Indonesia

South Sumatra Roads Rehabilitation Project

Lubuklinggau-Lahat

Outline of Loan Agreement

Loan Amount / Disbursed Amount	5,458 million yen / 5,410 million yen
Loan Agreement	January 1987
Terms & Conditions	Interest rate 3.5% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	January 1992

Project Outline

Rehabilitation works, including road widening, pavement, and overlay and priming on shoulders, as well as the replacement of bridges were conducted on badly damaged sections of arterial roads in South Sumatra with the aim of improving the flow of traffic and contributing to the development of the region's economy.

Results and Evaluation

The Trans-Sumatra Highway is an arterial road with a total length of 1,200km, starting from the ferry crossing between Jakarta and Sumatra and traverses southern Sumatra. Construction and improvement works financed by an ODA Loan were completed in 1984, however, subsequent increases in the traffic volume on one section of the road (approx. 470km between Kotabumi - Lubuklinggau) resulted in increasingly severe deterioration, and it was necessary to undertake rehabilitation. Traffic volumes have continued to post annual increases since the new project was completed in 1992, and in 1995, had already surpassed predictions by 2-5 fold; increases in the volume of heavy vehicles had also exceeded the national average. Deterioration of roads in the project area had resulted in travelling speeds dropping to 20-40km/h, which improved to 60-80km/h after project completion. Road transportation in the region has been revitalized, increasing the volume of physical distribution to Java and bringing about the construction of new factories along the road.

It is reported that road maintenance is being undertaken at frequent intervals, and although there are no problems with technical standards, damage caused by overloaded trucks continues to be an issue, thus efforts to secure road budgets and to ensure that the road is appropriately operated and maintained will continue to be necessary.