

## Indonesia

### Radio and Television Networks Improvement Project(3)

Field survey: August 2003

#### 1. Project Profile & Japan's ODA Loan



RRI: 13 nationwide networks; TVRI: 2 nationwide networks



TVRI Jakarta Studio

#### 1.1 Background

In Indonesia's Sixth Five-Year National Development Plan (REPELITA VI: 94/95-98/99) the development of the mass media, including radio and television, was positioned as a critical policy in that it facilitates penetration of shared principles among a diverse citizenry, raises awareness of rights and obligations for citizens, increases intelligence levels and promotes public participation in national development. To achieve this end, the now-defunct Ministry of Information Directorate General of Radio, Television and Film, which formerly supervised radio and television broadcasts, identified as priority issues: improvements to state-owned radio broadcaster (Radio Republik Indonesia: RRI) and state-owned television broadcaster (Televisi Republik Indonesia: TVRI) facilities, the expansion of coverage to enable broadcasts to reach the entire population, enhanced program content, and improvements in the management and operation of services.

This project was the successor to the Radio and Television Networks Improvement Project (I) (L/A conclusion: December 1990; final disbursement date: December 1995) and the Radio and Television Networks Improvement Project (II) (L/A conclusion: November 1993; final disbursement date: December 1998)<sup>1</sup>.

#### 1.2 Objectives

To improve the efficiency of radio broadcasts via the provision of radio transmitters (medium-wave transmission equipment) and raise the percentage of independently produced

<sup>1</sup> The Phase I project involved the replacement of radio transmission equipment (13 stations) and production equipment (14 stations), and the construction of maintenance centers (3); the Phase II project comprised additional construction of maintenance centers and the provision of spare parts. The ex-post evaluations confirmed that these



|                                  |                                    |
|----------------------------------|------------------------------------|
| Loan Amount                      | 5,318 million yen                  |
| Loan Disbursed Amount            | 5,318 million yen                  |
| Exchange of Notes                | December 1995                      |
| Loan Agreement                   | December 1995                      |
| Terms & Conditions               |                                    |
| Interest Rate                    | 2.5% (2.3% for consultant portion) |
| Repayment Date<br>(Grace Period) | 30 years<br>(10 years)             |
| Procurement                      | General untied                     |
| Final Disbursement Date          | December 2001                      |

## 2. Results and Evaluation

### 2.1 Relevance

The Sixth Five-Year National Development Plan (REPELITA VI) which covered fiscal 94/95 through 98/99, positioned the development of the mass media, including radio and television, as a critical policy in that it facilitates penetration of shared principles among a diverse citizenry, raises awareness of rights and obligations for citizens, increases intelligence levels and promotes public participation in national development. In order to attain these goals, improvements in RRI and TVRI facilities, program content, and management and operation of services were necessary, and above all development and improvement of medium-wave radio transmission facilities and television production studios were identified as pressing issues<sup>4</sup>. The plans for this project were formulated with a view to achieving these ends.

The Ministry of Information was abolished in October 1999 with the establishment of the Wahid government, and in August 2000, RRI and TVRI made the transition to public corporations (PERJAN). In April 2003, TVRI further evolved into a government-owned corporation (PERSERO), which altered its position as a national broadcaster as stated in the appraisal document. However, under the Broadcasting Law (1997, Article 24) RRI and TVRI continue to be positioned as public broadcasting corporations, and the current national development plan (PROPENAS: 2000-2004) also recognizes the importance of mass media to national development. Accordingly, this project is considered to have maintained its relevance to the present day.

### 2.2 Efficiency

#### 2.2.1 Outputs

All project outputs were executed by and large in line with the original plan though locations

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<sup>4</sup> The Comprehensive Development Plan for Radio and Television (master plan) formulated by Japan International Cooperation Agency (JICA) in 1990 proposed improvements in facilities at RRI and TVRI as the broadcasting agencies.

of the targeted stations were changed in both the radio and television portions for security reasons (i.e. the Lhokseumawe station was changed to the Ende station in the radio portion, and the Ambon station was changed to the Manado station in the television portion).

To make sure the effects of the project, measuring equipment for medium-wave transmitters (for 37 stations, including those targeted under the original plans) and spare parts (only for those stations listed in the original plans) for RRI and ancillary equipment for production studios plus spare parts (only for those stations listed in the original plans) were additionally procured. These additional procurements contributed to the effective and efficient realization of the project plan.

Table 1: Medium-wave transmission equipment procurements

| Item  | Target station            | Procured equipment   |
|---|---------------------------|--|
| 1. Upgrade of transmission equipment at existing medium-wave radio stations   | a) Medan station          | Main transmitter (50kW)                                      |
|   | b) Pekanbaru station      | Main transmitter (25kW)                                      |
|   | c) Palembang station      | Main transmitter (25kW)                                      |
|   | d) Malang station         | Main transmitter (5kW)                                       |
|   | e) Banda Aceh station     | Main transmitter (10kW)                                      |
|   | f) Tanjung Pinang station | Main transmitter (5kW)                                       |
|   | g) Sibolga station        | Main transmitter (10kW), antenna                             |
|   | h) Bogor station          | Main transmitter (10kW), antenna                             |
| 2. Construction of new medium-wave transmission equipment to enable existing short-wave radio stations to broadcast on the medium-wave frequency <sup>5</sup> | a) Fakfak station         | Main transmitter (10kW), stand-by transmitter (2kW), antenna |
|   | b) Manokwari station      | Main transmitter (10kW), stand-by transmitter (2kW), antenna |
| 3. Construction of transmission equipment at new medium-wave radio stations   | a) Ende station           | Main transmitter (10kW), stand-by transmitter (2kW), antenna |
|   | b) Tual station           | Main transmitter (10kW), stand-by transmitter (2kW), antenna |
|   | c) Sungailiat station     | Main transmitter (10kW), stand-by transmitter (2kW), antenna |

