



Report on UN activities in Indonesia

by

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Joint Inspection Unit*

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Major Recommendations

A. For action by the UNDP Governing Council

1. The UNDP Governing Council should support and follow closely the emerging pattern of UNDP assistance to Indonesia, particularly the teams being sent to the technical ministries to strengthen their planning and programming capabilities for their overall development programmes. If successful, the experiment in Indonesia may provide important guidance in determining how to achieve a realistic UNDP country programme in many of the developing countries. (See pp. 2, 4-10).
2. The administrative arrangements within UNDP for handling technical assistance matters in West Irian should be "normalized" fairly soon. At the same time the policy of involving UNDP in equity capital investment activities (the Joint Development Mission and the West Irian Forest Industries Development Corporation) should be re-considered. (See pp. 28, 40).

B. For action by the UNDP Administrator

3. The UNDP Administrator should:
 - (a) support the request of the central planning office (Bappenas) for assistance on its overall technical assistance programme in certain areas, not only because of the important opportunity it presents to help strengthen the top management of the country's technical assistance programme, but also because the resulting direct line between Bappenas and the office of the UNDP Resident Director will help insure that for the first time future UNDP projects will be positively governed by priorities of Indonesia's Five-Year Plan. (See pp. 4-7);
 - (b) support the present trend of thinking within Bappenas to relate all Government contributions to technical assistance projects - both SF and TA type - to the Indonesian development budget; and encourage a policy providing that all Government contributions (including its TA type projects) be included in the development budget. (See p.17);
 - (c) initiate a joint review of the FUNDWI programme in West Irian with the Indonesian Government in the very near future. (See pp.29-31);
 - (d) explore with other members of the UN family the desirability of a uniform procedure for medical travel, patterned perhaps after the FAO Mission Memorandum No. 70/2 dated 9 February 1970 entitled Medical Travel of Field Staff; and initiate a joint review with WHO of its project for improving laboratory services in Indonesia. (See p.46)

C. For action by the UNDP Resident Director

4. The UNDP Resident Director should:

- (a) initiate regular staff meetings with other members of the UN family in Djakarta on programme matters, not only to exchange information but also to help promote "linkages" between the various projects - an essential aspect of the move toward country planning. (See pp. 20-21);
- (b) initiate discussions with the Government for the purpose of increasing the usefulness of training activities. The subject matter would include (i) revisions in grade structure to properly reflect skills being taught in UNDP supported institutions; (ii) adequate provisions in budget for funding of maintenance and repair; (iii) judicious use of subsidies for counterpart personnel; and (iv) better provision for necessary tools, manuals, etc., for graduates in utilizing their training. (See pp. 22-24).

D. For action by the Executing Agencies

5. The various planning teams now getting under way or contemplated for the technical ministries should be strengthened, as follows:

- (a) UNESCO. Arrangements should be made very soon for a Phase II, to permit orderly implementation of this team's project. The initial duration of only one and one third years was a mistake. (See p. 20);
- (b) ILO. The proposed Trade Instructor and Supervisor Training Project should be reconsidered from the standpoint of including country-wide manpower planning in a separate project, pitching it at a higher level in the Ministry of Manpower, and fully co-ordinating it with related action now taking place elsewhere in Indonesia. (See pp. 7-10, 14-16, 18-19);
- (c) World Bank. The role of the Transportation Co-ordination Advisory Team should be broadened to include emphasis on country-wide civil aviation planning, with the help of ICAO. In particular, any further assistance to Merpati Airlines beyond that now provided by ICAO in FUNDWI/1 - Air Transportation - should be channelled through Merpati's head office in Djakarta and be concerned with the whole airline, not just operations in West Irian. The obstacles facing further improvement of West Irian operations cannot be overcome in Biak. (See pp. 8-10, 37-39).

6. There should be a frank discussion between UNOTC officials and the Government regarding FUNDWI/30 - Coastal and River Transportation - to determine just how the ships now under construction are to be manned and utilized. This Project is in very serious trouble. (See pp. 32-35).
7. ILO should take the necessary steps to strengthen the management of FUNDWI/2 - Industrial Vocational Training Scheme - and accelerate its construction programme. (See p. 34).
8. UNESCO should explore with the rest of the UN family the feasibility and desirability of using the documentation centres they have supported around the world as a central depository for copies of all studies and reports made by experts of the UN family and perhaps also those prepared by other foreign experts. (See pp. 42-43).

INTRODUCTION

1. The activities of the United Nations family in Indonesia were inspected from 15 August until the end of October, 1970. Indonesia was selected in order to explore some of the implications of "country programming" as included in the Consensus approved by the UNDP Governing Council (E/4887), and forwarded to ECOSOC in June, 1970. In particular, I wanted to explore the following matters:

Preparation of overall Country Programme

2. The Consensus approved by the Governing Council only deals with the final step in the planning and programming process, namely the negotiation of a UNDP country programme within the country's approved and financially supported total technical assistance programme. The Consensus does not come to grips with the central task, namely the preparation of the country's total technical assistance programme.

3. I have encountered a number of UN officials who have felt for some time that an appropriate part of the UN family should "move over to the Government's side of the table" and help it prepare the total country programme. Discussions have usually centred around the potential role of the UN Department of Economic and Social Affairs and the Economic Commissions for such purposes. The Commissions, particularly ECLA, have made limited moves in the direction of assisting Governments prepare their overall plans and programmes. The Department of Economic and Social Affairs has recruited many planning experts for central planning ministries around the world, and has made some attempts to assert a leadership and co-ordination role within the UN family in assisting developing countries with their overall planning and programming. This has included recent attempts to establish multi-disciplinary, multi-national teams in the field to assist groups of countries. I spent many weeks during the past year studying the Department of Economic and Social Affairs, but have seen little evidence that it is in a position to take those steps necessary to play a really strong role on the Government's side of the table at the country level.

4. In Indonesia it was understood that the UNDP and its executing agents were being drawn over to the Government's side of the table on a large scale to help prepare the total technical assistance programme (including that financed by the Government itself). If the approach emerging in Indonesia involving a broadening of the role of UNDP proved to be effective and practical for adoption elsewhere, it could have fundamental implications for the future roles of the Department of Economic and Social Affairs and Economic Commissions, and indirectly of ECOSOC.

Relations with World Bank

5. An increasing concern had been noted among some of the member states over the expanding role of the World Bank, particularly in the technical assistance field. Although the Bank is outside the terms of reference of the Joint Inspection Unit, it did not appear to be inappropriate to examine the relationships being developed between the UNDP Resident Director's Office and the resident Bank mission in Djakarta, which is understood to be the largest resident mission in the world. I had particularly in mind the implications of this relationship for UNDP assistance in planning and programming in a country in which the relationships between the Bank and the Government are much closer than in most developing countries.

6. Indonesia turned out to be a very fortunate choice for exploring these and related questions. The UN family in Indonesia, as executing agents for the UNDP, are making a very aggressive and large scale effort to help strengthen the capacity of technical ministries to plan and implement their total ministry programmes. The World Bank is playing a similar role in the central planning agency (Bappenas), and the Office of the UNDP Resident Director is now being encouraged to play a comparable role through assigning staff to Bappenas for help across the board in several technical assistance areas.

7. Shortly after arriving in Indonesia I was advised that the Ministry of Health was the furthest advanced in planning and programming its operations, under the direction of an unusually competent Indonesian official. For this reason, attention was focused on assistance by the UN family to other ministries, and no reference is made to those UN agencies such as WHO and UNICEF who are active in the health field. Also, when I visited West Irian the WHO expert stationed there was out of the country and his project had only just been initiated.

8. The strategy guiding top officials of the Indonesian Government in shaping up their requests from the UN family for help on across-the-board planning, programming and implementation appears to have been influenced particularly by the following considerations:

(a) Bank mission experience. Indonesian officials have been impressed that members of the resident Bank mission are "Indonesian oriented", and can be trusted to assist on their total country programme. They feel that it is reasonable to assume that the UNDP Resident Director should be able to backstop a team that could play a similar role in those technical assistance areas not now covered by the Bank mission.

(b) Teams at technical level. Senior planners in Bappenas have been impressed that teams of outside experts at the technical level have been effective in helping to meet the time-tables in the Five-Year Plan. They have supported proposals for bringing in additional teams in those sectors where the Plan is lagging.

(c) Islands of Competence. In order to strengthen the management of the Indonesian Government, some Indonesian officials think that the best approach is to develop, with outside help, a high degree of management competence at certain key points (one official called them "islands of competence") in the Government structure. The trained Indonesian at these key points would then train and supervise others and thus get a multiplier effect. The key points are Bappenas at the top level, central planning and programming groups attached to the Minister or his deputy in the technical ministries, and individual "operator" type personnel attached to the Directors-General heading the functional divisions of the technical ministries.

9. In this report, firstly is a discussion of the structure of technical assistance. I found the evolving structure of technical assistance provided by the UN family most interesting, and feel that the pattern of UNDP projects now getting under way at the technical ministry level might well serve as a model for many developing countries in a move toward country programming.

10. Secondly, a comparative study is presented of these technical ministry projects under way or under serious discussion which provide for teams of experts to help strengthen the design and management of these Ministries' development programmes.

11. Thirdly, opportunities are analysed for strengthening UN activities with respect to maintenance of equipment, and certain aspects of training of concern to several specialized agencies.

12. Fourthly, a review is presented of the FUNDWI programme in West Irian. This programme is not only an outstanding example of applying the "country programming" approach to a specific area, but raises some challenging problems.

13. Fifthly, a review is presented of a number of individual projects grouped according to their executing agencies. I made at least a cursory review of all UN-supported projects, but have included in this report only those on which I have some positive comments which I trust will be found constructive.

14. Finally, a brief review is presented of medical services in Djakarta, which appeared to be the major personal worry of UN personnel.

I. STRUCTURE OF TECHNICAL ASSISTANCE

15. There is a broad tendency for UN-supported technical assistance in Indonesia to be concentrated at 4 levels, including central planning, sectoral planning, functional programming and operation within sectors, and pre-investment studies and institution building. This trend not only seems to make sense, but is a step in the direction of "country programming" as approved by the UNDP Governing Council.

Central planning

16. At the top level, the Office of the UNDP Resident Representative deals with those government officials concerned with overall planning and with Government approval of requests for foreign technical assistance.

17. The UNDP Resident Director's formal high level contact with the Government is a cabinet-level committee (Co-ordinating Committee for International Technical Assistance). He also has frequent semi-formal contacts with the National Development Planning Agency, known as Bappenas.

