

## List of Attachment

ATTACHMENT-1	Data on Management and Business of selected Model (Bandung District)
ATTACHMENT-2	do. (Sidrap District)
ATTACHMENT-3	Distinctive problems of KUD and measures
ATTACHMENT-4	Summary of Project Evaluation
ATTACHMENT-5	Summary of Facility Plan for Model KUD
ATTACHMENT-6	Training Plan for Personnel of the Facilities in 3 Model KUD in Bandung District
ATTACHMENT-7	Training Plan for Personnel of the Facilities in 3 Model KUD in Sidrap District
ATTACHMENT-8	S / W 95
ATTACHMENT-9	M/ M ON S / W
ATTACHMENT-10	M/ M ON THE INCEPTION REPORT
ATTACHMENT-11	M/ M ON PROGRESS REPORT ( I )
ATTACHMENT-12	M/ M ON PROGRESS REPORT ( II )
ATTACHMENT-13	M/ M ON INTERIM REPORT
ATTACHMENT-14	M/M ON PROGRESS REPORT ( III )
ATTACHMENT-15	M/M ON DRAFT FINAL REPORT
ATTACHMENT-16	NAME LIST OF THE STUDY TEAM MEMBERS AND COUNTERPARTS



# ATTACHMENT-1

## Data on Management and Business of selected Model KUD

(Bandung District)

Source : Drew up from business reports of KUDs.

Notes : The methods of business reports and financial statements differ according to KUD.

: Some KUD changes the accounting items by division according to financial year.

: The figures of break downs and total sum does not match as a calculation of round number was adopted.

### 1 Number of members

#### K U D TANI MUKTI

Unit : person

	1 9 9 4	1 9 9 5	1 9 9 6
Regular members	5,570	5,590	5,618
* Reference			
Candidate members	8,052	8,065	8,232
sUsers of services	8,921	8,875	8,918

\* Membership fee Rp 5,000. Compulsory savings per month Rp 1,000.

#### K U D PASIR JAMBU

Unit : person, group

	1 9 9 4	1 9 9 5	1 9 9 6
Regular members	5,782	5,838	5,817
Number of regular members by groups			
1 Dairy farming	1,932	2,012	2,513
2 Agriculture	676	649	649
3 Metal works	243	243	243
4 Savings & loan, electricity	2,945	2,958	2,921
Total	5,796	5,862	6,326
* Reference			
Candidate members	183	142	499
Number of groups			
1 Dairy farming	21	22	30
2 Agriculture	9	9	8
3 Metal works	4	4	4
4 Savings & loan, electricity	12	12	12

Notes : As observed there are members who join more than 2 groups, the total of the regular members does not match the total of break downs of group members.

\* Membership fee Rp 5,000. Compulsory savings per month Rp 2,000

## K U D WALATRA

Unit : person

Name of group	1 9 9 4	1 9 9 5	1 9 9 6
(1) K U D			
KUT for vegetable production	1,541	1,541	1,841
Users of payment of electricity fee	964	964	1,142
Poultry farming	195	195	195
Retail of fertilizer ,foods	50	50	50
(2) U U O			
Tea product farmer	1,520	1,520	1,342
Hamlet level credit business	90	90	90
Total	4,360	4,360	4,660
* Reference			
Candidate members	5,762	5,762	5,762
Users of business	10,122	10,122	10,122

\* Membership fee Rp 5,000. Compulsory savings per month Rp 1,000.

## 2 Trend of profit and loss

## K U D TANI MUKTI

Unit : R p 1,000,000; %

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	1,878.7	1,964.2	2,728.4
2 Income by business	20.6	31.2	1,038.9
3 Other earnings	5.9	5.2	78.2
4 Business volume(1+2+3)	1,905.2	2,000.5	3,845.5
5 Net cost	1,503.8	1,609.8	3,400.1
6 Profits on business volume	401.4	390.7	444.8
6/4 Business volume/total profit ratio %	21,1	19.5	11.6
7 Business expenses	228.5	283.3	318.0
8 Business profits	172.8	107.4	126.8
8/4 Business volume/business profit ratio %	15.8	5.4	3.3
9 Other earnings	14.8	23.6	18.7
10 Total earnings 8 + 9	187.6	131.1	145.5
11 General administration expenses	149.1	90.2	99.2
12 Net profit of the year	38.5	40.8	46.4

## K U D PASIR JAMBU

Unit : R p 1,000, %

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	5,241,330	5,762,369	5,385,372
2 Income by business	207,795	166,151	163,044
3 Other earnings	9,396	26,018	97,644
4 Business volume (1+2+3)	5,458,521	5,954,538	5,646,060
5 Net cost	5,001,223	5,280,325	4,970,712
6 Profits on business volume	457,299	674,212	675,349
6/4 Business volume/total profit ratio %	8.4	11.3	12.0
7 Business expenses	159,485	282,294	376,446
8 Business profits	297,814	391,918	298,903
8/4 Business volume/business profit ratio %	5.5	6.6	5.3
9 General administration expenses	230,526	310,065	205,869
10 Net profit of the year	67,288	81,853	93,033

## K U D WALATRAR

Unit : R p 1,000, %

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	1,142,211	1,609,125	1,991,711
2 Income by business	134,077	109,885	254,959
3 Other earnings	5,491	106	0
4 Income by fertilizer business	16,499	4,766	6,444
5 Business volume(1+2+3+4)	1,298,278	1,723,882	2,253,114
6 Net cost	1,106,752	1,530,268	1,814,569
7 Profits on business volume	191,526	193,614	438,545
7/5 Business volume/total profit ratio %	14.8	11.2	19.5
8 Business expenses	111,355	151,679	348,416
9 Business profits	80,171	41,935	90,124
9/5 Business volume/business profit ratio %	6.2	2.4	4.0
10 Non business earnings	13,452	32,886	31,951
11 Business profits+Non business earnings	93,623	74,821	122,081
12 General administration expenses	45,894	56,540	97,757
13 Net profit of the year	47,730	18,281	24,323

### 3 Trend of financial condition

#### K U D TANI MUKTI

Unit : R p 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Current assets	1,279,481	1,705,856	1,701,881
2 Investment	184,606	209,210	230,837
3 Fixed assets after depreciations	313,549	291,241	262,422
4 Other assets	1,582	1,578	0
5 Total assets(1+2+3+4)	1,779,218	2,207,905	2,195,139
6 Current liabilities	660,439	658,845	688,080
7 Long-term liabilities	831,227	1,238,647	1,167,684
8 Other liabilities	1,582	1,578	0
9 Total liabilities (6+7+8)	1,493,248	1,899,070	1,855,764
10 Own capital	285,969	308,835	339,376
11 Total of liabilities & capital(9+10)	1,779,218	2,207,905	2,195,139

#### K U D PASIR JAMBU

Unit : R p 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Current assets	1,432,097	1,550,092	1,564,398
2 Long-term loans	845,104	746,524	670,745
3 Investments	582,975	598,511	471,453
4 Fixed assets after depreciations	338,051	274,799	401,166
5 Other assets	459,116	459,116	459,116
6 Total assets(1+2+3+4+5)	3,657,343	3,629,043	3,566,879
7 Current liabilities	1,018,336	1,024,059	1,078,348
8 Long-term liabilities	1,685,930	1,525,753	1,221,423
9 Total liabilities (7+8)	2,704,266	2,549,812	2,299,771
10 Own capital	953,077	1,079,231	1,267,108
11 Total of liabilities & capital(9+10)	3,657,343	3,629,043	3,566,879

## KUD WALATRA

Unit : Rp 1,000

	1994	1995	1996
1 Current assets	204,026	1,134,641	2,884,867
2 Investment	8,076	49,559	54,210
3 Fixed assets after depreciations	93,439	102,025	98,009
4 Other assets	272,863	272,863	272,863
5 Total assets (1+2+3+4)	578,404	1,559,088	3,309,949
6 Current liabilities	109,422	1,033,290	2,714,459
7 Long-term liabilities	8,013	4,224	2,724
8 Other liabilities	259,152	258,952	258,452
9 Total liabilities (6+7+8)	376,587	1,296,466	2,975,635
10 Own capital	195,357	244,341	309,991
11 Net profit of the year	6,461	18,281	24,323
12 Own capital (10+11)	201,818	262,622	334,314
13 Total of liabilities & capital (12+13)	578,404	1,559,088	3,309,949

Notes : KUD WALATRA splits the account item of net surplus and own capital

## 4 Trend of major items

## KUD TANI MUKTI

Unit : Rp 1,000

	1994	1995	1996
Sales turnover of livestock	1,039,321	1,016,573	2,036,325
Sales of milk	N.A	N.A	1,324,009
Supply of feeds, materials	N.A	N.A	712,316
Supply amount, sales of shops	607,688	672,706	16,659
Supply amount of fertilizer	211,289	274,871	675,409
Loan to members	1,312,978	1,788,859	1,858,970
Other loans	5,693	5,083	4,484
Loan for milk cow			
BRI	440,333	433,106	424,187
BUKOPIN	340,785	345,831	343,831
BULOG	231,340	227,250	224,741
BCA		449,950	489,950
Borrowing for loan for milk cow			
BUKOPIN	190,585	117,873	87,151
BULOG	232,345	232,345	272,345
BCA		435,000	392,353
Voluntary savings	62,097	72,294	83,408
Membership fee	8,300	8,380	8,731
Compulsory saving	43,641	47,107	61,681

Notes : 1) Calculation items were changed for divisions in 1996.

: 2) Loans include business account receivable.

## K U D PASIR JAMBU

Unit : R p 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Sales of milk	3,445,381	4,064,722	3,673,090
Supply amount of feeds	675,849	860,787	912,639
Sales of shops	384,542	554,558	456,901
Loan to members	1,004,450	1,054,992	1,139,564
Loan to non-members	239,994	291,394	265,193
Reserves for bad dept	31,260	53,264	53,264
Loan for milk cow			
(BULOG)	294,177	269,805	238,504
(BUKOPIN)	381,273	341,594	312,078
(KPBS)	169,655	135,124	120,162
Borrowing for loan for milk cow			
BULOG	327,417	327,417	327,417
BUKOPIN	311,049	247,718	230,182
KPBS	170,488	127,213	107,713
Voluntary savings	24,808	19,150	23,210
Own capital	953,077	1,079,231	1,267,108
Membership fee	11,326	11,877	12,382
Compulsory saving	160,508	197,009	225,701
Reserves	372,253	455,928	754,793
Donation received	36,502	39,002	39,002

## K U D WALATRA

Unit: R p 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Supply of fertilizer, pepsicide, materials	1,133,279	1,414,371	N.A
Loan to members	98,534	1,023,029	2,521,833
Reserves for bad dept	- 2,070	- 2,936	-7,590
Loan to non-members	11,803	11,803	11,803
Reserves for bad dept	0	0	-2,951
Investment to Wartel	0	27,325	31,976
Borrowings from BRI	80,000	998,500	2,619,897
Voluntary savings	9,130	29,726	72,866
Membership fee	1,866	2,201	6,276
Compulsory saving	33,486	53,683	90,689
Special savings	9,351	11,639	11,430
Reserves	16,682	21,314	60,906
Donation received	2,700	12,700	12,700
Reserves for fertilizer	85,269	87,352	87,352

Notes : Figures for 1994 are taken from the business report of 1995.



5 Patronage of business per regular member

K U D TANI MUKTI

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	342.0	357.9	684.5
Ssles turnover of livestock	186.6	181.9	362.5
Sales of milk	N.A	N.A	235.7
Supply of feeds,materials	N.A	N.A	126.8
Supply amount,sales of shops	109.1	120.3	3.0
Supply amount of fertilizer	37.9	49.2	120.2
Total assets	319.4	395.0	390.7
Loan to members	235.7	320.0	330.9
Voluntary savings	11.1	12.9	14.8
Own capital	51.3	55.2	60.4
Membership fee	1.5	1.5	1.6
Compulsory saving	7.8	8.4	11.0

Notes : 1) Culculation items were changed for divisions in 1996.

: 2) Loans include business account receivable.

K U D PASIR JAMBU

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	941.8	1,015.8	892.5
Total assets	615.5	619.1	563.8
Loan to members	173.3	180.0	180.1
Own capital	164.4	184.1	200.3
Voluntary savings	4.3	3.3	3.7
Membership fee	2.0	2.0	2.0
Compulsory saving	27.7	33.6	35.7

K U D WALATRA

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	297.8	395.4	483.5
Supply of fertilizer,pestiside,materials	259.9	324.4	N.A
Total assets	132.7	357.6	710.3
Loan to members	84.4	234.6	541.2
Voluntary savings	9.1	6.8	15.6
Own capital	46.3	60.2	71.7
Membership fee	2.0	0.5	1.3
Compulsory saving	23.3	12.3	19.5

Notes : Figures for 1994 are taken from the business report of 1995.

## ATTACHMENT-2

(Sidrap District)

Source : Drew up from business reports of KUDs.

Notes : The methods of business reports and financial statements differ according to KUD.

: Some KUD changes the accounting items by division according to financial year.

: The figures of break downs and total sum does not match as a calculation of round number was adopted.

