

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

RADINAL MOOCHTAR

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Interview by: John Lewis, Richard Webb, Devesh Kapur

FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

*[Begin Tape 1, Side A]*¹

MOOCHTAR: . . . in the beginning is only for requirements *[inaudible]*

LEWIS: But they must have started financing local cost components rather early on in Indonesia, didn't they? Or not?

MOOCHTAR: Yeah, in a way, when—so that was--if you look at the--so these things are very difficult because you say it's "early" or "not early."

LEWIS: I understand that, yeah, yeah.

MOOCHTAR: But when we found out that it's *[inaudible]* to have the local funding because of the problems that we faced with the local--what do you call it--local portion of the financial, portion of the rupiah, yeah, then of course, there's an understanding from the Bank it would participate as a party in the total . . .

LEWIS: Yes. The public works category does not cover irrigation?

MOOCHTAR: Yes.

LEWIS: Oh, does it cover irrigation?

MOOCHTAR: Irrigation, water resource development, kampungs irrigation, and also the water resources development.

UNKNOWN MAN: Roads, flood control.

KAPUR: Drainage?

UNKNOWN MAN: Drainage walls.

MOOCHTAR: Maybe what we should give you is the brochure of the activities of Public Works.

KAPUR: And the irrigation includes the minor irrigation through the major?

MOOCHTAR: Yes.

KAPUR: Everything: wells to large dams and canals?

MOOCHTAR: Yes. So in the beginning was like this, yeah: when we first had the funds that we, the loans from the Bank come for small, for rehabilitation.

¹ Original transcript by Brookings Institution World Bank history project; original insertions are in []. Insertions added by World Bank Group Archives are in *italics* in [].

LEWIS: Yes, uh-huh.

MOOCHTAR: That was the first five years and so, and then gradually we start with--what we call it--the new developments, yeah, but we start first with the rehabilitation and then gradually the improvement of the existing and thus it developed into the new projects in infrastructure.

WEBB: You mean in different areas of infrastructure or just dams?

MOOCHTAR: Oh, oh, the first five-year development plan of the whole of Indonesia was after the so many--what we call it--delayed activities and so, and then the main thrust was more on rehabilitation [*inaudible*] Indonesia. Projects were rather small, yeah, and scattered.

LEWIS: This would be '68 through the early '70s, something like that?

WEBB: Rehabilitation of what?

MOOCHTAR: Water resources development, irrigation, roads and electricity.

LEWIS: Rehabilitation after all the troubles of the middle '60s, I suppose. Is that right?

MOOCHTAR: Yes, yes. And before that, yeah, most of the activities was not on operations maintenance, that creates the plan of the functioning of the infrastructure.

KAPUR: That was the first five-year plan?

MOOCHTAR: The first five-year plan was on rehabilitation, and development of the new projects was gradually started early second five-year plan.

LEWIS: And what was the function of the Bank? Was it mostly to provide resources, money, or was it . . .

MOOCHTAR: And technical assistance.

LEWIS: Technical assistance. And that was from Bank staff themselves or from consultants?

MOOCHTAR: Both.

LEWIS: Both.

MOOCHTAR: Both. We were fortunate the Bank staff has decreased in numbers [*inaudible*] numbers, that creates a--what you call it--closer cooperation between the Bank and . . .

LEWIS: Yeah. They had good cooperation, I guess, when Bernie [*Bernard R.*] Bell was here.

MOOCHTAR: Oh, yes. Most of all the directors that has been appointed here, yeah, we have very close cooperation with all of them.

WEBB: Was the technical assistance, do you remember that as a very important part of what the Bank does, in addition to the funds?

MOOCHTAR: Yes, because we create a system, yeah? In the past it was more and gradually there were systems that has been developed, and that created in borrowing the money and so in the past we don't have all these--what we call it--only the grants and so from other bilateral countries. Now then we have the starting that we prepared the--how do you call it--the projects in a much more systematic way.

But together with that there was a new change from other bilateral support from U.S. AID [*U.S. Agency for International Development*].

LEWIS: Mm-hmm.

MOOCHTAR: From U.S. AID. [*all speaking, inaudible*] So, and they sent people from Harvard, also, working together with BAPPENAS [*Badan Perencanaan Pembangunan Nasional, National Development Planning Board*], and they developed a new system for the budget, and that new system of the budget is in line with the system of the Bank in giving the loans and then creates a--because in the past you are loaned a certain ceiling and that's it; that's your budget. And gradually we developed this new budget, new system, so together with all those annual sales, but then the programs are program-wide and audit-controlled. So in the past . .

LEWIS: This is for the capital budget?

MOOCHTAR: Yeah.

LEWIS: The capital budget's on a five-year basis and then an annual basis?

