

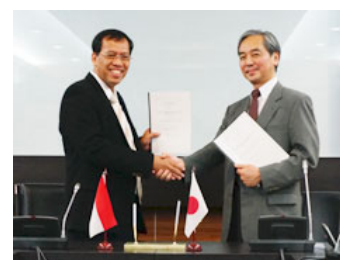
## Signing of Japanese ODA Loan Agreements with the Republic of Indonesia

-Cooperation to improve the metropolitan infrastructure, strengthen disaster prevention, and develop human resources -

On February 24, the Government of the Republic of Indonesia and Japan International Cooperation Agency (JICA) concluded loan agreements to provide Japanese ODA loans up to 62.334 billion yen for the following seven projects.

In recent years, Indonesian economy has continuously achieved 6 percent level of growth the real GDP rate of 6% level, which has been sustained by domestic consumption and private investment. In 2013, the inflation caused by balance of international payments deficit and devaluation of Indonesian Rupiah decelerated the growth ratio down to 5.8%, which is, however, considered to shift steadily in a mid-term.

In order to keep stable growth in Indonesia, however, it is vital to improve the investment environments by facilitating infrastructure development as a basis of economic activities, especially resolving critical issues on the infrastructure, such as mitigating serious traffic congestions and improving the electricity supply in the Jakarta Metropolitan Area, as a leading center for Indonesian economy. In December 2010, both government of Indonesia and Japan have agreed to cooperate in establishing "Metropolitan Priority Area for Investment and Industry in Jakarta Metropolitan Area (MPA)" for the purpose of resolving the infrastructure shortage within Jakarta Metropolitan Area and in October 2012, the "MPA Strategic Plan" was approved at the ministerial levels of the both governments. Among the seven projects for which the loan agreements were just signed, "JABODETABEK Railway Capacity Enhancement Project (I)" and "Metropolitan Sanitation Management Investment Program: Sewerage System Development in DKI Jakarta (E/S)", are part of the main 20 projects within MPA Strategic Plan and promoting the establishment of MPA.



Signing ceremony

Indonesia is also suffering from frequent disasters, such as earthquakes, flooding, tsunamis and landslides. From 1980 to 2011, it is said that natural disasters killed approximately 0.19 million people and affected 21.7 million people. Disasters not only take many lives, but cause huge damages to socio-economic infrastructure. Since economic loss is so huge, strengthening and enhancement of disaster management such as community disaster management, improvement of seismic resistance, and integrated water resources management, are critical issues for the Government of Indonesia.

On the other hand, not only the infrastructure development, but also strengthening the human resources of the government responsible for policy planning to continue the sustainable economic development, is a key issue.

Taking into account these circumstances, the loan agreements were signed to achieve the following purposes.

### (1) Cooperation for the urban infrastructure development in Jakarta Metropolitan Area

While population growth and industrial accumulation is significant in Jakarta Metropolitan Area along with rapid economic growth, infrastructure is not keeping up with the economic growth. In consequence, Jakarta suffers from severe traffic congestions, serious water pollution and other problems.

"JABODETABEK Railway Capacity Enhancement Project (I)", one of the ODA loan projects, intends to support the mitigation of traffic congestions by the enhancement of passenger transportation capacity of railways in Jakarta Metropolitan Area, in order to accommodate rapidly increasing commuters toward the metropolitan central area. "Metropolitan Sanitation Management Investment Program: Engineering Service for Sewerage System Development in DKI Jakarta", aims at supporting the enhancement of the living and sanitary environments of the residents through developing the wastewater treatment plant in DKI Jakarta where the prevalence rate of sewerage system still remains at 2%.

### (2) Strengthening counter-measures to natural disasters and cooperation for the reconstruction

Mount Merapi in the Central Java, one of the most active volcanoes in Indonesia, erupted at a large scale in October 2010, causing frequent debris flow due to a huge amount of accumulated soil and mud as well as serious damages for the neighboring areas each time of inundation in the downstream.

"Urgent Disaster Reduction Project for Mount Merapi and Lower Progo River Area II", the ODA loan project agreed this time, intends to support the economic development in Mount Merapi Areas located between the Central Java Province and Yogyakarta Special Province, which were damaged by the large-scale eruption in 2010. The Project will assist the construction of the sabo (sediment control) facilities, supporting the rehabilitation from damages by debris flow and mitigating future possible damages. In addition, knowledge and information regarding volcanic disaster prevention measures, which will be obtained by this project, are to be widely shared and expected to contribute to the development of the sabo technology in Japan as well.

