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PROJECT NO. 497-0314

PROJECT
GRANT AGREEMENT
BETWEEN
THE REPUBLIC OF INDONESIA
AND THE
UNITED STATES OF AMERICA
FOR
ASSISTANCE TO ENVIRONMENTAL CENTERS

Date: August 31, 1979

**ASSISTANCE TO ENVIRONMENTAL CENTERS
Project Grant Agreement**

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A.I.D. PROJECT NO. 497-0314

PROJECT GRANT AGREEMENT

Dated: August 31, 1979

Between the REPUBLIC OF INDONESIA ("Grantee") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2. The Project

SECTION 2 Definition of Project. The Project, which is further described in Annex 1, consists of activities designed to develop and strengthen the Center for Environmental Studies at the Bandung Institute of Technology, including the provision of technical assistance, training, and books and periodicals.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3. Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Two Hundred Fifty Thousand United States ("U.S.") Dollars (\$250,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Grantee for the Project will be not less than the equivalent of \$85,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1981 or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project, as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After

such period, A.I.D. giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement; and

(b) Evidence of the designation of an appropriate official of the Bandung Institute of Technology (ITB), as Manager of the Project.

SECTION 4.2. Disbursement for Commodities. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for the procurement of books and publications for the clearing

house, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that adequate space for the clearing house is available on the ITB campus; and

(b) Evidence that at least three qualified persons have been employed to serve as full-time administrative staff for the clearing house.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Sections 4.1 and 4.2 have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent

(a) If all the conditions specified in Sections 4.1 have not been met within 90 days from the date of this Agreement, or such later date or dates as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

(b) If all the conditions specified in Section 4.2 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5. Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- (a) Evaluation of progress toward attainment of the objectives of the Project;
- (b) Identification and evaluation of problem areas or constraints which may inhibit such attainment;
- (c) Assessment of how such information may be used to help overcome such problems; and
- (d) Evaluation, to the degree feasible, of the overall development impact of the Project.

Article 6. Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and service) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Indonesia.

Article 7. Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs

(a) After satisfaction of the conditions precedent, the Grantee may obtain disbursement of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement by such of the following methods as may be mutually agreed upon:

- (1) by submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or
- (2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of

Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of the conditions precedent, the Grantee may obtain disbursements of funds under the grant for local currency costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) These disbursements may be made by A.I.D. at A.I.D.'s option:

- (1) in U.S. dollars equivalent to the local currency cost, or
- (2) in local currency acquired by A.I.D. by purchase or from local currency already owned by the U.S. Government.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the

Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. If funds provided under the Grant are introduced into Indonesia by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Indonesia at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Indonesia.

Article 8. Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To the Grantee: Minister of State for Development
Supervision and the Environment
Jalan Merdeka Barat 15
Jakarta
Indonesia.

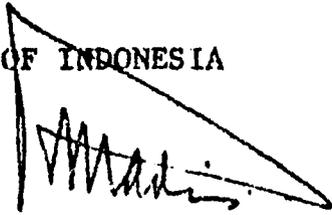
To A.I.D. Director
United States Agency for
International Development
Jalan Merdeka Selatan 5
Jakarta
Indonesia.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individuals holding or acting in the office of Minister of State for Development Supervision and the Environment, Ministry of State for Development Supervision and the Environment, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID Mission to Indonesia, each of whom by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the Amplified Description in Annex 1. The names of the representatives of the Grantee, with specimen signatures will be provided to A.I.D., which may accept as duly authorized any instruments signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their maturity.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

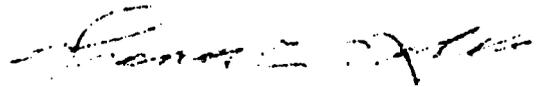
REPUBLIC OF INDONESIA



By: _____

R. Wiradisuria
Asst. Minister of
State for Development Supervision
and the Environment

UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT



By: _____

Thomas C. Niblock
Director

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Project Grant Standard Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters. To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experience management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after

SECTION B.5. (b)

the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation:

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (2) will be identified in Project Implementation Letters;

SECTION C.3.

