

## **WORLD BANK CONSULTATIVE GROUP MEETING ON INDONESIA**

**JAKARTA, NOVEMBER 7-8, 2001**

### **PLEDGING STATEMENT ON BEHALF OF THE KINGDOM OF BELGIUM**

Mr. Chairman,

At the end of the proceedings, I would like to congratulate the World Bank and the Government of Indonesia for jointly setting up this important meeting in Jakarta. Once again, the constructive spirit that marked our talks, gives rise to optimism that the close co-operation between Indonesia and the donor community can thrive in the future.

Combining the position of Presidency of the European Union and that of bilateral donor, I would like to recall the statement I made yesterday on behalf of the European Union, to which the Kingdom of Belgium fully adheres.

Speaking here after having closely followed the Indonesian economy and society for over 3 years, although in substantive fields significant and positive developments have occurred, still a large number of problems remain unsolved. Since 1998, only limited progress has been made in restructuring the banking and corporate sectors, in improving fiscal administration, debt management, bankruptcy legislation as well as the urgent judicial reforms and the proper management of Indonesia's vast but quickly shrinking natural resources, to name but some key areas. The problems have been duly identified, but prompt action has been greatly hindered by unfavourable political circumstances. In particular, Belgium views with ever growing concern the systematic destruction of Indonesia's forests by illegal logging, thereby not only jeopardising a valuable ecosystem of global importance but also depriving the Indonesian Government of a major source of income, not to mention the social consequences of this destruction.

As far as specific bilateral commitments are concerned, Belgium refers to the long-standing tradition of State-to-State Loans between Indonesia and Belgium, used for the financing of large commercially non-viable projects in infrastructure or the social sector. At this moment, and despite intense work and consultations for over 4 years, the balance of some 7,2 million EURO to be spent by Indonesia under the 1996 Convention has still to be utilised. As long as this available money is not used, no further bilateral loans or grants can be envisaged at the moment.

Belgium marks its satisfaction that the implementation of both Paris Club Agreements of 1998 and 2000 has been successful. Belgium remains committed to working actively in the Paris Club to help accommodating Indonesia's financial needs by finding appropriate mechanisms to manage its foreign debt and provide it with the necessary breathing space that would allow a faster recovery.

Problems are there to be tackled. Belgium is aware that substantial progress in solving the complex and complicated problems Indonesia is facing in various fields is not an easy task. But it is confident that solutions can be found. It reiterates its full support to that end.

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