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REPORT AND RECOMMENDATION
OF THE
PRESIDENT
TO THE
EXECUTIVE DIRECTORS
ON A PROPOSED LOAN
TO
THE REPUBLIC OF INDONESIA
FOR AN
AGRICULTURAL RESEARCH AND EXTENSION PROJECT

April 23, 1975

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Currency Unit	=	Indonesian Rupiah (Rp.)
US\$1.00	=	Rp 415
1 Rupiah	=	\$0.0024
1 million Rupiah	=	\$2,410

Fiscal Year

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATION OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN
TO THE REPUBLIC OF INDONESIA
FOR AN AGRICULTURAL RESEARCH AND EXTENSION PROJECT

1. I submit the following report and recommendation on a proposed loan to the Republic of Indonesia for the equivalent of US\$21.5 million to help finance the Agricultural Research and Extension Project. The loan would have a term of 25 years, including six years of grace, with interest at 8-1/2 percent per annum.

PART I - THE ECONOMY

2. The latest economic report on Indonesia "Indonesia: Development Prospects and Needs" of April 15, 1975 (708-IND) described and analysed the structure of production and incomes, the recent changes in the availability of resources, and the medium and longer-term outlook for the Indonesian economy. Country data are shown in Annex 1.

3. In 1969, at the start of Indonesia's First Five-Year Plan, the per capita income of the Indonesian population was probably no higher than half a century ago. A majority of the population lived below a minimum welfare standard, especially on Java. Most were dependent exclusively or primarily on agriculture, where farms were generally very small. Under-employment was widespread. While the inflation of the mid-1960's had been overcome, infrastructure was still in very poor condition.

4. The Government's efforts during the First Five-Year Plan period (April 1, 1969 - March 31, 1974) were successful in putting the economy on the road towards development. Most physical objectives were achieved or nearly so, and there was very substantial rehabilitation of run-down infrastructure and government enterprises in agriculture and manufacturing. Investments increased at a very fast rate, rising from 9 to 19 percent of GNP. While 57 percent of Government development expenditures were financed from abroad, the reliance on foreign financing was much smaller than the level of nearly 80 percent foreseen in the Plan. Real GDP increased at an annual rate of over 7 percent. GNP per capita in current prices reached about \$120 in 1973. The Government instituted programs for the labor-intensive rehabilitation of infrastructure and other programs which created substantial incomes and employment. In all, however, given the annual increase in the labor force of about one million, one cannot be confident that the employment situation improved during the First Plan period, and from available information it is difficult to judge whether a significant part of the poorest section of the population participated in the gains of development.

5. The Second Five-Year Plan (April 1, 1974 to March 31, 1979) builds on the achievements of the First Plan. While the First Plan dealt mainly with the urgent needs for stabilization and rehabilitation under

conditions of great scarcity of resources, progress has been such that the Second Plan can give much more weight to such problems as employment, equitable distribution, regional growth, and education. The Plan identifies a number of specific low-income target groups and, in general, adopts an employment oriented development strategy. It aims at a continued growth in investments, needed both because capital intensity will tend to increase as the rehabilitation phase draws to an end, and because more socially-oriented investments will be made. Overall, the Plan expects GDP to grow at 7.5 percent per annum.

6. Over the decade 1961-71, Indonesia's population grew by 2.1 percent a year. However, as a result of changes in the age distribution and declining mortality, the current growth rate is estimated at 2.5 percent. Even under the most optimistic assumptions with regard to fertility decline, the growth rate would only come down gradually, and the population would nearly double by the end of the century. While Indonesia still has substantial unutilised land reserves in the outer islands, 1/ these are limited in relation to the expected population increase, and a further large increase in population pressures - already severe on the inner islands 2/ - must be expected. Since 1969, the Government has been operating and gradually extending a family planning program. The number of acceptors has been increasing rapidly. The Second Five-Year Plan foresees a much more comprehensive attack on the population problem.

7. During the rest of the 'seventies,' average annual additions to the labor force are estimated at 1.2 million, increasing to more than 1.4 million in the years 1980-85. In addition, substantial underemployment exists, and there is the risk that even relatively simple technological improvements may eliminate existing employment. The Second Plan's projections show that employment growth would almost keep up with the growth in the labor force, but the employment thrust of the Plan needs to be further strengthened if an appreciable increase in real labor earnings - and a wider spread of the benefits of development - is to be attained.

8. A further acceleration in Indonesia's development efforts should be possible, given the recent favorable developments in its exports, and especially the large increase in the price of oil. Between 1972/73 3/ and 1975/76, the net oil contribution to the balance of payments as well as to the Government budget is expected to increase by roughly \$2.5 billion, or \$20 per capita. In nominal terms, this is equivalent to about 22 percent of the gross national income in 1972/73. In terms of real goods and services available to Indonesia, the gain is however much smaller. The main offsetting factor is the large increase in import prices over the three years.

1/ All islands except Java, Madura and Bali.

2/ Java, Madura and Bali.

3/ Indonesian fiscal year April 1, 1972 - March 31, 1973.

Taking this into account, only 30 percent of the original gain remains; in 1972/73 prices, the net gain is \$6 per capita or \$750 million for the economy as a whole, equivalent to 6.5 percent of the 1972/73 GNP.

9. In terms of the budget, part of the increase in oil revenues has been used to protect the domestic consumer and the economy against the wide price fluctuations on international markets through subsidies on major imported commodities (rice, fertilizer, wheat, sugar). The prices of these commodities have risen faster than those of imports in general. Net of current subsidies, the gains in the 1975/76 budget (as compared to 1972/73) amount to only about 4.5 percent of the current (non-oil) GNP. Of this amount, more than half (\$700 million in current prices), is being channeled toward public investments. The remainder is being used for current expenditures and for payments due for the subsidies of the preceding year.

10. From September 1972 to March 1974, the Indonesian economy was under severe inflationary pressure, initially because of a bad harvest in the Fall of 1972, and subsequently as a result of the worldwide increase in commodity prices and the boom conditions in Indonesia itself. By early 1974, the annual rate of inflation had reached nearly 50 percent. The Government took a number of measures to remedy the situation in April 1974. At approximately the same time, international prices of most commodities started to fall. Since then, the annual rate of inflation in Indonesia has declined to about 15 percent and the Government has relaxed some of the earlier measures.

11. Recently, Indonesia's balance of payments and budgetary position have been affected by the inability of PERTAMINA - Indonesia's petroleum company - to meet all its financial obligations. During 1974/75 PERTAMINA, which had undertaken a large and diversified investment program for most of which it had not arranged medium-or long-term financing, faced serious liquidity problems. It began to withhold the legally obligatory pass-through to the Government of part of the revenues received from the foreign companies, as well as taxes due on its own net income. In addition, PERTAMINA failed to meet payments due on certain of its short-term foreign borrowings and some of its other obligations and it faced the prospect of large similar obligations coming due in 1975/76 which it was not likely to be able to meet. Decisive corrective action was taken early in March 1975. The Government resolved to assist PERTAMINA so as to enable it to meet the outstanding debt service obligations. Furthermore, in order to assure orderly and coordinated borrowing in the international market, PERTAMINA and all other state enterprises were instructed to refrain from independent borrowing abroad, and Bank Indonesia was made responsible for raising from international commercial sources the needed funds on their behalf. A systematic review of PERTAMINA's investment plans is currently being undertaken with a view to alteration, reduction and other steps where necessary. The result are likely to have a favorable bearing on the pattern of investment in the years immediately ahead and to result in closer coordination of major investment activities undertaken by state enterprises. However, the withholding by PERTAMINA

of part of the payments due on account of oil company profits to pay foreign obligations resulted in levels of foreign exchange reserves at the end of 1974/75 of less than \$1 billion or about 2.5 months of imports. For 1975/76, the Government expects to receive the normal oil payments which are made by and through PERTAMINA. It also expects a modest increase in foreign exchange reserves during that year.

12. Indonesia has a substantial potential for further productive investment, employment and income growth. In agriculture, a vigorous pursuit of on-going programs in irrigation, development of new varieties and technical services, provision of credit and current inputs, etc., promises to yield high returns. In addition, development of new areas for food or tree crops - partly in conjunction with a rapidly growing transmigration program - has high priority. If production, employment and incomes grow rapidly, demand for agricultural products - especially the high-value ones - will also accelerate, and there will be a need to improve marketing and transport facilities. The industrial potential is good, both for modern capital-intensive natural resource-based activities and for more labor-intensive, partly export-oriented industries. Industrial activity needs to be widely spread; this has implications for the choice and location of future infrastructure projects. In addition, there is a serious backlog of economic infrastructure requirements in many areas, and a need to improve social infrastructure over wide areas of the country.

13. With the increase in resources which have become available since the Second Plan was prepared, the Government is now clearly set on a course of accelerated growth in investment, employment and incomes to realize Indonesia's potentials and provide additional welfare for the broad masses of the people. With a determined effort to mobilize additional resources, and a judicious use of them - and assuming an international economy which is reasonably favorable to Indonesia - very significant progress can be made in this direction. One important element in this strategy will be to increase employment at such a rate that the labor market would tighten significantly. This in turn would create self-reinforcing tendencies, as incomes and demand rise throughout the economy. Thus, the wide spread of the gains of development is not only a prime objective, but also a vital tool in the overall strategy. Improvement in the labor market situation would, however, depend critically on the direct creation of substantial work opportunities by the Government in such activities as transmigration, and urban and rural public works.