MOOCHTAR: Annual basis. A program basis; now there's a program for every year, the programs.

LEWIS: And the Harvard group helped develop that, huh?

MOOCHTAR: Yes. The Harvard and the Tinbergen [*Institute*] group from the Netherlands.

LEWIS: Oh, really? Tinbergen also did?

MOOCHTAR: And most of them, they're working in BAPPENAS. Tomorrow you're

LEWIS: We're going to meet . .

MOOCHTAR: And so the whole picture of the background [*inaudible*]

LEWIS: I see; I see. And these different groups--the Tinbergen, the Harvard, the Bank--they all have--their thinking and advice has been integrated; that is, you haven't been getting a lot of different recipes from different people?

MOOCHTAR: Not in the beginning. Later, when it expand, then automatically when it expanded, more people are coming in, and more—and each have their own ideas, and that makes diversification. And in the Bank is also that they expand their activities, and with the Bank of course that creates a little what we call a need for more better cooperation between all of us. So it was in the beginning a more closer, smaller in size, so it was more easier. But when it expand to cover the whole area, the whole country--in the beginning it was not the whole country; it was only the small, the priorities and so, but now it's already covered more or less the whole area up to the remotest areas. But there was this diversification, but then, of course, more people are needed. These were not in the beginning not there, and they joined the Bank with their new ideas, and then our people were also the civil servants [*inaudible*] and sometimes it's not totally . . .

LEWIS: What--can you give me an example of what kind of diversification you're speaking about within the Bank? What sorts of differences or conflicts can you . . .

MOOCHTAR: Say, in the roads sector. In the beginning the roads, when we developed the roads was more on the trunk line. One of our first projects was the trans-Sumatra road, yeah?

UNKNOWN MAN: Trans, yeah. [*inaudible*]

MOOCHTAR: Trans-Sumatra. That is the trunk line from south to north, but gradually when we looked at the, whether it is feasible or unfeasible, there are so many of these--what we call it--ideas on whether it should be looked at the regional contacts or it should be on the more direct sectoral contact. And so, and when they developed, so one of the areas was the--not the conflict, the dispute [*inaudible*] in Sumatra. And then finally after this the . .

UNKNOWN MAN: [*inaudible*]

MOOCHTAR: But there's a place, which is two places where there's this is feasible or unfeasible. When you look at only one part, it's not feasible. When you look at the total, it seems feasible, yeah. So then we asked the people from other--what do you call it--sectors, including also the university from [*inaudible*] assisting in the regional development, and then we include also some of the consultants from the United States.

UNKNOWN MAN: [inaudible] was in 1960s, '70s.

MOOCHTAR: '70s, yeah.

Then finally we end up in a regional development, and then we say that these are the possibilities for Bank assistance [inaudible] dispute, whether we look at it only from one point of view [inaudible] So actually it moves together with the Bank. The Bank people and also our people are looking at the different—what you call it--possibilities, alternatives and so, and gradually develop into a more—what we call it--supported programs.

LEWIS: As you get all this different kinds of advice from different groups, is there any one of them that you look at in the public works area, that you have looked at as your particular closest advisor or you just--are they all sort of helping about in the same distance and you do the integration yourself?

MOOCHTAR: Not always. Sometimes it's--you have to look it this way, that most of us was not yet trained in real—what you call it—systematic plan development. And most of us, the sectoral development they know, yeah, how, because we also have the assistance like, for instance, from when the war, the world war was ended and we have from Japan, yeah—what was the term that's used, they would pay for certain damages and so on?

LEWIS: Reparations?

MOOCHTAR: Yeah, yeah, and so we have some of the projects as has been like the [karakata (phonetic)] dam and we have the [inaudible] dam and we have [inaudible] but it was just isolated activities.

LEWIS: I see.

MOOCHTAR: It was already there. So we discuss also with them.

But when we start with the new, with the Harvard and ideas about how to get a systematic--what we call it--development program, that was started in 1969 when we had the first five-year development plan, the second five-year plan. Gradually most of our people trying to assist, yeah, the local government and they tried to assist also the consultants. The consultants learned from us and we learned from them, so it was a kind of a learning process, the first time we could.

LEWIS: Are there any members of that early Harvard group who were particularly, any individuals you remember as being particularly important?

MOOCHTAR: The group, yes, there was both of the groups, Tinbergen and Harvard, these are the group of the—what do they call it--Harvard International Institute of Development.

LEWIS: That's right, H-I-I-D. Malcolm Gillis, I guess, would be . . .

