

Appendix 4. Minutes of Discussions

Basic Design Field Survey

Draft Report Explanation

**MINUTES OF DISCUSSIONS
ON THE BASIC STUDY
ON
THE PROJECT
FOR
HUMAN RESOURCES DEVELOPMENT FOR
FISHING TECHNOLOGY
AND FISHERIES RESOURCES MANAGEMENT IN SEMARANG
IN
THE REPUBLIC OF INDONESIA**

In response to a request from the Government of the Republic of Indonesia, (hereinafter referred as "the Government of Indonesia"), the Government of Japan has decided to conduct a Basic Design Study on the Project for Human Resources Development for Fishing Technology and Fisheries Resources Management in Semarang (hereinafter referred to as "the Project"), and entrusted the study to Japan International Cooperation Agency (JICA).

JICA sent to Indonesia the Basic Design Study Team (hereinafter referred to as "the Team"), that is headed by Mr. Hiroto TAGUCHI, Fisheries Policy Planning Department, Fisheries Agency, and is scheduled to stay in the country from 19 January to 11 February 2000.

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

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

Jakarta, 27 January, 2000

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Ministry of Sea Exploration
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ATTACHMENT

1. Objective of the Project

The objective of the Project is to construct the Fishing Technology Development Center and to supply appropriate equipment in order to improve the function and support optimal activities.

2. Project Site

The site of the project is located in Semarang as shown in Annex-1 attached with the registration from prepared by the Indonesian side.

3. Responsible and Implementing Agency

The responsible and Implementing Agency is the Directorate General of Fisheries, Ministry of Sea Exploration and Fisheries.

4. Items requested by the Government of the Republic of Indonesia

After discussions with the Team, Indonesian side finally requested the items described in Annex-2. JICA will assess the appropriateness of the request and will recommend to the Government of Japan for approval.

5. Japan's Grant Aid Programme

- 5-1 Indonesian side has understood the system and characteristics of Japan's Grant Aid Programme explained by the Team, as described in Annex-3.
- 5-2 Subject to the approval of Government of the Republic of Indonesia, Indonesian side will take the necessary measures, as described in Annex-4, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

