



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

PARLIAMENTARIANS IN THE FIELD PROGRAMME

Indonesia

1-4 February 2016



SUMMARY

A delegation of the Parliamentary Network (PN) visited Indonesia from 1 to 4 February 2016 as part of the *Parliamentary in the Field* programme. The delegation was composed of 5 Board Members of the PN and Members of Parliament (MPs) coming from Azerbaijan, Belgium, Cameroon, Canada, Colombia, Denmark, Democratic Republic of Congo, El Salvador, France, Indonesia, Kenya, Madagascar, Morocco, Pakistan, Portugal, Thailand and Tunisia.

The purpose of the visit was to give parliamentarians the opportunity to see first-hand the impact of the work of the World Bank Group (WBG) and the International Monetary Fund in a middle-income country, and learn about the two institutions' dialogue and collaboration with Indonesian authorities and other development stakeholders. For MPs from borrowing country, the visit offered a platform to exchange views and experiences with their peers on successful development policies. For MPs from donor country, the visit presented an opportunity to see development cooperation in practice.

During the visit, parliamentarians met with several development partners such as the World Bank Group (WBG), the International Monetary Fund (IMF) and the Asian Development Bank (ADB). They also interacted with officials from the Government and relevant Ministries, the House Speaker, civil society organisations and diplomats.

The visit focused on the following key development priorities in Indonesia:

- **Macroeconomic success and future opportunities for private sector growth:** during meetings with the Indonesian Ministry of Finance and Central Bank and representatives with WBG and IMF officials, the delegation had the opportunity to discuss Indonesia's macroeconomic positive prospects and challenges. Despite the 2007 financial crisis, Indonesia's economy proved to be resilient and keeps developing, even though at a slower rate. To overcome the challenges ahead, the country needs a policy framework that can maximize its resources and ensure sustainable development. To do so, the Ministry of Finance committed, with WBG support, to focus its economic strategy on manufacturing and infrastructure to attract investors. Both the WBG and the IMF are working with the ADB on a \$4 billion portfolio dedicated to inclusive growth which aims to address important policy reforms on infrastructure, energy security, food security and education. Employment diversification, the reduction of informality and the closing of the skills gap are critical to making the country more competitive in the long term. Tourism also counts among Indonesia's priorities as it represents today an untapped competitive advantage. The WBG and the International Finance Corporation strive to reinforce all of these sectors to ensure macroeconomic stability and encourage private sector growth, as exemplified by the MBK Ventura microfinance institution which was part of the visit of the delegation.
- **Climate change:** the delegation was briefed on the environmental challenges faced by Indonesia. In addition to being the fifth largest greenhouse gas emitter, the country suffers from severe deforestation and land management issues which have deleterious impact on local, national, and transnational levels. In parallel, access to energy remains a developmental challenge: 60 million inhabitants still lack access to dependable energy. Renewable energy has met limited success in Indonesia because of the cheap cost of oil and gas. Indonesia can still meet its COP21 commitments if deforestation is prevented and



renewable energy encouraged. To take stock of these efforts, the delegation visited the Jakarta River Dredging Project (JUFMP) and the Disaster Risk Agency Centre which both address flood management priorities and drainage systems.

- **Inequality:** the delegation discussed the challenge of reducing inequality with their peers from the Indonesian Parliament as well as with government authorities and diplomats. Parliamentarians underscored the power of legislation to address this pressing development issue, while government officials cited the need to prioritise key sectors (health, education, social sectors, public-private partnerships, investment...) and ensure price stability to combat inequality. WBG and IMF representatives displayed cautious optimism in Indonesia's ability to significantly reduce inequality and achieve higher levels of growth. They shared their recommendations on how to get there during informative discussions with the MPs. The delegation also had the opportunity to witness the transformational impact of the PNPM Urban project in improving the human development index of local village communities.
- **Public sector reform:** public sector reforms were also at the heart of the discussions with MPs. Indonesia has already undergone a series of *Reformasi* which laid solid democratic foundations and allowed for greater dialogue with international financial institutions. However, there is still room for improvement in the delivery of services - with its implications in terms of decentralization. To reach that goal, Indonesian authorities are currently working on collecting information, determining priorities per portfolios and per islands, and engaging with local governments and MPs. Obstacles to such reforms include corruption and tax collection. The MPs concluded that these two issues will first need to be tackled to allow greater public sector improvements.

Delegates expressed their satisfaction with the visit and appreciated the value of the *Parliamentary in the Field* programme for providing testimonials, concrete case studies and smart policy choices that can set a country on the path of sustainable growth.

I. INTRODUCTION

Indonesia, the 4th largest country in the world by population with more than 250 million inhabitants, is a member of the G-20. One of the most linguistically, ethnically, and geographically diverse places in the world, Indonesia is home to 740 languages and over 17,000 islands. The years 1997 – 1998 triggered a new era of political reforms, known in Indonesia as 'Reformasi', starting with the Asian Financial crisis in 1997 and culminating with the resignation in May 1998 of President Suharto after 3 decades of rule. Reformasi ushered in a new era of institutional reforms, including that of the legislature, executive, and judiciary. The process has brought upon the country both successes and challenges, offering plenty to discuss with the Delegation from the Parliamentary Network as they engaged with key development stakeholders in Indonesia during the Parliamentary Field visit jointly organized with the IMF and the World Bank from 1-4 February 2016.