MOOCHTAR: Yes, *[inaudible]* and also the group also from Tinbergen. So they worked together, and they had their office in BAPPENAS and Finance, both BAPPENAS and Finance. And that was the beginning. Then everything was more on a--what we call it--orderly basis. Before that--just to give you the feeling--everything had been *[inaudible]* You can do whatever you want *[inaudible]* passing. Now it's systematic. We always said it is--they improved the budget, development of the budget, the Bureau of the Budget which consists, of course, of the Finance and BAPPENAS, and that has been assisted from the World Bank and assisted from the bilateral assistance. And these two was the real engineer of the development assistance, multilateral and bilateral.

WEBB: Did you find that the Bank projects were particularly *[inaudible]* to advance development?

MOOCHTAR: In the beginning the main thing was we don't have the same wavelength. What we need is--there are so many things we need--what they can provide are certain things that according to certain rules and regulations. So in the beginning it was not easy because the request was tremendous request for assistance, but gradually, and we had these priorities, but the priorities are sometimes not compensated. If you go, for instance, in *[inaudible]* to the regional areas, immediately they would like this and this to *[inaudible]* And so while at the Bank, yeah, that may not be the--what we call it--the primary objective. The primary objective is--thus it was not, it was not, not--it takes time.

WEBB: Do you remember an example?

MOOCHTAR: Well, what's the example that we have--the example of that, I stop *[inaudible]* because I . . . Let me . . .

For example, in rehabilitation, like project rehabilitation, the Bank is, always looks at the whole thing to be as a program on project basis, and we sometimes, we cannot wait--everything is based on the rules and regulations of the Bank because it is a bank, yeah? It is a little different than the needs that we have to do on right-of-ways, improvement of roads, yeah? We would like to do things like that but they say, "Well, that is a need, the quality and certain standards and certain" like that was one of the things, for example, on roads, the standards of the road had to be. We want more areas to be covered. They want certain standards to be kept. So it's in between, yeah, because if we keep with the certain standards, then it's only a limited area that we can cover, but if we have a larger area, the World Bank say, "In two years it's going to be destroyed." Yeah? So like the network of roads which is in need of rehabilitation. So--and then finally we found out the--what do you call it--the compromise between what standards that are still possible to be accepted by the Bank and what standards that they cannot.

LEWIS: Do you have problems in that area, along that line, with their requirements that

you use international consultants?

MOOCHTAR: Yes, yes. Sometimes the people from international standards, they are more in the—we call it—they are used to sophisticated areas or not sophisticated at least more in developed countries. Now they have to do and work in the developing country which, well, standards are not very high and the capacity of the people is not--what we call it—advanced enough to accept all the requirements that you have to do this and all these things. They still--and the consultants sometimes, the foreign consultants, sometimes they aren't used to this. Even, say, in the 1960s it was kind of a joke in saying that go to work in the remote areas, first you started with asking about the food, asking about the other, the facilities. We don't have at this moment the facilities and so we have to--it's not—it's in the quality of the--how do you call it--life.

LEWIS: Lifestyle.

MOOCHTAR: Yeah. It's a bit different, and that creates a kind of conflict when they have to go back and forth because communication was not developed and the areas are remote. So sometimes we have problems with the consultants, yeah, because they have to communicate with Jakarta. And in the meantime, yeah, areas like Indonesia which consist of so many islands and that's what communication in the beginning was not so good, but gradually what this has been improved and of course it's [inaudible] you can go, you can have dinner by the [inaudible] But in the beginning it was very difficult.

LEWIS: This is true of consultants provided by various donors, the World Bank, AID, anything?

MOOCHTAR: It's not special to the World Bank because if you are used, you get used to certain thinking. For instance, you get--if you ask the people whether they can speak English in the remote areas, and they say [inaudible] "You cannot communicate this!" because the speaker [inaudible]

Well, and the problem is that most of the people can speak English, but in our case it's—so it was rather, well, it's the idea may be the same, but it's not expressed in the proper way and we get sometimes confusion. But that was the beginning, but that was part of [inaudible]

In India--I don't know about Thailand; Thailand is a, well--if you look at Malaysia, it's much easier because all this time most of the people who went there to the, say, the elementary school, already could speak some Thai, but not in Indonesia. That was also one of the language barriers, conditions.

LEWIS: Back in the old days, in the colonial days, did you people learn Dutch as a second language?

MOOCHTAR: Actually, those that have been—but it's only a certain percentage that used the secondary or the high school include that, impose that in Indonesia. I don't

know what for, but all these things *[inaudible]* But it was so limited, and so you don't really get--but that's it, especially *[inaudible]* speak to the Japanese, you have to learn Japanese. So it's just like *[inaudible]* It was very difficult for--and most of the experts *[inaudible]*

LEWIS: The Japanese have grown into a bigger role in the last few years, haven't they?

MOOCHTAR: Yes, yes.

LEWIS: Bigger aid program and . . .

MOOCHTAR: Bigger aid program and bigger investment program.