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.5. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

SECTION C.6.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried:

(1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or
(2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

SECTION C.7.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurances will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D.,

SECTION D.2.

notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

AMPLIFIED DESCRIPTION OF THE PROJECT

I. Project Description

This project will assist in the development of the recently established Center for Environmental Studies (CES) at the Bandung Institute of Technology at Bandung (ITB) by financing the foreign exchange and local currency costs of:

- a. One long term advisor for two years;
- b. two short term advisors to assist in the designing of a program of environmental studies and training at ITB;
- c. books and publications for an environmental clearing house to be established at the Center plus one vehicle for transportation;
- d. short term training and attendance at international seminars and conferences for key personnel from ITB and from the Ministry of State for Development Supervision and the Environment; and
- e. long term academic training leading to the M.S. degree in various environmental sciences at U.S. Universities for five ITB faculty members.

The GOI and ITB will finance

- a. in-country training
- b. operations of the clearing house
- c. land and new building for the environmental center, and
- d. in-country training to level of five M.S.'s and two Ph. D's abroad for ITB faculty to provide a core group of trained personnel for the environmental center. The estimated value of the GOI/ITB contribution is \$234,000 plus land and building and in-kind services for the operation of the clearing house.

These inputs will lead to the establishment of the CES at ITB as an institution capable of making research studies in the management of natural resources and environmental impact assessments of development projects. Through the results of such studies the Center will be capable of assisting the GOI in the devising of environmentally sound development strategies. The ultimate aim of the Project is to make a contribution to the rehabilitation, conservation, and improvement of the Indonesian physical environment.

II. Implementation Plan

Administrative Responsibility

AID understands that the Minister of State for Development Supervision and the Environment is the administrative authority for the implementation of this Project. However, the Minister of State will designate an appropriate official at ITB as his authorized representative so that USAID may work directly with the ITB staff on project matters.

Consultants

Included in this Project are funds for one long term consultant (two years) to help design and implement the Centers programs in research, training, and to assist in the development of the clearing house. Other short term consultants may be funded as the need arises. It is expected that both the long term and the short term consultants will be contracted on AID direct Personal Services Contracts.

Training

Both the long and short term training financed by the Grant will be handled through the USAID participant training office by following their regular procedures.

III. Financial Plan

The estimated amount of AID dollar grant funds to be provided for this Project is \$500,000 for the period 1979 - 1981 in two increments of \$250,000 for each of the two fiscal years of 1980 & 1981. Allocation of funds by input is shown in the Financial Plan presented below in tabular form. The amounts shown in the Financial Plan are estimated only; by mutual consent of the Parties the allocation of funds may vary from the Financial Plan without amendment of this Annex 1 or this Grant Agreement.

SUMMARY BUDGET ('000 \$)

	ITB	GOI	USAID Grant	Total
I. Operation	22*			22
II. Clearing House, Library			86	86
III. Formal Education		64	130	194
IV. Training		70		70
V. Research		90	8	98
VI. Travel	4	10	50	64
VII. Technical Asst.			200	200
VIII. Contingency			26	26
	<hr/>			
TOTAL:	26	234	500	760
	<hr/>			

AID Grant : 66%
GOI Contribution : 31%
ITB Contribution : 3%

* Plus in-kind contributions of services by ITB's professional staff, office space and furnishings.

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Department of State

INCOMING
TELEGRAM

PAGE 01 JAKART 15453 020911Z
ACTION AID-35

72139 AID5854

ACTION OFFICE ASSP-02
INFO AAAS-01 ASEM-01 ASDP-02 ASTR-01 CH8-01 RELO-01 MAST-01
12-00 ASD-01 /011 A1

INFO OCT-01 SSO-00 EA-12 OES-09 /057 W
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O 020858Z OCT 80
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC IMMEDIATE 9096