"Indonesia is at a crossroads," said Rodrigo Chaves, Country Director for the World Bank in Indonesia. "It is one of the most prosperous places in the world, and it deserves this," he continued, pointing towards the impending challenges which can inhibit growth and prevent the country from escaping the 'middle-income' trap. While Indonesia now enjoys the demographic dividends of a young



workforce, the share of the working population will decrease rapidly in Indonesia in coming decades. To support its ageing population and escape the middle-income trap, Indonesia should grow by an average rate of 8.5% per year by 2025. That is a great challenge for a country with only 11% tax compliance (less than 1 million of Indonesians pay income tax, although many more are registered tax payers), where poor infrastructure constrains competitiveness and economic growth, and where decentralisation of services delivery have deteriorated the quality of public services rather than improve them. However, Indonesia still charts enviable growth rates compared to other emerging economies -- the country is expected to grow by 5.11% in 2016¹ -- and there are ample opportunities for private and public sector development and improvement in order to boost growth and improve shared prosperity.

Indonesian institutions will play a critical role to meet these development challenges.

- The executive branch consists of the President, Vice President, and Cabinet of Ministers.
- The Majelis Perwakilan Rakyat (MPR) is the legislature, consisting of two houses.: The Dewan Perwakilan Rakyat (DPR), otherwise known as the House of Representatives, and the Regional Representatives Council - Dewan Perwakilan Daerah (DPD)The House of Representatives has the right to question policies of the executive branch, the right to conduct an investigation, and the right to deny or approve the budget. Thus its powers are great in oversight and approval of how money is spent on domestic policy.

II. THEMATICAL FOCUSES AND RECOMMENDATIONS

MACROECONOMIC SUCCESS and FUTURE OPPORTUNITIES FOR PRIVATE SECTOR GROWTH

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Dewan Perwakilan Rakyat (House of Representatives); Meetings with the Minister of Finance and Coordinating Minister for the Economy; Meeting with the Governor of Bank Indonesia; Diplomatic Breakfast; Field Visit to MBK Ventura.

Indonesia's positive growth forecast is substantial considering the global economic outlook and the conditions of similar emerging economies. Although the country was impacted by the 2007-2008 financial crises, the global drop in commodity prices, the economic slowdown of China, and the American federal interest rate hike, its economy remains relatively resilient to external pressures. It benefitted from strong headwinds and easy financing conditions, namely between 2003 and 2011- as IMF Senior Resident Representative Ben Bingham pointed out. Since 2011, Indonesia's growth rate has been slowing down but without preventing the economy to develop altogether or falling into recession. Having a robust, macro-economic framework, growth strategy, and system of equity will be necessary economic to set Indonesia on the path of sustainable development. This is not without challenges as the country still needs to create a policy framework that advances the country further

¹ According to the World Bank *Global Economic Prospects: June 2016 Forecasts*



into the global value chain by maximizing its resources and developing its economy in a sustainable manner.

In order to do so, Rodrigo Chaves, Country Director and World Bank Portfolio and Operations Manager Josephine Bassinette pointed towards areas of engagement between the World Bank Group (WBG) and Indonesia which would make the country more investment-friendly and more connected in the global value chain. Primarily, infrastructure is lacking throughout the country, as a \$600 billion gap exists today. That is why the Indonesian Ministry's of Finance is committed to an economic strategy that will focus on manufacturing and infrastructure to attract domestic and foreign investment, specifically by undertaking reforms to improve the ease of doing business. The Governor of Bank Indonesia (the Indonesian Central Bank) seconded such strategy, noting that progress has already been made over time, but that further investigation from the Central Bank on how to create "a more fluid business climate and environment" could be achieved.

Moreover, as the world's largest archipelago, Indonesia's maritime economy is a huge untapped resource that can be addressed with the expertise of the WBG. Finally, identifying Indonesia's 10 most attractive areas for tourism development will also determine important targets for infrastructure development as tourism is Indonesia's "most unexploited competitive advantage" according to Country Director Chaves. As a crucial agency in Indonesia's development, the Asian Development Bank (ADB) is involved in addressing the country's priorities. As explained by Steven R. Tabor from the ADB has a \$4 billion portfolio there, focusing on infrastructure, energy security, food security, and quality of education policy reforms and ultimately aiming at fostering inclusive growth in a \$1 trillion economy. Both the WBG and the IMF work with the ADB to maintain macroeconomic stability in the country while cooperating on medium-term development initiatives through targeted projects. Such a process entails knowledge sharing to avoid duplication of efforts and cooperation with all actors, including the government.

Retooling growth is replete with challenges. From a macro-level, the growth that is expected in Indonesia is good, but higher growth is needed for the long-term, said IMF Senior Resident Representative Bingham. The country needs to diversify its economic output and generate employment to be more competitive. Currently, 60% of employment remains informal and many jobs are low-productivity. Minister of Finance Bambang Permadi Soemantri Brodjonegoro emphasised investments in natural resources, agriculture, and processing of both going forward. Indonesia can also improve the closing of its skills gap, and advance efforts to increase financial inclusion.

The World Bank Group is very active at supporting efforts to expand financial inclusion through its support of initiatives. The Delegation visited MBK Ventura, a microfinance institution supported by the WBG which grants loans to poor households. Its mandate since 2003 has been to support women within the organisation and externally, as 99% of MBK Ventura's employees are women and their primary borrowers are women. As International Finance Corporation (IFC) Senior Investment Officer Francisco Lozano underlined, "MBK Ventura has spotless efficiency and a foundational conviction. We at the IFC have 20% of the company's ownership, as it avoids over-indebting its clients." While the IFC is the biggest investor of emergency market microfinance in the world, MBK Ventura was ranked best microfinance institution in 2009 by the Consultative Group to Assist the Poor (CGAP) and has about 600,000 clients, among the 25% poorest citizens in Indonesia, who start with loans of \$150 to \$200. According to MBK Ventura President Director and Founder Shafiq Dhanani the institution



enabled its clients to increase their income by 100%. Such findings sparked a fruitful discussion with the delegation about the nature of microfinance, its purpose, and its competitive sector.