### 1 Number of regular members

Number of regular members Unit: persons

Name of KUD	1 9 9 4	1 9 9 5	1 9 9 6
K U D SIPATUWO	697	693	695
K U D SEMANGAT	1,080	1,080	1,080
K U D MATUTU	3,548	3,551	3,554

Membership fee, Compulsory savings Unit: Rp 1,000

Name of KUD	Membership fee	Compulsory savings
K U D SIPATUWO	1,000	100
K U D SEMANGAT	1,000	100
K U D MATUTU	2,500	500

## 2 Trend of profit and loss

## KUD SIPATUWO

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	434,900	676,093	620,120
2 Income by business	39,500	44,500	56,300
3 Other earnings	-	-	-
4 Business volume(1+2+3)	474,401	720,593	676,429
5 Net cost	401,377	658,429	593,095
6 Profits on business volume	73,024	62,164	83,334
6/4 Business volume/total profit ratio %	15.4	8.6	12.3
7 Business expenses	34,600	33,768	49,500
8 Business profits	38,500	28,400	33,800
8/4 Business volume/business profit ratio %	8.1	3.9	5.0
9 General administration expenses	28,772	25,958	30,800
10 Net profit of the year	9,651	2,438	3,046

## KUD SEMANGAT

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	785,603	1,352,060	3,353,539
2 Income by business	19,109	25,786	2,377
3 Other earnings	-	-	-
4 Business volume	804,712	1,377,846	3,355,916
5 Net cost	757,404	1,335,605	3,268,534
6 Profits on business volume	47,309	42,241	87,382
6/4 Business volume/total profit ratio %	15.4	8.6	12.3
7 Business expenses	36,224	27,021	64,307
8 Business profits	11,085	15,220	23,073
8/4 Business volume/business profit ratio %	1.4	1.1	0.7
9 General administration expenses	9,636	11,907	17,742
10 Net profit of the year	1,449	3,313	5,333

## KUD MATUTU

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Supply/Market turnover	2,295,364	2,069,707	4,819,718
2 Income by business	69,161	38,525	60,224
3 Other earnings	-	-	-
4 Business volume	2,364,525	2,108,232	4,879,942
5 Net cost	2,214,704	1,992,989	4,734,335
6 Profits on business volume	149,821	115,243	145,607
6/4 Business volume/total profit ratio %	6.3	5.5	3.0
7 Business & General administration expenses	139,248	93,648	125,254
8 Business profits	10,573	21,595	20,353
8/4 Business volume/business profit ratio %	0.4	1.0	0.4
9 Non business earnings	2,251	1,860	0
10 Net profit of the year	12,824	23,455	20,353

### 3 Trend of financial condition

#### KUD SIPATUWO

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Current assets	257,368	256,635	306,068
2 Investment	29,613	29,612	36,646
3 Fixed assets after depreciations	110,786	106,070	102,433
4 Total assets(1+2+3)	397,767	392,317	445,147
5 Current liabilities	206,546	206,717	261,661
6 Long-term liabilities	128,492	129,296	123,891
7 Total liabilities(5+6)	335,038	336,013	385,552
8 Own capital	62,729	56,304	59,595
9 Total of liabilities & capital(7+8)	397,767	392,317	445,147

#### KUD SEMANGAT

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Current assets	392,823	599,931	642,187
2 Investment	19,435	20,340	21,540
3 Fixed assets after depreciations	103,192	101,506	101,506
4 Total assets(1+2+3)	515,450	721,776	765,233
5 Current liabilities	360,173	384,519	422,642
6 Long-term liabilities	96,181	275,238	275,238
7 Total liabilities(5+6)	456,354	659,757	697,880
8 Own capital	59,096	62,020	67,353
9 Total of liabilities & capital(7+8)	515,450	721,776	765,233

#### KUD MATUTU

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
1 Current assets	568,466	566,781	555,556
2 Investment	77,709	86,323	96,540
3 Fixed assets after depreciations	188,662	169,941	153,137
4 Total assets(1+2+3)	834,837	823,045	805,233
5 Current liabilities	546,052	511,720	475,337
6 Long-term liabilities	64,483	64,483	64,483
7 Total liabilities(5+6)	610,535	576,203	539,820
8 Own capital	224,302	246,845	265,415
9 Total of liabilities & capital(7+8)	834,837	823,048	805,235

## 4 Trend of major items

## K U D SIPATUWO

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Sales of rice	191,400	361,400	220,200
Supply amount of fertilizer	240,800	314,200	333,600
Total loans	211,950	210,974	229,897
Loan to members	195,185	194,209	213,132
Borrowing for rice procurement fund	12,546	13,227	60,550
Borrowing for KUT fund	164,416	164,416	164,416
Borrowing for facilities	110,856	110,856	106,981
Voluntary savings	9,894	11,299	11,299
Own capital	62,729	56,304	59,595
Reserves	40,750	43,460	43,460
Membership fee	697	706	706
Compulsory savings	7,235	8,178	8,424

## K U D SEMANGAT

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Sales of rice	184,500	737,023	2,565,900
Supply amount of fertilizer	584,900	552,726	755,100
Total loans	369,101	542,886	561,426
Loan to members	35,424	52,129	61,248
Loans for KUT	286,843	286,843	286,843
Reserves for bad dept	3,577	3,577	3,577
Borrowing for rice procurement fund	51,754	78,180	106,126
Borrowing for KUT fund	288,089	288,089	288,089
Borrowing for fertilizer	10,833	8,363	14,206
Voluntary savings	3,965	3,965	3,965
Own capital	59,096	62,020	67,353
Reserves	54,517	55,686	55,686
Membership fee	530	530	530
Compulsory savings	487	487	487

## K U D MATUTU

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Sales of rice	1,623,995	1,265,824	3,882,790
sales of clove	68,080	560,933	262,738
Supply amount of fertilizer	592,352	242,951	674,190
Total loans	198,225	194,902	184,644
Loan to members	132,476	136,554	131,620
Borrowing from bank	442,535	436,682	412,393
Voluntary savings	51,146	26,467	21,776
Own capital	224,302	246,845	265,415
Reserves	114,384	117,591	123,452
Membership fee	3,314	3,314	3,314
Compulsory savings	47,314	51,648	57,148

## 5 Patronage of business per regular member

## K U D SIPATUWO

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	680.6	1,039.8	973.2
Sales of rice	274.6	521.5	316.8
Supply amount of fertilizer	345.4	453.3	480.0
Total assets	570.7	566.1	640.5
Total loans	304.1	304.4	330.1
Loan to members	280.0	280.2	306.6
Voluntary savings	14.2	16.3	16.2
Own capital	90.0	81.2	85.7
Membership fee	1.0	1.0	1.0
Compulsory savings	10.4	11.8	12.1

## K U D SEMANGAT

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	727.3	1,275.8	3,105.1
Sales of rice	170.8	682.4	2,375.8
Supply amount of fertilizer	541.6	511.8	699.2
Total assets	477.3	668.3	708.5
Total loans	341.8	502.7	519.8
Loan to members	32.8	48.3	56.7
Voluntary savings	3.7	3.7	3.7
Own capital	54.7	57.4	62.4
Membership fee	0.5	0.5	0.5
Compulsory savings	0.5	0.5	0.5

## K U D MATUTU

Unit : Rp 1,000

	1 9 9 4	1 9 9 5	1 9 9 6
Business volume	666.4	593.7	1,373.1
Sales of rice	457.7	356.5	1,092.5
sales of clove	19.2	158.0	73.9
Supply amount of fertilizer	167.0	68.4	189.7
Total assets	235.3	231.8	226.6
Total loans	55.9	54.9	52.0
Loan to members	37.3	38.5	37.0
Voluntary savings	14.4	7.5	6.1
Own capital	63.2	69.5	74.7
Membership fee	0.9	0.9	0.9
Compulsory savings	13.3	14.5	16.1

## ATTACHMENT-3

Distinctive problems of KUD and measures.

(1) Tani Mukti

Item	Distinctive problems	Measures
1. Summary		
Promote dairy farming	<p>Growth in both the number of cattle and production quantity has ceased, removing expectations of any increase in dairy farmers' incomes.</p> <p>High cost of imported dairy cows.</p> <p>Dairy farmers hold insufficient funds to purchase dairy cows.</p> <p>KUD's feed concentrate facility is not satisfactory, resulting in poor quality and quantity.</p> <p>Unsatisfactory dairy farmers' rearing techniques.</p> <p>No processing of dairy products.</p> <p>Ineffective utilization of bullocks.</p>	<p>Increase production of high quality milk.</p> <p>Boost the number of quality heifers, improve feed concentrate facility, provide thorough quality management advice, increase funding for dairy cow purchases.</p> <p>Breed quality heifers locally.</p> <p>Improve facilities to rear young heifers; purchase and rear young heifers; provide mature heifers.</p> <p>Production and sale of dairy products.</p> <p>Improve small dairy products processing facilities.</p> <p>Fatten and sell locally bred bullocks.</p> <p>Improve facilities for fattening calves (for beef).</p> <p>Effective operation of facilities.</p> <p>Establish facility operating plans and consult with neighbouring KUDs to establish new facilities and examine collaboration possibilities.</p>
Strengthen planning management	<p>Weak planning management prevents active projects.</p>	<p>Establish a planning management department. Select one staff member from the administration department and one from the agricultural department to support the</p>

		<p>general manager. This department should also carry out internal inspections.</p>
Boost memberships	Low number of non-farming members.	Implement a five-year membership drive aiming for membership of 50% of all adults.
Investigate divestment of savings and loans	<p>Although plans exist to divest the savings and loans program and make these independent (by establishing an independent organization of UUU) in collaboration with Danamon Bank, there has not been sufficient discussion concerning this matter.</p>	<p>Establish a planning management department, and examine the following items with the members.</p> <p>Details of projects and division of functions of UUU and KUD.</p> <p>The loans system.</p> <p>KUD's fund procurement system.</p> <p>The management of existing overdue loans.</p>
Implement living standards advice	<p>KUD does not provide advice on boosting living standards to its members, and so members' living standards have not improved.</p> <p>There are no women's groups in KUD.</p>	<p>Establish cooperative purchasing groups of women in dairy farming.</p> <p>Advice to improve food, health, and sanitation, etc., through cooperative stores.</p>
Examine vegetable projects	<p>Despite the fact that vegetables constitute a local major agricultural product, KUD is not involved in the collection or sale of vegetables.</p> <p>KUD's advisory service is inadequate.</p> <p>No collaboration between vegetable producer groups and KUD in the sale of vegetables.</p>	<p>Designate staff to set up an intermediate term program for vegetable projects.</p> <p>It is not possible for KUD to market vegetables in the near future, so investigate appropriate systems of marketing, selling and providing advice for vegetable farming for the future, and establish producers' groups in collaboration with KUD, and measures for funding.</p>



<p>2. Organization</p> <p>Encourage complete payment of membership fees and obligatory savings</p> <p>Utilization of computers</p>	<p>Many members have not completed payments of membership fees or obligatory savings.</p> <p>Proprietary capital is inadequate and there is a shortage of funds for facilities.</p> <p>Computers are used only for document processing and there is no progress in rationalizing administration.</p> <p>No computer-capable staff.</p>	<p>Establish and implement a five-year membership and savings plan aimed at having all members complete their membership payments and obligatory savings in five years.</p> <p>Designate specific dates each month to visit members to collect payments.</p> <p>Obligatory savings should be transferred on a monthly basis, but annual lump sum payments should also be allowed.</p> <p>Expand utilization of computers to improve the accuracy and speed of administration. Computers should be used for the savings and loans program, settlements of monetary transactions for milk, and payroll calculations.</p> <p>Develop systems under the guidance of DEKOPINWIL, KJA and PUSKUD.</p> <p>Utilize readily available software.</p> <p>Dispatch staff for computer training.</p>
<p>3. Economic business</p> <p>Establish agricultural accounts</p>	<p>The lack of accounts for members to settle agricultural transactions such as selling and purchasing, necessitates cash-based trading.</p>	<p>Establish accounts to improve the convenience of members.</p>
<p>4. Savings and loans</p> <p>Increase business with banks</p>	<p>There is little business with banks other than BRI, resulting in insufficient borrowing for operational funds.</p>	<p>Increase business with banks other than BRI, to borrow funds for facilities and to establish new projects.</p>

<p>Shift to sub-loan funds</p> <p>Encourage savings</p>	<p>The current institutional fund loan programs provide commissions to KUD with little loan risk.</p> <p>The capability to operate loans has not been built up in KUD.</p> <p>Supply of funds falls short of demand.</p>	<p>Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.</p> <p>Actively encourage savings.</p> <p>Examine if electricity charges can be deducted from accounts.</p>
<p>5. Human resource development</p> <p>Implement systematic staff training</p> <p>Revise salary structure</p>	<p>Impossible to train all the staff under the current training budget.</p> <p>Staff training is neither systematic nor on-going, and is concentrated in certain staff areas.</p> <p>Staff salaries are lower than those of local bank staff.</p>	<p>Increase the training budget and create a training fund.</p> <p>Dispatch staff for outside training.</p> <p>Establish annual training plans inside sections.</p> <p>Change the salary structure to a performance-based structure.</p>
<p>6. Advisory projects</p> <p>Strengthen agricultural advisory service</p>	<p>The agricultural advisory budget is too low to support an adequate advisory service.</p> <p>Information exchange and communications with producer groups are inadequate.</p>	<p>Bolster the agricultural advisory service budget using fiscal term surpluses.</p> <p>Dispatch agricultural advisors to research centers for training.</p> <p>Improve the agricultural advisory service aimed at supporting the program to boost the</p>

		dairy cow herd.
		Establish a radio broadcasting facility to communicate with the leaders of producer groups and agricultural advisors.

(2) Pasir Jambu

Item	Distinctive problems	Measures
1. Summary	The number of cattle and the production quantity are	Measures to increase the number of quality cows, production and quality.
Promote dairy farming	decreasing and KUD's dairy farm projects are inadequate.	Increase funds for dairy cow purchases, improve facilities to produce quality concentrate feed, improve quality control and rearing advice.
	The number of dairy farms is decreasing.	Breed quality cows locally.
	The decrease in production and sale of milk is due to declining quality.	Improve calf-rearing facilities, purchase and rear young heifers, supply mature heifers.
	High cost of imported dairy cows.	Effective operation of facilities.
	Dairy farmers hold insufficient funds to purchase dairy cows.	Establish facility operating plans and consult with neighbouring KUDs to establish new facilities and examine collaboration possibilities.
	KUD's feed concentrate facility is not satisfactory, causing insufficient supplies of concentrate feed.	Promote local consumption of surplus milk. Negotiate with schools, offices and factories.
	Unsatisfactory dairy farmers' rearing techniques resulting in problems such as high cow mortality.	
Promote	KUD is merely an	Negotiate with HERO to improve sales

marketing of vegetables	<p>intermediary in the current sale of vegetables to supermarkets.</p> <p>Many farmers are unable to sell vegetables to supermarkets because supermarkets have strict standards and quantity limits.</p> <p>Farmers' skill at selecting vegetables and packing is low.</p> <p>Few farmers can sell vegetables to supermarkets, but no other cooperative sales methods exist.</p>	<p>quantities and prices.</p> <p>KUD to select vegetables for sales to HERO, improve packing instructions and quality improvement advice.</p> <p>Establish a vegetable sales research group.</p> <p>Examine methods to increase the number of vegetable purchasers, other than HERO, for example large quantity buyers such as hotels and hospitals, establish a cooperative vegetable collection point, promote the participation of vegetable growers in cooperative selling, with a long term view.</p>
Encourage savings	<p>Non-obligatory savings have remained low at only 19,150,000 rupiah, representing just 0.7% of total KUD assets.</p>	<p>Establish more savings days, call for mass savings in collaboration with women's groups.</p> <p>Encourage savings for education, marriage, electric product purchases and health examinations.</p> <p>Encourage savings from the people who pay for their electricity through KUD.</p>
Promote measures to improve members' health	<p>The participation of the members' welfare fund which is used to support payment of hospital bills, etc., is restricted to dairy farmers.</p> <p>The high expense of health examinations (150,000 rupiah) curbs participation.</p>	<p>Extend the range of participants in the members' welfare fund system beyond dairy farmers. (Note: This system does not exist in other KUDs.) Use part of the social fund derived from the surplus to bolster the members' welfare fund.</p> <p>Investigate group health examinations.</p> <p>Investigate the possibility of reducing health examination costs by cutting the number of items examined, having KUD shoulder a proportion of the costs, and using</p>

