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Statement by the Hon. **AGUS D.W. MARTOWARDOJO**,
Governor of the Bank for **INDONESIA**

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Governor of the Bank for Indonesia**

Our gathering this year is taking place against a backdrop of an uncertain global economic situation. Many advanced economies are facing large fiscal deficits and high debt levels, there are currency concerns, and we are experiencing a slowing in global demand. These issues, and others possibly lying in wait on the periphery, pose serious challenges to our economic planners. Developing economies have the added concern of competing with advanced economies for the limited amount of commercial funds that are available globally.

The World Bank and IMF have been responsive and innovative with their financial facilities over the crisis period. On behalf of the Indonesian government, I express our appreciation of the Bank and the Fund's staff for their efforts, and for the leadership of President Zoellick and Managing Director Strauss-Kahn. We urge that, at this economic crossroad, the Bank and the Fund continue to seize the initiative with innovative financial facilities that meet the changing needs on the members.

The best way to ensure the world comes through this crisis is to ensure economic growth. Indonesia's economy has proven to be resilient against external shocks. Our comprehensive structural, financial and bureaucratic reforms, our high levels of international coordination and prudent policies, and our targeted fiscal stimulus and infrastructure spending, have combined to enhance our resiliency. Indonesia is expecting 6% GDP growth in 2010 and we are hopeful of 6.4% to 6.8% GDP growth in 2011.

The World Bank was an integral component of our successful strategy, and when timeliness was everything, the Bank proved it could move swiftly. World Bank lending helped Indonesia's efforts to guarantee positive market perceptions of our economy over the crisis period. The Fund's Flexible Credit Line was a welcome development. Enhancing the Fund's capacity to address financial crisis as part of coordinated regional and global efforts should continue to be treated as a priority.

We welcome the World Bank Group's General and Selective Capital Increase and Selective Increase totaling US\$ 89 billion to strengthen its capital. The Bank's stronger capital position would leave it positioned better to provide quick responses to tackle financial crisis and key development concerns. Further, we look forward to the IMF's 14th General Quota Review which addresses dynamic under-represented developing economies. We would welcome the implementation of the G20 Pittsburgh and Toronto Leaders' Declaration regarding the 5% shift of quota from over represented to under represented countries.

Globally, the past crisis has consigned an enormous number of people to poverty. This was clearly an unwelcome development, particularly as we are all striving to Millennium Development Goals (MDGs) by 2015. The International Development

Association (IDA) has a unique and critical role in helping underprivileged people access human basic needs, including health and education. We must ensure that the IDA can sustain and enhance its efforts to mobilize funding for developing countries.

We welcome the commitment from the Bank to mobilize substantial new investments to help developing countries achieve the MDGs, and we agree that these investments should be inclusive and sustainable. We need to ensure the poor benefit from these investments and, more importantly, that these investments offer support to allow them to permanently escape from poverty. We would urge the Bank to continue with its focus on MDGs. Key priorities for Indonesia include ensuring local governments can provide clean water and sanitation access, and reducing the maternal mortality rate and malnutrition in children under five.

The Indonesian Government has undertaken some policy reforms to accelerate infrastructure development by addressing supply bottlenecks, including enhancing competitiveness. Indonesia's Domestic Connectivity Initiative is a priority investment area. We would value Bank support with infrastructure technical assistance and investments in roads, bridges, railways, ports, transportation terminals and other such projects.

In the aftermath of global liquidity problems, we need to ensure the availability of sufficient and cost effective financing for implementing development agendas. For the post crisis strategy, we encourage the Bank to enhance its role, knowledge sharing, and financing capacity in support of the development agenda of emerging and developing economies.

Indonesia values the Bank's climate change support, and Indonesia is making good use of Bank's climate finance instruments that have been established by development partners, in collaboration with UN and multilateral agencies. This includes a Climate Change Program Loan, the Clean Technology Fund, and the Forest Investment Fund. Indonesia is applying the financing to investments in geothermal power, in policy reforms related to mitigation and adaptation, and on approaches to provide incentives to local and provincial governments to reduce green house emissions. For the 'Reducing Emissions from Deforestation and Forest Degradation (REDD) Plus' program, Indonesia would value more of the Bank's expertise in the area of policy capacity building and donor synchronization, and on issues such as land use. We encourage the Bank to continue to be a leader on climate change financing issues.

The changing world demands the Bank and the Fund modernize governance procedures and to work with decentralized decision making processes to deliver effective service to member countries. We note the Bank has completed its second round of reforms, and by the Spring Meeting 2011 we are expecting to see selection of the President based on merit and performance criteria. We encourage the Bank and the Fund to move forward with reform efforts and to ensure that both organizations are at the vanguard of international best practice.

In closing, Indonesia is committed to working with fellow members to ensure that the World Bank Group and the IMF are partners that can help us meet the needs of achieving strong, sustainable and equitable economic growth.