

Press Release
Foreign Policy Discussion

Jakarta – On March 8, 2016, the Center for Regional and Bilateral Policy, Fiscal Policy Agency (FPA) hosted the First “Foreign Policy Discussion” at the Djuanda Hall Mezzanine Floor Djuanda I Building, Ministry of Finance of Indonesia. The event aimed to disseminate the Government of Indonesia’s economic policy strategy going forward as well as to enhance the cooperation between the Ministry of Finance of Indonesia with its Development Partners.

The event was attended by the Ambassadors of four partner countries, such as Argentina, Chile, Papua New Guinea, and Vietnam. Representatives of seventeen embassies of other partner countries, five Development Partners and Echelon I units of the Ministry of Finance of Indonesia also participated in the event.

Foreign Policy Discussion was opened with a keynote address by Prof. Suahasil Nazara, Ph.D., Acting Chairman of FPA which highlighted Indonesia’s fiscal reforms on revenue, expenditure, and financing fronts. Prof. Suahasil particularly emphasized the changes in Indonesia’s revenue structure from mineral and commodity based revenues towards taxes, as well as reforms on expenditures postures which has now seen higher proportion of the budget that goes towards more productive sectors notably infrastructure and social protection.

The discussion was then further structured into three sessions: (i) *‘Indonesia Economic Policy: Optimism amidst Global Uncertainties’*, (ii) *‘Supportive Action towards Indonesia Development: The Missing Link or Missing Conception?’*, and (iii) *‘How Indonesia can achieve their national interests and priorities in G-20 Forum’*.

The first session was moderated by the Director of the Centre for Policy Analysis and Harmonization, Secretariat General, and featured Dr. Parjiono, the Director of Center for Macroeconomic Policy, FPA as the main presenter. While Dr Ndiame Diop, the Lead Economist & Economic Advisor of the World Bank and Steven Tabor, Indonesia Country Director of the Asian Development Bank acted as discussants. The session discussed global macroeconomic uncertainties such as China’s economic slowdown and declining commodity prices, as well as policy uncertainties in developed countries, which may have adverse effects on Indonesia’s economic growth trajectory. In that regard, sustaining the momentum for fiscal reforms particularly through improving domestic resource mobilization and quality spending have become of paramount importance as means to improve the economic fundamentals. Furthermore, Indonesia needs to improve its quality of growth by developing the country’s economic competitive advantages, closing infrastructure gap, undertaking economic diversification especially from commodity based to manufacturing, and ensuring inclusiveness of its economic activities.

Session two was moderated by Joanne Evans, Team Leader of Australian Treasury Government Partnership Fund, and featured Dr. Irfa Ampri, the Director of Center for Regional and Bilateral Policy, FPA as the main presenter. While Mr. Deniz Sertcan, Counselor of the German Embassy, and Mr. Steven Barraclough, Minister Counselor of the Department of Foreign Affairs and Trade, Australia acted as discussants. The session aimed to deliberate on

the role of the Ministry of Finance in advancing sustainable and inclusive growth in Indonesia and how international partnership can be tailored to support that agenda, particularly to improve policy making capacities and close the skills deficit gap in the country. The session discussed various forms of technical cooperation avenues can be pursued by Indonesia and its developing partners such as policy benchmarking, joint policy research, expert dispatch, scholarship and capacity building, and even internships. Also discussed were the challenges of matching the priority of development partners and Indonesia as well as developing monitoring and evaluation frameworks to improve the quality of partnerships undertaken. The session then proposed to formalize a formal donor coordination framework to improve the quality of international technical cooperation between Indonesia and developing partners.

The last session was moderated by Dr. Irfa Ampri, the Director of Center for Regional and Bilateral Policy, FPA and featured Dr. Syurkani, Director of Center for Climate Finance and Multilateral Policy, FPA as the main speaker. Ndiame Diop Lead Economist & Economic Advisor, World Bank from World Bank and Mr. Alexander Boehmer, Head of Country Representative Office OECD Indonesia act as discussants. The session discussed Indonesia's role in the G20 within the context of global economic development and how global governance is needed to address medium to longer term challenges to achieve strong, sustainable and balanced growth, especially during the current slow and un-even global recovery poised with short-term downside risks. The session concludes the importance of policy coordination to ensure global financial and macroeconomics stability; where in particular Indonesia is keen to see G20 to put emphasize on structural and regulatory framework reforms which is seen as a prerequisite for a sustainable global economic development.

The event was concluded with closing remarks by Dr. Irfa Ampri, Director of Center for Regional and Bilateral Policy, FPA, which acknowledged the various valuable insights from the discussion that would be highly beneficial to shape the future avenues of partnerships between the Indonesian Government and its development counterparts. Considering the relevance and significance of the policy discussion program as a platform to discuss the latest trend of economic developments, policy discourses, partnership enhancement, as well as to facilitate network building among us, Dr Irfa stated that the MoF plans to hold the event annually and there is a possibility that Minister of Finance would be the keynote speaker in the next event.