Statement by

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Representing the Constituency of Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam
Global Economic Review

As you all know, the world economic situation and prospects continue to be challenging. The negative impact of the global economic and financial crisis could hamper progress in achieving the Millennium Development Goals and the successful implementation of World Bank Group (WBG) activities and programs.

While the current financial crisis and the resulting economic crisis will have an impact on all countries that impact will differ between and within countries. In the East Asia and the Pacific region, growth is slowing partly reflecting an easing of stimulus in China and a shift towards domestic sources of demand. We hope that the financial turmoil currently gripping the Euro Area will ease, allowing prospects for advanced economies to improve in 2013 to 2014. Nevertheless, uncertainty regarding oil prices and still relatively weak demand from the high-income world, coupled with slow growth in China, are projected to see slower Gross Domestic Product (GDP) growth in East Asia and the Pacific in 2012, before a rebound in 2013 and 2014.

Countries in our constituency will be affected too. We recognize that global inflation eased substantially during the second half of 2011 and into 2012. For emerging markets, the decline in inflation mainly reflected a sharp falloff in local food inflation, relative stabilization of oil prices, a weakening in the pace of global growth and general firming of emerging market currencies. For most developing economies, the decline in local food price inflation was the most important factor in achieving lower inflation. However food commodity prices have increased recently and need to be monitored closely.

The recovery of global employment remains a pressing challenge. Despite moderate improvements in some countries, the marked slowdown of global growth has impacted employment creation. In almost all developed countries, employment was lower at the end of 2011 than in 2007 and the jobs deficit among these countries tops 12 million. Many countries are experiencing this is also reflected in high and still rising unemployment rates.

Natural disasters have also had major economic impacts in recent times. The floods in Thailand and Japan’s earthquake and tsunami severely affected economic activity. In low-income and small-island states, the economic impact of disasters can plausibly exceed the equivalent of 100% of GDP. Evidence suggests that the impact of disasters will continue to increase and could aggravate the vulnerability of some countries, such as those in the Pacific region, to the effects of climate change, especially in sectors such as agriculture and food security.

Taking all of these challenges together, we support “Creating Jobs Good for Development” as the main topic of this Development Committee Meeting. At the same time, the discussion on developing policies
around jobs may be broadened to and harmonized with the gender equality agenda of the WBG. We welcome also every effort in managing disaster risks and improving WBG governance.

**Creating Jobs Good for Development: Policy Directions from the 2013 World Development Report on Jobs**

In an environment where almost all countries across the world have been affected by the ongoing global economic crisis and natural disasters and problems related to climate change have further affected the global economy, the need for a global commitment to mitigate these effects and alleviate poverty remains a priority. We therefore welcome the inclusion of “Jobs” on this year’s Development Committee agenda as a good focus for promoting growth and poverty reduction.

In this context, we support the World Bank’s 2013 World Development Report (WDR), which clearly articulates and provides clear policy recommendations for creating jobs. We expect the WBG to play an important role in helping countries create jobs through its better-tailored development programs, knowledge programs and advisory services.

We agree that in our endeavors for economic growth and job creation, the private sector’s contribution is critical. Nevertheless, we would like to stress that in many developing countries, the public sector plays a crucial role in addressing the employment and labor market challenges. In the current global business environment, we need to boost investments through the Public Private Partnership Platform with a focus on employment creation. In addition, issues that affect economic growth and employment outcomes such as brain drains, massive migration and overseas workers’ remittances can significantly impact the domestic economy. International cooperation may be necessary to help retain highly educated, skilled and talented workers to boost domestic economic activities.

We appreciate this WDR for its extended analysis on gender disparities in job markets. We also need to have more useful insights and strategies to tackle increased inequality due to the income gap between skilled and unskilled jobs. We note that youth unemployment and informal-sector jobs are serious social and development concerns in many regions of the world. We therefore need to have more pragmatic policy recommendations to address these important issues. We understand that it will not be realistic to expect a one-size-fits-all solution for all countries with diverse political, economic, and social structures and dimensions. However, as the “Jobs” issue is an ongoing global concern, we appreciate an integrated approach that can be applied effectively to the global society. We therefore would like to encourage the WBG to remain committed to producing more helpful analytical reports on Jobs.

**Implementation of the Gender Equality Agenda at the World Bank Group**

We commend the WBG for the successful dissemination and implementation of the 2012 WDR on Gender Equality and Development during the past year and its firm commitment to promoting gender equality through its operations. We believe that the WBG has a responsibility to set a positive example in tackling gender inequality and we laud the Group’s gender mainstreaming efforts to date, such as through Country Assistance Strategies, lending operations and knowledge work. It is a significant and noteworthy achievement that all Country Assistance Strategies (CASs) discussed over the past year was assessed to be adequately gender-informed.