### (3) Cooperation for government human resources development

The Government of Indonesia has proceeded with decentralization through developing legislations since 1999, which encouraged each local government to play important roles in the formulation and implementation of the national development plan. In the meantime, strengthening the human resources with specialized knowledge and skills in the field of public policy, especially for the local governments, has become a highly prioritized issue.

"Professional Human Resource Development (IV)", the ODA loan project agreed this time, intends to support the capacity development of central and local governments, through their staff participating in Master or Ph.D. degree programs/short-term training programs in the field of public policy and strengthen their policy planning and implementation ability.

### (Reference Information)

#### Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
(1) Railway Double Tracking on Java South Line Project (IV) (Kroya-Kutoarjo Phase II)	16,875	1.4	0.01	25	7	General untied
(2) JABODETABEK Railway Capacity Enhancement Project (I)	16,322	1.4	0.01	25	7	General untied
(3) Rural Settlement Infrastructure and Kabupaten Strategic Area Development ((RISE) II)	10,029	1.4	0.01	25	7	General untied
(4) Metropolitan Sanitation Management Investment Program: Engineering Service for Sewerage System Development in DKI Jakarta	1,968	-	0.01	40	10	General untied
(5) Urgent Disaster Reduction Project for Mount Merapi and Lower Progo River Area II	5,111	0.01	0.01	40	10	General untied
(6) Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (II)	4,954	1.4	0.01	25	7	General untied
(7) Professional Human Resource Development (IV)	7,075	0.3	0.01	40	10	General untied

\* (4) adopts a prioritized condition (environment field); (5) in the disaster reconstruction field; and (7) adopts a prioritized condition (human resources development field).

(1) Railway Double Tracking on Java South Line Project (IV) (Kroya-Kutoarjo Phase II)

(a) Background and necessity of the project

Annual numbers of passengers for the intercity railways in Java (excluding JABODETABEK Railway) have shown a steady increase at an average growth rate of 8% in the past 5 years and the total number of passengers is expected to reach at approximately 800 million by 2030. Main railway system comprises the three lines, North Line, South Line and Bandung Line. Double tracking for Kroya-Kutoarjo section, a target section in the Project, will lead the completion of double tracking for the whole South Line. Especially, Kroya-Kutoarjo section is urgently required to expand the line capacity since the section which includes a cross point between the Bandung and South line, is heavily congested.

Transportation demand for Kroya-Kutoarjo Section which is a target section in the Project is expected to exceed the line capacity by 2020. Therefore, increasing the transportation amount has been an urgent issue. "National Railway Master Plan" prepared by the Indonesian Ministry of Transportation has positioned the South Line double track project including the target section of the Project as among the main projects with higher priorities requiring a faster completion by the Indonesian Government.

JICA has provided the ODA loan for double tracking of the Java railway network, including this target section of the Project with the total amount of 19.8 billion yen for JFY2006 and JFY2008 as Java South Line Project (III).

(b) Objectives and summary of the Project

The Project is to expand the line capacity for the future traffic demand for Kroya-Kutoarjo section in Central Java by constructing railway double track, thereby contributing to the improvement of investment climate and the economic development in the region.

The loan is to be allocated to the double tracking works (civil engineering construction, track construction, bridge construction, and signal communication facilities), consulting services and so on.

(c) Implementing Organization

Directorate General of Railways, Ministry of Transportation  
Address: Jl. MedanMerdeka Barat No. 8 JakartaPusat  
TEL: +62-21-3505558 FAX: +62-21-3523643

(d) Implementation Schedule (planned)

(i) Project Completion:

May 2017 (The Project is to complete at the starting of the service of the facilities)

(ii) Sending of the Letter of Invitation to Consultants:

Detail design review/bidding assistance: Contract completed

Construction Supervision: January 2013 (completed)

(iii) First announcement of bidding for procurement package regarding the Project through international competitive bidding:

Procurement package name: Construction Works

Announcement: January 2013 (completed)

(2) JABODETABEK Railway Capacity Enhancement Project Phase I

(a) Background and necessity of the Project

The total population of Jakarta Metropolitan Area reaches at approximately 2.8 million in 2010, expanding to suburbs of Jakarta by around 130% in the past 10 years (by an annual increase rate of around 2.8%). Along with this, the number of commuters from suburb areas to the center of Jakarta has rapidly increased from around 743,000 in 2002 to around 1.105 million in 2010, and the number of registered cars has also increased from around 267,000 in 2000 to 963,000 in 2010. Since 98% of the passengers/cargo transportation in Jakarta Metropolitan Area has been relying on the road transportation, chronic traffic congestions have occurred causing serious air contamination due to exhaust fumes and so on.