Key Issues

- Diversification of economic production country-wide;
- Closing the infrastructure gap;
- Investing in tourism development;
- Improving maritime connectivity and logistics;

Recommendations

- Focusing economic prospects into other sectors besides commodity production; specifically, shifting focus to manufacturing and services, in particular tourism.
- Improving the investment climate through regulatory reforms that simplifies procedures for doing business. Incentivising ways to increase formalised employment, which help the poor and vulnerable to escape poverty.

CLIMATE CHANGE

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Dewan Perwakilan Rayan (House of Representatives); Diplomatic Breakfast; Field Visit to Jakarta River Dredging Project (JUFMP) and the Disaster Risk Agency Centre.

With annual forest fires and coal-fired power generation, climate change is a serious issue in Indonesia, the 5th largest greenhouse gasses emitter, as pointed out by Deputy Head of the EU Delegation to Indonesia and Brunei Darusalam Charles-Michel Geurts. Issues such as land management or forest fires count among the substantial environmental challenges with direct impact on local, national and transnational levels. That is why Hon. Nurhayati Ali Assegaf (MP, Indonesia) insisted on the need for Indonesian MPs scrutiny, using their oversight functions, of the promises that have been made on these matters.

When addressing the topic of sustainable landscape management, Mr. Chaves and Ms. Bassinette of the WBG underlined the difficulties encountered in enforcing land disputes. These are due to the fact that authorities do not always know who owns the land making it difficult for the government to settle land disputes which represent 66% of all issues raised in Indonesian civil courts. As far as deforestation is concerned, it has been noted that although Indonesia has the world's third largest forest, it lost 1.9% GDP – or \$16 billion -- due to the forest fires between October 2015 and January 2016.

In parallel, 60 million Indonesians are still lacking access to dependable energy. In addition, renewable energy has limited success in Indonesia mainly because, as Mr. Chaves of the WBG explained, oil and gas remain the cheapest option compared to potential alternatives such as geothermal energy sources. The WBG is therefore committed to create a better environment for



renewable energy which, if combined with the prevention of deforestation, would allow Indonesia to meet its COP21 commitments.

Also pertaining to climate change, the Delegation visited the Jakarta River Dredging Project (JUFMP) and the Disaster Risk Agency Centre, two programmes to which the World Bank has given substantial funds. The objectives of the two initiatives are: a) to address immediate flood management priorities; and b) restore key sections of the existing drainage system to their original design capacities. The Delegation visited the Cengkareng Drain (the most important floodway of Western Jakarta) and West Banjir Canal, a project which would require the resettlement of communities and the abrupt change of economic activities for others. The West Banjir Canal project is looking at selected dredging in order to avoid resettling people. However, the Delegation saw local fishermen living on the water where the proposed portion of the canal will be reconstructed. Even if the fishermen do not have property rights, neither do many Indonesians. . As well as highlighting the impact of a Bank-funded project to combat climate change, the field visit was also an opportunity to address some of the challenges faced by projects in the region such as involuntary resettlement of local communities.

Key Issues

- Giving incentives to actors in the prevention of deforestation;
- Closing the energy gap in a sustainable way;
- Investigating climate change mitigation;
- Creating ways to adapt to the rise in sea levels.

Recommendations

- Inform private actors of the economic loss in burning forests.
- Pursue PPPs that invest in effective sustainable energy sources.
- Approach land rights issues with acknowledgement of the impact of climate change on zoning issues.

INEQUALITY

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Dewan Perwakilan Rayan (House of Representatives); Meetings with the Minister of Finance and Coordinating Minister for the Economy; Meeting with the Governor of Bank Indonesia; Diplomatic Breakfast; Field Visit to PNPM Urban in Bogor City.

“Legislation will yield greater prosperity to our people,” said Deputy Speaker of the Dewan Perwakilan Rayan (DPR) Fadli Zon (MP Indonesia) about reducing inequality. The challenge of addressing inequality was indeed a key item of discussion during PN visit.

Possible solutions have been expressed by representatives of the Indonesian authorities, diplomats and members of the PN Delegation. Minister of Finance Bambang Permadi Soemantri Brodjonegoro emphasised prioritizing the health, education, and social sectors, as well as cash transfer



programmes, public-private partnerships (PPPs), and investment, in order to further reduce poverty and inequality. He also added that reducing the price of rice would also help reduce the GINI coefficient in the country. Coordinating Minister for the Economy Darmin Nasution said that improving education and health services would be key. Furthermore, Governor of Bank Indonesia Agus Martowardojo explained that the Central Bank's objective is to achieve price stability through low and stable inflation; such stability provides the foundation for a sound policy framework geared towards reducing inequality. Finally, Murray O'Hanlon, Development Policy Counsellor for the Australian Embassy to Indonesia, offered evoked the building of infrastructure for "farm-to-market" roads. Government ministers presented several policy options.

