



Kupang and Bitung Port Development Project

Asia **Indonesia**



Modernizing hub ports for promoting international trade and the regional development of Eastern Indonesia

[External evaluator]

Masami Sugimoto, SHINKO Overseas Management Consulting, Inc.

Rating

Effectiveness, Impact	a	Overall rating A
Relevance	a	
Efficiency	b	
Sustainability	a	

Project Objectives

To strengthen port capacity by developing the port facilities of Kupang Port in East Nusa Tenggara Province and Bitung Port in North Sulawesi Province, thereby contributing to the regional development of Eastern Indonesia through enhanced maritime transport.

Outline of the Loan Agreement

- Loan amount / disbursed amount: 5,250 million yen / 4,997 million yen
- Loan agreement: December 1996
- Terms and conditions: 2.7% interest rate (consulting services: 2.3%); 30-year repayment period (including a 10-year grace period); general untied
- Final disbursement date: December 2005
- Executing agency: Directorate General of Sea Transportation, Ministry of Transportation
- Website URL: <http://www.dephub.go.id/hubla/> (in Indonesian)

Effects of Project Implementation (Effectiveness, Impact)

The number of ship calls at Kupang Port and their total gross tonnage increased 56% and 26%, respectively, from 2000, before the construction work started. For the same period, the number of ship calls at Bitung Port and their total gross tonnage rose 13% and 10%, respectively. The volume of cargo handled also grew, up 11% for Kupang Port and up 20% for Bitung Port. The growth rate for container cargo was remarkable, 163% for Kupang Port and 51% for Bitung Port. The average waiting time for ships dropped by over 70 hours for Kupang Port and 10 hours for Bitung Port from 2001. According to a beneficiary survey to which a total of 40 companies responded, 77% of the users of Kupang Port and 100% of the users of Bitung Port said that port safety had improved after the project. The percentage of those who replied that port services had improved was 96% for Kupang Port and 81% for Bitung Port.

Therefore, this project has largely achieved its objectives and its effectiveness is high.

Relevance

This project has been highly relevant with Indonesia's national policies and development needs at the times of both appraisal and ex-post evaluation. The Indonesian government remained committed to developing both ports as two of its strategic ports at these two points in time. It has already started the self-financed construction of additional berths at Bitung Port to meet the ever increasing demand for cargo handling.

Efficiency

This project cost less but took much longer than planned (153% of the planned period); therefore, the evaluation for efficiency is moderate. The implementation delay was caused by a number of factors, including changes in the project scope that had been made in the detailed design phase, the change of the equipment for the ports, which resulted in an extension of the procurement period, and the postponed commencement of the civil works to allow for a more careful environmental survey.

Sustainability

No major problems have been observed in the capacity, finance or operation and maintenance (O&M) system of PELINDO III and IV, which are responsible for the O&M of Kupang Port and Bitung Port, respectively; therefore, sustainability of this project is high. These two authorities are committed to training their staff in charge and contract out to subcontractors any major repairs that are too difficult for them to handle technically.

Conclusion, Lessons Learned, Recommendations

In light of the above, this project is evaluated to be highly satisfactory. A major lesson learned is that the project cost has not been well managed by the executing agency. It is necessary to arrange a rational project accounting system and clarify responsibility for record keeping when establishing a structure for project implementation and management.

The volume of containers handled (Unit: TEU*)

Year	Kupang Port	Bitung Port
2000	7,333	66,737
2001	7,840	80,386
2002	8,865	83,861
2003	12,320	92,898
2004	15,684	102,648
2005	18,988	103,265
2006	19,254	100,933

* TEU: Twenty-foot equivalent unit
Source: PELINDO III and IV