Bismillahirrahmanirrahim,
Assalamu’alaikum warahmatullahi wabarakatuh,
May peace be upon us all.

Excellencies Ambassadors, Ministers, and Heads of International Organization in Indonesia,

Prof. Abhijit Banerjee, Prof. Benjamin Olken, and Prof. Rachel Glennerster, Directors of J-PAL Global,

Prof. Dr. Muhammad Anis, President of the University of Indonesia,

Mr. Peter Baxter, Director General of AusAid,

Prof. Rema Hanna and Mr. Hector Salazar Salame, Directors of J-PAL Southeast Asia,

Dr. TM Zakir Machmud, Director of LPEM - UI,

Distinguished Guests,

Ladies and Gentlemen,
First of all, I would like to welcome all of you to Jakarta—a vibrant city which just two days ago celebrated its 486th anniversary. For those who visit Jakarta for the first time, you might find and experience the city’s rich blend of traditions and modernity.

It is indeed an honour and privilege for me to present this keynote speech at the launch of the Southeast Asian Office of the Abdul Latif Jameel Poverty Action Lab---or the J-PAL Southeast Asia. I highly value the choice of Indonesia as the home for this prestigious institution, whose main objective is to fight poverty. I welcome the decision to place the institution at the Institute of Economic and Social Research within the University of Indonesia’s Faculty of Economics (LPEM - FEUI).

I have full confidence that the regional office will help governments in the region, through research and evaluation activities, to identify and implement which development programs are truly effective. I have personally benefitted from the assistance and insights of Prof. Abhijit Banerjee during my co-chairmanship of the UN High-Level Panel of Eminent Persons on the Post-2015 Development Agenda. I believe that we will all benefit from the J-PAL team in our efforts to eradicate poverty and to achieve sustained prosperity.

Indonesia thanks Australia for its support in the establishment of the J-PAL SEA in Indonesia. This support marks yet another manifestation of robust trilateral cooperation between our two countries with the third party.

I will focus my speech on the reflection on various paradigms and approaches in development, which is aimed to achieve growth and combat poverty. I will also share with you Indonesia’s experiences in its development and poverty alleviation efforts, in particular in the past ten years. Then, I will touch on the critical importance of MDGs as well as the Post-2015 Development Agenda in attaining global
Prosperity and realizing the freedom from want.

Excellencies,

Ladies and Gentlemen,

Poverty is as old as human civilizations. In every civilization, there have always been those who are privileged, and those who are underprivileged. Within civilizations, stratification of wealth, power, and status evolves—either by design or not.

In modern time, in particular in the era of colonialism, the prosperity of the colonial powers were dependent on the labor and resources of their colonial territories. This situation had created a similar stratification at the global level, which then perpetuate poverty in the colonial territories.

The end of the Second World War marked a new beginning in the endeavor by most countries to achieve economic progress and social development. For newly independent states, this venture was generally coupled with the pursuit of national consolidation through nation-building efforts.

Along with the emergence of the Cold War, countries took different paths in development. As a student of economic development myself, I have had the opportunity to study a wide range of development's models.

We know too well that during the Cold War era, the capitalist model of development was competing with the socialist model. At the same time, many countries had also been inspired to transform from one stage of growth to another stage. In Rostow's model of development, countries were expected to change in a linear way through five stages. From traditional society to a high mass consumption society. I also noted that the Keynesian model of economic
development had inspired many developed countries during the post-war economic expansion era.

Indeed, each model presents its strengths and weaknesses. It had given a certain level of economic stability to the countries which used it. But one thing is very clear that during six decades after the Second World War, poverty was notable in what were called as developing countries. The number of people who lived below 1.25 dollar in those countries was generally high. On the contrary, developed countries were attaining economic progress that allowed them to elevate their prosperity. Needless to say, pockets of poverty also exist in those countries, and they are becoming more obvious with the unfolding financial and economic crises in the present day.

Unfortunately, for many years, this situation had created a North-South divide. It had led to the agglomeration of rich countries in the North and poor countries in the South. That is why, the struggle for the new world economic order during this period had become high in the agenda of the Group 77 and the Non-Aligned Movement.

I am glad that the divide was not widening. At the end of the twentieth century, poverty rates began to decrease. It was mainly because many developing countries achieved fast economic growth. Many developing countries were transforming into emerging market economies, including China, India, and Indonesia. Some countries in the Sub-Saharan Africa also enjoy remarkable economic growth. Between 1990 and 2008, the global poverty rate dropped from 47 percent to 24 percent, despite increase in the number of world population.

As I transformed myself from a student of economic development into a decision-maker and practitioner of development, I learned a number of lessons from the existing development's models. Let me share with you a few of those lessons.
First, I believe that whatever model we utilize for development, it must help improve the living standard of the people.

Second, it must help end poverty and help empower people to fight poverty.

Third, it must advance political, social, and economic stability.

Fourth, it must help countries to go beyond economic growth. It must help create an environment in which people are able to develop their full potentials and live productive and creative lives in accordance with their needs and interests.

Fifth, it must be inclusive. It allows and facilitates participation of the people in the development process. It provides the people with access to all basic needs.

Sixth, development does not end with growth. Therefore, in my view, it must be sustainable. And sustainable development is aimed to ensure an optimal balance between economic growth, social equity and justice, and environmental protection. This is what I call "sustainable growth with equity."

