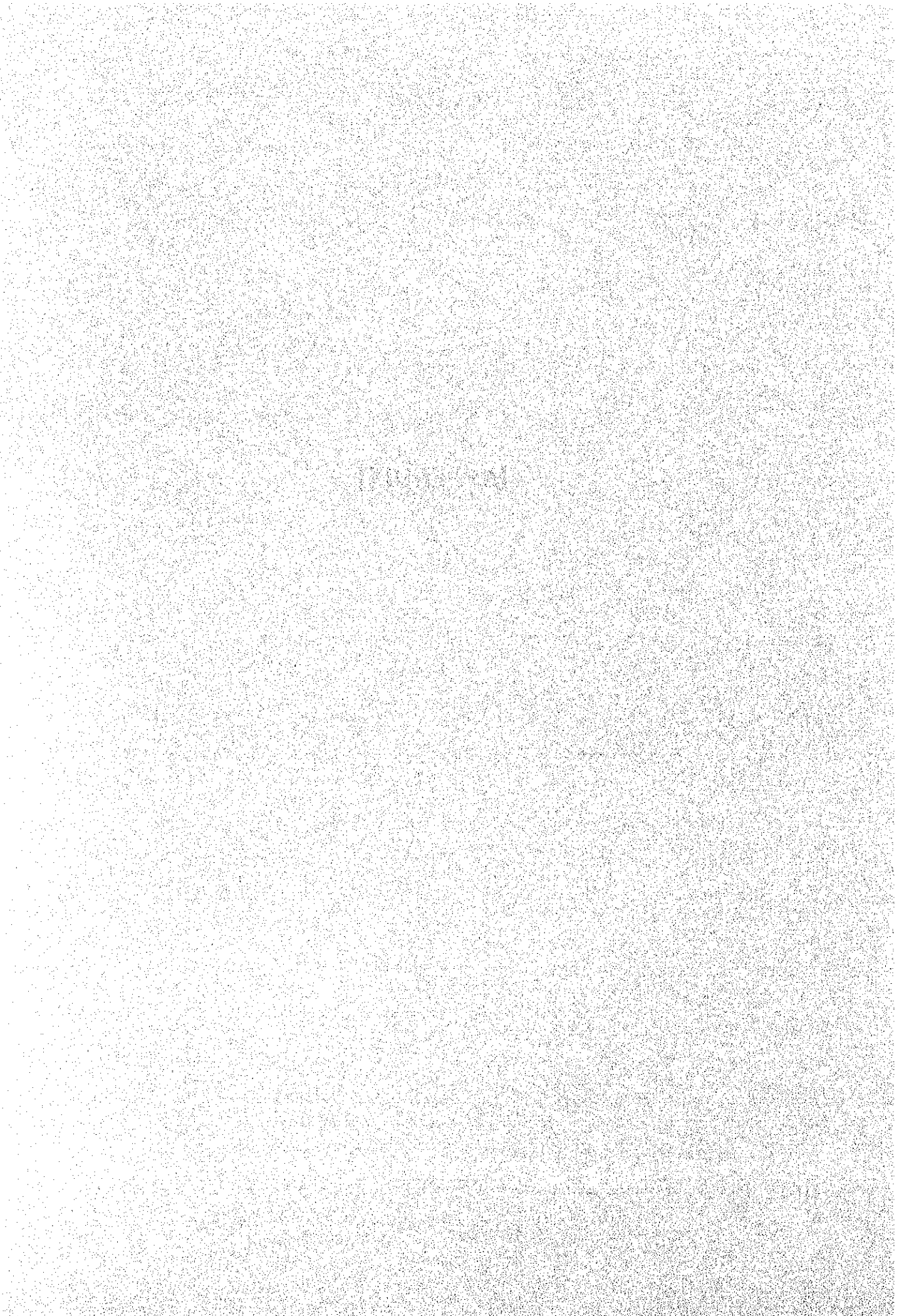


[APPENDIX]