While further increase is forecast in the transportation demand in the coming period, among urgent issues have been consolidating the new large-scale urban transportation system in Jakarta Metropolitan Area as well as strengthening the existing public transportation services, including JABODETABEK Railways (8 lines with a total length of 166km).

(b) Objectives and summary of the Project

The objective of the Project is to alleviate serious traffic congestion in JABODETABEK area through enhancing JABODETABEK railway capacity, thereby contributing to improvement of investment climate and urban environment.

The loan is to be allocated to construction and expansion of depot and workshop, consulting services and so on.

(c) Implementing Organization

Directorate General of Railways, Ministry of Transportation

Address: Jl. MedanMerdeka Barat No. 8 JakartaPusat  
TEL: +62-21-3505558 FAX: +62-21-3523643

(d) Implementation Schedule (planned)

(i) Project Completion:

Schedule of the implementation (planned)

(ii) Completion period of the Project:

February 2020 (The Project is to complete at the starting of the service of the facilities)

(iii) Sending of the Letter of Invitation to Consultants (Detailed design, etc):

March 2014

(iv) First announcement of bidding for procurement package regarding the Project through international competitive bidding:

Procurement package name: Construction/Expansion of Depok Depot and Workshop

Planned announcement: October 2016

(3) Rural Settlement Infrastructure and Kabupaten Strategic Area Development ((RISE)II)

(a) Background and necessity of the Project

The population living under the poverty line and poverty rate defined by the Indonesian Government showed the deterioration from 22.5 million people in 1996 (poverty rate of 11.3% approximately) to 39.3 million people in 2006 (17.8% approximately), due to the influence of Asian Financial Crisis in 1997 followed by commodity price escalation. In line with recent high economic growth in Indonesia, the poor population and the poverty rate in 2012 recovered to the same level before the Asian Financial Crisis of 28.59 million (11.7% approximately). However, domestic economic discrepancies are significant, leaving 18.08 million out of 28.59 million of the poor population in 2012 to reside in rural areas. Local development still remains as an important issue for promoting poverty reduction and narrowing economic disparities.

Since 2006, Indonesian Government has implemented "Program Nasional Pemberdayaan Masyarakat (PNPM: National Community Empowerment Program)" to integrate existing and new poverty reduction projects with local participatory approaches. Projects comprising PNPM are financed by certain development budgets to each kabupaten (districts) and kecamatan (sub-districts). Community self-reliant activities (small-scale infrastructure construction, etc) are required to be selected and implemented based on highly transparent development processes through the participation of local residents. The Project is to be implemented as a part of this program.

In addition, Indonesian Government has currently proceeded with the formulation of "Master Plan for Acceleration and Poverty Reduction and Expansion (MP3KI)" by 2025, raising the poverty reduction strategy after 2015 to focus on the social protection as well as livelihood enhancement of unprivileged and vulnerable groups. MP3KI has indicated that the poverty and regional disparities are to be attributed to lower agricultural productivity and social service prevalence rate. Therefore, the enhancement of agricultural productivity and market access through road construction and introduction of irrigation system are needed, together with the improvement of water supply, health and education prevalence through strengthening social infrastructure.

(b) Objectives and summary of the Project

The Project, covering the areas with high poverty rate of 237 kacamatan in 34 kabupaten of 9 provinces excluding Java and Bali, will develop basic infrastructure, including (i) transport/access to infrastructure, (ii) water supply and sanitation infrastructure, (iii) small irrigation infrastructure, (iv) market support facilities, (v) primary healthcare facilities, (vi) primary and junior high school buildings, which are to be based on the needs of residents. In addition, it will strengthen the capacity of administrators and facilitators in the implementation of local participatory development. Based on the above-mentioned activities, the Project intends to create economic opportunities of the unprivileged groups residing in the target areas and to enhance their access to social services, as well as to develop administrative capacity of the local governments. An upper goal of the Project is to contribute to reducing poverty and narrowing disparities based on the self-reliant local economic development.

The loan is to be allocated to the construction of small-scale infrastructure and consulting services (implementation and supervision, designing, construction supervision, maintenance management support, monitoring/evaluation, etc).