KAPUR: The Japanese, are they collectively more important in trust funds in public works now?

MOOCHTAR: They started.

KAPUR: They started with that?

MOOCHTAR: Now, they started that now. In the beginning it was more—it was more with the World Bank aid. Some of the bilateral was *[inaudible]* investment but only in the last ten *[inaudible]* when they started more in the *[inaudible]* in the beginning was more public sector because there are other sectors where the *[much of this is inaudible]*

LEWIS: Did the Bank play a coordinating role among the donors interested in public works and infrastructure?

MOOCHTAR: No.

LEWIS: You do your own coordination?

MOOCHTAR: Yes. That is BAPPENAS does that.

LEWIS: BAPPENAS.

MOOCHTAR: BAPPENAS, yeah. We request to BAPPENAS, and BAPPENAS they have these coordinating meetings of the projects for countries for which we--for us it is irrelevant whether it is coming from one country or the other country as long as we get it. So and then BAPPENAS coordinates with this group, whether it comes from bilateral source or it comes from a multilateral source or it's ADB *[Asian Development Bank]* or it's from the Islamic Development Bank or . . . We have some projects with the Islamic Development Bank *[inaudible]*

WEBB: In your own area of projects, do you have a preference for World Bank financing or is it the same?

MOOCHTAR: They have a special uniqueness. World Bank is more free. They are not—of course, it's worldwide so they are free in a sense, yeah, as long as you—how do you call it—you follow the rules, yeah? You can [*inaudible*] position of these and these countries to be included in the tendering, it's okay, yeah.

But bilateral, it's only in the last years that they are released the tight system here, tight aid [*inaudible*] In the beginning it's all--you can make the assistance, but you have to have the technical assistance or the [*inaudible*]

The World Bank is more in a way more flexible. But nowadays most of the bilateral aid, starting [*inaudible*] are more loose.

WEBB: Loose?

MOOCHTAR: Yes, it is getting a bit more loose, except for certain countries like Canada, France, yeah, is still rather . . .

LEWIS: Is Japan flexible?

MOOCHTAR: Now it's getting, it's getting a little more, except as long as you include in their projects some of them, whether they win or not, as long as they get . . . [*Laughter*]

LEWIS: They get their share, I take it.

WEBB: What about other aspects, technical qualities [*inaudible*] the Bank?

MOOCHTAR: If you look at the EC, from Europe, European Community, in selecting the consultants, it's different than with the Bank, the World Bank. From the European Community, you just look at this way: those that pass, yeah, if you have a passing grade, beyond that anybody who has the lowest—what do you call it--price in the services . . .

LEWIS: Ah, I see.

MOOCHTAR: With the World Bank you have the--what do you call it--the passing grade, and the best of them, you have to negotiate with the best. It may be more expensive, but it's the best. But the European Community, they say you need only the passing grade. Once--anybody who passed that grade . . .

LEWIS: In the Bank there's no limit, I mean to the price?

MOOCHTAR: They have the already allocation. The allocation is there, but then you have to negotiate with the best. It's [*inaudible*] So if the average, for instance, the passing grade is 80, then for the European Community 80, 81 or 83, and so anyone that submitted [*inaudible*] they do, and then you can open their . . .

UNKNOWN MAN: The price.

MOOCHTAR: The price acquisition. The lowest you can select, since it's already the passing grade so anybody that is passing grade is now qualified.

UNKNOWN MAN: Is qualified.

MOOCHTAR: Is not disqualified. Not with the World Bank: the World Bank is the best. If you have 80 and you have 89, you have to deal with the 89.

LEWIS: Even if it charges twice as much?

MOOCHTAR: Even. They don't open the rest. And so . .

LEWIS: Because it's a pure quality determination?

MOOCHTAR: And that is sometimes more expensive. But the reason, the reason was—there was, there is a reasoning—the reason is, they say, if we don't do that (this is what the Bank says) then how about countries which has more higher billing rates. They never—then against these people from, say, from Korea, from the . .

LEWIS: Taiwan.

MOOCHTAR: Taiwan and so, which is, of course, another aspect. You can--because they say . .

LEWIS: This is the way they've been parked. You get some contracts with the Americans, huh? *[Laughter]* Or the Brits, huh?

MOOCHTAR: Well, it's the best. *[inaudible]* some things are more expensive because it's *[inaudible]* to stick with the best. In some, for instance, if you use the Japanese, cannot be happy with that because the prices goes up with the Japanese yen, so if we select them, for us it's . .

KAPUR: It's more expensive . .

MOOCHTAR: It's more expensive.

KAPUR: . . with the yen exchange rate.

