Chapter 1

Background of the Project

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1-1 Current Situation and Problems in the Sector concerned

1-1-1 Current Situation and Problems

- (1) The broadcasting situation in Indonesia
 - 1) The progression of liberalization policies

With the collapse of the Suharto Government in May of 1998 after 32 years in power, liberalization policies began to take place in a number of sectors in which it had until then been suppressed. This trend was particularly remarkable with respect to the mass media. In 1999, President Habibie instructed Minister of Information T. Younes to initiate legal reforms to allow greater liberalization of "the newspaper and magazine law" and "the film law", and to revise "broadcasting laws" which is only recently enacted and officially promulgated in September of 1997.

Laws governing newspapers and magazines were consequently revised in September 1999, and proposals for revised broadcasting laws were submitted to Parliament, but due to a parliamentary general election, the proposals were shelved. Furthermore, some critics say that the contents of the laws were drawn up under the old political system, and therefore are not appropriate in the present situation. Given these circumstances, the above-mentioned laws are still in effect.

2) Organizing the implementation of TV broadcasting

As a result of investigations into the status of Television of the Republic of Indonesia (TVRI), conducted after the abolishment of the Ministry of Information on October 26, 1999, TVRI was made an independent public corporation in August 2000, in keeping with the thinking that the organization would propagate the spread of fair and impartial television broadcasts throughout the country.

Consequently, all of the programs broadcast today are beginning to reflect a higher awareness of viewers' requirement as a whole than that reflected in conventional programs.

Maintenance and expansion of the broadcasting network
 TVRI covers more than 80 percent of the entire Indonesian population, while the

biggest commercial TV broadcasting station in the country covers less than 50 percent.

For this reason, many rural areas around regional cities are able to view only TVRI broadcasts. And for many people, particularly those living on isolated islands and in other remote places around the country, TVRI is the only accessible source of information.

As the national TV broadcaster, TVRI has worked to expand its network to cover the entire country and, with aid from Japan, has replaced a wide range of its facilities and equipment. Presently, much of its equipment is old and deteriorated, so maintaining the normal functions of the equipment has become a significant issue. Furthermore, TVRI is trying to improve the contents of its programs in keeping with its new status as a public corporation. The problems with the equipment and the program transmission lines between Jakarta TVRI and regional stations have led to a shortage in the number of program transmissions from those stations to Jakarta TVRI.

4) Commercial TV broadcasting stations

As liberalization progresses in Indonesia, many commercial TV stations have emerged in the country. According to a survey conducted in November 2001, there were eight commercial TV stations broadcasting and three stations preparing to begin broadcasting.

The profusion of new commercial TV stations appearing on the scene will undoubtedly cause intense struggles for viewer ratings.

The various commercial stations are backed by funding from large conglomerates and run their businesses efficiently, using small but highly skilled workforces, giving them a favorable economic situation. Moreover, they produce and broadcast programs and commercials that are tailored to meet viewers' requirements. When producing and reporting news programs, for instance, they receive signals through digitized in-house LAN networks, and process the signals using non-linear editing equipment, to deliver the completed program to viewers. Given these circumstances, commercial TV stations are at an advantage in the struggle for audience ratings in large cities.

(2) TVRI broadcasting hours

Television of the Republic of Indonesia (TVRI) broadcasts two types of programs: national programs, and those aimed at the metropolitan area of Jakarta. National programs account for 19.5 hours of daily broadcasting time, from 5 a.m. to 12:30 a.m., while metropolitan programs account for 3.5 hours and are broadcast from 5:30 p.m. to 9 p.m. daily.

When a request for aid was submitted to the government of Japan, TVRI had 16.6 hours of broadcasting time, but this was extended to 19.5 hours after the new president took office in July of 2001. Of the three additional broadcast hours, two have been allotted to the News Division, which is gradually assuming a larger percentage of the total broadcast hours.

The increase of TV broadcast hours are shown in Fig. 1-1-1, while Table 1-1-1 and Table 1-1-2 show the programming tables at the point when the aid request was submitted. The program percentages are indicated in Fig. 1-1-2.