18. Until recently, Bappenas has concentrated primarily on the identification of viable investment projects in order to attract large amounts of foreign development capital. In this effort, it has had the very valuable assistance of the World Bank mission in reviewing all investment project proposals. The Bank has also provided some technical assistance directly related to investment projects. In effect, the Bank mission is playing a key role in co-ordinating all external capital assistance.

19. During the past year Bappenas has become more interested in all kinds of technical assistance requirements, including those not directly related to capital investment. Recently it has taken the position that all technical assistance in the future must be planned to reflect priorities in the present Five-Year Plan. All technical assistance requirements will be included in future submissions to Bappenas of proposals to be financed by the development budget. Such requirements will be scrutinized by Bappenas and reflected in estimates sent to the Treasury for the allocation of budgetary support for the approved development programme.

20. It is understood that Bappenas also plans to present to the next annual meeting of the Inter-Governmental Group on Indonesia (IGGI) not only a proposed list of capital development projects as in the past, but also a complete list of governmentally approved technical assistance projects. If this step were taken, and the IGGI generally approved this latter list, then this technical assistance list would

presumably be the basis for negotiations with aid-giving sources. The UNDP "country programme" as visualized by the Governing Council would emerge from such negotiations, and thus would take place within the country's approved and financially supported total technical assistance programme.

21. Bappenas does not have the staff to handle these additional responsibilities for technical assistance, and has asked the UNDP Resident Director to provide a staff to Bappenas that would function in a manner similar to that of the Bank mission. The staff would work under the direction of the Resident Director, and be concerned with all external technical assistance (not just those projects financed by UNDP or other parts of the UN family) which is not now covered by the World Bank mission.

Comment

22. Before commenting on the proposal by Bappenas for UNDP staff, I would like to underline the importance of establishing Bappenas as the primary contact for the UNDP Resident Director. As pointed out above, technical assistance project proposals are screened by the Government's Co-ordinating Committee before submission to the Office of the Resident Director for forwarding to New York. In practice, Bappenas has usually not been involved in the decision-making process. Since this Committee has no responsibility for the Government's Five-Year Development Plan, the net result is that technical assistance proposals in the past have usually been little more than the result of direct negotiations between the UN specialized agencies and the several Government ministries. In other words, the technical assistance proposals received by the UNDP Resident Director tend to be based on the needs of the individual ministries rather than the priorities of the Government's overall Five-Year Plan. Thus the present trend toward an expanded effort by Bappenas to more closely related investment and technical assistance projects, and a concurrent move toward a closer relationship between Bappenas and the UNDP Resident Director's Office, are of fundamental importance.

23. The proposal by Bappenas raises certain major questions, as follows:

(a) Roles of World Bank mission and proposed UNDP mission.

24. Indonesian officials are well satisfied with the performance of the resident World Bank mission, and explained that they are asking only for staff from the UNDP Resident Director to work in areas not now covered by the Bank. These areas were not, however, precisely identified to me. I attempted to determine more precisely why staff assistance, was not requested from the UNDP covering the whole field of

technical assistance, and mentioned specifically the field of agriculture. It was explained that the World Bank had better techniques for identifying projects reflecting top priority needs with due consideration for costs. In contrast, the UN agencies usually just produced plans and surveys which were not action oriented, i.e. usually did not produce specific projects reflecting key, bottleneck breaking types of action with due consideration of costs.

25. The above is a serious criticism of the UN family. Does it reflect a special situation in Indonesia, with its unusually close ties to the World Bank, or perhaps the need for a general evaluation of UN activities in the planning and programming field? It is noted that the World Bank is now negotiating for liaison offices in other specialized agencies similar to those now existing in UNESCO and FAO, and thus will be in a better position in the foreseeable future to provide staff assistance to central planning offices covering all technical assistance areas.

26. In reflecting on the Indonesian situation, I wonder if the officials in Bappenas, who are under great pressure to present to the IGGI specific viable projects to justify a capital inflow of over half-a-billion dollars a year, are not too "project minded", and are putting too little emphasis on the broader aspects of development. No doubt the UN family needs to re-examine and sharpen the tools it uses in planning and programming, but this does not mean that it should go so far toward a "banking approach" that it loses sight of the main object of the game.

(b) Organizational and Administrative Arrangements for proposed UN Staff.

27. Indonesian officials are concerned that staff supplied by UNDP to Bappenas should be oriented toward the total Indonesian development programme, not the UN specialized agencies from which they might be recruited. They propose that this staff be part of the UNDP Resident Director's staff, and under his immediate supervision.

Indonesian officials apparently question whether the UNDP Resident Director has the necessary authority and backing to co-ordinate closely the activities of the UN specialized agencies, and need assurance that UN staff assigned to Bappenas would be under the firm control of the Resident Director.

28. This proposed arrangement raises questions. Does it make sense for the UNDP Resident Director, who represents the UNDP Administrator and the interests of the member states in negotiations with the Government, also to sit part of the time on the Government's side of the table in developing its overall Government programme?

Is there a "conflict of interest" involved here that would emerge particularly during annual reviews of the UNDP programme by the Resident Director's Office? In other words, would the Resident Director become too "Indonesian minded"? Also, can the Resident Director assume such a large new demand on his time and also keep up with all the other things he is supposed to do? Or are these considerations somewhat theoretical, and over-shadowed by the lack of any practical alternative at this time that will satisfy the concern of Bappenas?

29. There are several alternatives to direct involvement by the Resident Director. UNDP Headquarters could recruit a team leader, with a title of Assistant or Deputy Resident Director, but such action might raise the question of conflict of interest. The UNDP Administrator and the UN/OTC might jointly decide on such a team leader, thus recognizing certain broad co-ordinating responsibilities of the Department of Economic and Social Affairs in New York. (It should be remembered that the UNDP Resident Director also acts as country representative for UN/OTC). I question whether any "looser" arrangement than the above two possibilities would be seriously considered by the Government.

Technical Ministries

30. When the present Five-Year Plan for Indonesia was drawn up a couple of years ago, it was drafted by Bappenas almost without reference to the views of most of the technical ministries. This was undoubtedly due primarily to the fact that most of these ministries had virtually no planning and programming capabilities at that time. It was recognized, however, that a realistic and really penetrating Five-Year Plan could be prepared only if the central planners had available comprehensive sector analyses prepared at the technical ministry level. Since that time the UN family has become more and more involved in helping technical ministries expand their planning and programming capabilities, and at the same time Bappenas is bringing the technical ministries more and more into its deliberations.

Comment

31. In the countries I have visited so far as an Inspector, I feel that the most important single handicap of the local Government in preparing an overall country programme in the technical assistance area has been the lack of capacity for planning and programming at the technical ministry level. Senior officials of the UNDP and the specialized agencies in Djakarta are to be congratulated on clearly identifying this opportunity to help strengthen the management of technical ministries by giving

top priority to these technical ministry planning projects. I consider this so important that I have devoted a special section of this Report to a comparative study of these technical ministry planning projects. (Pages 11 to 21)

32. Certain aspects of the teams discussed above should be emphasized, as follows:

(a) Each team is concerned with the total development programme for the Ministry in which it is located, and hence must be Indonesian oriented, not (e.g.) UNESCO or FAO or World Bank oriented. These teams present an unusual challenge to the executing agencies, including the determination of an appropriate point in Headquarters to backstop such a project.

(b) It would appear to be appropriate for these teams to have direct contact with Bappenas, even though the UNDP Resident Director would normally be the contact at the top level. In other words, it would not appear to be necessary for team leaders to go through the Resident Director in their day-to-day dealings with Bappenas staff.

(c) Each team can play a very useful role in helping (a) to raise the quality of the Ministry's development effort, and (b) to increase the Ministry's capacity to plan and programme an expanded input of foreign capital. The danger is the possibility that some of these teams will become strong pressure groups to get approval within the Ministries for greatly expanded foreign technical assistance programmes that are out of step with the thinking of Bappenas.

(d) It is noted that UNESCO, UNIDO and the World Bank will rely largely on sub-contracting. This would be one answer to the question as to where the experts would come from if the emerging pattern in Indonesia were to be started in many countries.

(e) The introduction of these UNDP teams in Indonesia has been accompanied by an effort to terminate as soon as possible many ad hoc one- or two-man TA-type projects. It is anticipated that future project proposals for execution by UN agencies will emerge largely or wholly from the activities of these teams working with their Indonesian counterparts, and thus can be fully integrated into the overall country programme.

33. It is my view that the sector planning projects of the UN family now under way or under discussion include the ministries needing high priority help from the UN, with the exception of the Ministry of Manpower. I am disappointed that ILO has not been more aggressive in helping to strengthen planning in this Ministry. I recognize

the complexities of this problem, and the fact that this Ministry does not enjoy strong budget support from the Indonesian Government at this time and hence is very short of funds. Also, ILO is currently supporting a Special Fund project proposal now under discussion in the Government which includes provision for assistance in developing a national vocational training plan. However, I think it is pitched at too low a level in the Ministry, is too narrow in scope and is not co-ordinated with related actions going on elsewhere in the Government. My views on this proposal are discussed more fully in the next general section of this Report.

34. I also feel that the proposed sector planning project in the transportation field (that will probably be presented next January to the UNDP Governing Council, to be executed by the World Bank) should put considerable emphasis on an aviation sub-sector. My review of the Air Transport Project of FUNDWI in West Irian strongly suggests that the limiting factor in further constructive help by the UN in that field is the lack of overall planning and clarification of top policy.

Functional Programming and Operations

35. The typical structure of a technical ministry includes, under the Minister, his deputy, called the Secretary-General, and a number of Directors-General who are in charge of departments for each of the major functions. Technical assistance experts from the UN family have been attached to many of these Directors-General Offices to assist on programming and implementation matters.

Comment

36. I spent many hours talking with these experts and reviewing their files in an effort to find out just what they were doing and whether it was worthwhile. Although some of their time may have been oriented toward promoting new business for their Agency, it was clear that most of these experts rather quickly found themselves playing a useful role assisting these department heads in scheduling work programmes based on approved ministry plans, reacting to proposed new ministry projects, training programmers, helping to make tough decisions, and generally serving as "trouble shooters" on operations across the board.

37. Individual TA experts who have been recruited in recent years for a narrower, more specialized role than described above, below the policy-making level, typically have had little impact and many of their projects have already been terminated. Some of the specialized agencies continue to press for such specialized projects, but I strongly agree with the Office of the Resident Director that such projects

should be discouraged at this time. (Eventually the sectoral planning studies may point to a few priority specialized TA projects). The door is wide open today in Indonesia for the UN family to concentrate on those types of activities where it can play a unique and very important role, and it should give priority to those things it does best.