MOOCHTAR: Yeah, with the exchange rate, yes. It's a fluctuating exchange rate. But since they are the best--what you call it--submission of the proposal, we have to select them. Now, what can you say? Cannot we use the other one, is something in which is more cheaper?

LEWIS: If the U.S. is good enough, it's a real bargain now with the dollar down.

MOOCHTAR: But this is something that we cannot change now, yeah? So we look only at the quality and—what do you say—technical proposal. Here you have the other line.

LEWIS: Who makes this, assigns the grades? You? The Bank?

MOOCHTAR: Oh, jointly, because we make ours, and then the Bank also looks at that, a concurrence, a concurrence of the Bank. We have to agree on the, first, on the—what you call it--selection and the selection criteria, and then the Bank. And normally we are assisted by consultants from the Bank also discussing it with us. Then we sign it also for the concurrence of the Bank. So it's open in a way and *[inaudible]* it's not just that. But if they disagree they can say they disagree.

LEWIS: How is the Bank on implementation and monitoring of these projects once you let the contracts?

MOOCHTAR: In many ways since they have here a resident representative much easier because . . .

LEWIS: Because the office is here?

MOOCHTAR: Yeah, the office is here in Jakarta, so and we contact them much more frequently and we know them and they know us. We cannot say things that they're--so--the same thing, so both of us can control.

LEWIS: I see.

MOOCHTAR: It is easier than, for instance, the ADB has followed this, but followed years later in *[inaudible]*

UNKNOWN MAN: '83.

MOOCHTAR: In '83 this was not seen as the business of the resident representative. So when the resident representative *[inaudible]* it's easier. But sometimes it's also difficult to--because they know also from other sources, all these things from regions, and so we have these--they're more explosive and *[inaudible]* then, yes, of course you can get these things, but in general *[inaudible]* something, so we call them and they *[inaudible]*

LEWIS: And they monitor it fairly closely, do they, the projects, the process?

MOOCHTAR: In a way, it's not direct there because they have--in the beginning of course was rather strict and getting--and now it's more just kind of a follow the, as long as we follow the agreed criteria, agreed, then it's no problem.

UNKNOWN MAN: *[inaudible]*

MOOCHTAR: Well, some here and there, but it is not because of the--sometimes because of the certain administration here it's rather slow. For instance, projects that is in the remote area in the East, the report has been rather slow in coming. [inaudible] islands, for example [inaudible] time and that sometimes makes a kind of the information, not sending it, timing [inaudible]

WEBB: What about the conditionalities? Is the Bank very interfering, getting more involved than other donors in the . . .

MOOCHTAR: It's actually like this. It's sometimes not the Bank, but the officers. Officers, sometimes they have their own way of doing things that's not the Bank's rather [inaudible] It's not so--if you look at the contract or the loan, something like that, sometimes certain things was not taken as it is, and that creates a [inaudible] depending on the officers. And the officers are very . .

LEWIS: So the manner or the style would be with the work?

WEBB: More than other developments?

MOOCHTAR: Because the extent of the loan is more with the World Bank, so the impact is bigger.

LEWIS: One has the impression that the relations between the representative, the office here, and the government are on the whole pretty good.

MOOCHTAR: Yes, yes.

LEWIS: This kind of abrasive action, is that more likely to be somebody coming from Washington? No?

MOOCHTAR: No, no, not always. It depends. Sometimes they recruit also people from the area and they have also recruited from the area from Washington, but in many cases, even between Washington and the rest of the [inaudible], I'm not in the same line.

LEWIS: Ah.

MOOCHTAR: Because we have two things in the World Bank, and the way we look at it, they have their project officers and their procurement officers. The project officers, they prepare the projects. Once the project has been done, normally then the procurement officers take over. So what has been agreed with the project officers when they developed the project, sometimes these people do not understand. It's not because—but because they were not involved in it from the beginning. And then sometimes when they went away and started a new project, the project has been implemented, and the people from the procurement office came and so most of these things that was are not written

sometimes create a kind of--what do you call it--bad dispute or small dispute and so on. But if everything has been written maybe it's not . . .

One program that we faced yesterday, the setback in this case, that when they have these—what do they call it--staff appraisal reports at [*inaudible*] when there is something that is a staff appraisal report, from always is it in agreement with our conditions, with our, say, findings, because a staff appraisal report is more for them, for the management of the Bank, and not for us. And that was the—and sometimes that has been used as a basis for the negotiations and for the loan agreement.

So if there's not a strong delegation who come on the negotiations, sometimes they use everything here on the staff appraisal report as something that we agreed, totally agreed. Sometimes we do not agree, because the staff appraisal report, yeah, has been sent maybe one week before or sometimes during the negotiations, so that--and when the Bank normally, they left what they call aide memoires, and the aide memoires are sometimes--it's the findings of the mission, see, not necessarily our own views. So and what we need actually is how to improve our capacity, yeah, when the aide memoire has been sent to us to reply. And sometimes we do not reply, but we do not agree, and that creates these . .

