



**RIZAL RAMLI, Ph.D**

***Strategic Policy Breakthroughs***

*Address: ECONIT Advisory Group  
Jl. Tebet Barat D. 19 No.5, TEBET, Jakarta 12810-Indonesia  
Email: [cryptrr@gmail.com](mailto:cryptrr@gmail.com) - Website: [www.rizalramli.com](http://www.rizalramli.com)*

Rizal Ramli was born on 10 December 1953. His career in public service began when President Abdurrahman Wahid appointed the founder and chairman of the ECONIT Advisory Group to the position of Head of the Bureau of Logistics (Bulog) in April 2000. This former student activist, jailed in Bandung in 1978/79 for his pro-democracy stance, was assigned a number of key posts including Coordinating Minister of the Economy (August 2000 to June 2001) and Minister of Finance (June to July 2001).

As Coordinating Minister, Rizal Ramli also took on a number of strategic positions to accelerate recovery from the economic crisis. He was Chair of the Financial Sector Committee (KKSK) and the Chair of the Presidential Decision 133 Team to conduct renegotiations with private electricity generators. More recently, he has served as President of the Board of PT Semen Gresik (September 2006 to June 2008).

Even though his period in public office was brief, Rizal Ramli achieved a number of notable breakthroughs that had eluded his predecessors. It took him just six months to achieve a comprehensive reform of Bulog. During his tenure as Coordinating Minister, economic growth accelerated to 4.8%, far above the target rate of the period of 2-3%. The deficit on the national budget was reduced to 3.2% of GDP, below the target that he inherited of 4.8%.

In September 2000, Standard & Poor's raised the rating of the Indonesian rupiah from C to B- with a stable outlook.

Total exports in 2000 reached US\$62 billion, up 27% from 1999. One million more people were in work than the year before. Capacity utilization in industry increased from 50-60% in 1999 to 70-80% at the end of 2000. Construction, which had stagnated since 1998, grew by 8.3%, while the retail sector expanded by 17%.

Rizal Ramli and his economic team renegotiated Indonesia's Letter of Intent (LoI) with the IMF, secured loans from CGI of US\$ 4.8 billion and grants worth US\$ 530 million. This was the largest grant contribution that Indonesia had received in the history of CGI.

Rizal Ramli, who had served as economic advisor to the military representation in parliament over a five year period, also worked to improve the performance of the banking sector. The capital structure of the banks was strengthened, and the ratio of non-performing loans fell. Meanwhile net interest margins increased.

On 13 June 2001 President Abdurrahman Wahid asked Rizal Ramli to move from the position of Coordinating Minister of the Economy to assume the role of Minister of Finance. In this latter position, Rizal Ramli revised the 2001 budget. In the midsts of national and international economic and political uncertainty, the budget revision had to be done quickly. A process that normally requires months was completed in four days, from 13 to 16 June 2001, the fastest in Indonesia economic history.

Under his management Bulog underwent a complete transformation. As the Chairman of Bulog, Rizal Ramli reformed the structure and financing of the institution to make it transparent and accountable. He emphasized Bulog's function of stabilizing rice prices and raising farm incomes, and increased the organization's efficiency, recording a large surplus on operations.

As the Chairman of Bulog, Rizal Ramli ordered a change in the Bulog's accounting system to accord with internationally accepted accounting practices. Rizal Ramli eliminated the system of off budget funds and brought all accounting on-budget

and subject to routine and independent audits. The elimination of off budget funds fostered respect for the principles of fiscal discipline and transparent financial management.

During the period April-August 2000, Rizal Ramli undertook a thorough reorganization of five central departments and 54 district level offices at Bulog without serious disruption to operations. Officials from “wet” areas were moved to “dry” areas, and *vice versa*. Strategic moves such as these transformed Bulog’s corporate culture.

In May 2001, this former University of Indonesia management lecturer used his position as Coordinating Minister to press for an end to cross-ownership and cross-management between PT Telkom and PT Indosat. This measure was intended to increase competition and encourage the two telecommunications companies to develop into full service operators. The change was widely welcomed both at home and abroad, and **added Rp4.2 trillion to government revenues without the need to sell one share of Telkom or Indosat.**

Rizal Ramli successfully renegotiated private electricity generation rates imposed on the country during the Soeharto era from US\$ 7-9 to US\$ 4 cents, reducing PLN’s debt by US\$ 35 billions. As Chairman of KKSK, Rizal Ramli restructured foreign and domestic debt for hundreds of businesses under the management of the Indonesian Bank Restructuring Agency (IBRA). In October 2000, the committee began debt restructuring for 14,000 small and medium scale enterprises each owing less than Rp. 5 billion. Rizal Ramli decided that these SMEs would be granted reductions in principal and interest obligations of up to 50% if they were able to pay off their debts. Rizal Ramli also decided in November 2000 to sell liabilities below Rp 5 billion to third parties. The total value of these 92,252 loans was Rp. 871 billion.

Under his leadership, KKSK restructured the management and debt of PT IPTN. The first step was to change the orientation of the aircraft industry from producing at high cost with state protection to producing for competitive markets. Then Rizal Ramli changed the name of the firm from the National Aircraft Industry (IPTN) to PT Dirgantara Indonesia (PTDI). The results were extraordinary. In 2001 sales of PTDI were Rp 1.4 trillion, up sharply from the Rp

508 billion in revenues the year before. The company also recorded a profit of Rp 11 billion after suffering a loss in 1999 of Rp 75 billion.

As the chairman of the team, Rizal Ramli restructured PLN's finances by revaluing PLN assets and deferring tax payments to preserve the company's cash flow over the period January to May 2001. **This breakthrough increased the value of PLN's assets from Rp 52 trillion to Rp 202 trillion, with capital rising from Rp -9 trillion to Rp 119.4 trillion.** This restructuring strengthened the corporation's financial position, enabling it to borrow from banks and to sell bonds.

As President of the Board of PT Semen Gresik Tbk, from September 2006 to June 2008, he prepared a framework for managerial and financial restructuring over the medium term. The results were extraordinary. Net profits increased by 29.3 % to Rp 1.295 trillion, and EBITDA margins reached 26.1 % in 2006. For the first time Semen Gresik Tbk was counted among the seven most profitable state-owned enterprises. The valuation of Semen Gresik's output rose sharply from US\$105 per ton equivalent in mid 2006 to US\$165 per ton in August 2007. On October 1<sup>st</sup> 2007, Moody has assigned a Ba2 rating to PT. Semen Gresik with stable outlook. The Rating was two notches higher than the sovereign Rating of Republic of Indonesia.\*\*\*