Source: RRI

### 2.2.2 Project period

Under the initial plan, the entire implementation schedule was expected to span a 51-month period from October 1995 through December 1999 (i.e. from L/A conclusion to the completion

<sup>5</sup> Because the medium-wave bandwidth has the merit of being more stable than short-wave frequencies it is used to broadcast national radio programs.

of consulting services), but the work schedule got behind and the actual project took 68 months to complete from December 1995 through July 2001. The delays were primarily attributed to delays of the bidding procedures originating from social and political turmoil (riots in Jakarta, changes in government) in the wake of the Asian Economic Crisis, and accompanied administrative paralysis (including the abolition of the Ministry of Information).

### **2.2.3 Project cost**

The total project cost under the original plan were 6,257 million yen, of which 5,318 million, or 85%, was to be covered by Japan's ODA loan; however, the actual total cost was 5,366 million yen (85.8% of the planned figure), with the yen loan amounting to 5,318 million (100.0% of the planned figure). The main reasons for the cost under run were: 1) local currency deflation in excess of inflation; and 2) competitive bidding which resulted in efficient ordering.

## **2.3 Effectiveness**

### **2.3.1 Radio<sup>6</sup> Portion: Expanded coverage**

Medium-wave radio transmission equipment (transmitters, antennas, other ancillary equipment) was either replaced or constructed at the thirteen regional RRI stations through the implementation of this project. The population coverage<sup>7</sup> of RRI broadcasts averaged 36 percent in 1995, but increased to around 61 percent in 2002. Considering the increase, it can be inferred that the project contributed to expanding the receiving areas of RRI broadcasts (Table 2)<sup>8</sup>. In addition, radio listeners in existing service areas have indicated that there have been improvements in sound quality. (Refer to "Case 1" and "Case 2" for details of project effects at the Palembang and Manokwari broadcasting stations, which were visited during this evaluation survey.)

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<sup>6</sup> With the exclusion of the Jakarta broadcasting station, regional stations broadcast three programs: "Program I", "Program II" and "Program III". The features of the respective programs are as outlined below, though there are some minor differences from one station to another.

- Program I: The program is put together from a diverse range of genres, including news, music, culture and education. It also relays news broadcasts from Jakarta. It has pronounced public broadcasting characteristics; for example airing the "Salamat Malam, Gubernur" program (a talk show featuring provincial governors). Moreover, since many medium-wave radio listeners live in rural communities, program production is slanted to the needs of this audience.
- Program II: Targeting young listeners, the program has a youth-oriented music content. It also relays news broadcasts from Jakarta. FM broadcasts.
- Program III: Predominantly relays news broadcasts from Jakarta. FM broadcasts.

<sup>7</sup> The percentage of the population in a particular region able to receive RRI broadcasts.

<sup>8</sup> Medan, Pekanbaru and Banda Aceh had lower coverage rates than other regions because of their locations, according to the RRI technical division chief. The low rates for the Fakfak, Manokwari and Tual stations are attributed to either the fact that the stations are surrounded by mountains or that the land areas of the prefectures are extensive, both of which prevent radio waves from reaching houses.

Table 2: Population coverage rates for RRI broadcasts

| Region         | Coverage rates for RRI broadcasts (%) |       |
|----------------|---------------------------------------|-------|
|                | 1995                                  | 2002  |
| Medan          | 16.18                                 | 26.04 |
| Peanbaru       | 13.26                                 | 18.05 |
| Palembang      | 34.77                                 | 63.01 |
| Banda Aceh     | 7.98                                  | 17.95 |
| Tanjung Pinang | 24.29                                 | 92.70 |
| Sibolga        | N.A.                                  | 100   |
| Bogor          | 48.73                                 | 100   |
| Malang         | 100                                   | 100   |
| Fakfak         | N.A.                                  | 29.40 |
| Manokwari      | N.A.                                  | 32.34 |
| Ende           | N.A.                                  | 68.73 |
| Tual           | N.A.                                  | 45.87 |
| Sungailiat     | 41.04                                 | 100   |

Source: RRI

### Case 1: Effects on the RRI Palembang Station



(1) Palembang

A 25kW medium-wave transmitter was procured in 1999 with the use of project funds. Prior to this project, the station had used 25kW medium-wave transmitters procured in 1976, but due to the failure of one of the two transmitters for parallel operation the station had been inoperable and the equipment slated for renewal since 1981.

This project made it possible for the aged medium-wave transmitter to be replaced and thereby facilitate stable broadcasts. The station currently covers areas within a 250km radius of the station (excluding mountainous areas).

Additionally, the new transmitters are now easier to operate and maintain and consume less electricity. Facilities and equipment are currently in favorable condition and transmitters are operated as planned. However, the stand-by generator installed by RRI for use in the event of blackouts is out of order and requires replacement.



