



# Small Ports Development Project in Eastern Indonesia

Supporting job creation and vitalizing the regional economy by improving ports in regions where road transportation is not available

**[External Evaluator]**

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**Rating**

Effectiveness, Impact	b	Overall Rating <b>C</b>
Relevance	a	
Efficiency	b	
Sustainability	b	

**Project Objectives**

To enhance the efficiency of maritime transportation and improve safety by improving facilities such as mooring facilities in 12 non-commercial ports in East Nusa Tenggara, Maluku, West Papua and Papua, thereby contributing to the promotion of economic and social development in the targeted provinces.

**Outline of the Loan Agreement**

- Loan amount / Disbursed amount: 3,111 million yen / 2,509 million yen
- Loan agreement: January 1998
- Terms and conditions: 2.7% interest rate; (2.3% for consulting services); 30-year repayment period (including a 10-year grace period); general untied
- Final disbursement date: September 2005
- Executing agency: Directorate General of Sea Communication, Ministry of Transportation (DGST)
- Website URL: <http://www.dephub.go.id/id/>

**Effects of Project Implementation (Effectiveness, Impact)**

The number of regular sea route services on the Pioneer Route (sea routes supported by the Indonesian government) has increased by approximately 70% from 19 services (2003) before the project to 32 (2007) after the project. The cargo load and number of passengers of the Pioneer Route also recorded a significant increase from 2003 to 2007. Increase in the cargo load was especially large, and shipment of goods to other regions has become more lively. Results from the questionnaire survey to business offices located near the target ports show that over 90% of the respondents had the opinion that the passenger and freight services had either "improved" or "slightly improved". The "improvement in safety" was quoted as the major reason for the improvement, indicating that the project is highly evaluated for its contribution to safety. More than half of the respondents noted that the number of new businesses and employment opportunities increased after the project. Although, some pointed out that only certain storekeepers, etc, were able to enjoy the benefits of the port, and port management data attained on site was limited to only two ports due to reasons of safety, this project has produced certain effects, and its effectiveness is moderate.

**Relevance**

The project has been highly relevant with Indonesia's national policies and development needs at the times of both appraisal and ex-post evaluation. All ports targeted under the project were on the Pioneer Route and had inadequate facilities before the project. As the Pioneer Route ensures the minimum mode of transportation for the local people and commodities, the development need for the ports is extremely high.

**Efficiency**

Although project cost was lower than planned, project period was much longer than planned (210% of the plan); therefore the evaluation for efficiency is moderate. No change was made in the selection of target ports, and development of the mooring facilities was implemented almost as planned. The reason for the delay was the prolonged time required for the conclusion of contracts for consultant and main contractor. As a result of competitive bidding, the project cost was 84% of the plan.

**Sustainability**

Though some problems have been observed in terms of the operation and maintenance system and the financial status of DGST, sustainability of this project is fair. Confusion was observed in managerial responsibility of the port of Elat, where the provincial government substantively took over port administration. In addition, collection and management of port operation data at the targeted ports are not adequate. The DGST has not been able to adequately manage budgets, such as allocation based on actual port conditions, and there is a persistent issue in the monitoring system of port administration.

**Conclusion, Lessons Learned and Recommendations**

In light of the above, this project is evaluated to be fairly satisfactory. Given that the monitoring system of the port operation is not established and allocation of budget and personnel is not based on actual operational conditions, recommendations to the executing agency are to gather and manage basic port operation data and have it fed-back to port administration, and to clarify the responsibility of maintenance and administration.

**Pioneer Route Service Data at Targeted Ports**

	Cargo Volume (tons)			Number of Passengers		
	LOADING	UNLOADING	TOTAL	EMBARKATION	DISEMBARKATION	TOTAL
2003	202	1593	1795	4538	4315	8853
2007	4753	5901	10654	10490	14233	24753
INCREASE RATIO	2253%	270%	494%	131%	230%	180%

[Source]DGST

\*All ex-post evaluation reports including this can be referred to in JICA's website, "Evaluations"→"Ex-post Evaluation (ODA Loan)" ([URL:http://www.jica.go.jp/english/operations/evaluation/oda\\_loan/post/](http://www.jica.go.jp/english/operations/evaluation/oda_loan/post/))