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“Ministry slammed over loans”

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The finance and environment ministries have fallen out over climate change loans, with the environment ministry saying any move to accept funds during next week's conference in Poland could disrupt relations among developing nations.

Loans should not be accepted while developing countries in the G-77 were still negotiating the mechanism for rich nations to provide funds in the name of climate change, deputy minister for natural resources conservation and environmental damage control, Masnellyarti Hilman, said.

"The G-77 members will be furious with Indonesia when they find out that we accepted loans for climate change," she told reporters here Wednesday.

On Tuesday, the Finance Ministry signed a loan agreement for climate change worth US\$200 million with Agence Française de Development (AFD) of France.

In a statement, the AFD said the loan aimed to help Indonesia deal with the mitigation of climate change and adaptation to warmer temperatures.

The Finance Ministry, however, said the money would be used to cover the deficit in the state budget. It earlier said the government had received \$300 million in loans from Japan to fund climate change programs.

Masnellyarti said representatives of the governments of France and Germany earlier offered climate change loans to the environment ministry.

"But we rejected the proposal because the G-77 countries are still discussing the mechanism. We will stick to rejecting any loans that target climate change," she said.

"I don't know the Finance Ministry's reasons for accepting the loans because they never contacted us."

The State Ministry for the Environment is the country's voice on climate change issues.

Environment minister Rachmat Witoelar is also the president of the United Nations Framework Convention on Climate change (UNFCCC), the world's most authoritative body on climate change.
