Statement by

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Representing Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam
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Clean Energy and Development

We welcome the 73rd Development Committee Meeting, and the inclusion of Clean Energy and Development as part of today's discussion.

We agree with the presented information regarding the need to step up our energy supply efforts through increasing 'clean energy' production capabilities that match the demand in growing economies. As regulators, we need to implement measures that can prolong existing energy resources and reduce consumption, while encouraging investment in research, development and use of new substitutes.

As an important first step, we feel that existing technologies are viable financially and could yield widespread benefits. These include low-carbon emitting resources such as bio-energy and natural gas products which could play a much greater role in supplementing the energy supply mix. Again, as regulators, we will need to create an environment that encourages the use of these types of energy sources. On this note, we believe that end-user efficiency improvements in the transportation industry, commercial and residential, can have significant impact on clean energy investment requirements.

We also agree that the issue of clean energy and climate change are interrelated, and all countries are vulnerable to the potential instability caused by these changes, with people of the poorest countries and small islands the most vulnerable. Therefore, we would like to urge fellow Governors to seriously take this issue into consideration in order to mitigate future losses arising from such catastrophes.

As to the future direction of clean energy, we support the need for increased investment in order to bridge the demand-supply gap which could potentially effect climate change. The resources for such investment should be additional to the current development financing levels under several schemes. We also welcome the recently proposed financing instruments under this clean energy initiative, and we feel that these instruments will allow us to achieve the desirable outcome. The Clean Energy Financing Vehicle (CEFV) could provide up-front funds for securing and offsetting the production costs of implementing promising clean energy technologies. We recommend further study be undertaken for CEFV and the other financing instruments with the findings made available during the next Meeting of the Development Committee this fall.

Global Monitoring Report 2006

We would like to thank the Bank for its work on presenting us with the GMR 2006 and the background documents to facilitate these discussions. The 2006 Global Monitoring Report (GMR) specifically sets the tone for these discussions as it provides an apt snapshot
assessment of our achievements, in relation to meeting the Millennium Development Goals (MDGs) that were set in the year 2000.

In this regard, we will highlight several key issues that we feel need to be continuously stressed as they contribute to our collective efforts to strengthen mutual accountability, in the process of achieving our global poverty reduction objective.

**Millennium Development Goals**

The Report recognizes that favorable growth has helped in our quest to reduce poverty, especially for middle and lower income countries. During these past five years, Over 100 million people have been lifted from extreme poverty, representing a 10 percent decline in global poverty. And while we welcome this as progress, we agree that it is uneven. For instance, the poverty trend in the countries of Sub-Saharan Africa has remained stagnant or worsened. They face the risk of not achieving the millennium goal for income poverty. Likewise, the progress toward the MDGs for human development remains a concern for many countries in Africa and South Asia. In this regard, we find the statistics of more than 10 million children under the age of five dying each year of treatable diseases to be startling. Therefore, we call on developing countries to treat the achievement of MDGs as ‘mission critical’ by following through on their development policies. Additionally, we should remind the developed countries of their role in supporting this process, both through adopting pro-growth policies for developing countries, such as opening their markets to trade, and financial assistance.

The Report stresses the importance of promoting domestic growth to accelerate poverty reduction. We couldn’t agree more with this point which is why more investment is needed in basic infrastructure and services to support sustainable growth. Developing countries have no choice but to improve their domestic investment climate and policies to attract these required levels of investments. In this area, we feel the Bank can play a greater role in assisting client countries; in policy analysis, identifying and dismantling of impediments that limit investments and growth, which will in turn hasten poverty reduction.

While recognizing the role that individual developing countries should play, we also would treat the acceleration and realization of the 0.7 percent of GNI as aid commitments with great urgency to help reverse the upsetting trends experienced by some regions.

**Aid Effectiveness and Aid for Trade**

We view Aid Effectiveness as a crucial development issue for discussion during this Spring Meeting. More than ever, we need to focus on the importance of putting in place effective consultative mechanisms where development partners recognize the use of country systems and the need to build local capacity within these systems. We believe this will provide a catalyst for strong leadership and ownership in development strategies and priorities.

We also believe that donors should shift assistance as much as possible to budget support as long as appropriate capacity and fiduciary standards are met. This approach creates an incentive system for improving governance and increases utilization efficiency by channeling these resources through standing budgetary systems.
Furthermore, we note that the current agreement on the IDA 14 places a maximum threshold of 30 percent for Development Policy Loan. We would support greater flexibility on this threshold while recognizing that aid financing recurrent costs is not a prudent approach to effective use of resources, which will encourage aid dependency. However, we would support clearly defined criteria and sunset clauses for such aid financing.