And seventh, it must generate collaboration and partnership. Through this, we can ensure financing which is much needed to support policies and strategies implementation towards the eradication of poverty.

Excellencies,

Ladies and Gentlemen,

Let me now say a few words about Indonesia's development and our efforts to end poverty.

Since its independence, Indonesia has implemented
various approaches and models of development. From nationalistic and guided model of development to liberal, and balanced models. I have carefully studied all these models—their strengths and weaknesses, and drawn a number of lessons.

Learning from the past experiences, and tapping into the new context of Indonesian development, I have initiated and implemented a "pro-growth, pro-job, pro-poor, and pro-environment" strategy of development for Indonesia. And I call this strategy as "4 Track Strategy".

The strategy that produces growth to create jobs and economic opportunities.

The strategy that stimulates growth to reduce inequity and minimize poverty, and thus develop its people from low to middle-class.

And the strategy that generates growth to safeguard the environment and sustain it for the future.

This strategy has been translated into two main approaches: one is through macro-economic policies, and the other is through affirmative policies.

As part of the macro-economic policies, we take measures that could create an environment conducive for sustainable economic growth. These steps include efforts in stabilizing the domestic economy, strengthenening domestic consumption, increasing investment climate, improving infra-structures, curbing inflation as well as supporting the growth of small-medium enterprises.

We also aim to create an atmosphere conducive for domestic and foreign investments. These include ensuring political stability and legal certainty, continued bureaucratic
reforms, the promotion of good governance, and fight against corruption.

And to boost investments, the Indonesian Government has introduced the Master Plan for the Acceleration and Expansion of Indonesia's Economic Development (MP3EI) in 2012. The MP3EI focuses on the acceleration of economic growth with a value-added approach. It encourages innovation, integrates sectoral and regional approaches, and facilitates the rate of increase in private investment.

I am pleased to share with you all that since its launching, investment projects completed under the MP3EI have reached 623.91 trillion rupiahs, allotted across 184 projects. The majority of investments came from the private sector (44 percent), state-owned companies (19.5 percent), the government through the state budget (19 percent), and the rest from the combination of private and state-owned enterprises.

As for the affirmative approach, we are reducing our poverty rate through an inclusive program that we have designed into four clusters.

**The first cluster is on social protection.** This includes projects aimed at providing relief on poor households through subsidy on rice, scholarships, health insurance, and cash advances through the Cash Assistance Program to ensure that they have access to sufficient food.

**The second cluster is on community empowerment.** It is aimed at allowing the poor to develop projects based on their own priorities, and to decide on how they can be lifted out of poverty.

**The third cluster is on entrepreneurship through small and medium enterprises.** This can serve as an important foundation for further growth and development. This includes improving credit access so that small enterprises
can develop and grow.

And the fourth cluster is on programs that focus on assisting communities, especially the poor and marginalized groups, including fishermen, in urban areas and less-developed regions. It is aimed to reduce their costs of living through the provision of affordable housing, transportation, clean water, and electricity.

We are cautiously optimistic about eradicating poverty through these policies and strategies. I am pleased that Indonesia’s poverty has decreased from 16.58 percent in 2007 to 11.66 percent in 2012. This means that we have lifted up around 9 million people out of poverty in a period of 5 years. We are committed to keep this progress. We are even aiming for further cut in poverty rate to between 8-10 percent by 2014.

In this connection, I would certainly like to invite the J-PAL to help strengthen our efforts to combat poverty, especially through rigorous studies and impact evaluations of our poverty eradication policies. I would like to obtain insights from J-PAL's findings in order to enhance and improve the ways of how to fight poverty in Indonesia.

Excellencies,

Ladies and Gentlemen,

Before I conclude, let me briefly shed some lights on MDGs and the Post-2015 Development Agenda—the agenda which I was personally involved in its preparation and adoption, in my capacity as one of the Co-Chairs of the High-Level Panel.

I must admit that MDGs have played a critical role in reducing global poverty in the past thirteen years. Since the inception of the goals in 2000, we have seen the fastest reduction in poverty in human history: there are half a billion
fewer people living below an international poverty line of 1.25 dollars a day. Child death rates have fallen by more than 30 percent, with about three million children's lives saved each year compared to 2000. Deaths from malaria have fallen by one quarter.

This unprecedented progress has been driven by a combination of economic growth, better policies, and the global commitment to the MDGs.

In two years, the target timeframe for the realization of the MDGs will end. In this connection, I do hope that the recent completion of the report on the Post-2015 Development Agenda will help countries to have a sense of readiness and direction in defining and implementing their national development agenda after 2015. Similar to MDGs. I also hope that the new development agenda will become an effective tool for countries to track progress towards ending poverty. And, it will help countries to build policy roadmap for achieving the goals of the new development agenda.

With this in mind, once again I welcome and congratulate the J-PAL on the opening of its Southeast Asia Office in Jakarta, partnering with the LPEM, University of Indonesia. Let us join hands in ending poverty, and in creating the region and the world which is free from want.

Thank you.

Wassalamu'alaikum warahmatullahi wabarakatuh,

Jakarta, 25 June 2013

PRESIDENT OF THE REPUBLIC OF INDONESIA

DR. H. SUSILO BAMBANG YUDHOYONO
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