Pre-investment Studies and Institution Building

38. The fourth level of technical assistance includes the large Special Fund projects designed for pre-investment studies and institution building. In the future, such projects should logically flow from capital investment planning at the Bappenas level, and the sectoral projects described above.

Comment

39. As Bappenas ties together more thoroughly capital investment proposals and the consequent need for pre-investment studies in the future, and as UN-assisted sectoral planning described earlier gets under way and identifies needed foreign inputs for investment planning and institution building, there should result a much more sophisticated series of requests for Special Fund projects. From the standpoint of time-phasing, I feel it would be better for the UN family to concentrate on the sector planning projects now under way or contemplated, and not try to pre-judge their results through pushing Special Fund projects in the immediate future. The UN family should concentrate on perfecting its assistance at the three levels described earlier which logically should precede launching Special Fund projects at this fourth level.

40. The FUNDWI programme administered by the UNDP in West Irian is unique in that it includes equity capital investment projects. For reasons elaborated upon in a later discussion of that programme, I do not think UNDP is properly equipped to handle capital investment projects. Such projects should be handled by financial institutions specializing in such matters.

II. COMPARATIVE STUDY OF TECHNICAL MINISTRY PLANNING PROJECTS

41. In view of the importance of the requests of technical ministries for assistance in expanding their capacity to plan and programme their activities, a comparative study was made of the UN planning project proposals. A brief description of each project follows:

TA project - Agricultural Planning Group - FAO

42. The Secretary-General of the Department of Agriculture reports to his Minister, and is responsible for co-ordination of the five Directors-General and for Administration. The Secretary-General's Office includes a Planning Bureau which is responsible for the review of projects submitted by the Directors-General, allocation of priorities and forwarding of proposed projects to the Cabinet and to Bappenas. This Bureau's lack of staff with formal training in planning was partially offset by the assignment of three experts (an economist, an agronomist and a water management engineer) from the Asian Development Bank from October 1968 to the early part of this year. This TA proposal is in effect a follow-up to this previous assignment of foreign experts.

43. This new request includes the services of five experts for a period of 3 years and 3 months; five fellowships at 9 months each; two vehicles and \$2,000 worth of office equipment. The total value of external aid would be \$420,000. The five experts will include a team leader who will be a sector planner; two economists for project evaluation; and two statisticians to analyse data, collect material and assist in the establishment of a reference library. It is understood that this request from the Department of Agriculture was approved by the Government shortly after I left Indonesia at the end of October.

44. Just to round out the picture, it is noted that each of the offices of the Directors-General - fisheries, forestry, agriculture, estates and animal production - has a Directorate for Planning. FAO already has one expert assigned to each of three of these planning directorates (forestry, agriculture and estates).

SF - Office of Educational Development - UNESCO

45. The Ministry of Education has recently carried out a major reorganization, with the help of UNESCO, including the establishment of a central planning office known as BPP - the Office of Educational Development. This Office is engaged in two major types of planning activities. First, with the help of the Ford Foundation, it is carrying out a long range assessment of the educational system in preparation for fundamental reforms in structure, programme, content, method and equipment. Second, for the more immediate future, BPP is responsible for:

(a) Short and medium term programming, and advising on the co-ordination of external support to the educational sector;

(b) Research, development and planning directed at incorporating innovative technologies, in particular educational broadcasting, into the educational system of teaching aids.

46. It is expected that this new Special Fund project approved in June 1970 by the Governing Council will provide material assistance to BPP in carrying out its functions, particularly for the intermediate period described above.

47. This project is in effect a follow-up to the present five-man team assisting BPP in educational planning which was provided by UNESCO. The functions of this TA project will be integrated with the new SF project for which UNESCO is the executing agency.

48. The project has a duration of only one and one-third years. Its \$1,000,000 earmarked by the Governing Council will provide for six experts, half a million dollars for sub-contracting for experts and consulting firms, twenty-one fellowships, some equipment, and certain financial incentives to help the recruitment of full-time Indonesian counterparts.

SF - Industrial Advisory Team - UNIDO

49. In 1968 a team of three UNIDO experts was assigned to the Institute for Research and Training of the Department of Industry. Included were an industrial economist, a production engineer, and an industrial classification and data processing adviser. They were concerned with pre-investment studies, achievement of maximum productivity in the industrial sector, and organizing an industrial classification system and industrial information for industrial programming. In 1969 the Government requested a senior industrial adviser and associate industrial economist to be attached to the

Secretary-General of the Department. This senior industrial adviser would be concerned with formulation of policies and strategies for implementation of the Five-Year Plan. Also requested were a metal-working adviser to be attached to the Director-General of Basic Industries who would advise the Director-General in preparing perspective plans for long-range development of the metal products industry. A textile industry adviser was also requested to perform similar duties for the Director-General for Textile Industries.

50. As a result of discussions between UNIDO and the Government in March 1970, the Department of Industry initiated a request for an Advisory Team to be located in the Bureau of Planning and Organization of the Secretary-General's Office. The objective would be to help strengthen the Department in the fields of industrial planning, policy formulation and industrial project identification and appraisal. The UNIDO officials at the March discussion recognized the need to strengthen the Department's organization for such purposes, and suggested orally that such matters be thoroughly reviewed by a public administration expert.

51. This project would include four experts for its duration (three years), a \$600,000 component for sub-contracting individual experts and consulting firms, between 15 and 30 fellowships, plus \$15,000 for equipment and documentation. The Government would assign about twenty persons to the Bureau where the Advisory Team was located; and would provide nearly all of the costs of equipment and transportation, plus \$150,000 for Indonesian consulting advisers. The total Special Fund contribution would be about one million dollars for the three year period with a Government contribution of about half that amount.

SF - Transportation Co-ordination Advisory Team - World Bank

52. The World Bank has been executing agent for a Special Fund project with a title of Highway Assistance and Transport Co-ordination Study. This Study included a consultants' contract providing for a three-man team of transportation experts known as the T.C.A.S. team (Transportation Co-ordination Advisory Team). T.C.A.S. was set up in Bappenas to assist for one year in transport co-ordination. This mission has now been completed. The Joint Bank - UN Mission that made a mid-year review of this SF project in January 1970 recommended that the T.C.A.S. team be reinstalled for at least another 18 to 24 months, and be attached to the Ministry of Communications "so that this Ministry will gradually become more directly involved".

53. It is understood that the proposed breakdown of services to be provided by the consultants in the expanded T.C.A.S. team will be as follows:

<u>Position</u>	<u>Man-months</u>
Team Leader	24
Deputy Team Leader	24
Transportation Engineer	24
Data Specialists (2)	36
Cost Analyst	18
Short Term Specialists	10

54. Transport planning is supposed to be carried out in the Ministry of Communications, with the exception of highway planning which is the responsibility of the Highway Department in the Ministry of Public Works. In practice, however, the Ministry of Communications has relied on Bappenas for planning and investment decisions. In the transportation sector Bappenas is guided in making such decisions by the World Bank's transport economist; the T.C.A.S. team referred to above; bilateral technical assistance teams in the sub-sectors shipping, railways and air transport; and consultants assisting the Highway Department under this SF project.

55. At the time I was in Indonesia, it was anticipated that the expanded T.C.A.S. team would be located in the Ministry of Communications, and would concentrate on (a) day-to-day advice; (b) preparation of a short term investment programme; and (c) laying the groundwork for a future comprehensive transport survey through data collecting, review of the planning organization, and establishment of a system of staff training.

56. It is understood that UNDP Headquarters has agreed to provide contingency funds of \$261,000 to permit a resumption of work of the T.C.A.S. team from 1 September 1970 to 31 January 1971, and will seek approval of the UNDP Governing Council for supplemental assistance at its meeting in January 1971.

SF - Trade Instructor and Supervisor Training Programme - ILO

57. The Ministry of Manpower has initiated a request for an instructor and supervisor/technician training project, to be implemented in the Directorate for Vocational and Management Development. Although the central objective of the proposed project is to train craft instructors, it also includes a request that the Project Manager and two other senior experts assist in the preparation of a national vocational training and manpower development structure, and help strengthen the national strategy for employment and training at all levels.

58. The Five-Year Development Plan includes provision for an increase in the number of vocational schools. This provision reflects the fact that there is a serious imbalance in the prevailing system of education, with a widespread preference for an academic type of education. In view of this imbalance an essential aspect of this proposed project is an early assessment of manpower and training needs. The results of this analysis will provide the data necessary to emphasize training in these crafts which have particularly pressing demands upon them and to gear instructor training accordingly.

59. This project is to be implemented by the ILO in two phases, for a total UNDP cost of about \$1,500,000. This would include fifteen experts plus young volunteers, fourteen fellowships, and \$250,000 for equipment. This proposal is still under discussion within the Indonesian Government.

60. So far as I can determine, this proposal has not been properly co-ordinated with a World Bank investment project just getting under way to build 5 new vocational training centres. Nor did I find evidence of close co-ordination with vocational education activities of UNESCO in Indonesia. Finally, there is a National Assessment of Education project in the Office of Educational Development of the Ministry of Education which includes an assessment of manpower and educational needs, the results of which should be integrated with the ILO proposal.^{1/}

TA - Trade and Export Development Team - UNCTAD

61. In the past, the Department of Trade has focused primarily on its "control" functions in relation to trade matters. Recently it has given increasing attention to opportunities to play a more positive role in helping to achieve an increase in export earnings. Discussion has centred around the establishment of an Indonesian Trade Development Centre in which all activities concerned with trade and export development would be housed. Included would be the present Trade Policy Research Team composed of civil servants, staff members of Indonesian universities, and two foreign TA experts (one from ILO and one from UN/OTC - UNCTAD); and the proposed Trade and Export Development Team to be requested from UNCTAD.

^{1/} Early in March I was advised that the ILO staff in Indonesia had recently participated in meetings in Djakarta with representatives of UNESCO, the World Bank and government officials from the Education and Manpower Departments where an understanding was reached that inter-agency co-ordination is to be achieved.

62. A preliminary proposal spelling out the mandate of this team has gone forward from the Department of Trade to the Co-ordinating Committee. The details are highly tentative and a presentation here would be inappropriate.

UNFPA (United Nations Fund for Population Activities)

63. The Government has established a high level co-ordinating body for population matters. Preliminary steps have been taken to achieve some co-ordination among foreign donors. It seems possible that co-ordination of activities of the UN family on population matters will require a project agreement on family planning similar to that negotiated with the Government of Pakistan on 27 August 1970.