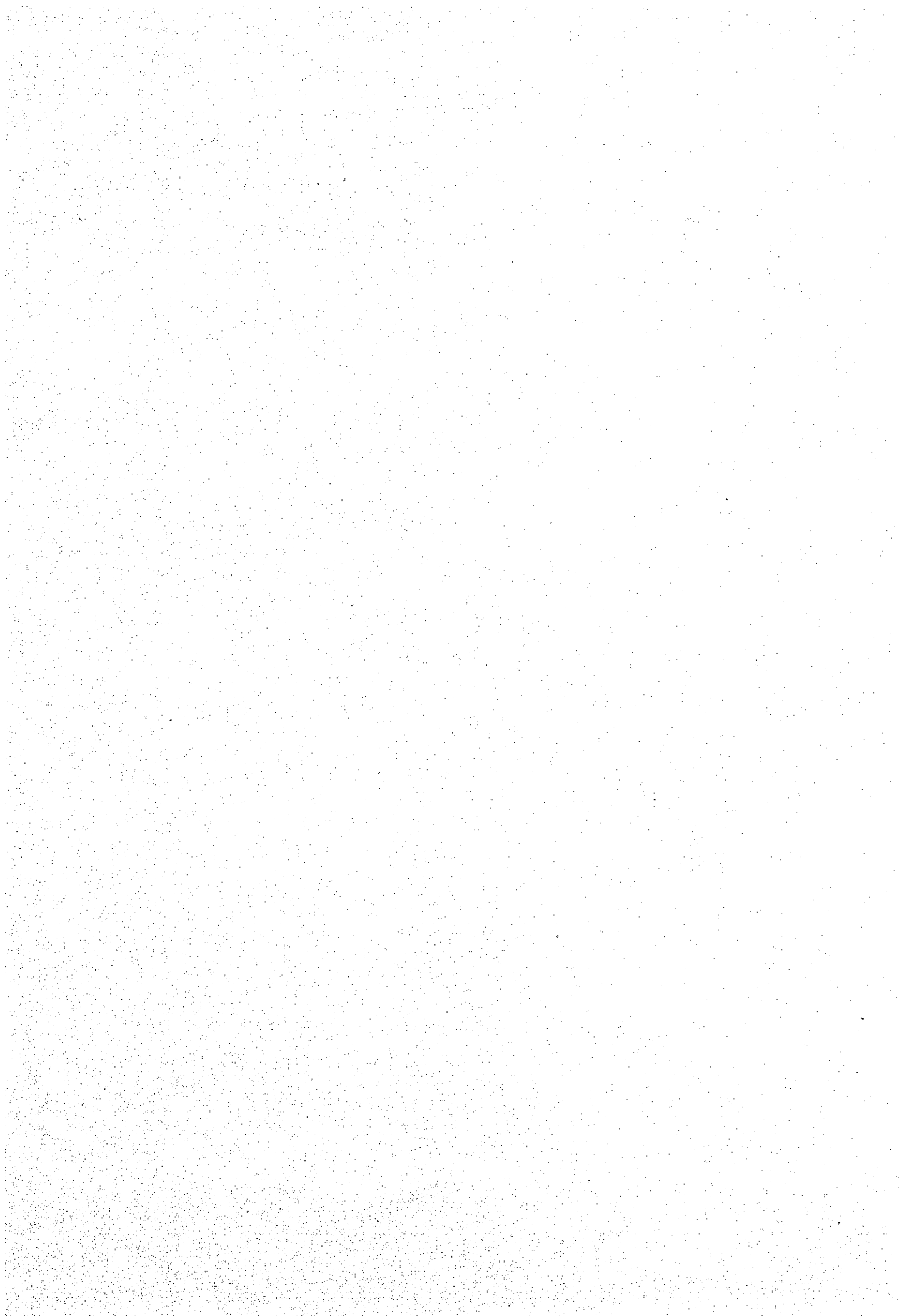
Appendix-I

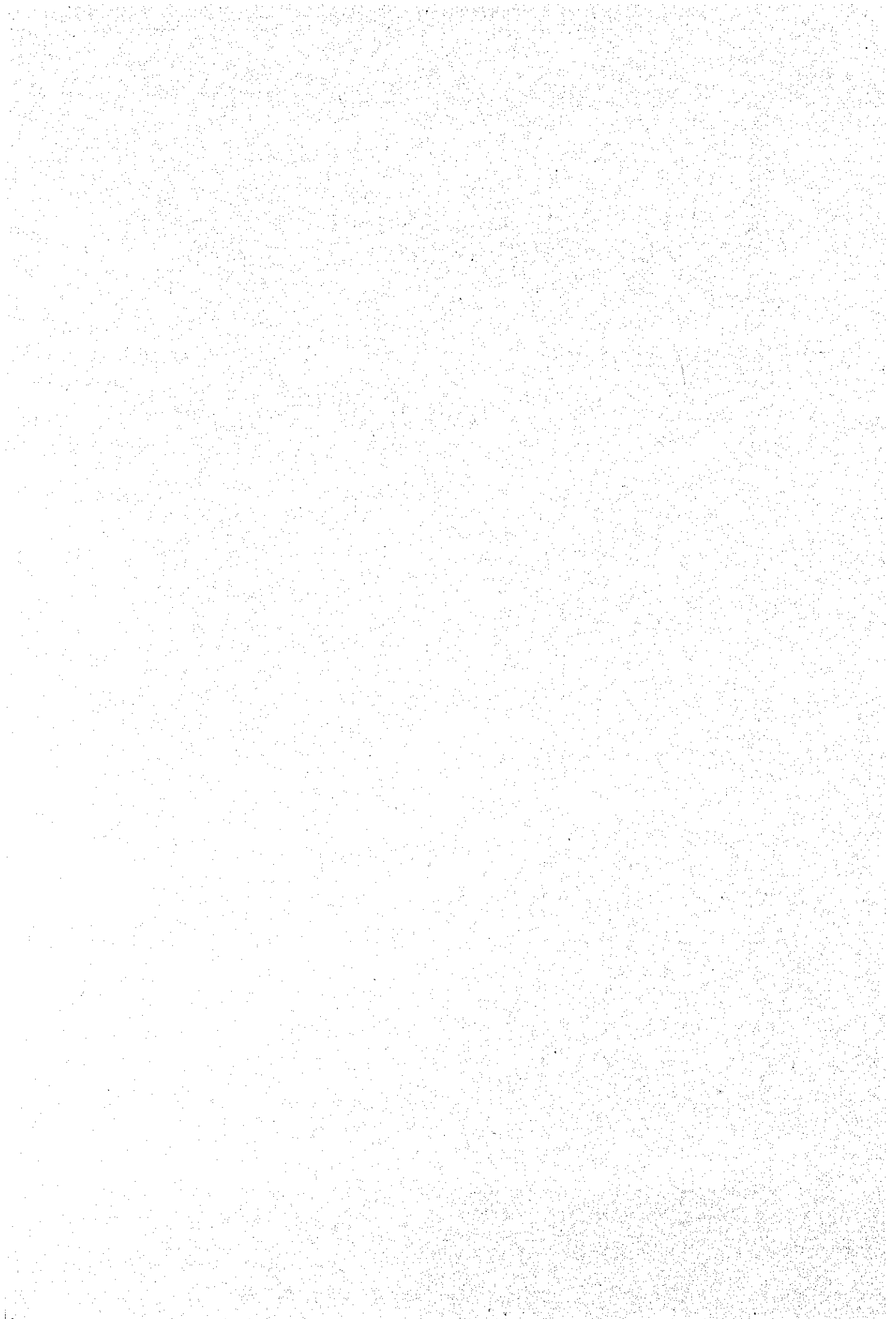
MEMBER LIST OF SURVEY TEAM FOR BASIC DESIGN STUDY

Name	Work Responsibility & Organization
Mr. Yoshiaki Kano	Leader / Technical Cooperation Director Agricultural Technical Cooperation Division, Agricultural Development Cooperation Department, JICA
Mr. Kazuyuki Sato	Seed Production Planner Chief Agricultural Production Bureau Upland Crop Division Ministry of Agriculture, Forestry and Fisheries
Mr. Akira Nakamura	Project Coordinator First Basic Design Study Division, Grant Aid Study & Design Department, JICA
Mr. Masayoshi Inuzuka	Technical Cooperation Agricultural Technical Cooperation Division, Agricultural Development Cooperation Department, JICA
Mr. Eiji Kakizawa	Chief Consultant / Facility Planner Sozosha Co., Ltd.
Mr. Yasunari Baba	Facility Designer Sozosha Co., Ltd.
Mr. Tadashi Matsuno	Farm Planner Sozosha Co., Ltd.
Mr. Yohei Kiyose	Equipment Planner Overseas Merchandise Inspection Co., Ltd. (OMIC)

MEMBER LIST OF SURVEY TEAM FOR DRAFT MISSION

Name	Work Responsibility & Organization
Mr. Hideo Miyamoto	Deputy Director First Basic Design Study Division, Grant Aid Study & Design Department, JICA
Mr. Fujita Tatsuo	Associate Specialist Agricultural Technical Cooperation Division, Agricultural Development Cooperation Department, JICA
Mr. Eiji Kakizawa	Chief Consultant / Facility Planner Sozosha Co., Ltd.
Mr. Yasunari Baba	Facility Designer Sozosha Co., Ltd.
Mr. Yohei Kiyose	Equipment Planner Overseas Merchandise Inspection Co., Ltd. (OMIC)





Appendix-3

MEMBER LIST OF PARTY CONCERNED IN THE RECIPIENT COUNTRY (BASIC DESIGN STUDY / DRAFT REPORT EXPLANATION)

Indonesia Side

Name	Office & Responsibility
(Jakarta)	
Mr. H. Amrin Kahar	Director General, Directorate General of Food Crops and Horticulture, Ministry of Agriculture
Mr. Soemitro Arintadisastra	Director of Program Development Directorate General of Food Crops and Horticulture Ministry of Agriculture
Mr. Achmad Fuadi	Chief Program Development Directorate General of Food Crops and Horticulture Ministry of Agriculture
Mr. Muhamad Sidik	Director of Seedling Directorate General of Food Crops and Horticulture Ministry of Agriculture
Mr. Tarkim Sujitno	Sub-Directorate Seed Production, Directorate General of Food Crops and Horticulture Ministry of Agriculture
Mr. Muchlizar Murkan	Chief Section of Legumes Seed Production, Directorate General of Food Crops and Horticulture Ministry of Agriculture
Miss. Sefti	Staff, Section of Legumes Seed Production, Directorate General of Food Crops and Horticulture Ministry of Agriculture
Miss. Elfiah	Staff, Section of Legumes Seed Production, Directorate General of Food Crops and Horticulture Ministry of Agriculture

Mr. Suharyo Husen Head,
Bureau of Foreign Cooperation,
Minister's Secretariat
Ministry of Agriculture

Mr. Andi Novianto Head, Food Crops and Horticulture,
(BAPPENAS)

(Pandegelang)

Mr. Nana Sumarna G. Head,
Central Seed Farm of Department of Agriculture in the
Province of West Java

Miss. Mia Head of Laboratory,
Central Seed Farm of Department of Agriculture in the
Province of West Java

Mr. Harry Zuhary Head,
Central Seed Farm of Department of Agriculture in the
Province of West Java

(Lembang)

Mr. Dr, Aziz A Asandhi Head,
Lembang Horticultural Research Institute

Miss. Asih Kartasih Karjadhi Researcher of Tissue Culture,
Lembang Horticultural Research Institute

(Surabaya)

Mr. Soekardi Head,
Seed Production, DIPERTA
Department Agriculture in the Province East Java

Mr. Irita Rahayu A. Staff,
Seed Production, DIPERTA
Department Agriculture in the Province of East Java

Mr. H. Masdra M. Jasin Vice Chairman,
Regional Development Planning Board
the Province of East Java (BAPPEDA)

Miss. Sri Susila Diauhari Head Researcher of Laboratory,
Seed Control and Certification Services III (BPSB III),
Ministry of Agriculture

Miss. Hidayat M. Staff,
Seed Control and Certification Services III (BPSB III),
Ministry of Agriculture

(Malang)

Mr. Masruchin Head,
Central Seed Farm of Bedali (BBI Bedali)

(Pasuruan)

Mr. Tasrip Head,
Major Seed Farm of Kejayan (BBU Kejayan)

Mr. Misni Afandi Head,
Major Seed Farm of Lebaksari (BBU Lebaksari)