<p>Utilization of computers</p>	<p>Although computers are used, few staff can operate them.</p> <p>Computers are used only to process milk collections, to perform accounting and to prepare documents.</p> <p>Computers are used only to input results calculated manually, original data is not entered.</p>	<p>non-obligatory saving to pay part of the costs.</p> <p>Expand the utilization of computers to include settlement of sales accounts, the savings and loans program and to improve the accuracy and speed of administration.</p> <p>Develop a comprehensive accounting system for KUD so that the latest operational status by section can be monitored.</p> <p>Systems should be developed under the guidance of DEKOPINWIL, KJA and PUSKUD.</p> <p>Utilize readily available software.</p> <p>Dispatch staff for computer training.</p>
<p>2. Organization</p> <p>Strengthen planning management</p> <p>Boost membership</p>	<p>Although the KUD runs various projects, each project is carried out with different ideas and with little collaboration between them.</p> <p>Little effort is made to establish new projects, develop processed vegetable products or to attract new buyers.</p> <p>The ratio of members is still low at 23%.</p>	<p>Establish a planning department.</p> <p>Establish a planning department under the general manager and strengthen collaboration between departments always, set up new projects, develop new products and attract new buyers</p> <p>Organize skills training sessions to upgrade the processing of local traditional products such as dairy products, smoked products, rice snacks and handicrafts, inviting members to participate as advisors and carry out membership campaigns.</p>
<p>3. Economic business</p>	<p>The lack of accounts for members to settle agricultural</p>	<p>Establish accounts to improve the convenience of members which allow</p>

Set up agricultural accounts	transactions necessitates cash-based trading.	settlement of agricultural transactions by accepting sales revenues as savings and withdrawals for purchases, etc.  Investigate computer control.
4. Savings and loans  Increase business with banks  Shift to sub-loan funding	Little business with banks limits the amount of borrowing necessary to improve operation and expand facilities.  The current institutional fund loan programs provide commissions to KUD with little loan risk.	Establish relationships with banks to boost borrowing necessary to expand operations.  Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.
5. Human resources development  Long-term training plan  Improve member training program	Although there is a staff training system in place and the director in charge devises annual training plans, there is no long-term planning.  There is no department in charge of training.  Although the Union issues a public relations magazine (once a month) and organizes study courses consisting of visits to dairy farms, much more information exchange between members is required.	Devise and implement a five-year training program. Set individual targets for skills improvement and establish training programs which take into account training already received and staff positions.  Implement Inkubator program, dispatch staff for training to banks, insurance companies, companies in the dairy industry and supermarkets.  Establish personnel training sections.  Set up annual schedules of regular classes and a discussion forum.  Boost the number of copies of the public relations magazine and increase awareness of the magazine to members.  Improve and utilize the existing cable broadcasting facility.

6. Advisory projects	The agricultural advisory budget is too low to support an adequate advisory service.	Secure funding for the agricultural advisory program.
Strengthen the agricultural advisory service	Information exchange and communications with producer groups are inadequate.	Improve and standardize production technology as a whole by using the vegetable producers' groups.  Dispatch agricultural advisors to research centers for training and skills improvement.
Improve living standards advisory service	Although two general staff are in charge of advising on living standards, the system is inadequate.  Advice is limited.	Establish a living standards advisory department.  Advice on regulations, tax, family planning and consumer knowledge should be included.

(3) Walatra

Item	Distinctive problems	Measures
1. Summary	Although this is one of the major vegetable producing areas, KUD's participation in vegetables is irregular and extends only to vegetables for export occasionally.	Establish a vegetable sales promotion research group.
Promote marketing of vegetables	Members are obliged to sell vegetables on unfavorable terms to traders in the kecamatan or Bandung.  Although members would like KUD to trade in vegetables, KUD lacks the funding, storage and transportation.	Establish a vegetable sales promotion research group consisting of directors with the assistance of PKL and PPL and investigate the following points: Secure sales routes, improve quality, storage, transportation, packing and processing. Establish wholesale shop. Set up a cooperative collection point.  Train staff who are eager to create sales strategies and accept responsibility.
Promote	Despite the fact that potatoes	Devise rules for producer groups and crop selection standards.  Establish mid-sized potato processing

production and processing of potatoes	<p>are the principal local crop and 20-25% of members grow potatoes, KUD does not trade in potatoes other than for export.</p> <p>Members are dissatisfied with traders' prices.</p>	<p>facility, together with refrigerated storage facility, etc.</p> <p>Purchase potatoes for processing from members.</p> <p>Process potatoes into sticks, fingers, chips and powder for sale.</p> <p>Disseminate quality seed, (developed by the National Horticultural Laboratory.)</p> <p>KUD should produce seed as soon as it acquires seed production capability.</p>
Disseminate agricultural product processing technologies	<p>Toffee, traditional potato chips, and a variety of snack foods, etc., are produced locally, but only a few are mass produced for sale.</p> <p>Although KUD supports a women's handicrafts group funded from savings-based loans, only about 100 women participate.</p>	<p>Develop product processing groups consisting mainly of women from members' families as a means of exchanging technologies.</p> <p>KUD to provide places where members can gather to process products, select leaders and instructors, lend processing machinery, organize processed product contests, etc. Items judged good enough for processing should be sold to TPK, etc., in the kecamatan first. If the items sell well, then gradually increase the production quantity.</p>
Improve savings and loans program	<p>Loans to members are mostly institutional fund loans, with very few savings-based loans.</p> <p>There are many mutual financing groups with strong demand for funds from members, but KUD cannot meet this demand.</p>	<p>Set up a women's savers group.</p> <p>Establish and encourage non-obligatory savings with clear objectives such as for Lebaran day.</p> <p>Organize events such as lotteries for savers..</p> <p>Award excellent groups.</p> <p>Establish small business funding using savings and provide loans.</p>



		Improve the savings and loans program system to prevent administration problems, and strengthen management and collection.
2. organization	Only 24% of members (1,100 members) have completely paid up their membership fees and obligatory savings.	Staff should persuade members to complete payment of membership fees and obligatory savings during their monthly visits to kelompok tani to promote savings-based loans.
Encourage complete payment of membership fees and obligatory savings	Part of the membership fees and obligatory savings are held by kelompok tani.	Consult with kelompok tani to transfer membership fees and obligatory savings belonging to KUD, which are currently held by kelompok tani, to KUD's account.
Pay dividends to members	Dividends have not been paid to members since 1994 after passage of a resolution at a general meeting. This situation may foment distrust among members.	From 1997 onwards, use fiscal year surpluses to pay dividends in accordance with the Articles of the KUD.
Clarify accounts	It is unclear whether the savings, membership fees and obligatory savings belong to kelompok tani or KUD.	Receive advice from KJA and consult with kelompok tani to decide whether KUD's account should be totally independent of kelompok tani, or whether part of KUD's funds should remain with kelompok tani to maintain accounting procedures.
3. Economic business	The lack of accounts for members to settle agricultural transactions necessitates cash-based trading.	Establish accounts to improve the convenience of members which allow settlement of agricultural transactions by accepting sales revenues as savings and withdrawals for purchases, etc.
Establish agricultural accounts		Investigate computer control.
4. Savings and loans	The current institutional fund loan programs provide commissions to KUD and the risk of loans operation is	Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.
Shift to sub-loan		

<p>funding</p> <p>Improve loans operation</p>	<p>small.</p> <p>The capability to operate loans has not been built up in KUD.</p> <p>The requirement that borrowers must deposit 10% of loans into non-obligatory savings to take out KUD loans is adversely affecting repayments.</p>	<p>Receive support for loans operation training of KUD staff from fund lenders.</p> <p>If loan deposits are required, the amount should not exceed 5% of total loans.</p> <p>Simplify and speed up loan procedures.</p>
<p>5. Human resources development</p> <p>Long-term training plan</p>	<p>Insufficient staff responsible for savings, loans and sales hinders development of these projects.</p> <p>There are no training departments in the sections and no systematic training programs.</p> <p>There are no directors capable of instructing.</p> <p>Lack of member training programs.</p>	<p>Establish and implement a five-year training program:</p> <p>Staff employment program,</p> <p>Train the staff to be responsible for savings, loans and sales,</p> <p>KUD member educational program, train leaders,</p> <p>Set individual targets for skills improvement, establish training programs according to staff positions.</p> <p>Train staff to provide training in the sections.</p>
<p>6. Advisory projects</p> <p>Strengthen agricultural advisory service</p> <p>Improve living standards advisory service</p>	<p>Although there are three agricultural advisory staff, this is not sufficient considering the number of members.</p> <p>Nobody is in charge of providing advice on living standards and there are no plans to promote this service.</p>	<p>Train staff to be responsible for the agricultural advisory system and train members to be producer group leaders.</p> <p>Develop and provide advice for producer groups.</p> <p>Establish a living standard advisory plan and train staff to be advisors.</p> <p>Set up a women's group and provide advice on living standards.</p>

		Set up a facility for agricultural product processing training in the kabupaten.
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(4) Sipatuwo

Item	Distinctive problems	Measures
1. Summary	One of the rice facilities has deteriorated and requires renewal.	Renew the rice polishing facility, establish a rice complex:
Process and sell rice, promote rice farming	Inconsistent rice processing capability from drying, milling to storing caused in efficiency of facility operation.	Convert the existing rice mill, cut the volume of sub-standard rice, such as broken rice, and process cereals:
	Luck of funds to purchase rice for processing.	Include efficient RMUs, rice polishing machines, unhulled rice drying facilities, packing facilities, warehouses and transportation systems.
	The president of KUD is an excellent person, but has little interest in new projects.	Process broken rice, maize, soybeans, green beans and other cereals into powder.
	Negative attitude towards sales of rice to the free market.	Commence snack foods production.
	No processing or sale of processed products using beans and cereals.	Set up unhulled rice collection centers near farms.
Promote small poultry businesses	Although some farmers shifted into poultry locally, KUD has no involvement in poultry.	Establish new sales routes for surplus rice to the free market, PUSKUD, local people and companies.
Rice savings	Low level of non-obligatory	Secure project funds.
		Establish small agricultural funding for small poultry businesses.
		Establish a system with PUSKUD to supply concentrate feed.
		Start rice savings.

	savings with KUD.	Rice saving at 100kg of unhulled rice per hectare.
Train capable staff	It is desirable to employ and train young staff to deal with new projects.	Employ and train capable staff. Employ staff who can operate facilities and provide agricultural advice, and train the staff.
Establish KUD forum in the kecamatan	Even if all the local farmers participate in the KUD, the low population in the area limits the expansion of facilities and projects.	Establish a discussion forum with five KUDs in the kecamatan. Hold regular discussions on rice collections, sales, renewal of the rice mill, developing rice with a trade name and funding. Under guidance from DEPKOP dan.
Develop member groups	There are no member groups except for a women's group in poultry farming which produces cooked minced chicken. Cooperative groups should be set up to develop new projects.	Establish tractor sharing groups. Establish egg producer groups. Establish saver groups. Establish processing groups consisting of women. Produce rice snacks, processed chicken meat, handicrafts for local sale first, with the aim of increasing production for mass consumption in the future. Disseminate skills by organizing classes using members with skills.
2. Organization proprietary capital	A lack of funds has caused KUD to lag behind private companies in rice collections and sales.  A financial problem exists in that fixed assets are much greater than proprietary capital.	Increase membership fees and monthly obligatory savings. Raise the minimum membership fee from 1,000 rupiah to 10,000 rupiah. Boost the obligatory savings from 100 rupiah to 1,000 rupiah.  Ensure that membership fees and obligatory savings are paid. Obtain consent for the payments with a specific payment method.

<p>Strengthen administration</p>	<p>Due to poor administration, members obligatory savings outstanding and obligatory savings already paid in, is unknown.</p> <p>The lack of control of fertilizer costs is cutting profitability.</p>	<p>Clarify each member's state of payments. Investigate payment methods such as lump sum payments for obligatory savings, etc.</p> <p>Start pooling money into funds with clear objectives using fiscal year surpluses. To purchase a rice drier, a rice polishing machine and trucks.</p> <p>Ensure accurate administration. Dairy work, end-of-month procedures.</p> <p>Complete control of fertilizer costs and set proper selling prices of fertilizers.</p>
<p>3. Organization</p> <p>Establish poultry facilities</p> <p>Establish feed concentrate facility</p> <p>Establish agricultural services center</p> <p>Establish</p>	<p>Although small poultry units operated by farmers as a secondary business are spreading, KUD does not provide assistance to these undertakings.</p> <p>Rice bran produced from local rice and from rice polishing should be easily utilized as feed, but KUD's participation is weak.</p> <p>There is high use of small hand held tractors and many have been purchased using credits from the provinces. KUD does not supply maintenance services for these tractors.</p> <p>The lack of accounts for</p>	<p>Establish poultry farms. Set up poultry farms using local funds. Manufacture feed at rice mills. Collaborate with local traders and private companies to sell poultry farm products.</p> <p>Establish a feed concentrate facility. Aim for economical utilization of rice bran, sub-standard rice, soybeans and cereals.</p> <p>Establish an agricultural services center. Supply maintenance services for agricultural equipment and transportation services.</p> <p>Establish accounts to improve the</p>

agricultural accounts.	members to settle agricultural transactions necessitates cash-based trading.	convenience of members which allow the settlement of agricultural transactions by accepting sales revenues as savings and withdrawals for purchases, etc.
4. Savings and loans  Encourage savings	Savings are low and the proportion of non-obligatory savings constitutes only 2.9% of total assets.  Encourage savings to boost the assets necessary for operation development.  Savings remain low because no interest is paid.	Set savings targets.  Create savings accounts linked to the supply of fertilizer, rice savings.  Use women's groups to encourage saving.  Organize contests and present awards. Scholarships, family health insurance, TVs, agricultural equipment (sprayers).  Set interest rates in line with market rates.
Divest savings and loans program	Bad debts of 2 million rupiah terminated the own fund loans program.	Divest savings and loans and operate independently.  Receive funding from BRI, DANAMON, PUSKUD.  Link loans to the compulsory savings program so that the program can gradually be managed using savings and profits.  Separate accounting manuals from operation manuals.
Shift to sub-loan funds	The current institutional fund loan programs provide commissions to KUD with little loan risk.	Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.  KUD loans program staff undergo training from banks.
5. Human resources	Critical shortage of funds for training.	Dispatch staff to training institutions.

