



THE PARLIAMENTARY NETWORK
On The World Bank & International Monetary Fund

FIELD VISIT TO INDONESIA
Jointly organized by the Parliamentary Network, World Bank and IMF
1-4 February 2016



The Delegation of MPs from the Parliamentary Network participated in sessions with the Indonesian Parliament, Central Bank (pictured), Ministry of Finance, and Coordinating Ministry for the Economy.

The “Parliamentarians in the Field” programme is one of the Parliamentary Network’s flagship events and is jointly organized with the World Bank and the International Monetary Fund. It was the first time that a PN Field Visit took place in a G20 Country, offering ample opportunity to discuss the challenges ahead for a global economic force which is Indonesia. Between 1 and 4 February 2016, the visit focused on a variety of development topics such as Indonesia’s economic transition and history, infrastructure, inequality, and public sector reform. The 2015 Field Visit Delegation represented 30 Members of Parliament coming from Australia, Azerbaijan, Belgium, Cameroon, Canada, Colombia, Denmark, the DRC, El Salvador, France, Indonesia, Kenya, Madagascar, Morocco, Pakistan, Portugal, Thailand, and Tunisia.

“Indonesia is on the cusp. It is an exciting time to be here” – Margaret Quirk (MP, Australia)

“Indonesia is at a crossroads.” World Bank Group (WBG) Country Director Rodrigo Chaves gave a comprehensive overview of the 4th largest country in the world, with over 17,000 islands and 740 languages. Even though it is one of the most prosperous places in the world, its share of the working population by 2025 will no longer be large enough to sustain its economic growth going forward; “Indonesia will need to grow at 8.5% per year on average in order to achieve escaping the middle-income trap, because countries typically do not continue to become rich after becoming old.” He stressed the underinvestment in infrastructure (\$600 billion gap in what is needed to boost and sustain growth), the imperative nature of improving skills of workers across the country, and the



ease of doing business ranking, one which requires more work to be done in order to incentivize businesses to come to the country and stay there.

Ms. Josephine Bassinette, Operations Manager for Indonesia at the WBG, touched on the Country Partnership Framework for 2016-2020 which was approved in December 2015, highlighting infrastructure, energy, maritime connectivity, delivery of local services, sustainable landscape management, and tax collection as priorities for Indonesia and comparative advantages that the World Bank Group can provide in expertise. Matthew Wai-Poi, Senior Poverty Economist of the WBG in Indonesia, gave an excellent presentation on inequality in the country, showing how an improvement of local service quality, job and skills training, and the right fiscal policy will boost shared prosperity and eradicate poverty in Indonesia. Steven R. Tabor, Country Director from the Asian Development Bank (ADB), further elaborated on the size and scope of Indonesia's economy within a global perspective. "Indonesia makes decisions on how the global economy functions," he added, citing the ADB's priorities going forward with Indonesia, such as energy, food security, boosting the quality of education, and rule of law.

Senior Resident Representative of the IMF in Indonesia Benedict Bingham presented a brief history of the Fund's engagement with Indonesia, starting with the Asian Financial Crisis of 1997-1998 and its lasting effect on how the IMF and Indonesia cooperate today. He stressed the remarkable nature of the 'Reformasi' process, as it "replaced a highly-centralized autocracy and turned the country into one which would have a decentralized democracy." He continued, noting that today the Fund's engagement is increasingly confident, relaxed, and open. "Any discussion of a financial program has the potential to be challenging, but we have a very open and free policy dialogue buttressed by our technical assistance operations." Mr. Bingham pointed towards the challenges the IMF sees for Indonesia going forward: securing market stability, retooling growth, and providing robust technical assistance and training.

"Higher inequality has the potential to lead to slower economic growth and more conflict within society." – Matthew Wai-Poi, Senior Poverty Economist, WBG

The Delegation has intensive discussions with the Parliament, Ministry of Finance, Coordinating Ministry for the Economy, the Central Bank, and CSOs, yielding a full overview of the main actors in creating the successes and tackling the current and future challenges in Indonesia. The Deputy Speaker of the Indonesian Parliament tacitly suggested that better legislation will yield greater prosperity to the people, as Parliamentary Network on the World Bank & IMF local chapter Chair Nurhayati Ali Assegaf gave an in-depth look at how the Parliament functions and looks to improve in serving the people of Indonesia now and in the future. Chair of Commission 11 (Banking and Finance) Ahmadi Noor Supit recognized that the support from the WBG and IMF has made a substantive contribution and he sought to continue this collaboration moving forward.

Minister of Finance Bambang Permadi Soemantri Brodjonegoro allowed the Delegation to see how the Ministry interacted with Parliament with regards to budgetary law and international development initiatives. He sits as the World Bank Group Governor for Indonesia, chairing discussions in the Development Committee, only further highlighting the Minister's enthusiasm and willingness to engage and cooperate with multilateral development institutions to achieve economic success. The Coordinating Minister for the Economy Darmin Nasution delivered an overview of the



Ministry's economic policy, again highlighting infrastructure development and international cooperation as the keys to success for the Indonesian economy going forward.

Civil Society Organizations sat down with the Delegation to give a critical eye to the successes and challenges of Indonesia, as one CSO representative noted, "Our goal here is to make problems. If we aren't making problems for those in power, we aren't doing our job." Organizations representing those interested in religious cooperation, teachers, women and children, good governance, and open information policies gave excellent testimony to how CSOs provide the necessary push to help forge change in Indonesian society.

"Our job at the Habibie Center is to focus on democracy and human rights. We need to make sure that we start and don't stop!" – Ms. Ima Abdulrahim, Director of the Habibie Center



The Delegation sitting in on an MBK Ventura meeting, the most efficient microfinance institution in the World.

"The Board of Trustees for PNPM looks at communities, reflecting on what their purpose is, who is and is not poor, what the needs of the impoverished are, and which community should be addressed first."
– Chairperson, Bogor City PNPM Urban

Field Visits

The Delegation had the opportunity to visit projects that have made a lasting impact on lives and communities in Indonesia. They saw PNPM Urban in Bogor City, the largest administered urban development project in the world, being able to fully understand how communities uplift each other. The community leaders in each village decide what the needs of other villages are and act. The project has yielded security of shelter, food, water, and electricity for people across Indonesia. The Delegation also saw the Jakarta River Dredging Project, one that has already reduced flooding damages in the city and its surrounding region, but also has potential social and political implications in displacing those who live on the water and have been there since the early 2000s. Finally, the Delegation visited MBK Ventura's headquarters and was able to see a microfinance meeting in a local community, a project that has increased the income of the poorest on the Island of Java by 100% since its inception in 2003. The institution hires 99% women, and lends only to women as a means to dually eradicate poverty and improve gender equality within the country.

"The Parliamentary Network has executed its function in this conference with success. We are able to see the impact of the World Bank and IMF in the guidance and expertise of economies at macro and micro levels." – Hon. Winfred Machage (Senator, Kenya)

The 2016 "Parliamentarians in the Field" programme was a resounding success, giving much opportunity for discussion and reflection for the elected legislators from all over the globe. The Delegation was enthusiastic about future visits, looking to further understand how development cooperation from all levels of society can be of use to Parliaments and parliamentarians seeking to turn development initiatives into realities.

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