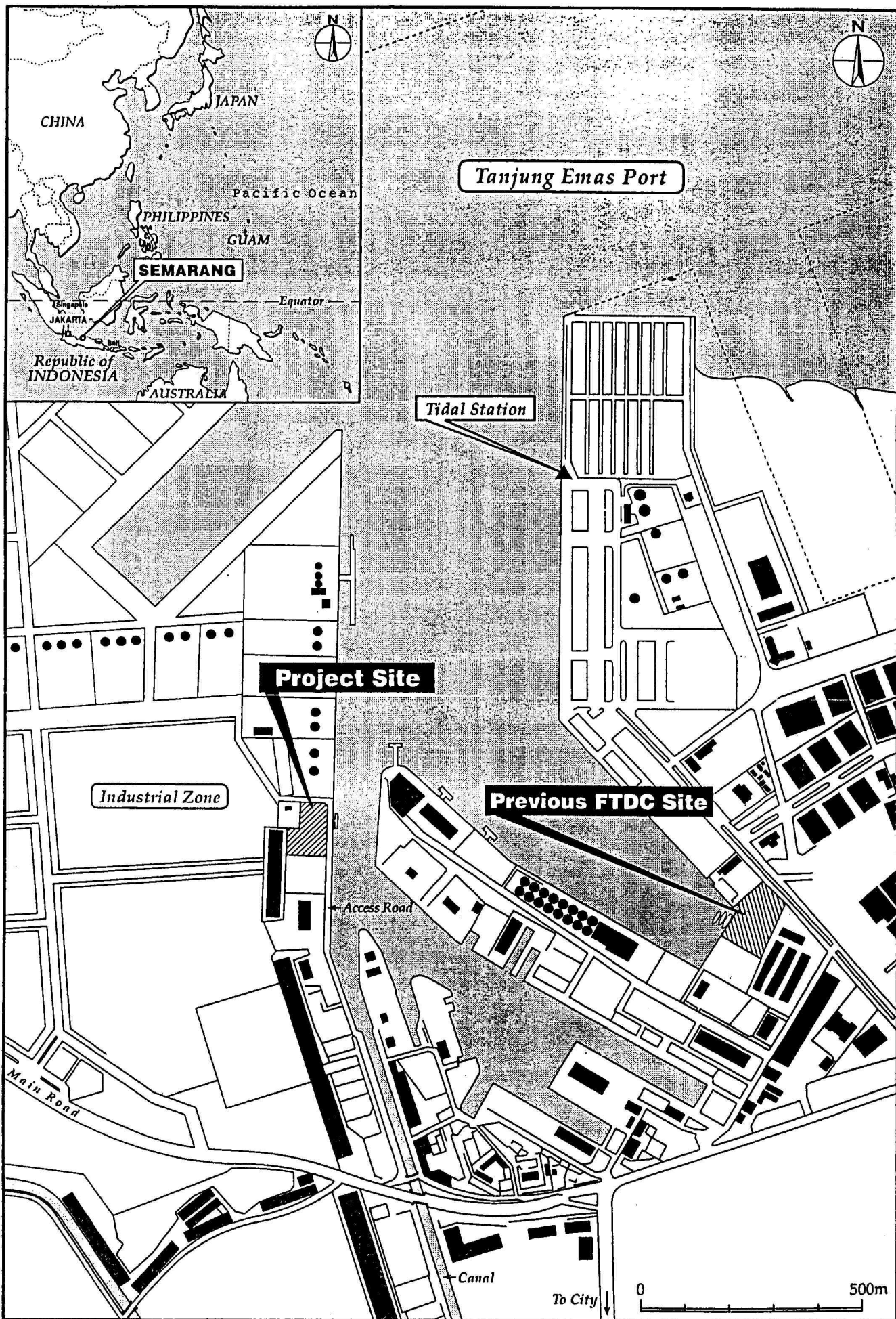
6. Schedule of the Study

- 6-1 The consultants will proceed to further works in Indonesia until 11 February.
- 6-2 JICA will prepare the draft report in English and dispatch a mission in order to explain its contents around May, 2000.
- 6-3 In case of that the contents of the report is accepted in principle by the Government of the Republic of Indonesia, JICA will complete the final report and send it to the Government of the Republic of Indonesia by September, 2000.

7. Other relevant issues

- 7-1 Indonesian side has agreed to allocate the budget enough to operate and maintain the Project properly (especially after completion of the Project).
- 7-2 Indonesian side has agreed not to obtain the budgets to operate and maintain the project through any kind of method that is prohibited by the principle of Japan's Grant Aid Programme.
- 7-3 Both sides agreed that Indonesian side is responsible for the management, administration, finance and personnel matters for the Center.
- 7-4 Both sides agreed that the following matters are required to be executed and to be reported to JICA Indonesia office by Indonesian side, occasionally.
 - 1) Continuous survey of the land level at the proposed project site (before the building construction start, to be reported once in three months, at least).
 - 2) Necessary maintenance work to keep the land's level at the proposed project site (Original designated level should be maintained basically).
 - 3) Continuous management of the annual training plan which is to be complied with Indonesian mid-term development plan, in the field of Fisheries.

- 7-5 Both sides agreed that the priority of the request item of the "Service Jetty" is rather lower than that of the "New Building" and "Equipment".
- 7-6 Both sides agreed that the requested item of "Lecture room cum conference room" could be omitted only when the Team recognizes that the existing conference room's function is mostly same as requested item, through the Team's analysis.
- 7-7 The Team has understood that the function of the requested item of the "Community hall" is for trainee's communication, relaxation, and dining uses when the training courses are implemented.
- 7-8 Both sides agreed that the function of the requested item of the "Study rooms" both for two persons and four persons are only for trainee's study and discussion.
- 7-9 The request of transportation bus in order to transport trainees between their accommodation and the Center is added by Indonesian side during the discussion (See Annex-2). The Team will analyze the background and necessity of the additional request through data and information that will be collected.



LOCATION OF PROJECT SITE

Items requested by the Government of the Republic of Indonesia

Facilities Construction & Equipment Supply

- a) Building for Fishing Technology Promotion
 - 1) Fishing & navigation simulation room
 - 2) Fishing machinery training room (cum fishing gear trial manufacturing room)
 - 3) Engine operation & maintenance training room
 - 4) Storage, etc.
 - 5) Lecture room
 - 6) Lecture room cum conference room
 - 7) Study room; 2 person room
 - 8) Study room; 4 person room
 - 9) Community hall
 - 10) Laboratory

- b) Equipment for Fishing Technology Promotion
 - 1) Fishing & Navigation simulation equipment
 - 2) Fishing machinery training equipment
 - 3) Engine and machinery demonstration equipment
 - 4) Lecture equipment
 - 5) Workshop equipment

- c) Small scale multipurpose fishing boat

- d) Service Jetty
For mooring boats

- e) Bus for trainee's transportation

Japan's Grant Aid Programme

1. Grant Aid Procedures

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

- **Application** (A request made by the recipient country)
- **Study** (Preparatory Study / Basic Design Study conducted by JICA)
- **Appraisal & Approval**
(Appraisal by the Government of Japan and Approval by the Cabinet of Japan)
- **Determination of Implementation**
(Exchange of Notes between the Governments of Japan and the recipient country)
- **Implementation** (Implementation of the Project)

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

Secondly, JICA conducts the study (Basic Design Study) using (a) Japanese consulting firm(s). If the backgrounds and objective of the requested project are not clear, a Preparatory Study is conducted prior to a Basic Design Study.

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

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

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

2. Basic Design Study

(1) Contents of the study

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

- a) To confirm background, objectives, and benefits of the Project and also institutional capacity of agencies concerned of the recipient country necessary for Project implementation.
 - b) To evaluate appropriateness of the Project for the Grant Aid Scheme from a technical, social and economic point of view.
 - c) To confirm items agreed on by the both parties concerning the basic concept of the Project.
 - d) To prepare a basic design of the Project.
 - e) To estimate costs involved in the Project.
- Final project components are subject to approval by the Government of Japan and therefore may differ from an original request.
- Implementing the project, the Government of Japan requests the recipient country to take necessary measures involved which is itemized on Exchange of Notes.