(c) Implementing Organization

Directorate General of Human Settlements, Ministry of Public Works  
Address: Jl. Pattimura No.20, Kebayoran Baru, Jakarta 12110  
TEL: +62-21-7397754 FAX: +62-21-7395226

(d) Implementation Schedule

(i) Project Completion:

December 2015 (The Project is to complete by the completion of the provision of the facilities)

(ii) Sending of the Letter of Invitation to Consultants (construction supervision) :

February 2014

(4) Metropolitan Sanitation Management Investment Program: Engineering Service for Sewerage System Development in DKI Jakarta

(a) Background and necessity of the Project

DKI Jakarta has been witnessing rapid economic growth, together with apparent population growth and industrial accumulation, but lacking the consolidated urban infrastructure such as transportation and water system. Especially, the prevalence rate of sewerage system still remains at as low as 2% and more than 90% of the household wastewater flow are disposed without being treated to the public water areas (rivers and sea), resulting in the water contamination in the rivers, sea and underground. In addition, environmental problems, health problems of the residents and water environmental problems have been deteriorated due to these water contamination issues. Under the circumstances, the development of Sewer Network and Wastewater Treatment Plant has been an urgent issue.

(b) Objectives and summary of the Project

Sewerage development in DKI Jakarta intends to promote the appropriate sewerage treatment in the Province and to contribute to enhancing the residents' living and sanitary environments and environmental conservation, by the construction/operation/maintenance management of a sewer network and wastewater treatment plant. The Project targets the engineering services regarding detailed design and tendering assistance for sewer network/wastewater treatment plant introduced in the Sewerage Zone no. 1 located in the north of the Province, which will lead to the promotion of smooth implementation of the sewerage development project.

The loan is to be allocated to the consulting services (detailed design, tendering assistance, etc) of the Project.

(c) Implementing Organization

Directorate General of Human Settlements, Ministry of Public Works  
Address: Jl. Pattimura No.20, Kebayoran Baru, Jakarta 12110  
TEL: +62-21-7397754 FAX: +62-21-7395226

(d) Implementation Schedule (planned)

(i) Project Completion:

June 2017 (The Project is to complete at the time of the completion of the loan)

(ii) Sending of the Letter of Invitation to Consultants (detailed design, etc):

March 2014 (planned)

(5) Urgent Disaster Reduction Project for Mount Merapi and Lower Progo River Area II

(a) Background and necessity of the Project

Indonesia is a country challenged by frequent natural disasters such as earthquakes, floods, tsunamis, landslides, and so on. The disaster prevention for the country with around 130 volcanic mountains is vital for the safety of the communities and sustainable economic development, since the volcanic disasters could impact enormously on people's lives, their assets and social and economic infrastructure.

Mount Merapi, located in the Central Java, is one of the most active volcanoes in the country, and the scale of once in more than 100 years eruption occurred in October 2010. The debris flow caused by the eruption buried major river channels and damaged sabo facilities, thereby, the rehabilitation works have still been continuing. There is a high risk of additional debris flows caused by river inundation which will continuously hit the downstream areas and cause the significant damages, since huge amount of unstable sandy materials has still been remained at the upperstream of the mountain.

JICA has supported implementation of ODA Loan Project since 2005 in Mount Merapi for the construction of sediment facilities like sabo dams and check dams as well as the installation of early warning system. It was effective to mitigate the damages in the downstream areas at the time of eruption of 2010, and the reconstruction works of sabo facilities was also conducted. In addition, JICA dispatched a Japanese Disaster Relief (JDR) expert team at that time.

(b) Objectives and summary of the Project

The Project aims to protect Mount Merapi and the lower Progo River areas located in the central Java and Yogyakarta Special Province against volcanic sediment flows which occurred massively and frequently after the 2010 eruption by conducting constructions of sabo facilities, thereby contributing to protect lives, assets, and social infrastructure of the areas.

The loan is to be allocated to the construction of Sand Pocket in Gendol River and Diversion Channel in Putih River as well as Consulting Services (detailed design, tender assistance, construction supervision, review of Master Plan, and public campaign on sabo works, etc).

(c) Implementing Organizations

Directorate General of Water Resources, Ministry of Public Works  
Address: Jl. Pattimura No. 20, Kebayoran Baru, Jakarta Selatan, 12110  
TEL: +62-21-726-2366 FAX: +62-21-726-1292

(d) Implementation Schedule (planned)

(i) Project Completion:

September 2017 (The Project is to complete at the commencement of the operation for the facilities)

(ii) Sending of the Letter of Invitation to Consultants (detailed design, etc)

February 2014 (planned)

(iii) First announcement of bidding for procurement package regarding the Project through international competitive bidding:

Procurement package name: Construction of Diversion Channel in Putih River

Planned announcement: February 2014

(6) Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (II)

(a) Background and necessity of the Project

In Indonesia, floods and landslides occur in nationwide of the country every year, causing serious social and economic damages. In dry season, there are some areas suffering from the absolute water shortages and regional imbalances in water demands. The Wonogiri Multi-purpose Dam is the sole large reservoir on the Bengawan Solo River, which is the largest river in the Java Island as an important infrastructure for irrigation, flood control, water resources for public use, and power generation. In recent years, however, the Wonogiri reservoir has been filled with sediments. Poor land use of its watershed and intensive farming of annual crops using poor practices on the highly erosive and steep-sloped uplands are the main causes of the sedimentation of the reservoir. It could be said that, without any countermeasure to the sedimentation problem, the Wonogiri reservoir would, in the near future, lose its functions due to decrease of the storage capacity. In order to recover the storage capacity of the reservoir, fundamental permanent countermeasures should be established an implemented.