Japanese Side

Name	Office & Responsibility
(Jakarta)	
Mr. Hiroshi Sugi'i	JICA Expart /
Mr. Akira Oikawa	JICA Expart / Adviser for the Promotion of Major Food Crops Production Program (PMFCPP), Bureau of Planning, Ministry of Agriculture
Mr. Tetsuya Otomo	JICA Expart / Directorate General of Food Crops and Horticulture, Ministry of Agriculture
(Pandegelang)	
Mr. Tsuyoshi Kamata	JICA Expart / Central Seed Farm (BBI)
Mr. Tadayoshi Nagaishi	JICA Expart / Central Seed Farm (BBI)
(Lembang)	
Mr. Masahito Makino	JICA Expart / Lembang Horticultural Research Institute
(Malang)	
Mr. Shinobu Yamazaki	JICA Expart / Central Seed Farm (BBI Bedali)

Appendix-4

MINUTES OF DISCUSSION

MINUTES OF DISCUSSION
BASIC DESIGN STUDY
ON THE PROJECT FOR MULTIPLICATION AND DISTRIBUTION
OF HIGH QUALITY SOYBEAN SEED
IN
THE REPUBLIC OF INDONESIA

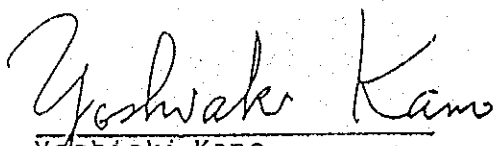
In response to the request of the Government of the Republic of Indonesia, the Government of Japan decided to conduct a Basic Design study on the Project for Multiplication and Distribution of High Quality Soybean Seed (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Indonesia a study team, headed by Mr. Yoshiaki Kano, Agricultural Technical Cooperation Division, Agricultural Development Cooperation Department, JICA, October 24 to November 21, 1994.

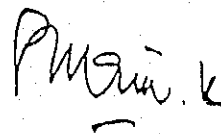
The team held discussions with the officials concerned of the Government of Indonesia and conducted a field survey at the study area.

In the course of discussions and field survey, both parties have confirmed the main items on the attached sheets. The team will proceed to further works and prepare the Basic Design Study Report.

Jakarta, November 3, 1994



Yoshiaki Kano
Leader
Basic Design Study Team
JICA



Amrin Kahar
Director General
Food Crops and Horticulture
Ministry of Agriculture

ATTACHMENT

1. The Objective of the Project

The objective of the Project is to develop appropriate technology and system for multiplication and distribution of high quality soybean seeds through improvement of related facilities and provision of equipment.

2. The Project Site

The Project area is located in East Java. (See ANNEX I.)

3. Executing Agencies

Director General of Food Crops and Horticulture, Ministry of Agriculture is responsible for the administration and execution of the Project. (See ANNEX II.)

4. Items requested by the Government of Indonesia

After discussions with the Basic Design Study Team, the following items were finally requested by the Indonesian side.

Improvement of facilities and provision of equipment for the following items:
(See ANNEX III for detail of equipment.)

1) East Java Central Seed Farm (Bedali-Malang)

Seed Production

- Equipment

- Building and Facility

office building(meeting room, seed production laboratory, etc.)

werk lood

seed storage house

cool storage

net house

garage

warehouse(agricultural machinery)

warehouse(agricultural tool, fertilizer)

warehouse(agricultural chemicals)

warehouse(fuel)

drying floor

- Irrigation facilities

deep well with pump

reservoir

Training

- Equipment
- Building(lecture room, display room, auditorium, lecturer's room, dinning room, etc.)

2) Main Seed Farm (Lebaksari)

- Equipment
- Building and Facility
 - office building
 - seed storage house
 - warehouse(agricultural machinery)
 - werk lood
 - drying floor

3) East Java Seed Control and Certification Services
(Surabaya and Bedali-Malang)

Surabaya

- Equipment

Bedali-Malang

- Equipment
- Building and Facility
 - office building
 - inspection laboratory
 - net house (germination & indicator plant test)

Note) "Werk lood" indicates a seed processing house.

However, the final components of the Project will be decided after further studies.

5. Japan's Grant Aid System

- 1) The Government of Indonesia has understood the system of Japanese Grant Aid Program explained by the Team.
- 2) The Government of Indonesia will take the necessary measures described in ANNEX IV for smooth implementation of the Project, on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

6. Schedule of the Study

- 1) The consultants will proceed to further studies in Indonesia until November 21, 1994.
- 2) JICA will prepare a draft final report on the Project in English and dispatch a mission to Indonesia in order to explain the contents of the report in and around February, 1995.
- 3) In case that the contents of the report are accepted in principal by the Government of Indonesia, JICA will compile the final report on the Project and send it to the Government of Indonesia by the end of March, 1995.

7. Summary of Discussions

1) The Project will be designed considering the linkage of the scope of the project-type technical cooperation.

2) The Project will be designed considering the availability of the budgetary allocation, personnel assignment and operation and maintenance cost.

3) Concerning the newly established main seed farm (Lebaksari), the Indonesian side will secure the legal status of the organization, personnel assignment, budget for maintenance and operation and the distribution line of the electricity.

4) The land consolidation at the main seed farm (Lebaksari) will be made by the Indonesian side when the necessity arises.

5) The cool storage with air-conditioner at central seed farm (Bedali-Malang) will be considered based on the result of the estimation of the operation and maintenance cost.

6) The irrigation facility at central seed farm (Bedali-Malang) will be designed based on the result of the boring test.

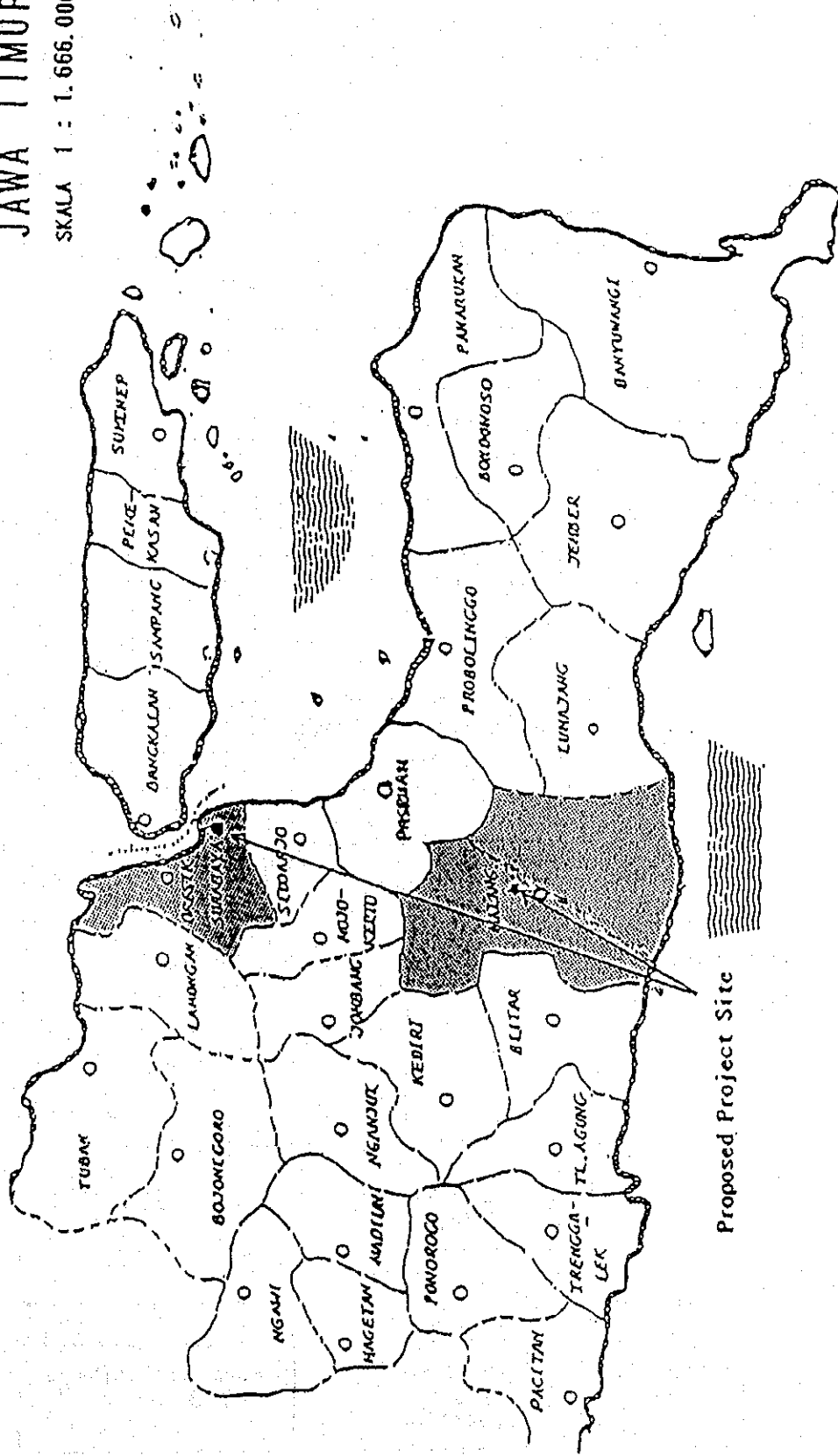
7) Concerning the seed control and certification service at Bedali-Malang, the Indonesian side will secure the legal status of the organization in order to supplement some part of function of Surabaya office.