Fig. 1-1-1 Improvement of News & Information Program

	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY		
04.45	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5		
04:45 05:00			THE OPEN	ING AND TECHNICA	AL PATTERN				
05.55			DIVI	NE/SPIRITUAL PRO	GRAM				
05:55 06:00			BRII	OGING/FILLER/TUNE/PROM	AOSI/STOP PRESS				
	2 (TWO) HOURS ONLY (NEWS SHOW)								
07:55 08:00	BRIDGING/FILLER/TUNE/PROMOSI/STOP PRESS EDUCATION /ENTERTAINMENT ENTERTAINMENT (MUSIC)								
08:30 08:55	EDUCATION	V/ENTERTAINMEN		ENTERTAINMENT INCIAL PACKED (DO	\				
09:00			FEATURE OF	-	D.U.A		OVER THE AGE		
	CHILDREN PROGR	AM COMPUT	ER ASIA PACIFIC	^C BETTER YOU KNOW		WOMEN'S WORLD	MISCELLANEOUS		
09:55 10:00			BRIDGI	NG/FILLER/TUNE/PRO	MOSI/STOP PRESS	BBOADCAST &			
10:55	SPORTS		ENTE	RTAINMENT		BROADCAST & POEM	MUSIC PROGRAM		
11:00			BRII	OGING/FILLER/TUNE/PROM	AOSI/STOP PRESS				
11:55				TALK SHOW					
12:00	BRIDGING/FILLER/TUNE			HYMNE PENUTUP S	IARAN				
13:30	MUSIC TRADITIONAL			BR	EAK				
14:45	FILM STORY								
14.45			D.D.U		ERN AND OPENED				
15:30			BRIL	DGING/FILLER/TUNE/PROM NEWS 15	1081/STOP PRESS				
15:50	RELIGIOUS PROGRA	AM ENTERTAINME	ENT CHILDREN S	CIENCE & TECHNOLOGY	FIGURE L	IBRARY'S WORLD	FEATURE		
16:00	STUDY &		1	HIBURAN ANA	K (LAN)				
16:30 16:55	SING	QUIZ FOR STUD		~	JIZ FOR STUDENTS	APPEAL	PATH		
17:00			BRIL	OGING/FILLER/TUNE/PROM NEWS 17	AOSI/STOP PRESS				
17:30 17:55	LIBRARY	CUI	TURAL REGION	AL PACKED (ENTER	TAINMENT) MOS	SLEM PROGRAM	ANIMAL' WORLD		
18:00 18:15				VILLAGE'S VAR	RIETY		COMIC		
18:55 19:00	STUDENT'S PROGRAM		DR	AMA SERIES		VILLAGE PROGRAM	COMIC		
19:30				NEWS 19			OUIZ WHO WANT		
19:55 20:00	ENTERTAINMENT			GING/FILLER/TUNE/PROM	OTES/STOP PRESS	1	TO BE		
20:30	MUGIC	TRADI- TIONAL MUSIC JAZZ	NEW INDONESIA	- 5	ENTERTAINMENT	DRAMA TRADITIONAL	MILLIONAIRE		
21:00	SELECTION MUSIC	MUSIC PROGRAM	SMS	HI ENTERTAINMENT MUSIC	MUSIC		HI U TRADITIONAL		
21:30 21:55	SELECTION MOSIC	MODIC I ROORAM		DEO'S MEMORIES	OTES/STOD DRESS		Y. N		
22:00			BRID	GING/FILLER/TUNE/PROM BULLETIN MAG			SPORT		
23:00		MUSIC	CULTUDE			HIRKOR	STORT		
23:30		MUSIC	CULTURE	VARIETY	DRAMA	HUMOR			
23:55	UNDER SEA MEDIATION	PROGRAM	TRADITIONAL	SHOW		1	CULTURE		
24:00	CLOSE BROADCAST	HYMN					TRANSITIONAL		
						01:00 01:05	MEDIATION		
						01:05			

Table 1-1-1 TVRI Program Schedule (Nationwide Broadcasts)

CLOSE BROADCAST HYMN

:News



Table 1-1-2 TVRI Program Schedule (Metropolitan Area Broadcasts)





Compositional percentages by news program



Fig. 1-1-2 Compositional percentages of the various programs for National Program

(3) Equipment in the News Division

Programs broadcast by TVRI are produced in two divisions: the Program Production Division, which produces general programs, and the News Division, which produces news-related and informational programs.

