

January 7, 1987

SECRETARY'S CIRCULAR NO. 87/3

To: Members of the Executive Board
From: The Secretary
Subject: Report on the Seminar on Financial Programming and Policy

Attached for the information of the Executive Directors is a report on the seminar on financial programming and policy, held in Indonesia from November 17 through 28, 1986.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

IMF INSTITUTE

Report on the Seminar on Financial Programming and Policy

Jakarta, Indonesia

November 17-28, 1986

The IMF Institute, in collaboration with the Asian Department, conducted a Seminar on Financial Programming and Policy in Indonesia from November 17-28, 1986. The seminar was part of the Institute's external training program, which supplements the courses the Institute offers at Fund headquarters. In this particular case, Bank Indonesia hosted the seminar, which was opened by Mr. T. M. Zahirsyah, member of the Board of Managing Directors and Acting Governor. The staff mission consisted of Messrs. U Tun Wai (Head--INS), Narankiri Tith (INS), and Mario Hernandez (INS). Mr. Richard Hides, Fund resident representative in Indonesia, also collaborated. The authorities were responsible for the selection of the participants, all of whom were government officials or representatives of state banks. The list of participants is shown in Attachment I.

The topics for the seminar were chosen jointly by the authorities of Indonesia and the Institute in consultation with the Asian Department. An annotated list of topics is shown in Attachment II. The program included two lectures on the Fund; five lectures and five workshops on financial programming; and four lectures and two workshops on policy issues.

The mission members presented all lectures on the Fund and on financial programming, and monitored all workshops on financial programming. After each such presentation, participants were divided into two discussion groups, and each session concluded with reports from the various groups and a general discussion. In the second week of the program, the Fund team presented a paper on "Tax Reform in Indonesia and Its Impact on Stabilization and Growth" and monitored two workshops on "Exchange Rates" and "Interest Rates." Two other papers on "Indonesia's Trade Policy: Problems and Options" and on "Interest Rate After the Financial Deregulation in Indonesia: Some Key Policy Issues" were presented by the Indonesian officials, and one on "Indonesia's Exchange Rate System" by the Fund resident representative. Most of the documents prepared and selected for the seminar were distributed in advance, and supplementary materials were made available during the seminar (Attachment III).



During the closing session, which was chaired by Mr. Sujitno Siswowardagdo, Managing Director of Bank Indonesia, the Indonesian authorities warmly expressed their appreciation to the Institute for providing this technical assistance.

IMF Institute
January 1987

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Seminar on Financial Programming and Policy

Jakarta, Indonesia

November 17-28, 1986

List of Participants

Name	Position and Affiliation
1. ADTORI, M. Toha	Head Statistics Section Planning Division Bank Negara Indonesia 1946
2. ALAMSYAH, Halim	Staff Economics and Statistics Dept. Bank Indonesia
3. ANTARA, Putu <u>1/</u>	Deputy General Manager International and Funds Div. Bank Rakyat Indonesia
4. BOENJAMIN, Lukman	Staff International Department Bank Indonesia
5. BUDIMULIA, Samali T. <u>1/</u>	Chairman Indonesian Banking Development Institute (LPPI)
6. FADJAR, Ending	Researcher Economics and Statistics Dept. Bank Indonesia
7. GUNAWAN	Head International Economic and Financial Section Research and Development Dept. Bank Dagang Negara

1/ These officials attended only the financial policy sessions.