14. The resources needed to implement an accelerated investment, employment and income growth strategy are substantial. Assuming only a modest overall increase in the capital intensity of the investment program, and an efficient use of resources, investments would have to double between 1975 and 1980 (for an annual growth rate of 15 percent). Investment would increase from 23 percent of non-oil national income in 1975 to 29 percent in 1980 which, in current prices, implies an increase from \$3 billion in 1973 to \$6.5 billion in 1975 and nearly \$20 billion in 1980.

15. With regard to the foreign exchange requirements for such an investment program it appears that, assuming relatively favorable developments in the export sector (including oil), commitments of foreign funds to the extent of about \$14 billion over the six-year period 1975-1980 will be necessary; for the first four years the necessary commitments are estimated at \$2 billion per annum. In the interest of keeping the debt service reasonable, providing for the contingency of a lower oil income, and leaving room for future borrowing to sustain import growth in the 1980's when export prospects look less favorable, it will be necessary to borrow at least three-fourths of the foreign funds on concessional or semi-concessional terms. Under such a borrowing program, and assuming increased borrowing after 1980, the debt service would reach 10 percent in 1980 and about 18 percent in the late 1980's. With more pessimistic assumptions about future prices and exports of oil, and only a partial adjustment of imports, the debt service ratio could rise to 15 percent in 1980 and 25 percent in the late 1980's. Even with foreign borrowing of \$14 billion over the next six years, the net transfer from abroad would drop from 6.6 percent of the non-oil national income in 1973 to 2.5 percent in 1975, 2 percent in 1980 and 1.5 percent in 1985. The Inter-Governmental Group for Indonesia (IGGI) will meet in May 1975 to consider Indonesia's long-term foreign assistance requirements.

16. With the foreign inflows estimated above the domestic savings rate would have to be raised from an estimated 21 percent of the non-oil national income in 1975 to over 27 percent in 1980. While this would be difficult, the Government appears fully committed to it. One important source of additional savings would be the gradual reduction of subsidies, which will become easier to achieve if prices of imported commodities continue to fall. It would also be desirable to increase some taxes for reasons of equity.

17. The Government will also have to take steps to strengthen its capacity to implement its expanding and complex development program, which involves large numbers of people over vast geographical areas. To achieve the objectives, the administrative apparatus and procedures of the Government may have to be adapted in important ways. In this context, it appears that the tendencies toward decentralization of decision making and delegation of responsibility need to be strengthened. Much attention needs to be given to staff requirements of Government agencies, and a massive training effort mounted to ensure the availability of adequate staff to carry out the various programs. To the extent that these training and staffing efforts would take time, temporary use of additional expatriate expertise may have to be considered if the development objectives are to be attained.

PART II - BANK GROUP OPERATIONS IN INDONESIA

18. As indicated in Part I, Indonesia will continue to need substantial external financial and technical assistance to expand and improve

infrastructure and to expand production capabilities and employment opportunities in agriculture, minerals, forestry and manufacturing. With the continued growth of the economy, the Government will also be able to devote increasing attention to ensuring that the benefits of development are distributed widely. Programs to increase the productivity of smallholder farmers and to resettle farmers from Java on presently unutilized areas in the outer islands, the expansion of labor-intensive industry in Java, the development of new industrial activities in Java and the outer islands, family planning, water supply, education, health and other social programs will therefore have an important place in the development strategy during the period of the Second Plan. The work of both the Bank's headquarters and Resident Staff has been oriented toward these objectives.

19. To date, Indonesia has received 37 IDA credits amounting to \$561.8 million and six Bank loans amounting to \$317.5 million. IFC investments total \$58.4 million. Future lending to Indonesia is expected to be in the form of Bank loans and IFC investments. The Bank Group accounts for less than 4 percent of Indonesia's total outstanding public debt at the end of 1973. By 1978 it is expected to account for less than 11 percent of total outstanding debt and less than 5 percent of Indonesia's annual debt service obligations. Annex II contains a summary statement of Bank loans, IDA credits and IFC investments as of March 31, 1975, and notes on the execution of ongoing projects.

20. In accordance with the priorities of Indonesia's Five-Year Plans, about one-third of Bank Group lending to date has been for agriculture. IDA has extended four credits to help rehabilitate Government agricultural estates, producing principally rubber, oil palm and tea, six to assist rehabilitation and expansion of irrigation systems serving millions of smallholders on Java, two for fisheries and one each for improved seeds multiplication, beef cattle development, smallholder rubber development, sugar industry rehabilitation and smallholder tea development. Industry is of growing importance to the Indonesian economy and the Bank Group has assisted in six projects in this sector: two to expand PUSRI's fertilizer production capacity, two for BAPINDO and one for the Private Development Finance Company of Indonesia (PDFCI) to help these development finance companies expand their industrial lending and one for Indonesia's first industrial estate project. Other sectors to which loans and credits have been extended are power, transportation, telecommunications, education, population, urban housing improvement and water supply. In addition, four credits have been made to assist the Government in preparing and formulating appropriate development programs and projects.

21. The first IDA credit to Indonesia was made in 1968, and almost half of all loans and credits have been made since June 1972. Bank lending to Indonesia began only in June 1974. The program has increased rapidly

from a relatively small base, and consequently the undisbursed portion of loans and credits is substantial. Moreover, several credits have financed projects planned for execution over extended periods. Many, in addition, have been associated with institutional reforms involving, inter alia, the creation and reorganization of program and project authorities, drafting of new charters and the enactment of new legislation, all of which has taken time. Thus, a number of projects have experienced delays in the initial stages of implementation, and some are inherently slow disbursing. However, the performance of most project agencies has improved continuously as organizational improvements have begun to take effect and Indonesian staff have become more experienced in project execution. Despite the improved administrative capabilities, most development projects, including those financed by the Bank Group, have been adversely affected by cumbersome budgetary, procurement and customs clearance procedures. The Indonesian authorities recognize the need to streamline procedures and are considering steps necessary to accomplish this. As a first step, the Government has requested and we have arranged for assistance under the Fourth Technical Assistance Credit (Credit 451-IND) to establish an effective control system in the National Development Planning Board (BAPPENAS) to monitor the progress of development projects. Additional measures to improve project administration are now under consideration by the Government.

22. The future Bank lending program will continue to support the Government's efforts to speed up economic growth and to ensure that the benefits of development are distributed widely. Specifically, it will give high priority to agriculture, concentrating on broad programs of support to increase production of rice and other crops on the inner islands and to expand resettlement and agricultural production on the less populated outer islands. Emphasis will also be given to socially-oriented projects in the fields of population and nutrition, education and urban development. The Bank program will also continue to provide support for the Government in developing the additional industrial capacity and infrastructure which are essential to economic growth. Projects for fertilizer distribution, power, natural resource surveying and mapping, transmigration and rural development, education, marine transport and highways have been appraised and are expected to be ready for presentation in FY1975 or the first half of FY1976.

PART III - AGRICULTURAL SECTOR

23. Agriculture is the mainstay of the Indonesian economy, accounting for 40 percent of GNP, 60 percent of total employment and almost all of non-oil exports. The major food crops are rice, maize, cassava, sweet potatoes, soybeans and groundnuts, which provide 85 percent of the total calorie and 80 percent of the total protein intake of the population. Rice accounts for nearly one-third of the total value of agricultural production and 12 percent of GNP. Indonesia also produces substantial quantities of sugar, coconut and tea for domestic consumption and rubber and palm oil for export.

24. The Government has given the highest priority to agriculture and total production has grown at a rate of about 4 percent per annum during the last five years. Particular attention has been given to increasing the production of rice through rehabilitation and construction of irrigation systems, price support and the expansion of the Bimas program, which provides production credit, inputs distribution and extension services primarily to rice producers. Attention has also been given to increasing the production of rubber, palm oil, sugar and tea through rehabilitation and expansion of existing estate and also smallholder production. Production of palawija crops (maize, sorghum, soybean, cassava and other non-rice field crops) has until recently received lower priority and the Government has now decided to establish a new Bimas program to encourage the production of some of these products. In general, the yields obtained from all crops are still very low by international standards, and substantial increases could be brought about through the expanded use of improved varieties of seeds and planting material, fertilizer and improved agricultural practices.

25. Improved research and extension are of central importance to increasing agricultural production in Indonesia. While the Government has begun to improve the research capability of individual institutions, in some cases with assistance from foreign donors, the Indonesian research effort needs to be substantially strengthened. In the first place, overall expenditures for agricultural research have been low in comparison with other countries at a similar stage of development. The total budget of \$6.1 million provided in the Indonesian fiscal year 1973/74 to the Ministry of Agriculture for research represents only about 0.01 percent of the total value of agricultural production for the year. This compares with a worldwide average of 0.9 percent and an average for developing countries of 0.3 percent. Secondly, the research effort has lacked overall coordination. Until recently most agricultural research has been carried out by 15 institutions under the control of five separate directorates within the Ministry of Agriculture and by three estate supported institutes indirectly controlled by the Director General for Estate Crops. A small amount of research has also been undertaken by the universities, the Indonesian Institute of Science (LIPI) and private growers. Seventeen foreign donors have provided assistance to 16 different research organizations. This dispersion of the research effort has made it difficult for the Government to provide overall coordination, establish research priorities and ensure consistent standards of employment for research personnel in the different research centers. Finally, low salaries and operating budgets and minimal provision for staff training and career opportunities have made it difficult to attract a sufficient number of highly qualified, full-time research personnel.

26. The agriculture extension services in Indonesia consist of some 13,000 extension personnel working at the national, provincial, district and sub-district levels. While the extension services have had some success in transferring knowledge to farmers, particularly under the Bimas program, the extension effort in Indonesia has suffered from problems similar to those experienced in the research program. Each of the five directorates

in the Ministry of Agriculture have had separate extension services, which has led to problems of coordination and duplication of effort. The overall level of training of the extension staff has been low as about half have had only elementary school education. Until recently, no university trained extension workers served at the district or sub-district level, or at the 200 extension centers located throughout the country. The salary level of the extension workers is low, which has made it difficult to attract more qualified staff and to retain the full-time services of existing staff. Moreover, extension workers have often not been provided with adequate means of transportation and the audio-visual and other material necessary for training farmers.

