

## 10 Indonesia

### Local Road Development Project (3)



Local road developed by this project (Bone Province)

#### Outline of Loan Agreement

Loan Amount / Disbursed Amount	16,256 million yen / 13,737 million yen
Loan Agreement	December 1996
Terms & Conditions	Interest rate 2.7% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 2000

#### Project Outline

Repairs and improvement work was executed on key local roads in a total of 57 districts in eight provinces on Kalimantan and Sulawesi with the aim of stimulating local economies and improving the living standards of community residents.

#### Results and Evaluation

Through this project, the road improvement of 2,396km in actual total length (planned 1,476km), the periodic maintenance of 6,522km in actual total length (planned 3,501 km), and the routine maintenance of 38,130km in actual total length (planned 12,901km) were undertaken. In the targeted provinces, the proportion of extended roads whose surface condition was stable, was 37.5% before the project, which improved to 56.2% after the project completion. Due to this project, the condition of local road surface was improved and traveling time was shortened, making the traveling comfortable, and it is thus evaluated as having contributed to the increased efficiency of freight and passenger transportation. Moreover, due to the improvement in road traffic access, the impact of the project was seen, such as the reduction of isolated villages and economic effects upon the regional society.

In conjunction with the decentralization of Indonesia, disparities occur in budget allowances between each province. To ensure the sustainability of this project, primary issues are the improvement of regional finance conditions concerning local road development and maintenance and the implementation of sufficient maintenance.