

## Signing of Japanese ODA Loan with Republic of Indonesia

### Support toward an Improved Urban Environment

1. On March 30, the Japan International Cooperation Agency signed an agreement with the Republic of Indonesia for up to 3.543 billion yen for the Regional Solid Waste Management for Mamminasata, South Sulawesi Project. The project composes the 113.944 billion yen in Japanese ODA loans concluded through an exchange of notes between the Japanese and Indonesian governments in 2009.
2. Under this project, a final disposal site will be created in the Mamminasata area of South Sulawesi Province. A regional waste management system such as used by local governments in Japan will be implemented such that local Indonesian municipalities will collaboratively handle the waste disposal process, appropriately and sanitarily collecting and disposing waste generated in their districts. This will improve the lives of residents, providing a more sanitary environment, as well as better preserving the environment and strengthening the administrative capacity of regional governments. The loan funds will be allocated to civil works such as the construction of the final disposal site and a transfer station in Makassar as well as consulting services for general project management, detailed design review, tender assistance, construction supervision and environmental monitoring.
3. In 2007, Indonesia recorded its highest economic growth rate since the Asian economic crisis at 6.3 percent. That was due to increased personal consumption and exports, though the country subsequently entered a deceleration trend as a result of the global economic and financial crisis in fall 2008. While the pace of the recovery was sluggish in 2009, growth reached 4.5 percent growth, and the economy is expected to be on the road to recovery with a growth rate of at least 6 percent next year. With such economic growth, the amount of waste produced has been rapidly increasing. Because there are not adequate sanitary disposal facilities, however, many cities resort to landfill disposal without proper land cover or leachate treatment. Furthermore, the administrative capacity for waste management is insufficient, so that only nine percent of the garbage generated is collected and transported to disposal sites by garbage collection trucks, which results in residents illegally dumping waste in many places. Serious environmental and sanitation problems have developed from this, making improvement to waste management a critical issue.
4. Improving waste management has been set as a natural environmental goal by the Indonesian government, and an issue that has been raised is preventing the pollution and degradation of the natural environment that accompany the maturing society and higher population density of Indonesia. Citizen participation in garbage separation as well as 3R activities—reduce reuse and recycle—are also being promoted. The government has also established a policy of closing by 2013 final disposal sites where land cover and leachate treatment are not carried out, and a policy of promoting proper waste treatment by creating sanitary landfills and instituting a regional waste management system for a number of municipalities.
5. The Mamminasata urban area, whose core city of Makassar is also the capital of South Sulawesi Province, is the target region for this project. In addition to furthering development in South Sulawesi Province, the project will target the economy, industry and transportation on Sulawesi Island in general as well as eastern Indonesia for development. In this region, the collection and treatment of the increasing amount of waste is not being carried out properly, resulting in waste scattered in rivers and canals and on streets that poses serious environmental and sanitation issues. In this urban region, the existing final disposal sites are expected to surpass its maximum capacity in about five years. To ensure land to construct a new disposal site, a waste management system must be constructed for the region as a whole while decreasing the amount of waste produced.
6. This project will adopt Japanese-style semi-aerobic landfill treatment [1] and a regional waste management system to support a model structure for waste management. The Indonesian government has established this project as a model case for regional waste management in the nation's metropolitan regions, and intends to apply this model to other regional urban areas. JICA is to also provide technical cooperation to promote sustained economic growth and urban environment improvement.

[1] With semi-aerobic landfill, leachate collection pipes are provided at the bottom of the landfill to prevent leachate from passing underground while also circulating air to promote decomposition. This system curbs the generation of methane gas.

#### Reference

#### 1. Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period/Grace Period (years)	Procurement
		Project	Consulting services		
Regional Solid Waste Management for Mamminasata, South Sulawesi	3,543	0.65	0.01	40/10	Untied

Note: The project is a waste disposal project that will contribute toward preventing pollution, preferential conditions apply.

#### Executing Agency

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#### Planned Implementation Schedule

- (i) Completion of project: April 2014 – when the facilities are put into service
  - (ii) Issuing of letters of invitation for consulting services (including detailed design review): 2010, first quarter
  - (iii) Tender announcement for initial procurement package for international competitive bidding on project work:
- Procurement package title: Sanitary Landfill  
Release date: March 2011