27. The Government has recognized the need to improve the quality of agricultural research and extension and has taken significant steps in this direction. In 1969, the Government, with assistance from the United States Agency for International Development (USAID), created an agricultural research survey team to review the existing research program and to make recommendations for its improvement. After the completion of this study, the Government requested the Bank Group to help strengthen the research program and to develop a project suitable for Bank Group financing. Bank Group missions visited Indonesia in 1972 and 1973. In 1973, the Government appointed a new cabinet level Minister of State for Research with responsibility for coordinating the Government's overall research effort and bringing about organizational and financial reform in the research programs of various ministries. On August 26, 1974, two Presidential decrees were signed which authorized organizational reform for all Government ministries. These decrees, *inter alia*, provided for the establishment in the Ministry of Agriculture of an Agency for Research and Development (ARD) and for the expansion of an existing agency into a new Agency for Education, Training and Extension (AETE). These Presidential and supporting Ministerial decrees provide for the establishment of a Governing Board, chaired by the Minister of Agriculture, which would provide overall policy guidance for the Government's agricultural research program. An Executive Board, chaired by the Head of ARD, would have administrative responsibility for all Government funded agricultural research within the Ministry of Agriculture. On the extension side, the Director of AETE has been given responsibility for all national agricultural extension programs. This reorganization thus provides the basis for the development of integrated and coordinated research and extension programs.

28. The Government is also taking steps to improve the salaries and employment conditions of research staff. At the time of the general increase in civil service salaries in April 1974, the Government provided larger increases for specialized personnel including research scientists. Additional general increases in the salaries of all civil servants introduced in January 1975, together with supplemental "honoraria" for research workers introduced on April 1, 1975, have further reduced the gap between the conditions of service of Government research personnel and those of similar personnel in the private sector. During negotiations of the proposed loan, it was agreed with the Government that the ARD and the AETE would be staffed

with competent and experienced personnel and that the Government would maintain conditions of employment which are satisfactory to attract competent staff at ARD headquarters and at the national research centers and regional research stations to be assisted under the project (Section 4.04 of the Loan Agreement).

29. Finally, some training has been provided to research and extension staff under foreign assistance programs. The Bank Group has in a number of projects provided assistance for research in the fields of rubber, rice, tea and sugar. The Bank Group has also assisted in the training of extension personnel under the Second Education Project (Credit 288-IND), which provides for the expansion of in-service agriculture training centers and the rehabilitation and construction of agriculture secondary schools. Support for extension has also been provided under the most recent Bank Group financed irrigation projects (Credit 514-IND and Loan No. 1100-IND). The above steps provide a much improved framework for the Bank project now proposed.

PART IV - THE PROJECT

Background

30. The project is based on the findings of reconnaissance, identification and preparation missions which visited Indonesia in 1972 and 1973. The project was appraised in March 1974 and a follow-up mission visited Indonesia in September 1974 to discuss progress on the administrative reorganization which was necessary for the proposed project. Negotiations were held in Washington in March 1975. The Government's negotiating team was led by Mr. Sadikin, Head of ARD. An appraisal report is being circulated to the Executive Directors separately and a loan and project summary is contained in Annex III.

Project Description

31. The project, which is designed to assist in the development of more effective agriculture research and extension in Indonesia, would support the development of production-oriented research programs for rice, palawija crops (mainly maize, sorghum, soybean and cassava), highland vegetables (mainly potato, tomato, European cabbage and beans) and rubber. It includes the establishment of one national and nine regional information centers which would prepare audio-visual and other materials necessary for the extension service to transmit research information to farmers. The project would provide for the construction and equipping of the research and information centers, foreign and local training of Indonesian personnel and technical assistance for ARD headquarters and the research and information programs to be assisted under the project.

32. The four commodity research programs to be supported under the project were chosen because of their importance to the Indonesian economy

and to the incomes of small farmers, the potential for increasing productivity and the need for assistance additional to that being provided by other foreign donors. Rice is the main staple food crop and increased production is of critical importance to the well-being of millions of smallholder farmers, particularly on the densely populated inner islands where production increases are dependent on raising the presently low yields (2.0 ton/ha) ^{1/}. Palawija crops, which presently account for about 10 percent of the total value of agricultural production, are grown mainly by smallholders on the inner islands, but there is also potential for increasing production on the outer islands. These crops, which are an important source of calories and protein, have been largely neglected until recently and there is substantial scope for improving their yields. Fruits and vegetables presently account for about 15 percent of the total value of agricultural production. There is an important potential for increasing vegetable production, particularly in the most highly commercialized part of the sector in the highland area of Java and in two or three secondary centers in Sumatra. Smallholder farmers in these areas have responded rapidly to the introduction of new varieties and farming techniques, and there is consequently a good possibility of substantially increasing production of these high value crops through improved research and extension. Rubber accounts for more than half of total agricultural exports. Two-thirds of total output is produced by smallholders and the remainder by estates. The average yield from smallholder rubber in Indonesia is only 0.33 ton/ha compared to 0.56 ton/ha in Malaysia.

33. Research under these four commodity programs would concentrate on developing high-yielding, disease resistant varieties of seeds and planting materials suitable to Indonesian conditions, more appropriate production systems and agricultural practices and improved processing and storage methods. It would also give careful consideration to the economic and social consequences of introducing new technologies.

34. Under the project, national centers for each of the commodity research programs would be constructed which after completion would become the national headquarters for all Government-funded research in their respective commodity fields (Section 3.06 (d) of the Loan Agreement). The project would provide at each center office buildings, improved laboratory and field facilities and equipment, staff housing and supporting social amenities, vehicles, technical assistance and staff training. Some assistance would also be provided to up-grade the regional research stations needed for these commodity programs. The rice and palawija program would be based at the existing research station at Sukamandi, West Java, which would be expanded to become the headquarters for research for these two commodity groups. Social facilities at Sukamandi are inadequate and particular attention would therefore be given to upgrading the schools, health centers and recreational facilities to ensure that the center can attract and retain the necessary, highly trained staff. Most of the technical

^{1/} This compares with 2.5 ton/ha in Malaysia and 5.0 ton/ha in Australia.

assistance required for the rice program is already being financed by the Bank under the Seeds Project (Credit 246-IND). The highland vegetables program would be based at the existing station at Margahayu near Bandung, West Java, which would be expanded to become the national center for highland vegetables research. Two regional stations would also be upgraded. For rubber, a new national research center would be developed at the Sungei Putih estate in North Sumatra. Existing rubber research activities, presently being conducted at less favorable sites at Bogor, West Java and Medan, North Sumatra, would gradually be transferred to Sungei Putih. The project also provides for the expansion of a regional station for rubber at Sembawa, South Sumatra.

35. The agricultural information centers to be constructed under the project would prepare and distribute audio-visual and other materials for use by extension workers in training farmers. Such materials would include radio scripts and tapes, films and slides, and posters, pamphlets and relevant news stories printed in a wide variety of local dialects. The project would provide at each center office and other buildings, staff housing, audio-visual and other equipment, vehicles, technical assistance and staff training. The National Information Center (NIC) would be located near Bogor close to existing in-service training facilities and Indonesia's leading agricultural university. The nine regional information centers would be constructed in the provinces and would be situated near Ministry of Agriculture training, education or research centers in order to help ensure close links between the various programs. Direct support for agricultural extension services has been provided under Credits 288-IND and 514-IND and Loan 1100-IND. An agriculture extension project is currently under preparation which would supplement and expand the support already being provided to help strengthen the extension services.

36. The project also provides fellowships for training 170 Indonesians at both foreign and domestic institutions. Long-term fellowships would be provided for up to four years for M. Sc and Ph. D. studies and short-term fellowships of about six months would be provided for tours and residence in foreign universities and research and extension institutions. Recipients of fellowships would, upon completion of their study, serve in the ARD or AETE for a period at least equivalent to the duration of their fellowship (Section 4.06 of the Loan Agreement). The technical assistance component of the project would provide for the services of internationally-recruited research, extension information, financial management and procurement experts to serve for periods varying from a few weeks to five years for a total of 76.5 man years. These experts would assist in the development of agricultural research and information programs until Indonesians had been trained under the project to take over these responsibilities. As the fellowship and technical assistance programs are large, the Government would engage by December 31, 1975 an outside organization or organizations which would assist in the recruitment of the international experts required for the technical assistance program and in the administration of the fellowship program (Section 3.02 (c) of the Loan Agreement).

Organization

37. The Director of ARD has responsibility for the development of uniform policies for all Government-funded agricultural research in the Ministry of Agriculture, approval of annual research programs, allocation of research budget funds, coordination of assistance from foreign donors and the establishment of uniform conditions of employment designed to attract and retain high caliber staff. The Director of the ARD would be responsible for the implementation of the research components of the proposed project. He would be assisted by an internationally-recruited research advisor, who would be appointed by December 31, 1975 (Section 3.02 (b) of the Loan Agreement). A project implementation unit has been established within the ARD secretariat, which would be responsible for supervising the civil works, equipment procurement, technical assistance and training for the research centers to be constructed under the project. The staff of this unit would, with the assistance of architectural, construction management and cost control consultants acceptable to the Bank, prepare development plans for each center which would be approved by the Bank prior to tendering of the civil works contracts (paragraph C 1 (a) (i) of Schedule 4 of the Loan Agreement).