8) In order to fully utilize the existing buildings to support the project activities, it is proposed to renovate the buildings with Indonesian finance and to utilize the building as dormitory.

ANNEX I: Location Map of Project Sites

JAWA TIMUR

SKALA 1 : 1.666.000

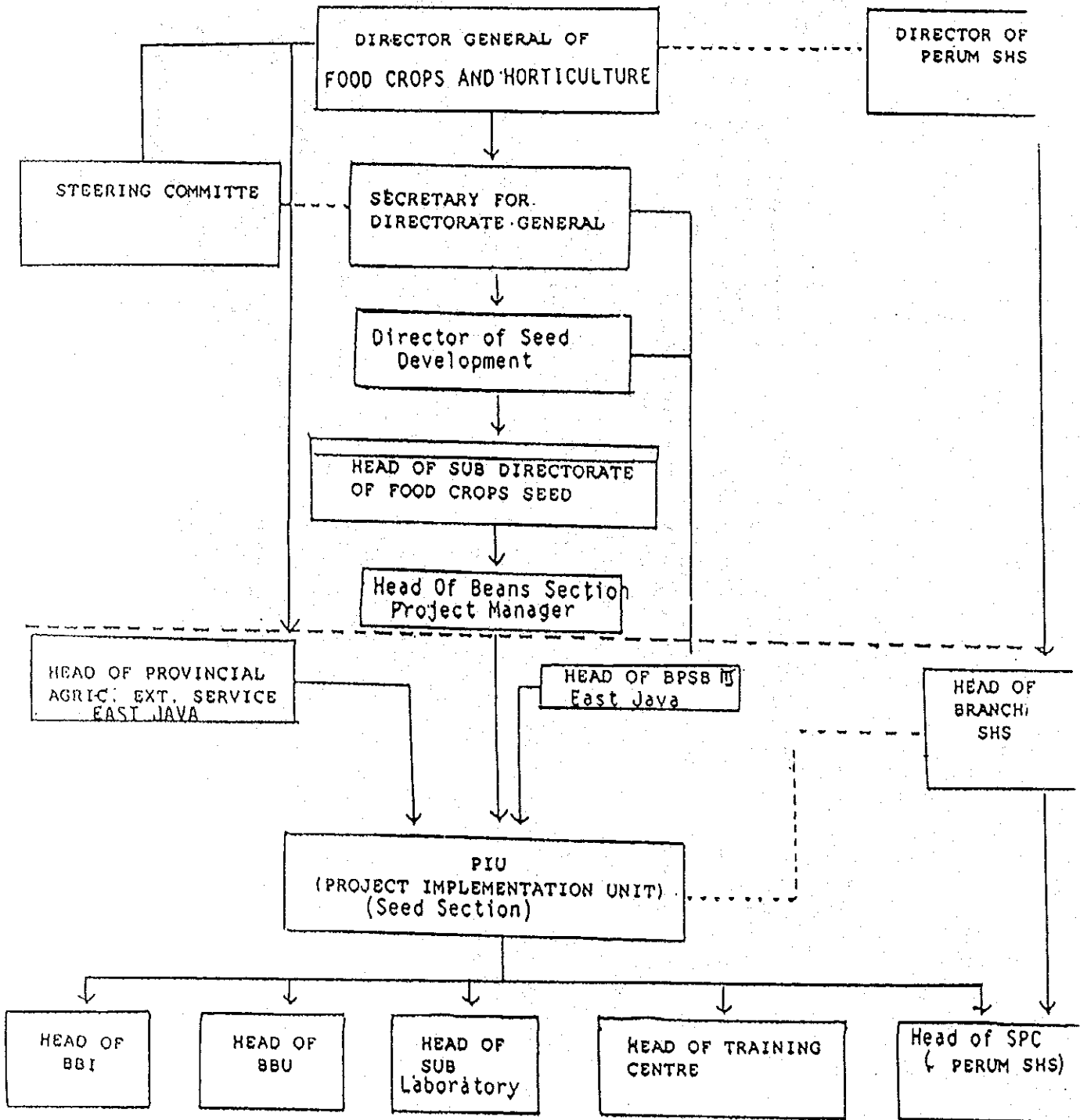


Proposed Project Site

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ANNEX II: Organization Chart of the Project

ORGANIZATIONAL STRUCTURE OF
MULTIPLICATION AND DISTRIBUTION OF HIGH QUALITY
SOYBEAN SEED PROJECT



Note : - - - - Coordination
 _____ Commando

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ANNEX III Equipment List

1. East Java Central Seed Farm (Bedali-Malang)

1-1. Production Equipment

Tractor (40HP) with attachment	1
Hand Tractor (12HP)	5
Soybean Harvester	1
Power Sprayer	2
Hand Sprayer	5
Weed Cutter	3

1-2. Processing Equipment

Cleaner (Winnower)	2
Thresher	2
Gravity Separator (1 ton/day)	1
Scale	1 unit
Seed Treatment Equipment	1
Dryer (box type)	2
Plastic Bag Sealer	1
Packager	1
Bag Closer	1
Vacuum Cleaner	2

1-3. Laboratory Equipment

Sampling Device (Trier)	10
Moisture Meter	3
Germination Test Equipment	1 set
Sample Divider	2
Balance	2
Thermohygrometer	1
Refrigerator (storing BS)	1
Climatologic Instrument	1 set
pH Meter	2

1-4. Office Equipment

Photocopy Machine	1
Facsimile	1
Personal Computer	2 set
Typewriter (manual)	4

1-5. Vehicle

Jeep	1
Pick-up Truck	1
Motor Cycle	5
Air Compressor	1
Tool Kit	1 set

1-6. Training Equipment

White Board	1
Table (with Chair)	100 set
Slide Projector	1
Overhead Projector	1
Sound System	1 unit
Micro Bus (25 person)	1

2. Main Seed Farm (Lebaksari)

2-1. Production Equipment

Tractor (40HP) with attachment	2
Hand Tractor (12HP)	4
Power Sprayer	4
Hand Sprayer	6
Weed Cutter	2
Soybean Harvester	2

2-2. Processing/Laboratory Equipment

Thresher	3
Dryer (box type)	4
Cleaner (Winnow)	3
Gravity Separator	2 unit
Plastic Bag Sealer	2
Packager	1
Bag Closer	1
Scale	2 unit
Moisture Meter	2

2-3. Vehicle

Pick-up Truck	1
Motor Cycle	3

3. East Java Seed Control and Certification Services
(Surabaya)

3-1. Laboratory Equipment

Phase Contrast Microscope	2
Stereo Microscope	2
Autoclave	1
Shaker	1
Refrigerator	1
pH Meter	2
Analytical Balance	1
Laboratory Table	1
Personal Computer	1 set

3-2. Vehicle

Jeep	1
Motor Cycle	6

(Bedali-Malang)

3-3. Laboratory Equipment

Sample Divider (electrical)	1
Soil Divider	4
Balance	2
Analytical Balance	3
Oven	1
Moisture Meter	2
Test Mill	2
Magnifier with light	5
Thermohygrometer	2
Incubator	1
Autoclave	1
Refrigerator (store seed)	2
Stereo Microscope	6
Compound Microscope	6
Photo Microscope	1
Compound Microscope with monitor	1
NUV Lump	1
Centrifuge	1
Shaker	1
Water Bath	1

Colony Counter	1
Test Mill	2
pH Meter	2
Hot Plate with magnetic stirrer	2
Fume Hood (drafter)	1
Center Table	1
Sink for laboratory	1
Side Table	1 unit
Chemical Cabinet	2
Distilled Water Apparatus	1
Label Printer	1
Personal Computer	1 set

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ANNEX IV: Necessary measures to be taken by the Government of
Indonesia in case Japan's Grant Aid is executed

1. To secure the site for the Project
2. To clear, level and reclaim the site before commencement of construction
3. To provide the land for a temporary site office, warehouse and stock yard during implementation of the Project
4. To provide necessary facilities for the Project such as electricity, water supply, drainage and other incidental facilities
5. To bare commissions to the Japanese foreign exchange bank for the banking services based upon the Banking Arrangement
6. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment brought for the Project at the port of disembarkation
7. To accord Japanese Nationals whose services may be required in connection with the supply of products and services under the verified contract such facilities as may be necessary for their entry into Indonesia and stay therein for the performance of their work
8. To maintain and use properly and effectively the facilities constructed and equipment purchased under the Grant
9. To bare all expenses other than those to be borne by the Grant, necessary for the construction of the facilities as well as for the transportation and the installation of the equipment

JAPAN'S GRANT AID SYSTEM

1. Japan's Grant Aid Procedures

The Japan's Grant Aid program is extended in the following procedures.