While on the issue of aid effectiveness, we would like to specifically refer to the administration of Global-Vertical Funds for the health sector. We urge donors to ensure effective coordination of these funds. Uncoordinated approaches, a lot of times, create administrative burdens for recipient governments and often duplicate resources to specific target groups. With the increasing prominent role played by NGOs in developing countries, we call on our development partners to follow policies, systems and procedures agreed to with recipient governments.

We believe that aid for trade is the most effective type of aid. We believe it is sustainable in the long-run and mutually beneficial to both the developing and developed worlds. Therefore, global trade reform is necessary to promote growth and accelerate poverty reduction in developing countries. We are encouraged by the commitments made in the 6th ministerial meeting in Hong Kong although the progress was considered modest. We also urge the Integrated Framework (IF) Task Force to quickly come up with a practical solution to enhance the implementation of the Framework.

**HIPC Initiative**

We welcome the commitments made in Gleneagles to scale up aid and deepen debt relief in HIPC countries. We would also support a more coordinated approach in delivering aid with greater predictability and flexibility in both modality and levels. This may include a commitment monitoring system that would augment delivery of commitments and assist in the predictability of future resource flows. We would need to ensure that such a monitoring program would improve resource predictability, be made available publicly, and lock-in commitments. At the same time, we would call on greater attention to minimize risks associated with the implementation of the debt relief initiative to recipient countries, especially if future fiscal and borrowing policies of recipient countries are incongruent with the primary objective of the debt relief initiative. This is to ensure that the vicious debt trap is permanently avoided in the future.

We laud the work of IDA management on their part in advancing the Multilateral Debt Relief Initiative (MDRI) that was approved by the Board for implementation from July 2006. We note that due to MDRI’s long coverage period, there could be risk where budget constraints in donor countries would increase the uncertainty of aid flows in the future. Therefore, an increase in unqualified commitments for MDRI should be pursued. We hope that certainty of future aid flows can be locked-in through these approaches.

To maximize the benefits from the debt relief program, we would support country specific targets for reaching completion points. At the same time, we would encourage more transparency and accountability in the use of “freed resources” for pro-poor spending. Therefore, an effective Public Financial Management system is a must, to monitor spending and ensure effective use of resources. We would even go further and support an information sharing mechanism with creditors designed to prevent the risk of accumulating unsustainable debt.
International Financial Institutions (IFIs)

International Financial Institutions (IFIs) play an important catalytic role in development. Our region of South East Asia has witnessed a declining trend in lending from the Bank Group, especially to middle income countries. This has become an increasing concern for us and so we feel that the Bank Group should capitalize on these fast-growing middle income countries by creating supportive lending facilities.

We also note the progress made on enhancing IFI performances, especially on implementing and strengthening the results-based agenda. We look forward to the envisaged contributions of making MDBs more results focused, more dynamic and flexible in responding to client needs while maintaining high institutional integrity and transparency.

For the World Bank, the use of the Evaluation Group and the dissemination of its findings would be a significant step in the right direction. As a first step, we strongly encourage the Bank review its operations by looking at its original mandate, stipulated in the Articles of Agreement. Specifically, on “Global Public Goods”, we feel that the Bank might need to review its own policies and strategies and perhaps clearly define its involvement in providing these goods while recognizing the significant role played by other international agencies.

Governance

We cannot stress enough the critical role governance plays in development and so we openly welcome its discussion as an important part of the Development Committee. Governance is defined differently in different sectors. In the public sector, good public finance administration, for instance, is essential in safeguarding the effective use of aid through effective and transparent delivery systems. However, without administrative capacities we would be unable to maximize the return we potentially can derive from these systems. We therefore call on more support for continuous capacity building that is commensurate with improving these systems.

Furthermore, we strongly view transparency as an efficient governance instrument. In this regard, we support the publication of CPIA and Doing Business Indicators and feel that more progress can be made by individual countries for improving on their rankings. On CPIA specifically, we feel it can be improved by using disaggregated indicators that would measure key governance subsystems. Specific measures of subsystems might help countries better understand their problems and use the results as actionable indicators for improvement. These indicators can also be used by both donors and recipient countries in tracking achievements to set targets. Having said that, we urge the Bank to consult and communicate the broad mechanics of obtaining country rankings with its members before making such information available for public consumption.

Finally, we would urge the Bank to appropriately engage with those countries perceived to have weak governance systems. We believe that Bank’s governance criteria and policies adequately capture the ranking a country receives. This helps determine the level of assistance a poor country gets. In our view, such countries can ill afford to be penalized twice if the Bank disengages itself from these countries.
Therefore, we would suggest that a guidance framework on handling governance issues be established. Governance needs to be addressed under a broad development context and internalized into the Bank’s operations in a coherent way, as we feel that governance itself is not a universal recipe for all development problems.