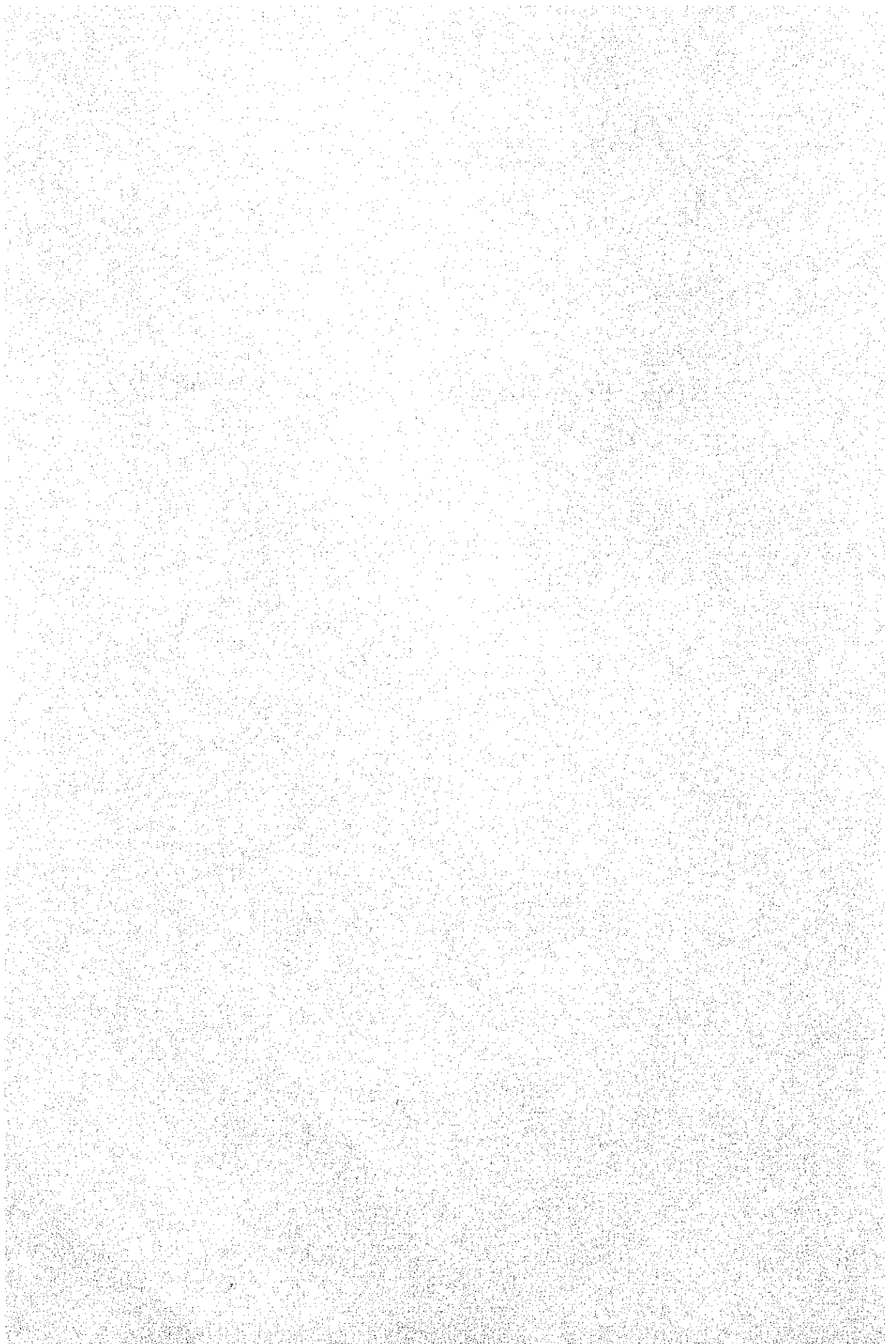


## **XIV. ECONOMIC ANALYSIS OF THE PROJECT**



#### XIV. ECONOMIC ANALYSIS OF PROJECT

##### 1. Financial Analysis

BUTEL's accounting is not like that of an ordinary enterprise engaged in an undertaking. For example, incoming and outgoing need not be balanced, and depreciation of fixed assets is not employed. Accordingly, it is difficult to analyze the financial condition of BUTEL as an enterprise and analysis of its financial condition may not be considered so significant. However, when expenditure can not be covered by incoming, supplementation is made from the general resource, which may give influence to the whole financial state of the country. If the expenditure caused from the present project exceeds the income, supplementation from the general account will be required. If the income exceeds the expenditure, the earning will compensate for deficits caused in other undertakings of BUTEL, resulting in reducing the load to the general account of the country. So, financial analysis of this project is attempted herein to determine feasibility from the financial standpoint. Analysis is made for 20 years ranging from 1979 to 1998.

