Indonesia

Country Partnership Framework

First Sustainable and Inclusive Energy Development Policy Loan

Chair Summary*

December 1, 2015

Executive Directors discussed the Joint IBRD/IFC/MIGA Country Partnership Framework FY16-FY20 (CPF) for Indonesia. They also approved the First Indonesia Sustainable and Inclusive Energy Development Policy Loan in the amount of US$ 500 million.

Directors commended Indonesia’s economic and social development over the past decade, especially in poverty reduction. They welcomed the CPF’s alignment with Indonesia’s development priorities and the pathways identified in the SCD to reach the twin goals, in view of WBG’s comparative advantage and potential for leveraging greater impact. In this respect, Directors expressed strong support for the CPF’s focus on the six engagement areas and two supporting beams, as well as the scaled up financial and technical support. They appreciated the integrated World Bank Group approach in engaging with Indonesia and emphasized the importance of clearly defined selectivity measured by development impact and results.

Directors encouraged continued collaboration with the Government and other partners to reverse the recent trend of slowing growth and widening inequality, and to support the government in strengthening the governance and policy framework that would enable a more conducive environment for domestic private sector participation. In view of the infrastructure deficit, Directors appreciated WBG’s commitment to take the lead in creating national infrastructure platforms, while working with development institutions and private sector partners to reach scale. In this regard, they welcomed the IFC’s and MIGA’s readiness to further expand their engagements.

Directors supported the focus on sustainable landscape management and encouraged enhanced collaborative efforts in addressing the challenges of natural resource management, climate change, environmental degradation and disaster risk. More broadly, they underlined that risk management, fiscal sustainability, corruption prevention, regional integration and donor coordination should remain integral parts of the CPF. The importance of continued endeavor to mainstream gender in country engagement was also highlighted. Directors welcomed the incorporation of lessons learned from the implementation of the previous Country Partnership Strategy, and noted the variety of means of continuing WBG’s engagement with Indonesia in light of the Single Borrower Limit.

Directors strongly supported the First Indonesia Sustainable and Inclusive Energy DPL and its programmatic approach to supporting key sectoral reform priorities, as well as the Government’s Intended Nationally Determined Contribution commitments to promote sustainable energy and reduce greenhouse gas emissions. Directors congratulated the Government on recent energy subsidy reforms and urged the WBG to continue to work with the Government to further reduce and target energy subsidies, to improve sector governance and for the WBG to underpin the Government’s efforts to achieve nearly universal access to energy by 2020, while increasing the share of renewable energy. Directors welcomed the assurance that subsidy reforms and tariff adjustments will not adversely affect the livelihood of the poor and vulnerable, and that WBG will continue building capacity to enable the core agencies to implement and deliver complex reforms.

*This summary is not an approved record.