Setting the policy framework around inequality was also the heart of Matthew Wai-Poi's presentation as the WBG Senior Poverty Economist for Indonesia. He demonstrated that the rising inequality in Indonesia will be harmful to the country and that, its reduction can lead to higher levels of growth. Indeed, unequal sharing of growth slows poverty reduction and triggers potential social conflict. What is more, inequality exists in several forms. In addition to existing disparity of wealth (the upper one percent of society owns half of the wealth in Indonesia), the country also suffers from inequality of opportunity in health and education, in skills and employability (computer and language skills) and unequal protection from exogenous economic shocks (very few people have formal insurance and savings). Responding to PN Vice-Chair Hon. Olfa Soukri Cherif (MP Tunisia)'s comment on the link between the informal economy and inequality, Mr. Wai-Poi pointed towards rigid labour regulations that do not protect workers but only provide disincentives for companies to hire. He then offered recommendations, looking towards better jobs and skills training, increased social protections for the poor, and having the right fiscal policies in place. They included the improvement of spending towards cash transfer programmes that are effective in reducing inequality, and the reduction of energy subsidies. Reacting to Hon. Duarte Pacheco (Senator Portugal), he agreed that the first could not be considered as a long-term solution and added that seeing results from education investments can take 10 to 15 years. An effective approach would therefore entail to apply a mix of policies to help combat economic inequality and poverty today for the medium and long-term.

IMF Resident Representative Benedict Bingham and WBG Country Director Rodrigo Chaves agreed on looking at the skills gap, social safety nets, and human capital investment from both project-specific and macro-level perspectives. Ima Abdulrahim, Executive Director at the Habibie Center, was equally hopeful and optimistic that inequality could be reduced, due to the strength of civil society in Indonesia.

The topic raised many questions and comments from the PN delegation. Hon. Linda Voltz (MP Australia) asked about health-care spending to which Mr. Chaves replied by explaining that about 20% of Indonesia's budget is dedicated towards education and 5% towards health – that is amongst the lowest amounts in the world and inadequate for a country where over 30% of children are stunted. This reality was seconded by Kamer Makes, Chargé d'Affaires for the Tunisian Embassy in Indonesia, who insisted on giving priority to health care.

At the civil society roundtable, Ms. Agnes Wulandari of World Vision Indonesia raised the issue of the very high level of maternal mortality rates in Indonesia. She believed that priorities need to focus on children's wellbeing and community empowerment, through effective health initiatives. Mr. Bingham, responding to a question regarding the investment climate for education by Hon. Abdulaziz Ali Farah (MP Kenya), mentioned that the issue was not access to education per se, but rather the



quality of education. Further, IMF Head of the Technical Assistance Office in Bangkok noted that fiscal policy adjustments can help support programs promoting financial safety nets, an issue raised in the DPR and addressed by Hon. Nurhayati Ali Assegaf (MP Indonesia). French Economic Advisor at the Embassy to Indonesia Gaultier Brand-Gazeau also added that given the significant disparities across islands, they approached Indonesia as a continent rather than as a country.

During the first field visit of the programme, the PN Delegation was given the opportunity to see the inequality reduction related PNPM Urban project, outside the city of Bogor in West Java. The PNPM Urban development project is the world largest administered government project focusing on the human development index (HDI). In order to accomplish this task, the project has been decentralised into local Village Community Committees (VCC), which was what the Delegation was able to see, interacting with local leaders and the institutional representatives. Currently, some 1,622 volunteers serve as VCC members in Bogor with the purpose and agenda to serve people who are poor and under-represented. The PNPM Urban project in Bogor has been a tremendous success, and MPs were able to ask questions on the social dynamics of such a project. Hon. Mutava Musyimi was fascinated by the social cohesion of the project, wishing to understand whether there was a resistance or an objection to such an ambitious programme. Mr. George Soraya of the WBG noted that no objection came from those who were poor and needed help. However, misunderstandings and suspicion would arise when discussing about the program's targeted population and its mandate.

Key issues

- Factors that will reduce inequality in the short, medium, and long-term;
- The different perspectives of the government ministries, the legislature, and civil society organizations with regards to reducing inequality;
- Field visit to PNPM in Bogor, West Java.

Recommendations

- Improve the quality of education in rural areas.
- Ensure the well-being of children in their first 1,000 days, to prevent stunting.
- Promote public-private partnerships (PPPs) which aim at tackling key human development issues.
- Execute a mix of policies that can help reduce inequality over time.

PUBLIC SECTOR REFORM

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Dewan Perwakilan Rayan (House of Representatives); Meetings with the Minister of Finance and Coordinating Minister for the Economy; Meeting with the Governor of Bank Indonesia; Diplomatic Breakfast; CSO Roundtable.



The PN Delegation was exposed to the ideas driving the reform agenda in Indonesia. One focus of discussion was the delivery of public services.

Service delivery remains poor and impedes the country's growth potential. Mr. Wai-Poi of the WBG explained that an improvement in the quality of local services (health-care, education, and water sanitation) would result in a 0.9% increase in GDP levels. Ms. Josephine Bassinette of the WBG added that decentralisation has impacted the quality of service delivery, as the bulk of the government's budget is spent at the local level. In addition, we observe in Indonesia a low level of tax collection while tax and revenue represent respectively 10.9% and 14.9% of the country's GDP. In order to improve the situation, WBG Ms. Bassinette called for cooperation between stakeholders: bilateral partners, governments, and development institutions in order to follow the roadmap guided by the Indonesian government.