Name	Position and Affiliation
8. HADIBRATA, Lucky F. A.	Staff Ujung Pandang Branch Office Bank Indonesia
9. HARTOADI, A.	Researcher Economics and Statistics Dept. Bank Indonesia
10. HASIBUAN, A. <u>1/</u>	Manager Balance of Payment Division Economics and Statistics Dept. Bank Indonesia
11. IBRAHIM, Maulana <u>1/</u>	Deputy Manager General Economics Division Economics and Statistics Dept. Bank Indonesia
12. IKHSAN, Ilham	Assistant Manager Semarang Branch Office Bank Indonesia
13. INDARYONO	Head Commercial Credit Department Bank Rakyat Indonesia
14. ISKANDAR, Diau Otto	Researcher Research and Development Dept. Bank Ekspor Impor Indonesia
15. KADIMAN, Irawan	Head Monetary Division National Planning Agency (BAPPENAS)
16. KARTADJOEMENA, H. S. <u>1/</u>	Deputy General Manager Economics and Statistics Dept. Bank Indonesia
17. KUSROCHJONO, Iman A.	Assistant Manager Small Credit Department Bank Indonesia

1/ These officials attended only the financial policy sessions.

Name	Position and Affiliation
18. LIYONO, Wim K.	Researcher Accounting Department Indonesian Banking Development Institute (LPPI)
19. MOEHARNO <u>1/</u>	Acting Manager Monetary Division Economics and Statistics Dept. Bank Indonesia
20. MULYA, Budi	Researcher Economics and Statistics Dept. Bank Indonesia
21. NURJAMAN, Deddy <u>1/</u>	Deputy General Manager Banking Research and Development Department Bank Indonesia
22. PRASTOWO	Head Data Processing and Trade Information Division Ministry of Trade
23. PUSPOPRANOTO, Sawaldjo	Staff Corporate Planning Department Bank Pembangunan Indonesia
24. RASYID, Mukhlis <u>1/</u>	Deputy General Manager General Credit Department Bank Indonesia
25. ROCHADI, S. Budi <u>1/</u>	Deputy Manager Desk for Research and Development Economics and Statistics Dept. Bank Indonesia
26. SABIRIN, Syahril <u>1/</u>	Acting General Manager Economics and Statistics Dept. Bank Indonesia

1/ These officials attended only the financial policy sessions.

Name	Position and Affiliation
27. SIHOMBING, Jonker <u>1/</u>	Manager Domestic Fund Division Bank Dagang Negara
28. SJHRIZAL <u>1/</u>	General Manager Money Markets and Clearing Department Bank Indonesia
29. SOEDARNO, H. R. <u>1/</u>	Secretary Agency for Research and Development Ministry of Trade
30. SOEDJIARTO W. <u>1/</u>	Manager Funding Department Domestic Division Bank Ekspor Impor Indonesia
31. SOEDJONO	Assistant Manager Money Markets and Clearing Department Bank Indonesia
32. SOEHADI	Chief Sub-Directorate of Banking and Non-Banking Financial Institutions Ministry of Finance
33. SOERONEGORO, Subijanto <u>1/</u>	Deputy General Manager International Department Bank Indonesia
34. SOEROSO <u>1/</u>	Assistant Deputy for Monetary Affairs, Public Finance, and the Balance of Payments Office of the Coordinating Minister for the Economy, Finance and Industry and Development Supervision

1/ These officials attended only the financial policy sessions.

Name	Position and Affiliation
35. SOEWARNO	Staff Medan Branch Office Bank Indonesia
36. SUBADIO, Imam	Staff Monetary Affairs Office of the Coordinating Minister for the Economy, Finance and Industry and Development Supervision
37. SUDIBYO	Assistant Manager Research and Development Dept. Bank Bumi Daya
38. SUDIBJO, J. B.	Researcher Economics and Statistics Dept. Bank Indonesia
39. SUKADA, Made	Researcher Economics and Statistics Dept. Bank Indonesia
40. SUKARMAN, Widigdo <u>1/</u>	General Manager Planning Division Bank Negara Indonesia 1946
41. SUSENO	Researcher Economics and Statistics Dept. Bank Indonesia
42. SWASTANTO, Joni	Staff Bandung Branch Office Bank Indonesia
43. SYAFIUDDIN, M. <u>1/</u>	General Manager Estates, Forestry, and Production Credit Division Bank Bumi Daya
44. THALIB, Dahlan <u>1/</u>	Director Indonesian Banking Development Institute (LPPI)

1/ These officials attended only the financial policy sessions.