##### (1) Income of the project

The income of the project is as given in Table XIV-1-1. Of these items of income, the income from telephone consists of rent, toll call revenue, and local call revenue. The income from rent is calculated assuming that the rent per subscriber is 40 pesos per month from the telephone demand forecast. The rent (single) is rated 40 pesos/subscriber for office telephone and 30 pesos/subscriber for household telephone, the average being small than 40 pesos. However, with the development in service quality by the introduction of STD service by project and in consideration of the rate of PLDT, the rate can be raised to some extent in the area to be covered by the project. So, let us suppose that the telephone rate will be changed to 45 pesos for office use and 35 pesos for household use by adding 5 pesos to each rate. Suppose the percentage of the number of office telephones and that of household telephones are respectively 60% and 40%, the average unit rate per subscriber can be made 40 pesos as follows.

$$(45p \times 60\%) + (35p \times 40\%) = 41p \div 40p$$

The income from toll calls is estimated from the traffic forecast of 1987 for Phase I and from the traffic forecast of 1990 for Phase 2. For interconnection with other operators, estimation is made on the

Table XIV-1-1 Income of Project

(thousand peso)

Year	Telephone	Telegraph	Others	Total
1982	28,441	1,760	1,791	31,992
1983	39,339	2,112	2,354	43,805
1984	42,448	2,275	2,517	47,240
1985	46,350	2,964	2,747	52,061
1986	61,253	3,752	3,531	68,596
1987	64,414	4,098	3,707	72,219
1988	68,376	4,475	3,924	76,775
1989	73,139	4,895	4,183	82,217
1990	78,615	5,367	4,480	88,462
1991	84,093	5,629	4,767	94,489
1992	88,062	5,669	4,968	98,699
1993	91,247	5,710	5,129	102,086
1994	94,422	5,751	5,290	105,463
1995	97,551	5,792	5,448	108,791
1996	99,922	5,833	5,569	111,324
1997	101,527	5,873	5,651	113,051
1998	103,098	5,914	5,732	114,744
1999	104,643	5,954	5,811	116,408

following assumptions.

- 1) For calls originated from subscribers in other operators to subscribers in BUTEL's network, 75% (50% in the case of connection from Manila) of the income will become the income of BUTEL.
- 2) For calls originated from BUTEL's network to other operator, 95% (90% in the case of calls to Manila) of the income will become the income of BUTEL.

For local call charges, estimation is made on the assumption that 67% of the traffic per subscriber is directed to local calls.

Telegraph income consists of telex income and telegram income. Telex income is estimated by multiplying the annual income from one subscriber (10520 pesos) by the forecast number in consideration of telex traffic forecast per subscriber and telex rate employed in Japan. Telegram income is estimated by multiplying the average income per message (2.5 pesos) by the number of telegrams to be sent. Since television signal transmission will also be available by using the microwave network, a certain income can be inspected from this, which are included in the "Others". In making this estimation, the state of utilization of television program transmission is estimated as follows.

- 1) Applicable section: Tuguegarao ~ Bayombong and  
Laoag ~ Baguio sections
- 2) Extents of use: each 4 hours/week

It is estimated that income of leased channels is five percent of incomes from telephone and telegraph. It is included in the "Others" too.

(2) Expenditure of project

The expenditure of the project which is given in Table XIV-1-2, consists of maintenance expense, operating expense, expenses for administration and others, depreciation, and interest. Expenditure estimation is made by considering investment and funds program as follows. Expenses for construction are as given in Table XIV-1-3. Table XIV-1-4 shows an outline of the fund program of this project. For the construction to be covered by foreign currency, a loan will be set on the condition of 3.5% in interest, 7 years in the term of deferment and 20 years in repayment term. For the construction to be covered by the domestic currency, internal funds will be used. Of the expenditure, the personnel expense is obtained by multiplying the number of personnel estimated as per Part X by the average salary.

Other expenses than personnel expense are estimated as follows. Maintenance expense is estimated by multiplying the average expense by a given ratio determined by the type of facilities such as telegraph and radio facilities. Operating expense, administration and others are estimated by multiplying the personnel expense by 25%. For the estimation of depreciation, the straight line method in which depreciation of a constant amount is made every year is employed for the sake of simplicity and the remainder is made equal to the expense for removal. Interest will be paid as per Table XIV-1-4. Variation in personnel expense and prices is not considered. This is because increase in the expenditure due to price variation is expected to be covered by the revision in rate.