LEWIS: Why don't you reply?

MOOCHTAR: It's the English.

LEWIS: Oh, the English. I see.

MOOCHTAR: The language.

LEWIS: It's still a problem.

MOOCHTAR: This is not--if you look at all the projects, a very limited people have really—they have involvement, but to write something as a reply to express what was not in agreement, that is not, not that easy. The language barrier is one of the . .

LEWIS: That is interesting. I would have--you must have a lot of younger people in ministries who've been trained in English-speaking universities, don't you?

MOOCHTAR: They can speak.

LEWIS: They can speak. But they can't write, huh? They don't teach them to write!
[*Laughter*]

MOOCHTAR: And to write something that can express your ideas into something, it's a little different than just writing, you know. But this is—it's not that--because the aide memoire has been put in that way very nicely, and so we have to reply to this, and now we have to change our ideas into something written that somebody else can understand, and that's not--this, if you look at most of us that are now here in the projects and so, are

not good at the administration of these, you know, reply and saying "this is not right" and "this should be changed." So that is where the lack of capacity all over Indonesia, not only in Public Works and Post Office. And it's very, very unfortunate. It's a small thing, but everything under communication. The talking really is easier, yeah? In talking, you know, you can ask somebody, but in writing you cannot just ask somebody else, say "what was the beginnings of"--and sometimes in the case of the reports, report writing, it's not--they must be done, completed, but the report has not been written. And so if the report has not been written properly, then we cannot ask for a "no objection" letter or changes, and that's, that's a handicap for us.

We're handicapped a second one, the handicap is in the legal aspects. In reading all the what we call the rules and regulations of the Bank, it's not the same like reading just a paperback! *[Laughter]* I should say so! This is something that, well, if you negotiate with the Bank, they always draft when the lawyer is there on the premises and it depends on lawyers. So this is thing that—they cannot--so what we need actually in Washington is a good lawyer.

LEWIS: Well, you do have, you retain lawyers?

MOOCHTAR: Yes, yes. For representation so if we are confronted, but these are the big guns, and very expensive guns, too, yeah? *[Laughter]* What we—for certain things we need, to assist us in saying, "Please, please," when we say yes, and so there's no reason the—what we call it--the consequences of all saying now this and that and this and this and we can borrow. Otherwise, we just say "yes and yes" and we're coming back and saying that wasn't what we agreed, we're not crazy! But having a lawyer join in the negotiations is fairly important because sometimes you just . . .

WEBB: You need to hire an ex-Bank official.

MOOCHTAR: It's possible, or even our people who has been trained there, working with the Bank and from the embassy and always assisting during the negotiations because they all say, "This has been agreed in the past and we agreed to this and this will follow like this, and some of the problems that we face in the Bank are this and this and this aspect." That's, I mean, a hell of a point because the one that we received sometimes are not the one that are implemented. The one that's implemented is sometimes in the local areas and so what has been received is on behalf of the ministry, on behalf of a high official. And sometimes it's totally—what do you call it--ready. So these are the small things actually, but it's not a big one because the ideas are already approved, but during the implementation.

LEWIS: We often hear that the Bank itself is very much preoccupied with negotiation and getting the projects committed, getting them designed and committed and the funds committed, and less devoted to follow-through, to implementation. I mean, they go on to the next project.

MOOCHTAR: I think it's because the structure of the Bank is like that because the

Bank structure is—the one that, as I said, the project people are the one that formulates the project, and then the procurement are the one that regulates the disbursement of the funds. And in between there are people who comes and go and so but these are--what you call it--the one that use the parachutes, using parachute going there and then go away again, not the one that stays here.

But the people here with the regional office, they are also limited there in their personnel

UNKNOWN MAN: Staff.

MOOCHTAR: Staff, yeah, so that they cannot cover the whole area. But in general you see the improvements as they get to know more about the Indonesian situation, they get to know more about the conditions that we cannot ask for more because new regulations are sometimes--this is also now under the problem. While we develop, we produce new regulations. When we started the negotiations, that regulation was not available. Now, sometimes that can be a problem! *[Laughter]* We have to follow the new regulations, but they will already have the old regulations which they--and it's not that flexible, not that flexible. That sometimes needs more understanding, not we are opposed to it totally, but there are some occasions, yeah, that's--each project there is just maybe five years or six years, so between when it was conceived until it was signed, and then the agreement was signed and then implemented, that takes at least eight years. During that period of time, you know, it's . . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

MOOCHTAR: . . . before, yeah, was three years before they agree that it's going to, but when it is implemented, at least five years. And during that period of time the basis was when it was conceived.