The public sector has naturally been included and greatly reshaped in the Reformasi process. As Mr. Bingham of the IMF explained, through the Reformasi, Indonesia managed to build solid foundation for its democratic institutions and resolved the banking sector problems linked to the 1997-1998 Asian financial crisis. This allowed its economy to grow again and granted the country membership at the G20. He added that it also sparked an open and free policy dialogue between government actors and the IMF. Despite the fact that systematic reform cannot happen at once, Mr. Bingham added that one of the existing channels of cooperation on the matter between the IMF and the authorities were committee-specific discussions held with the DPR. For instance, he pointed out to Hon. Njingum Musa Mbutoh (MP Cameroon) that Commission 11 (Banking and Finance) discusses intensively and shares opinions with the IMF on key legislation that will impact macroeconomic policy. Commission 11 approves collaboration between the IMF and Ministries that work on macroeconomic and fiscal affairs.

There is no question that transition has taken place in Indonesia, as described by Vice-Speaker of the DPR Fadli Zon (MP Indonesia) and Hon. Nurhayati Ali Assegaf (MP Indonesia). Asked by PN Board Member Hon. Oscar Mauricio Lizcano Arango (Senator Colombia, current speaker of the house) about said transition, the Vice-Speaker responded: "Distribution of power was the key. We entered into an era mandating that the President only have two terms and instituted direct elections at all levels. We went from 3 parties to 400; today we have 10." Hon. Assegaf added, "Political will was the army, but now they do not have the right to fight and take a side in politics." This decentralisation and pluralisation process has led to a deeply-intensified, micro-level approach. The Minister of Finance further explained the government approach to implementing reforms: "We collect information regarding our portfolios as Ministers to determine priorities, and then we engage directly on these issues by receiving input from local government and MPs. One must ask 'what are the island-specific issues at play?'"

One of the main obstacles to public sector reform is the fight against corruption. As Hon. Zon pointed out, even if the DPR's Anti-Corruption Commission "might be the strongest in the world," much work needs to be done with regards to prevention as opposed to focusing solely on punishment. Natalia Soebagjo from Transparency International Indonesia regretted the sometimes weak support from MPs and the government to the Anti-Corruption Agency and Commission. Monica Tanuhandaru, Director for the Partnership for Governance (Kemitraan) agreed and further recommended intensified South-South cooperation on anti-corruption work going forward, in order to improve Indonesia's public reform agenda. Portuguese Ambassador to Indonesia Joaquim Moreira de Lemos insisted on the need for the public sector to be efficient. Given that the Indonesian governmental



system gives power to the executive, the DPR lacks the competencies to intervene in some areas. That is why, Hon. Zon explained, the parliamentary opposition party is ready to support the government when proposals are deemed good and made in the national interest. He however, also admitted to the expensive nature of politics in Indonesia, and the election candidates' inequality when some are given a distinct advantage by having their campaigns heavily financed by corporations.

The issue of tax collection was then addressed by PN Vice-Chair Alain Destexhe (Senator Belgium) who also evoked the government's plan to increase revenue. Deputy Governor Perry Warjiyo agreed that the government needed to improve its ability to tax individuals and corporations in Indonesia, but also noted that such action is beyond the mandate of the autonomous Central Bank. Therefore it is up to the central and regional governments who are working together to improve tax collection and coordination between cities and villages in order to collect appropriate and accurate data. On this issue, Canada's Ambassador to Indonesia Donald Bobiash explained at the Diplomatic Breakfast that the primary policy challenge revolves around the use of resources. "A small percentage of the population is paying income taxes," said Mr. Bobiash. "Although there have been enormous strides towards transitioning into a democracy, even stronger efforts need to be pushed."

Key issues

- Reform process;
- Corruption;
- Election reform;
- Tax collection.

Recommendations

- Focus on the prevention of corruption. Encourage reforms to the decentralization process, in order to improve accountability in spending.
- Find innovative ways to increase tax revenue collection.

CONCLUSION

The Delegation had intensive and informative discussions with a variety of interlocutors ranging from: the Parliament, international development agencies, the Ministry of Finance, the Ministry for the Economy, and the Central Bank to civil society organizations. Through debates and visits of undergoing projects, the programme yielded a full overview of the main actors in creating the successes, of the tackling the current and future development challenges, of Indonesia.

Parliamentarians have a crucial role to play for Indonesia to succeed and the Field Visit provided with examples of parliamentary involvement. The Deputy Speaker of the Indonesian Parliament suggested that better legislation will grant 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. 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. On many issues, including budget and development initiatives, the government interacts with the Parliaments, as well as with the World Bank Group and IMF.

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.



IV. ANNEXES



Programme

Sunday, 31 January 2016		
Upon arrival	<i>Check-in at the Hotel</i>	Venue: Mandarin Oriental Hotel
8:00 pm – 9:00 pm	<i>Buffet Dinner for participants arriving in the evening (tbc)</i>	Venue: Mandarin Oriental Hotel

Monday, 1 February 2016		
8:00 am – 8:30 am	<i>Breakfast at Hotel</i>	Venue: Mandarin Oriental Hotel
9:00 am – 10:45 pm	Welcome Programme and Briefing Session <ul style="list-style-type: none"> • Alain Destexhe, Senator, Belgium; Vice-Chair, the Parliamentary Network • Rodrigo Chaves, Country Director, World Bank Group • Benedict Bingham, Senior Resident Representative, Indonesia, IMF • Sarvesh Suri, Country Manager, International Finance Corporation • Steven R. Tabor, Country Director, Asian Development Bank 	Venue: World Bank Country Office
10:45 am – 11:00 am	<i>Coffee Break</i>	Venue: World Bank Country Office
11:00 am – 12:00 pm	Presentation on Inequality and Jobs (Speakers tbc) Discussion	Venue: World Bank Country Office
12:30 pm – 2:00 pm	<i>Lunch Reception at Parliament of Indonesia (seated lunch)</i>	Venue: Jl. Jenderal Gatot Subroto, Senayan Jakarta 10270
2:30 pm – 5:00 pm	Meeting with Parliament of Indonesia	Venue: Jl. Jenderal Gatot Subroto, Senayan Jakarta 10270
5:00 pm - 5:30 pm	Press Briefing	Venue: Jl. Jenderal Gatot Subroto, Senayan Jakarta 10270
	<i>Evening Free</i>	