News Division programming accounts for 51 percent of the company's total TV broadcast hours. However, because of equipment problems, program production has become less efficient.

The root cause of these problems is the delay in upgrading the equipment and innovating the technology, but because of budgetary limitations, little progress has been made.

Most of the production equipment (news cameras, editing machines, etc.) is old analog equipment, but as shown in Table 1-1-3 and Table 1-1-4, it is in active use, at full operation around the clock.

Equipment	Survey period	Usage time / period	Frequency of use / period	Average frequency of use / day	Average frequency of use (hours) / day
1. A/B roll editing system	12 days	161.0	31	2.6	7.6*1 (95%)*2
2. 1:1 editing system No. 1	14 days	199.0	61	4.3	$14.2^{*1} (180\%)^{*2}$
3. 1:1 editing system No. 2	14 days	210.5	58	4.1	$15.0^{*1} (190\%)^{*2}$
4. 1:1 editing system No. 3	14 days	191.0	56	4.0	$13.6^{*1} (170\%)^{*2}$
5. 1:1 editing system No. 4	14 days	177.0	52	3.7	$12.6^{*1} (157\%)^{*2}$

 Table 1-1-3
 Usage Track Records of Editing Equipment

*1: Includes the number of times that the audio dubbing system is used

*2: Numeric values in parentheses indicate the utilization factor, assuming an eight-hour workday.

No.	Camera name	Running condition (as of 2001/9/10)	Year of manufacture	Usage time per day (hours)	Frequency of use per day
1	R1- (ISTANA)		1998	11.25	1.75
2	R1-	×	1992	6.75	1.37
3	BTS-1		1995	5.5	1.00
4	BTS-2	×	1995	6.0	1.12
5	BTS-4	×	1994	Breakdown during survey period	-
6	BTS-5	×	1994	Breakdown during survey period	-
7	BTS-6	×	1994	Breakdown during survey period	-
8	BTS-7	×	1994	Breakdown during survey period	-
9	BTS-8		1994	6.25	1.12
10	BTC-PUTIH		1997	8.0	1.5
11	BTC-4	×	1995	6.75	1.12
12	WAPRES		2000	6.87	1.37
13	BTC-10	×	1992	Breakdown during survey period	-
14	BTC-11	×	1992	Breakdown during survey period	-
15	BTC-MO1	×	1995	7.75	1.25
16	THOMSON-		1997	Breakdown during survey period	-
17	JVC-A		1998	7.62	1.37
18	JVC-B	×	1998	5.5	1.125
19	JVC-C		1998	4.5	0.75
20	DVCPRO-A		1997	8.12	1.5
21	DVCPRO-B	×	1997	7.87	1.5
22	DVCPRO-C		1997	7.1	1.37
23	PANASONIC-	×	2000	8.75	1.5
24	PANASONIC-		2000	7.0	1.25
25	PANASONIC-		2000	9.25	1.87
26	PANASONIC-IV		2000	8.5	1.75
27	PANASONIC-V		2000	9.25	1.62
28	PANASONIC-VI		2000	7.62	1.5
29	PANASONIC-VII		2000	6.12	1.12
30	PANASONIC-VIII		2000	12.3	1.87
31	BTC-3		1992	5.25	0.87

Table 1-1-4 Usage Track Records of News Coverage Cameras

1-1-2 Development Planning

(1) Higher-precedence planning

The first democratic election in the Republic of Indonesia, which took place in June 1999, gave rise to a new government, and in October of that year national development planning spanning the years 2000 through 2004 was formulated. As part of the five-year plan starting from 2000 and extending through 2004, a development program relating to information communication and the mass media was formulated.

This development program relating to information communication and the mass media emphasizes improvement of the quality of information services, and encompasses activity policies and indices such as those listed below.

Efforts to propagate a balance of information among all levels of Indonesian society will be supported.