(3) Income and outgo of the project

The income and outgo of the project are given in Table XIV-1-5 from the above estimation. When depreciation is not considered as in the present accounting system, the income will exceed the expenditure by 1982. Even if the depreciation is considered, the income will exceed the expenditure in 1989 or 7 years after the commencement of the service. It can be said that this project will provide a distinguished result from the economic standpoint when compared with other undertakings of BUTEL.

Table XIV-1-2 Expense of Project

(thousand peso)

Year	Maintenance	Operation Administration and Others	Depreciation	Interest	Total
1979	0	0	0	315	315
1980	0	0	0	2,331	2,331
1981	0	0	0	5,261	5,261
1982	13,432	4,625	18,565	7,658	43,775
1983	13,432	4,765	18,565	9,328	45,585
1984	13,432	4,765	18,565	11,449	47,706
1985	23,948	7,683	33,261	13,170	78,062
1986	23,948	7,718	33,261	13,146	78,073
1987	23,948	7,718	33,261	12,967	77,894
1988	23,948	7,718	33,261	12,562	77,489
1989	23,948	7,718	33,261	11,973	76,900
1990	23,948	7,718	33,261	11,256	76,183
1991	23,948	7,718	33,261	10,375	75,302
1992	23,948	7,718	33,261	9,362	74,289
1993	23,948	7,718	33,261	8,349	73,276
1994	23,948	7,718	33,261	7,336	72,263
1995	23,948	7,718	33,261	6,322	71,249
1996	23,948	7,718	33,261	5,309	70,236
1997	23,948	7,718	33,261	4,296	69,223
1998	23,948	7,718	33,261	3,283	68,210

Table XIV-1-3 Expense of Construction Cost

(thousand peso)

Year	Foreign Currency	Local Currenty	Total
1979	9,000	32,200	41,200
1980	57,600	49,400	107,000
1981	83,700	21,400	105,100
1982	68,500	17,700	86,200
1983	47,700	40,000	87,700
1984	60,600	41,900	102,500
1985	49,200	19,800	69,000



Table XIV-1-4 Repayment of Loan  
(thousand peso)

Year	Loan	Repayment	Interest
1979	9,000	0	315
1980	57,600	0	2,331
1981	83,700	0	5,261
1982	68,500	0	7,658
1983	47,700	0	9,328
1984	60,600	0	11,449
1985	49,200	0	13,170
1986	0	690	13,146
1987	0	5,120	12,967
1988	0	11,560	12,562
1989	0	16,830	11,973
1990	0	20,500	11,256
1991	0	25,160	10,375
1992	0	28,950	9,362
1993	0	28,950	8,349
1994	0	28,950	7,336
1995	0	28,950	6,322
1996	0	28,950	5,309
1997	0	28,950	4,296
1998	0	28,950	3,283
1999	0	28,250	2,294
2000	0	23,820	1,460
2001	0	17,380	852
2002	0	12,120	426
2003	0	8,450	132
2004	0	3,780	0

Table XIV-1-5 Income &amp; Expense of Project

(thousand peso)

Year	Income	Expense (Excluding Depreciation)	Surplus or Loss	Expense (Including Depreciation)	Surplus or Loss
1979	0	315	Δ 315	315	Δ 315
1980	0	2,331	Δ 2,331	2,331	Δ 2,331
1981	0	5,261	Δ 5,261	5,261	Δ 5,261
1982	31,992	25,210	6,782	43,775	Δ11,783
1983	43,805	27,020	16,782	45,585	Δ 1,780
1984	47,240	29,141	18,099	47,706	Δ 466
1985	52,061	44,801	7,260	78,062	Δ26,001
1986	68,596	44,812	23,784	78,073	Δ 9,477
1987	72,219	44,633	27,586	77,894	Δ 5,675
1988	76,775	44,228	32,547	77,489	Δ 715
1989	82,217	43,639	38,578	76,900	5,317
1990	88,462	42,922	45,540	76,183	12,279
1991	94,489	42,041	52,448	75,302	19,187
1992	98,699	41,028	57,671	74,289	24,410
1993	102,086	40,015	62,071	73,276	28,810
1994	105,463	39,002	66,461	72,263	33,200
1995	108,791	37,988	70,803	71,249	37,542
1996	111,324	36,975	74,349	70,236	41,088
1997	113,051	35,962	77,089	69,223	43,828
1998	114,744	34,949	79,795	68,210	46,534

## 2. Economic Analysis

In general, economic analysis of a telecommunication project is extremely difficult since the benefit of every telecommunication project ranges not only economic benefit but social, cultural benefit which can not be considered in terms of economic evaluation. In addition, the economic benefit itself of telecommunication can not be said to be clear in concept and it is rather difficult to estimate all economic benefit. Accordingly, it is very difficult to estimate all economic benefits corresponding to expenses, and make accurate estimation.