At the 1st step, Application, a request made by the Government of the recipient country, is examined by the Government of Japan (the Ministry of Foreign Affairs), whether or not it is suitable for Grant Aid. If the request is confirmed that it has the high priority as the Project for Grant Aid, the Government of Japan instructs JICA to conduct the Study.

At the 2nd step, Study, the Basic Design Study is conducted by JICA under contracts with Japanese consulting firm(s) to carry out.

At the 3rd step, Appraisal & Approval, the Project is appraised whether or not it is suitable for Japan's Grant Aid system based on the Basic Design Study report prepared by JICA, and is then submitted for approval by the Cabinet to the Government of Japan.

At the 4th step, Determination of Implementation, the Project approved by the Cabinet is officially determined to implement by signing the Exchange of Notes (E/N) between both Governments.

In the course of implementation of the Project, JICA will take charge of expediting the execution by assisting the recipient country in terms of the procedures of tender, contract and others.

2. Contents of the Study

1) Contents of the Study

The purpose of the Study (the Basic Design Study), conducted by JICA, is to provide basic document necessary for the appraisal by the Government of Japan whether or not the project is viable for Japan's Grant Aid system. The contents of the Study are as follows:

- a) to confirm the background of the request, objectives, effects of the Project and maintenance ability of the recipient country necessary for the implementation,
- b) to evaluate the appropriateness of the Project from the technological, social and economical points of views,
- c) to confirm the basic concept of the plan mutually agreed upon through discussion between both sides,
- d) to prepare a basic design of the Project,
- e) to estimate the rough cost of the Project.

The contents of the original request are not necessarily approved as the contents of the Grant Aid as it is. The Basic Design of the Project is confirmed considering the Japan's Grant Aid

scheme.

In the implementation of the Project, the Government of Japan requests the Government of the recipient country to take necessary measures in order to promote its self-reliance. Those undertakings must be guaranteed even if the recipient implementing entity does not have jurisdiction. Therefore the implementation of the Project is confirmed by all relevant organizations in the recipient country in the Minutes of Discussions.

2) Selection of Consultants

For the smooth implementation of the study, JICA selects a consultant among those consultants who registered to JICA by evaluating proposals submitted by those consultants. The selected consultant carries out the Basic Design Study and prepares a report based upon the terms of reference made by JICA.

At the stage of implementation after the Exchange of Notes, for concluding the contract regarding the Detailed Design and Construction Supervision of the Project between a consultant and the recipient country, JICA recommends the same consultant which participated in the Basic Design Study to the recipient country in order to maintain the technical consistency between the Basic Design Study and the Detailed Design as well as to avoid undue delay caused by the selection of a new consultant.

3. Japan's Grant Aid Scheme

1) What is Grant Aid?

The Grant Aid Project provides the recipient country with non-reimbursable funds needed to procure facilities, equipment and services (labor or transportation, etc.) for economic and social development in the country under the following principles in accordance with the relevant laws and regulations of Japan. The Grant Aid is not extended in a form of donation in kind to the recipient country.

2) Exchange of Notes (E/N)

The Japan's Grant Aid is extended in accordance with the Exchange of Notes (E/N) between both Governments, in which the Objectives of the Project, Period, Conditions and Amount of the Grant etc. are confirmed.

3) "The period of the Grant Aid" is within the Japanese fiscal year in which the Cabinet approved the Project. Within the fiscal year, all procedure such as Exchange of Notes, concluding contracts by the recipient country with the consultant and contractor and the final payment to them must be completed.

However in case of the delay of delivery, installation or construction due to events such as weather, the period of the Grant Aid can be further extended for one fiscal year at most by mutual agreement between both Governments.

4) The Grant Aid is used properly and exclusively for the purchase of the products, in principle, of Japan or the recipient country and the services of the Japanese or the recipient country's

nationals. The term "Japanese nationals" means Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons.

When both Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of the third country (other than Japan or the recipient country).

However in terms of the principle of the Grant Aid, the Prime contractors, that is the Consultant, Contractor and Procurement firm, necessary for the implementation of the Grant Aid are limited to "Japanese nationals".

5) Necessity of the "Verification"

The Government of recipient country or its designated authority will conclude the contracts in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. The "Verification" is necessary because the source of the Grant Aid is the taxes of Japanese nationals.

6) Undertakings required to the Government of recipient country

In the implementation of the Grant Aid, the recipient country is required to undertake the necessary measures.

7) "Proper Use"

The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign the necessary staff for operation and maintenance of them as well as to bear all the expenses other than those to be borne by the Grant Aid.

8) "Re-export"

The products purchased under the Grant Aid shall not be re-exported from the recipient country.

9) Banking Arrangement (B/A)

a) The Government of the recipient country or its designated authority shall open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by Government of the recipient country or its designated authority under the contracts verified.

b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to Pay issued by the Government of the recipient country or its designated authority.

MINUTES OF DISCUSSIONS
BASIC DESIGN STUDY
ON THE PROJECT FOR MULTIPLICATION AND DISTRIBUTION
OF HIGH QUALITY SOYBEAN SEED
IN
THE REPUBLIC OF INDONESIA
(CONSULTATION ON DRAFT REPORT)

In October 1994, the Japan International Cooperation Agency (JICA) dispatched a Basic Design Study team on the Project for Multiplication and Distribution of High Quality Soybean Seed (hereinafter referred to as "the Project") to the Republic of Indonesia, and through discussions, field survey, and technical examination of the results in Japan, has prepared the draft final report of the study.

In order to explain and to consult the Indonesian side on the components of the draft report, JICA sent to Indonesia a study team headed by Mr. Hideo Miyamoto, Deputy Director, First Basic Design Study Division, Grant Aid Study & Design Department, JICA from February 22 to March 1, 1995.

As a result of discussions, both parties have confirmed the main items described on the attached sheets.

Jakarta, March 1, 1995



Hideo Miyamoto
Leader
Basic Design Study Team
JICA



Amrin Kahar
Director General
Food Crops and Horticulture
Ministry of Agriculture

ATTACHMENT

1. Components of Draft Report

The Government of Indonesia has agreed and accepted in principle the components of the draft final report proposed by the team.

2. Japan's Grant Aid System

1) The Government of Indonesia has understood the system of Japanese Grant Aid Programme explained by the Team (Annex II).

2) The Government of Indonesia will take the necessary measures described in Annex I for smooth implementation of the Project, on condition that the Grant Aid Assistance by the Government of Japan is extended to the Project.

3. Further Schedule

JICA will make the final report in accordance with the confirmed items and send it to the Government of Indonesia in and around April, 1995.

4. Summary of Discussions

1) Indonesian side strongly requested again to construct roofing structure for the drying floor to protect harvested soybean from rain damage.

2) The study team acknowledged the importance of constructing roofing structure and will convey the request to the Government of Japan.

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Annex I : Necessary measures to be taken by the Government of Indonesia
in case Japan's Grant Aid is extended

1. To secure the site for the Project.
2. To clear, level and reclaim the site before commencement of construction.
3. To provide the land for a temporary site office, warehouse and stock yard during implementation of the project
4. To provide necessary facilities for the Project such as electricity, water supply, drainage, and other incidental facilities.
5. To bear commissions to the Japanese foreign exchange bank for the banking services based upon the Banking Arrangement.
6. To exempt taxes and to take necessary measures for customs clearance of the materials and equipment brought for the project at the port of disembarkation.
7. To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the verified contract.
8. To accord Japanese Nationals whose services may be required in connection with the supply of products and the services under the verified contract such facilities as may be necessary for their entry into Indonesia and stay therein for the performance of their work.
9. To maintain and use properly and effectively the facilities constructed and equipment purchased under the Grant.
10. To bear all expenses other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and the installation of the equipment.