38. Each of the four research programs supported by the Bank would be headed by a senior Indonesian research program director, who would be assisted by a internationally-recruited senior research advisor and by other research specialists for shorter periods. The staff for these programs would be drawn from existing research institutes and from recent university graduates. The project would provide fellowships to train research program staff and internal staff training programs would also be arranged by the Directors of the research programs, with assistance from their advisors. To help ensure an effective link between research and extension, two commodity subject matter specialists at each research center would be responsible for preparing "production packages" of agricultural practices and for transmitting research results to AETE for use in extension work. During the initial years of the project, program directors and their staff would work at existing research institutes. After the completion of the centers to be constructed under the project, they would move to the new national headquarters for their respective commodity research programs (Supplemental Letter on "National Program Directors").

39. It is envisaged that the new research centers will maintain close relations with international research centers such as International Rice Research Institute (IRRI) in the Philippines, Centro Internacional de Mejoramiento de Maiz y Trigo (CIMMYT) in Mexico for maize, International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India for sorghum, Centro Internacional de Agricultura Tropical (CIAT) in Colombia and the International Development Research Center (IDRC) in Canada for cassava, the Asia Vegetable Research and Development Center (AVRDC) in Taiwan for soybean, tomato and potato, and Centro Internacional de la Papa (CIP) in Peru for potato. These international centers should be able to assist the Indonesian centers by providing training, research information and planting materials.

40. The AETE would be responsible for the national information program. The AETE also controls the National Institute for Agricultural Education, Training and Extension and the NIC would be an important component of this institute. The regional information centers would be administered through the bureau of extension of AETE. The project implementation unit of the AETE, which was set up to implement the Second Education Project (Credit 288-IND), would be responsible for supervising the civil works construction and equipment procurement for the project information centers. The project would provide for the services of an agricultural information advisor to assist NIC and for the services of three advisors to assist the regional information centers. In order to help upgrade the capability of the Indonesian extension information staff, 30 long-term and ten short-term fellowships would be provided and staff training programs would be set up.

Project Cost and Financing

41. The total cost of the project is estimated at \$46.6 million. The agricultural research component represents about 80 percent of total project cost and the information component about 20 percent. The capital costs account for 50 percent of total project costs, technical services 25 percent and land acquisition and incremental establishment costs about 25 percent.

42. The proposed Bank loan of \$21.5 million would finance the foreign exchange component, or slightly less than one-half of the total project cost. The loan includes provision for retroactive financing of up to \$100,000 for the costs of the services of consultants incurred prior to loan signing. The loan would have a repayment term of 25 years, including six years of grace. The balance of project costs would be met by the Government in the form of budgetary contributions. Cost estimates include physical contingencies of 20 percent for civil works to allow for possible increases in the scope of work required for the research and information centers and related social amenities. A physical contingency of 5 percent was allowed for all other components of the project, including technical assistance. Price contingencies, which amount to 27 percent of total project costs, are based on the expected rates of international inflation for equipment and other imported items and the projected rate of local inflation for civil works and locally produced items. Total contingencies amount to about 34 percent of total project cost.

Procurement and Disbursement

43. Civil works contracts in excess of \$100,000 for the rice and palawija research center (\$4.4 million) and the rubber research center (\$4.0 million) would be awarded on the basis of international competitive bidding. Contracts for the construction of the highland vegetable center (\$1.1 million) and the ten information centers which are small and scattered (totaling \$2.5 million) and contracts of less than \$100,000 for the

rice and palawija and rubber centers would be awarded on the basis of competitive bidding advertized locally in accordance with Government procedures which are satisfactory to the Bank. For purposes of bid comparison for civil works contracts, qualified local contractors would receive a preference of 7-1/2 percent. Research and information equipment (\$1.9 million) is of a highly specialized character and local after sales service is of critical importance. The contracts for library equipment and furniture would be small (\$0.3 million) and unsuitable for international competitive bidding. Contracts for equipment and furniture would therefore be awarded on the basis of competitive procurement procedures involving, inter alia, the solicitation of at least three price quotations. Contracts for agricultural vehicles (\$0.5 million) in excess of US\$50,000 equivalent would be awarded on the basis of international competitive bidding. Smaller vehicle contracts (\$0.3 million) would be awarded on the basis of competitive procurement procedures involving the solicitation of at least three price quotations. The Government would recruit technical services (\$8.2 million) with the assistance of one or more consultancy organizations approved by the Bank (see para 37 of this report).

44. For equipment, materials and furniture, the loan would be disbursed for 100 percent of the cost of the CIF value of directly imported equipment, 95 percent of the ex-factory price of equipment manufactured locally and 65 percent of imported equipment procured locally. For vehicles, it would be disbursed for 100 percent of the CIF value of imported vehicles and 40 percent of the cost of vehicles procured locally. The loan would also be disbursed to meet 40 percent of the cost of civil works and 100 percent of the foreign exchange cost of technical assistance and fellowships.

Project Benefits

45. As a part of the preparation of this project, very significant steps have been taken to strengthen the overall organization and staffing for agricultural research and extension in Indonesia. The project is expected to help consolidate these improvements through the provision of necessary physical facilities, technical assistance and staff training to be provided to the ARD and the research and information centers included in the project.

46. The research programs included in the project would be production-oriented and directed specifically to the introduction and adaptation of modern technology tested and proven in countries with ecological conditions similar to those in Indonesia. Recent evidence from a number of other countries has shown that development of domestic research capabilities is essential to adapt the results of international research to local conditions. Agricultural yields are currently very low in Indonesia and the research programs included in the project are therefore expected to lead to substantial increases in production of commodities of major importance to the Indonesian economy. As this research is for crops produced primarily by smallholder farmers, the benefits from improved varieties of planting materials and farming systems would help raise the living standards of a broad spectrum of the Indonesian agricultural population.

Quantification of benefits is difficult in view of the uncertainties inherent in research. Nevertheless, experience has demonstrated that properly executed research can give very satisfactory, even spectacular, rates of return. Leaving aside the possibilities for revolutionary discoveries, there are strong grounds for believing that, by concentrating available research resources on a few important commodities, and programming the investigations towards the successful adaptation in Indonesia of discoveries that have proved successful in other countries, a favorable rate of return will be assured.

47. Improved extension services are, of course, essential to ensure that the results of research are made available to farmers. The project would help improve Indonesian extension services through the development of a closer relationship between research and extension efforts, the formation of "production packages" of new farming practices which can readily be transmitted to farmers and the creation of an effective network of agricultural information centers to provide the audio visual and other materials necessary for successful extension effort. The project would supplement assistance already provided for the Indonesian extension service under Credit 288-IND and to be provided under an agricultural extension project which is currently being prepared.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

48. The draft Loan Agreement between the Bank and the Republic of Indonesia, the Report of the Committee provided for in Article III, Section 4(iii) of the Articles of Agreement and the text of a draft resolution approving the proposed Loan are being distributed to the Executive Directors separately.

49. Features of the Loan Agreement of special interest are referred to in paragraphs 29, 35, 38 and 39 of this Report.

50. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank.

PART VI - RECOMMENDATION

51. I recommend that the Executive Directors approve the proposed Loan.

Robert S. McNamara
President

Washington, D.C.
April 30, 1975

COUNTRY DATA - INDONESIA

AREA
1,901,639 km²

POPULATION
121.63 million (mid-1972)

DENSITY
Per km² of arable land

SOCIAL INDICATORS

	Indonesia		Reference Countries		
	1960	1970	Bangladesh 1970	India 1970	Philippines* 1970
GDP PER CAPITA US\$ (ATLAS BASIS) /1	..	90 /a	70 /a	110 /a	220 /a
DEMOGRAPHIC					
Crude birth rate (per thousand)	..	48 /b,c	44 /c	38 /c,d	45 /b,c
Crude death rate (per thousand)	21	19 /b,c	21 /c	16 /c,d	12 /b,c
Infant mortality rate (per thousand live births)	125 /d	..	140 /c	120-140 /c,d	80
Life expectancy at birth (years)	48	..	48 /f	50	58
Gross reproduction rate /2	2.8 /g	3.2 /b	3.1	2.9	3.3
Population growth rate /3	2.0	2.0 /h	2.6 /h	2.3 /h	3.0 /h
Population growth rate - urban	..	5 /i	..	4 /i	4 /k
Age structure (percent)					
0-14	42 /l	45 /c	45 /c,m	42	43
15-64	55 /l	53 /c	52 /c,m	55	53
65 and over	3 /l	2 /c	3 /c,m	3	4
Age dependency ratio /4	0.8 /l	0.9 /d	0.9	0.8	0.9
Economic dependency ratio /4	1.4 /l	1.5 /d	1.6 /m	1.2	1.5
Urban population as percent of total	15 /l,i	17 /i	..	20 /i	32 /k
Family planning: No. of acceptors cumulative (thous.)	..	175	..	..	409
No. of users (% of married women)	..	..	..	..	8
EMPLOYMENT					
Total labor force (thousands)	34,600 /j	40,100 /d	22,300	221,000 /d,n	13,200 /d
Percentage employed in agriculture	68 /j	62 /d	71	71 /c,d	56 /d
Percentage unemployed	5 /j	2	..	..	7 /d
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	..	17 /o,p	25 /p,q	25 /c,p
Percent of national income received by highest 20%	..	..	42 /o,p	53 /p,q	54 /c,p
Percent of national income received by lowest 20%	..	..	9 /o,p	5 /p,q	4 /c,p
Percent of national income received by lowest 40%	..	..	20 /o,p	13 /p,q	12 /c,p
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	34 /q,an	..	..
% owned by smallest 10% of owners	..	..	1 /q,an	..	..
HEALTH AND NUTRITION					
Population per physician	35,000 /r	27,650	7,600 /s,t	4,800	9,100 /u
Population per nursing person	..	8,010	72,030 /s,t	5,110	5,390 /u
Population per hospital bed	1,410 /r	1,720	8,120 /u,v	1,620 /t,w	850 /t,w
Per capita calorie supply as % of requirements /5	82 /c,x	82 /c	80 /y	90	82
Per capita protein supply, total (grams per day) /6	43 /c,x	43 /c	..	53	45
Of which, animal and pulse	15 /c,x	14 /c	..	16 /z	22 /t
Death rate 1-4 years /7	..	..	..	..	7 /t
EDUCATION					
Adjusted /8 primary school enrollment ratio	60 /aa	71	50 /a,ab	79 /ac	112 /c,ad
Adjusted /8 secondary school enrollment ratio	6 /aa	12	15 /a,ab	28 /ac	45 /c
Years of schooling provided, first and second level	12	12	10 /b	12	12
Vocational enrollment as % of sec. school enrollment	20 /aa	28	..	6 /ag	10 /ah
Adult literacy rate %	39 /ai	56 /d,ai	..	36 /c,d,ek	72 /ai
HOUSING					
Average No. of persons per room (urban)	1.7 /aj	..	..	2.8 /d	..
Percent of occupied units without piped water	..	..	..	..	66 /ad,ap
Access to electricity (as % of total population)	..	..	..	..	23 /ad,ap
Percent of rural population connected to electricity	..	..	..	..	6 /ad,ap
CONSUMPTION					
Radio receivers per 1000 population	7	114	6	23 /a	46 /a
Passenger cars per 1000 population	1	2 /a	1 /a	1 /a	8 /a
Electric power consumption (kwh p.c.)	19	23 /a	12 /a	108 /a	255 /a
Newspaper consumption p.c. kg per year	0.2	0.2 /a	0.2 /a	0.4 /a	1.7 /a,al