We welcome the WBG’s close partnership with other development banks, United Nations agencies and bilateral partners to enhance the capacity of policy makers as well as stakeholders in member countries to use the appropriate tools and methodologies to establish gender responsive policies and programs. Therefore, this timely gender equality agenda provides an opportunity for governments and societies to not only increase employment options for women but also contribute to the sustainable development of
the country. To realize this, it is important that we acknowledge the important role of national machineries for the advancement of women in advancing the implementation of the Regional Gender Action Plans (RGAPs). We also agree that the Group’s support for closing the data gaps in countries is essential to underpin analytical and policy work. The existence of a large number of gaps in country data for gender indicators should be the focus of efforts to improve country-level statistical capacity and, in this regard, we welcome the new Gender Data Portal initiative. Moreover, we welcome the WBG efforts towards strengthening resources such as gender-related training efforts, enhancing data collection, analytics and mobilizing broader stakeholder support.

We remain committed to redressing gender inequalities in all its ramifications and we wish the WBG much success in progressing with the gender equality agenda for the years ahead.

Managing Disaster Risks for a Resilient Future

We recognize that strengthening disaster management is an important component of the WBG’s mission for all our member countries, but especially for countries that are currently known to be prone to natural disasters. The importance of this issue cannot be overstated since too often, people’s livelihoods and savings are destroyed as a result of natural disasters, especially the poorest and the most vulnerable, including women, children, and conflict-affected groups. While significant resources are being spent on disaster-related activities, little is spent on disaster prevention and preparedness, with the bulk spent on emergency response. We agree that prevention is possible and often less costly than disaster relief and response. The impact from natural disasters can be mitigated to some extent through comprehensive and integrated risk management programs, with a focus on prevention and preparedness.

We commend the WBG for its effort in increasingly playing an active role in financing many countries’ disaster risk management programs and in improving their capacity to manage associated risks. However, capacity for disaster relief and management is still an issue in some of the client countries. Accordingly, sustained efforts in building appropriate capacity will be crucial going forward. In this context, we acknowledge the enhanced partnerships between the Bank Group, member countries and other cooperative partners, and progress made towards the establishment of a comprehensive disaster risk management policy. It is imperative that the Bank encourages countries to integrate disaster prevention and preparedness measures into their national policies.

The World Bank Corporate Scorecard and the Oversight and Accountability Units

With regard to the World Bank Corporate Scorecard, we are pleased to see the Scorecard gradually taking shape to facilitate effective dialogue between the public and the Bank on overall corporate performance as a development organization, and as a tool for management to improve accountability and to better organize, re-focus, and manage the Bank’s operations and services. We recognize that the Scorecard is an evolving document, and we encourage management to continue to improve the Scorecard’s contents and dissemination.

We understand also that the WBG has established a broad-ranging oversight architecture to mitigate the risks inherent in many of its activities and underpin the institution’s soundness. This architecture mainly rests on the so-called “5 Is” - Independent Evaluation Group (IEG), Integrity Vice Presidency (INT), Internal Audit Vice Presidency (IAD), Inspection Panel (IP), and “Compliance Advisor/Ombudsman” (CAO).

We welcome the recent External Review of the Oversight and Accountability Units to assess the effectiveness of the 5-Is in contributing to the overall governance framework, upholding the integrity and standing of the institution, and supporting the Board in fulfilling its oversight and fiduciary functions.
While there has been a broad agreement that the WBG has solid and reliable oversight architecture – and management of important risk areas is enhanced by the oversight framework – there is room for improving the efficiency and effectiveness of the system, specifically the need to assess the effectiveness of the 5 Is, to identify areas of focus consistent with emerging challenges, and to rationalize their activities to ensure that resources are directed towards the areas of greatest risk and complexity.

We recognize that as the mandate of the WBG has evolved, so have its instruments, client base, and complexity of operations, but the oversight architecture has not kept up. The oversight system, to a varying degree, needs to upgrade its risk-and-return considerations to meet the needs of an increasingly complex institutional setting. There is also significant scope for providing a holistic assessment of risks at the corporate level, and the need for the oversight units to develop new and more flexible approaches in the pursuit of their mandates while enhancing coordination to avoid overlaps of functions and processes. We therefore urge the WBG to constantly review and upgrade its own oversight system. We hope this will not only contribute to the value of further modernization of the WBG’s risk framework, but will also allow the WBG to remain at the forefront amongst Multilateral Development Banks (MDBs) in establishing a credible oversight and accountability system.