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### **EMPEA Bilateral Dialogue with Minister of Finance Sri Mulyani Indrawati Discusses Ways Forward to Promote Private Capital Investment in Indonesia**

**Washington, D.C., 18 April 2018:** EMPEA held a bilateral meeting with Indonesia's Minister of Finance Sri Mulyani Indrawati on the sidelines of the ASEAN Finance Ministers' meeting in Singapore on 5 April 2018.

EMPEA presented the organization's mission to Minister Sri Mulyani and her delegation, stating that its aim as an independent, non-profit, global association is to increase the flow of private capital into markets such as Indonesia in order to support sustainable, economic development.

Industry data tracked by EMPEA research shows the Indonesian market as under-penetrated for private investment despite growing investor interest in the Southeast Asia region overall, and in Indonesia in particular. Over the past two years, investors have ranked the region the most attractive emerging market destination and second most attractive in EMPEA's [Global Limited Partners Survey](#) for 2016 and 2017, respectively.

At the meeting, Minister Sri Mulyani informed EMPEA that she looks forward to a broader dialogue about the steps Indonesia can take to spur greater investment. In particular, a better understanding of the private sector's risk appetite for investing in Indonesia and the current perceptions of risks would allow the country to tackle any stigmas surrounding the Indonesian investment climate. The Minister particularly welcomes pragmatic recommendations for increasing private investment in particular sectors of the economy.

"Indonesia is a terrific investment opportunity. It benefits from a dynamic economy, attractive demographic drivers and rising GDP per capita. The country is on track to be one of the top ten global economies over the next decade, and KKR as a firm is committed to supporting strong local partners, family-owned business groups, management teams and entrepreneurs through the provision of tailored, long-term capital solutions," said Jaka Prasetya, Member of KKR in charge of Indonesia.

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Minister Sri Mulyani also shared with the EMPEA delegation the government's plans to undertake a benchmarking analysis of tax regimes in order to improve upon Indonesia's tax code to attract greater foreign investment. EY, an EMPEA Leadership Circle Member, presented its paper on key tax issues facing investors.

"EMPEA commends the efforts of the Indonesian government to increase private capital investment," said Steven Okun, ASEAN Representative for EMPEA. "Following our bilateral meeting with Minister of Finance Sri Mulyani Indrawati, we will support their efforts to benchmark which tax regimes are most conducive to attracting investment by providing insights and data from EMPEA's members on global best practices and our industry research, including the EMPEA Guidelines on legal and tax frameworks. We welcome future opportunities to collaborate with the government on how best they can implement those reforms."

The EMPEA delegation discussed the ways emerging market funds incorporate environmental, social and governance (ESG) improvements into their investments, as well as the growth of impact investing. The Minister recognized how this could help Indonesia better achieve the United Nations' Sustainable Development Goals (SDGs) and was interested in learning more about its application and implications.

"With the fourth largest emerging middle class in the world, projected to rise to 23.9 million households by 2030, investment in Indonesia presents a strong commercial opportunity to increase the supply of essential services to this massive consuming class," said Michael Fernandes, Partner and Global Co-Lead for Asia at LeapFrog Investments. "We view this not only as an opportunity to deliver returns to our investors, but to fundamentally contribute to the socio-economic progress of Indonesians in line with the UN Sustainable Development Goals."

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## About EMPEA

EMPEA is the global industry association for private capital in emerging markets. An independent, non-profit organization, the association's membership comprises 300+ firms representing institutional investors, fund managers and industry advisors who together manage over US\$5 trillion in assets across more than 130 countries. EMPEA's members share the organization's belief that private capital is a highly suited investment strategy in emerging markets, delivering attractive long-term investment returns and promoting the sustainable growth of companies and economies. EMPEA supports its members through global authoritative intelligence, conferences, networking, education and advocacy. To find out more, please visit [EMPEA.org](https://empea.org).

## EMPEA Member Firms in Indonesia Delegation

Asia Growth Capital Advisors  
Baker McKenzie  
EY  
KKR

LeapFrog Investments  
Mintz Group  
The Northstar Group

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