[Palembang station]



[Medium-wave transmitter]



[Stand-by transmitter]

### Case 2: Effects on the RRI Manokwari station



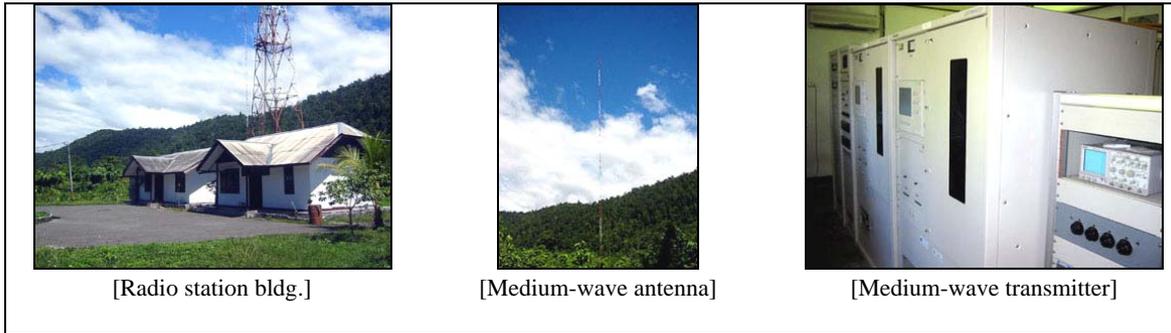
(2) Manokwari

In 1999, a 10kW (stand-by output: 2kW) medium-wave transmitter and antenna (100m) were procured for the Manokwari station with the use of the project funds. In addition, STL equipment (wireless circuits that are used to transmit programs from the studio to transmission stations), etc. was also procured. The radio station building in which this equipment was installed and the stand-by transmitter was improved with the use of RRI budget.

The introduction of this equipment was accompanied by a training session hosted by the supplier in Jakarta in which three Manokwari station staff members participated. One member of staff was also dispatched to Japan to receive training there.

Prior to project implementation, the Manokwari station owned one 1.5kW short-wave transmitter, a 4kW and a 0.2kW transmitter for FM broadcasts and a 1kW medium-wave transmitter, but due to the low output of the medium-wave transmitter and the fact that Manokwari district is mountainous, service areas with fair sound quality were very limited. However, this project expanded the station's service areas, and listeners who could listen to radio broadcast prior to the project have also indicated that sound quality has improved.

Facilities and equipment are currently in favorable condition. Transmitters and the antenna are operated as planned. However, the stand-by generator installed concurrently using RRI funds is out of order and requires a replacement.

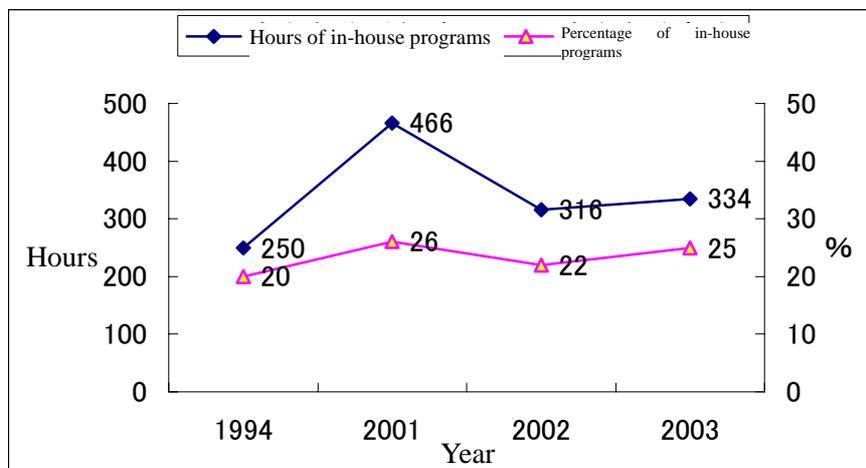


### 2.3.2 TV portion: strengthened independent production capacity of TV programs

Studio production equipment was procured and installed at the Jakarta station (Studios 5, 6, 7, 8) and the Manado station (Studio 1). The procured equipment included TV cameras, video equipment, recording equipment, and lighting equipment, and aging analog equipment was replaced with digital equipment.

TVRI reports, in reference to the quality of independently-produced programs, that the replacement of this equipment has enabled high quality digital recording, editing, storage and delivery feasible, all of which were difficult with the earlier analog equipment, and that program quality has consequently improved. Lighting equipment is also being usefully employed to achieve a variety of lighting effects. Meanwhile, the airing time of independently-produced programs as a percentage of total broadcasts had increased by 2001 when the project completed in comparison to 1994 prior to project implementation. Despite fluctuations after 2002 in on-air time and percentage that are partially attributed to budget availability, the levels continue to surpass 1994 figures (Table 3). (For details of project effects at the Manado broadcasting station visited during this field survey, refer to “Case 3”.)

Table 3: Hours of independent productions from TVRI Jakarta Network Studios 5-8 and percentage of total broadcasting time (p.a.)



Source: TVRI

### Case 3: Effects on the TVRI Manado station



(3) Manado

The service areas of the Manado station predominantly cover the cities of Manado and Bitung and the Minahasa district. Broadcasts from this station comprise a combination of programs produced at the Jakarta HQ and independent productions from the Mandano studio. According to Mandano station staff, the switch from analog to digital equipment facilitated by this project has improved image and sound quality, resulting in dramatic improvements in the quality and quantity of in-house productions.