In recognition of the freedom of the press, reporting organizations will maintain an approach to reporting that is both professional and truthful, and the quality of reporting and the social welfare of those covered by the reporting will be improved in such a way that laws and human rights are respected.

In order to boost the ability of the Indonesian people to compete in today's era of globalization, the quality of information communication in various fields will be improved, through research in information communication technology and application of that technology.

The development of high-quality privately owned television stations and public broadcasting organizations will be stimulated, and expedient measures provided to that end.

Plans will be implemented to improve the contents of broadcasts by state-run television stations, and to expand services in the neighboring areas.

The objective of this development program is to provide the people with a greater selection of information, to avoid distrust and suspicion between the state and the people,

and to eliminate discrepancies in the ability of the various segments of the population to obtain information, such discrepancies posing a potential threat to the unification of the country. The basic activities of the program are as described below.

- To provide and propagate the information that people are calling for
- To achieve a more complete range of domestic information services
- To achieve a more complete range of international information services

Along with the above circumstances, the Television of the Republic of Indonesia (TVRI) became a public corporation for the first time since being established in 1962 as a staterun television broadcasting station. At the same time, freedom of the press was permitted, and TVRI has taken on an increasingly large and important role as a medium of public broadcast.

Because of longterm social chaos in the Republic of Indonesia, however, it cannot be denied that TVRI has been slow to update its technology. As the country entered a new era of broadcasting in which networks assumed a primary role, the need for a reformation in the areas of technology and equipment has become particularly urgent.

1-1-3 The Socioeconomic Situation

Ever since the Suharto administration was installed, Indonesia has been giving priority to measures aimed at active economic development. Although the country experienced temporary economic difficulties in the mid-1980s, the government has been promoting a revamping of the economic configuration of the country by means of various governmental policies such as a relaxation of restrictions since the latter 1980s. Factors such as an increasing deficit in the balance of current accounts and a high level of outstanding foreign debt must be taken into consideration, but at the same time, up until the point of the currency crisis that struck the country, the economic situation in Indonesia was strong overall, in terms of macro statistics.

However, the crisis that hit Asian currency and financial institutions in July 1997 dealt a severe blow to the Indonesian economy. Since that time, the Indonesian government, based on the agreement of the IMF, has been striving to restore the confidence of the international market through package-type structural economic reforms, in particular renovation programs

aimed at restoring the soundness and security of the financial sector, along with regulating privately owned banks and relaxing restrictions.

In terms of economic activities, looking at the gross national production rate categorized by economic activity in 1999, the manufacturing industry held the top position at 26%, followed by the agricultural and fishery sector at 17%, the commerce, hotel, and other sectors at 16%, the mining industry at 10%, and the service sector at 9.8%. The GDP rose slightly in the first half of 2000, at the same percentages, indicating that an economic recovery is underway.

		1990	1996	1997	1998	
Population (1,000 people)		181,580	197,055	200,390	203,678	
Nominal	Total (\$ 1 million)	101,151	213,384	221,533	130,600	
GNP	Per person (dollars)	560	1,080	1,110	640	
Current revenues and expenditures (\$ 1 million)		-2,988	-7,663	-4,889	4,096	
Government revenues and expenditures (1 billion rupiahs)		798	10,847	-603	-9,638	
Consumer price index (1995 = 100)		65.5	108.0	115.2	181.7	
DSR (%)		33.3	36.6	30.0	33.0	
Foreign deb	preign debt balance (\$ 1 million)		128,940.0	136,170.0	150,870.0	
Exchange ra (annual aver	change rate mual average, US\$ 1 =@@ rupiah)		2,342.30	2,909.38	10,013.60	
Classificatio	on (DAC)	Low-income country				
Surface area	(1,000 km ²)	1,811.60				

 Table 1-1-5
 Principal Economic Indices in Indonesia

(Figures supplied by ODA white paper, 2000)

1-2 Background, Details and Outline of the Request for Grant Aid Cooperation

1-2-1 Background and Details of the Request

Since television broadcasting began in 1962 in Indonesia, it has been under the control and management of the Directorate General of Radio, TV and Film (RTF) of the Ministry of Information (DEPPEN). The state-owned television station has operated under the broadcasting administration of the bureau, and through the Television Division within the bureau.