Wonogiri Multipurpose Dam was constructed through the ODA Loan in 1981. JICA implemented a grant project to take an emergency sedimentation measures in 2002. In addition, the feasibility study was conducted for permanent sedimentation measures from 2004 to 2007. Based on the study, "Countermeasure for Sediment in Wonogiri Multipurpose Dam Reservoir (I)" has been commenced in 2009 to conduct the construction of Spillway and Spillway Gate, the procurement of dredgers, and implementation of watershed conservation.

(b) Objectives and summary of the Project

The Objective of the Project is to secure the long term reservoir capacity for irrigation, power generation, water resources for public use, and flood control of Central Java Province and East Java Province by conducting countermeasures for sedimentation with construction of closure dike and overflow dike on Wonogiri Multipurpose Dam reservoir and watershed conservation, thereby contributing to the economic development in the region.

The loan is to be allocated to the construction of closure dike and overflow dike works, watershed conservation (check dams works including the riverbank protection, land preparation such as terracing, waterway, and planting, and community empowerment on soil and water conservation) as well as consulting services (supervision for construction works and watershed conservation ).

(c) Implementing Organization

Directorate General of Water Resources, Ministry of Public Works

Address: Jl. Pattimura No. 20, Kebayoran Baru, Jakarta Selatan, 12110

TEL: +62-21-726-2366 FAX: +62-21-726-1292

(d) Implementation Schedule (planned)

(i) Project Completion:

December 2017 (The Project is to complete at the commencement of the operation for the facilities)

(ii) Sending of the Letter of the Invitation to Consultants:

March 2014

(iii) First announcement of bidding for procurement package regarding the Project through international competitive bidding:

Procurement package name: Construction of Closure Dike and Overflow Dike Works

Planned announcement: March 2014

(7) Professional Human Resource Development (IV)

(a) Background and necessity of the Project

The Government of Indonesia has proceeded with decentralization through developing legislations since 1999, which encouraged each local government to play important roles in the formulation and implementation of the national development plan. In line with this reformation, administrators of the local governments have been required to enhance their technical knowledge and planning capacity, while administrators at the central level have been requested to develop their capacities for better coordination and negotiation with the local governments. In the meantime, only a few public servants of the central and local governments of Indonesia have obtained Master or Ph.D. degrees. Developing human resources with ability to work on higher and technical tasks in each policy field has been an urgent matter.

In terms of human resources development in the fields of policy development and planning/formulation, the Government of Indonesia stated its strategic plans in "Indonesia Mid-Term National Development Plan (2010-2014)", as (i) capacity development of administrators as competent experts in policy formulation and planning as well as (ii) quality improvement of the policy planning and formulation of the central and local governments.

The Project, aiming at the capacity development of the planning administrators through participating in Master or Ph.D. degree programs/short-term training programs, intends to contribute to economic development and democratic social development in Indonesia, as well as to strengthen the bilateral relations between Indonesia and Japan.

(b) Objectives and summary of the Project

The Project, targeting relevant personnel engaged in policy formulation of the central and local governments in Indonesia, intends to strengthen planning and implementation capacity in the field of public policy through implementing Master or Ph.D. degree programs/short-term training programs both in Japan and Indonesia, as well as to contribute to the enhancement of the administrative capacities of the central and local governments through developing human resources with highly technical knowledge in relevant fields.

The loan is to be allocated to studies in Japan (Master/Ph.D. degree, short-term training, OJT), domestic studies (Master/Ph.D. degree, short-term training), and consulting services (coordination of study/training programs, progress management, assistance for university selection and application processes, monitoring and counselling during the studies in Japan, and financial management, among others).

(c) Implementing Organization

Center for Planners Development, Education and Training, National Development Planning Agency

Address: Jl. Taman Suropati No. 2, Jakarta 10310

TEL: +62-21-31934147 FAX: +62-21-3103705

(d) Implementation Schedule (planned)

(i) Project Completion:

August 2020 (The Project completes at the time of the return of the last student to Indonesia)

(ii) Sending of the Letter of Invitation to Consultants: March 2014