<p>development</p> <p>Strengthen training</p>	<p>Lack of staff training program.</p> <p>It is not clear who is in charge of training in the sections and there is no systematic training program.</p> <p>Train managers in operational management.</p>	<p>Pool money in the training fund.</p> <p>Employ staff with expertise in savings and loans.</p> <p>Establish long-term program for staff training.</p> <p>Dispatch staff responsible for savings and loans to advanced KUDs.</p> <p>Train staff to become responsible for the maintenance of agricultural equipment.</p> <p>Establish a training facility for the maintenance of agricultural equipment in the provinces.</p>
<p>6. Advisory services</p> <p>Strengthen agricultural advisory service</p> <p>Establish living standards advisory center</p>	<p>Although two directors and two staff are employed in the agricultural advisory service, they are not specialized and skill levels are low.</p> <p>There is a particular demand for advice on poultry farming and egg sales.</p> <p>Two directors are responsible for advising on living standards, but they are not supported by any other staff.</p> <p>Members require more advice on living standards and an improved advisory service.</p>	<p>Budget the cost of the agricultural advisory service to KUD.</p> <p>Employ agricultural advisors.</p> <p>Dispatch staff to research centers and the post-harvest center for training.</p> <p>Establish living standards advisory center.</p> <p>Establish an appropriate technologies agricultural product processing facility together with the center.</p> <p>Extend the scope of agricultural product processing groups beyond poultry processing.</p> <p>Provide advice on health problems, product knowledge and life planning, etc.</p>

(5) Semangat

Item	Distinctive problems	Measures
<p>1. Summary</p> <p>Bolster rice sales operation</p> <p>Strengthen transportation capability</p>	<p>The KUS's president has a very positive attitude towards progressing with the rice polishing facilities.</p> <p>Lack of funds prevents modification or rebuilding of the rice polishing facilities and the purchase of rice for processing.</p> <p>Shortage of trucks.</p>	<p>Improve facilities for rice polishing, etc. (Rice polishing complex)</p> <p>Install an improved model rice polishing machine.</p> <p>Improve the storage facilities both for polished rice and the rice for processing.</p> <p>Increase sales routes in the free rice market.</p> <p>Start powder and snack foods production. Process broken rice, beans and cereals into powders for sale.</p> <p>Train staff to provide advice for rice.</p> <p>Upgrade staff skills in rice polishing.</p> <p>Establish agricultural transactions accounts.</p> <p>Improve farmers agricultural transactions accounts books.</p> <p>Obtain trucks to strengthen transportation capabilities.</p> <p>Bolster transportation systems for rice and fertilizer.</p> <p>Collect products such as unhulled rice and deliver production materials such as fertilizers.</p>
<p>Promote poultry farming</p>	<p>Although KUD polishes rice in the rice growing areas, limited manpower prevents KUD from participating in the feed and poultry farming projects.</p> <p>As the rice polishing facilities</p>	<p>Promote poultry farming using rice bran, which is a by-product of the rice mill.</p> <p>Sell concentrated feed and chicken eggs to PUSKUD, etc.</p> <p>Promote product processing as a side business carried out by women.</p>



	<p>improve productivity, it will be necessary to consider measures to deal with the by-products.</p>	<p>Search for female leaders and organize groups.</p> <p>Renew or establish rice polishing complex.</p> <p>Include efficient RMUs, rice polishing machines, unhulled rice drying facilities, packing facilities, storage facilities and transportation systems.</p> <p>Build retail shops on the same site.</p> <p>Install powder mills Process broken rice, greenbeans, soybeans, then supply them as raw materials for farmers to produce snack foods.</p> <p>Build a feed concentrate plant at the site to use by-products.</p>
Shift to sub-loan funds	<p>The current institutional fund loan programs provide commissions to KUD with little loan risk.</p>	<p>Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.</p> <p>Train staff to be responsible for savings and loans.</p>
Increase proprietary capital	<p>A financial problem exists in that fixed assets are much greater than proprietary capital.</p> <p>Due to a shortage of funds for facilities and projects, the surpluses of 1994, 1995 and 1996 were neither invested, nor used to make dividend payments, but were transferred in total to</p>	<p>Make efforts to increase surpluses during fiscal years to boost internally accumulated funds.</p> <p>Increase membership fees and monthly obligatory savings.</p> <p>Raise the minimum membership fee from 1,000 rupiah to 10,000 rupiah.</p> <p>Boost the obligatory savings from 100 rupiah to 1,000 rupiah.</p> <p>Ensure that membership fees and obligatory</p>

	proprietary capital.	savings are paid. Obtain consent for the payments at local discussion meetings. Collect unpaid obligatory savings. Implement a lump sum payment system for obligatory savings.
Establish kecamatan KUD discussion forum	Even if all the local farmers participate in the Union, the low population in the area limits the expansion of facilities and projects.	Establish a forum with five KUDs in the kecamatan. Hold meetings regularly to discuss issues such as rice collection, sales, renewal of the rice mill, developing rice with a trade name and funding. Receive instructions of DEPKOP dan.
Thorough inspections by KJA.	Internal inspections have been abolished.	Thorough inspections by KJA. Conduct thorough inspections aimed at developing a solid KUD.
2. Organization  Membership boosting measures	The proportion of members is low at 26%, and 35% of farmers have not become members yet. Projects fail to develop due to poor organizational capability.	Establish and implement a five-year membership drive with a participation target of 60%.  Prepare introductory pamphlets and deliver them to all households.  Determine specific areas of responsibility for each director. Distribute pamphlets, collect obligatory savings, attend meetings of kelompok tani and provide explanations. Select members to participate in membership boosting programs in each area.  Organize anniversary celebrations of the establishment of KUD. Organize lectures for the celebrations and exhibitions of local products and sell the products.
Strengthen	Electricity fees are not	Establish administration systems through

administration	<p>collected accurately and payments to electricity companies exceed the amounts collected.</p> <p>Staff monthly salaries are not paid regularly, hindering staff motivation to work.</p>	<p>comprehensive staff training.</p> <p>Boost staff motivation by paying salaries regularly.</p>
<p>3. Economic business</p> <p>Establish agricultural services center</p> <p>Establish agricultural accounts</p>	<p>Increased use of hand held tractors by rice farmers.</p> <p>The lack of accounts for members to settle agricultural transactions necessitates cash-based trading.</p>	<p>Establish an agricultural services center</p> <p>Provide maintenance programs for agricultural equipment and transportation services.</p> <p>Establish accounts to improve the convenience of members which allow settle agricultural transactions by accepting sales revenues as savings and withdrawals for purchases, etc.</p>
<p>4. Savings and loans</p> <p>Encourage savings</p> <p>Strengthen loans operation</p>	<p>The level of non-obligatory savings is extremely low.</p> <p>To increase the amount of borrowing to develop projects, it is necessary to increase assets. Therefore it is necessary to encourage savings.</p> <p>Savings remain low because no interest is paid.</p> <p>The amount of loans using own funding is low and income from these loans is low.</p>	<p>Receive investments from public and private organizations. (Preferential dividends without voting rights)</p> <p>Promote compulsory savings connected to a variety of development programs.</p> <p>Set interest rates in line with market rates.</p> <p>Investigate savings at the rate of one bag of rice per hectare.</p> <p>Establish women's saving groups.</p> <p>Boost loans using own funds to 18.5 times the current level.</p> <p>Receive funds from PUSKUD.</p>

Shift to sub-loan funds	The current institutional fund loan programs provide commissions to KUD with little loan risk.	<p>Speed up loans procedures.</p> <p>Shift the institutional funding system to a sub-loan funding system so that KUD can directly select borrowers, control loans and collect loans.</p> <p>Implement appropriate interest rates for loans. Set rates at levels to cover administration costs and allow a certain profit.</p> <p>Improve loan management capabilities by training. Select borrowers, place loans, management and recovery.</p> <p>BRI should provide training and KUD should bear the cost.</p>
<p>5. Human resources development</p> <p>Strengthen training</p> <p>Establish staff employment fund</p>	<p>There are no specifically designated staff and their ages are high.</p> <p>Due to staff shortages, there are no staff responsible for savings and loans.</p> <p>Necessary to employ young staff.</p> <p>Salaries are not paid regularly.</p> <p>A salary system has not been established.</p>	<p>Dispatch staff for outside training by pooling money in the training fund.</p> <p>Secure staff according to long-term plans.</p> <p>Provide training to members by visiting and observing advanced areas.</p> <p>Use the discussion forum to spread awareness of the cooperative union.</p> <p>Establish staff employment funds under the guidance of KANWILKOP.</p> <p>Establish funds with aid from governmental organizations.</p> <p>KUD should borrow five years of salaries, and repay the loans.</p>
<p>6. Advisory projects</p> <p>Strengthen</p>	<p>Living standard advice is not provided and there are no staff in charge.</p>	<p>Post staff to the living standard advisory service.</p> <p>Provide training for women in farming by</p>

living standard advice		<p>visiting and observing advanced areas and encourage special purpose savings for the training.</p> <p>Organize living standard improvement seminars by inviting outside lecturers.</p> <p>Train women to be leaders and gradually establish women's groups.</p>
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(6) Matutu

Item	Distinctive problems	Measures
<p>1. Summary</p> <p>Primary processing of cash crops</p> <p>Establish beef cattle fattening facility</p> <p>Improve rice polishing and rice sales</p>	<p>Although members produce various cash crops such as cocoa, cashew nuts, and rotan, KUD does not process or sell these cash crops.</p> <p>Due to a decline in the number of water buffalo, demand for beef is expected to rise. However, there is no progress towards implementing a beef business.</p> <p>KUD does not participate in supplying feed, purchasing or selling beef cattle.</p> <p>KUD is unable to provide stock rearing advice.</p> <p>There are no funds to purchase calves.</p> <p>The rice polishing operation is stagnant. This operation should be investigated again.</p>	<p>Start primary process of cash crops and sell. KUD should carry out the primary processing of cocoa, cashew nuts and rotan and sell the processed crops.</p> <p>Process cashew nuts manually.</p> <p>Establish facility to fatten beef cattle. KUD should establish a facility for the joint use by members.</p> <p>Establish a systematic beef cattle farming system</p> <p>KUD should participate in purchasing cattle, providing feed, and selling fattened cattle. Collaborate with neighbouring PT Berdikari.</p> <p>Build feed concentrate facility together. Collaborate with PUSKUD in the areas of operations and technology to provide feed and sell processed cash crops.</p> <p>Participate in rice polishing and sales operations lead by DEPKOP dan. Consult with PUSKUD's rice center to collect, polish and store rice.</p>

	<p>Although KUD owns two RMUs and three trucks, the are badly maintained and mostly cannot be used.</p> <p>KUD and Mitra which is a mill cooperating with KUD are competing harshly for domination.</p>	<p>KUD to deal with out of use KUD's rice polishing facilities and equipment, such as transferring these facilities.</p>
<p>Establish specific crop producer groups</p>	<p>Members make little use of KUD.</p> <p>There are no KUD cooperative groups and details of KUD projects are not disseminated among the members.</p> <p>There are no places where producers growing the same crops can exchange technical information.</p>	<p>Establish separate producer groups according to product such as beef and cashew nuts. KUD should provide information, exchange information between members, establish closer relationship between KUD and members.</p> <p>Provide information concerning market, prices, production materials and technology in collaboration with PPL, PUSKUD and capable members.</p> <p>KUD should enter into the collection of crops and sales as soon as it is capable of doing so.</p>
<p>Improve savings and loans program</p>	<p>The amount of non-obligatory savings is declining every year.</p> <p>The level of loans is just 24% of the operating assets, and the majority of loans are from the institutional fund.</p> <p>There are few borrowers, and the savings-based loans program is inoperative.</p>	<p>Establish a system with more than one person in each section.</p> <p>Strengthen inspections by the manager and establish internal checking systems by positioning more than one person in each section.</p> <p>Improve administrative capability by strengthening staff training.</p> <p>Implement procedures to receive savings, investigate loans requests, place loans and collect loans.</p> <p>Establish specific savings programs aimed at</p>

<p>Establish living standards advisory center</p> <p>Thorough inspections by KJA.</p>	<p>KUD does not provide living standard advice and there are no staff in charge.</p> <p>There are no women's groups.</p>	<p>education, purchasing electric products and fitori, etc.</p> <p>Establish women's savings groups.</p> <p>Establish a small business fund.</p> <p>Establish a living standard advisory center together with an appropriate technology agricultural product processing facility.</p> <p>Provide classes for product processing for women's group activities.</p> <p>Establish facilities for agricultural product processing training in the provinces.</p> <p>Position staff responsible for living standard advice, dispatch the staff for outside training.</p> <p>Provide living standard advice on issues such as health control, product knowledge and life planning in collaboration with women's groups organized by the government.</p> <p>Thorough inspections by KJA.</p> <p>Conduct thorough inspections aimed at developing a solid KUD.</p>
<p>2. Organization</p> <p>Democratic general meetings</p> <p>Regular payment of staff salaries</p>	<p>Only 65 members attend general meetings (1.8% of the membership) and no prior meetings for general meetings held in areas.</p> <p>Payments of salaries and allowances to staff are often delayed and fixed amounts are not paid every month.</p> <p>KUD directors believe that</p>	<p>Hold prior meetings for general meeting in each area, explain the agenda and accept questions, so that members' opinions can be reflected in the general meeting.</p> <p>Pay salaries and allowances to staff every month to increase motivation to work.</p> <p>Employ capable staff working exclusively work for KUD.</p>

<p>Establish KUD forum in the kecamatan.</p>	<p>irregular payment of salaries is not an issue, because staff have incomes from their farming businesses.</p> <p>There are six KUDs in Duapitue and Pituriase but most of them are suffering from low membership, staff and funding, and their operational capability is generally poor.</p>	<p>Staff otherwise employed should be managed as part timers and not be allowed to participate in the important work of KUD.</p> <p>Establish a forum of six KUDs in two kecamatan.</p> <p>Discuss issues such as funds, sales and facilities.</p> <p>Receive advice from DEPKOP dan, PKL, PPL and DEKOPINDA.</p>
<p>3. Economic business</p> <p>Establish agricultural services center</p> <p>Establish agricultural accounts</p>	<p>Rice farmers are increasingly using hand held tractors.</p> <p>The lack of accounts for members to settle agricultural transactions necessitates cash-based trading.</p>	<p>Supply maintenance services for agricultural machinery and vehicles, seedlings, chemical fertilizer and agricultural chemicals, agricultural training and advice.</p> <p>Establish accounts to improve the convenience of members which allow settlement of agricultural transactions by accepting sales revenues as savings and withdrawals for purchases, etc.</p>
<p>4. Savings and loans</p> <p>Encourage savings</p>	<p>Non-obligatory savings are extremely low.</p> <p>To increase the amount of borrowing to expand projects, it is necessary to increase assets. Therefore, promotion of savings is required.</p>	<p>Attract special members.</p> <p>Receive investment from public and private organizations. (Preferential dividends without voting rights)</p> <p>Promote compulsory savings connected to a variety of development programs.</p> <p>Set interest rates in line with market rates.</p> <p>Investigate savings at the rate of one bag of rice per hectare.</p> <p>Encourage savings thorough women's groups.</p>



<p>Divest savings and loans program</p>	<p>The amount of loans using own funds is low and the income from these loans is also low.</p>	<p>Organize contests and present awards. TV, motorbikes, audio equipment and scholarships.</p> <p>Increase own fund loans to three times more than the current level.</p> <p>Divest savings and loans so that the section and the accounting of the section are independent.</p> <p>Standardize, simplify and speed up loan procedures.</p>
<p>Shift to sub-loan funds</p>	<p>The current institutional fund loan programs provide commissions to KUD with little loan risk.</p>	<p>Shift current institutional fund loan system to a sub-loan funding system</p> <p>Implement appropriate interest rates for loans Set at levels to cover administration costs and allow a certain profit.</p> <p>Improve loan management capabilities by training Select borrowers, place loans, management and recovery.</p> <p>BRI should provide training and KUD should bear the cost.</p>
<p>5. Human resources development  Strengthen training</p>	<p>Insufficient training fund to train all the staff.</p> <p>There is no staff training program and it is not clear who is in charge of staff training in the sections.</p> <p>Insufficient staff and part-time workers are employed as</p>	<p>Secure training funding.</p> <p>Improve the capability of full-time and part-time staff by dispatching them outside for intensive training.</p> <p>Prepare and implement individual skills improvement program.</p> <p>Establish and implement annual training program inside sections.</p>

	support staff.	Establish and implement an appropriate salary structure.
6. Advisory projects  Strengthen agricultural advisory service	KUD has no plans to employ staff for agricultural advice and depends upon PPL in this area.  Dairy farmers must depend on the staff of the neighbouring PT. Berdikari.	Secure funding to employ a veterinarian. Request assistance from the stock farming laboratory, PT. Berdikari and the post-harvest training center to train staff to be responsible for the agricultural advisory service and provide information and training to stock farmers.

