
2. The Asian currency crisis that erupted in Thailand in July 1997 struck a serious impact on Indonesia. In an effort to recover from the economic crisis, the government of Indonesia has been striving, under the economic program with agreed with IMF, to achieve the economic structural reforms. Meanwhile, the country needs to provide the social safety net program urgently, so as to alleviate the impact of the crisis on the socially vulnerable groups.
3. JBIC comprehensively supports the government of Indonesia in its efforts to reform under the New Miyazawa Initiative. These loans are co-financed with the World Bank as summarized below.
 - (1) "Policy Reform Support Loan II" (Untied Loan: 11,500 million yen)
This loan is designed to promote the stabilization of macroeconomy, the financial and corporate sector reform, and other economic structural adjustment efforts, all of which are significantly needed to overcome the country's economic hardship. Thus the loan will eventually contribute to the economic recovery and structural adjustment of Indonesia.
 - (2) "Social Safety Net Adjustment Loan" (ODA Loan: 71,928 million yen)
This loan is designed to assist the government of Indonesia to provide food, to create employment, and to deliver other basic social services under the social safety net programs for the socially vulnerable people, seriously affected by the Asian currency crisis. The loan is also aimed at assisting the government efforts to implement necessary reforms including creation of a new system of monitoring and control of the programs.