When the first-generation Abdurraman Wahid cabinet was launched on October 26, 1999, the Ministry of Information was abolished under the new policy that information should be controlled by the people rather than the state. At the same time, the Directorate General of RTF was also abolished. Prior to that, in September 1999, under the government of President Habibie, laws governing newspapers and magazines were revised--eliminating the need for permission from the Ministry of Information in order to publish newspapers and magazines-and the print media were liberalized.

Indonesia's first broadcasting laws were officially announced and implemented on September 29, 1997. Factors such as the following led directly to the need for a system of broadcasting laws:

- Commercial broadcasting stations had emerged after 1989, along with the state-run broadcasting station.
- 2) Broadcasting media of different types (interactive, multimedia, etc.) had appeared.
- 3) Rapid advances and developments in broadcasting technology had made control problematic under existing regulations.

At the same time, however, within less than eight months of the laws being enacted and promulgated, it was decided that the broadcasting laws would be revised, and currently a bill for that purpose is being formulated.

Indonesia extends approximately 5,000 km from east to west, and approximately 2,000 km from north to south, making it the largest archipelago nation in the world. It comprises over 15,000 islands of various sizes, and has a population exceeding 200 million. Making use of the broadcasting media as a means of delivering information to the highly diverse

Indonesian population scattered over this vast expanse of land was one of the basic policies put forth by the government.

Amid the social background described above, significant changes have taken place in the environment encompassing the sector of broadcasting, and TVRI now faces the following challenges:

(1) Intense competition for viewer ratings because of the many commercial TV stations being established.

Licenses were granted to five commercial TV stations in 1989, under the Habibie government, during the second term for granting such licenses. Under the liberalization policy of Minister of Information T. Younes, licenses were granted to another five commercial TV stations in October 1999, in the third license-granting term that took place at the end of the Habibie government. Currently, eight commercial television stations are licensed to operate, as indicated in the table below, and this has thrust broadcasting stations into an era of intense competition for viewer ratings in order to survive.

Term when license was granted	Name of broadcasting station and year of establishment
First license-granting term (1962)	TVRI (1962)
Second license-granting term (1989)	RCTI (1989)
	TPI (1991)
	ANTEVE (1993)
	SCTV (1993)
	INDOSIAR (1995)
Third license-granting term (1999)	METRO-TV (2000)
	Trans-TV (2001)
	TV-7 (preparing to open)
	La-TV (preparing to open)
	Global TV (preparing to open)

(2) Fulfilling the responsibilities and obligations of a public broadcaster

Since TVRI was first established in 1962, it was defined as a state-owned TV station operated under the control of the Directorate General of RTF of the Ministry of Information. The Ministry of Information was abolished in 1999, and TVRI became a public corporation (PERJAN) in August 2000. In accordance with that transition, the station became an independent entity, assuming the responsibility for its own news programming, as well as its own management and equipment planning. After becoming a public corporation, TVRI was also called on more strongly to perform its mission as a public broadcaster, and issues such as operating the vast network of facilities and equipment that covered 82% of the population, assuring profits, and cultivating and ensuring the highly specialized personnel resources needed in order to fulfill that mission became significant priorities.

The largest commercial TV station covers only 50% of the population, and focuses primarily on metropolitan areas, whereas TVRI covers 82% of the population, including both metropolitan and regional areas. Currently, many regional areas are able to receive transmission signals only from TVRI, and the station is assuming an increasingly larger role in providing broadcasting services to these areas.

(3) Deterioration of the broadcasting equipment at the TVRI Jakarta station and at regional stations

For both TVRI and RRI, much of the network expansion and facilities renovation that has taken place has been handled through overseas aid. In the News Division at TVRI Jakarta in particular, insufficient news coverage equipment, deteriorated equipment and equipment breakdowns pose an increasing threat to broadcasting enterprises. Additionally, of the 395 broadcasting transmitters owned by the TVRI network, the functions have deteriorated in about one-third because of old, deteriorated equipment, and measures to renovate and upgrade the equipment are urgently needed. Given this background, replacing and expanding the equipment in the News Division is crucial for TVRI.

