### 1. Name of the Project

Country: The Republic of Indonesia  
Project: Tanjung Priok Access Road Construction Project (II)  
(Loan Agreement: March 29, 2006; Loan Amount: 26,620 million yen; Borrower: The Republic of Indonesia)

### 2. Necessity and Relevance of JBIC’s Assistance

Traffic congestion is serious in Jakarta metropolitan area, which is the hub of Indonesia’s economic and commercial activity, and a variety of measures are being implemented, including expansion of road traffic-carrying capacity and policies for control of traffic demand. In JICA’s Metropolitan Jakarta Overall Traffic Plan Survey (Phase II) (March 2004), it was pointed out in particular that an extremely long time is required to access the Tanjung Priok Port, which is an international gateway for the import and export of raw materials and products that are necessary for the local economy, and this is one cause of regional economic stagnation.

In Indonesia’s comprehensive economic policy announced in September 2003 following the IMF assistance program, the major pillars are rehabilitation of an exhausted infrastructure and strengthening of collaboration among modes, development of regional infrastructure in anticipation of economic development, and expansion of opportunities for private sector participation in transportation infrastructure development. The policy emphasizes completion of the Jakarta outer ring roads, including the access road to the Tanjung Priok Port.

Japan’s “Assistance Plan for Indonesia” (November 2004) places emphasis on economic infrastructure development and announces support for “private sector-led sustainable development” as a priority area and an important subject for assistance. Moreover, in JBIC’s current Medium-Term Strategy for Overseas Economic Cooperation Operations (April 2005), a priority area is infrastructure development for sustainable growth, and in assistance to Indonesia, a priority area is economic infrastructure development to improve the investment climate.

Therefore, JBIC’s assistance is highly necessary and relevant.

### 3. Project Objectives

The objective of this project is to alleviate traffic congestion by improving access from the Jakarta area to Tanjung Priok Port by introducing a traffic information system and constructing a road from Tanjung Priok Port to the western portion of the Jakarta outer ring and the north-south link (approximately 4 km), excluding the portion already funded by Phase I, as part of the Tanjung Priok Access Road (total length 12.1 km) that connects the northeastern part of the Jakarta outer ring road with the Jakarta harbor road, and thereby contribute to the improvement of the investment climate on Java.

### 4. Project Description
(1) Target Area
City of Jakarta

(2) Project Outline
The following will be carried out to improve access from the Jakarta area to Tanjung Priok Port and to improve highway network and bypass service in Jakarta.

(a) Construction of the Tanjung Priok Access Road (elevated): Tanjung Priok Port - western part of outer ring and north-south link (approximately 4 km)
(b) Introduction of a traffic information system
(c) Consultant service (tendering assistance, supervision of work, assistance with operation, maintenance and management)

(3) Total Project Cost/Loan Amount
33,765 million yen (Yen Loan Amount: 26,620 million yen)

(4) Schedule
April 2006-December 2011 (69 months)

(5) Implementation Structure
(a) Borrower: The Republic of Indonesia
(b) Executing Agency: Directorate General of Highways, Ministry of Public Works
(c) Operation and Maintenance System: In conformance with the new road law (Law 38) approved by the national assembly on September 29, 2004, operation and maintenance following completion shall be consigned to a public corporation or a private company, to be determined through bidding. Moreover, operation and maintenance of the traffic information system is scheduled to be conducted by Indonesian Highway Corporation (PT Jasa Marga).

(6) Environmental and Social Consideration
(a) Environmental Effects/Land Acquisition and Resident Relocation
(i) Category: A
(ii) Reason for Categorization
This project is classified as Category A because it is in the road sector, under the “Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (established April 2002).
(iii) Environmental Permit
The EIA report has been approved in December 2004.
(iv) Anti-Pollution Measures
Measures to reduce noise and air pollution will be studied in detail in the detailed design stage.
(v) Natural Environment
The project site is located in a commercial area in northern Jakarta where there are no nature preserves, rare natural ecosystems or animals, or valuable scenery, and so no significant
adverse impact is foreseen.

(vi) Social Environment
The project requires resettlement of residents living along the planned road, including 14 legal households and 58 illegal households, for a total of 72 households. The project requires land acquisition of 18.5 ha. The Ministry of Public Works is already holding discussions with the stakeholders, including the households scheduled for resettlement. The land acquisition committee will take appropriate measures in accordance with the country’s domestic procedures while pursuing individual discussions on compensation and procedures, etc.

(vii) Other/ Monitoring
The Ministry of Public Works will monitor air pollution and noise, etc., during and after construction, in accordance with the environmental management plan and the environmental monitoring plan.

(b) Promotion of Poverty Reduction
None

(c) Promotion of Social Development (e.g. Gender Perspective)
The construction company plans to implement measures for HIV/AIDS among the workers.

(7) Other Important Issues
None

5. Outcome Targets

(1) Evaluation Indicators (Operation and Effect Indicator)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline (2004)</th>
<th>Target (2012, 1 years after completion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual daily traffic (AADT) (vehicles/day)</td>
<td>70,058</td>
<td>42,000 (ordinary roads) 78,400 (access road)</td>
</tr>
<tr>
<td>Time required from Tanjung Priok Port (minutes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cakung (13 km)</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Cikarang (43 km)</td>
<td>106</td>
<td>47</td>
</tr>
<tr>
<td>Citeureup (43 km)</td>
<td>70</td>
<td>47</td>
</tr>
<tr>
<td>Balarajya (72 km)</td>
<td>174</td>
<td>79</td>
</tr>
</tbody>
</table>

(2) Internal Rate of Return (Financial and Economic Internal Rate of Return)
Based on the conditions below, this project’s economic internal rate of return (EIRR) is 30.7% (for the entire project including Phase I).

(a) Cost: Project cost (excluding tax), operation and maintenance expense

(b) Benefit: Reduction of traveling expense, shortening of time required (EIRR), toll fees (FIRR)

(c) Project Life: 30 years
Based on the conditions below, the project’s financial internal rate of return (FIRR) is 4.0% (for the
entire project including Phase I).

<table>
<thead>
<tr>
<th>Cost: Project cost, operation and maintenance expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit: Toll fees</td>
</tr>
<tr>
<td>Project Life: 30 years</td>
</tr>
</tbody>
</table>

### 6. External Risk Factors

Sudden changes in traffic volume due to changes in the economic environment, etc.

### 7. Lessons Learned from Findings of Similar Projects Undertaken in the Past

In the ex-post evaluations of similar previous projects in the road sector, it has been pointed out that, when selecting contractors, not only should the contractors’ experience and size be taken into consideration, but the executing agency must also be fully notified to give adequate consideration to the financial status of the contractors at the point in time when construction begins. Given this, when conducting consultant services, particular attention will be given to tendering assistance operations and recommendations will be offered to the Indonesian side.

### 8. Plans for Future Evaluation

(1) Indicators for Future Evaluation

| Average annual daily traffic (AADT) (vehicles/day) |
| Time required (minutes)                          |
| Economic internal rate of return (EIRR) (%)      |
| Financial internal rate of return (FIRR) (%)     |

(2) Timing of Next Evaluation

After project completion