Tuesday, 2 February 2016

8:00 am – 8:30 am	<i>Breakfast at Hotel</i>	Venue: Mandarin Oriental Hotel
9:00 am – 10:30 pm	Meeting with Darmin Nasution, Coordinating Minister for the Economy	Venue: Gedung AA Maramis, Jalan Lapangan Banteng Timur Nomor 2-4 ; Jakarta Pusat 10710
10:30 am – 12:00 pm	Meeting with Bambang Permadi Soemantri Brodjonegoro, Minister of Finance	Venue: Jl. Lapangan Banteng Timur No. 2-4, Daerah Khusus Ibukota Jakarta 10710
12:30 pm – 5:30 pm	Visit World Bank Project <i>Lunch boxes will be served on the bus</i>	
	<i>Evening free for participants</i>	

Wednesday, 3 February 2016

8:00 am – 9:30 am	<i>Breakfast with the Diplomatic Community in Jakarta</i>	Venue: Mandarin Oriental Hotel
10:00 am – 11:00 am	Meeting with Central Bank <ul style="list-style-type: none">• Agus Martowardojo, Governor, Bank of Indonesia• Perry Warjiyo, Deputy Governor, Bank of Indonesia	Venue: Bank of Indonesia, Thamrin Building 3rd Floor, Jl. M.H. Thamrin No. 2, Jakarta
11:00 am – 1:00 pm	Overview of the IMF and IMF technical assistance and capacity building in the Asia-Pacific Region <ul style="list-style-type: none">• Sabina Bhatia, Division Chief, Communications Department, IMF• David Cowen, Head, IMF Technical Assistance Office (Bangkok), IMF <i>Lunch boxes will be served</i>	Venue: Bank of Indonesia, Thamrin Building 5th Floor, Jl. M.H. Thamrin No. 2, Jakarta
1:00 pm – 5:00 pm	Visit World Bank Project - <i>Please take comfortable walking shoes with you as we will leave for the visit directly from the Central Bank buildings.</i>	
7:00 pm – 9:00 pm	<i>Dinner with Private Sector</i>	Venue: Restaurant (tbc)

Thursday, 4 February 2016

8:00 am – 9:30 am	<i>Breakfast Meeting with CSOs</i>	Venue: Mandarin Oriental Hotel
10:00 am –	Visit IFC Project	



1:00 pm		
1:00 pm – 2:00 pm	<i>Lunch</i>	Venue: Mandarin Oriental Hotel
2:00 pm – 3:00 pm	Debrief on the Field Visit	Venue: Mandarin Oriental Hotel
	<i>Afternoon free/ Departure of Delegates</i>	



List of delegates

Members of Parliament

Country	Last Name	First Name
Australia	Quirk	Margaret
Australia	Voltz	Linda
Azerbaijan	Hajiyev	Asaf
Belgium	Destexhe	Alain
Cameroon	Aliyoun	Fadil
Cameroon	Musa Mbutoh	Njingum
Canada	Merchant	Pana
Colombia	Oscar Mauricio	Lizcano Arango
Denmark	Hammond	Aleqa
Denmark	Hansen	Claus Kvist
DRC	Bazaiba Masudi	Eve
France	Leconte	Jean-Yves
France	Reitzer	Jean-Luc
Indonesia	Ariani	Sofia
Indonesia	Assegaf	Nurhayati
Indonesia	Zon	Fadli
Kenya	Farah	Abdulaziz Ali
Kenya	Gwendo	Joy
Kenya	Keynan Wehliye	Adan
Kenya	Mariru	Patrick
Kenya	Musyimi	Mutava
Madagascar	Razafindrafito	Lova
Morocco	Khairoun	Said
Morocco	Sbia	Khaled
Mozambique	Sithole	Ana Rita
Portugal	Pacheco	Duarte
Salvador	Merino Lopez	Jose Francisco
Tunisia	Soukri Cherif	Olfa

Staff

Organisation	Last Name	First Name
International Monetary Fund	Bhatia	Sabina
International Monetary Fund	Bingham	Benedict
International Monetary Fund	Prasetya	Rully
International Monetary Fund	Rahmanto	Agustini
Parliamentary Network	Ivanova	Gergana
Parliamentary Network	Perlmutter	William
World Bank Group	Bathily	Nayé
World Bank Group	Djalal	Dini Sari
World Bank Group	Suditomo	Kurniasih
World Bank Group	Ningnagara	Gatot Bayu Surya
World Bank Group	Zouhour	Line





THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

■ MISSION

The Parliamentary Network on the World Bank & IMF is the only parliamentary organization principally focused on increasing transparency and accountability in International Financial Institutions – notably the World Bank Group and the International Monetary Fund. One of the main goals is to encourage parliamentarians to be more proactive in their countries and in international forums when it comes to decisions on aid and development financing.

■ FUNDING

Over the past 10 years, the Parliamentary Network has received funding from the governments of Belgium, Greece, Finland, France, the Netherlands, South Africa, Switzerland and the United Kingdom. Since 2011 the Network receives activities-based funding from the World Bank Group and the International Monetary Fund.