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of population under 15 and 65 and over to population of ages 15-64 for age dependency ratio and to labor force of ages 15-64 for economic dependency ratio.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking

account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a 1972; /b 1965-70; /c Estimate; /d 1971; /e 1962; /f Projections, 1973; /g 1951-56; /h 1960-72; /i Municipalities, regency capitals and other places with urban characteristics; /j For the definition of urban, see UN Demographic Yearbook 1972, page 154; /k For the definition of urban, see UN Demographic Yearbook 1972, page 155; /l 1961; /m 1972-73; /n AID estimate of labor force in age group 15-59; IERD report gives a figure of 180.4 million based on the 1971 population census. The difference is due to changes in the definition of a worker. In the 1971 census persons were classified only on the basis of their main activities; this led to the exclusion of several categories, such as housewives; /o 1966-67; /p Households; /q 1967-68; /r 1964; /s Number on the register, not all working in the country; /t 1969; /u Government only; /v 1968; /w Including rural hospitals; /x 1961-63; /y 1969-71; /z 1969-70; /aa Not including West Irian; /ab Approximate enrollment as percentage of population in six to ten age group; /ac Estimate which includes overage students; /ad 1967; /ae Approximate enrollment as percentage of population in 11-15 age group; /af Up to end of second level; /ag 1965; /ah Public education; /ai 15 years and over; /aj Definition not available; /ak Population of ten years and over based on one percent sample data of 1971; /al Imports only; /am Ratio of population under 15 and 65 and over to total labor force; /an Graphical interpolation; /ao Inside or outside; /ap Percent of dwellings.

* The Philippines has been selected as an objective country for its geographical similarity and because of its apparent more advanced stage of economic development.

ECONOMIC INDICATORS

<u>GROSS NATIONAL PRODUCT IN 1973</u>			<u>ANNUAL RATE OF GROWTH (% , constant prices)</u>		
	<u>US\$ Mln.</u>	<u>%</u>	<u>1960 -65</u>	<u>1965 -70</u>	<u>1973</u>
GNP at Market Prices	15369	100.0	1.9	4.9	8.0
Gross Domestic Investment	2911	18.9	3.3	11.5	17.0
Gross National Saving	2083	13.6	5.8	5.1	20.8
Current Account Balance	828	5.4	-	-	-
Exports of Goods, NFS	2957	19.2	1.5	7.8	24.8
Imports of Goods, NFS	3170	20.6	0.2	10.9	21.4

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1971 ^{1/}

	<u>Value Added</u>		<u>Labor Force</u> ^{2/}		<u>V. A. Per Worker</u>	
	<u>US\$ Mln.</u>	<u>%</u>	<u>Mln.</u>	<u>%</u>	<u>US \$</u>	<u>%</u>
Agriculture	4243	43.6	30.5	69.0	139	63
Industry	1877	19.3	3.0	6.8	626	285
Services	3609	37.1	8.3	18.8	435	198
Unallocated	-	-	2.4	5.4	.	.
Total/Average	9729	100.0	44.2	100.0	220	100.0

GOVERNMENT FINANCE

	<u>General Government</u>			<u>Central Government</u>		
	<u>(Mln.)</u>	<u>% of GDP</u>		<u>(Rp Bln.)</u>	<u>% of GDP</u>	
	<u>197</u>	<u>197</u>	<u>196 -7</u>	<u>1973/74</u>	<u>1973</u>	<u>1972</u>
Current Receipts				977	14.8	12.9
Current Expenditure				704	10.7	9.8
Current Surplus				273	4.1	3.1
Capital Expenditures				474	7.2	6.4
External Assistance (net)				208	3.1	3.3

<u>MONEY, CREDIT and PRICES</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
		<u>(Billion Rp outstanding end period)</u>				
Money and Quasi Money	230	315	432	690	987	1455
Bank credit to Public Sector	60	57	129	57	37	2
Bank Credit to Private Sector	172	306	451	599	897	1125

(Percentages or Index Numbers)

Money and Quasi Money as % of GDP	8.5	9.4	11.4	15.2	14.9	..
General Price Index (Sept. 1966=100)	545	612	638	680	891	1253
Annual percentage changes in:						
General Price Index	17.7	12.3	4.2	6.6	31.0	40.6
Bank credit to Public Sector	33.3	- 5.0	126.3	- 55.8	- 35.1	- 94.6
Bank credit to Private Sector	91.1	77.9	47.4	32.8	49.8	25.4

NOTE: All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

^{1/} Conversion at an exchange rate of Rp. 390 = US \$1.

^{2/} Total labor force; unemployed are allocated to sector of their normal occupation. "Unallocated" consists mainly of unemployed workers seeking their first job.

.. not available
. not applicable

TRADE PAYMENTS AND CAPITAL FLOWS

BALANCE OF PAYMENTS

	1972	1973	1974
	(Millions US \$) Pre-Est.		
Exports of Goods, NFS	1757	2957	6842
Imports of Goods, NFS	1875	3170	5832
Resource Gap (deficit = -)	-118	-213	1010
Interest Payments (net)	- 46	- 72)	
Workers' Remittances	-	-)	-1236
Other Factor Payments (net)	-318	-543)	
Net Transfers	-364	-615	-1236
Balance on Current Account	-482	-828	- 226
Direct Foreign Investment	258	290	454
Net MLT Borrowing			
Disbursements	447	624	..
Amortization	- 70	-138	..
Subtotal	337	486	635
Capital Grants	..	..	..
Other Capital (net)	181	208)	-176
Other items n.e.i	98	169)	
Increase in Reserves (+)	432	325	687
Gross Reserves (end year)	574	806	1470
Net Reserves (end year)	458	783	1470
Fuel and Related Materials			
Imports	4	5	..
of which: Petroleum	2	2	..
Exports	877	1348	4688
of which: Petroleum	877	1348	4688

MERCHANDISE EXPORTS (AVERAGE 1972-74)

	US \$ Mn	%
Oil	2304	59.7
	362	9.4
	520	13.5
	98	2.5
	84	2.2
All other commodities	493	12.7
Total	3861	100.0

EXTERNAL DEBT, DECEMBER 31, 1973

	US \$ Mn
Public Debt, incl. guaranteed	4593
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..
<u>DEBT SERVICE RATIO for 1973^{1/}</u>	
	%
Public Debt, incl. guaranteed	7.8
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

IBRD/IDA LENDING, (March 31, 1975) (Million US\$)

RATE OF EXCHANGE

Through July 1971	Since August 1971
US \$ 1.00 = Rp 375	US \$ 1.00 = Rp 415
Rp 1.00 = US \$ 0.0027	Rp 1.00 = US \$ 0.0024

	IBRD	IDA
Outstanding & Disbursed	-	215.5
Undisbursed	252.5	346.3
Outstanding incl. Undisbursed	252.5	561.8

^{1/} Ratio of debt service to exports of goods and non-factor services, with oil exports net of factor payments and imports of the oil sector.