64. UN officials in Djakarta emphasize that population matters should not be treated as an isolated matter for which a special overall plan should be developed. Instead, population matters should be treated as an essential ingredient of development programmes. For example, it is urged that instead of promoting "transmigration" programmes, i.e. programmes to move excess population from Java to the outer islands, emphasis should be placed on land settlement programmes in the outer islands that would have as one of their objectives the attraction of migrants.

65. A review of significant differences in details of these projects raises fundamental questions as to the most effective ways to assist technical ministries in strengthening their planning and programming. A comparison of the detailed provisions of the first five projects is presented below.

Organization of Ministry

66. It is understood that a Bureau of Planning was established in each ministry of the Government for purpose of preparing its regular budget. In practice these Bureaux initially restricted their activities largely to clerical tasks performed by low level employees. Even today in some of the ministries "planning" consists of little more than these clerical activities, and such planning Bureaux seldom have any contact with top officials of the ministry. In other cases, however, the functions of the Bureaux of Planning have been expanded to include formal planning and integrated programming. Perhaps the most sophisticated move in this direction is the recent establishment of the Office of Educational Development in the Ministry of Education, with the assistance of UNESCO experts. The establishment of this office, and the concurrent adoption of advanced ideas on integrated programming of education by top officials of the Ministry, made possible the advance Special Fund project to be executed by UNESCO and to be located in this Office.

67. I was disappointed that the proposed projects to be executed by FAO, UNIDO, and ILO included little or no reference to the need to strengthen the organizational arrangements within the ministries concerned (UNIDO did recommend a review by a public administration expert). Unless the status of planning activities is raised to the level now achieved in the Ministry of Education, and unless there is an appropriate linkage between the central planning bureau at the top of the Ministry and the several planning offices of the Directors-General of the technical parts of the Ministry, it is difficult to visualize the effective introduction of needed programme and management improvements. Perhaps, however, attention will be focused on organizational arrangements at a later stage when the need for their strengthening becomes more evident.

68. Although the organizational changes in the Ministry of Education look very promising, and may to some extent provide a model for others to study, I feel that these changes should be supplemented by two other actions, as follows:

(a) The Office of Educational Development, and similar planning groups in other ministries, should be subject to the broad priorities and strategy established by Bappenas, for all development projects. Bappenas is now holding more meetings with technical ministries and moving in this direction, but lacks staff of its own to backstop technical ministry planning. Correction of this situation is under active consideration as discussed in Part I of this report.

(b) Consideration should be given to inclusion of all contributions by the Government to SF and TA projects in the development budgets of the ministries rather than assume that contributions for many of the projects are covered in each Ministry's regular budget. Arguments in favour of this recommendation are as follows:

(i) Funds in the development budget should be easier to control, and to protect from diversion to other purposes.

(ii) If supporting funds for a TA expert are in the development budget, it helps identify him with "change", rather than be just another employee.

(iii) If the UN expert is supported by development funds, he does not appear to the highly underpaid Indonesian employee as competing with him for scarce regular budget funds.

(iv) Inclusion in the development budget brings Bappenas directly into the picture, and makes it easier for this Agency to evaluate UN projects and ensure their conformity with Government priorities and strategy.

(v) It provides greater assurance that all commitments of Government to UN projects are specifically covered in its budget. In particular, it will help to ensure that TA experts and their counterparts will have the necessary transportation.

(vi) It simplifies relationships if all of budget support is in one place.

(vii) It will provide greater assurance that a TA project is terminated promptly when it has served its purpose.

Location of UN Experts

69. The typical organizational structure of a ministry provides that the Directors-General of the various technical directorates report through the Secretary-General to the Minister. The central Bureau of Planning or its equivalent is attached to the Secretary-General or Minister. In addition, each directorate has a planning bureau attached to the Director-General's Office. Thus the question arises as to whether UN planning and programming experts should be attached to the central bureau, the directorate bureau, or both.

70. In the case of UNESCO, the several TA experts working in the planning and programming field had been located in the directorates, but will be integrated into the Special Fund project and transferred to the central Office of Educational Development when additional experts attached directly to the directorates are available. Thus all experts included in this project would eventually be attached to this central office.

71. The proposed Agricultural Planning Group of FAO would be located in the central Bureau of Planning of the Ministry of Agriculture, attached to the Secretary-General. This group however would not absorb four TA experts now attached to the planning offices of the Directors-General, as was the case for UNESCO.

72. UNIDO would assign all of its proposed Industrial Advisory Team to the Bureau of Planning and Organization of the Secretary-General's office, and presumably would absorb the TA Senior Industrial Adviser into that group but would leave 2 experts in the Director-General's planning offices.

73. The World Bank proposal is presumably pitched at the Secretary-General's level, but I have not seen any specifics on this point.

74. The ILO proposal is at a lower level, three of the experts being located in the planning directorate of one of the Director-General's offices.

75. The location of the ILO experts suggests that they may be oriented primarily toward strengthening certain ILO vocational education projects, not toward strengthening the capacity of the Ministry of Manpower to plan and programme. The designers of the other four projects clearly had the broader objective in mind. Furthermore, the experience of the other four UN agencies suggests that the three ILO experts to be concerned with planning under the new project will probably be at too low a level to have much impact on such matters within their Ministry.

76. The planning experts for FAO and UNIDO appear to be properly located within the present organizational arrangements of their departments, but it is my impression that these departments could benefit from a review by a public administration expert, which might eventually lead to a reorganization similar to that recently carried out by the Ministry of Education.

Selection of Experts

77. I consider it very significant that the two most advanced projects - for UNESCO and UNIDO - as well as the World Bank projects included large sums for sub-contracting experts and consulting firms. Such a provision not only reflects UN recruitment problems, but also the need for special skills in certain aspects of advanced planning and programming that are very scarce today within the UN family. FAO and ILO should follow closely the experience of UNESCO and UNIDO in using these sub-contracting provisions.

78. I think there is a basic flaw in the ILO Special Fund proposal with reference to using the team leader and two of the experts partly for planning and programming work. The proposal provides that the basic requirement for these three experts is experience in teaching craft skills. It is my view that long experience teaching a craft in a vocational training school does not in itself qualify a man for helping to develop a national strategy and long range plans for vocational training.

79. It is my feeling that the team leaders for all of these projects should have had formal training and long experience in planning in their chosen field, with a good background in economics, and not be below the D-1 level. I feel that these persons need to be more highly qualified than any of the other experts of the several UN agencies represented in this country at this time.

Training of Counterparts

80. It is my understanding that there is a drastic shortage of personnel in the technical ministries with any formal training in planning and programming. A review of the separate counterpart training provisions in the five projects under discussion suggests that their combined impact on this shortage will be very inadequate. This situation suggests the desirability of training facilities in Djakarta available to all technical ministries, for basic skills required in planning and programming the development of human resources.

81. Under the circumstances, there is no basis for the particular numbers of fellowships provided in these projects, or the number of counterparts to be subsidized, other than as a gesture towards a much bigger need. This is obviously an area where a "country programming" approach is called for.

Duration of Projects

82. I can understand those UN officials who insist that if they are to have full time counterparts these must be "subsidized", because their regular Government salary is so small that otherwise they must have more than one job. However, I do not see where the subsidizing of 20 counterparts in the UNESCO SF project over a period of little more than a year leads to. What happens when this project is terminated? Furthermore, how much can the Ministry of Education absorb in one and a third years? Even though I understand that the Ministry is now trying to provide some salary supplements through its development budget, it will take much longer to build the continuing support structure that is needed.

83. I think the FAO point of view on the problem of timing is more realistic. As I understand it, FAO feels that the assistance on planning and programming must be continued for a number of years, the limiting factor being the availability of trained people in the department. You will not be building a firm foundation if you do not move more slowly than UNESCO has in mind, and get the results of planning and programming built into the annual budgets. It is recognized that the Ministry of Education already has more trained "planners" than the Department of Agriculture, but not enough (in my view) to justify its present time-table.

84. It is clear from the file that UNESCO hopes that there will be a succeeding phase to the present short-term project. There is also the hope that this project can be expanded to cover science as well as education (or perhaps there will be a new science project). However, these are only hopes, and uncertainty about the future tends to keep everyone off balance in trying to administer this project. Why was it not set up initially for a (e.g.) 3 year period as proposed in the UNIDO project? There is something ironical about "planners" designing a project for only one and a third years.

Role of Resident Director

85. It is suggested that as these projects get under way, it would be very desirable for the UNDP Resident Director to take the initiative to bring the team leaders or project directors together periodically to exchange experiences, and to develop important "linkages" between these projects. It is also suggested that the UNDP Resident Director's Office should assume responsibility for establishing and maintaining appropriate linkages between these projects and Bappenas, particularly in anticipation of the Resident Director's future role with respect to "country programming" as approved by the UNDP Governing Council. Finally, it is urged that the Resident Director (a) continue to press for the merger of the technical assistance function of the Co-ordinating Committee for International Technical Assistance with Bappenas; and (b) seek the inclusion of all Government contributions to SF and TA projects in the Government's development budget, instead of being included partially in the regular budgets of the technical ministries.

III. OPPORTUNITIES FOR STRENGTHENING TRAINING ACTIVITIES

86. Interviews with a number of experts from different specialized agencies revealed a general concern about certain problems involved in making effective use of indigenous personnel trained through UN-supported institutions and fellowships. Several of these problems are listed below, with suggestions for possible solutions:

Job Classification

87. Numerous instances were cited where persons were being trained in categories for which skilled personnel are not recognized in the present grade structure of the Government. To illustrate, the grade structure may cover such personnel as cleaning women under the category of maintenance, but there is no provision for trained engineers and technicians to maintain and repair complex machinery and equipment. It was found, for example, in connexion with a repair facility being built under the FUNDWI programme, that skilled mechanics received the same salary as sweepers. This presents a major opportunity for corrective action in a country with so much machinery and equipment standing idle for lack of repairs, and enormous quantities of new machinery and equipment on order.

88. It is proposed that the Office of the UNDP Resident Director discuss the problem with some of the agency experts now in Indonesia, and explore with the Government the desirability of an across-the-board study of this matter with particular reference to maintenance and repairs.

Funds for Maintenance and Repairs

89. My inquiries on the matter of funds for spare parts, for example, indicate that a careful check will probably reveal that foreign donors are providing large amounts of machinery and equipment to Indonesia for which no specific financial provisions have been made for anticipated repairs and preventive maintenance. I suggest that this is a matter on which foreign donors should take a very firm stand. It is proposed that the Office of the UNDP Resident Director explore with the Ministry of Finance and Bappenas (i) a policy of requiring in all future budget submissions adequate provisions for such funds, plus (ii) the need for technical help in implementing such a policy.

