**Republic of Indonesia**

**Third Indonesia Fiscal Reform Development Policy Loan**

**Chair Summary\***

**May 23, 2019**

The Executive Directors approved the Third Fiscal Reform Development Policy Loan (DPL) to the Republic of Indonesia in the amount of US$ 1 billion (equivalent) on the terms and conditions set out in the Memorandum of the President.

Directors welcomed the full Board discussion of the DPL and expressed support for the three pillars of the operation. They noted the expanded scope of the reform program that includes measures to enhance disaster and climate change resilience. They were pleased with the World Bank assistance to the Government of Indonesia’s reconstruction efforts following the natural disasters that occurred in 2018.

Directors commended Indonesia for the progress achieved towards the development objectives of the DPL series, namely increasing revenue collection and improving the quality of spending. In particular, they appreciated the significant impact of the reforms supported by the DPL series.

Directors encouraged the WBG to further promote the use of Disaster Risk Financing and Insurance (DRFI) tools and explore complementary instruments where applicable to support Indonesia in strengthening its financial and infrastructure resilience to natural disasters.

Directors noted the size and timing of the DPL and encouraged the WBG to continue its active engagement with the government to ensure sustained implementation of the reforms. They noted the need to promote capacity building, SOE and subsidy reforms and gender equality to ensure the successful implementation of the DPL.

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\*This Summary is not an approved record.