### Indonesia: Regional Roads Development Project

**Project Name**: Regional Roads Development Project  
**Project Number**: 38479-034  
**Country**: Indonesia  
**Project Status**: Closed  
**Project Type / Modality of Assistance**: Loan  
**Source of Funding / Amount**  
<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Development Bank</td>
<td>US$ 65.00 million</td>
</tr>
<tr>
<td>Ordinary capital resources</td>
<td>US$ 180.00 million</td>
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</tbody>
</table>

**Strategic Agendas**: Inclusive economic growth, Regional integration  
**Drivers of Change**: Partnerships  
**Sector / Subsector**: Transport - Road transport (non-urban)  
**Gender Equity and Mainstreaming**: Some gender elements

**Description**: The proposed Project will improve strategic national road corridors in northern Kalimantan and southern Java to support economic growth in these two less developed and poorer areas of Indonesia. The rehabilitation, capacity expansion and new construction of highways will strengthen national and regional connectivity, and improve access to markets, job opportunities and social services in four provinces. The national road network in southern Java is incomplete, with some road sections of the southern Trans Java Highway not yet constructed resulting in gaps in network coverage; other sections are constructed below national standards and in poor condition. Improved road infrastructure in southern Java is necessary for removing existing constraints to economic growth and investment in this isolated area. Similarly, road network improvements are needed to support economic development in the less developed and remote districts in northern Kalimantan. Improved road connections in Kalimantan to the border will also support the Brunei Indonesia Malaysia Philippines East ASEAN Growth Area (BIMP-EAGA) transport initiatives to develop two land-based transport corridors for greater connectivity and reduced transport costs and complement other BIMP-EAGA programs to reduce non-physical barriers to trade by improving customs, immigration, quarantine and security processes. Recognizing the need to protect and preserve the environmentally sensitive areas of Kalimantan, the proposed project will not support any road improvements in this area.

**Project Rationale and Linkage to Country/Regional Strategy**: Indonesia is a middle-income country, with varied development across its provinces and islands. The government plans to promote sustainable economic growth through a significant increase in infrastructure investment over the next five years. To achieve more equitable development across the country, the government of Indonesia recognizes the urgent need to: (i) improve transport accessibility in the less developed areas, which will also reduce poverty in local communities; and (ii) expand long-term growth opportunities and attract investment through the development of stronger trade ties under regional cooperation initiatives.

**Impact**: Increased efficiency of road transport supporting integrated and sustainable economic growth along project corridors

**Geographical Location**: Banjar, Banjarnegara, Banyumas, Bulungan, Jawa Tengah, Jawa Timur, Kalimantan Barat, Kalimantan Timur, Kebumen, Ketapang, Kota Purwokerto, Kota Singkawang, Malang, Nunukan, Sambas, Sanggau, Wonogiri

**Summary of Environmental and Social Aspects**:  
**Environment**: B  
**Involuntary Resettlement**: A  
**Indigenous Peoples**: B
Environmental Aspects

The initial environmental examination (IEE) covers a general environmental profile of all subprojects and includes an assessment of potential environmental impacts during various project phases. It includes the environmental management plan with a set of mitigation and management measures to be taken during project implementation to avoid, reduce, mitigate, or compensate for adverse environmental impacts. The subprojects could have some adverse environmental impacts, but they would be short-term, temporary, and reversible; the impacts can be minimized and managed by implementing mitigation measures.

No subprojects will pass through conservation forests. One subproject in Java and six in Kalimantan will pass through forests that are protected or used for production, but no tree cutting and land acquisition in such forests will be needed. No rare, threatened, or endangered species of flora and fauna are in or close to the subproject areas. No heritage sites of national and international importance, or sites that are historically or archaeologically sensitive, are in or near the subproject areas. Consultations were conducted from September 2008 to August 2011 involving about 275 people including affected people, community leaders, nongovernment organizations, and national and provincial government officials. The IEE is available to the public through the DGH office and ADB’s website.