Training Counterpart

90. Wages in the Ministries are so low that an employee must (a) have a second job, or (b) obtain supplements to his salary through special payments such as for attending meetings, going on trips, etc., or (c) find some other way of augmenting his income.

It is my impression that employees in the lower grade levels, whose number tends to be excessive, are left to shift for themselves and typically have second or even third jobs, spending very little time in their ministries. At the middle and particularly the senior grade levels, however, the ministries have made strenuous efforts to find ways and means to supplement the officials' basic salary without directly violating the wage structure. When officials are assigned as counterparts to UN projects some of these opportunities for supplemental income may be curtailed, but the practice has been growing for UN projects to include a provision for salary supplements for counterparts in order to have them on a full time basis.

91. A policy of using UNDP funds to supplement counterpart salaries would be most difficult to justify in most developing countries, but I question whether there is a practical alternative in Indonesia at this time. In fact, I think there are some UN projects today suffering from lack of full time counterparts where it would be desirable for members of the Office of the UNDP Resident Director to sit down with Government Officials and discuss frankly whether one or the other could not help the situation through some form of salary supplement.

Utilization of Training

92. A review of various training activities supported by the UN in Indonesia indicates that no organized follow-up of graduates and returning fellows is in effect. Sample checks by experts however have disclosed some rather disturbing situations. In addition to the problem of job classification mentioned above, typical problems include the following:

(a) The graduates lack even elementary tools, such as a wrench or soldering iron necessary to make use of their newly acquired skills.

(b) The graduate finds his boss unsympathetic to new ideas.

(c) The fellowship holder with his knowledge of modern engineering practice returns to his ministry or company, but employees refuse to change their old ways of doing things, and the young engineer does not have enough confidence in himself to press hard for acceptance of improved techniques.

93. I cannot accept the quick answer that "we have known about these problems for twenty years and it takes time to overcome them". UN experts at UN-sponsored training schools can work out in advance the minimum equipment their graduates need when assigned to a regular job, and work at arrangements with Government officials for making such equipment

available. Experts can prepare manuals, etc., for use by graduates in their future jobs, and seek support by senior ministry or company officials in their use. And so on. It is my observation that most agency experts today are not held specifically responsible for such follow-up actions, although some useful steps are being taken largely on the experts' own initiative. I think such follow-up actions should become routine, and subject to periodic review in connexion with future evaluation activities of the Resident Director's Office.

IV. WEST IRIAN

94. West Irian was visited between 17 September and 2 October 1970, including stops at Biak and Djajapura. Its development programme is called the Fund of the United Nations for the Development of West Irian, better known as FUNDWI. It is financed by \$30,000,000 in funds-in-trust provided by the Netherlands Government. The Secretary-General of the United Nations delegated responsibility for the operation of this programme to the Administrator of UNDP. The terms for the programme are spelled out in a Memorandum of Understanding dated 1 June 1968 between the Administrator, the Government of Indonesia, and the Netherlands Government.

95. An earlier draft report of this visit was submitted to senior UN officials and several Project Managers in Djajapura for written comments. Also, 10 major recommendations were discussed orally with a senior Indonesian official and members of his staff in that city.

96. In making an inspection, I was very conscious of the clause in the Memorandum of Understanding "with the interests and welfare of the people of West Irian in mind". Although I faced a language barrier in speaking to West Irians, I did have an opportunity to speak to a number of UN experts who understood the Indonesian language and hence could give me first-hand impressions. It is my view that the UN officials and experts have made a conscientious effort to carry out the important guideline quoted above. I base this conclusion on the following points:

(a) No instances were cited to me where the West Irians felt that the programme was carried out in a manner contrary to their best interests.

(b) A review of individual FUNDWI projects indicated that an effort was made to fill as many counterpart positions as possible with West Irians, and that whenever possible all fellowships were reserved for them.

(c) Each FUNDWI project was based on the Report of the UN Technical Mission to West Irian of several years ago. I found no evidence of any attempts to modify these Mission recommendations against the best interests of West Irian.

(d) The action taken by UN officials to ensure that the rights and privileges of the villages concerned with some of the forest land being harvested under the FUNDWI project involving the Holtekang Forest indicated that UN officials were watching carefully to see that the rights of the West Irian people were being protected.

(e) The Governor of West Irian (of West Irian origin) volunteered the view to me that he was very pleased with the vigorous efforts being made by FUNDWI officials to encourage foreign private investment in West Irian. This is one indication that this very important policy of the Indonesian Government is in accord with the views of West Irians.

97. In summary, it is my conclusion, based on admittedly limited observations, that the development and implementation of the FUNDWI programme so far reflects a sincere effort to proceed with the best interests of the West Irians in mind.

General Observations

98. West Irian faces a number of development problems common to all highly underdeveloped areas. However, it is also confronted with certain unique problems which deserve emphasis in any objective appraisal of FUNDWI projects. I have in mind particularly the following items:

(a) Most persons coming to West Irian from other parts of Indonesia wish to return to their homes after a comparatively short assignment. This results in a high turnover of counterpart personnel for the senior positions of FUNDWI projects for which there are usually no qualified West Irians at this time. Thus the question arises as to what will happen to FUNDWI projects after the UN experts leave if there is such instability at the management level. There has been some discussion of ways and means to speed up training of West Irians for senior positions as discussed later in this report, but it seems clear that there are no feasible short cuts for the many years of training and experience required for some of the top positions.

(b) There has been an unfortunate delay in getting Plans of Operation finalized for FUNDWI projects. Only three of them were signed prior to the late summer of 1969. There were also serious delays in the release of counterpart funds for the projects until very recently. However, by use of the advance allocation provisions for

funds-in-trust operations, about \$6 million was allocated before any Plan of Operation was signed. Liberal use was made of these funds to stockpile in advance such items as vehicles and office equipment, and to construct 50 pre-fabricated houses for experts, all of which helped greatly to overcome the usual obstacles to getting a programme off the ground quickly in an area as underdeveloped as West Irian.

Delays in the release of counterpart funds have slowed down the programme. Indonesia suffered from a very severe inflation in recent years, and did not get the situation firmly under control until 1970, primarily through curtailment of Government spending. Thus the delays in releasing counterpart funds for FUNDWI projects can be explained, at least in large part, by the Central Government's overriding concern with inflation.

(c) It is very unusual for a highly underdeveloped area such as West Irian with less than a million population to be favoured with a lump sum of \$30,000,000 for development, in addition to a very substantial annual subsidy from the Government in Djakarta. The question of absorptive capacity is immediately raised. Although it is much too early to provide a firm answer to this question, it seems to me that the likelihood of absorbing this amount of assistance effectively in a short period is greatly enhanced by two considerations. First, a substantial part of the funds will be devoted to rehabilitating an infrastructure that existed in good working order only a few years ago, as opposed to the far more difficult and time-consuming task of building an infrastructure where almost nothing existed before. Second, a Government policy of, in effect, subsidizing trained Indonesians from outside West Irian to fill important Government posts in this area rather than relying primarily on the very few well trained West Irians, has certainly expanded the absorptive capacity of West Irian much beyond what is usually found in such a highly underdeveloped area.

(d) West Irian may well represent the outstanding example today of the application of the "country programming" approach endorsed by the UNDP Governing Council last June.

A large mission sent to West Irian several years ago made a broad economic and social study of the area, identified programme priorities together with necessary economic inputs, and helped to translate the resulting country programme into a number of specific projects. These projects were designed to be implemented at about the same time and achieved an integrated programme, and included capital investment as well as technical

assistance for West Irian. This whole effort differed however from what the UNDP Governing Council had in mind in one fundamental respect. The country programme was prepared almost wholly by outsiders, not by the local Government itself (but was of course reviewed very thoroughly by Indonesian officials before approval of the Government).

(e) The FUNDWI programme includes equity capital investment. This has two major implications. The UNDP system is not organized at present to handle such capital investment programmes, and special ad hoc arrangements proved to be necessary. Also, equity capital investment activities involve sensitive negotiations with private firms and governments of other countries, and require arrangements for keeping senior local Government officials fully "in the picture" on such matters.

Current Situation

99. Although few of the FUNDWI projects have progressed very far to date, the FUNDWI programme has already had a rather dramatic effect on the morale and attitude of the people in the coastal cities. Most UN personnel who have been in West Irian a year or two commented on the shift from indifference or even hopelessness to a renewal of pride in their work and a much more positive outlook by their counterparts, due in part at least to the presence of foreign experts working beside them. The more regular schedules of the Merpati Airline, the rehabilitation of some of the electric generators and telecommunications equipment, the more regular bus service, the increased availability of goods on the shelves, all contributed to a more optimistic atmosphere. In particular, the highly visible first success story of the FUNDWI programme located on the outskirts of Djajapura - the logging and sawmill project - has had a favourable impact.

100. The morale of the UN experts has improved significantly during the past two years. The experts are happier now that more counterpart funds are available and they can get on with their projects. With improved transportation and establishment of the commissary, there is no longer the fear of going hungry. The completion of staff housing, with more regular electricity and water supply, has certainly helped.

101. Although things are definitely "looking up" in West Irian, I feel there are important opportunities for further improvement, both of a general nature and with reference to specific projects. These are presented in the following pages.

Selected Problem Areas

102. There appear to be two important opportunities for improvement of an organizational nature.

Communication with local authorities in Djajapura

103. Based on both limited personal observations and comments by UN experts, I feel that some more regularized means of keeping key Government officials informed on FUNDWI activities, and of exchanging views, is now both feasible and desirable.

104. This will probably involve some further clarification of the key contact(s) of the Deputy Resident Director with the Government in Djajapura; and agreements on periodic meetings, perhaps with a committee of Government officials. I have particularly in mind meeting with appropriate officials periodically regarding negotiations with private and government officials in other countries with reference to investment in West Irian, in addition to forwarding copies of all letters on such matters that has been standard practice in the past.

Organizational Relationships within UNDP system

105. So far, the FUNDWI programme has been administered largely from UNDP Headquarters in New York, with the UNDP Resident Director's Office in Djakarta playing a comparatively minor role. A quick look at this situation might suggest that the time has come to "normalize" this situation and take the necessary steps to enable the UNDP Resident Director in Djakarta to assume the same authority and responsibility over this programme as over the UNDP programme in the rest of Indonesia. However, I think this conclusion must be qualified because the FUNDWI programme includes equity capital investment as well as technical assistance.