### 2-1 Benefits of the Project

In making economical analysis of this project, it was considered that the major, direct benefits of telecommunication will represent as the willingness for payment by the users of the service and estimation was made on the basis of BUTEL's income from charges. It is to be noted that the following restrictions are applied.

- 1) A given restriction influences the determination of charges of telecommunication service, so that the charges will not represent normal demand-supply relationship. In particular BUTEL's rates are determined low from policy.
- 2) Since this project is intended to cover such areas that are extremely poor in telecommunication service, the surplus benefit on users which may not appears the income from charges will be extremely large.

#### (1) Telegram

For telegram service, the income from the service is made the benefit. In this income, however, the income transferred from other operators may be included, which is considered to be about 1/3 of the whole and which is excluded.

On the other hand, BUTEL's telegrams include free-charge telegrams and low-rate telegrams. These telegrams are considered to provide the same benefit as general telegrams, so that the considerable contribution of these telegrams is added. (These telegrams are rated low mainly because of the necessity in administration of the government, and it is not exaggerating to consider that these low-rate telegrams provide as much benefit as general telegrams.)

#### (2) Telex

For telex, the income from the telex service is considered as a benefit.

(3) Telephone

Subscriber telephone provides not only the benefit brought about by respective calls but also the benefit of being capable of communication at desired time, the latter being represented by the income from message rate and rent. In this project, interconnection with telephones of other operators will also be achieved. Then the benefit of telephone by the capability of making communication at any desired time can be considered increased by increased range to be covered, so that the increment is estimated as follows.

- 1) The increment in the benefit is estimated considering that majority of telephones in the country are concentrated in Manila and thus the areas to be covered in the project are closely related socially and economically with Manila in particular.
- 2) To what extent the benefit will increase with the spread in area with which communication of telephone is available is not yet clarified. However, the benefit is considered to increase proportionally with increased number of subscribers since the facilities to be introduced by this project are extremely high, provide high reliability, and assure high service quality when compared with those of existing systems and the increment of the number of subscribers is not so large as compared with the call number of the subscribers.
- 3) Accordingly, we have

$$\begin{aligned} \text{Increment of benefit} &= (\text{Benefit of telephone of Manila}) \\ &\quad (\text{Subscribers to be increased} \\ &\quad \times \text{by this project/number of} \quad \times \quad (\text{Number of subscribers} \\ &\quad \text{telephone subscribers in Manila}) \quad \text{in Manila}) \end{aligned}$$

by putting (Benefit of telephone in Manila) = (Rent of telephone in Manila), we have

$$\begin{aligned} \text{Increment of benefit} &= (\text{Rent of telephone in Manila}) \\ &\quad \times (\text{Increase in the number of subscribers by the project}) \end{aligned}$$

The rent of telephone in Manila is made 40 pesos per month, which is equal to the unit charge used in the income estimation of this project, in consideration of the present telephone rate, etc.

The benefit of the project after these adjustment stated above is given in Table XIV-2-1.

Table XIV-2-1 Benefit of Project

(thousand peso)

Year	Working Revenue	Adjustment		Benefit
		+	-	
1982	31,992	2,088	394	33,686
1983	43,805	2,608	406	46,007
1984	47,240	2,772	418	49,594
1985	52,061	3,675	431	55,305
1986	68,596	4,607	444	72,699
1987	72,219	4,828	457	76,589
1988	76,775	5,106	471	81,410
1989	82,217	5,440	485	87,192
1990	88,462	5,773	499	93,736
1991	94,489	6,105	512	100,082
1992	98,699	6,588	526	104,761
1993	102,086	6,624	539	108,171
1994	105,463	6,856	553	111,766
1995	108,791	7,058	567	115,282
1996	111,324	7,231	580	117,975
1997	113,051	7,371	594	119,828
1998	114,744	7,489	607	121,626
1999	116,408	7,599	620	124,627

## 2-2 Expenses for Project

For the expenses for the project, the construction expense, maintenance expense, and operating expense estimated in the economical analysis are used as they are. Of the construction expense, the shadow prices of the expense to be covered by foreign currency is negligible in consideration of the present rate of yen in the foreign exchange market.

## 2-3 Substitution Effect

In general, telecommunication is considered to substitute mail or transportation by vehicles but this has not yet been clarified.

By the present project too, a certain extent of transfer is considered to be made from mails and transportation by vehicle.

However, it is extremely difficult to estimate the degree of transfer and it is also difficult to estimate variation in the benefit and expenses, so that the substitution effect is not considered in the present analysis although briefly mentioned.

In consideration of the financial condition of the mailing service and the vehicle traffic condition in the Philippines, the benefit seems to appear larger by substitution.

Telecommunication service also provides the effect of inducing vehicle traffic, etc.

