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WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **SRI MULYANI INDRAWATI**,
Governor of the Bank for **INDONESIA**,
at the Joint Annual Discussion

Hon. Sri Mulyani Indrawati, Minister of Finance, Republic of Indonesia
Joint Annual World Bank – IMF Annual Meetings
6 October 2009

The past year has presented remarkable challenges. All member countries have made a concerted effort to address the financial crisis, and together with the large-scale G20 interventions we are hopefully seeing the early stages of recovery. The proactive approach of the Bank and the Fund has made a positive contribution to the cooperative international efforts to avoid a prolonged global recession. On behalf of the Indonesian government, I express our appreciation of the Bank and the Fund's staff for their dedicated efforts, and for the leadership of President Zoellick and Managing Director Strauss-Kahn.

In past years Indonesia has been prone to financial upheavals, but not on this occasion. Learning from the devastating effects of the 1997/98 crisis, over the past decade Indonesia implemented a deep and ambitious structural reform program to strengthen our economic fundamentals, to balance growth, to accelerate development goals, and to address poverty. These ongoing reforms left us well positioned to combat the current crisis. We are expecting 4.5% growth in 2009 and 5.5% in 2010. Multilateral and bilateral cooperation has, and continues, to assist Indonesia's endeavors to build for the future.

Indonesia was pleased to take a leadership role in the G20's efforts to guide the globe out of crisis. We co-chaired with France a working group on reform of multilateral development banks. We also worked closely with Australia and South Africa who co-chaired the working group on reform of the IMF. The working group outreach programs ensured the subsequent recommendations incorporated wide ranging views, and we thank the many members for their contributions. The Working Group recommendations have helped map a path to ensure the Fund and Bank have the management arrangements, governance structures, and products to meet ever changing needs.

In cooperation with the Bank, the ADB, Australia and Japan, we designed and implemented a new instrument, the Deferred Drawdown Option (DDO) stand-by loan facility. The facility provides a form of insurance against a worsening economic situation

and bolstered market confidence in Indonesia, which in turn helped Indonesia meet its financing needs via commercial sources. This type of instrument could assist other countries with good track records of reform.

We encourage the Bank to strengthen coordination with related multilateral and bilateral institutions, and to ensure recipient countries have a clear voice in the development of strategies and programs. The proposed review of the general capital increase scheduled for the first half of next year should ensure the Bank has the resources to fulfill its mandate. We support the Bank in its efforts to pursue innovative strategies to address poverty, climate change, food security issues and infrastructure needs.

The G20 Leaders' pledge to contribute over US\$500 billion in IMF New Arrangements to Borrow will provide the flexibility to face the current and future challenges. The Fund's flexible credit line is a welcome corrective step from past efforts to manage crisis, and the willingness to support the ASEAN+3 Chiang Mai Initiative Multilateralisation is a welcome measure to support regional liquidity endeavors. Efforts such as this will help address perception problems that the Fund experiences in various regions of the world.

The Bank and the Fund must continually strive to ensure governance and management arrangements reflect international best practice and demonstrate the highest levels of credibility and legitimacy. Members must cooperate to ensure quota shares and voting rights reflect equitable representation for developing and transition countries. Indonesia supports the IMF and World Bank quota and voting proposals and timelines as suggested in the G20 Pittsburgh Leaders' statement.

In the absence of any concrete evidence to suggest we are indeed out of crisis, over the coming year we must remain vigilant with our post-crisis efforts. Indonesia is committed to work with fellow members to ensure the World Bank Group and the IMF remain organizations that meet the needs of our times. In closing, on behalf of the Indonesian delegation, I wish to express my sincere appreciation to the Turkish Government for hosting this year's annual meetings.