Name	Position and Affiliation
45. TJOKRONEGORO, Paul Soetopo <u>1/</u>	Deputy General Manager Foreign Exchange Department Bank Indonesia
46. TOHIR, Kaidi	Assistant Manager Surabaya Branch Office Bank Indonesia
47. USMAN, Marzuki <u>1/</u>	Director Directorate for Financial Institutions Ministry of Finance
48. WADJO, Yunus <u>1/</u>	Deputy General Manager Funds Division Bank Pembangunan Indonesia
49. WIDAYATI (Ms.)	Assistant Manager Banking Research and Development Department Bank Indonesia
50. WIDJAYA, Chaerul Anam	Chief Monetary Analysis Division Center for State Budget Analysis and Formulation Ministry of Finance
51. WINARENDRA, J. R. M.	Assistant Manager Foreign Exchange Department Bank Indonesia

1/ These officials attended only the financial policy sessions.

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List of Topics

I. International Monetary Fund

1. Organization and Activities of the Fund
2. Use of Fund Resources

(These two sessions place financial programming, as practiced by the Fund staff, in an institutional context; the sessions outline the structure of the Fund and review its code of conduct, explain the financial facilities available to member countries, and discuss the conditionality provisions that rule access to such facilities.)

II. Financial Programming Techniques

1. The Financial Sector
2. The Public Sector
3. The External Sector

(These sessions discuss the data base required for, and analytical concepts used in financial programming; and review forecasting techniques used to project macroeconomic aggregates in each sector. Workshops are used to pursue practical applications.)

4. An Overview

(In this session, all sectors are brought together into a coherent program. The session shows how accounts interlock, and discusses the use of policy targets and instruments.)

III. Financial Policy Issues

1. Interest Rate Policy in Indonesia

(This session explores the nature and impact of the recent financial reform in Indonesia aimed at enhancing financial intermediation, and analyzes the reasons for the persistence of high real interest rates. Methodological aspects of this topic are covered in a separate workshop session.)

2. Tax Policy in Indonesia

(This session explores the nature of the recent tax reform, not only from the point of view of its contribution to raising revenue but also from the point of view of its impact on economic growth.)

3. Trade Policy in Indonesia

(This session explores the recent trends in trade and industrial policy, focusing on their effects on the competitiveness and the growth of non-oil exports.)

4. Exchange Rate Policy in Indonesia

(This session explores the recent experience of Indonesia in handling two aspects of exchange rate policy: choice of exchange rate regime and definition of equilibrium exchange rate. Methodological aspects of the calculation of the real effective exchange rate for Indonesia are covered in a separate workshop session.)



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List of Documents

Bank Indonesia, Indonesia's Trade Policy: Problems and Options

_____, Interest Rate After the Financial Deregulation in Indonesia:
Some Key Policy Issues

Chandavarkar, A. G., The International Monetary Fund: Its Financial
Organization and Activities, Pamphlet No. 42, 1984

Gutián, Manuel, Fund Conditionality: Evolution of Principles and
Practices, Pamphlet No. 38, 1981

Hides, Richard, Indonesia's Exchange Rate System

IMF Institute, Outlines of Lectures on the Fund

_____, Recent Evolution of the International Monetary Fund

_____, Supplementary Tables (7)

_____, Tax Reform in Indonesia and Its Impact on Stabilization and
Growth

_____, The External Sector

_____, The Government Sector

_____, The Monetary Sector

_____, Workshop on Exchange Rates

_____, Workshop on Financial Programming: Overview

_____, Workshop on Interest Rates

International Monetary Fund, Communiqués of the Interim Committee,
G-10, and G-24

_____, IMF Survey, September 1, 1986 (Supplement on the Fund)