

## Equipment Supply for Pre and Post Harvest Services



Rice milling unit

### Outline of Loan Agreement

Loan Amount / Disbursed Amount	5,800 million yen / 2,696 million yen
Loan Agreement	March 1984
Terms & Conditions	Interest rate 3.0%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	March 1992

### Project Outline

Farm equipment, storage-related facilities and transport facilities were provided to Koperasi Unit Desa (KUD = village unit cooperatives) with high levels of rice production and productivity in 7 provinces in order to promote improvements in the quality and yield of post-harvest rice processing.

### Results and Evaluation

This project was implemented as a part of a series of comprehensive aid programs being extended by Japan to support Indonesian efforts to achieve self-sufficiency in rice, involving the procurement of threshers, dryers and rice milling units (RMU) necessary for milling rice to 481 KUDs throughout the country.

In the initial plan, 243 KUDs were to be targeted with the project to be co-financed by the Asia Development Bank (ADB). However, the cancellation of ADB funding resulted in the addition of the RMU, etc. scheduled to be covered by ADB funds to this project; while, the construction of storage-related facilities was implemented using government funds.

Equipment was delivered between 1989-90 but the introduction of RMU in KUD met with numerous difficulties, including competition from private millers, so that for the 2-year period from 1990, the RMU were only operating at approx. 25% on average, of projected levels. Moreover, the majority of milled rice was utilized for personal consumption, not for commercial distribution.

Procured equipment has exceeded its serviceable life and whilst some KUD have successfully repaired the equipment and are continuing with rice milling activities, RMU in approx. 90% of KUD are not currently in use. In terms of lessons learned for similar future projects, careful study of the surrounding environment including the capacity of receiving agencies, market competition, etc., is necessary.