■ BACKGROUND

The Parliamentary Network on the World Bank & IMF was initially founded in 2000 as an independent, non-governmental organization providing a platform for advocacy for Parliamentarians from IMF and World Bank member countries. The Network has members in Africa, Asia, Europe and the Americas, supported by its International Secretariat and guided by its Board.

■ GLOBAL PARLIAMENTARY CONFERENCE

The Global Parliamentary Conference (GPC) is the Parliamentary Network's flagship event co-organised by the Parliamentary Network on the World Bank & IMF (PN), World Bank Group (WBG), and International Monetary Fund (IMF), providing parliamentarians, members of civil society, and international organizations the opportunity to interact with senior representatives from the

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World Bank and the International Monetary Fund. The Conference serves as an informative meeting point for lawmakers and development institutions, an occasion for Members of the PN to highlight objectives for the coming years, and a place to elect new Members to the Board, when applicable.

■ FIELD VISITS

The Parliamentarians Field Visit program gives MPs unique access to a World Bank/IMF country office and its development programs and affiliates, including the host country's parliament. During visits, delegates are briefed on the Bank's or the Fund's in-country activities by the local field office. Visiting MPs meet with the host-country's parliament, local NGOs, civil society organizations, and small business owners to discuss development priorities. The visit is concluded by the publication of a comprehensive report on a host country's development program

and the local World Bank country office. More than 175 MPs from 50 countries have participated in over 20 visits to countries in Africa, Asia, the Balkans, Latin America and the Middle East since the program's inception in 2001. For donor-country Parliamentarians, the program represents an opportunity to see development cooperation in practice. Borrowing-country MPs can use field visits as a benchmarking exercise and opportunity to exchange views and experiences.

■ JOIN THE NETWORK

Membership is free of charge and open to all elected Parliamentarians from World Bank and IMF member states who currently hold a mandate. Members represent themselves and their constituents, not their countries, parliaments or governments. To join the Network, please visit our website.

www.parlnet.org - secretariat@parlnet.org



PARLIAMENTARIANS & the WORLD BANK GROUP

Parliamentarians – as elected representatives – can be powerful advocates for development. They pass laws, debate, and approve foreign aid budgets; review development policies; and hold governments accountable for World Bank-financed programs. The World Bank Group (WBG), in turn, is an important focus of parliamentary interest, both because of the amount of aid it channels to the many countries in which it operates, and because it is an important source of knowledge and information on how to achieve development results.

INTERACTION BETWEEN THE WORLD BANK GROUP AND LEGISLATORS TAKES MANY FORMS

The World Bank Group recognizes transparency and accountability as essential to the development process and central to achieving the Bank's twin goals of ending extreme poverty and boosting shared prosperity. Through its 'Open Data Initiative' launched in 2010, the World Bank Group offers free and open online access to more than 2,000 financial, business, health, economic and human development statistic.

Global Parliamentary Conference

In partnership with the Parliamentary Network on the World Bank and the IMF (PN), and the IMF, the World Bank organizes parliamentary conferences gathering hundreds of MPs from World Bank and IMF member countries to discuss pressing development issues. It gives visiting parliamentarians a platform on which to engage with senior management and experts of the IMF and the World Bank Group.

Open Knowledge

Thematic Briefings

A policy dialogue series and Technical briefings via video-conferences are regularly organized linking MPs with common interest in specific themes

(amongst others health: Ebola, HIV/AIDS; Private sector development, and agriculture) together with World Bank Senior Management to exchange views on development issues and support them within their national parliaments.

Consultations

As part of its new model for country engagement launched in July 2014, the World Bank Group involves parliamentarians in the preparation of its Country Partnership Framework (CPF), which aims to make the World Bank country-driven model more systematic, evidence-based and selective. The CPF is developed in the context of country ownership and national priorities, and in coordination with other development partners. The goal is to have a more systematic and rigorous identification of the key op-

PARLIAMENTARIANS & the WORLD BANK GROUP



opportunities and constraints in a country, as well as mechanisms to adjust and learn over the course of the engagement.

Field Visits

Jointly with the Parliamentary Network, the World Bank has organized a number of parliamentary field visits to offer a first-hand look at World Bank programs in developing countries. Through the 'Parliamentarians in the Field' program more than hundreds of members of parliament from over 50 countries have visited World Bank projects on the ground in Asia, Africa, the Balkans, Latin America and the Middle East. The visits encourages

peer-learning and exchanges between visiting and local parliamentarians, and the involvement of parliamentary organizations.

Capacity Building

Strengthening the capacity of developing countries' Parliaments is also a key aim of the World Bank Group. Over the past ten years, the Leadership, Learning and Innovation (LLI) has trained over 10,000 MPs in partnership with parliamentary organizations. Programs focus on budget cycle, parliamentary administration, as well as the role of parliament in curbing corruption, in poverty reduction and in conflict-affected countries.

PARTNERING WITH PARLIAMENTARY ORGANIZATIONS

The Bank's primary parliamentary interlocutor is the Parliamentary Network on the World Bank and the IMF. Founded in 2000, the Parliamentary Network is an independent, non-governmental organization that provides a platform for more than 1,000 Parliamentarians from over 140 countries to advocate for increased accountability and transparency in development cooperation.

The Bank engages with a number of other parliamentary organizations, including: The Parliamentary Assembly of the Mediterranean (PAM); the Francophone Parliamentary Assembly (APF); the

Global Legislators Organizations (GLOBE); the Inter Parliamentary Union (IPU); the NATO-Parliamentary Assembly (NATO-PA); the Asian Forum of Parliamentarians on Population and Development (AFPPD); the Global Organization of Parliamentarians Against Corruption (GOPAC); the Climate Parliament; the European Parliamentary Forum on Population & Development (EPF); the ACPE EU Joint Parliamentary Assembly; and Women in Parliament (WIP). Its interaction with regional parliamentary bodies, such as the European Parliament and the Pan African Parliament is also regular and growing.