UNCLAS JAKARTA 15453

AIDAC

EO 12065: N/A

SUBJECT: ENVIRONMENTAL ANALYSIS FOR TOXIC METALS COURSE

REF: STATE 201742

1. A MAJOR PRIORITY OF THE GOI ENVIRONMENTAL MINISTRY AND THE NETWORK OF UNIVERSITY CENTERS OF ENVIRONMENTAL STUDIES IS DEVELOPMENT OF CAPABILITY TO DEAL WITH INDUSTRIAL POLLUTION, PARTICULARLY FROM HEAVY METALS.
2. MISSION HAS BEEN DEVELOPING OPPORTUNITIES UNDER GRANT FUNDING FROM ASSISTANCE TO ENVIRONMENTAL CENTER PROJECT TO ASSIST GOI EFFORT TO MANAGE INDUSTRIAL POLLUTION. ONE SUCH OPPORTUNITY, WHICH COMES FROM BILL CARTER'S VISIT, IS THE POTENTIAL FOR INCREASED INTERCHANGE BETWEEN U. S. ENVIRONMENTAL PROTECTION ADMINISTRATION AND GOI INSTITUTIONS. ANOTHER IS THE OPPORTUNITY AFFORDDR. R. T. M. SUTAMIHARDJA, ENVIRONMENTAL MINISTRY STAFF, AND DR. OEY BIAUW LAU, ITB CENTER FOR ENVIRONMENTAL STUDIES STAFF. ALTHOUGH DEADLINE IS PAST, MISSION ASKS AID/W MAKE SPECIAL APPEAL TO COURSE ORGANIZERS TO INCLUDE NOMINEES IN COURSE IN VIEW OF IMPORTANCE TO GOI ENVIRONMENTAL PRIORITIES.
4. ALL FUNDING IS UNDER ASSISTANCE TO ENVIRONMENTAL CENTERS GRANT. MASTERS

0314

UNCLASSIFIED



497-0314

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
AMERICAN EMBASSY
JAKARTA, INDONESIA

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

INDONESIA

Assistance to Environmental
Center
AID Project No. 497-0314

Pursuant to Part I, Chapter I, Section 106 of the Foreign Assistance Act of 1961, as amended, and delegation of authority thereunder, I hereby authorize a Grant to Indonesia (the "Cooperating Country") of not to exceed Two Hundred and Fifty Thousand United States Dollars (\$250,000) the (Authorized Amount) to help in financing certain foreign exchange and local currency costs of goods and services required for the Project as described below.

The Assistance to Environmental Center project (hereinafter referred to as the "Project") is designed to develop and strengthen the Center for Environmental Studies at the Bandung Institute of Technology in Indonesia, so that it may be able to provide Indonesian Government development planners with the knowledge and services to assess the environmental impact of projects and to devise natural resource management strategies. The Project will provide technical assistance, training, and periodicals.

I further approve a total level of AID-appropriated funding planned for this Project not to exceed Five Hundred Thousand United States Dollars (\$500,000), subject to the availability of funds and in accordance with A.I.D. allotment procedures.

I hereby authorize the initiation of negotiation of the Project Agreement in accordance with A.I.D. regulations and the Delegations of Authority, subject to the following essential terms and major conditions; together with such other terms and conditions as A.I.D. may deem appropriate:

- a. Source and Origin of Goods and Services

Except for ocean shipping, goods and service financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or in the United States, except as A.I.D. may otherwise agree in writing. Ocean Shipping financed under the Grant shall be procured in accordance with current A.I.D. regulations.

b. Other Terms and Conditions

The Project Agreement should contain such other terms and conditions as may be deemed appropriate.

<u>Clearances</u>	<u>Office</u>	<u>Date</u>	<u>Initials</u>
Edwin J. Clapp	LA	21 Aug 79	<i>[Signature]</i>
Raymond Cohen	PRO	8/22/79	RC
Robert L. Bourquein	OMF	23 August	RLB
Paul W. Weatherly	PRO	21 August 79	W. Weatherly
Larry M. Marshall	PRO	21 August	<i>[Signature]</i>

Walter G. Bollinger 8/23/79
 Walter G. Bollinger /Date

LA; EJE/Clapp: es, 8/21/79

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

497-0314

October 6, 1980

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA

FROM: ASIA/PD, G. R. vanRaalte

SUBJECT: Request to Extend Project Assistance Completion Date (PACD):
Indonesia Assistance to Environmental Centers (497-0314)

Problem: USAID/Indonesia has requested an additional four-month extension of the PACD for the subject project from August 31, 1982 to December 31, 1982 to accommodate a two-year contract with the principal technical advisor for the project. If approved, the PACD would be extended a total of sixteen months from the original date of August 31, 1981.

Discussion: The subject project was approved by the Acting Mission Director USAID/Indonesia on August 23, 1979, and a project agreement was signed on August 31, 1979. The project, to which AID's contribution is a \$500,000 grant, is designed to develop and strengthen the Center for Environmental Studies at the Bandung Institute of Technology. The Center will provide GOI development planners with services to assess the environmental impact of projects and to devise natural resource management strategies.

Several months were required to advertise, select and recruit a personal services consultant to serve as the principal technical advisor for the project, and a two-year contract was signed in October 1980. The Mission extended the PACD twelve months, to August 31, 1982 on its own authority. To permit the completion of the advisor's services, an additional four-month extension has been requested (TAB A). Since this extension would exceed a cumulative 12 months' period, your approval is required. If approved, this further extension will, in our judgment, be sufficient to permit the orderly completion of the project.