Japan's Grant Aid Scheme

1. *Grant Aid Procedures*

1) Japan's Grant Aid Program is executed through the following procedures.

- Application (Request made by a recipient country)
- Study (Basic Design Study conducted by JICA)
- Appraisal & Approval (Appraisal by the Government of Japan and Approval by Cabinet)
- Determination of (The Notes exchanged between the Governments
- Implementation of Japan and the recipient country)

2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (the Ministry of Foreign Affairs) to determine whether or not it is eligible for Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA (Japan International Cooperation Agency) to conduct a study on the request.

Secondly, JICA conducts the study (Basic Design Study), using (a) Japanese consulting firm(s).

Thirdly, the Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid Program, based on the Basic Design Study report prepared by JICA, and the results are then submitted to the Cabinet for approval.

Fourthly, the project, once approved by the Cabinet, becomes official with the Exchange of Notes signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such matters as preparing tenders, contracts and so on.



2. Basic Design Study

1) Contents of the Study

The aim of the Basic Design Study (hereinafter referred to as "the Study"), conducted by JICA on a requested project (hereinafter referred to as "the Project") is to provide a basic document necessary for the appraisal of the Project by the Japanese Government. The contents of the Study are as follows:

- a) Confirmation of the background, objectives, and benefits of the requested project and also institutional capacity of agencies concerned of the recipient country necessary for the Project's implementation.
- b) Evaluation of the appropriateness of the Project to be implemented under the Grant Aid Scheme from a technical, social and economic point of view.
- c) Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- d) Preparation of a basic design of the Project
- e) Estimation of costs of the Project

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Basic Design of the Project is confirmed considering the guidelines of Japan's Grant Aid Scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the Project. Such measures must be guaranteed even though they may fall outside of the jurisdiction of the organization in the recipient country actually implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

2) Selection of Consultants

For smooth implementation of the Study, JICA uses (a) registered consultant firm(s). JICA selects (a) firms(s) based on proposals submitted by interested firms. The firm(s) selected carry (ies) out a Basic Design Study and write(s) a report, based upon terms of reference set by JICA.

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The consulting firm(s) used for the Study is(are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

3. Japan's Grant Aid Scheme

1) What is Grant Aid ?

The Grant Aid Program provides a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. Grant Aid is not supplied through the donation of materials as such.

2) Exchange of Notes (E/N)

Japan's Grant Aid is extended in accordance with the Notes exchanged by the two Governments concerned, in which the objectives of the Project, period of execution, conditions and amount of the Grant Aid, etc., are confirmed.

3) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the Project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed.

However in case of delays in delivery, installation or construction due to unforeseen factors such as weather, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two Governments.

4) Under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.



When the two Governments deem it necessary, the Grant Aid may be used for the purchase of the products or services of a third country.

However the prime contractors, namely, consulting, contracting and procurement firms, are limited to "Japanese nationals". (The term "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

5) Necessity of "Verification"

The Government of recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. This "Verification" is deemed necessary to secure accountability to Japanese taxpayers.

6) Undertakings required of the Government of the Recipient Country

In the implementation of the Grant Aid project, the recipient country is required to undertake such necessary measures as the following:

- (1) To secure land necessary for the sites of the Project and to clear, level and reclaim the land prior to commencement of the construction.
- (2) To provide facilities for the distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- (3) To secure buildings prior to the procurement in case the installation of the equipment.
- (4) To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- (5) To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which will be imposed in the recipient country with respect to the supply of the products and services under the Verified Contracts.
- (6) To accord Japanese nationals whose services may be required in connection with the supply of the products and services under the Verified Contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work.



7) "Proper Use"

The recipient country is required to maintain and use the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expenses other than those covered by the Grant Aid.

8) "Re-export"

The products purchased under the Grant Aid should not be re-exported from the recipient country.

9) Banking Arrangements (B/A)

- a) The Government of the recipient country or its designated authority should open an account in the name of the Government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as "the Bank"). The Government of Japan will execute the Grant Aid by making payments in Japanese yen to cover the obligations incurred by the Government of the recipient country or its designated authority under the Verified Contracts.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an authorization to pay issued by the Government of the recipient country or its designated authority.

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Appendix-5

Outline of the Country

General information			
Name of Country	The Republic of Indonesia	Area	1,919,000 km ²
Political system	Republic	Population	197,232,000 (1993)
Head of state	President Gen. SOEHARTO	Capital	Jakarta
Independence	December 27 1949	Other major cities	Surabaya, Sodoran, Bandung
Major races	Javanese (45%)	Potential workforce	67,000,000 (1985)
	Sundanese (14%)	Years of compulsory education	4 (1992)
Official language	Indonesian	Primary education attendance rate	98.0% (1990)
State religion	Islam (87%)	Literacy rate	77.0% (1990)
Joined UN	September 1950	Population density	100.0 pers/km ² (1992)
Joined World Bank & IMF	April 1954	Population growth rate	1.61 (1993)
		Average life expectancy	Average: 60.26; men: 58.3; women: 62.3 (yrs)
		Death rate for infants under 5	69.6/1000 (1993)
		Calorie intake	2,610.0 cal/pers/day (1990)

Economic data			
Currency	Rupiah	Trade data	(1992)
Exchange rate (US\$)	1US\$=2,160.0 (1994)	Exports	US\$ 33,861,000
Fiscal year	April - March	Imports	US\$ 27,311,000
National budget	(1991)	Import cover ratio	3.4% (1992)
Annual revenue	US\$ 21,748 million	Major exports	Oil, natural gas, lumber
Annual expenditure	US\$ 21,186 million	Major imports	Machinery, oil products, industrial goods
Balance of payments	US\$ 2,069 million (1992)	Exports to Japan	US\$ 12,244,000 (1992)
ODA received	US\$ 2,080 million (1992)	Imports from Japan	US\$ 5,576,000 (1992)
GDP	US\$ 125,143 million (1992)		
GDP/capita	US\$ 610 (1991)	Total foreign currency reserves	US\$ 11,088,000 (1994)
GDP composition	Manufacturing industry 19.0%	External debt	US\$ 84,385,000 (1992)
	Mining 42.0%	External debt repayment rate	32.1% (1992)
	Service industry 39.0%	Inflation rate	6.2% (1992)
Employment by industry	Agriculture 56.0%		
	Mining 14.0%		
	Service industry 30.0%	National development plans	Fifth 5-year Development Plan (89/90 - 93/94)
Economic growth rate	6.3% (1992)		

Meteorological data (1899 - 1979)													
Jakarta (8 m above sea Level)												Average/total	
Month	1	2	3	4	5	6	7	8	9	10	11		12
Maximum temperature	29.0	29.0	30.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	30.0	29.0	30.3 °C
Minimum temperature	23.0	23.0	23.0	24.0	24.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.1 °C
Average temperature	26.0	26.0	26.5	27.5	27.5	27.0	27.0	27.0	27.0	27.0	26.0	26.0	26.7 °C
Precipitation	3000	3000	2110	1470	1140	97.0	64.0	43.0	66.0	1120	142.0	2030	1799.0 mm
Rainy season/dry season	Rain						Rain						

Record of ODA from Japan (Aid cooperation on promised amount basis, unit ¥ million)				
Fiscal year / Item	1989	1990	1991	1992
Grant aid cooperation	2,043.46	2,382.47	2,515.30	2,699.97
Technical cooperation	2,146.74	1,989.63	2,050.70	2,194.95
Loan assistance	5,161.42	5,676.39	7,364.47	5,852.05
Total	9,351.62	10,048.49	11,930.47	10,746.97

Japanese ODA to Indonesia (Net disbursements; unit ¥ million)				
Fiscal year / Item	1989	1990	1991	1992
Grant aid cooperation	101.82	108.68	133.07	141.69
Technical cooperation	44.66	58.38	79.73	85.73
Loan assistance	998.78	700.72	852.71	1,129.26
Total	1,145.26	867.78	1,065.51	1,356.68

Economic cooperation from ODA donor countries (Net disbursements; unit \$ million)						
	Grants (1)		Loan assistance (2)	ODA (1)+(2)=(3)	Other government and private sector funding (4)	Total amount of economic coop- eration (3)+(4)
		Technical cooperation				
Bilateral assistance (Major donors)	640.90	385.10	1,330.50	2,356.50	422.80	2,779.30
1. Japan	227.50	141.40	1,129.30	1,498.20	0.00	1,498.20
2. Australia	77.00	36.00	154.00	267.00	107.50	374.50
3. America	71.00	47.00	72.00	46.00	90.00	136.00
4. Germany	64.30	50.30	52.00	166.60	153.20	319.80
Multilateral assistance (Major aid organiza- tions)	88.10	51.80	32.30	172.20	782.00	954.20
	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
Others	195.20	127.80	184.80	507.80	181.70	689.50
Total	924.20	564.70	1,547.60	3,036.50	1,386.50	4,423.00

Aid receiving authorities
Technology-related authorities → ministries dealing with external economic relations
Grant aid-related authorities → ministries dealing with external economic relations
Cooperation-related authorities → ministries dealing with external economic relations

Appendix-6

I. Indonesian Government's Scope of Work

The following table shows the main responsibilities of the Indonesian Government side when implementing a grant aid project from the Japanese Government.