.. not available
.. not applicable

April 7, 1975

THE STATUS OF BANK GROUP OPERATIONS IN INDONESIA

A. STATEMENT OF BANK LOANS AND IDA CREDITS (as of March 31, 1975)

Loan/ Credit Number	Fiscal Year	Purpose	US\$ Million		
			Amount (less cancellations)		
			Bank	IDA	Undisbursed
127	1969	Irrigation Rehabilitation		5.0	0.1
154	1969	Highway		28.0	0.8
155	1969	Agricultural Estates		16.0	0.7
165	1970	Electricity Distribution		15.0	0.2
193	1970	PUSRI Fertilizer		35.0	1.9
194	1970	Second Agricultural Estates		17.0	5.2
195	1970	Second Irrigation Rehabilitation		18.5	5.6
210	1971	Telecommunications Expansion		12.8	2.9
211	1971	Fisheries		3.5	1.9
219	1971	Education		4.6	2.4
220	1971	Third Irrigation Rehabilitation		14.5	4.1
246	1971	Seeds		7.5	4.5
259	1971	Tea		15.0	6.2
260	1971	Second Highway		34.0	14.8
275	1972	Third Technical Assistance		4.0	1.7
288	1972	Second Education		6.3	5.8
289	1972	Fourth Irrigation Rehabilitation		12.5	4.9
300	1972	Population		13.2	9.7
310	1972	Development Finance Co. (BAPINDO I)		10.0	3.8
318	1972	Inter-Island Fleet Rehabilitation		8.5	5.7
319	1972	Fourth Agricultural Estates		11.0	8.1
334	1972	Second Electricity Distribution		40.0	31.3
355	1973	Beef Cattle Development		3.6	3.2
358	1973	North Sumatra Smallholder Development		5.0	4.2
387	1973	Third Education		13.5	13.5
388	1973	Third Highway		14.0	11.0
399	1973	West Java Thermal Power		46.0	45.4
400	1973	Smallholder and Private Estate Tea		7.8	7.6
405	1973	Sugar Industry Rehabilitation		50.0	48.7
428	1974	Pulo Gadung Industrial Estate		16.5	16.2
436	1974	Private Development Finance Co. (PDFCI)		10.0	10.0
451	1974	Fourth Technical Assistance		5.0	4.8
479	1974	Bali Tourism		16.0	15.8
480	1974	Fisheries Credit		6.5	6.5
514	1974	Jatiluhur Irrigation Extension		30.0	29.8
1005	1974	Railway	48.0		48.0
1040	1975	Jakarta Urban Development	25.0		23.0
1049 a/	1975	Five Cities Water Supply	14.5		14.5
1054	1975	Development Finance Co. (BAPINDO II)	50.0		50.0
1089 a/	1975	Second Fertilizer Expansion PUSRI III)	115.0		115.0
			<u>252.5</u>	<u>561.8</u>	<u>589.5</u>

a/ Not yet effective

b/ On April 1, 1975 a \$65 million loan for the Sixth Irrigation Project was signed.

A. STATEMENT OF BANK LOANS AND IDA CREDITS (as of March 31, 1975)

	US\$ Million		
	Amount (less cancellations)		
	<u>Bank</u>	<u>IDA</u>	<u>Undisbursed</u>
Total	252.5	561.8	589.5
of which has been repaid	-	-	-
Total now outstanding	<u>252.5</u>	<u>561.8</u>	<u>589.5</u>
Amount sold	0.03		
of which has been repaid	<u>0.0</u>	<u>.03</u>	
Total now held by Bank and IDA (prior to exchange adjustment)	<u>252.47</u>	<u>561.8</u>	---
Total undisbursed	<u>250.5</u>	<u>339.0</u>	<u>589.5</u>

B. STATEMENT OF IFC INVESTMENTS (as of March 31, 1975)

<u>Fiscal Year</u>	<u>Obligor</u>	<u>Type of Business</u>	US\$ Million		
			<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1971	P.T. Semen Cibinong	Cement	10.6	2.5	13.1
1971	P.T. Unitex	Textiles	2.5	0.8	3.3
1971	P.T. Primatexco Indonesia	Textiles	2.0	0.5	2.5
1971	P.T. Kabel Indonesia	Cables	2.8	0.4	3.2
1972	P.T. Daralon Textile Manuf. Corp.	Textiles	4.5	1.5	6.0
1973	P.T. Jakarta Int. Hotel	Tourism	11.0	-	11.0
1973	P.T. Semen Cibinong	Cement	5.4	0.7	6.1
1974	P.T. Primatexco Indonesia	Textiles	2.0	0.3	2.3
1974	P.T. Monsanto Pan Electronics	Electronic pdts.	0.9	-	0.9
1974	P.T. PDFCI	Devp. Fin. Co.	-	0.5	0.5
1974	P.T. Kamaltex	Textiles	2.4	0.6	3.0
1974	P.T. Semen Cibinong	Cement	<u>5.0</u>	<u>1.5</u>	<u>6.5</u>
		Total	49.1	9.3	58.4
		Less sold or repaid and cancelled	19.6	1.4	20.9
		Total now held	29.5	7.9	37.5
		Undisbursed (including participant's portion)	6.7	1.6	8.3

PROJECTS IN EXECUTION ^{1/}

Cr. No. 127 Irrigation Rehabilitation: US\$5 Million Credit of
September 6, 1968; Closing Date: December 31, 1975

All the equipment supplied under the credit is being well utilized and disbursements are 98 percent of appraisal timetable. Completion of the project is expected to be delayed in order to complete much needed additional drainage work, the financing of which was not provided for under the credit. These additional costs will be met by the Government. The revised economic rate of return on the project, which was calculated at 50 percent at appraisal, is now expected to be about 25 percent. The closing date has been postponed to December 31, 1975.

Cr. No. 154 Highway: US\$28 Million Credit of June 20, 1969;
Closing Date: December 31, 1975

Rehabilitation work was substantially completed prior to the original closing date. However, it was necessary to postpone the closing date by one year to December 31, 1975 to complete procurement of a small amount of equipment and materials.

Cr. No. 155 Agricultural Estates: US\$16 Million Credit of
June 20, 1969; Closing Date: December 31, 1975

With recent improvements in management and much higher international prices the financial situation of the estate groups is improving. The field and factory standards have now been raised to a good technical level and the management has been advised to concentrate on cost control in order to prepare for the time when produce prices are less attractive than they are today. The combined efforts of the management, consultants and IDA supervision missions are yielding good results.

Cr. No. 165 Electricity Distribution: US\$15 Million Credit of
October 29, 1969; Closing Date: June 30, 1975

See comment for Credit No. 334. The closing date has been postponed by 18 months to June 30, 1975.

^{1/} These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular to report any problems which are being encountered, and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

Cr. No. 193 PUSRI Fertilizer: US\$35 Million Credit of
June 15, 1970 (as amended May 1973); Closing Date:
December 31, 1975

The urea plant has successfully passed its performance test and is operating at close to rated capacity. The gas gathering and transmission system is also completed and sufficient gas is being delivered to the plant. Disbursements are expected to be completed by the closing date of December 31, 1975.

Cr. No. 194 Second Agricultural Estates: US\$17 Million Credit of
June 15, 1970; Closing Date: June 30, 1975

After initial delays, there have been considerable improvements in management and these, combined with high prices for palm oil and rubber, have resulted in a much stronger financial position, particularly for the oil palm group (PNP VI). On the rubber group (PNP IV) more effort is necessary to improve fertilizer application and tapping methods. With the rapid expansion of investment on both estate groups, there is a need to employ expertise in financial planning and management, which are now the main constraints on efficient development.

Cr. No. 195 Second Irrigation Rehabilitation: US\$18.5 Million Credit of
June 15, 1970; Closing Date: November 30, 1976

Problems of quality and progress of construction still exist, but the consultants are tackling these vigorously, and the situation is improving, although not sufficiently to make up for earlier delays. Costs are likely to double the overall appraisal estimate, due to inflation, but the Government will provide any additional funds required. Completion of disbursements will be about two years behind the original schedule. The economic rate of return is however still more than 20%.

Cr. No. 210 Telecommunications Expansion: US\$12.8 Million Credit of
July 13, 1970; Closing Date: December 31, 1975

Contracts for all equipment have been awarded. The closing date has been postponed by 18 months due to delays in delivery of goods. The Government has increased the tariffs to achieve the required rate of return and a new charter for PERUMTEL has also been published.

Cr. No. 211 Fisheries: US\$3.5 Million Credit of July 13, 1970;
Closing Date: June 30, 1976

The project supplies funds for the construction of 30 fully equipped skipjack boats and technical assistance. It is about 24 months behind the original schedule due to delays in engaging the consultants and in executing the contracts for the shore facilities. No further delay is anticipated. There have been very substantial project cost increases (from \$4.3 million to \$8.5 million). Because of the greatly increased skipjack prices, however, the project is still expected to be financially viable.

Cr. No. 219 Education: US\$4.6 Million Credit of November 6, 1970;
Closing Date: December 31, 1976

Project implementation is satisfactory. Civil works for the five Technical Training Centers (TTCs) have been completed. All furniture deliveries and installation have also been completed. About 90% of the equipment has been purchased and about 60% delivered and installed. Three TTCs commenced operation in April 1975 and the remaining two, will commence in June 1975. All will operate at full capacity by January 1976 when the new academic year begins. Over 500 technical teachers have completed or are about to complete their training. Technical assistance financed by the U.K. for the project is also satisfactory. Disbursement has improved considerably. Revised total project cost is now about 40% above appraisal estimate. The Government will finance the cost overrun. The project is expected to be completed ahead of schedule.

Cr. No. 220 Third Irrigation Rehabilitation: US\$14.5 Million Credit of
November 6, 1970; Closing Date: December 31, 1975

Construction remains about two to three years behind schedule partly because of problems with preparation of contract documents and subsequently due to inflation. These have now been mostly overcome. While no further delays are expected, it is unlikely that the time lost could be regained. There has been a considerable increase in overall project costs, which is being met by the Government. The economic rate of return for the project is still over 21 percent.