Using the newly-introduced equipment, between 2001 and 2002, the Madano station produced many programs, including drama, music and culture, in addition to news broadcasts. In 2002, for example, 619 programs (on-air time: 29,650 minutes) were produced in-house. Program content predominantly consisted of local news (65.5% of total broadcast time) and business news (9.9%).

However, with the transition of TVRI to a state-owned corporation in April 2003 and reductions in the production budget, the on-air time of programs produced using studio equipment now amounts to around one hour a day.



[Manado station]



[TV production studio]



[TV camera]

## 2.4 Impact

### 2.4.1 Impact on regional society

As part of this evaluation, a beneficiary survey was conducted with the assistance of RRI and TVRI employees in two counties in the vicinity of each of the RRI Manokwari and Palembang radio stations and the TVRI Manado station. The aim of the survey was to ascertain whether any improvements in broadcasting services have been recognized by listeners / viewers, and how such improvements are observed. Fifty individuals (farmers, shopkeepers, laborers, etc.) were selected at random in each of the areas covered (Manokwari station, Palembang station, Manado station)

Figure 2: An interview in progress (Manokwari District, West Irian Jaya)

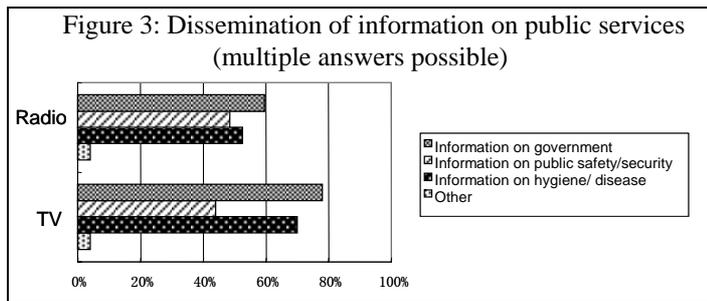


and interviewed using questionnaires<sup>9</sup>. Participants were asked to state how much time they spend listening / viewing per day and to confirm what programs they listened to / viewed, with questions focusing on the socio-economic effects of broadcasts.

The following sections outline project impacts based on the results of the above survey.

**[Dissemination of information on public services]**

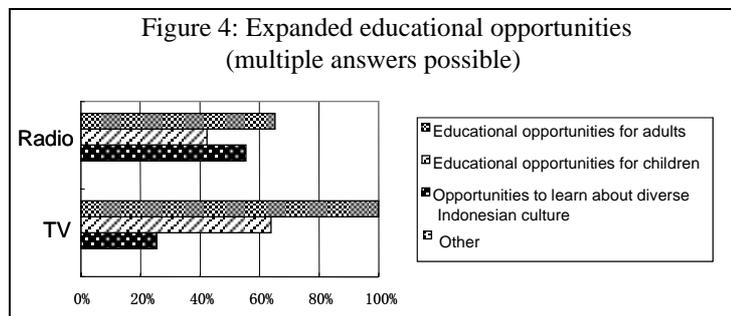
On the dissemination of information on public services through this project, 59.0 percent of respondents cited “major improvements”, whilst 40.0 percent cited “improvements” in radio broadcasts. On television broadcasts,



82.0 percent of respondents recognized “major improvements”, whilst 18.0 percent acknowledged “improvements”. These respondents were then asked, in connection with the dissemination of public service information, to identify which outcomes they were particularly satisfied with. As Figure 3 shows, it yielded high response rates for the “dissemination of information on government policy” and the “dissemination of information on hygiene and disease” in reference to both radio and television broadcasts. In Manokwari district, for example, the spread of HIV/AIDS has become a social issue, and the RRI Manokwari radio station produces and broadcasts enlightenment programs in cooperation with the district government’s health bureau, and the provision of this type of administrative / public service information is highly appreciated by listeners.

**[Expanded opportunities for education]**

On expanded opportunities for education affected by this project, 21.0 percent of respondents recognized “major improvements” and 71.0 percent “improvements” in radio broadcasts, whilst on TV



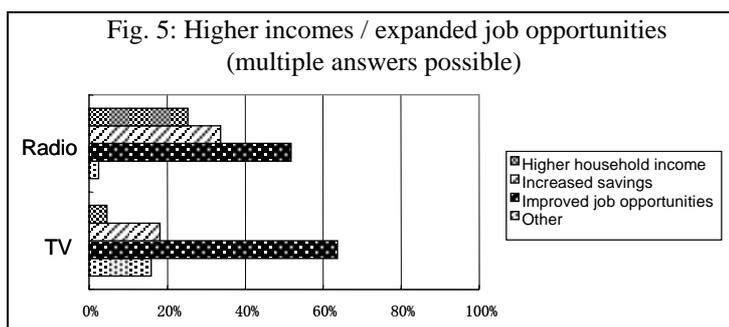
broadcasts 66.0 percent of respondents acknowledged “major improvements” and 28.0 percent

<sup>9</sup> On radio broadcasts, 100 people were interviewed in West Irian Jaya (East Manokwari and Prafi in Manokwari District) and South Sumatra (Inderalaya and Tanjungraja, Kayuagung District); on television broadcasts, 50 people were interviewed in North Sulawesi (Sinkil and Minahasa in Manado City).

