



2013
ANNUAL MEETINGS
World Bank Group
International Monetary Fund
Washington, D.C.

Governor's Statement No. 24

October 11, 2013

Statement by the Hon. **MUHAMAD CHATIB BASRI**,
Governor of the Bank for **INDONESIA**

Governor's Statement
H.E. DR. Muhamad Chatib Basri
Minister of Finance, Republic of Indonesia
World Bank – IMF Annual Meetings
11-13 October, 2013

Mr. Chairman, Fellow Governors, Ladies and Gentlemen,

It is my privilege and honor to deliver this statement on behalf of Indonesia for the first time to address the 2013 Annual Meeting of the World Bank Group and the International Monetary Fund. Our gathering here is taking place in another critical junction. While the pace of the global recovery has improved, a sustainable recovery is yet to be established and important risks remain. The world economy has been growing in a modest pace. Strengthening growth in advanced economies is picturing positive progress in the recovery of their economies. However, a number of key emerging economies are facing the risk of slowdown as significant currency depreciation occurred.

In this context of the current economic development, World Bank Group can, again play a critical role with respect to its global experiences and expertise to support and offer independent and systematic diagnosis and evaluation, which may be necessary in addressing such circumstance that would have positive impact.

WBG Strategy

It has been a year since we congratulated the New World Bank Group's President and welcomed Dr. Jim Yong Kim to the center of multilateral development community. Today, we see the differences, the Senior Management has made, by asserting the World Bank Group's two goals of ending poverty and boost shared prosperity. The two ambitious goals have become a stimulating issue and we have begun to follow and listen to the Management's effort in operationalizing it.

We support the Bank's Management in putting these two agenda into its core objectives. However since these two goals seems too ambitious especially with the indicators and extensive milestones embedded in the statements, we encourage the

Bank to share with us a clearer roadmap and action plan of this strategy, both in the short-run and medium-run.

In respect to these two agenda, we would also like to emphasize the need for the Bank to view poverty eradication and shared prosperity in the broader context of economic development. Based on this perspective, poverty eradication and shared prosperity should be achieved not only through the improvement of directly linked factors such as education, health and access to financing but also through the improvement of indirect but often essential factors such as strong governance, both in public and private institutions; infrastructure investment; and regulatory reform. We have to work from the ground up where these fundamentals are in place and through long-term sustainable development strategies to meet these objectives.

On the proposed initiative to work as One World Bank Group, we strongly support the proposal. The “one institution” spirit will help the Bank to implement its Goals and to underscore the importance of collaboration, coordination and efficiency. We find the spirit of synergizing all would sustain the reform and create ownership within. We also welcome the idea of having a Joint Business/Action Plan between IBRD, IDA, IFC and MIGA to enable these institutions to contribute to the achievement of the Bank Goals within the corridor of their mandates.

We agree with the Bank stance that selectivity; customization and focus on comparative advantage will help both the World Bank Group and client countries to maximize development impact in the Bank’s engagement with client countries. We appreciate the Management for the stance as it is key response to the fact that the Bank is not expert in every field and needs to identify its area of expertise.

Therefore, we confident that this new approach allows the Bank to increase services to its different client-base, understand the unique needs of small island states and the different demand for fragile and conflict-affected countries, as well as better deliver more advance and complex products and solutions for rapidly growing emerging economies like Indonesia.

We believe that there is a fundamental link between selectivity and customization; therefore we welcome and support the new Country Partnership Framework (CPF) and the Systemic Country Diagnostic (SCD), as this framework placed country’s

needs and interests as well as focused on implementation at the forefront of its approach.

It is our belief that the future work on CPF and SCD should be driven by country ownership. Country ownership means commitment. Our experience demonstrates that no matter how many resources one pours into a country, it will end-up wasted if there is no commitment embedded.

In operationalizing this strategy, we would like also to caution Management on the possibility of “increased resources demand” since this framework would involve more stakeholders and need for greater financial resources. Our suggestion would be that the Bank carefully design it thorough Government consultations and collaboration, so that the “increased resources demand” can be avoided or at least mitigated.

In parallel with the above statements, we welcome the Bank reform to achieve financial sustainability within the Group to support the implementation of the Goals. We encourage the Management to increase efficiency and look forward to the progress on the Bank works in this particular reform.

Mr. Chairman,

Country's efforts toward achieving the WBG's twin Goals

Indonesia today has made some significant progress to distribute greater opportunity of economic security and shared prosperity to our people. This includes the Government commitment on financial inclusion program and work on ensuring social security as well as regional initiative on infrastructure investment.

Through national community empowerment program, Indonesia has spent significant amount of financial support in soft loan to farmers and farmer’s cooperative—mostly poor, in order to increase their accessibility to financial resources and services. Meanwhile, we are now working together with regional community and development partners to facilitate long-term finance for infrastructure projects.

In this respect, we are pleased to see the Bank twin Goals and look forward to the Bank alignment with the Indonesian Authorities, including the Bank supports on the

development of government capacity to undertake public-private partnership projects.

In supporting this alignment, we welcome the Bank solidwork on the IDA17 Replenishment aimed to provide financing for poverty reduction and shared prosperity growth in developing economies. In this respect, it is my pleasure to inform you that Indonesia is committed to become a donor for this round of replenishment, joining the ranks of many IDA graduates before us.

Closing

In closing, we would like to congratulate the Bank for the hard work it has taken in redefining its corporate strategies and repositioning its role in the global development. We are confident that as long as the Bank puts its member countries development needs as the core of its mission, the work and initiative that it has taken will go a long way in encouraging and fostering prosperity in its developing member economies. Finally, we wish the Management all the success in its present and future initiatives.