Cr. No. 246 Seeds: US\$7.5 Million Credit of May 14, 1971;
Closing Date: September 30, 1977

Project implementation is behind schedule due to initial delays in organization, management, procurement and provision of budgetary funds. The latest supervision mission has reported that development of the seed farm is hampered by the slow execution of a contract to develop irrigation infrastructure and the seed processing plant. The contract for irrigation infrastructure has been renegotiated. The establishment of rice-seed research facilities at the project site is behind schedule due to difficulties in recruiting the necessary technical assistance and delays in providing the required facilities and the equipment. The contract for research technical assistance has now been signed and with the reorganization of the Government's research program, this component of the project is expected to proceed rapidly. The seeds certification service is performing well and development of the Klaten Seed District is progressing satisfactorily. This project is being kept under frequent supervision.

Cr. No. 259 Tea: US\$15 Million Credit of June 14, 1971;
Closing Date: June 30, 1978

Agricultural achievements to date have far exceeded appraisal expectations necessitating construction and rehabilitation of 3 additional factories. Project completion estimated for December 1977 can probably be

advanced by up to one year. Rising costs are creating pressure on fund availabilities and the main challenge for the two PTP's will be to decrease working capital requirements, reduce overhead and indirect costs and improve labor productivity.

Cr. No. 260 Second Highway: US\$35 Million Credit of June 24, 1971;
Closing Date: September 30, 1975

All construction work is now satisfactorily under way. However, the delay caused initially by slow progress in mobilizing contractors, difficulties in equipment delivery, heavy rains and land slides will result in the project being completed about one year behind schedule. Design standards for the road sections have been slightly lowered and some savings will therefore be achieved. These and other savings are expected to offset construction cost increases.

Cr. No. 275 Third Technical Assistance: US\$4.0 Million Credit of
December 29, 1971; Closing Date: December 31, 1975

Progress on this project is satisfactory. The closing date has been postponed to complete disbursements for ongoing studies.

Cr. No. 288 Second Education: US\$6.3 Million Credit of
March 9, 1972; Closing Date: December 31, 1976

Working drawings and furniture and equipment lists for all project institutions have been completed. Physical facilities will be completed and all project institutions will begin operations by the end of 1976. The government has agreed to provide additional funds to meet the cost overruns due to inflation. Postponement of the closing date by about one year is likely to be necessary.

Cr. No. 289 Fourth Irrigation Rehabilitation: US\$12.5 Million Credit
of March 9, 1972; Closing Date: June 30, 1977

Civil works and equipment purchase for the main project, Pekalen-Sampean, are proceeding but completion of civil works will be about two years behind schedule. Due to inflation, project costs are likely to be substantially higher than appraisal estimates. Consultants for the various studies are at work with their counterparts. Groundwater investigations have been delayed due to procurement difficulties. The rehabilitation and storage feasibility studies are on schedule. Disbursements are also on schedule.

Cr. No. 300 Population: US\$13.2 Million Credit of April 20, 1972;
Closing Date: June 30, 1978

Although progress is being made under this project, implementation continues to be hampered by management weaknesses. Lack of clear administrative direction has resulted in overall delays in securing budgetary funds and problems of program coordination. Procurement contracts

for vehicles and other equipment have been awarded and UNICEF is assisting in the procurement of materials and supplies necessary for various population control programs. The civil works component is behind schedule, but is now proceeding more rapidly as the capacity of the implementing agency gradually improves. The field worker program has expanded more rapidly than expected when the project was appraised. This project is being supervised closely.

Cr. No. 310 Development Finance Co. (BAPINDO I): US\$10 Million Credit of June 7, 1972; Closing Date: December 31, 1976

This credit is fully committed. Disbursements are expected to rise rapidly.

Cr. No. 318 Inter-Island Fleet Rehabilitation: US\$8.5 Million Credit of June 28, 1972; Closing Date: September 30, 1976

Progress on this project is satisfactory and disbursements are expected to rise.

Cr. No. 319 Fourth Agricultural Estates: US\$11 Million Credit of June 28, 1972; Closing Date: June 30, 1981

The physical progress of the project is ahead of the appraisal schedule and the financial position of the estate group is satisfactory.

Cr. No. 334 Second Electricity Distribution: US\$40 Million Credit of September 29, 1972; Closing Date: December 31, 1976

The Jakarta distribution program financed from Credits 165-IND and 334-IND (together \$55 million) has encountered substantial foreign cost increases (\$7.0 million) and implementation delays due to procurement problems and cumbersome management procedures. Many of these difficulties have been resolved, but it is unlikely that the project can be completed before mid-1978, two years behind the original schedule.

Cr. No. 355 Beef Cattle Development: US\$3.6 Million Credit of January 31, 1973; Closing Date: March 31, 1980

Progress on this project for development of beef cattle production in the outer islands has suffered from serious delays caused largely by problems in securing Government funds and in clearance of documents by Indonesian Government departments and consequent lack of essential equipment. Land acquisition and procurement of cattle are proving more difficult than expected, and there has been a substantial increase in total project costs. The means of improving project performance are currently being discussed with the Government.

Cr. No. 358 North Sumatra Smallholder Development: US\$5 Million Credit of February 14, 1973; Closing Date: December 31, 1981

This project has suffered from severe financial and organizational difficulties due primarily to the lack of experience of project management,

the remote location of the project and inadequate Central Government support. The Resident Staff has been following the project closely. The rubber replanting program is behind schedule, but with progress now being made it may be possible to accelerate the program in accordance with appraisal estimates. Government has taken a number of steps to overcome the problems and accelerate project implementation. Project progress will continue to be closely monitored.

Cr. No. 387 Third Education: US\$13.5 Million Credit of
June 1, 1973; Closing Date: December 31, 1981

Project implementation is proceeding on schedule, except for a 10-month delay in equipment procurement which has now been overcome. Manuscript testing of the first set of texts has been completed. About 32 million textbooks are scheduled to be printed in August, 1975. Distribution of textbooks to all primary schools is now being planned and will necessitate the use of a number of government agencies. Staff in the provinces have been trained in the use of the textbooks and training courses have commenced for teachers. Lack of travel funds in the provinces has impeded teacher training, but it is expected that this difficulty will be overcome as the project management, which is effective, becomes more familiar with government procedures. Project costs are now estimated at \$56 million, 44% above the original estimate because of increased costs of paper and teacher training. The Government is expected to meet all cost increases.

Cr. No. 388 Third Highways: US\$14 Million Credit of June 1, 1973;
Closing Date: June 30, 1977

Construction bidding and consultant selection have been proceeding on schedule. Some cost increases, due to inflation, are expected.

Cr. No. 399 West Java Thermal Power: US\$46 Million Credit of
June 22, 1973; Closing Date: June 30, 1978

Bids received in November 1974 for the first two 100 mw units at Muara Karang were about 65 percent higher than estimated at the time of appraisal. This, together with construction cost increases, has resulted in an increase in the total project cost of more than 100 percent. The Government will finance the additional cost. PLN has satisfactorily met the first year targets in its financial recovery plan provided for under the terms of the credit agreement.

Cr. No. 400 Smallholder and Private Estate Tea: US\$7.8 Million Credit
of June 22, 1973; Closing Date: March 31, 1982

The project nurseries are well managed and where rehabilitation has taken place results are encouraging. Technical questions related to loan applications by farmers have been resolved and BRI is expected to proceed with extending credits to tea growers. The contract of the financial advisor to BRI has been extended for another year. Progress on this project is satisfactory.

Cr. No. 405 Sugar Industry Rehabilitation: US\$50 Million Credit of June 26, 1973; Closing Date: June 30, 1979

Bids for equipment required for first phase major rehabilitation have been received; a substantial cost overrun is expected, which the Government has agreed to finance. Some organizational problems are now being resolved and disbursements are expected to rise.

Cr. No. 428 Pulo Gadung Industrial Estate: US\$16.5 Million Credit of September 14, 1973; Closing Date: December 31, 1978

Despite recent increase in construction costs, the project remains financially viable because revenues from the sale of plots has risen proportionately. Construction has fallen behind schedule due to land acquisition problems, but developed land is being occupied as fast as it is made available. While there is still a backlog of applications for industrial plots, the rate of new applications has fallen off during recent months and the estate is intensifying its promotional efforts.

Cr. No. 436 Private Development Finance Company of Indonesia (PDFCI): US\$10 Million Credit of November 2, 1973; Closing Date: December 31, 1978

After a long start-up period and difficulties in finding and recruiting qualified local staff, PDFCI has now reached the operating stage. Its commitments are rising at a satisfactory rate.

Cr. No. 451 Fourth Technical Assistance: US\$5 Million Credit of January 2, 1974; Closing Date: December 31, 1976

Progress under the project is satisfactory.

Cr. No. 479 Bali Tourism: US\$16.0 Million Credit of June 4, 1974; Closing Date: August 31, 1979

Progress under this project is slightly behind schedule due to the lack of experience of the implementing agency and difficulties in coordination with other Government organizations. This situation has steadily improved as local staff have gained experience and project advisors have taken up their positions. Final design of the infrastructure and hotel training school is underway. Preliminary lease negotiations with potential hotel investors are expected to begin in mid-May.

Cr. No. 480 Fisheries Credit: US\$6.5 Million Credit of June 4, 1974; Closing Date: June 30, 1979

This credit became effective on January 8, 1975 and is progressing satisfactorily.

Cr. No. 514 Jatiluhur Irrigation Extension: US\$30.0 Million
Credit of October 3, 1974; Closing Date: December 31, 1980

This credit became effective on January 10, 1975 and the work will commence soon.

Loan No. 1005 Railway: US\$48.0 Million Loan of June 4, 1974;
Closing Date: December 31, 1978

The initial procurement of material and equipment has been slow, but with assistance from an international procurement agency it is expected to improve. First year project investment totalled 70 percent of the amount planned. Passenger traffic has risen faster than expected, but freight traffic has declined, due largely to a shortage of operating locomotives. Rising costs has made it necessary for the Government to consider increasing freight tariff rates in order to obtain sufficient revenues. Recommendations for the award of contracts for technical assistance to improve overall railway operations are being evaluated.