LEWIS: Yes, there's a big lag.

MOOCHTAR: A big lag.

WEBB: The people change.

MOOCHTAR: The people change, too, and the people in the Bank also change too. And so we don't have these, the continuous--so although we try to get them more closer, but still it's not that—not that easy.

WEBB: To go back a bit, can you think of projects or ideas where the Bank made a big contribution, not in the money but [inaudible]

MOOCHTAR: There are so many, but which one can we say? It was like growing together. So it was rather difficult to say as a special, yeah--it's rather difficult but it was

like growing together, and we identify together and developed in such a way, yeah, like when we started with the kampung improvement program, and then they developed an improved kampong improvement program and then it's going into an integrated urban infrastructure development, and so—and that is a growing together. And the ideas was not--normally it's joint, based on the cooperation between two parties. And so far I do not know yet whether it is--you can identify immediately, this is the thrust, yeah?

UNKWON MAN: This is a vehicle [inaudible]

WEBB: What about big mistakes [inaudible]

MOOCHTAR: Yeah, yeah. There is none that we call it a big mistake from the Bank, because they are more careful compared to what we do. Sometimes we make more bigger mistakes, yeah, because we are--in the way--it's a little different with the Bank. They always have some screens, yeah, before you have the missions here, then another one and another. So there are still--where in our case sometimes, yeah, when it's with our funds and so we, sometimes we start and then we prefer at least something else there, and we say, "That was a mistake." So it's not that--what you call it--a big blunder or whatever, something like that. It's . . .

KAPUR: You—could we sort of go back in time?

MOOCHTAR: Yes.

KAPUR: You said that the first five-year plan was the projects, public works was more rehabilitation. Then the next phase was--you were—so in that case was it more of minor irrigation or wells or was it more sort of dams and canals? Was it differences in philosophy or . . .

MOOCHTAR: No, not a difference in philosophy because we already have the irrigated areas, quite a number of irrigated areas, and when it was—what we call it--not maintained, yeah. So it was not well maintained, and the maintenance was very, very small.

LEWIS: I see. Yes, sure.

MOOCHTAR: So if we look at this way, the maintenance was rather low, and then we had to rehabilitate. Then we start with a new project, but still the maintenance funds has been low. Only starting, the maintenance has been given more stressing; it was in the last, I think, the last five years. So there was kind of a--they say, "Maintenance, it's Indonesia," but now maintenance can also be included in the project with assistance of the Bank. So that creates a kind of, yeah, if in the past rehabilitation, and then there are new projects and so, and now it is a new project and rehabilitation and maintenance after 20 years. And then we have to be rehabilitated again. And now we have these more, better structures. So the new project is included but also rehabilitation is included, yeah, but next to that also the operations and maintenance.

One thing that we still cannot fully adjust with the Bank policy, in this one area where we're still looking at, that now gradually it's more they try to have this, not when you have to pay it, repayment for the investment.

LEWIS: User charges?

MOOCHTAR: Yeah, the user charges, yeah. And this is rather difficult, yeah, because in the past we do not have this user charge for irrigation, for instance, and we always said it's a good idea but to start that irrigation service fee—we call it that, irrigation service fee--to start something new, so we start these new pilot projects and so it's rather gradual, and the Bank would like to have a more quicker. But that is sometimes on that the--all the projects that has been developed we should ask for the participation of the public to pay more, yeah, to contribute more in the investment repayment and maintenance operation. It's not always easy.

LEWIS: That's the sort of the policy implication, isn't it?

MOOCHTAR: Yes, that's a policy.

LEWIS: That's become greater in recent years?

MOOCHTAR: Yes, now it's getting more greater, yes, and we agree in principle. We all agree. It's not that we do not agree, but the way the political system and the conditions are not so easy and that sometimes we are not so quick yet, and always we're asked, "When do you start with all these?" We started, but still, what's the system? How do we? Because sometimes it's--they don't own the land, they just working on the land, so who is going to pay, yeah? And it's not always the same. In one area it is like that. Other areas are different. And the structure in Indonesia is not what you call . .

UNKNOWN MAN: Uniform.

MOOCHTAR: Yeah.

KAPUR: Has that affected also the issues of whether certain public infrastructure as roads or ports should be more in the private sector than . .

MOOCHTAR: No, no, no. It's like this. The more you expand and the more the things are developed, yeah, then we found out that the money is not sufficient. Even if we borrow it from all the, from left and right, it's still not sufficient, yeah; one. The second is if the participation is not like that and they're waiting in queue, for instance, electricity or in the port development or in the water supply development, yeah, so everything is being developed by the government on the old system using all these because there is what we call public service, then most of the areas that can do it on their own, they have to wait because they would like to have a uniform system on equal and the pricing, et cetera, but it's up to you whether you are on a demand and supply basis. There's more of

a--and this is one area.