Involuntary Resettlement

The Tambakmulyo Wawar road (38.5 km) is one of the three sections in Central Java. The land acquisition for the first 24 km of Tambakmulyo Wawar road was completed, for the remaining 14.5 km, a land acquisition and resettlement action plan (LARAP) was prepared. As the resettlement impacts will be significant, this subproject road is classified category A for involuntary resettlement. About 145 households will be severely affected; 106 households will lose at least 10% of their productive land, while 31 houses and 8 shops will be physically displaced. A total of 1,400 households will be marginally affected by this subproject. Land acquisition for the other two subprojects in Central Java, has been completed. The 10 subprojects in East Java, and East and West Kalimantan provinces are classified category B for involuntary resettlement. Land acquisition and resettlement impacts will not be significant. LARAPs for East Kalimantan, West Kalimantan, and East Java were prepared. About 530 households will be marginally affected by these 10 subprojects.

During the preparation of the LARAPs for all subproject roads, meetings were held with potentially affected households and other stakeholders to determine potential impacts on land, non-land assets, and income of households along the subproject roads. The aim was to elicit concerns and suggestions from the stakeholders to mitigate, if not avoid, these impacts. Key information in the LARAPs was disclosed to the affected people. No site clearing will be done until after DGH and ADB have agreed upon the updated LARAPs and the provisions in the updated LARAPs have been implemented satisfactorily.

Indigenous Peoples

Ethnic groups, such as Melayu, Chinese, and Dayak, live along the roads in West Kalimantan. They have been integrated into the wider socio-economic and cultural community, while retaining many aspects of their culture. Specific actions related to ethnic groups are included in the LARAPs, such as consultation measures that use local leaders and the traditional grievance redress process for Dayak people.

Stakeholder Communication, Participation, and Consultation

During Project Design

Community meetings were held during project preparation. Surveys using structured questionnaires were also used as part of the social analysis and safeguards planning. This provided an understanding of the concerns and constraints facing communities and farmers, and gave people the opportunity to express transport related concerns and opinions of both positive and negative impacts arising from the project and suggestions on how these impacts can be avoided or mitigated.

During Project Implementation

Business Opportunities

Consulting Services

The Project will recruit:

* Core Team Consulting firm will be engaged using quality- and cost- based selection (QCBS) method with a standard quality:cost ration of 80:20. A total of 56 person-months of international consultant inputs and 381 person-months of domestic consultants will be required. Consultant services are expected to take place over 44 months (actual duration of service shall be in line with civil works schedule).
* Design and Supervision (Kalimantan) Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 43 person-months of international consultant inputs and 746 person-months of domestic consultants will be required. Consultant services are expected to take place over 44 months (actual duration of service shall be in line with civil works schedule).
* Capacity Development Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total 121 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Road Safety Awareness Campaign and Training - Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 15 person-months of international consultant inputs and 165 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Enforcement Capability for Road Infrastructure Program (ECRIP) - Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 15 person-months of international consultant inputs and 165 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Integrated Vehicle Overloading Control Strategy Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 96 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* HIV/AIDS and Human Anti-trafficking Program Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 35 person-months of international consultant inputs and 118 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Road Safety Awareness Campaign and Training - Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 121 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Enforcement Capability for Road Infrastructure Program (ECRIP) - Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 15 person-months of international consultant inputs and 165 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.
* Integrated Vehicle Overloading Control Strategy Consulting firm will be engaged using QCBS method with a standard quality:cost ration of 80:20. A total of 96 person-months of domestic consultants will be required. Consultant services are expected to take place over 18 months.

Procurement

Procurement of Civil Works that consists of 11 packages: 8 packages are to be financed by ADB and 3 packages will be under IDB. The procurement for the civil works under the ADB component comprises 8 packages (CW-04 to CW-11), and follows the ICB procedure. The estimated base costs for the contract packages, which were updated based on the detailed design study done by DGH, range from $15.24 million to $42.90 million. The total base cost for the civil works is $233.09 million. ADB loan finances 70% of the total expenditures, exclusive of taxes and duties imposed within Indonesia.

Responsible ADB Officer
Helena Lawira

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Southeast Asia Department

Responsible ADB Division
Indonesia Resident Mission

Executing Agencies
Directorate General of Highways
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Jakarta 12110, Indonesia

Timetable

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Loan 2817-INO

### Milestones

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### Financing Plan

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### Loan Utilization

### Status of Covenants

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**Project Page**

https://www.adb.org/projects/38479-034/main

**Request for Information**

http://www.adb.org/forms/request-information-form?subject=38479-034

**Date Generated**

17 September 2019

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