“improvements”. These respondents were then asked, in connection with increased educational opportunities, to identify which outcomes they were particularly satisfied with. As Figure 4 illustrates, it yielded high response rates for “expanded opportunities for adult education” and “expanded opportunities to learn about the diversity of Indonesian culture” among radio listeners, and for “expanded opportunities for adult education” and “expanded opportunities for child education” among TV viewers.

**[Higher incomes / expanded job opportunities]**

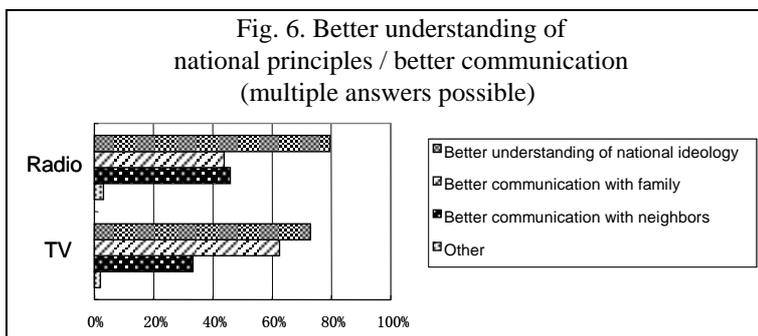
Regarding higher incomes / expanded job opportunities through this project, 29.0 percent of respondents recognized “major improvements” and 54.0 percent “improvements” in radio broadcasts, whilst on TV



broadcasts 42.0 percent of respondents cited “major improvements” and 46.0 percent “improvements”. These respondents were then asked, in connection with higher incomes / expanded job opportunities, to identify which outcomes they were particularly satisfied with. As Figure 5 shows, it yielded high response rates for “expanded job opportunities” among both radio listeners and TV viewers. Among regionally-produced programs, broadcasts such as those providing information on employment opportunities in public works projects were highly evaluated.

**[Increased understanding of national principles / better communication]**

Regarding increased understanding of national ideology / better communication, 49.0 percent of respondents cited “major improvements” and 49.0 percent “improvements” in radio broadcasts, whilst on TV broadcasts, 58.0 percent of respondents recognized “major improvements” and 38.0 percent “improvements”. These respondents were then asked, in connection with the above, to identify which outcomes they were particularly satisfied with. As Figure 6 illustrates, it yielded high response rates for “improved understanding of national

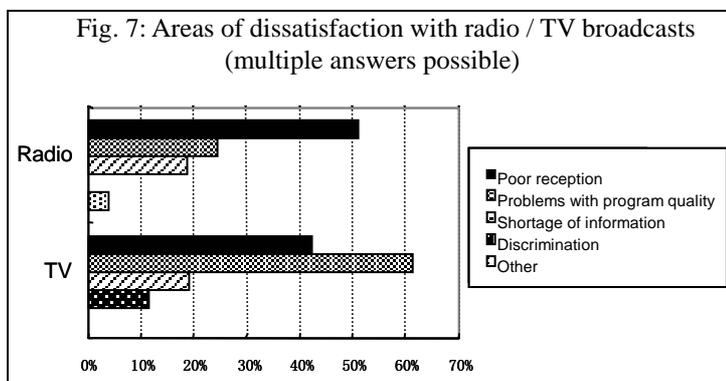


principles and 38.0 percent “improvements”. These respondents were then asked, in connection with the above, to identify which outcomes they were particularly satisfied with. As Figure 6 illustrates, it yielded high response rates for “improved understanding of national

ideology” and “better communication with family members” among both radio listeners and TV viewers.

**[General evaluation]**

The impacts of this project have been highly appreciated by its beneficiaries. Specifically, in rural communities, which, unlike their urban counterparts, are unable to receive commercial broadcasts, public broadcasts play a crucial role in the transmission



of news and information, and provision of entertainment. Nevertheless, among respondents, satisfaction with current radio broadcasts stands at 47.0 percent and with TV broadcasts at 52.0 percent. As Figure 7 illustrates, besides “poor receiving conditions”<sup>10</sup>, many respondents acknowledged “poor quality of programs” in respect of television broadcasts.

**2.4.2 Environmental Impact**

Neither RRI or TVRI has reported any adverse environmental impacts stemming from the implementation of this project. The project did not involve any land acquisition.

**2.5 Sustainability**

**2.5.1 Executing Agency (Radio portion)**

**1) Technical Capacity**

The O&M of facilities and equipment provided under this project is being undertaken by the technical departments of individual radio stations. With a view to improving the technical skills of its employees, RRI offers practical training (2 week – 3 month sessions) at the Radio Training Center (RTC) – an affiliated organization, and provides in-house training at its stations. It also dispatches employees to the Mass Media Training Center (MMTC)<sup>11</sup>, a facility run in

<sup>10</sup> TVRI transmits VHF broadcasts, but all other commercial stations use UHF. Viewers are required to purchase separate antennas, but in some instances there is insufficient understanding of this point and some people have not purchased VHF antennas because of the cost involved, which means that many people do not own the equipment necessary to receive TVRI broadcasts.

