Statement by
H.E. Prof. Dr. Bambang P.S. Brodjonegoro
Minister of Finance
Indonesia

Representing the Constituency of Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam
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Last month the United Nations adopted the Sustainable Development Goals (SDGs) as the core of the 2030 Development Agenda. This agenda sets out a plan that requires a new global partnership for achieving the future that we want for our people, planet, and prosperity, as well as ensuring that no one gets left behind in this collective journey. As a global public goods institution, the World Bank Group needs to strengthen its resolve to contribute to this global effort. As the Governing Body of the World Bank Group, our deliberations here today must signal clearly to the international community that this institution is ready to be at the forefront of supporting the 2030 Development Agenda.

Our task to support the 2030 Development Agenda will not be easy. We live in a time of surging demand for resources needed for development, while at the same time are constrained by the macroeconomic reality that many countries face increasing difficult to mobilise domestic fiscal resources.

On one hand, we can expect the demand for our knowledge products and financing support, as well as rapid responses to impending crises, to rise significantly and stretch our capacity to deliver. As it is, the world is currently experiencing an increasing frequency in humanitarian crises, including the refugee and migrant crisis that requires our expertise to galvanize concerted international support. At the same time we are still striving to make substantial progress to existing challenges, such as ending extreme poverty and reducing rising income inequality, plugging infrastructure gaps, as well as combating climate change.

On the other hand, economic circumstances are getting more difficult for us and our stakeholders in scaling up capacity and financial resources to fully meet the demand. Our new global ambition will take place amid a challenging global economic environment, with global growth and world trade remaining constrained, coupled with heightened concerns over dwindling growth prospects in major emerging markets.

The World Bank Group needs to be well equipped to address these concerns to give significant contribution to the furtherance of the 2030 Development Agenda. We need to have a clear focus on how we intent to deliver to our clients and to be accountable to our stakeholders. In this context, we welcome the Bank’s commitment to intensify efforts to address critical challenges, such as strengthening countries’ resilience against crises, boosting infrastructure investments, financing climate change mitigation, and promoting global efforts to catalyze investments into data aggregation and evidence-based delivery.

On strengthening resilience, we support making this a priority to secure sustainability of the hard-earned development progress. The World Bank Group plays a crucial role in building systematic approaches to help clients reduce their exposures to crises in any form, while at the same time reduce the cost to financing crisis prevention and responses. Governments need to have the capacity to measure their debt liability, to make resources available in a timely manner, and create incentives for mitigation. There
should be emphasis on improving data collection to strengthen resilience. This requires a joint effort by the private and public sectors as well as international financial institutions for more accurate assessment of risks and vulnerabilities and to create awareness on the cost of crisis. In this regard, I would like to place strong emphasis on the importance of collaboration with other international institutions, including the International Monetary Fund, to utilize their valuable diagnostic tools and advisory support to help policy makers in strengthening domestic resilience and reduce external vulnerabilities.

On public infrastructure and climate change, we strongly support the focus on these interconnected issues. There are significant global needs for public infrastructure investment in many countries and also a strong urgency to take decisive action to curb the impact of climate change. To be effective, actions to combat climate change should not be done in isolation but need to be integrated within the broader investment and development policy context. On the other hand, public infrastructures are affected by climate change and therefore Governments must consider not only the financial sustainability of such investments but also its social and environmental impacts. Many countries are in urgent need of support to enable them to integrate climate and other environmental policy goals into their investment policy frameworks and infrastructure planning. In particular, we need to boost our efforts to assist Small Island Developing States (SIDS) and design robust institutional and innovative financial structures that can assist them to achieve climate change and infrastructure objectives, especially since their smaller, isolated domestic markets makes it challenging to mobilize resources and access private investment.

The World Bank Group needs to improve effectiveness and maximize the development impact on all our investments. I support the institution’s intention to work with global partners to catalyse a data revolution and increase investments in development data and statistics. Data is very important for all policy makers to enhance the quality and accountability of the decision-making by identifying areas of highest priority and return and enabling delivery planning and implementation. Good data aggregation and governance also promotes better monitoring on results. We look forward to increased investments not only towards improving data collection but also towards improving countries’ capacity to utilize data to enhance its development outcomes. To support these efforts, Indonesia intends to make fair financial contributions should the Bank decide to set-up a Trust Fund for this purpose, and we are ready to work with other developing countries through the South-South cooperation framework in support of this.

Central to our support to the 2030 Development Agenda is the ability to mobilize all available resources. The SDGs requires significant investments and it is important for the World Bank Group to position itself to make most impact from its limited resources and maximize its knowledge and expertise to help countries mobilize domestic resources, improve efficiency in utilization of foreign aid flow and attract new sources of investments especially from the private sector.

Internally, we need to explore all avenues to unlock all financing sources that can be used for scaling up our capacity to better finance the SDGs. In this regard, we welcome the Bank’s effort of increasing and optimizing the use of its capital, and enhancing the use of resources through more strategic allocations. We also support the current discussions on leveraging the International Development Agency’s equity to finance additional non-concessional resource flows to countries with the right debt sustainability profiles. At the same time, we should not lose focus on ensuring that IDA resource is for the lowest income countries to fight poverty.

On the operational aspects, the Bank should be guided by the following four principles to maximize the impact of our development support. First, is to recognize the centrality of country ownership and country specific circumstances in internalizing the development priority agenda. Second, is to recognize the interconnectedness of development issues to allow a comprehensive approach that will maximize impact of development policies. Third, is to recognize the private sector’s role in sustaining economic growth and prosperity. Fourth, is to recognize the importance of enhancing country capacity to fully benefit from globalization and international cooperation.
Our constituency would like to thank World Bank Group President Jim Yong Kim and his management team for their tireless efforts in leading the change process. This has ensured that the World Bank Group is well aligned with the four principles highlighted and is fit-for-purpose to achieve the 2030 Development Agenda. We are pleased that our operational model emphasizes country-level engagements. We would like the Bank to continue to engage with client countries even more to reflect the recognition of country-specific context in various issues, including the on-going environmental and social safeguards review as well as the new procurement framework. We are pleased that our new organizational structure enables us to better integrate the entire development spectrum of services and put quality in the economic growth trajectory. We are pleased that a refocused International Financial Cooperation and the efforts to work as a one World Bank Group gives us the institutional ability to link private and public solutions and to catalyze both greater domestic public resources and private capital. We are also pleased that with our global membership, the World Bank Group is in a good position to engage all regions and mobilize global knowledge for the benefit of its clients.

Finally, we welcome the Report of the 2015 Shareholding Review and stress the importance of keeping to the spirit of an equitable shareholding structure as laid out under the Istanbul Principles. We look forward to seeing progress in the proposed vision exercise, the assessment of net shareholding transference among country groups and the development of a dynamic formula that will guide equitable shareholding allocations in future. We reiterate the importance of keeping the discussions on the General Capital Increase (GCI) and Selective Capital Increase (SCI) in 2017 distinct, as the SCI is about shareholding realignment, which should be reviewed every five years, while the GCI is about capital adequacy of the institution.

We would like to thank all donors, the World Bank Group, and other development partners, who have responded swiftly and committed pledges to helping our constituency member, Nepal, to recover from devastating earthquake that struck the country earlier this year. This illustrates what the international community can do when we stand together and we should keep this spirit alive in pursuing the 2030 Development Agenda.

Finally in closing, on behalf of the constituency, we would like to thank the Government and People of Peru for hosting the 2015 Annual Meetings and for the kind hospitality extended to all delegations in Lima.