



DEVELOPMENT COMMITTEE  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
on the  
Transfer of Real Resources to Developing Countries)



**SIXTY-SEVENTH MEETING**  
**WASHINGTON D.C. – APRIL 13, 2003**

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Statement by

H.E. DR. Boediono  
Minister of Finance  
Indonesia

Representing Brunei Darussalam, Fiji, Indonesia, Lao PDR,  
Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga,  
and Vietnam

**Statement by H.E. DR. Boediono  
Minister of Finance  
Indonesia  
On behalf of the Southeast Asia Group**

The economies of the constituencies of the Southeast Asia Group weathered last year's economic difficulties and posted modest growth in 2002. However, this year's prospects are more uncertain. Economic imbalances, notably in the major industrialized countries, the developments in Iraq and the recent SARS outbreak all involve substantial risks. Nevertheless, we believe that global and regional economic momentum will pick up by the end of the year. Whatever the circumstances, collectively we cannot reduce our commitment to the Millennium Development Goals (MDGs) and the World Bank must play the key role in advancing this agenda.

**The Millennium Development Goals**

One of the most significant accomplishments of the Monterrey Conference was the acceptance of a new partnership and shared accountability for development. Developed and developing countries must match rhetoric with results. Thus, we welcome the agreement to increase current levels of ODA by US\$16 billion by 2006. However, this enhanced funding may not be adequate to achieve MDGs and more and better aid is essential to meet the agreed commitments in Education, HIV/AIDS, Water Supply and Sanitation.

This increase in the amount and quality of development assistance on the part of the developed countries is an important step, but faster economic growth is required for many developing countries to reach poverty reduction and service delivery goals. For developing countries taken as a whole, trade is the single most important development catalyst. With this in mind, the slippage in agricultural negotiations at the WTO is disappointing. We urge the industrial countries to make faster progress on opening markets and phasing-out trade-distorting subsidies, particularly for agriculture, textiles, and labor-intensive manufactures.

The commitments by developing countries at Monterrey are no less important. We accept the urgent need, and commit ourselves, to improve investment conditions and improve the delivery of government services especially to the poor.

Another significant achievement in Monterrey was the agreement to monitor policies and actions of all parties. Thus, we support the proposal to make the assessment of progress on meeting commitments and achieving targets the centerpiece of the Development Committee's agenda this September as well as the idea to provide updated reports at future meetings.

Given limited resources, duplication should be avoided and consultations continued. A special priority for donor assistance has to be building statistical capacity in developing countries.

For those most in need and most likely to have difficulty meeting their MDGs, special measures may be needed. We agree with the President of the Bank that we should create a special trust fund for Highly Indebted Poor Countries (HIPC) and continue to use moral suasion on their creditors.

### **Progress Report and Critical Next Steps**

As I noted we risk failing to meet the MDGs unless we take decisive and well-designed action. A dramatic increase in annual ODA to finance direct costs needs to be combined with more effective resource utilization and performance-based measures. However, a performance-based approach must not overlook the importance of supporting reform in countries that have not met performance criteria due to institutional constraints.

The MDGs were designed to be mutually reinforcing and interdependent. Sufficient resources need to be made available by development partners to ensure well-coordinated interventions across sectors. This requires long-term commitments of untied and coordinated aid that can be used to finance recurrent as well as capital costs. It also depends critically on speeding up the harmonization of operational policies, procedures, and practices in the donor community.

For their part, developing countries need to ensure that MDG priorities are properly aligned to each country's national development policies and provided for in their national budgets. Again, financial assistance is critical and without it gains will not be sustainable.

### **Enhancing Participation in Decision Making at the World Bank**

A final topic concerns increasing the voice and participation of developing and transition countries in the formulation of international finance and development policy.

The staff report contains several options here, some of which can be implemented without undue delay, and we should move quickly in those areas.

For example, we believe that providing more support for communication between Executive Directors and their capitals is warranted. This, combined with additional support for interaction outside of the Annual Meetings, will help Executive Directors with multi-country constituencies better represent their members. We also accept that Executive Directors need more staff, more flexibility in promotions and the ability to draw on outside analytical capacity.

While there are benefits to maintaining the current size of the Boards, we have no objection to exploring the addition of more members. In addition, we support the effort to explore alternatives that increase developing and transition countries' participation.

## **Conclusion**

The Development Committee meeting this Spring should convey some very critical messages on the Millennium Development Goals and the Monterrey commitments. More financing, improved policy and a stronger partnership among developed countries, developing countries and multilateral development and financial institutions are important if we expect real outcomes. Along with this, more involvement of developing and transition countries in decision-making at the Bretton Wood Institutions is critical, if not inevitable, if we are to increase ownership and improve performance.