## 2-4 Internal Rate of Return

The internal rate of return of this project is obtained for the expenses and benefit thus estimated and given in Table XIV-2-2. It is 6.3%, which is not so high but higher than the interest of Japanese yen credit. In areas to be covered by this project telecommunication service has been scarcely provided and thus a considerable users' surplus will be expected, so that this project can be said feasible from the standpoint of social economics.

Table XIV-2-2 Internal Rate of Return

(thousand peso)

YEAR	COST			BENEFIT	NET VALUE	PRESENT VALUE	
	CONSTRUCTION	MAINTENANCE ETC.	TOTAL			6%	7%
1979	41,200	0	41,200	0	Δ 41,200	Δ 41,200	Δ 41,200
1980	107,000	0	107,000	0	Δ107,000	Δ100,944	Δ100,002
1981	105,100	0	105,100	0	Δ105,100	Δ 93,539	Δ 91,794
1982	86,200	17,552	103,752	33,686	Δ 70,066	Δ 58,827	Δ 57,194
1983	87,700	17,552	105,252	46,007	Δ 59,245	Δ 46,928	Δ 45,198
1984	102,500	17,552	120,052	49,594	Δ 70,458	Δ 52,653	Δ 50,237
1985	69,000	31,631	100,631	55,305	Δ 45,326	Δ 31,954	Δ 30,201
1986		31,631	31,631	72,699	41,068	27,314	25,573
1987		31,631	31,631	76,586	44,955	28,205	26,164
1988		31,631	31,631	81,410	49,779	29,464	27,075
1989		31,631	31,631	87,192	55,561	31,025	28,242
1990		31,631	31,631	93,736	62,105	32,717	29,506
1991		31,631	31,631	100,082	68,451	34,020	30,392
1992		31,631	31,631	104,761	73,130	34,283	30,349
1993		31,631	31,631	108,171	76,540	33,854	29,682
1994		31,631	31,631	111,766	80,135	33,440	29,041
1995		31,631	31,631	115,282	83,651	32,925	28,333
1996		31,631	31,631	117,975	86,344	32,068	27,337
1997		31,631	31,631	119,828	88,197	30,895	26,097
1998		31,631	31,631	121,626	89,995	29,743	24,884
1999		31,631	31,631	124,627	92,996	28,996	24,030

Δ426,045 Δ415,826

+438,949 +386,705

+12,904 Δ29,121

Internal Rate of Return

$$6\% + \frac{12,904}{12,904 + 29,121} = \underline{6.31\%}$$

## 2-5 Benefit that can not be Quantified

This project provides, in addition to the abovementioned calculated or estimated economic benefits, the following social, cultural and economic benefits which may not be quantified.

- (1) The Philippines are located subject to typhoons and suffer serious damages from typhoons every year. The establishment of the telecommunication network in the Northern Part of Luzon by this project will greatly contribute to the establishment of protection against calamities at an early time.
- (2) Sightseeing is an important industry in the Philippines and the Government is stressing the development in sightseeing. The areas to be covered by the project have a lot of developed or undeveloped sightseeing resources. The establishment of the telecommunication network will make a great contribution to further development of developed or undeveloped sightseeing spots.
- (3) In the Northern Part of Luzon, especially in Region I, it is necessary to expand the 2nd and 3rd industries providing high productivity for absorbing increasing labor and supporting economical development. These industries require division of labor or specialization and a grown market scheme. Such division of work and formation of proper markets require smooth distribution of information, so that poor telecommunication condition causes a hindrance to the growth of industries and development of the region. In this sense, the present project will bring about a remarkable indirect effect to the development of the Northern Part of Luzon.
- (4) Telecommunication is a pioneer field and its development require the development of the overall technical level. The introduction of this project will invite the introduction of technology and storage of experience, which will result in the development of BUTEL's technical capabilities and contribute to future development in the telecommunication in the Philippines.
- (5) Increase in the flow of information caused by the development of the telecommunication network will greatly contribute to social, cultural unification of the Northern Part of Luzon. TV program transmission included in the present project will make a great role in this sense.
- (6) Development in closeness between different areas to be achievable by the establishment of the telecommunication network will contribute to the establishment of public order.