106. Experience has shown that someone in the UN family has to spend considerable time in those foreign countries where there are prospective investors in activities resulting from FUNDWI projects. I am not at all persuaded that the Resident Director is the appropriate person to carry on such negotiations in the future. I also question whether it should be someone in UNDP Headquarters, rather than a representative of the executing agency who is presumably responsible for all aspects of implementing a FUNDWI project. The preferred arrangement, however, would involve bringing an international financial institution into the picture. It is understood that the World Bank and the Asian Development Bank were consulted on this matter at the beginning, but neither agency wished

to participate at that time in the administration of the Joint Development Commission and Forest Industries Development Corporation. UNDP Headquarters is making special arrangements to backstop these activities, but I continue to think the present set-up is inappropriate and suggest that the whole arrangement deserves a second look.

107. The question can also be raised as to the appropriate channels for keeping in touch with the Government of the Netherlands. As nearly as I can determine, in the past the contacts have been largely between UNDP Headquarters and the Netherlands Mission to the UN in New York. However, in the future would it be cheaper and more appropriate to handle most of such contacts between the Netherlands Embassy and the Office of the Resident Director in Djakarta, particularly since the basic understandings on the FUNDWI programme were reached some time ago?

108. To summarize, I feel that arrangements for handling the technical assistance aspects of the FUNDWI programme should be "normalized" soon, but recognize that separate arrangements are necessary for equity capital investment.

109. In addition to the organizational matters discussed above, I would like to raise two substantive problems.

Training of West Irians for Top Positions

110. The FUNDWI programme is oriented primarily toward training West Irians in technical skills through training centres, on-the-job training, and fellowships abroad. Such training efforts are highly desirable, but do not necessarily train West Irians for top management positions in activities created by FUNDWI projects. An additional effort is necessary to achieve such an objective.

111. I have discussed the above problem at length with a number of Project Managers. I am not sure we arrived at the right answer, but our consensus was about as follows:

(a) You do not develop leaders merely by sending them to school for a long time. Some people will assume responsibility, have the knack of inspiring and leading others, and deal effectively with human relations; many do not.

(b) Project Managers should be very alert to identify those West Irians associated with their project who display signs of leadership abilities, and will assume responsibility, and place them in positions where their potential management capabilities can be developed.

(c) When a determination is to be made as to whether a FUNDWI project should be terminated as scheduled, or extended or succeeded by one or two "follow on" TA experts, an important consideration should be the presence or absence of a substantial representation of effective West Irians among the top management officials for the activity created by the project.

After FUNDWI

112. It is not too early to start thinking about what foreign assistance will be required for West Irian after the present FUNDWI projects are completed. My own views are influenced by the following considerations:

(a) Experience indicates that an area as underdeveloped as West Irian will need foreign assistance for many years.

(b) Since West Irian is now part of Indonesia following the "Act of Free Choice" in the summer of 1969, future decisions of the Indonesian Government regarding the continuance of a separate fund and programme for West Irian assume major importance.

(c) Since it usually takes several years to develop new or follow-on projects, if most or all such projects for West Irian are to go through regular channels in Djakarta in the future, and should involve more than the Netherlands Government as a source of funding, planning for such projects must be started soon.

(d) West Irian, on a per capita basis, should receive only about 1% of the development funds available to Indonesia. There are indications in Djakarta that in the future, West Irian may be treated like any other province in competing for available funds. This trend suggests a possibility that FUNDWI may be starting more projects than can be maintained in the future. More realistic fiscal planning is indicated.

(e) Last but not least, it is my observation that at least most of the FUNDWI projects would tend to disintegrate rapidly if the UN simply walked away from them at their present termination date. In some cases Project Managers are already definitely counting on a Phase II that may prove to be pure wishful thinking because of lack of funding. In other cases it might be feasible to terminate the project as scheduled but provide continuing assistance through one or two TA experts, particularly at the management level. In some cases the use of Associate Experts might be appropriate.

113. The above considerations suggest the need for a comprehensive review of the FUNDWI programme soon, even though the implementation of some of the projects is just getting under way.

Project Review

114. The following discussion of individual projects is restricted to those which I visited in West Irian, which include most projects in the programme except a few in outlying areas. I did read the files for all of the projects and discussed them with UN officials, but feel that an Inspector should not burden his Reports with what is purely secondhand information.

UNESCO

115. The first impression I had of the UNESCO activities, in contrast with those of other executing agencies, was the fact that they were split up into six small projects with separate Plans of Operations. However, these projects are under one Project Manager, and I have been advised that funds could be shifted between Projects if experience dictated such action. Thus in practice these several projects can be implemented as one project.

116. In discussions of these projects with the Project Manager, I was impressed with his view that key educational activities should be concentrated at the location of the University of Tjenderawasih. That is where the facilities are being constructed for primary and secondary teacher training. His idea is in accord with that expressed by several Indonesian officials in Djakarta, who feel that the way to strengthen the management of the Government is first to develop a high level of competence at a few key points - called "islands of competence" - with outside assistance. However, the UNESCO teaching staff planned for the teacher training projects appeared to be very inadequate, at least in comparison with staff for similar UNESCO projects I have seen elsewhere. If additional funds are not available elsewhere, I would recommend that a determination be made as to whether it is feasible to increase the 45% of UNESCO funds now earmarked for these teacher training programmes. (I believe a move has already been made in this direction). I do not think the total UNESCO funds now available for West Irian are large enough for a well balanced educational programme. Therefore they must be concentrated where there may be the greatest opportunity to make a real and lasting impact.

117. To comment further, with reference to FUNDWI/7, Educational Planning and Administration, UNESCO has a very large programme in this field for all of Indonesia that is just getting under way in Djakarta. Contacts have been made between FUNDWI and UNESCO to co-ordinate planning activities in Djakarta and West Irian. It would seem to me that,

in terms of priorities in the use of UNESCO funds in West Irian, this is a project that could be played in a low key until the Djakarta project is further down the road. More specifically, it is suggested that West Irian might be selected for a second pilot study area for the new UNESCO-supported programme in Djakarta at a later date.

118. Assistance to the University of Tjenderawasih (FUNDWI/8), can probably be justified at this time on the grounds that the presence of this University should help to break down the reluctance of capable Indonesians to accept assignments in West Irian.

However, the development of this University is clearly a long term proposition requiring continuing external assistance. It would pave the way for a clarification of the institution's long term plans and objectives if UNESCO was in a position to make some sort of a long term commitment.

119. I met all of the UNESCO personnel and found them to be an enthusiastic and hard-working group. It is regrettable that they are spread so thinly over so many projects.

UNOTC

120. Before discussing the three UN/OTC projects in West Irian, I would like to make a brief reference to procurement problems. Last Spring a senior FUNDWI official wrote to UN/OTC Headquarters complaining about delays in procurement. While visiting the FUNDWI projects I heard further complaints about the lack of adequate controls over procurement activities. These complaints related particularly to \$240,000 of equipment purchased by ICAO for the Road Transport Project in an effort to ensure compatibility of equipment for roads and for runways at the airport near Djajapura. Since leaving West Irian, an official from OTC went to West Irian, thoroughly examined procurement problems, and wrote a report which I have seen. I am persuaded that he has correctly analysed the situation, and that corrective action is under way.

121. FUNDWI/24 - Rehabilitation of Diesel Power Stations - is an important and very timely project. The Project Manager knows his business; and the sub-contracted work was going well except for delays in receipt of certain equipment, and some feeling by the sub-contracted personnel that they were not given enough time to do a really professional job. There was the usual problem of finding qualified West Irians for fellowships.

122. FUNDWI/29 - Land Transport - Rapid progress is now being made in constructing the new Central Rebuild Shop in Djajapura. Equipment and supplies already received will be transferred to and stored in one of the new buildings within a month. The cloud hanging over this part of the project is the fact that only about 20 per cent of the labour force shows up each morning at the present Government Rebuild Shop (the morning I visited

the shop it must have been nearer 5 per cent). Apparently the workers take turns coming to work, the others spending time on other jobs to supplement their meagre income. It is understood that a Government official is in Djakarta trying to get approval for a more realistic wage structure. For example, I was told that a sweeper gets the same wage as a skilled mechanic. Unless something is done about the situation, the future of this new Shop is bleak indeed.

123. The co-Project Manager is capable, but has positive plans to return to Djakarta when the project is terminated. This is a good example of the crucial problem of what to do about local management when a project is terminated.

124. Some new buses have been delivered to the Government bus-line. This activity would appear to be a good candidate for private ownership.

125. So far there has only been one West Irian candidate for the eight fellowships provided in this project.

126. FUNDWI/30 - Coastal and River Transportation - a potentially very important project involving over \$5½ million of UNDP funds, is in deep trouble even before the Plan of Operation has been signed. Out of eleven counterparts appointed last 1 January, only three have arrived and the other eight apparently have no intention of coming to West Irian. The co-Project Manager has remained in Djakarta for many months. Twenty-two craft are being procured for West Irian, the first two 150 ton "coasters" arriving very soon, but there are no personnel presently available to man these ships when they arrive. Plans for improving and building slipways at Djajapura and Merauke are stymied because of a lack of soil tests by boring, but two out of five of the specialists finally arrived shortly after I left West Irian, with the other three expected shortly. No candidates for the nine fellowships have been submitted so far. No progress can be made on repairing the many Government-owned ships and craft at the Karim Shipyard in Sorong until the controversy between the Shipyard and the Government of Indonesia over payments for previous work performed by the Shipyard is settled. (I now understand that a settlement of this matter was reached with the help of a UN/OTC official after I left Indonesia).

127. I can see little but trouble for this project in the near future, and am concerned over the lack of attempts to obtain a "show-down" over this whole situation before ship construction progresses any further. The present FUNDWI strategy seems to be to let ship deliveries create a crisis, which is the only way to get the Government to face up to the situation. I think that corrective action will take too long to justify such a strategy.

128. Working within the present proposed Plan of Operation, attention might be focused on strengthening one or both of the West Irian shipping companies in which the Government of Indonesia now has a 50 per cent financial interest. The ships now on order (except the two "service" craft) would be turned over to one or both of these lines to operate. I am most dubious as to whether the Government in West Irian is in a position to operate these twenty new craft (plus about double that number of other Government-owned craft to be rehabilitated) at this time, even if personnel were made available through demobilizing half of the Navy (an alternative under discussion).

ILO

129. I did not have time to make the long trip to Agats to visit the Asmat project, nor did I have an opportunity to meet the Project Manager who is in Europe. Thus the following is limited to a discussion of FUNDWI/2 - Industrial Vocational Training Scheme.

130. The need for vocational training appears to be widely accepted. I found a lot of interest in this training centre by other FUNDWI Project Managers who saw it as a source of skilled West Irians for their projects. Thus there has been widespread disappointment in the unusually long delay in getting this project under way, even though its Plan of Operation was one of the first to be signed.