MORE INFORMATION

Visit the World Bank's website for parliamentarians: www.worldbank.org/parliamentarians

Subscribe to the monthly e-Newsletter: <http://eepurl.com/bx2Jnv>

Contacts:

- parliamentarians@worldbankgroup.org

- **Naye Bathily**, Lead, Parliamentary Relations, Global Engagement, World Bank Group, nbathily@worldbankgroup.org

- **Line Zouhour**, Parliamentary Relations, World Bank Group, Izouhouradi1@worldbankgroup.org



INTERNATIONAL MONETARY FUND FACTSHEET

The IMF and Legislators

The IMF conducts outreach to legislators in its member countries to learn more about their views and concerns, explain Fund policy advice, and discuss policy trade-offs. This ongoing dialogue contributes to greater transparency, ownership, and accountability of economic policy choices. The legislative branch of government is essential to economic policymaking in most countries. Legislatures approve budgets and pass tax, banking, and trade laws. They oversee their government's economic policies and provide forums for public information and debate.

Legislators can be key to success of Fund policies

The IMF is committed to [transparency](#) in its work, to explaining itself, and to listening to the people whose lives it affects. As part of these efforts, the IMF has broadened its engagement with the [media](#), [civil society](#), and, increasingly, legislators. Outreach to legislators is important because they are the elected representatives of their citizenry and have a legitimate role to play in economic policymaking in their countries.

Both the IMF and its member governments have realized that policies and reforms will be more effective if they command broad support in society. In low-income countries dialogue with legislators is particularly important, given their role in discussing and developing national [poverty reduction strategies](#). Poverty reduction policies can be more effective if country ownership is enhanced.

Legislators are responsible for passing laws in areas that are central to national economic and financial policies such as the budget, taxes, trade, and the financial sector. They play an important oversight role in monitoring economic policies, development programs, and budget implementation. As a forum for public information and debate, legislatures play a pivotal role in ensuring that the voices of the voters are heard in major policy debates.

For these reasons, it makes sense for the IMF to engage with lawmakers and provide them with accurate, up-to-date information about the IMF, its operations, and policy advice.

Dialogue helps IMF understand and explain

The IMF is governed by and is accountable to the governments of its 188 member countries. According to the IMF charter, the [Articles of Agreement](#), its main interlocutors are the financial authorities—in most cases the finance ministry or central bank of the member countries. Recognizing that the principal responsibility for communication to legislators rests with the national authorities, the IMF's interaction with legislators is tailored to specific country circumstances and closely coordinated with each country's respective financial authorities and representative on the IMF Executive Board.

The IMF understands that its outreach to legislators is a two-way dialogue. The objective is to familiarize legislators with the rationale for IMF advice. The IMF also values the opportunity to listen to legislators' concerns and learn from their views. The IMF interacts with legislators at the national, regional, and international level:

- At the **national level**, IMF management, Executive Directors, and staff meet frequently with legislators during visits to member countries and when legislators visit IMF headquarters in Washington, D.C, as well as with legislators and staff of the United States Congress.
- The IMF organizes an increasing number of **country and regional seminars** for legislators. Examples include dialogue and meetings with representatives from the European Parliament; a recent workshop in Vienna in July 2015 introduced MPs from across Central Asia and the Caucasus to the role of the IMF in the region and explained the economic policies recommended by the IMF; and in 2014, programs for parliamentarians were held in Jordan, Kuwait, Mozambique, and Tanzania.
- The Fund also offers courses in economic **analysis and policymaking** for legislators with partners such as the [Joint Vienna Institute \(JVI\)](#), addressing topics ranging from the impact of the global financial crisis to issues facing the extractive industries.
- **At the international level**, the IMF has a well-established relationship with the [Parliamentary Network on the World Bank and International Monetary Fund](#); IMF management and staff participate in its [annual conference](#), workshops and seminars during the Annual and Spring Meetings, and parliamentarian field visits—most recently to Peru in March 2015.
- The IMF also cooperates with other global and regional parliamentary organizations, including the Global Organization of Parliamentarians Against Corruption (GOPAC); Parliamentarians for Global Action (PGA); the Parliamentary Centre; the Commonwealth Parliamentary Association (CPA); and the Inter-Parliamentary Union (IPU). Recent examples include a workshop in Bangladesh in November 2014 that brought together about 20 legislators from the region and focused on fiscal issues, financial sector regulation, and other regional economic issues; and a two-day conference covering transparency and accountability in the extractive industries held in Rwanda in January 2015.

The [Independent Evaluation Office \(IEO\)](#) of the IMF also maintains regular contact with legislators, who provide feedback, comments, and suggestions on its evaluations.

A dynamic relationship

The IMF has been expanding its contacts with legislators in accordance with the high priority given to this by both the IMF Executive Board and IMF management. A January 2004 [report](#) of an Executive Board working group stressed that the IMF “should expand its outreach efforts and listen to legislators to improve the understanding of the political and social context in which economic decisions are being taken” and to “help build understanding of the IMF.”

In line with those recommendations, the IMF developed a [guide for staff](#) on outreach to legislators. Following a consultative process with the public and legislators, the guide was published in July 2005. This guide encourages IMF staff to continue to expand its dialogue with legislators and provides practical advice on interacting with legislators.