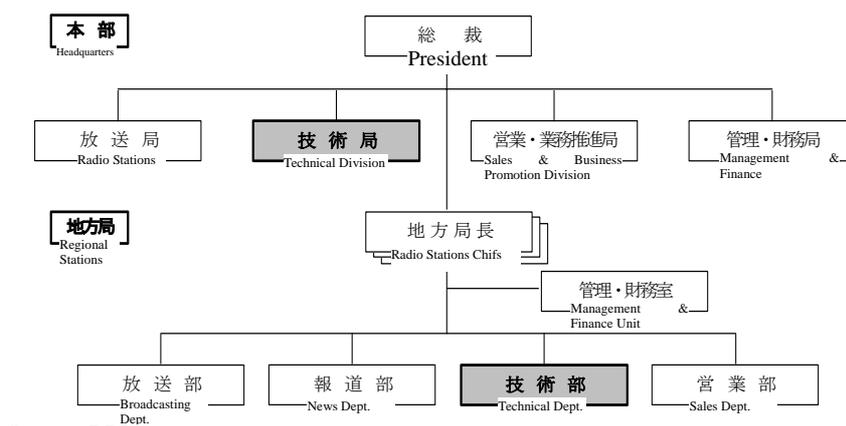
<sup>11</sup> This was established via JICA project-type technical assistance; between 1984 and 1992, the center was built, equipment provided and a team of experts dispatched. Assistance was extended to the development of broadcast

conjunction with TVRI, giving them the opportunity to specialize in planning program scheduling, production, news broadcasts, studio equipment operating techniques, and broadcasting techniques, among others.

## 2) Operation and Maintenance System

The operation and maintenance (O&M) of equipment procured for this project is undertaken by the technical departments of each regional radio station under the guidance of the technical division at RRI headquarters<sup>12</sup> (see Figure 8). Palembang station, one of RRI's key stations, for example, is comprised of a management department, a production department, a news department, a technical department and a sales department, and has a full-time payroll of 181 employees. Again, Manokwari, which is a regional radio station, has a management department, a production department, a technical department and a sales department, staffed by a workforce of 108 full-time employees.

Figure 8: Organization chart of RRI (O&M system)



Source: RRI

## 3) Financial status

Since it is positioned as the state broadcaster, RRI income and expenditure are covered by government subsidies. Accordingly, its current financial status gives no cause for concern.

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training courses, the development of training institutes, and so forth.

<sup>12</sup> RRI radio stations are separated into the RRI headquarters (*Utama*: 1), key stations (*Madya*: 10), main regional stations (*Muda*: 23) and regional stations (*Pratama*: 24).

Table 4: Income statement (unit: Rp.bil)

|                      | 2003 results | 2004 targets |
|----------------------|--------------|--------------|
| Income               | 407          | 419          |
| Advertising, etc.    | 7            | 10           |
| Subsidies            | 400          | 409          |
| Operating costs      | 364          | 463          |
| Personnel            | 357          | 452          |
| Broadcasting         | 7            | 10           |
| Current term profits | 43           | (44)         |

Source: RRI

Table 5: Balance sheet (unit: Rp.bil)

|                     | 2003 results | 2004 targets |
|---------------------|--------------|--------------|
| Liquid assets       | 387          | 433          |
| Fixed assets        | 1,976        | 1,976        |
| Other               | 20           | 30           |
| Total assets        | 2,383        | 2,439        |
| Current liabilities | N.A.         | N.A.         |
| Fixed liabilities   | N.A.         | N.A.         |
| Equity              | 2,383        | 2,439        |
| Capital             | 1,976        | 1,976        |
| Other               | 387          | 433          |
| Total liabilities   | 2,383        | 2,439        |

Source: RRI

### 2.5.2 Operation and Maintenance Status

The equipment procured for this project is all in favorable condition. However, some of the stand-by generators procured by RRI that are used in the case of blackouts appear to have been poorly maintained, though they are not the outputs in this project. The Phase I and II projects that preceded this project incorporated the development of three maintenance centers nationwide (in Jakarta, Medan and Makassar). However, the body with supervisory authority over these centers has not been identified since the Ministry of Information was abolished in October 1998.

### 2.5.3 Executing Agency (TV portion)

#### 1) Technical Capacity

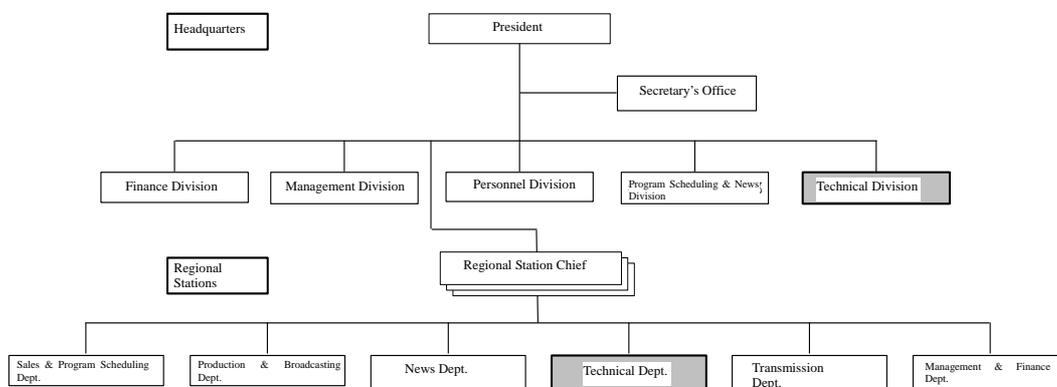
As with RRI, TVRI offers practical training (2 week – 3 month sessions) at its Television Training Center (TVTC) – an affiliated organization, and provides in-house training at its stations with a view to improving the technical skills of its employees. It also dispatches personnel to the Mass Media Training Center (MMTC)

#### 2) Operation and Maintenance System

The operation and maintenance (O&M) of equipment procured through this project is undertaken by the technical departments at the Jakarta and Manado stations under the direction of the technical division at TVRI headquarters (see Figure 9). The Manado station visited during this evaluation survey, comprises a management and finance department, a sales and program scheduling department, a technical department and a transmissions department, and has a

full-time staff of 176.