131. I do not understand why the construction of the training centre has moved so slowly compared with the construction work for two other projects which was started much later by the same local contractor. Eleven of the twelve counterparts trained in Bandung have returned to West Irian and are now taking upgrading courses, and a lot of imported equipment is stored in a warehouse. A visit to the site suggests that it may be a year or longer before this project really starts to move.

132. It is not clear to me why the Project Manager and his underutilized staff have not used this slack period to prepare a really penetrating manpower survey (which he says he lacks) as a basis for refining the plans for operating this training centre. I have read the manpower survey made several years ago, and agree that a more practical up-to-date survey would be very helpful at this time.

133. Since there is almost nothing to "inspect" about this project at this time, I have no further comments.

FAO

134. I did not have time to visit FUNDWI/27/28 Agricultural Development and Animal Husbandry in Manokwari, and the Project Manager is on home leave, so no reference will be made to this project.

135. FUNDWI/11 - Forestry Production and Research in West Irian - is recognized as the first "success" story in the FUNDWI programme. I have in mind that part of the project providing for logging and sawmill operations near Djajapura. This part was well conceived, and is being ably managed by a sub-contractor. Local builders are pleased to have more plentiful supplies of sawed lumber of much more uniform quality than before. The operation was unusual in that a high proportion of the employees were West Irians, who displayed a lot of aptitude for the various tasks involved. The contractor thought that the operation would be run entirely by West Irians when the project termination date was reached, except perhaps in the case of the top management official. The shortage of local currency plaguing other projects was overcome by getting the sawmill started "on a shoestring" and using the revenue generated by sales of logs and lumber for the project.

136. I did not see any financial figures on the sawmill, but understand that its cost totals several times the original estimate. With such a large initial cost, I was advised that in the long run the sawmill operation may do no better than "break even" in terms of financial results, but recognize that it was to some extent a "pilot project".

137. The plans for the far more ambitious programme for harvesting forest resources through the West Irian Forest Industries Development Corporation, which are related to this project, have not progressed to the point where an "inspection" was possible. However, I have some serious doubts about this venture which are shared by several others I talked to in the field. Some outstanding corporations of developed countries are at various stages of preparation for harvesting forests in other parts of Indonesia, which have important competitive advantages over this proposed project to be centred at Sorong in West Irian, as follows:

(a) The labour supply and infrastructure is much better in other parts of Indonesia.

(b) The species to be harvested are better known and in heavy demand, in contrast to the species in West Irian.

(c) The scale of operations contemplated by individual companies elsewhere will eventually be up to at least ten times that contemplated in West Irian, estimated to be enough to fulfil projected demands for many years.

138. The above advantages of companies already going ahead with concessions elsewhere as presented above suggests that the West Irian Forest Industries Development Corporation

is going to experience difficulties in persuading a leading company to take an interest in its proposal.^{1/}

139. I did not have time to visit FUNDWI/19/21 - Marine Fisheries Development -but did have a talk with the Project Manager before he departed, and with the Acting Manager in Djajapura. Based on these limited contacts, I have three observations:

(a) The Joint Development Commission, which should be in full operation soon, is reported to be working on a joint enterprise arrangement for this project. I think this makes sense. A strictly Indonesian enterprise would be severely handicapped by lack of direct access to foreign markets. On the other hand, the present arrangement amounts to little more than a very favourable concession for a foreign firm to fish in traditional fishing areas, with minor impact on West Irian development and little effort to explore new fishing grounds.

Note: Indonesian officials indicated an unwillingness to go along with the present contract with a Japanese firm beyond the end of 1970, but would consider a joint enterprise arrangement. Initially this might have to be a state enterprise for Indonesia, because of the lack of a local entrepreneur with private capital, but eventually it is anticipated that the Government equity would be sold to private enterprise.

(b) Questions have been raised by the former Project Manager regarding some of the fishing techniques and procedure used by the Japanese sub-contractor. If any differences still exist, agreement should be reached quickly on the best marine fishing methods to be introduced to the West Irians.

(c) There needs to be more attention to the marketing aspects of this project. It is dealing with a perishable product with an inelastic demand in the short run, which means that a sudden increase in the supply of fish for the small coastal towns of West Irian will cause a drastic drop in price. West Irians will not be happy if they are taught to work harder and double their catch but receive about the same total income as before.

140. FUNDWI/22 - Inland Fisheries - appears to be moving ahead on schedule, and counterpart funds for building have been received on time. Training at Sentani is going

^{1/} Just before sending this report for reproduction, I was advised that "As regards the FUNDWI/10 - West Irian Forest Industries Development Corporation, we have been forced to cancel our efforts in this connexion because of the poor response of the international timber firms to our proposal and the subsequent cancellation of the forestry concession by the Government. The earmarkings of \$2 million for this project are being released for re-programming and proposals are being prepared for the consideration of the Government."

forward, production from hatcheries in 1970 will probably be double that of 1969, and equipment is being distributed to hatcheries.

141. In recent years the hatcheries had been allowed to run down, and in some cases ceased functioning altogether. A supervisor of the Government has started inspecting the hatcheries to keep its employees on their toes and to help get operations back to full production.

142. Many of the fish ponds are owned by chiefs of villages, which means greater security while the fish are growing. It is understood, however, that because of the shortage of food, particularly in the highlands, it was difficult for the owners to restrain themselves from eating the fish before they were big enough to lay eggs, and thus multiply and eliminate the need for continuing purchase from the hatcheries.

143. I have one general observation to make regarding FAO activities in West Irian. Particularly in view of the lack of food supplies in this area, and transportation difficulties, it seems to me there is a definite need for a strategy for food production. For example, using the cost/benefit approach, how far should you push expansion of marine fisheries as opposed to expansion of inland fisheries or cultivated land? Should poultry production be expanded based in part on fish meal from trash fish? And so on. Even very rough calculations would be helpful. I had in mind that some work might be pursued along this line at Manokwari, under FUNDWI/27/28, perhaps in co-operation with the proposed FAO Agricultural Planning Group for the Department of Agriculture in Djakarta (that has been recommended by the FAO Special Adviser to the UNDP Resident Director).

ICAO

144. The oldest project is FUNDWI/1 - Air Transportation - with headquarters in Biak. This project is concerned with upgrading an airline (Merpati) already in existence through regularizing flight schedules, improving and expanding ground facilities, and upgrading the quality of services. The Canadian Government is also contributing to this effort. Although the Mission in 1967 did not give this project a top priority rating, the continuing severe shortage of coastal shipping suggests that the attention received by this project so far was fully justified.

145. The shortage of counterpart funds has placed severe restraints on the implementation of this project. The latest progress report of the Project Manager included a very complete identification and description of things still to be done. Since the authorization of counterpart funds is not in a lump sum but by "line items" the order in

which the remaining tasks are completed will depend largely upon the order in which funds are released for the various line items.

146. The most serious problem facing the Merpati airline in its West Irian operations is probably the growing shortage of pilots, the appropriate number being a matter of controversy. Significant aspects of this problem appear to be as follows:

(a) The airplanes to be maintained in top condition for scheduled flights include three twin Otters and four Dakotas (DC 3's), all twin engine planes. Merpati also has several single engined planes for non-scheduled purposes. Opinions on the number of pilots required vary from about nine (the present number in West Irian) to twenty.

(b) The wide differences of opinion regarding the desirable number of pilots reflect differing views as to whether (i) the airplanes should normally have one or two pilots; (ii) Merpati should aggressively seek to satisfy the total demand for air transportation in West Irian that is not fully satisfied today, or relax and satisfy only the bulk of the demand; (iii) all scheduled flights should be completed if possible, or a 10 to 20 per cent "no show" of pilots for flights is acceptable; and (iv) you need considerable flexibility for emergencies.

(c) Recent attempts to expand the number of pilots in West Irian have been unsuccessful because (i) if a pilot moves his family to Biak from Djakarta, he must give up his house in Djakarta and it is very difficult to get another house if and when he subsequently moves back to that city; (ii) although salaries are higher in Biak and good houses are available, it is not an exciting place to live; (iii) pilots promoted to captain in West Irian can only achieve a further promotion if they transfer to Djakarta and fly the larger airplanes; and (iv) Merpati Headquarters in Djakarta has not taken a tough line in insisting that pilots "take their turn" in West Irian.

147. In the final analysis, the controversy over the number of pilots tends to reflect certain weaknesses in the overall management of the Merpati airlines that cannot be corrected (in my judgement) through FUNDWI/1 in Biak. What is required is a further implementation of the installation of a modern accounting system as prescribed in an able report by an ICAO inter-regional representative about a year ago for the entire Merpati system, and a follow-on action programme to correct major cost variations from recognized standards. Such an action programme would include a resolution of issues underlying the controversy on pilots. In other words, it seems to me that ICAO has already gone about as far as is feasible in helping Merpati through a project oriented

to West Irian operations; and that further assistance if desired should be channeled through Merpati head office in Djakarta and cover all of the Merpati airlines, not just West Irian.

148. I was disappointed in the fellowship programme for this project. I talked to three fellows who have returned from Canada and the United States to positions at Biak for Merpati. Their actual training programme abroad was limited to two weeks, even though none of them had had any previous training. They thought the programme should have been for about three months. Considering the cost of transportation from Indonesia to Canada and the United States, a two weeks course appears to represent a very questionable use of funds. A further review disclosed that all of the twenty-six fellowships implemented between July 1967 and January 1969 were for very short periods. Recently the proposed fellowships have been for a longer period.

ITU

149. FUNDWI/31 - Repair and Rehabilitation of Telecommunications - was a very timely project that can probably be credited with preventing an almost total collapse of telecommunications in West Irian. Although the present project will not bring the system up to international standards, communications are now being maintained between the various stations involved. However, at the "retail" or distribution level within Djajapura, for example, which was not covered by this project, the system is working very poorly, and private activities have sprung up to by-pass the still inadequate P and T facilities.

150. It has been estimated that with \$500,000 of additional funds the P and T could upgrade the radio links between stations to acceptable standards, and set up an automatic telephone exchange in Djajapura. It is also noted that some of the old equipment, particularly at the receiving station in Djajapura, which was rehabilitated with spare parts rather than replaced, was estimated to last only about three more years. Thus there seems to be a built-in assumption that there will be a follow-on project to start about the time that this project is terminated.

151. A policy of repairing a lot of the old equipment rather than replacing it has been questioned. I discussed this matter with the new Chief of Telecommunications for Region 12 (West Irian) who did not participate in this earlier policy decision; and he said that all things considered, he thought it had been the correct decision. It is noted that he is recognized as technically competent in this field.