Recommendation: That you approve an extension of the PACD for the subject project from August 31, 1982 to December 31, 1982.

Attachment:
Jakarta 14357

Approved John H. Sullivan
Disapproved _____
Date 10/7/80

OCT 7 3 42 PM '80

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA

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Indonesia Assistance to Environmental Centers (497-0314)

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Attachment:
Jakarta 14357

Clearances:
ASIA/DP:RHalligan (draft)
ASIA/ISPA:RDakan (draft)
ASIA/TR:JStanley (draft)
ASIA/PD/EA:BBlackman (draft)
GC/ASIA:CStephenson (draft)

Approved

Disapproved

Date

John H. Sullivan

10/7/80

ASIA/PD/EA:RvanRaalte:dw:10/6/80:58582

cc FM/LD, Chairman Loan Pipeline Committee
FM/LD S Hudec
USAID/Indonesia

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Department of State

OUTGOING
TELEGRAM

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PAGE 01 STATE 263152
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ORIGIN OFFICE ASTR-01
INFO AAAS-01 ASEM-01 ASDP-02 STA-10 ASPD-03 CMGT-02 PASA-02
CH8-01 EPA-03 ASSP-02 /028 A4 7

INFO OCT-00 /035 R

DRAFTED BY AID/ASIA/TR/STEP: JBERKE: STC
APPROVED BY AID/ASIA/TR/STEP: NLBROWN
AID/ASIA/ISPA: RDAKAN (PHONE)
DESIRED DISTRIBUTION
ORIGIN ASTR CH8 INFO AAAS ASEM ASSP ASDP ASPD CMGT PASA EPA 9C-00
END

-----063122 021623Z /34

P 021214Z OCT 80
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA PRIORITY

UNCLAS STATE 263152

AIDAC

E. O. 12065: N/A

AGS:

SUBJECT: DR EMIL SALIM'S REQUEST FOR ENVIRONMENTAL ASSIST-
ANCE

REF: A) JAKARTA 15003; B) STATE 25334; C) JAKARTA 14065

1. PASA WITH EPA EXECUTED 29 SEPT. COPIES OF PIO/T AND PASA BEING POUCHED.
2. ETA CARTER WED OCT 8TH AT 6:15 P.M.; GARUDA FLT 875 AND ETD, SUNDAY, OCT 19TH AT 7:00 A.M. FLT GARUDA 876.
3. MISSION REQUESTED TO ARRANGE ACCOMODATIONS FOR CARTER AT BOROBUDUR HOTEL. CHRISTOPHER

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Department of State

OUTGOING
TELEGRAM

PAGE 01 STATE 318275
ORIGIN AID-35

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STATE 318275

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DRAFTED BY DS/ST:MKUX
APPROVED BY DS/ST:WROSEBOROUGH
ASIA/TR - JSTANLEY (PHONE)
ASIA/ISPA - RDAKAN (PHONE)
IO/UCS - JCORSON (INFO)
DOI/NPS - JTSCHIRLEY (INFO)
DESIRED DISTRIBUTION
3F ACTION DSST CHROM 6 B INFO AAAS ASEM ASSP ASDP FM ASPD ASTR AAD
DSAG IT DOE INT 35P

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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