Figure 9: Organizational chart of TVRI (O&M system)



Source: TVRI

### 3) Financial status

In April 2003, TVRI made the transition from a public corporation (PERJAN) to a state-owned corporation (PERSERO) and currently reviews its organizational and personnel systems as part of a series of reforms that includes invitations of people from the private sector to the management team and a sweeping redeployment of personnel. In terms of its financial status, a major portion of income continues to be covered by government subsidy, but these are gradually decreasing as the ratio of dependency on advertising revenues increases. Government subsidies accounted for around 91 percent of income in fiscal 2000, for around 83 percent in fiscal 2001, for around 69 percent in 2002 and for around 64 percent in fiscal 2003 (see Table 6). The plans for fiscal 2004 called for a major increase in subsidies, but advertising is forecast to produce a substantial increase in income, thus dependence on subsidies is expected to drop to around 60 percent. In its business plan for fiscal 2004, TVRI has set forth a corporate strategy that incorporates twelve goals that include: expanding coverage, improving program quality, and raising the level of advertising and sales activities.

Table 6: Income Statement (unit: Rp.bil)

|                   | 2000 | 2001  | 2002  | 2003  | 2004 targets |
|-------------------|------|-------|-------|-------|--------------|
| Income            | 110  | 199   | 245   | 227   | 455          |
| Advertising, etc. | 10   | 34    | 77    | 81    | 179          |
| Subsidies         | 100  | 165   | 168   | 146   | 276          |
| Operating costs   | 201  | 428   | 370   | 357   | 639          |
| Personnel         | 36   | 105   | 104   | 123   | 189          |
| Broadcasting      | 77   | 99    | 73    | 72    | 232          |
| Depreciation      | 30   | 133   | 112   | 60    | 80           |
| Operating profit  | (91) | (229) | (125) | (130) | (184)        |
| Non-operating     | 8    | 14    | 12    | 62    | [*] 227      |

|                     |      |       |       |      |      |
|---------------------|------|-------|-------|------|------|
| profit              |      |       |       |      |      |
| Non-operating costs | 4    | 7     | N.A.  | N.A. | 60   |
| Current term profit | (87) | (221) | (113) | (68) | (16) |

[\*] Commercial TV station contributions: 43; capital gains: 71; other: 101

Table 7: Balance Sheet (unit: Rp.bil)

|                     | Dec. 2000 | Dec. 2001 | Dec. 2002 | Dec. 2003 | Dec. 2004 |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Liquid assets       | 233       | 471       | 446       | 429       | 433       |
| Cash equivalent     | 8         | 9         | 22        | 5         | 8         |
| Fixed assets        | 153       | 379       | 337       | 269       | 320       |
| Total assets        | 386       | 850       | 782       | 699       | 755       |
| Current liabilities | 135       | 251       | 325       | 296       | 294       |
| Fixed liabilities   | 13        | 13        | 13        | 13        | [*] 88    |
| Equity              | 238       | 586       | 444       | 402       | 373       |
| Capital             | 326       | 1,094     | 1,160     | 1,164     | 1,164     |
| Accumulated loss    | n.a.      | (321)     | (637)     | (750)     | (818)     |
| Current term loss   | (87)      | (221)     | (113)     | (68)      | (16)      |
| Total loss/equity   | 386       | 850       | 782       | 741       | 755       |

[\*] Investment (investors): 75

#### 2.5.4 Operation and Maintenance Status

The equipment procured for this project is all in favorable condition. However, jurisdiction over the use of maintenance centers requires a clarification. The links provided by grant assistance and project-type technical assistance provided by the Japanese government on O&M, to the sustainability of effects from the earlier Phase I and II projects, including expanded coverage and greater population reach, were elucidated in the fiscal 02/03 policy assessment undertaken by the Japanese Ministry of Public Management, Home Affairs, Posts and Telecommunications.

