

Signing of Japanese ODA Loan with the Indonesia: Mitigating traffic congestion through construction of mass rapid transit

On December 4, Japan International Cooperation Agency (JICA) signed loan agreements with the Government of the Republic of Indonesia to provide Japanese ODA loans of up to 77.137 billion yen for two projects.

In recent years, the Indonesian economy has been sustained by domestic consumption and private investment. Since 2013, the decline in the international economy and other factors slightly decelerated the growth ratio of the real GDP to the 5.0 percent level, which is, however, expected to rise again in the medium-term.

Joko Widodo was inaugurated as the president of Indonesia last October. His administration is committed to improving the productivity and international competitiveness in Indonesia by reducing costs that arise from inadequate infrastructure by developing the country's infrastructure, and to addressing important social issues, including food security and regional disparities. With the intention of reforming fuel subsidies, the system of set fuel rates was relaxed in January 2015 to allow fluctuation. It is expected that the government will use the extra revenue generated from the fuel subsidy reduction to increase infrastructure development expenditures. Also, a target of 7 percent annual economic growth was announced in the National Medium-Term Development Plan (RPJMN, 2015-2019). To achieve sustainable economic growth, it is critical that the investment environment be improved by facilitating infrastructure development as a basis for economic activities, and especially that critical infrastructure issues be resolved, such as mitigating the serious traffic congestion in the Jakarta metropolitan area, which is a leading center of the Indonesian economy.



Signing ceremony

The population of the overall Jakarta metropolitan area is approximately 28 million people (2010), an increase of about 1.3 times over the past decade (average annual growth rate: 2.8 percent). The number of commuters from the suburbs to the center of Jakarta has rapidly increased over the past decade about 1.5 times (from 743,000 in 2002 to 1.105 million in 2010), and the number of registered vehicles in Jakarta metropolitan area has rapidly increased as well, by about 3.6 times (from 2.67 million in 2000 to 9.63 million in 2010). With this growth, urban environmental degradation, including severe traffic congestion and air pollution has become a serious problem.

Construction of Jakarta Mass Rapid Transit Project (II) and Engineering Services for Jakarta Mass Rapid Transit East-West Line Project (Phase I) will enhance the passenger transportation capacity and alleviate serious traffic congestion through the construction of a mass rapid transit (MRT) system with Indonesia's first subway in the Jakarta metropolitan area.

Reference

Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
(1) Construction of Jakarta Mass Rapid Transit Project (II)	75,218	0.1	0.01	40	10	Tied
(2) Engineering Services for Jakarta Mass Rapid Transit East-West Line Project (Phase I)	1,919	-	0.01	25	7	General untied

Notes: Special Terms for Economic Partnership (STEP) apply to project (1).

(1) Construction of Jakarta Mass Rapid Transit Project (II)

(a) Background and Necessity

The total population of the overall Jakarta metropolitan area has grown about 1.3 times over the past decade, and the number of commuters from the suburban areas to the center of Jakarta is rapidly increasing along with the number of registered vehicles. With these trends, severe traffic congestion, air pollution and other types of traffic pollution have become major issues; yet a further increase in the transportation demand is forecasted for the upcoming years. Therefore construction of a new MRT system is indispensable for the Jakarta metropolitan area.

The National Medium-Term Development Plan (RPJMN, 2015-2019) developed by the Government of Indonesia lists "expansion of public transportation in urban areas" as one of the major targets in the development policy. This project has been highly prioritized by the Government of Indonesia to alleviate the severe traffic congestion and reduce traffic pollution in the Jakarta metropolitan area with the construction of an MRT that includes Indonesia's first subway.

JICA has provided ODA loans for the project, a total of 50,019 million yen in Japanese fiscal years 2006 for the engineering services and 2008 for the Construction of Jakarta Mass Rapid Transit Project (I).

(b) Objective and Summary

The objective of the project is to enhance the transportation capacity of the Jakarta metropolitan area through the construction of an MRT system, thereby mitigating the escalating traffic congestion and in turn, improving the investment climate in the Jakarta metropolitan area.

The loan is to be allocated to civil and track works, electrical and mechanical systems, rolling stock, consulting services and other areas.

(c) Executing Agency

Provincial Government of DKI Jakarta

Address: Jakarta Provincial Government Building, Jl. Mean Merdeka Selatan No. 8-9, Jakarta 10110

Phone: +62-21-3822159, fax: +62-21-3842871

(d) Planned Implementation Schedule

(i) Completion of project:

November 2018 (when the facilities are put into service)

(ii) Issuing of letters of invitation for consulting services:

Engineering design: Already contracted

Operation and management: Already issued

Engineering design for the north-south extension section: February 2016

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Civil and Track Works (Underground Section): Already contracted

(e) JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

Contact Point for Transportation Sector, JICA Indonesia Office

Address: Sentral Senayan II, 14th Floor Jl. Asia Afrika No. 8, Jakarta 10270, INDONESIA

Phone: +62-21-5795-2112, Fax: +62-21-5795-2116

(2) Engineering Services for Jakarta Mass Rapid Transit East-West Line Project (Phase I)

(a) Background and Necessity

The total population of the overall Jakarta metropolitan area has grown about 1.3 times over the past decade, and the number of commuters from the suburban areas to the center of Jakarta is rapidly increasing along with the number of registered vehicles. With these trends, severe traffic congestion, air pollution from exhaust gas and other types of traffic pollution have become major issues; yet a further increase in the transportation demand is forecasted for the upcoming years. Therefore the construction of a new MRT system is indispensable for the Jakarta metropolitan area.

The RPJMN issued by the Government of Indonesia lists "expansion of public transportation in urban areas" as a major development target. In addition to an MRT North-South Line with what will be Indonesia's first subway, the MRT system to be constructed by this project has been highly prioritized by the Government of Indonesia as a means to alleviate the severe traffic congestion and reduce the traffic pollution in the Jakarta metropolitan area.

(b) Objective and Summary

The objective of the project is to enhance the transportation capacity of the Jakarta metropolitan area through the construction of mass rapid transit system, thereby mitigating the escalating traffic congestion and in turn improving the investment climate in the Jakarta metropolitan area.

The loan is to be allocated to consulting services including engineering design, and tender assistance).

(c) Executing Agency

Directorate General of Railways, Ministry of Transportation

Address: Jl. MedanMerdeka Barat No. 8 Jakarta Pusat

Phone: +62-21-3505558, fax: +62-21-3523643

(d) Planned Implementation Schedule

(i) Completion of project: December 2018 (with completion of the loan disbursement)

(ii) Issuing of letters of invitation for consulting services (including engineering design and tender assistance): under consideration