The other area is that once you develop an area, for instance, you develop the road, and the development of the areas on the left and right of the road which benefit from that, but you do not develop it because it's not part of—so it should be the local people or the private sector should develop that to enhance more on the use of the road, yeah? So this is not--but in the past we only looked at the roads as just a connection between one area and another area and not as a part of a development instrument. Now it's being developed as--the infrastructure is more as a development instrument, to ask the people, the local government as well as the private sector, to develop more projects.

But that means that there are--what we call it--areas where we have to leave it to the private sector to develop. In the past, yeah, most of the hospitals—you take hospitals--it was always done by the government, yeah. But now we say, “Okay, why not?” Schools: most of the schools are the government, but now we say, “Okay, more, you can get more,” because it's not sufficient, no. We produce how many people? Now every year I would say it's two percent. Two percent, it's really two times Singapore, two times the people of Singapore every year. So it's quite a number of people.

WEBB: Irrigation?

MOOCHTAR: And irrigation, for example, irrigation, yeah, it's the same, not so much that the--because they use the pumps now. They're not waiting. So they say, “Okay, I'm using the pumps,” so we try to give them technical assistance. They use the pumps and irrigate using the pumps. In the past it's always the normal way of irrigation, but now you can [inaudible]. They [inaudible] water and they use the pump and they pay about 20 percent of their harvest for paying the--that's normal! In the past it was unheard of! Nobody would think of--they wait for the government to provide the water and at the end there that they can use it. But nowadays they don't do it. They say, “Why should I wait?” And they—soybeans, and so they plant soybeans and they calculate. They're getting more [inaudible] from the government. [Laughter] It's again they're also, so they calculate. So in one area in South Sulawesi, for instance, yeah, you have about 200 of these small units of these machines of water—what do you call it—the pumping, and they just hire it and lease it. And in that sense, yeah, that creates a kind--and we, of course, we hope here that we don't have to make all these things, and we provide them with the main system, yeah, and then they can take it from there.

WEBB: Is the policy grown out of the government or the Bank is pushing this?

MOOCHTAR: It's actually both, yeah, because when they ask for, please, the private, to think more of the private and public participation. Not in this—for example, the Bank offers small business credits. Also the Bank offers small business credits and all these, and so that's already from the beginning it was part of the understanding between our—that we cannot go on our own in the government, in the public sector. There is this small business, and some of them even for housing, for instance. The World Bank also provides the seed capital to the housing bank, and that also helps develop the

employment opportunities because this is the employment of the small business also. Then that creates, of course, the activity.

On the other hand, we have also our program for the small business credits and so on, all over the country. This is *[inaudible]* And an industry where the apex loan—I think that's what they call it, apex loan—that governs the whole for the industry, small industry *[inaudible]* So there are these--it's a kind of--we cannot just say this is pushed by one of the--it's just a growing need, yeah, and recognized by all of us.

But we were too late, rather late. If we had to start it much earlier because in the beginning most of us, also from the government, are more oriented for the targets that are in the physical *[inaudible]* oriented, not so much in the use or the impact of it by the government, the benefits, the direct benefits. So most of us are, whether it's a dam or with the water irrigation, we just look at the irrigation and the others are looking at the creation of the new rice fields and so, but not in one coordinated effort. And now we feel that this is not possible, so we have to start with the whole thing like when there is this irrigation then we have to have funds for and the people to develop the rice fields, and then we have also to have credits for the people to get the seeds, and then also to have to work on. All these together, that creates. This is, of course, from different sources.

But that is gradually we feel that it is not possible to have just irrigation or just a separate activity or water supply. It's just--see the development of water as we completed but not immediately used, so there is only 20, 30 percent and gradual at that period, there's a loss in time. That is now we recognize, and we try to improve it.

So, for instance, if the local government and the local water supply enterprise cannot put all the housing connections, then we can use also a system of operate and transfer of one group and so, and they can connect this and they will pay from their receipts from the selling of the water. So that is now we getting more in--in the past they have to wait until the government was able to supply them with the *[inaudible]* This is now being *[inaudible]* It's better late than never.

LEWIS: You've been very generous with your time.

MOOCHTAR: I'm very sorry. It's very difficult. The computer here is not working well. *[Laughter]*

LEWIS: It has worked very well indeed.

MOOCHTAR: But please, yeah, if you need some more information, it's just a small, not official, just some handwritten and so, please don't hesitate. You want to have more information on this and this and this and this, so we'll try.

LEWIS: That's very good of you.

MOOCHTAR: I'll give you my card.

LEWIS: Thank you.

[End Tape 1, Side B]
[End of interview]