### 3. Feedback

#### 3.1 Lessons learned

Nothing specific

#### 3.2 Recommendations

Nothing specific

### Comparison of Original & Actual Scope

| Item  | Planned   | Actual   |
|---|---|--|
| I. Outputs  |   |  |
| 1. Upgrade of transmission equipment at existing medium-wave radio stations                     | a) Medan station<br>b) Pekanbaru station<br>c) Palembang station<br>d) Malang station<br>e) Banda Aceh station<br>f) Tanjung Pinang station<br>g) Sibolga station<br>h) Bogor station | As planned<br><br>As planned<br>As planned<br>As planned<br>As planned<br>As planned<br>As planned<br>As planned   |
| 2. Construction of new medium wave transmission equipment at existing short-wave radio stations | a) Fak Fak station<br><br>b) Manokwari station  | As planned<br><br>As planned   |
| 3. Construction of transmission equipment at new medium-wave radio stations                     | a) <u>Lhokseumawe station</u><br><br>b) Tual station<br>c) Sungailiat station   | a) <u>Ende station</u><br><br>As planned<br>As planned   |
| 4. Construction of production equipment at existing TV production studios                       | a) Jakarta studio No.5<br>b) Jakarta studio No.6<br>c) Jakarta studio No.7<br>d) Jakarta studio No.8<br>e) <u>Ambon studio No.1</u>   | a) Jakarta studio No.5<br>b) Jakarta studio No.6<br>c) Jakarta studio No.7<br>d) Jakarta studio No.8<br>e) <u>Ambon studio No.1</u>  |
| 5. Additions  |   | a) Radio portion<br>- MW breakers / monitoring equipment<br>- MW breakers / spare parts<br>b) TV portion<br>- Additional construction of production studios<br>- Upgrade of production studio facilities<br>- Spare parts procurement for production studios |
| 6. Consulting services  | Foreign consultants: 83.0 M/M<br>Local consultants: 70.0 M/M  | Foreign consultants: 90.5 M/M<br>Local consultants: 90.5 M/M   |
| II. Implementation schedule   |   |  |
| 1. L/A conclusion   | October 1995  | December 1995  |
| 2. Consultant selection   | Jun. 1996 – Jul. 1996   | Apr. 1996 - Dec. 1996  |
| 3. Consulting services  | Aug. 1996 – Dec. 1999   | Feb. 1997 – Jul. 2001  |
| 4. Bidding / contracts  | Feb. 1997 – Mar. 1998   | Dec. 1997 – Jan. 1999  |
| 5. Civil engineering work   | May 1998 – May 1999   | May 1998 – May 1999  |
| 6. Manufacture & installation / trial operation   | Jul. 1998 – Dec. 1999   | Feb. 1999 – Jul. 2001  |
| III. Project cost   |   |  |
| Foreign currency  | 5,230 million yen   | 5,263 million yen  |
| Local currency  | 1,027 million yen<br>(Rp.22,822 million)  | 103 million yen<br>(N.A.)  |

|   |  |  |
|---|--|--|
| Total<br>-ODA loan portion<br>Exchange rate | 6,257 million yen<br>5,318 million yen<br>1 rupiah = 0.045 yen<br>(as of April 1995) | 5,366 million yen<br>5,318 million yen<br>1 rupiah = 0.048 yen<br>(as of 1997)<br>1 rupiah = 0.013 yen<br>(as of 2001) |
|---|--|--|

## **Third Party Evaluator's Opinion on Radio and Television Network Improvement Project (III)**

Kusumo A. Martoredjo  
Chairman, Indonesia-Japan Economic Committee

### **Sustainability :**

The TVRI and RRI have had a long history as the mouthpiece for the government of Indonesia. Aside of intended to disseminate information, socializing the development program, educational materials and such, TVRI and RRI are said tend to be more political oriented than business oriented. However with the emergence of private radio and television networks, TVRI and RRI are confronted with severe competition in capturing the interest of the people of Indonesia.

With the fast changing technology and the needs to be continuously innovative and creative, TVRI and RRI that mostly depend financially on the Government budget, have hard time to survive not so much in terms of maintenance of the hardware but more in designing TV and Radio programs that can compete with the private broadcasting networks in capturing the imagination of their viewers or listeners, due to the limited budget.

Nonetheless, TVRI and especially RRI have a much broader area of coverage especially in the remote areas and places not reached by the private TV and Radio networks. The RRI is putting all efforts to enhance their quality of broadcasting and at present they are in the process of reorganization and restructuring as to make RRI more effective and efficient. The board of Directors is active in seeking cooperation with various countries, not only to sustain its operation but also how to broaden its coverage, particularly now that Indonesia is in the process of democratization and the more people beginning to be aware of their rights as citizens and the so many problems yet to be solved by the newly elected top leaders of Indonesia.. In this age of Information Technology where Indonesia lags behind other countries Radio Broadcast is at the time being still the cheapest source of information for the majority of the population.

TVRI has been transformed into a joint stock company, and is now allowed to broadcast advertisement that supposedly can be one of the sources of funds. And yet as newcomer it is not easy to vie for advertisement amid the other private television stations that have had years of relation with the advertisers. TVRI even though is improving in their quality of broadcast and its regional stations offered better programs, has not been out of the doldrums of accumulated debt. Nonetheless TVRI is doing its utmost to become one of the television stations that can attract the various tastes of individuals that belongs to so many ethnic s communities.

No doubt, the loan provided by JBIC to RRI and TVRI for improvement of the broadcasting services (III), is a great help to make them stand better in facing the competition with private television stations, especially at the time when Indonesia is in a turmoil of social and political environment changes, in the midst of multidimensional crises, at the time people are in the dire need for information at any moment of the time. .

It is understandable that the continuous changes of information technology, the TVRI and the RRI can not sit back and care only for their sustainability but they have to keep on working to expand their coverage as well as improving the quality and attractiveness of their programs to capture the imagination of their listeners or viewers. TVRI and RRI should actively disseminate information that might not of interest to the private radio and television stations, yet important for the nation to be aware of them, particularly pertaining to the efforts to achieve social, and political stability, security and order, as well as economic development and growth.

^All in all the JBIC loan though not covered financing the period after the completion, we are to admit that it did help a great deal the effort to improve broadcasting services of TVRI and RRI.