Responsibilities of Indonesian Government Side

1. Reclaim

Contents:

- a. Clear existing buildings.
- b. Level site.
- c. Prepare cultivation fields.

2. Exterior Work

Contents:

- a. Prepare fields.
- b. Plant seed crops.
- c. Maintain fences.

3. Infrastructure

Contents:

- a. Lay electric cables, telephone lines and water and sewer pipes (joint financial responsibility).
- b. Install portable fire extinguishers.
- c. Dig wells.

4. Household Article

Contents:

- a. Curtains
- b. Blinds
- c. General furniture
- d. Utensils

5. Others

Contents:

- a. Confirm application procedures and fees.
- b. Confirm procedures and fees for each infrastructure
- c. Assist with customs clearance and import duty exemption procedures for landed materials.

6. Maintenance and Management Expenses

7. Expenses for Ceremonies

II. Estimated Expenses for Indonesian Government's Works

If this projects executed under grant aid from the Japanese Government, the estimated total costs of the works to be borne by the Indonesian Government are as follows:

[1] Indonesian Government Expenses

1) Reclaim Expenses (a and b)	RP261,800,000
2) Exterior Expenses (a, b, and c)	RP184,500,000
3) Infrastructure Expenses (a)	RP72,000,000
4) Household Article Expenses (a, b, and c)	RP184,300,000
5) Others Expenses (confirmation of application costs, others) (a and b)	RP110,700,000
6) Operation and Maintenance Expenses (separate attachment)	RP185,769,500
7) Expenses for Ceremonies	RP74,000,000
	Total RP1,003,069,500

[2] Conditions of Estimation

The premises upon which the above estimated project expenses were calculated are shown below.

- 1) Calculation date: February 1995
- 2) Exchange rate: US\$1 = ¥98 (RP1 = ¥0.0453)

(Separate Table)

Contents of Maintenance and Management Expenses

The following table shows the estimated expenses required for the maintenance and management of the proposed facility and equipment.

The annual expenses are calculated at 1994 values.

Required Expenses

(Units: RP1000)

Item	First Year	Second Year	Third and Later Years
1 Labor Costs	318,132	334,040	350,740
2 Building Repair Costs	0	10,587	11,116
3 Lighting and Heating Costs	87,482	91,856	96,449
4 Communications Costs	41,258	43,321	45,487
5 Equipment Maintenance Repair Costs	46,443	48,765	51,203
Total	413,315	528,569	554,995
Total excluding labor costs	175,183	194,529	204,255

Notes :

- 1) The stationary and operation costs, etc. are not included.
- 2) The labor costs are calculated for the number of workers based on the reply received from the Ministry of Agriculture.
- 3) Increases resulting from wear and tear to buildings and equipment are not considered after the third year of operation.
- 4) Refer to the separate attachment for the details of each cost.

(Separate Attachment)

Maintenance and Management Expenses

1. Labor cost

The table on the following page estimates the labor costs for the facility in the first year of operation (1996) based on the labor composition.

	Job	No. of People	Monthly Wage/Person	Monthly Total	Annual Total
BBI	Manager	1	480,000	488,000	RP5,856,000
	Principal Researchers	3	900,000	2,700,000	RP32,400,000
	Ordinary Researchers	4	488,000	1,952,000	RP23,424,000
	Technicians	7	350,000	2,450,000	RP29,400,000
	Technical Assistants	14	215,000	3,010,000	RP36,120,000
	General Workers	5	208,000	1,040,000	RP12,480,000
	Clerks	1	210,000	210,000	RP2,520,000
	Typists	1	140,000	140,000	RP1,680,000
	Drivers	2	140,000	280,000	RP3,360,000
	Total	38		12,270,000	RP147,240,000
BPSB	Manager	1	488,000	488,000	RP5,856,000
	Principal Researchers	1	900,000	900,000	RP10,800,000
	Ordinary Researchers	2	488,000	976,000	RP11,712,000
	Technicians	3	350,000	1,050,000	RP12,600,000
	Technical Assistants	8	215,000	1,720,000	RP20,640,000
	General Workers	2	208,000	416,000	RP4,992,000
	Clerks	1	210,000	210,000	RP2,520,000
	Typists	1	140,000	140,000	RP1,680,000
	Drivers	1	140,000	140,000	RP1,680,000
	Total	20		6,040,000	RP72,480,000
BBU	Manager	1	488,000	488,000	RP5,856,000
	Principal Researchers	2	900,000	1,800,000	RP21,060,000
	Ordinary Researchers	3	488,000	1,464,000	RP17,568,000
	Technicians	4	350,000	1,400,000	RP16,800,000
	Technical Assistants	9	215,000	1,935,000	RP23,220,000
	General Workers	3	208,000	624,000	RP7,488,000
	Clerks	1	210,000	210,000	RP2,520,000
	Typists	1	140,000	140,000	RP1,680,000
	Drivers	1	140,000	140,000	RP1,680,000
	Total	25		8,201,000	RP98,412,000
	Overall Total	83		26,511,000	RP318,132,000

Notes :

- 1) The composition of the labor force is estimated from the total number of people in each section as given by the reply from the Ministry of Agriculture.
- 2) The units used are based on the reply from the Ministry of Agriculture.
- 3) The assumed annual rate of salary increase is 5% per annum.
- 4) The number of ordinary research workers is hypothetical.

2. Repair Expenses for Buildings	= RP10,586,000
a. Building-related expenses (glazing, painting, roofing, tiling repair costs)	
(1) BBI (including BPSB)	
Labor costs (including materials): RP4900/person × 80 person	
days/year	= RP392,000
(2) BBU	
Labor costs (including materials): RP4900/person × 50 person	
days/year	= RP245,000
b. Lighting lamp exchange (once/year)	
(1) BBI (including BPSB)	
Tubes and light bulbs (including labor):	
FL40 W RP4600 each × 950 tubes	= RP4,370,000
Hg vapor lamps RP4600 each × 45 lamps	= RP207,000
Light bulbs RP1200 each × 2 bulbs	= RP2400
(2) BBU	
Tubes and light bulbs (including labor):	
FL40 W RP4600 each × 500 tubes	= RP2,300,000
Hg vapor lamps RP4600 each × 15 lamps	= RP69,000
Light bulbs RP1200 each × 1 bulb	= RP1200
c. Septic tanks (emptying septic tanks, etc.: once/year)	
(1) BBI (including BPSB)	
Cleaning truck expense: RP75,000/vehicle × 4 (20 m ³)	= RP300,000
(2) BBU	
Cleaning truck expense: RP75,000/vehicle × 2 (6 m ³)	= RP150,000

d. Air conditioning equipment (gas refill: once/year)

(1) BBI (including BPSB)

Gas refill cost (including labor) : $RP150,000/\text{unit} \times 12$ = **RP1,800,000**

(2) BBU

Gas refill cost (including labor) : $RP150,000/\text{unit} \times 5$ = **RP750,000**

3. Lighting and Heating Expenses = **RP87,482,400**

a. Electricity bill (basic charge/usage charge [working hours: 0800 to 1600])

(1) BBI (including BPSB)

Basic charge (contract power 200 kVA): $RP4850/\text{kVA} \times 200 \text{ kVA}/\text{month} \times 12 \text{ months}$
= **RP10,992,000**

