

Local Road Development Project (II)



Road constructed by the project

Outline of Loan Agreement

Loan Amount / Disbursed Amount	12,882 million yen / 11,891 million yen
Loan Agreement	December 1987
Terms & Conditions	Interest rate 3.0%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1993

Project Outline

Improvement and maintenance works were executed on local roads throughout Indonesia (38 kabupatens in 10 provinces) with the aim of upgrading the transport network and contributing to the development of regional economies.

Results and Evaluation

This project was the successor to the Phase I development project that was implemented between 1980-86 on local roads in 21 kabupatens in 7 provinces nationwide, and involved improvements to 2,374km of roads and rehabilitation of 6,036km of those between 1988-91.

The Phase II project is recognized to have generated far-reaching improvements to the condition of local roads. According to data obtained in Kab. Gowa, South Sulawesi, in 1998, for example, increases in traffic volumes have broadly exceeded initial projection, with average values roughly 1.5 times higher than projected figures. Moreover, in Kab. Pangkep, South Sumatra, road improvements are reported to have supported the construction of a new masonry creating job opportunities for local people, and expansions to bus services have improved access to farming villages.

While the operation and maintenance of roads in project areas had been undertaken by the relevant departments in central government, provincial governments, and kabupatens, however, since 2000 the decentralization policy has resulted in such work being predominantly handled at the kabupaten level. However, caution is necessary in this respect because not all kabupatens have sufficient human resources and budget to undertake the operation and maintenance of roads.