



INDONESIA

Sri Mulyani Indrawati, Governor

Excellency Minister Aiyaz Sayed-Khaiyum, Chair of the Board of Governors;
Excellency, President Takehiko Nakao, Chairperson of the Board of Directors;
Excellency, Governors and Alternate Governors;
Distinguished Delegates, Ladies and Gentlemen,

Let me begin by congratulating the Government and people of Fiji for hosting the fifty-second Annual Meeting of ADB here in Nadi; the first time for the Pacific island states. I also congratulate the Board of Directors, Management and all staff for another year of excellent performance of the Bank. President Nakao's strong leadership is evident in this achievement.

Safeguarding Multilateralism Amid the Global Uncertainties

It seems not so long ago, when all nations collectively agreed upon the Sustainable Development Goals (SDGs) in 2015. Back then, we were optimistic that poverty could be reduced to almost zero in our lifetime and that all people would prosper and partake in the fruits of growth.

Today, a mere four years later, the idea of the world speaking with one voice seems like ancient history. Cooperation is to be replaced by zero-sum unilateralism, and political leaders have become increasingly pre-occupied with myopic, pro-cyclical, and populist policies at home. The foundation of international cooperation and multilateralism continues to be weakened and eroded even more rapidly.

Global growth has not been back to normal since the 2008-2009 crisis. The latest forecast has shown that for 2019 global growth is expected to slowdown. A "no-deal" withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in the People's Republic of China could spark further deterioration in risk sentiments, bringing adverse growth implications which also exacerbated by high levels of public and private debts in many member countries.

This challenge threatens the conducive environment for the global economy to achieve higher growth. Although good fundamentals can be attributed to emerging markets, increasing volatility of the global economy still puts them in a difficult situation and has the potential to jeopardize their future growth.

As global policymakers, we need to build synergy on policies to boost global growth and discuss possible solutions to restore a positive momentum in the global economy. We also put our hope on the multilateral system to take a more significant role in restoring global confidence by correcting the false perception of protectionism disguised as national interest and preventing fragmentation. As developing member economies, it should be our collective priority to keep the

spirit of multilateralism alive. ADB, as a leading regional development bank, should also strengthen its commitment to voicing for partnership and international cooperation.

Reforming the Asian Development Bank

To stay relevant with current global environment, ADB needs to recalibrate itself and continue its reforms. ADB's governance needs to be brought up to date, reflecting the complexity of its strategic challenges and the needed shift in its business models.

In transforming into a knowledge bank, ADB should develop partnerships with member countries to more than just about development financings. ADB should approach its operations in a more integrated way, incorporating projects and programs with experience sharings and higher capacity buildings, increasing technical assistances with digital technologies, artificial intelligence, satellite systems, and other advanced technologies of which member countries can gain more optimum benefits.

ADB should have stronger present in private sector operations, especially in frontier economies, start-up companies, and social sector projects, such as in vocational education and healthcare, in addition to projects in renewable energy, urban transport, water, and sewerage. In this regard, ADB may consider the cascading policy approach adopted by the World Bank in which the mobilization of private sector resources is aimed to best suit the member countries' needs and priorities.

ADB's upcoming pricing differentiation policy should be well communicated to all member countries. The policy should not be taken as a partial approach while member countries are facing more complex issues in their development strategies. Many emerging economies have acquired their development wisdom and institutions and ADB has helped to achieve them. Therefore, ADB should focus on providing value addition to development in those countries, both in the areas of knowledge and better financing innovation that are distinguished from other financing sources.

ADB's Support For Reforms in Asia Pacific Countries

ADB should continue to help member countries in their pursuits of structural reforms, to increase productivity, boost competitiveness, create better opportunities for the private sector, and strengthen their work on human capital development. The global risk intensity highlights the need for continued investments on social assistance and insurance programs to protect the most vulnerable groups. This set of policy reforms is a key to avoid middle income trap that several member countries might have to deal with.

Indonesia supports ADB's initiatives to strengthen further its country-focused approach, tackle climate change, increase gender elements, and deliver integrated interventions that combine expertise across a range of sectors and themes and through a mix of public and private sector operations.

ADB should continue to strengthen its disaster resilience programs. Many member countries are vulnerable to various types of disasters. Strategy 2030 has put much greater attentions on dealing with disasters particularly in small island developing states (SIDS) and fragile conflict-affected states (FCAS), including those across different parts of Asia. We believe that it is of high priority that more resources are allocated to support those programs.

ADB should help Pacific member countries in ensuring debt sustainability by improved debt management and quality of spending. The structural factors, including modest long-term economic growth prospects, high vulnerability to natural disasters, and high costs for public services and infrastructure, have placed many Pacific Island countries at high risk of debt distress. Strong project due diligence, investment planning, and improved debt monitoring frameworks are needed to safeguard against future repayment concerns. ADB needs to strengthen its role in this critical agenda.

While substantial progress has been made in promoting sustainable and inclusive growth, challenges to economic development persist, particularly in the poorest countries, FCAS and SIDS that largely lack repayment capacity. Continued grants supports from ADF remains crucial to promoting social and economic development while preparing all those countries for graduation.

Indonesia's Structural Reform Efforts

Indonesia continues to pursue reforms to increase economic outputs. All these reform efforts are particularly directed toward improving ease of doing business, encouraging investments, closing the infrastructure gap, building connectivity, improving productivity, enhancing mastery of technology, boosting production efficiency, and upgrading the skills of our workforce. We are accelerating competitiveness by increasing the supply side of the economy and working hard to ensure that the quality of growth is maintained. We believe that economic development must be inclusive in boosting prosperity, reducing poverty, addressing inequality, and bridging the income gap. We appreciate ADB's support to Indonesia's development and reform agenda.

Indonesia stands ready to help other developing countries through our South-South and Triangular Cooperation programs. The South-South Cooperation offers the possibility of non-traditional approaches that capture lessons learned. It is more horizontal and it is based on the concept of solidarity.

Indonesia's relationship with ADB and its members is one of shared history, continuous growth, and mutual learning. We reaffirm our commitment to continue this collaboration towards creating much better impacts on the lives of our people.

Thank you.