Usage charge (operation rate = 0.6): $RP130.5/\text{kWh} \times 200 \text{ kVA} \times 0.6 \times 8 \text{ hours}/\text{day} \times 25 \text{ days}/\text{month}$
 $\times 12 \text{ months}$ = **RP37,584,000**

(2) BBU

Basic charge (contract power 85 kVA): $RP8500/\text{kVA} \times 85 \text{ kVA}/\text{month} \times 1 \text{ months}$
= **RP8,670,000**

Usage charge (operation rate = 0.6): $RP188.5/\text{kWh} \times 85 \text{ kVA} \times 0.6 \times 8 \text{ hours}/\text{day} \times 25 \text{ days}/\text{month} \times$
 12 months = **RP23,072,400**

b. Water bill (usage bill [working hours: 0800 to 1600])

(1) BBI (including BPSB): $RP450/\text{m}^3 \times 20 \text{ m}^3/\text{day} \times 25 \text{ days} \times 12 \text{ months}$ = **RP2,700,000**

c. Well charge (basic charge)

(1) BBI (including BPSB): $RP10,000/\text{month} \times 12 \text{ months}$ = **RP120,000**

(2) BBU: $RP10,000/\text{month} \times 12 \text{ months}$ = **RP120,000**

d. Gas bill (LPG: 50 kg/2 months including labor cost)

(1) BBI (including BPSB): $RP44,000 \times 10 \text{ bottles} \times 6 \text{ changes}/\text{year}$ = **RP2,640,000**

(2) BBU: $RP44,000 \times 6 \text{ bottles} \times 6 \text{ changes/year}$	= RP1,584,000
4. Communication costs	= RP41,257,000
a. Telephone bill (usage charge)	
(1) BBI (including BPSB)	
Local calls: $RP110/3 \text{ minutes} \times 50 \text{ times/day} \times 25 \text{ days} \times 12 \text{ months}$	= RP4,950,000
Long-distance calls (Jakarta): $RP1650/\text{minute} \times 5 \text{ minutes/time} \times 10 \text{ times/day} \times 25 \text{ days} \times 12 \text{ months}$	= RP24,750,000
(2) BBU	
Local calls: $RP110/3 \text{ minutes} \times 30 \text{ times/day} \times 25 \text{ days} \times 12 \text{ months}$	= RP2,970,000
Long-distance calls (Jakarta): $RP825/\text{minute} \times 5 \text{ minutes/time} \times 5 \text{ times/day} \times 25 \text{ days} \times 12 \text{ months}$	= RP6,187,500
Subscriber line charge: $RP100,000/\text{line} \times 2 \text{ lines} \times 12 \text{ months}$	= RP2,400,000
5. Equipment maintenance/repair costs	= RP46,443,000
a. Transport-related (gasoline cost)	
(1) BBI	
Jeep: $1 \times 200 \text{ km/day} + 5 \text{ km/l}$	
Light truck: $1 \times 100 \text{ km/day} + 8 \text{ km/l}$	
Motor bike: $5 \times 150 \text{ km/day} + 20 \text{ km/l}$	
Total $90 \text{ l/day} \times 25 \text{ days/month} = 2250 \text{ l/month} \times RP700/\text{l} \times 12 \text{ months}$	= RP18,900,000
(2) BPSB	
Jeep: $1 \times 200 \text{ km/day} + 5 \text{ km/l}$	
Motor bike: $6 \times 150 \text{ km/day} + 20 \text{ km/l}$	
Total $85 \text{ l/day} \times 25 \text{ days/month} = 2150 \text{ l/month} \times RP700/\text{l} \times 12 \text{ months}$	= RP17,850,000

(3) BBU

Light truck: $1 \times 100 \text{ km/day} + 8 \text{ km/l}$

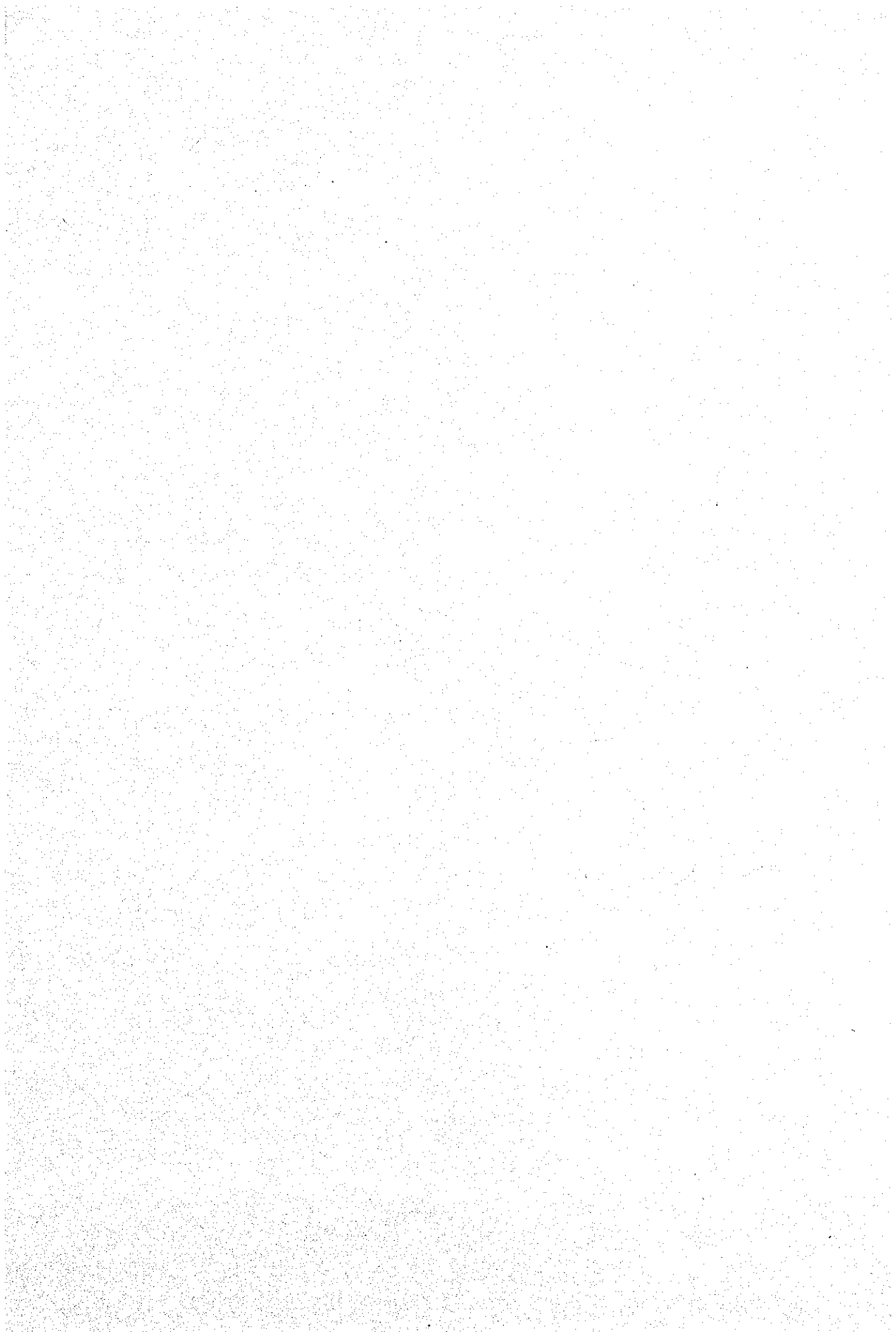
Motor bike: $3 \times 200 \text{ km/day} + 20 \text{ km/l}$

Total $42.5 \text{ l/day} \times 25 \text{ days/month} = 1062.5 \text{ l/month} \times \text{RP}700/\text{l} \times 12 \text{ months} = \text{RP}8,925,000$

b. Drying machine (kerosene cost)

(1) BBI: $2 \times 5 \text{ l/hour} \times 4 \text{ hours/day} \times 4 \text{ days} \times 2 \text{ times/term} \times 3 \text{ terms} \times \text{RP}400/\text{l} = \text{RP}384,000$

(2) BBU: $2 \times 5 \text{ l/hour} \times 4 \text{ hours/day} \times 4 \text{ days} \times 2 \text{ times/term} \times 3 \text{ terms} \times \text{RP}400/\text{l} = \text{RP}384,000$



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