UNCLAS STATE 318275

AIDAC, FOR PAUL WEATHERLY

E.O. 12865 N/A

TAGS: SENV

SUBJECT: POSSIBLE DS/ST SUPPORT FOR ENVIRONMENTAL
TRAINING IN INDONESIA

1. AS DISCUSSED DURING WEATHERLY AND SOERIAATHADJA
NOVEMBER VISIT TO WASHINGTON, DS/ST IS EXPLORING POSSIBLE
SUPPORT TO TWO INDONESIA ENVIRONMENTAL TRAINING PROGRAMS
THROUGH ITS CONTRACT WITH US MAN AND THE BIOSPHERE (MAB)
PROGRAM. AS OF NOW, SUPPORT FOR TRAINING IN HUMAN ECOLOGY
(INTERACTIONS BETWEEN PEOPLE AND FORESTS) AT MULAWARMAN
UNIVERSITY SPONSORED BY INDONESIA MAB SEEMS FAIRLY CERTAIN.
ON OTHER HAND, SUPPORT FOR TRAINING IN "ADAPTIVE ENVIRON-
MENTAL ASSESSMENT" (AEA) TECHNIQUES THROUGH US FISH AND
WILDLIFE SERVICE (FWS) ARRANGEMENT WITH G.S. HOLLINGS AT
THE UNIVERSITY OF BRITISH COLUMBIA IS LESS CERTAIN FOLLOWING
NOV. 27-28 MEETING IN VANCOUVER WITH REPRESENTATIVES OF
FWS, UBC, USMAB AND DS/ST. THAT MEETING WAS ALSO ATTENDED
BY MR. BEDJO SOEWARDI, PROGRAM MANAGER FOR UPLAND RESOURCES
UTILIZATION UNIT AT THE CENTER FOR NATURAL RESOURCE
MANAGEMENT AND ENVIRONMENTAL STUDIES AT BOGOR AGRICULTURAL
UNIVERSITY. MR. SOEWARDI HAS BEEN AT UBC FOR SEVERAL MONTHS
UNDER A FORD FOUNDATION GRANT LOOKING INTO THE VALIDITY OF
UBC COMPUTER MODELING TECHNIQUES FOR USE IN INDONESIA.
MR. SOEWARDI IS VERY ENTHUSIASTIC ABOUT THE VALUE OF

HOLLINGS' METHOD - PARTICULARLY THE VIVID VISUAL MEANS OF
DISPLAYING IMPLICATIONS OF ALTERNATIVE NATURAL RESOURCE
POLICY DECISIONS - WHICH COULD BE USED BY TOP OFFICIALS
SUCH AS MINISTER SALIM FOR DEMONSTRATION PURPOSES.
SOEWARDI WOULD LIKE TO HAVE A FAIRLY EXTENSIVE AND
EXPENSIVE TRAINING PROGRAM CONDUCTED AT BOGOR.

2. WHILE DS/ST RECOGNIZES USEFULNESS OF UBC TECHNIQUES,
THERE WERE A NUMBER OF SERIOUS ISSUES RELATING TO DS/ST
CONTRACT WITH FWS WHICH NEED CLARIFYING BEFORE ANY FURTHER
WORK CAN BE UNDERTAKEN EITHER IN US OR OVERSEAS. DS/ST
AND USMAB ARE IN PROCESS OF DOING THAT, BUT WOULD
APPRECIATE MISSION GUIDANCE ON FOLLOWING POINTS BEFORE
PROCEEDING FURTHER:

- A. UBC'S STATED INTEREST IN WORKING OVERSEAS, WOULD BE
TO ASSIST MR. SOEWARDI TRANSFER AEA METHOD TO BOGOR.
PERHAPS OTHER ENVIRONMENTAL CENTERS COULD THEORETICALLY
BE INVOLVED. QUESTION: WOULD THAT BE IN LINE WITH MISSION

AND GOI INTERESTS AND PRIORITIES?

~~SH~~
RK
RS

- B. UBC AND MR. SOEWARDI WORKED OUT A PROPOSED TRAINING
PROGRAM PRIOR TO DS/ST VISIT WHICH TENTATIVELY TOTALLED
OVER 300,000 DOLLARS AND WHICH CALLED FOR A SERIES OF
WORKSHOPS AND TRAINING SESSIONS OVER A PERIOD OF A YEAR OR
SO, AIMED AT EFFECTIVELY TRANSFERRING THE AEA TECHNOLOGY.
EVEN IF FUNDS FOR OVERSEAS WORK ARE STILL AVAILABLE UNDER
EXISTING CONTRACT WITH USMAB, WHICH IS STILL TO BE DETER-
MINED, DS/ST COULD ONLY SUPPORT AN INITIAL WORKSHOP.
QUESTION: WOULD IT MAKE SENSE TO START THE PROCESS WITHOUT
FAIR ASSURANCE THAT OTHER FUNDS WOULD BE AVAILABLE TO
COMPLETE IT? (DS/ST WILL DISCUSS POSSIBILITIES WITH
ASIA/TR, FORD FOUNDATION AND IBRD). MR. SOEWARDI INDICATED
HE WOULD BE INVESTIGATING POSSIBLE FUNDING FROM ON GOING
AID MISSION PROJECTS, FORD FOUNDATION AND GOI.

3. PLEASE RESPOND TO DS/ST - HOLLY KUX. VANCE

497-0314

11 DEC 1979

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