Loan No. 1040 Jakarta Urban Development: US\$25.0 Million Loan
of September 27, 1974; Closing Date: December 31, 1977

The first year of the two-year Kampung Improvement Program has been satisfactorily completed. The second year's activities are well underway with first year savings being applied to increase the water supply beyond originally planned levels. The newly formed National Urban Development Corporation is currently seeking consultants both to assist in the development of their operations and to prepare urban projects in other cities. Full responsibility for supervision of consultants designing the Klender Site and Service scheme has been transferred to NUDC so as to ensure preparations of a design with standards appropriate to the low-income target population.

Loan No. 1049 Five Cities Water Supply: US\$14.5 Million Loan
of October 31, 1974; Closing Date: June 30, 1980

This loan is expected to become effective by May 6, 1975.

Loan No. 1054 Development Finance Co. (BAPINDO II): US\$50 Million Loan
of November 30, 1974; Closing Date: December 31, 1976

This loan became effective January 14, 1975 and is proceeding satisfactorily.

Loan No. 1089 Second Fertilizer Expansion: US\$115 Million Loan of
February 28, 1975; Closing Date: August 31, 1978

This loan became effective on April 29, 1975.

Loan No. 1100 Sixth Irrigation Project: US\$65 Million Loan of April 1,
1975; Closing Date: June 30, 1982

This loan is expected to become effective by the end of June 1975.

INDONESIA - AGRICULTURAL RESEARCH AND
EXTENSION PROJECT

Borrower: Republic of Indonesia

Amount: US\$21.5 million equivalent in various currencies.

Terms: 25 years including six years of grace.

Project Description: The project provides support for the Government's agricultural research and extension program and includes development of four production-oriented research programs (rice, palawija crops, highland vegetables and rubber) based at national centers in representative production areas and development of a National Agricultural Information Center and nine regional information centers.

<u>Estimated Cost:</u>	<u>US\$ Million</u>		
	<u>Foreign</u>	<u>Local</u>	<u>Total</u>
Research Program: Construction, Equipment and Establishment Costs	6.4	12.1	18.5
Information Program: Construction, Equipment and Establishment Costs	1.4	2.5	3.9
Technical Assistance and Fellowships	7.2	1.0	8.2
Contingencies	<u>6.6</u>	<u>9.4</u>	<u>16.0</u>
TOTAL	<u>21.5</u>	<u>25.0</u>	<u>46.6</u>

<u>Financing Plan:</u>	<u>Bank</u>	<u>Government</u>	<u>Total</u>
	21.5	25.1	46.6

<u>Disbursements:</u> (Fiscal Year)	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>TOTAL</u>
Annual	1.1	5.7	6.9	61.3	2.5	1.0	21.5
Cumulative	1.1	6.8	13.7	18.0	20.5	21.5	21.5

Procurement:

Civil works contracts in excess of \$100,000 for the rice and palawija research center (\$4.4 million) and the rubber research center (\$4.0 million) would be awarded on the basis of international competitive bidding. Contracts for the construction of the highland vegetable center (\$1.1 million) and the ten information centers which are small and scattered (totalling \$2.5 million) and contracts of less than \$100,000 for the rice and palawija and rubber centers would be awarded on the basis of competitive bidding advertized locally in accordance with Government procedures which are satisfactory to the Bank. For purposes of bid comparison for civil works contracts, qualified local contractors would receive a preference of 7-1/2 percent. Research and information equipment (\$1.9 million) is of a highly specialized character and local after sales service is of critical importance. The contracts for library equipment and furniture would be small (\$0.3 million) and unsuitable for international competitive bidding. Contracts for equipment and furniture would therefore be procured on the basis of competitive procurement procedures involving, inter alia, the solicitation of at least three price quotations. Contracts for agricultural vehicles (\$0.5 million) in excess of US\$50,000 equivalent would be awarded on the basis of international competitive bidding. Smaller vehicle contracts (\$0.3 million) would be awarded on the basis of competitive procurement procedures involving the solicitation of at least three price quotations. The Government would recruit technical services (\$8.2 million) with the assistance of one or more consultancy organizations approved by the Bank.

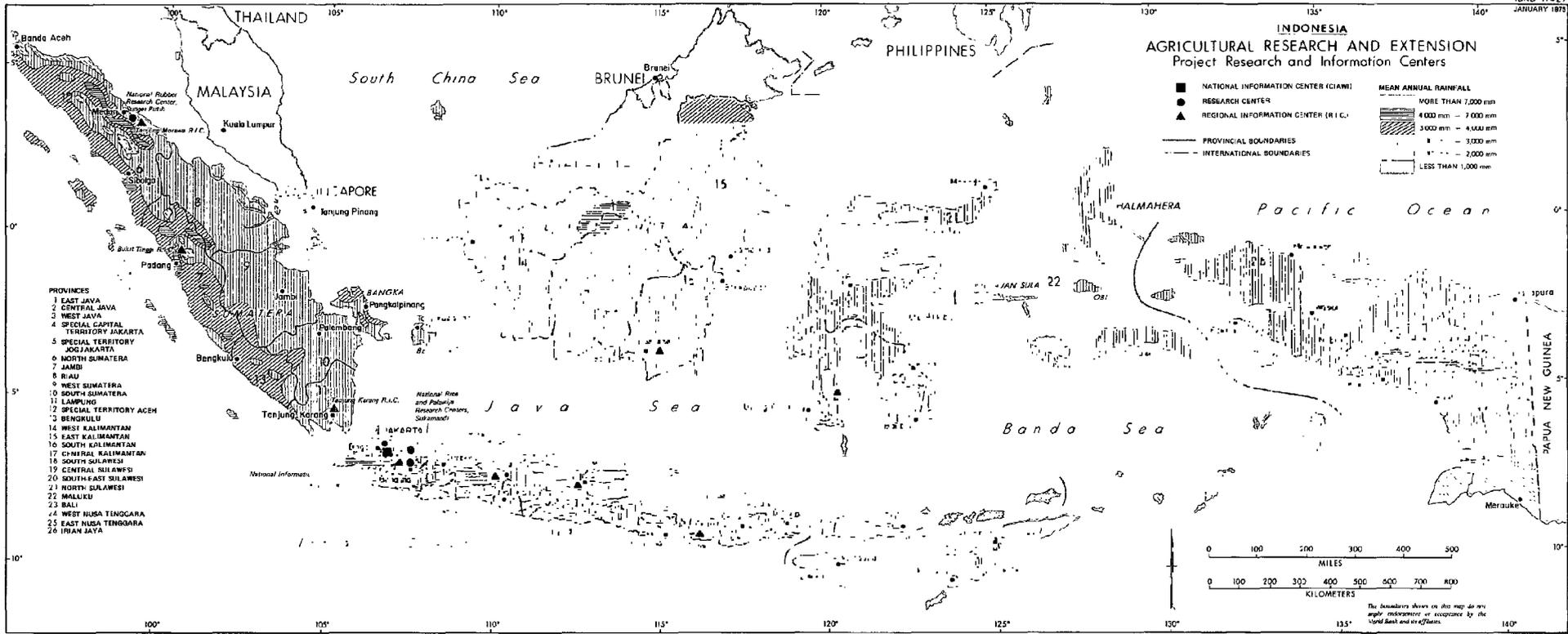
Technical Assistance:

- (a) Consultant organization or organizations to manage the technical assistance and fellowship programs.
- (b) Architectural, engineering and cost control consultants to assist the ARD project implementation unit in executing the civil works and equipment procurement components of the research program.

- (c) 62.5 man-years of research advisory and technical services to ARD and the research centers and 14 man-years of technical services to the NIC and regional information centers.
- (d) 119 long-term and 54 short-term fellowships.

Appraisal Report:

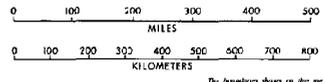
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INDONESIA
AGRICULTURAL RESEARCH AND EXTENSION
Project Research and Information Centers

<ul style="list-style-type: none"> ■ NATIONAL INFORMATION CENTER (CIAMI) ● RESEARCH CENTER ▲ REGIONAL INFORMATION CENTER (R.I.C.) — PROVINCIAL BOUNDARIES - - - INTERNATIONAL BOUNDARIES 	<p>MEAN ANNUAL RAINFALL</p> <ul style="list-style-type: none"> More than 7,000 mm 4,000 mm - 7,000 mm 3,000 mm - 4,000 mm 2,000 mm Less than 1,000 mm
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- PROVINCES**
- 1 EAST JAVA
 - 2 CENTRAL JAVA
 - 3 WEST JAVA
 - 4 SPECIAL CAPITAL TERRITORY JAKARTA
 - 5 SPECIAL TERRITORY JOGGAKARTA
 - 6 NORTH SUMATERA
 - 7 JAMBI
 - 8 RIAU
 - 9 WEST SUMATERA
 - 10 SOUTH SUMATERA
 - 11 LAMPUNG
 - 12 SPECIAL TERRITORY ACEH
 - 13 BENGKULU
 - 14 WEST KALIMANTAN
 - 15 EAST KALIMANTAN
 - 16 SOUTH KALIMANTAN
 - 17 CENTRAL KALIMANTAN
 - 18 SOUTH SULAWESI
 - 19 CENTRAL SULAWESI
 - 20 SOUTH-EAST SULAWESI
 - 21 NORTH SULAWESI
 - 22 MALUKU
 - 23 BALI
 - 24 WEST NUSA TENGARA
 - 25 EAST NUSA TENGARA
 - 26 IRIAN JAYA



The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.