Summary of Project Evaluation

Project	FIRR (%)			Project cost (Rp1,000)	Project implementation effect			
	Basic	Case 1	Case 2		National level	Regional level		
	Case 3	Case 2	Case 3					
1. KUD TANI MUKUTI 1.1 Overall project 1.2 Small scale dairy products 1.3 Dairy cow & steer calf fattening 1.4 Feed mixing facility	5.6 4.1 6.7 2.6	4.9 2.8 6.2 1.6	4.8 2.8 6.1 1.7	4.1 1.4 5.6 0.7	6,405,180 2,098,000 3,309,000 998,180	a. Improvement of the milk and dairy products supply volume. b. Support to the national livestock promotion policy.	a. Stable supply of fresh milk and dairy products to the major cities such as Jakarta and Bandung. b. Improvement the productivity of livestock products through the distribution of formula feed	a. No. of farm households 5,590 b. Dairy farms households 700 c. Improved the management condition of the KUD and increase the agricultural income of farming household d. Expanded employment opportunities for rural women involved in milk collection.
2. KUD PASIR JAMBU 2.1 Overall project 2.2 Dairy cow rearing facility 2.3 Feed mixing facility	3.8 4.4 2.6	3.3 4.1 1.7	3.2 3.7 1.6	2.7 3.4 0.7	1,730,180 732,000 998,180	a. Improvement of cattle beef supply volume. b. Support to the national livestock promotion policy.	a. Contribution for the regional economy through the increase of beef cattle. b. Improvement the productivity of livestock products through the distribution of formula feed	a. No. of farms households 5,382 b. Dairy farms households 1,242 c. Improved the management condition of the KUD and increase the agricultural income of farming household d. Expanded employment opportunities for rural women involved in milk collection.
3. KUD WALATRA 3.1 Potato processing facility	5.3	4.8	4.7	4.2	7,083,000	a. Model case for the support to the small scale vegetable farmers.	a. Model case for the support to the small scale vegetable farmers.	a. No. of farms households 4,360 b. Vegetable farms households 4,000 c. Improved the management condition of the KUD and increase the agricultural income of farming household
4. KUD SIPATUWO 4.1 Rice mill plant + Mini grain processing facility	6.1	5.3	5.3	4.5	4,586,335	a. Stabilized supply of the rice to the national market. b. Improvement of the quality.	a. Contribution for the regional economy through the improvement of the rice mill quality. b. Effective use of broken rice due to milling.	a. No. of farms households 683 b. Rice farms households 683 c. Improved capabilities in rice processing technology which contributes to cooperative farming households and increase of the production of rice for the free market. d. Expanded employment opportunities for rural women involved in rice cake and flour production.
5. KUD SEMANGAT 5.1 Rice mill plant + Mini grain processing facility	6.7	5.9	5.9	5.1	4,389,161			a. No. of farms households 2,192 b. Rice farms households 2,192 c. Same as KUD SIPATUWO.
6. KUD MATUTU 6.1 Cattle fattening facility	3.0	2.3	2.3	1.8	3,192,574	a. Improvement of the cattle beef supply volume b. Support to the national livestock promotion policy.	a. Accelerated activity and diversification of regional farming due to the beef cattle production.	a. No. of farms households 3,551 b. Stabilizes operation of farms due to farming operations combined with rice paddy production.

\*Loan condition Annual interest: 5% (in case of KUD MATUTU: 3%) , Repayment period: 5 years, Grace period: 20years

\*Case 1 to case 3 shows the results of sensitivity analysis

## ATTACHMENT-5

Summary of Facility Plan for Model KUD

KUD	Facility	Contents
[BANDUNG] 1. TANI MUKUTI	(1) Small-scale dairy products facility	Capacity : processing raw milk 1,000 L/day cow milk packing 800 L/day yogurt packing 200L/day Operation personnel: 12 Scale of facility: 300m <sup>2</sup> Estimated investment cost: RP 2,098,000,000
	(2) Dairy cow and dairy steer calf fattening facility	Handling volume : introduction and selling approx. 500 dairy cows & 500 dairy steer per year Operation personnel: 114 Scale of facility: stall 3,500m <sup>2</sup> others 700m <sup>2</sup> Estimated investment cost: RP 3,309,000,000
	(3) Feed mixing facility	Handling volume: 1,200 ton/m Operation personnel: 19 Scale of facility: 1,000m <sup>2</sup> Estimated investment cost : RP 988,180,000
2. PASIR JAMBU	(1) Dairy cow rearing facility	Handling volume : Introduction and selling approx. 200 dairy cows per year Operation personnel: 32 Scale of facility: stall 700m <sup>2</sup> others 120m <sup>2</sup> Estimated investment cost: RP 732,000,000
	(2) Feed mixing facility	Handling volume: 1,200 ton/m Operation personnel: 19 Scale of facility: 1,000m <sup>2</sup> Estimated investment cost: RP 988,180,000
3. WALATRA	(1) Potato processing facility	Handling volume: stick 600 ton/m flour 150 ton/m Operation personnel: 66 Scale of facility: -4,000m <sup>2</sup> Estimated investment cost: RP 7,083,000,000
[SIDRAP] 1. SIPATUWO	(1) Rice mill plant	Handling volume: 1,200 ton/year Operation personnel: 21 Scale of facility: rice mill plant 1,626m <sup>2</sup> drying floor 3,000m <sup>2</sup> Estimated investment cost: RP 4,162,919,000
	(2) Mini grain processing facility	Handling volume: rice flour 135 ton/year grain flour 35 ton/year cake 500 pieces/day Operation personnel: 14 Scale of facility: plant 232 m <sup>2</sup> Estimated investment cost: RP 423,416,000

2. SEMANGAT	(1) Rice mill plant	Handling volume: 1,200 ton/year Operation personnel: 21 Scale of facility: rice mill plant 1,626m <sup>2</sup> drying floor 3,000m <sup>2</sup> Estimated investment cost : RP 3,898,401,000
	(2) * Mini grain processing facility	Handling volume: rice flour 135 ton/year grain flour 35 ton/year cake 500 pieces./day Operation personnel: 14 Scale of facility: plant 232 m <sup>2</sup> Estimated investment cost: RP 490,760,000
3. MATUTU	(1) Cattle fattening facility	Handling volume: 720 head/year Operation personnel: 30 Scale of facility: stall 1,280m <sup>2</sup> others 428m <sup>2</sup> Total 1,708m <sup>2</sup> x 2 Estimated investment cost: RP 3,199,574,000

\*KUD SEMANGAT included removed cost of existing facility.

## ATTACHMENT-- 6

### Training Plan for Personnel of the Facilities in 3 Model KUD in Bandung District

Facilities of KUD	Necessary subjects and training agency	Period of training
<b>KUD Tani Mukti</b> a) Small scale dairy products plant  b) Feed mixing plant  c) Dairy cow breeding and dairy steer cow fattening facility	Conduct on the job training for manager of the plant and technical staff by inviting a instructor from GKSI. The follow up guidance is to be given when needed. Quality control- plant manager 1, engineer 1 Health and hygiene- manager 1, operator 5 Quality control - blending design- 1 technical staff and 2 operators are to be trained at livestock experimental station and feed mill operated by GKSI. Breeding technology,hygien, feeding technology- 4 persons including veterinarian and the assistants are to be trained at livestock experimental station,	1 month 1 month 2 months  Veterinarian 4 months Assistants 2 months
<b>KUD Pasir Jambu</b> a) Dairy steer cow fattening facility  b) Feed mixing facility	Breeding technology, hygien, feeding technology- 4 persons including veterinarian and the assistants are to be trained at livestock experimental station. Quality control, blending design- 1 engineer and 2 operators are to be trained at livestock experimental station and feed mill of GKSI.	Veterinarian 4 months Assistants 2 months 2 months
<b>KUD Walatra</b> a) Potatoes processing facility	Staff in charge of operation and maintenance of machines are to be trained at the manufacturer. The staff responsible for quality control and processing technology are to be trained at overseas advanced in the technology.	3 months  Overseas 2 months
<b>Training Expenses</b>	Training expenses of above mentioned training in the Governmental organizations and KUD Federtions are basically free of charge.	

## ATTACHMENT-7

### Training Plan for Personnel of the Facilities in 3 Model KUD in Sidrap District

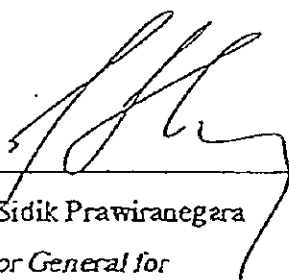
Facilities of KUD	Necessary subjects and training agency	Period of training
KUD Sipatuwo a) Rice mill processing & mini grain facility	Operation of rice mill: 3 operators are to be trained at Post Harvest Training Centre.	1 month
	Mini Grain operation: 3 operators are to be trained at the manufacturer of the machine	1 month
KUD Semangat a) Rice mill processing & mini grain facility	Operation of rice mill: 3 operators are to be trained at Post Harvest Training Centre.	1 month
	Mini Grain operation: 3 operators are to be trained at the manufacturer of the machine.	1 month
KUD Matutu a) cattle fattening facility	Breeding technology, hygien, feeding technology: veterinarian who works in the KUD is to be trained at livestock experimental station.	Veterinarian 1 year
	Feeding assistants: 18 assistants are to be trained at National Livestock Seeds Farm	1 month
Training Expenses	Training expenses of above mentioned training in the Governmental Organizations and KUD Federations are basically free of Charge	

ATTACHMENT-8

SCOPE OF WORK  
FOR  
A STUDY  
ON  
INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

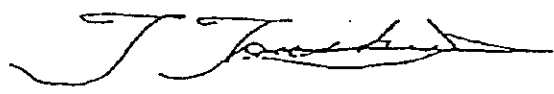
AGREED UPON  
BETWEEN  
DIRECTORATE GENERAL OF RURAL COOPERATIVES DEVELOPMENT,  
MINISTRY OF COOPERATIVES AND SMALL ENTERPRISES  
AND  
JAPAN INTERNATIONAL COOPERATION AGENCY

JAKARTA, NOVEMBER 23, 1995



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Mr. A. Sidik Prawiranegara  
*Director General for  
Rural Cooperatives Development,  
Ministry of Cooperatives and Small Enterprises*



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Mr. Tadashi TSUCHIYA  
*Leader  
Preparatory Study Team,  
Japan International Cooperation Agency*



## I. INTRODUCTION

In response to the request of the Government of the Republic of Indonesia (hereinafter referred to as "the Government of Indonesia"), the Government of Japan has decided to conduct a Study on Integrated Development Project for Rural Cooperatives in the Republic of Indonesia (hereinafter referred to as "the Study"), in accordance with the relevant laws and regulations in force in Japan.

Accordingly, Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of the Government of Japan, will undertake the Study in close cooperation with the authorities concerned of the Government of Indonesia.

The present document sets forth the Scope of Work with regard to the Study.

## II. OBJECTIVES OF THE STUDY

The objectives of the Study are:

- 1-1. To evaluate the activities of rural cooperatives (Koperasi Unit Desa ; hereinafter referred to as "KUD") in past years, and formulate a general strategy for activation of KUD aiming at increasing incomes of inhabitants in rural areas so that rural living conditions be improved.
- 1-2. To prepare Master Plans of re-orientation the activities of KUD in selected seven provinces by introducing factors of industrial cooperatives into KUD or strengthening existing function.
- 1-3. To prepare most feasible activation plan of KUD in two model areas.
2. To transfer technology, which is required on preparing plans, to the Indonesian counterpart personnel through on-the-job training in the course of the Study.

## III. STUDY AREA

The Study covers three different groups of provinces and/or Kabupaten depending on its objectives. (See location map attached as ANNEX I)

- Study area for the objective 1-1 : whole Indonesia
- Study area for the objective 1-2 : seven provinces, namely

Sumatera Utara, Lampung, Jawa Barat, Jawa Timur,  
Nusa Tenggara Barat, Kalimantan Selatan,  
Sulawesi Selatan

- Study area for the objective 1-3 : two Kabupaten, namely
  - Kab. Bandung in Jawa Barat
  - Kab. Sidrap in Sulawesi Selatan

#### IV. SCOPE OF THE STUDY

In order to achieve above objectives, the Study will consist of following three phases:

##### 1. Phase I

Formulation of a general strategy for activation of KUD.

- 1-1. To collect and review relevant existing data and information on the past activities of KUD.
- 1-2. To review relevant laws and regulations, and development plans (national plans, regional plans, Third Umbrella Cooperation for Integrated Agricultural and Rural Development, etc.).
- 1-3. To evaluate the past activities of KUD, before and after the achievement of self-sufficiency of rice.
- 1-4. To formulate a general strategy for re-orientation of KUD activities.

##### 2. Phase II

Formulation of Master Plans for seven provinces to activate KUD so that the rural living conditions be improved through development of farming.

- 2-1. To collect and review relevant existing data and information and to carry out field survey and investigation with regards to:
  - A. natural condition
  - B. social condition
  - C. agriculture
    - production
    - processing
    - demand
    - market
    - distribution
    - infrastructure

- farmers' economy
- supporting system
- others

#### D. KUD

- organization
- activities
- financial conditions
- others

#### E. other related information

2-2. To identify the constraints and potential for re-orientation the activities of KUD.