1-2-2 The Content of the Request

A request for grant aid cooperation was submitted in October 2000 by the government of Indonesia, under the title "Indonesian Television (TVRI) News Equipment Refurbishment Planning".

The project would be implemented using a renovated building that was the former RTF Engineering Center, on the site of the TVRI headquarters in Jakarta, and would involve refurbishment of news equipment and materials. The contents of the requested equipment

and materials are as follows.

А	1-to-1 editing systems	5 set
В	A/B roll editing systems	2 set
С	Non-linear editing systems	2 set
D	On Air VTR systems	3 set
E	Foreign program recording systems	4 set
-		~ ~
F	Camera systems for news coverage	25 set
F G	Camera systems for news coverage Studio recording VTR systems	25 set 3 set
-	•	20 500
G	Studio recording VTR systems	3 set
G H	Studio recording VTR systems Character generators	3 set 3 set

1-3 Trends in Aid From Japan

The following shows the results of international cooperation in the broadcasting field.

(1) Project-type technical cooperation

Project name	Duration of cooperation	Outline
Radio and Television Broadcasting Training Center (MMTC: Multi- Media Training Center)	October 1983 to October 1992	Training of key personnel (at the managerial candidate level) required as the broadcasting network in Indonesia expanded

(2) Numbers of trainees accommodated, by fiscal year

Year	~'90	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
No.	187	14	14	4	3	5	0	3	3	8	241

(3) Numbers of experts dispatched, by fiscal year

Year	~ '90	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
No.	218	17	19	7	10	6	5	6	7	10	305

(4) Figures for grant aid cooperation

Date of note exchange	Amount (1 million yen)	Target project
August 20, 1982	1,915	Planning to build radio and television broadcasting training center (MMTC)
October 27, 1988	502	Comprehensive editing and dubbing system for television media
December 28, 1990	830	Planning to strengthen broadcasting technology (MMTC-related)
April 17, 1997	497	Planning to provide materials/equipment for television broadcasting technical training facility (TVTC)
Total	3,744	4 projects

(5) Figures for yen loans

Date of note exchange Amount (1 million yen)		Target project			
July 27, 1973	1,224	Expansion of broadcasting network			
September 20, 1974	2,432	Expansion of broadcasting network			
September 20, 1974	832	Planning to expand television broadcasting network			
September 20, 1974	1,225	Planning to expand medium-wave broadcasting network			
September 20, 1974	185	Planning to expand television broadcasting network			
October 14, 1975	786	Expansion of broadcasting network			
October 14, 1975	1,730	Expansion of television network			
December 26, 1985	6,507	Planning to expand radio and television broadcasting networks (Phase I)			
November 30, 1987	8,603	Planning to expand radio and television broadcasting networks (Phase II)			
December 13, 1990	7,478	Planning to improve radio and television broadcasting facilities (Phase I)			
October 29, 1993	708	Planning to improve radio and television broadcasting facilities (Phase II)			
December 1, 1995	5,318	Planning to improve radio and television broadcasting facilities (Phase III)			
Total 37,028		4 projects			

(6) Figures for development studies

Year	M/P	F/S	Target project
1984			Comprehensive development planning for radio and television
1989			Comprehensive development planning for radio and television

(7) In addition, public support is being provided through the Ministry of General Affairs (formerly the Ministry of Posts and Telecommunications) through cooperation from related organizations, in the form of the dispatch of foreign experts who provide technical support, the implementation of international collaboration projects, research by persons related to governmental organizations, the holding of international conferences, seminars, exhibitions, and other events, and the employment of key personnel.

1-4 Trends in aid from other donors

There has been no grant aid provided through support from other donors in the broadcasting field. At the same time, however, there have been a number of cases of support for RRI, the principal items being listed below.

No.	Name of Aid	Donor's Name	Year of Implementation	Project Cost
1	Establishment of New RRI Broadcast Station and Extension Facilities	Austria	1994	Asch 349.8 million
2	The Supply, Delivery, and Installation of Short Wave Radio Transmitter Equipment	UK	1994	£ 12 million