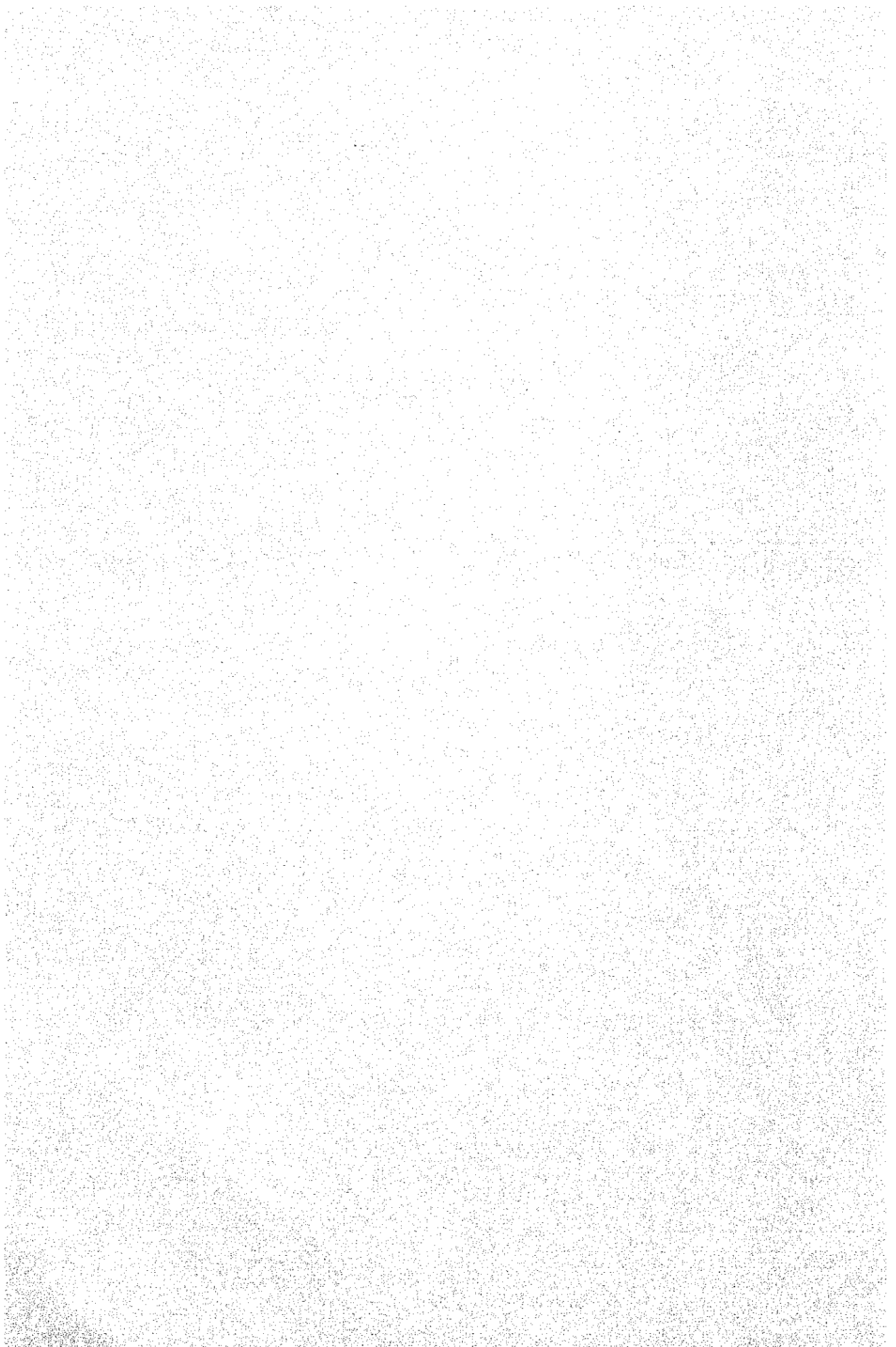


2-6 Result of Analysis

In consideration of the internal return rate discussed in Section 2-4 above and various unquantifiable benefits discussed in Section 2-5, it can be concluded that this project is feasible from the standpoint of national economy.



## **XV. OTHERS**



## XV. OTHERS

### 1. Present Policy of Telecommunications in the Philippines

Telephone operators in the Philippines amount to about 70 companies including the public operator BUTEL, local-government operators, and private operators. Telegraph operators in the country amount to 7 companies in addition to BUTEL.

Although BOC has expressed a desire for ultimately establishing a single operator, it is difficult for the time being to do so.

Thus BOC plans to integrate operators if existing in a city or municipality into a single operator and consolidate small-scale operators into the following four high-ranking operators.

- (1) BUTEL
- (2) Philippine Long Distance Telephone Co. (PLDT)
- (3) Republic Telephone Co. (RETELCO)
- (4) Pilipino Telephone Corp. (PILTEL)

On February 24, 1978 the Letter of Instructions No. 674 was issued in which the President, intending for (1) establishing one homogenous nationwide telecommunication network, (2) establishing a framework for the national regulatory system for providing efficient telecommunication service, and (3) for providing safeguards and assuring vigilance in the interest of national security, ordered and directed the following.