2-3. To formulate Master Plans for each Province. Major components of the Plans shall be tentatively as follows:

- KUD activation plan for the facilitation and the diversification of agricultural production
- KUD activation plan for the processing of agricultural produces
- KUD activation plan for the distribution of agricultural produces and products
- Human resources enhancing plan required for the re-oriented KUD activities
- KUD activation plan for the establishment of rural credit system

#### 3. Phase III

Implementation of a feasibility study in order to formulate the most appropriate plan of KUD activities in two model areas.

### V. STUDY SCHEDULE

The Study will be carried out in accordance with the attached tentative schedule. (See ANNEX II)

### VI. REPORTS

JICA shall prepare and submit the following reports in English to the Government of Indonesia.

#### 1. Inception Report

Thirty (30) copies at the commencement of the Phase I field study.

#### 2. Progress Report (1)

Thirty (30) copies at the end of the Phase I field study.

#### 3. Interim Report (1)

Thirty (30) copies at the commencement of the Phase II field study.

4. Progress Report (2)

Thirty (30) copies at the end of the Phase II field study.

5. Interim Report (2)

Thirty (30) copies at the commencement of the Phase III field study.

6. Progress Report (3)

Thirty (30) copies at the end of the Phase III field study.

7. Draft Final Report

Thirty (30) copies after the Phase III study. The Government of Indonesia will provide JICA with its comments on the Draft Final Report within one (1) month after receipt of the Draft Final Report.

8. Final Report

Fifty (50) copies within two (2) months after the receipt of the Government of Indonesia's comments on the Draft Final Report.

## VII. UNDERTAKING OF THE GOVERNMENT OF INDONESIA

1. To facilitate smooth conduct of the study, the Government of Indonesia shall take necessary measures:

1-1. to secure the safety of the Japanese study team,

1-2. to permit the members of the Japanese study team to enter, leave and sojourn in the Republic of Indonesia for the duration of their assignment therein, and exempt them from foreign registration requirements and consular fees,

1-3. to exempt the members of the Japanese study team from taxes, duties, fees and any other charges on equipment, machinery and other materials brought into the Republic of Indonesia for the conduct of the Study,

1-4. to exempt the members of the Japanese study team from income tax and charges of any kind imposed on or in connection with any emoluments or allowances paid to the members of the Japanese study team for their services, in connection with the implementation of the Study,

1-5. to provide necessary facilities to the Japanese study team for the remittance as well as utilization of the funds introduced into the Republic of Indonesia from Japan in connection with the implementation of the Study,

1-6. to secure permission for entry into private properties or restricted areas for the implementation of the Study.

- 1-7. to secure permission for the Japanese study team to take all data and documents (including photographs and maps) related to the Study out of the Republic of Indonesia to Japan.
  - 1-8. to provide medical services as needed. Its expense will be chargeable on the members of the Japanese study team.
2. The Government of Indonesia shall bear claims, if any arises, against the members of the Japanese study team resulting from, occurring in the course of, or otherwise connected with, the discharge of their duties in the implementation of the Study, except when such claims arise from gross negligence or willful misconduct on the part of the members of the Japanese study team.
  3. Directorate General of Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises (hereinafter referred to as "DGRCD") shall act as counterpart agency to the Japanese study team and also as coordinating body in relation with other governmental and non-governmental organizations concerned for the smooth implementation of the Study.
  4. DGRCD shall, at its own expense, provide the Japanese study team with the following, in cooperation with other organizations concerned :
    - 4-1. available data and information related to the Study,
    - 4-2. counterpart personnel (tentatively 10 persons),
    - 4-3. suitable office space with necessary equipment and furniture in Jakarta and study sites,  
and
    - 4-4. credentials or identification cards.

#### VIII. UNDERTAKING OF JICA

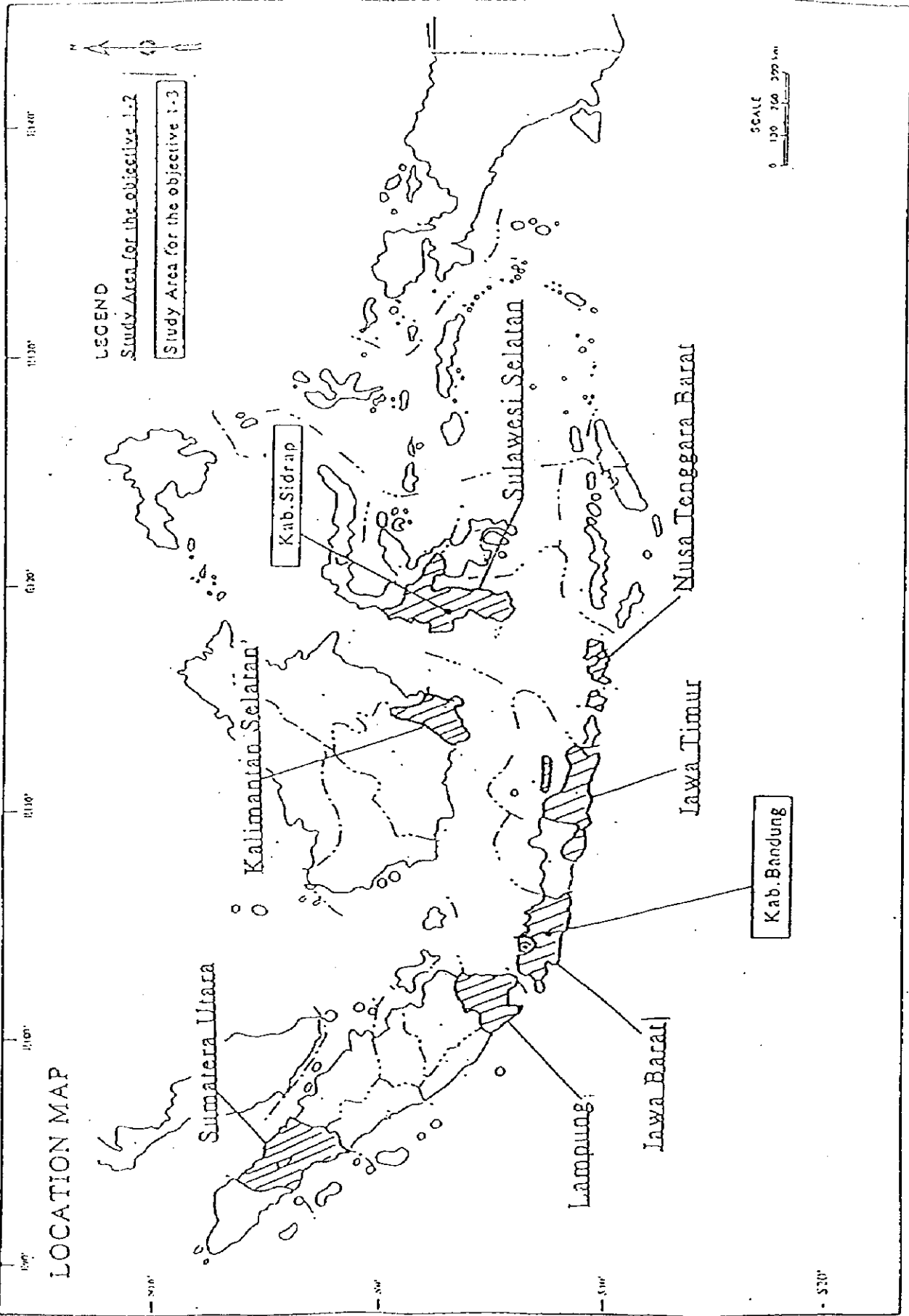
For the implementation of the Study, JICA shall take the following measures :

1. to dispatch, at its own expense, study teams to the Republic of Indonesia, and
2. to pursue technology transfer to the Indonesian counterpart personnel in the course of the Study.

#### IX. CONSULTATION

JICA and DGRCD shall consult with each other in respect of any matter that may arise from or in connection with the Study.

LOCATION MAP



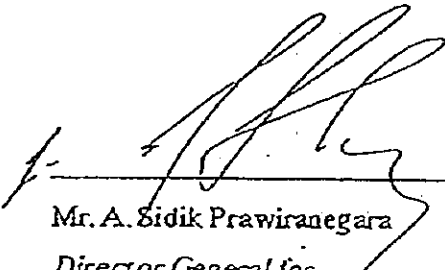
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ATTACHMENT-9

MINUTES OF MEETING  
ON  
SCOPE OF WORK  
FOR  
A STUDY  
ON  
INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

AGREED UPON  
BETWEEN  
DIRECTORATE GENERAL OF RURAL COOPERATIVES DEVELOPMENT,  
MINISTRY OF COOPERATIVES AND SMALL ENTERPRISES  
AND  
JAPAN INTERNATIONAL COOPERATION AGENCY

JAKARTA, NOVEMBER 23, 1995



---

Mr. A. Sidik Prawiranegara

*Director General for*

*Rural Cooperatives Development,*

*Ministry of Cooperatives and Small Enterprises*



---

Mr. Tadashi TSUCHIYA

*Leader*

*Preparatory Study Team,*

*Japan International Cooperation Agency*

# TENTATIVE SCHEDULE

ANNEX II

Month Item	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Work in Indonesia																										
Work in Japan																								◎		
Phase	← Phase I →					← Phase II →							← Phase III →													
Reports	△ IC/R	△ P/R (1)					△ IT/R (1)				△ P/R (2)						△ IT/R (2)	△ P/R (3)			△ DF/R			△ F/R		

(Remarks) IC/R: Inception Report    P/R: Progress Report  
 IT/R: Interim Report    DF/R: Draft Final Report    F/R: Final Report  
 ◎ Comments on DF/R by the Indonesian side



The preparatory study team (hereinafter referred to as "the Team") organized by the Japan International Cooperation Agency (hereinafter referred to as "JICA"), and headed by Mr. Tadashi TSUCHIYA, visited the Republic of Indonesia from November 14 to 25, 1995 for the purpose of discussing and confirming Scope of Work for a Study on Integrated Development Project for Rural Cooperatives in the Republic of Indonesia.

The Team had a series of discussions and changed views with the officials concerned of the Directorate General of Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises (hereinafter referred to as "DGRCD"), on Scope of Work for the Study. The list of participants in the meetings is attached in the Annex.

As a result of the discussions, DGRCD and the Team agreed on Scope of Work for the Study.

The following are the main issues discussed and agreed upon by both sides in relation to Scope of Work for the Study.

1. The Team suggested that a Steering Committee ( hereinafter referred to as "the Committee"), for smooth and effective implementation of the Study, be organized by relevant departments and organizations of the Government of Indonesia (including Ministry of Agriculture) before beginning of the Study. DGRCD agreed with the idea and promised to organize the Committee.
2. The Team requested that counterpart personnel to the Japanese study team, necessary for smooth and effective implementation of the Study, be assigned in Jakarta and study sites. DGRCD agreed with the idea and promised to be responsible for the assigning.
3. The Team requested that offices for the Japanese study team equipped with telephones, electricity, water supply and necessary number of desks and chairs be provided in Jakarta, Medan, Bandar Lampung, Bandung, Surabaya, Mataram, Ujung Pandang, Banjarmasin, and feasibility study sites. DGRCD promised to provide these offices at the commencement of the Study.
4. DGRCD requested that the following equipment necessary for the Study be procured by JICA and the Team promised to convey the request to the JICA headquarter in Tokyo.
  - vehicles
  - photocopy machine
  - computers
5. DGRCD requested counterparts training in Japan. The Team promised to convey the request to the JICA headquarter.

## LIST OF PARTICIPANTS

Secretary General

Drs. Soeyanto	Head, Bureau of Planning
Ir. Hendrianto	Staff, Bureau of Planning
Mr. Hideo WATANABE	JICA Expert, Bureau of Planning.
Mr. Toshio SHIMIZU	JICA Expert, Bureau of Planning

DGRCD

Mr. A. Sidik Prawiranegara	Director General for Rural Cooperative Development
Ir. Tegub Boediyana	Director for Livestock Cooperative Development
Ir. Wayan Suarja	Chief, Planning Division, Secretariat for DG
Drs. Hari Parwanto	Chief, Food Crops Agricultural Cooperative Sub-division
Drs. Faros S. Rochman	Chief, Animal Husbandry Cooperative Sub-division
Ir. Meliadi Sembiring	Chief, Evaluation and Report Division, Secretariat for DG
Mr. Haslan Yunus	Chief, Secretariat for DG
Ir. Mardjoko Pratomo	Section Chief, Estate Cooperative Sub-division

The Team

Mr. Tadashi TSUCHIYA	Leader
Mr. Hiroaki KINOSHITA	Member
Mr. Nobuo TAMESUE	Member
Mr. Yukiyasu YAMAKITA	Member
Mr. Yasuhiro NAGAI	Member
Mr. Kenichi MATSUMOTO	Member

Secretariat of Umbrella Cooperation III

Mr. Naotoshi KAKIYA	JICA Expert
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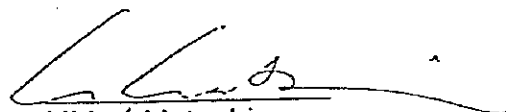
ATTACHMENT-10

MINUTES OF MEETING  
OF  
THE INCEPTION REPORT  
OF  
A STUDY ON INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

JAKARTA, FEBRUARY 15, 1996.



Mr. A. Sidik Prawiranegara  
Director General for  
Rural Cooperatives Development  
Ministry of Cooperatives  
and Small Enterprises



Midori Matsuhira  
Leader  
The Study Team,  
Japan International  
Cooperation Agency

Witnessed by :



Kenichi Matsumoto  
Agricultural Development Study Division,  
Agricultural, Forestry and Fisheries  
Development Study Department  
Japan International Cooperation Agency

A joint Meeting between Directorate General of Rural Cooperatives Development (hereinafter referred to as "DGRCD" and JICA Study Team (hereinafter referred to as "the Team") was held on February 13, 1996 at DGRCD office to discuss the contents of the Inception Report which was submitted to DGRCD on February 12, 1996.

After active discussion, the contents of the Inception Report were generally agreed upon by and between both parties.

Items confirmed were as follows :

1. DGRCD already organized the Steering Committee in accordance with S/W. The member list of the Committee is attached as Appendix I.
2. DGRCD already nominated counterparts, and the member list of the counterparts is attached as Appendix I.
3. It was recognized that such terminologies as " multipurpose cooperatives", "basic saving", "industrial cooperative" may be understood differently between Indonesian and Japanese Cooperatives. Therefore, when using these terminologies, both sides should clarify the interpretation of such words.
4. DGRCD will submit an application form for the training of the counterpart to the Government of Japan shortly.

