

Indonesia Country Programme Evaluation
National Roundtable Workshop

Opening Remarks by
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Jakarta, Indonesia
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9.55 – 10.10

Honourable Minister for Finance,
Distinguished guests, Ladies and Gentlemen,

It is an honour for me to be here today to represent the Programme Management Department of IFAD.

Before commencing, I wish to convey the sincere apologies of Mr. Kevin Cleaver, our Associate Vice President, who was unable to join us here today due to a medical emergency.

Ladies and Gentlemen,

As we know Indonesia is the largest economy in Southeast Asia and today is a dynamic, competitive and decentralized democracy with a rapidly growing middle class. It has made important strides in reducing poverty, promoting equality, enacting policies that create employment opportunities, and addressing issues of governance.

In spite of these impressive progress, there still remain substantial challenges. Around half of Indonesia's population still lives on less than US\$ 2/day, most of them in the rural areas. They face risk of falling into absolute poverty in the event of a natural disaster, climatic change or deterioration in economic conditions.

Agriculture is critical for the economy of Indonesia and contributes over 15% to GDP. Almost half the total population lives in rural areas where agriculture and fishing are the mainstay of livelihoods.

Indonesia is globally competitive in a number of key agricultural commodities although food production is still not able to meet national demand. Recent reports predict that by 2030, Indonesia will grow from being the sixteenth largest economy to the seventh largest economy in the world, with consumers tripling to 135 million.

Recently Sir Gordon Conway stated in his new book – “One Billion Hungry – Can we feed the World” that by 2030, the world will have one billion people hungry. About a half of them in Asia. A bulk of them in Indonesia. The report highlights interconnected challenges of probability of repeated food price hikes; feeding growing population in the face of a wide range of adverse factors including climate change. It concludes that effective and inclusive agricultural development is the best route to achieving sustainable economic growth in developing countries.

Satisfying increased global and domestic demand will inevitably involve boosting agricultural productivity. In Indonesia, it is estimated that Indonesian agricultural productivity will need to increase by more than 60 percent by 2030 to meet your own demand. ///Boosting agriculture productivity will also reduce poverty. Agriculture is the main source of employment in rural areas where poverty is most prevalent with over 40 million people are employed, mostly in small scale production. Despite very small land holding, less than 0.3 ha per farm, smallholder farmers are producing a bulk of Indonesia’s agricultural production. Today, Indonesian smallholders face new threats from volatile

food prices, erratic agricultural markets, growing insecurity of access to land, the degradation of natural resources upon which rural people depend, and the worsening effects of climate change.

But they also have the prospect of greater opportunities from rapidly changing and growing agricultural markets. The demand for food exists and will only grow in the future. Improving productivity and linking them to markets will help meet the growing demand for food in Indonesia.

IFAD's main mandate is to support smallholders to take advantage of new market opportunities, manage risks, and to help ensure the necessary policies are in place to promote their competitiveness and ensure equity and sustainability.

Ladies and Gentlemen,

Since 1980, IFAD has supported a total of 15 IFAD projects and programmes in Indonesia worth almost USD 1 billion. This investment has benefitted the lives of over 13 million rural Indonesians, mostly poor.

Over the past year we have been fortunate to benefit from a second independent country programme evaluation of IFAD's partnership with Indonesia. This is an important opportunity for us together with the government of Indonesia to review performance, assess results, and to identify lessons learned to generate the necessary knowledge to continue to strengthen IFAD's engagement in the country.

As the independent evaluation has found, there is enormous opportunity for IFAD and Indonesia to strengthen its partnership and development cooperation. The evaluation correctly highlights the significant potential of the agricultural sector and for the smallholders that dominate it. It notes that leading role that IFAD can play in better supporting government and the people of Indonesia in its efforts for rural and agricultural development. We are now focussed on how we can deliver on this.

Ladies and Gentlemen,

As we will be discussing today the future of IFAD's partnership with the Republic of Indonesia, we must not forget that we are reflecting on the lives and livelihoods of vulnerable people in rural areas. **///Ordinary rural people, mothers, fathers, sons and daughters, who have the same aspirations as you and me for a better life.** The goal of IFAD is to enable these rural poor to overcome their poverty and to improve their livelihoods. **I am therefore very pleased that we have some representatives from current IFAD supported projects who will be speaking after me today of their hopes for a better life, and how the partnership between IFAD and Government of Indonesia is making an impact.**

Finally, I extend our sincere gratitude to the Government of Indonesia for their partnership over the past 33 years and their guidance on how we can better support them in the future. I would also like to thank our IFAD colleagues from the Independent Office of Evaluation for their

pragmatic and collaborative approach in undertaking this important country programme evaluation.

Thank you.