(2) Selection of Consultants

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

The consultant firm(s) used for the Study is (are) recommended by JICA to the recipient country to also work on the Project's implementation after the Exchange of Notes, in order to maintain technical consistency.

(3) Status of a Preparatory Study in the Grant Aid Programme

A Preparatory Study is conducted during the second step of a project formulation & preparation as mentioned above.

A result of the study will be utilized in Japan to decide if the Project is to be suitable for a Basic Design Study.

Based on the result of the Basic Study, the Government would proceed to the stage of decision making process (appraisal and approval).

It is important to notice that at the stage of Preparatory Study, no commitment is made by the Japanese side concerning the realization of the Project in the scheme of Grant Aid Programme.

3. Japan's Grant Aid Scheme

(1) What is Grant Aid?

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

(2) Exchange of Notes (E/N) —

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

(3) Period

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

(4) Purchase of the Products and or Services

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

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

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

(5) Necessity of "Verification"

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

(6) Undertakings required of the Government of the Recipient Country

(As described in Annex-4, -5)

(7) Proper Use

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

(8) Re-export

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

(9) Banking Arrangements (B/A)

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

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

Necessary Measures to be taken by the Government of the Republic of Indonesia

Following necessary measures should be taken by the Ministry of Sea Exploration and Fisheries on condition that the Grant Aid by the Government of Japan is extended to the Project:

1. To provide data and information necessary for the Project.
2. To complete the relocation of the existing equipment, facilities and civil works required prior to the construction of the facilities and installation of the equipment.
3. To provide facilities for distribution of electricity, water supply, telephone, drainage, sewage and other incidental items required for the Project.
4. To allocate appropriate budget and staff members for the proper and effective operation and maintenance of facilities and equipment provided under the Grant Aid.
5. To bear commissions to the Japanese foreign exchange bank for its banking services based upon the Banking Arrangement, namely the advising commission of the "Authorization to Pay" and payment commission.
6. To ensure prompt unloading, tax exemption, customs clearance at the port of disembarkation and prompt internal transportation therein of the materials and equipment for the Project purchased under the Grant Aid.
7. To exempt Japanese juridical and physical nationals engaged in the Project from customs duties, internal taxes and other fiscal levies which may be imposed in Indonesia with respect to the supply of the products and services under the verified contracts.
8. To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into Indonesia and stay therein for the performance of their work in accordance with the relevant laws and regulations of the Republic of Indonesia.

9. To provide necessary permissions, licenses and other authorizations for implementing the Project, if necessary.
10. To maintain and use properly and effectively the facilities constructed and the equipment provided under the Project in responsibility of the Ministry of Sea Exploration and Fisheries.
11. To bear all the expenses, other than those to be borne by the Japan's Grant Aid within the scope of the Project.

Major Undertakings to be taken by Each Government

NO	Items	To be covered by Grant Aid	To be covered by Recipient side
1	To secure land		●
2	To clear, level and reclaim the site when needed		●
3	To construct gates and fences in and around the site		●
4	To construct the parking lot	●	
5	To construct roads		
	1) Within the site	●	
	2) Outside the site		●
6	To construct the building	●	
7	To provide facilities for the distribution of electricity, water supply, drainage and other incidental facilities		
	1) Electricity		
	a. The distributing line to the site		●
	b. The drop wiring and internal wiring within the site	●	
	c. The main circuit breaker and transformer	●	
	2) Water Supply		
	a. The city water distribution main to the site		●
	b. The supply system within the site (receiving and/or elevated tanks)	●	
	3) Drainage		
	a. The city drainage main (for storm, sewer and others) to the site		●
	b. The drainage system (for toilet sewer, ordinary waste, storm drainage and others) within the site	●	
	4) Gas Supply		
	a. The city gas main to the site		●
	b. The gas supply system within the site	●	
	5) Telephone System		
	a. The telephone trunk line to the main distribution frame / panel (MDF) of the building		●
	b. The MDF and the extension after the frame / panel	●	
6) Furniture and Equipment			
a. General furniture		●	
b. Project equipment	●		
8	To bear the following commissions to a bank of Japan for the banking services based upon the B / A		
	1) Advising commission of A / P		●
	2) Payment commission		●
9	To ensure prompt unloading and customs clearance at the port of disembarkation in recipient country		
	1) Marine(Air) transportation of the products from Japan to the recipient country	●	
	2) Tax exemption and customs clearance of the products at the port of disembarkation		●
	3) Internal transportation from the port of disembarkation to the project site	(●)	(●)

10	To accord Japanese nationals whose services may be required in connection with the supply of the products and the services under the verified contract such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work		●
11	To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contract		●
12	To maintain and use properly and effectively the facilities constructed and equipment provided under the Grant Aid		●
13	To bear all the expenses, other than those to be borne by the Grant Aid, necessary for construction of the facilities as well as for the transportation and installation of the equipment		●

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