- (1) Preparation of an operational national telecommunications plan giving primary importance to the design of the nationwide (both public and private) telecommunications network.
- (2) Rationalization of government investments in the sector and preparation of evaluation criteria to guide investment decisions by Government in the sector to determine advisability of every capital investment of Government; integration and coordination of expansion and improvement plans and programs as well as operations of all private and government owned telecommunication facilities and networks with the view of eliminating wasteful competition and instead, effecting maximum utilization of all resources.
- (3) Creation of a Telecommunication Development Committee for this purpose composed of the Secretary of Public Works, Transportation and Communications, as Chairman, Secretaries of Finance and Industry and the Chairman of the Board of Communications, as members.

As stated above, double investment by governmental and private operators is prevented and a nationwide telecommunication network is planned through cooperation of the governmental and private sectors. For the present project, local telephone offices and IPTS's are planned to be constructed in areas where there is no private operator's telephone facilities or where there is no plan of construction of telephone offices by private operators or in areas not franchised by any private operator, meeting the policy of the country. However, although there is no particular problem on transmission lines for the time being, the concept of franchise is somewhat unclear. For example, although RETELCO has a UHF radio circuit construction plan for transmission from Baguio to Tuguegarao, Aparri and Ilagan, its planned circuit capacity is small and the expected time of completion of the microwave project by BUTEL is far ahead and is not known for sure. Accordingly it may be said not to cause double investment, but so in a sense. After completion of this project, no paralleled transmission line will be planned. In case any parallel transmission line is constructed, the income to BUTEL will cause a considerable discrepancy, influencing the feasibility of this project.

## 2. Procurement of Frequencies

As stated in Part VIII "SYSTEM DESIGN", necessary frequency bands for the radio transmission routes to be established by this project are as follows.

For main route: 6430 MHz ~ 7110 MHz

For spur routes: 138.00 MHz ~ 141.00 MHz

169.00 MHz ~ 171.90 MHz

335.40 MHz ~ 363.30 MHz

770.00 MHz ~ 859.00 MHz

2100 MHz ~ 2300 MHz

Approval by authority for the use of these frequency bands by BUTEL is inevitable.

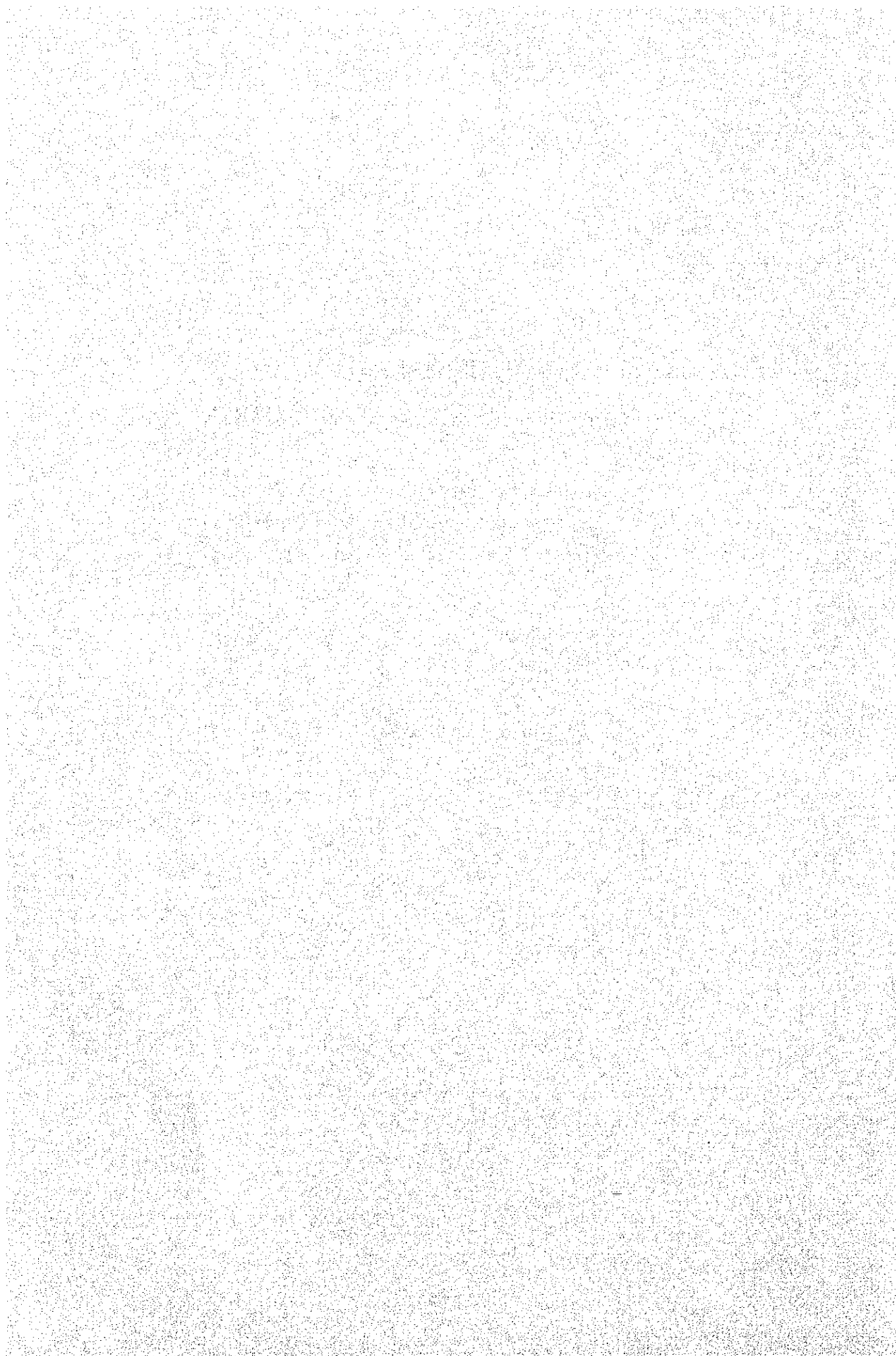
Of these frequency bands, some have been already used by other operators than BUTEL, so that due care was paid not to cause interference with existing radio facilities. However, when one frequency band is used by two different operators at a time, these operators may use the band on the basis of their own different frequency allocation methods unless a standard frequency allocation method has not been stipulated. This is extremely undesirable.