*J. Y.*

*U. U.*

*K. M.*

## LIST OF ATTENDANT

### I. DGRCD

- |                           |   |
|---------------------------|---|
| 1. A. Sidik Prawiranegara | Director General for Rural Cooperatives Dev.                |
| 2. Tasman Pasaribu        | Senior Expert to the Minister                               |
| 3. Hedyono                | Secretary to DGRCD  |
| 4. Teguh Boediyana        | Director  |
| 5. Azwar Nauman           | Dir. Animal Husbandry Cooperative Dev.<br>Director          |
| 6. Wayan Suarja A.R       | Dir. Fishery Cooperative Dev.<br>Head of Program Div.       |
| 7. Suprpto                | Head of Marine Fishery Div.                                 |
| 8. Abdul Kadir Damanik    | Head of Institution and Facility Div.                       |
| 9. Faroz S. Rochman       | Chief, Animal Husbandry Cooperative Div                     |
| 10. Meliadi Sembiring     | Chief, Evaluation and Report Section,<br>Secretariat for DG |
| 11. M. Haslan Yunus       | Chief, Technical Cooperation Section,<br>Secretariat for DG |
| 12. Luhur P               | Chief, Institutional Section<br>Secretariat for DG          |
| 13. Bambang WK            | Section Chief, DGRCD  |
| 14. Rinie Sriyanti        | Chief, Horticulture Section.                                |
| 15. Edih Supriadi         | Section Chief, DGRCD  |
| 16. Pariaman Sinaga       | Section Chief, DGRCD  |
| 17. Tri Indratni          | Section Chief, DGRCD  |
| 18. M Rudi                | Section Chief, DGRCD  |

### II. BUREAU OF PLANNING

- |                   |   |
|-------------------|---|
| 1. Benny Pasaribu | Senior Staff                                |
| 2. D. Lumban Gaol | Head, Foreign Cooperation Div               |
| 3. Hendrianto     | Head, Foreign Technical Cooperation Section |

*u. a. K.M.*

### III. THE STUDY TEAM

- |                          |             |
|--------------------------|-------------|
| 1. Midori Matsuhira      | Leader      |
| 2. Toshio Shimizu        | Sub-leader  |
| 3. Daman Prakash         | Member      |
| 4. Jiro Hashiguchi       | Member      |
| 5. Mark Van Stywik       | Member      |
| 6. Sudarsono Hajosukarto | Member      |
| 7. Hiroshi Terunuma      | Coordinator |

### IV. JICA

- |                      |                   |
|----------------------|-------------------|
| 1. Kenichi Matsumoto | Officer in Charge |
|----------------------|-------------------|

*K.M.*

## APPENDIX I

### I. STEERING COMMITTEE

1. A. Sidik Prawiranegara	Chairman
2. Hedyono	Secretary
3. Suyanto	Member
4. Eiko Whismulyadi (Bappenas)	Member
5. Suharyo Husein (Min. of Agriculture)	Member
6. Muh. Taufik	Member
7. Teguh Boediyana	Member
8. Iyan Muchtar	Member

### II. WORKING TEAM / COUNTERPARTS

1. Hari Parwanto	Chairman
2. Wayan Suarja	Secretary
3. Faroz S. Rahman	Member
4. Abdul Kadir Damanik	Member
5. Tri Indratni	Member
6. Hendrianto	Member
7. Haslan Yunus	Member
8. Meliadi Sembiring	Member
9. Marjoko P	Member
10. Rini Srianti	Member

 K.M.

ATTACHMENT-11

MINUTES OF MEETING

FOR

PROGRESS REPORT (1)

A STUDY ON INTEGRATED DEVELOPMENT PROJECT

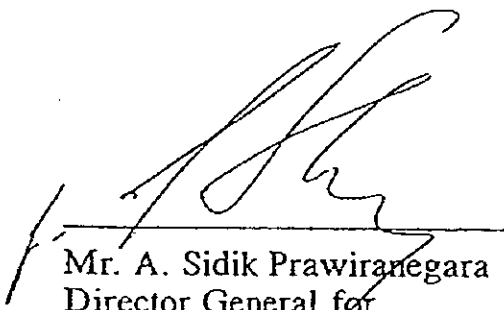
FOR

RURAL COOPERATIVES

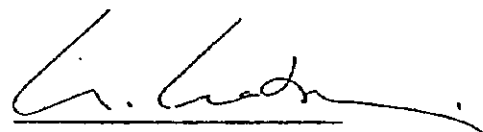
IN

THE REPUBLIC OF INDONESIA

JAKARTA, MARCH 22, 1996



Mr. A. Sidik Prawiranegara  
Director General for  
Rural Cooperatives Development  
Ministry of Cooperatives  
and Small Enterprises



Midori Matsuhiro  
Leader,  
The Study Team,  
Japan International  
Cooperation Agency



A joint Meeting between Directorate General of Rural Cooperatives Development (hereinafter referred to as "DGRCD" and JICA Team (hereinafter referred to as "the Team") was held on March, 22, 1996 at DGRCD office to discuss and exchange views on the contents of the Progress Report (1) and policies on Phase II Field Survey.

The meeting was chaired by Mr. A. Sidik Prawiranegara, Director General of Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises.

The Team headed by Mr. Midori Matsuhiko presented thirty (30) copies of Progress Report (1) at the end of the First Field Survey.

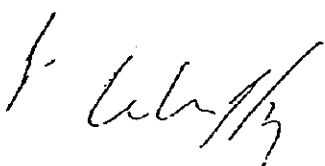
Mr. M. Matsuhiko thanked DGRCD for the kind cooperation extended to the Team, and briefed the participants about contents of the Report.

The list of participants attending the meeting is attached.

At the meeting, DGRCD has expressed that the Report is clear and comprehensive. Indonesian participants suggested the following points, and the Team had well noted of these kind suggestions, and promised to take due consideration in this regard. After discussion, DGRCD agreed with the contents of the Progress Report (1).

Cattle and poultry raising, post-harvest activities, participation of members, difficulties of communication including market information, horticulture including fruits, and PUSKUD/INKUD business relation with KUD should be studied in the Phase II.

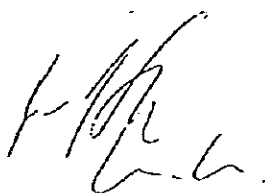
Mr. Matsuhiko appreciated efforts exerted by counterparts, especially in collecting data/information. He said he should appreciated very much if



DGRCD could provide the same kind of arrangements well in advance of Phase II Field Survey which will start June, 1996.

DGRCD had well noted of this.

Also at the meeting, Tentative Policies on Phase II Field Survey was discussed in order to set the Basic Plan for Integrated Development of KUD for the 7 Provinces as per attached sheet.

A handwritten signature in black ink, appearing to be 'F. M. L.', located in the bottom left corner of the page.

## Tentative Policies on Phase II Field Survey

1. When drafting the Basic Plan, due care should be taken concerning peculiar aspects of each province, and applicable methods for integration of KUD's activities.

2. Selection of KUD to be surveyed.

In principle, 5 KUD will be selected in each province. In order to meet the requirements prescribed in the Inception Report, agro-ecosystem and developmental stage of KUD are to be the basic criteria for selection.

3. Survey directly conducted by the Team.

It was requested to DGRCD to send some counterparts to this field survey in order to assist the Team and at the same time to make it possible for the Team to transfer technical know-how to the counterparts. DGRCD took note of this request.

4. Commissioned Field Survey

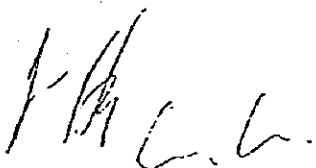
a. The survey will be commissioned to such third parties as University of Indonesia and Bogor Agricultural Institute.

b. Farm household survey will be conducted in 3 KUD in each province, and these KUD should be selected from among 5 KUD mentioned 2 above.

c. The Team asked DGRCD to issue, when required, necessary permission for the implementation of the Commissioned Field Survey.

5. Survey other than farm household survey.

This survey will be conducted in 7 provinces and also in 2 Kabupatens in each province. These Kabupatens should be selected from among Kabupatens where 5 KUD mentioned 2 above are located.



## LIST OF ATTENDANT

### I. STEERING COMMITTEE

1. A. Sidik Prawiranegara Director General, Rural Cooperatives Dev.
2. M. Taufiq Director, Coop. Research and Development
3. Teguh Boediyana Director, Animal Husbandry Coop. Dev.
4. Iyan Muchtar Director, Food Crops & Horticulture Coop. Dev.

### II. COUNTERPARTS

1. Hari Parwanto Division Chief, Food Crop
2. Wayan Suardja Division Chief, Program
3. Faroz Rahman Division Chief, Animal Husbandry
4. Hendrianto Section Chief, Foreign Cooperation
5. Mardjoko Section Chief, Estate Crops
6. Haslan Yunus Section Chief, Technical Cooperation

### III. SECRETARIAT GENERAL

1. D. L. Gaol Division Chief, Foreign Cooperation

### IV. DGRCD

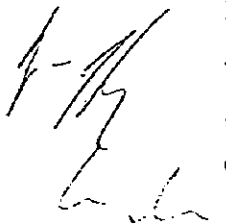
1. Luhur Pradjarto Section Chief, Institutional

### V. JICA

1. Tetsuya Otomo JICA Expert
2. Nuotoshi Kakiya JICA Expert
3. Masao Okawa JICA Expert

### VI. THE STUDY TEAM

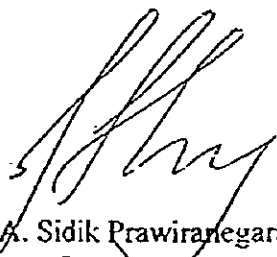
1. Midori Matsuhira Leader
2. Toshio Shimizu Sub-Leader
3. Daman Prakash Member
4. Jiro Hashiguchi Member
5. Shigeri Fukamachi Member
6. Hiroshi Terenuma Member



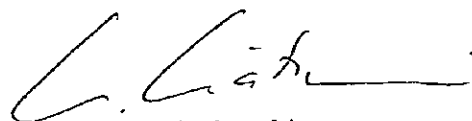
ATTACHMENT-12

MINUTES OF MEETING  
ON  
PROGRESS REPORTS (II)  
FOR  
THE STUDY ON INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

JAKARTA, December 5th, 1996



Mr. A. Sidik Prawiranegara  
Director General for  
Rural Cooperatives Development  
Ministry of Cooperatives  
and Small Enterprises



Midori Matsuhiro  
Leader  
The Study Team,  
Japan International  
Cooperation Agency

A joint Meeting between Directorate General for Rural Cooperatives Development (here in after referred to as "DGRCD" and JICA Team (here in after referred to as "the Team") was held on December 5th, 1996 at DGRCD office to discuss and exchange views on the contents of the Progress Report (II).

The meeting was chaired by Mr. A. Sidik Prawiranegara, Director General for Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises.

The Team headed by Mr. Midori Matsuhira submitted officially thirty (30) copies of Progress Report (II) at the end of the Second Field Survey. First of all, Mr. M. Matsuhira thanked DGRCD for the heart-felt cooperation extended to the Team during the Phase II survey, and then briefed the participants about contents of the Report.

The list of participants attending the meeting is attached.

At the meeting, DGRCD has expressed that the Report is clear and comprehensive. After discussion, the following points were agreed upon by and between DGRCD and the Team.

1. DGRCD has duly acknowledged the contents of the Progress Report (II) which includes the following items :
  - (1) Directions of KUD Development
  - (2) Results of the Phase II Survey including commissioned survey
  - (3) Tentative Clarification of Hampering Factors and Possibilities of KUD Activation in the Seven Provinces (each province)
  - (4) Tentative Basic KUD Activation Promotion Plan (for each 7 Provinces)
  - (5) Basic Plan for Selecting model KUD for the Phase III Study
  - (6) Policies and methods of the Phase III Study
  - (7) Basic matters of the Interim report
  
2. The Team will move into the next stage of the Study to prepare the Interim Report based upon the Progress Report (I) & (II) in relation with Inception Report.

During the exchange of views, Indonesian participants have suggested the following points, and the Team has noted well these kind suggestions.



- (1) It is requested that in preparing the Basic Plans for KUD Development, due care should be taken not to be inconsistent with the existing government plans and programmes, and should be in close cooperation with Indonesian Government.
  
- (2) Some technical errors were pointed out such as statistical numbers, unit of Rupiah, etc

The Team requested that it should be appreciated if DGRCD consider on necessary budgetary allocation for both national and local counterparts for their visit to phase III Field Study. DGRCD well noted of it.

It was suggested by DGRCD that phase III study should start from June 1997 after the Election which takes place on 29th May, 1997.



## LIST OF ATTENDANT

### I. STEERING COMMITTEE

1	A. Sidik Prawiranegara	Director General, Rural Cooperatives Dev.
2	M. Taufiq	Director, Coop. Research and Development
3	Teguh Boediyana	Director, Animal Husbandry Coop. Dev.
4	Iyan Muchtar	Director, Food Crops & Horticulture Coop. Dev.
5	Mr. Suharyo Husein	Director, International Cooperation Bureau, Ministry of Agriculture
6	Mr. Slamet Sudarsono	Bappenas
7	Yandri Ali	Ministry of Agriculture

### II. COUNTERPARTS

1	Hari Parwanto	Division Chief, Food Crop.
2	Wayan Suardja	Division Chief, Program
3	Faroz Rahman	Division Chief, Animal Husbandry
4	Hendrianto	Section Chief, Foreign Cooperative
5	Mardjoko	Section Chief, Estate Crops
6	Haslan Yunus	Section Chief, Technical Cooperation
7	Meliadi Sembiring	Section Chief Report and Evaluation
8	Rinie Sri Yanti	Section Chief of Coop. Horticulture
9	Tri Indratni	Section Chief of Coop. Fishing

### III. SECRETARIAT GENERAL

1	D.L. Gaol	Division Chief, Foreign Cooperation
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### V. JICA

1	Naotoshi Kakiya	JICA Expert (Ministry of Agriculture)
2	Hajime Nakahigashi	JICA Expert (Ministry of Agriculture)
3	Masao Okawa	JICA Expert (Ministry of Coop. & SE)

### VI. THE STUDY TEAM

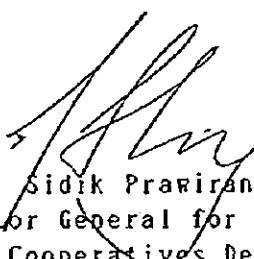
1	Midori Matsuhira	Leader
2	Toshio Shimizu	Sub-Leader
3	Daman Prakash	Member
4	Jiro Hashiguchi	Member
5	Shigeri Fukamachi	Member
6	Hiroshi Terunuma	Member
7	Takeshi Saito	Member
8	Sudarsono Hardjosoekarto	



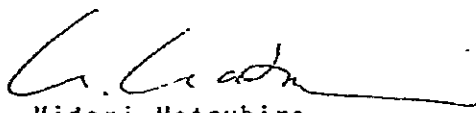
ATTACHMENT-13

MINUTES OF MEETING  
ON  
INTERIM REPORT  
FOR  
THE STUDY ON INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

JAKARTA, July 2nd, 1997

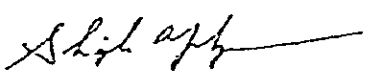


Mr. A. Sidik Prawiranegara  
Director General for  
Rural Cooperatives Development  
Ministry of Cooperatives  
and Small Enterprises



Midori Matsuhira  
Leader  
The Study Team,  
Japan International  
Cooperation Agency

Witnessed by:



Shigeki Yokoyama  
Member  
Advisory Committee  
Japan International Cooperation Agency

A Joint Meeting between Directorate General for Rural Cooperatives Development (hereinafter referred to as "DGRCD" and JICA Team (here in after referred to as "the Team") was held on July 2nd, 1997 at DGRCD office to discuss and exchange views on the contents of the Interim Report. The meeting was chaired by Mr. A. Sidik Prawiranegara, Director General for Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises.