Joint Development Commission

152. A lot of hopes for West Irian's future well-being are based on the effective functioning of the Joint Development Commission to be established for purposes of using several million dollars to promote small-scale industries on a revolving fund basis. The Administrator of UNDP will have a representative on the Commission who has had a lot of experience in development banking. The establishment of the Commission has been delayed because of difficulties in finding a viable set-up within Indonesian law.

153. My central question about this Commission has already been referred to earlier in this report. Since the FUNDWI programme covers the total development programme currently under way including equity capital investment, there needs to be that part of the United Nations family in the picture that specializes in investment activities and understands best such matters as exchange rates, balance of payments, capital/output ratios, etc., and can appraise the FUNDWI programme from that overall point of view. The UNDP is set up to handle the development of human resources, but not a total development programme. I feel strongly that now and in the future, United Nations assistance to West Irian should include help from IBRD or some similar institution in the management of capital investment activities, and in strengthening the local Government's capacity to handle monetary and fiscal problems. This is not UNDP's "cup of tea".

V SELECTED PROJECTS

Solo River Basin

154. A watershed management expert from FAO has been studying the very serious erosion problems on many of the steep slopes of the Solo River Basin in the eastern part of Java. It was assumed that this study would provide the basis for a Special Fund report. The study appeared to be of such fundamental importance that I spent several days at the site, and had long discussions with the FAO expert and the FAO country representative on the broader implications of this erosion problem.

155. I was particularly impressed by the following considerations:

(a) In parts of the Solo River Basin the population is as much as 6,000 persons per square mile - one of the most densely populated areas in the world. Although the average per cent of landless persons in this area may not exceed 15, in certain spots data of admittedly questionable reliability indicate that the per cent may be as high as 60. In any event, these statistics help to highlight the population pressure that has resulted in landless people attempting to eke out a living on the steep, unproductive slopes of the Solo River Basin. When you visit these hillsides and observe the pitiful attempts to grow cassava and maize, and find yourself surrounded by large numbers of children, you start to get some feel of what it must be like living out on the raw, cutting edge of the population explosion.

(b) If trees or grass are to be planted on these eroded slopes, the people now living there must be persuaded to move elsewhere. The Governor-General for Central Java made it very clear that he was not going to hire a lot of policemen to stand guard at the edges of the eroded areas to keep hungry people off that land. Some alternative opportunities for employment had to be found. However, no one knew whether we were talking about 1,000 or 100,000 people that had to be taken care of. Some idea of the size of the human problem would be necessary before practical solutions could be developed, with recognition that the population pressure problem will no doubt become worse before it gets better.

(c) The problem involved in grappling with the various major aspects of this erosion problem are of concern to both the central and local governments, including several of the ministries. It seems probable that some kind of "authority" would have to be set up for this area in order to have an efficient operating programme.

(d) The situation appears to justify a Special Fund project for which FAO would be the executing agent, and a WFP reforestation and fuel wood plantation project, if concurrently there would be a population project and perhaps a small-scale industry project. Unless the UNDP Resident Director and FAO country representative are satisfied that practical, aggressive efforts will be made to come to grips with the "human" aspects of this erosion problem, I think it would be a mistake for FAO and WFP to attempt reforestation and watershed management projects in this area.

(e) If a decision is made to go ahead with a Special Fund project, it is suggested that consideration be given to co-ordinating the project with the FAO project in South-Eastern Sumatra from the standpoint of the migration of families from the Solo River Basin to that area. It is my impression that the Government is putting too much emphasis on migration per se to the outer islands and not enough on broad land settlement projects to attract migrants. The FAO Sumatra project is a step in this direction, but there needs to be related actions (including health, education, housing, etc.) that would attract many settlers without the need for large subsidies per migrant.

Documentation

156. Before going to Indonesia, I requested data from six UN specialized agencies, with reference to their distribution of documents and publications in that country. My objective was to try to obtain some indication of the efficiency of the channels of distribution, and the extent to which these documents and publications were actually read.

157. I talked to many UN experts, particularly in West Irian, regarding the availability of pertinent publications of their agencies. Without exception, the experts told me that they were receiving the publication they wanted from their agency headquarters and had no complaints.

158. In pursuing this whole matter further, it soon became clear that the key opportunity for improvement was to make proper arrangements for central files of technical assistance studies made in Indonesia. In spite of the millions of dollars spent by the United Nations in Indonesia on technical assistance studies and reports, there is not even a central listing of the titles of these documents, let alone a central depository for them, in UN or Government offices, except in West Irian.

159. In seeking a solution to this problem, I had very useful talks with a UNESCO documentation expert in Djakarta who was assisting in the establishment of a Documentation Centre for scientific documents. He pointed out that such centres had already been established with UNESCO assistance in many developing countries. Our discussions led to one central idea. Why not use these documentation centres as a central depository for copies of all UN technical assistance studies and reports, and perhaps those prepared by bilateral agencies as well?

160. I discussed this idea with the Indonesian director of the Centre. She thought it was a sound, practical idea with one modification. There would be some reports that would be of primary interest to Indonesian experts in one or two other cities (such as Bandung at some distance from Djakarta). She proposed that her Centre in Djakarta keep a central card file on all publications, but be the central depository for only those reports where the principal interest would be in Djakarta.

161. It is recommended that UNESCO Headquarters take the initiative to explore with the rest of the UN family the feasibility and desirability of using the Documentation Centres they have supported around the world as a central depository for copies of all studies and reports made by experts of the UN family in those countries, and perhaps also those prepared by other foreign experts.

Handicraft Industry

162. ILO has an aggressive and imaginative expert working on the very large handicraft industry, primarily in Java. He has focused particularly on those steps necessary to expand exports to developed countries. I spent many hours reviewing this project, including visits to the two retail outlets it sponsored in Djakarta.

163. It is my view that many of the handicaps facing the exporters of handicraft products also plague exporters of other Indonesian products, and that these problems should be tackled on a broad front. In other words, in terms of priorities, I would recommend that a Special Fund project along the lines being considered by the Department of Trade for UNCTAD should come first. Afterwards consideration might be given to the proposed Special Fund marketing study for the handicraft industry that was circulated within the Indonesian Government in July 1970.

Aerial Photography

164. This FAO project was not well managed, and its co-ordination with the FAO Special Fund project for South-Eastern Sumatra left something to be desired. However, the product of this project is being more and more widely used, and will in all probability justify its cost over the next few years. I talked to three users of the photographs who stressed their unique value to them.

Telecommunication Training Centre, Bandung

165. The purpose of this project, for which ITU is the executing agent, is to establish a training centre in Bandung, particularly for senior technicians on something of a crash basis; and also to establish five regional Training Units in various parts of the country. Although individual experts deserve high praise for the energy and initiative they displayed in getting training under way before proper facilities and equipment were available, the overall management of the project left something to be desired, and senior officials of the Ministry of Posts and Telecommunications expressed disappointment with the project.

166. The central difficulty seems to be a continuing lack of a time phased work plan, particularly with respect to procurement of equipment. It is clear from available records that a very substantial part of the equipment will arrive not only after the training classes for which it was procured have started, but after the project is supposed to be terminated. (I understand the termination date has now been extended another six months to the end of 1971). The continuing delays in equipment deliveries have been temporarily overcome in the past through borrowing equipment from the ministry.

167. I can understand the initial lack of equipment and of important programming decisions by the Government because the project was started on a crash basis. However, I am persuaded that there was a lack of aggressive, co-ordinated action since that time by ITU and UNDP officials to nail down the necessary decisions and prepare a firm work plan including a realistic procurement schedule. Under the circumstances I do not feel that the Government should be penalized for UN shortcomings, and that presently planned equipment deliveries should be completed as soon as possible.

168. There were also indications of a lack of close working relationships with ministry officials in Djakarta. I am not sure just where the blame lies, but I do not feel that either the ITU or UNDP officials were really on top of this situation and followed it closely.

169. This project badly needs a firm realistic work plan and very close supervision until its termination date. The need for its graduates is very real, and it should be supported to a successful conclusion.^{1/}

Institute of Hydraulic Engineering

170. It was my impression that the UN/OTC had recruited a very capable man as the leader of this project, and that the Institute can play a major role in the future with respect to the development and control of water resources. However, from the standpoint of making full use of this Institute, and doing "first things first", it seems to me that the Government might be encouraged to establish an overall water policy commission, and start developing overall projections of water supply and demand in Indonesia as a guide and framework for specific water projects. I did not attempt to explore this matter in depth, but sensed a lack of an overall framework for various activities I saw in Indonesia involving water.

^{1/} The comments of ITU were unfortunately received too late to be considered in the above evaluation, but they would not have changed it significantly. I agree with ITU that this projects' training programme is a very important part of the Indonesian development programme, but I continue to share the view expressed to me by a senior Indonesian official that this project has not been well managed. in certain important respects. Since I left Indonesia this project has been very thoroughly reviewed, the equipment programme has been finalized, and UNDP has now made enough additional funds available to complete the procurement of all approved items.

VI. MEDICAL SERVICES IN DJAKARTA

171. Lack of reliable medical services is the No. 1 complaint of UN personnel. More specifically, there was a general concern over a number of widely publicized incorrect diagnoses of medical illness of experts and members of their families in Djakarta, followed by trips to Singapore where the patients received different diagnoses and rapid recoveries to good health. I understand that all members of the UN family have gone to Singapore for any surgical work, except for two deliveries of babies (both successful).

172. This situation is well-known to the Office of the UNDP Resident Director, and has received a lot of attention. Proposals for improving the situation centre around the following:

(a) Upgrade the list of UN physicians for Djakarta. There appear to be opportunities for improving the calibre of the list of UN physicians, particularly through the addition of one highly respected doctor whose wife is a trained laboratory technician.

(b) Adopt unified procedure for medical travel by all members of UN families. I understand that only FAO has a medical travel policy which is considered fully satisfactory in Djakarta. I am referring to the FAO Mission Memorandum No. 70/2 dated 9 February 1970 entitled Medical Travel of Field Staff. It is proposed that UNDP Headquarters take the initiative to seek adoption of a standard procedure for medical travel by all members of the UN family.

(c) Improve facilities for diagnosis of patients. Attention in Djakarta centred around improvement of laboratory services, X-ray interpretations and pathological work, the doctors themselves being generally regarded as quite capable. There is no consensus at this time as to what (if anything) the UN family could do to improve this aspect of the situation, but an evaluation of the 3-year old WHO project for improving laboratory services would appear to be timely.

173. I discussed the situation with the Director of the Medical Service at UN Headquarters. He had recently made a survey of medical services in a number of African countries, and initiated a pilot project in one UNDP Resident Director's office involving a small clinic with a full-time nurse. He thought the results of this project might be of interest to UN officials in Djakarta.