from the standpoint of effective utilization of frequencies and wasteful use of the "resource" of frequency bands may be resulted. Accordingly, it is recommended to prepare a national frequency allocation standard on this occasion so that frequencies should be assigned in accordance with the standard as soon as possible.





**XVI. RECOMMENDATION AND  
CONCLUSION**



## XVI. RECOMMENDATION AND CONCLUSION

This project is determined feasible on the premise that the following recommendations will be met.

(1) STD connection to Manila, Baguio, etc.

STD service will be provided between local exchanges to be constructed by this project. However, the benefit to be provided by this is rather small unless STD connection from these local exchanges to be newly constructed to Manila or other major cities in Regions I and II will become available.

The percentage of the income expected to be brought to BUTEL by this latter service in the whole income is considerably large. This project comprises necessary facilities to be furnished on BUTEL's side and it is necessary to discuss with relevant private operators on the installation of necessary facilities on the private operators' side and the method of connection handling, etc., so that intended STD service should be available upon completion of the project. In particular, a considerable demand can be expected from STD service to Manila, so that it is necessary to start discussion with relevant private operators as soon as possible.

(2) Procurement of necessary radio frequencies

For radio transmission to be achieved in this project, the following frequency bands are proposed.

For main route: 6000 MHz band

For spur routes: 150 MHz band, 400 MHz band, 800 MHz band and 2000 MHz band

In making this recommendation due consideration is given not to cause interference to existing frequencies. It is necessary that the related authorities will grant these frequencies to BUTEL.

(3) Implementation by domestic currency

Completion of the construction of office/station buildings, and access roads and steel towers for radio repeater stations by the domestic currency is a premise for the installation by this project, so that the Government of the Philippines should compile the necessary budget for the implementation of these works within the scheduled periods. Also, site selection which is a premise for the implementation of these works should be completed before detailed design and negotiation with the land owners should be started at an early time.

(4) Training for maintenance and operation

Most facilities to be constructed by this project are of latest techniques having not been experienced so far by BUTEL, so that training for maintenance and operation will be inevitable. However, BUTEL has not proper training facilities and trainers for the time being. It is necessary that BUTEL should rapidly improve BUTEL's training facilities in Metro Manila and provide necessary instructors there.

(5) Provision of coordinators at the headquarters of the project.

This project will range, geographically, to wide areas but also, technically, to many technical fields. It will be related to many non-BUTEL offices/stations, private operators and overseas circuits. Indeed, this high-level project will make the first general telecommunication network project to be implemented by BUTEL. BUTEL is expected to form a headquarters for this project. The operations of the headquarters will range very wide and cover the procurement of sites, negotiation with private telecommunication operators, coordination of the matters related to each other in the construction works, such as individual schedules of installation, labour and carry-in of installation materials, and solving problems which may be caused at these installation offices. In order for these operations to be performed smoothly as required and the project to be progressed as scheduled, it is necessary to establish a coordinator group at the project headquarters.

(6) When requested for technical cooperation regarding items (3) and (4) above, the government of Japan will be willing to provide necessary measures.