The Team headed by Mr. Midori Matsuhira sent officially thirty(30) copies of the Interim Report in April, 1997 by air-mail, and DGRCD duly acknowledged the receipt. First of all, Mr. M. Matsuhira thanked DGRCD for the heart-felt cooperation extended to the Team during the Phase II survey, and then briefed the participants about contents of the Report. The list of participants attending the meeting is attached.

At the meeting, DGRCD expressed that he found analysis in the report satisfactory and basic plans practicable. After discussion, the following points were agreed upon by and between DGRCD and the Team.

1. It was agreed that, as written in the Inception Report, in the Phase III Study, KUD-specific development plan which is practical and applicable should be proposed.
2. It was emphasized that the cooperation and collaboration between government ministries concerned, especially between Ministry of Cooperatives and Small Enterprises and Ministry of Agriculture should be more and more promoted.
3. It was agreed that the KUD self-efforts should be considered as one of the most important factors and government and external assistance should be based on such self-efforts.

The Team will move into the next stage of the Study to prepare the Draft Final Report based upon the Progress Report (I)(II)(III), and the Interim Report.

During the exchange of views, Indonesian participants have suggested the following points, and the Team has noted well these kind suggestions.

1. Apart from KUD, some explanation of specialized secondary level organization was presented.
2. Study without action should be carefully avoided.
3. Integrated approach should be emphasized and managerial and technical skill should be developed.

4. Rice center program should be considered.

5. Due care must be taken in proposing amalgamation of KUD.

## List of Attendants

### I Steering Committee

1. A Sidik Pawiranegara Director General, Rural Cooperative Division
2. Ir. Teguh Budiyan, Msc Member
3. Wayan Sidhya Ministry of Agriculture

### II Counterparts

1. Ir. A. Kadir Mamanik, MM
2. Drs. Hari Parwani
3. Ir. Tri Indratni
4. Ir. Marjoko
5. Ir. Fitriatun
6. Drs. Faros Abdul Rahman
7. Ir. Hendrianto
8. Ir. Zahril Rustam
9. Drs. M. Haslan Yunus
10. Ir. Rini Sriyanti

### III Secretary General

1. Drs. Soeyanto

### IV JICA

1. Masao Okawa JICA Expert
2. Naotoshi Kakiya JICA Umbrella Cooperation
3. Hajime Nakahigashi JICA Umbrella Cooperation
4. Masahiro Tawa JICA Representative Office

### V JICA Advisory Committee Team

1. Shigeki Yokoyama Advisory Team Leader
2. Nobuyuki Kobayashi Coordinator

### VI The Study Team

1. Midori Matsuhira Leader
2. Toshio Shimizu Sub-leader
3. Daman Prakash Member
4. Jiro Hashiguchi Member
5. Mark A Van Steenwyk Member
6. Sudarsono Hajosukarto Member
7. Hiroshi Terunuma Coordinator

ATTACHMENT-14

MINUTES OF MEETING

ON

PROGRESS REPORT (III)

FOR

THE STUDY ON INTEGRATED DEVELOPMENT PROJECT

FOR

RURAL COOPERATIVES

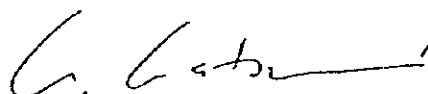
IN

THE REPUBLIC OF INDONESIA

JAKARTA, August 22nd , 1997



Drs. Hedyono  
Director General for  
Rural Cooperatives Development  
Ministry of Cooperatives  
and Small Enterprises



Midori Matsuhira  
Leader  
The Study Team  
Japan International  
Cooperation Agency

A joint Meeting between Directorate General of Rural Cooperatives Development (hereinafter referred to as "DGRCD" and JICA Team (hereinafter referred to as "the Team") was held on August 22nd , 1997 at DGRCD office to discuss and exchange views on the contents of the Progress Report (III). The meeting was chaired by Drs. Hedyono, Director General of Rural Cooperatives Development, Ministry of Cooperatives and Small Enterprises.

The Team headed by Mr. Midori Matsuhira presented thirty (30) copies of Progress Report (III) at the end of the Phase III Field Survey.

In the opening address, Mr. M. Matsuhira expressed his most sincere gratitude to DGRCD for his kind advise and assistance extended to the Team during the Phase III survey. He emphasized, among others, the invaluable cooperation and collaboration by the Ministry of Cooperatives and Small Enterprises, the Ministry of Agriculture, and BAPPENAS in connection with the Study.

Then, he went on to explain the contents of the Progress Report III.

The list of participants attending the meeting is attached.

At the meeting, DGRCD expressed that the Report focused on the feasible plans to activate 6 selected KUD, and that the outcome of the Report was agreeable to him.

He wished that these plans be brushed up in preparing the Draft Final Report.

After discussion, the following points were agreed upon by and between DGRCD and the Team.

1. Basic matters to be included in the Draft Final Report should be as written in the Progress Report III in general.
2. It is recognized that in preparing the Draft. Final Draft, due care should be taken for inter-relations between many lines of business activities of the KUD, keeping in mind that the human resources development is a core for the KUD development.

During the exchange of views, Indonesian participants have suggested the following points, and the Team has noted well these kind suggestions.

1. Consistant decription between characteristics, problems and basic plan should be made clearly.
2. Regarding the source of necessary funds needed, what the KUD can do, what the central & local government can do would have to be mentioned, and in case of need of external assistance, the reasons should be emphasised.

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*l. l.*

## List of Attendants

- 1 Steering Committee
  - 1 Drs. Hedyono Director General, Rural Cooperative Development
  - 2 Ir. Teguh Budijana, MSc. Director
  - 3 Dr. Ir. M. Taufik, MSc. Research and Development Agency
  - 4 Suharyo Husein, SE Director International Cooperation Department, Ministry of Agriculture
  - 5 Ir. Tyan Mochtar E., MN Director of Cooperative & Food Crop
- 
- II Counterparts
  - 1 Ir. A. Kadir Damanik, MM
  - 2 Drs. Hari Parwanto
  - 3 Ir. Tri Indratni
  - 4 Ir. Marjoko
  - 5 Ir. Fitriatun
  - 6 Ir. Hendrianto
  - 7 Ir. Zahril Rustam
  - 8 Drs. M. Haslan Yunus
  - 9 Ir. Meliadi Sembiring, MSc.
- 
- III JICA
  - 1 Naotoshi Kakiya JICA Umbrella Cooperation
  - 2 Hajime Nakahigashi JICA Umbrella Cooperation
  - 3 Masahiro Tawa JICA Representative Office



IV The Study Team

1	Midori Matsuhira	Leader
2	Toshio Shimizu	Sub-leader
3	Daman Prakash	Member
4	Jiro Hasiguchi	Member
5	Shigeri Fukamachi	Member
6	Tetsuo Mizobe	Member

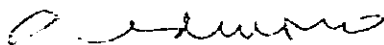
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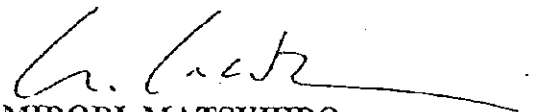
ATTACHMENT-15

MINUTES OF MEETING  
ON  
DRAFT FINAL REPORT  
FOR  
THE STUDY ON INTEGRATED DEVELOPMENT PROJECT  
FOR  
RURAL COOPERATIVES  
IN  
THE REPUBLIC OF INDONESIA

Jakarta, February 18th, 1998.

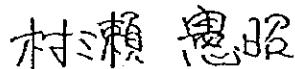


HEDIYONO  
Director General for  
Rural Cooperative Development  
Ministry of Cooperatives and  
Small Enterprises.

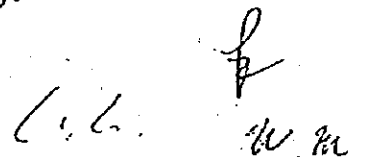


MIDORI MATSUHIRO  
Leader  
The Study Team,  
Japan International  
Cooperation Agency.

Witnessed by :



NORIAKI MURASE  
Coordinator  
The Advisory Team  
Japan International Cooperation Agency.



A committee meeting between Directorate General for Rural Cooperatives Development (hereinafter referred to as "DGRCD") and JICA Team (hereinafter to as "The Team") was held on February 17th, 1998 at DGRCD office to discuss and exchange views on the contents of the Draft Final Report.

The meeting was chaired by Mr. Iyan Muchtar Effendy, Director for Food Crop Cooperative, DGRCD, Ministry of Cooperatives and Small Enterprises.

Mr. Midori Matsuhira reported that thirty (30) copies of Draft Final Report together with thirty (30) copies of Appendices were sent to DGRCD in advance, and DGRCD duly acknowledged the receipt of the same.

In the opening address, Mr. M. Matsuhira expressed his many thanks to DGRCD for his kind advise and assistance extended to the Team during the survey. He emphasized, among others, the invaluable cooperation and collaboration by the Ministry of Cooperatives and Small Enterprises, the Ministry of Agriculture, and BAPPENAS in connection with the Study.

Then, he went to explain the contents of the Draft Final Report.

The List of Participants attending the meeting is attached.

At the meeting, on behalf of Director General of DGRCD, the Chairman expressed that the outcome of the Report was generally acceptable to him.

At the meeting, following points were presented by the participants.

Participants appreciated and expressed thanks for the efforts of the Team.

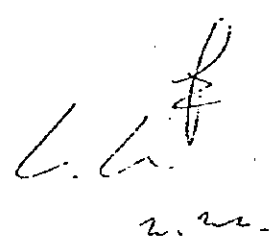
As to merger of KUD in line with amalgamation, several participants showed keen interest, and the Team suggested that necessary information in this regards should be sent by the Central Union of Agricultural Cooperatives. It was agreed that such information should not be included in the Final Report.

Regarding the Draft Recommendations, it was agreed that, in connection with KJA, not only the reduction of auditing fee but also further recognition by KUD of the importance of audit by KJA for the credibility of KUD should be considered.

It was agreed that, the most important future steps to be taken should be how to realize the suggestion by the Team. In implemetation under Third Umbrella Cooperation, support by the Ministry of Cooperatives and Small Enterprises, Ministries concerned, and also support of JICA were eagerly requested.

The Indonesian side agreed that the Final Report would be available to any persons who have interest in the Study results.


The writing comments on the Report will be made by the Indonesian side and will be sent, if any, to JICA Indonesian Office by March 16th, 1998.

Handwritten signature and initials in the bottom right corner of the page.

## LIST OF ATTENDANTS

- I. **Steering Committee :**
1. Iyan Muchtar Effendy. Director for Food Crop Cooperative, DGRCD.
  2. Suharyo Husein. Head, Bureau of Foreign Cooperation, Ministry of Agriculture.
- II. **Counterparts :**
1. Abd. Kadir Damanik. Division Chief of Program.
  2. Meliady Sembiring. Division Chief of Institution and Facilities.
  3. Rohadi Danu Wikarsa. Division Chief of Food Crops Cooperative.
  4. Fitriyatun. Division Chief of Animal Husbandry.
  5. Hari Parwanto. Division Chief of Inspectorate General.
  6. Tri Indratni. Section Chief of Inland Fisheries Coop.
  7. Hendrianto. Section Chief of Bilateral Cooperation.
  8. M. Haslan Yunus. Section Chief of Technical Cooperation.
- III. **DGRCD Staffs :**
1. Soebroto.
  2. Tasman Pasaribu.
  3. Maleawan Basuki.
  4. Bambang WK.
- IV. **JICA Advisory Team :**
1. Mr. Noriaki Murase. Coordinator.
- V. **JICA Indonesia Office :**
1. Mr. Masahiro Tawa.
- VI. **JICA Expert :**
1. Mr. Naotoshi Kakiya.
- VII. **Study Team :**
1. Mr. Midori Matsuihiro. Leader.
  2. Mr. Toshio Shimizu. Sub-leader.

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C. L. N. W.

## ATTACHMENT-16

### Name List of the Study Team Members and Counterparts

#### I. Study team members

- |                              |             |             |
|------------------------------|-------------|-------------|
| 1. Mr. Midori Matsuhira      | Team leader | (JA ZENCHU) |
| 2. Mr. Toshio Shimizu        | Sub-leader  | (JA ZENCHU) |
| 3. Mr. Jiro Hashiguchi       | Member      | (JA ZENCHU) |
| 4. Mr. Shigeri Fukamachi     | Member      | (JA ZENCHU) |
| 5. Mr. Daman Prakash         | Member      | (JA ZENCHU) |
| 6. Mr. Mark Van Steenwyk     | Member      | (JA ZENCHU) |
| 7. Mr. Sudarsono Hajosukarto | Member      | (JA ZENCHU) |
| 8. Mr. Takeshi Saito         | Member      | (SSC)       |
| 9. Mr. Tetsuo Mizobe         | Member      | (SSC)       |
| 10. Mr. Riichiro Kitamura    | Member      | (JA ZENCHU) |
| 11. Mr. Mutsumi Gando        | Member      | (SSC)       |
| 12. Mr. Hiroshi Terunuma     | Coordinator | (JA ZENCHU) |

#### II. Counterparts (Ministry of Cooperatives and Small Enterprises Development)

- |                           |                   |
|---------------------------|-------------------|
| 1. Mr. A. Kadir Damanik   | Chief Counterpart |
| 2. Mr. Hari Parwant       | Counterpart       |
| 3. Ms. Tri Indratni       | Counterpart       |
| 4. Mr. Marjoko            | Counterpart       |
| 5. Ms. Fitriatun          | Counterpart       |
| 6. Mr. Faros Abdul Rahman | Counterpart       |
| 7. Mr. Hendrianto         | Counterpart       |
| 8. Mr. Zahril Rustam      | Counterpart       |
| 9. Mr. M. Haslan Yunus    | Counterpart       |
| 10. Ms. Rini Sriyanti     | Counterpart       |



## Exchange Rate

(As of August 1997)

1 US Dollar = 2, 5 7 6 Rupiah

1 US Dollar = 1 1 9. 5 5 Yen

1 Yen = 2 1. 5 4 7 Rupiah







