

**IMPLEMENTATION PROGRAM
ON
THE STUDY
ON
A MASTERPLAN FOR ESTABLISHING A METROPOLITAN PRIORITY AREA
FOR INVESTMENT AND INDUSTRY IN THE JABODETABEK AREA**

I. OBJECTIVE AND BASIC PRINCIPLES OF MPAs

Pursuant to the Memorandum of Cooperation (hereinafter referred to as “the MOC”) signed on December 10, 2010 between the Coordinating Ministry for Economic Affairs, the Ministry of Foreign Affairs and the Ministry of National Development Planning Agency of the Government of the Republic of Indonesia (hereinafter referred to as “GOI”) and the Ministry of Foreign Affairs, the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism of the Government of Japan (hereinafter referred to as “GOJ”) on the Cooperation for Establishing Metropolitan Priority Areas for Investment and Industry (hereinafter referred to as “MPAs”), the objective and basic principles of the MPAs are reaffirmed as follows.

1. Objective of MPAs

The objective of MPAs is to transform the areas to be more attractive and more suitable for direct investment and industrial development by accelerating infrastructure development and creating top-level investment climate in the region.

2. Basic Principles of MPAs

- (1) The MPAs will be formulated and implemented under the sovereignty of the Republic of Indonesia in accordance with its relevant laws and regulations.
- (2) An integrated approach in developing infrastructure and improving investment climate is imperative for achieving competitiveness and quality of life in the MPAs.
- (3) The infrastructure and regulatory framework of the MPAs should be efficient, effective, and reliable as well as safe, secure, and environmentally friendly.
- (4) For the success of the MPAs, it is essential that the relevant regional governments together with the private sector are actively involved in the planning, financing, and operation of the projects in the MPAs.
- (5) The masterplan on the MPAs will be made available to all stakeholders interested in contributing to the MPAs.

- (6) The precise geographical boundary of the MPAs is not predefined and, if necessary, will be defined on a case-by-case basis when specific policies and measures are implemented in the MPAs.

II. OBJECTIVE OF THE STUDY

The objective of the study is to formulate a masterplan for establishing an MPA in the area which includes the cities of Jakarta, Bogor, Depok, Tangerang and Bekasi (hereinafter referred to as “Jabodetabek”) by setting a guideline for key issues including future vision and concept of the MPA, concrete image and an infrastructure development plan of the MPA (including identification of priority projects, quality standards, implementation schedule, financing scheme and framework for private sector participation, with due considerations to the basic principles of the MPA), and investment climate, in order to achieve the objective of the MPAs.

III. STUDY AREA

The Study will mainly cover the Jabodetabek area, but will include the surrounding areas depending on the necessity of establishing an optimal Jabodetabek MPA.

IV. SCOPE OF THE STUDY

1. Sectors to be Surveyed

The Study will cover physical infrastructure development from a viewpoint of improvement of investment climate in the MPA. The physical infrastructure includes: international ports, industrial areas, mass transportation networks, road networks, airports, water supply and sewage system, waste management system, flood management system, and electric power infrastructure.

2. Study Items

In order to achieve the abovementioned objective, the Study will cover the following items.

(1) Review and Analysis of the Present Condition of the MPA

The review and analysis will include the following items. This review will best utilize the existing masterplans, feasibility studies and other related plans/studies which were undertaken by GOI, JICA, other donor agencies and research institutions. Those existing plans/studies will be reviewed and modified, if necessary, to reflect the most updated conditions and future predictions for the base year, i.e. year 2030.

1-1. Current socio-economic condition of Indonesia and the MPA, and its

prediction for year 2030

- 1-2. Current condition/performance (including international competitiveness) of the target sectors in the MPA, and possible future challenges
- 1-3. Current administrative and legislative framework of the target sectors
- 1-4. Related government plans (Indonesian Economic Development Corridors (IEDC), national development plan, regional development plans, sector development plans, etc.) and their progress including projects under implementation or operation
- 1-5. Past studies (masterplans, feasibility studies, related studies) of JICA, other donor agencies and research institutions (ERIA etc.), and their progress/utilization
- 1-6. Existing major investment plans and business activities by the private sector in the target sectors

(2) Setting a Future Concept of the MPA in Year 2020

- 2-1. In order to formulate a future concept of the MPA in year 2020, the following points will be considered.
 - (a) Response to the predicted change of socio-economic conditions surrounding the MPA in year 2030, and its influence to infrastructure development
 - (b) Benchmarking with (as well as differentiating the MPA from) other major international cities, including those of neighboring ASEAN countries, in terms of international competitiveness for investment and industrial development
 - (c) Requirements for infrastructure development are (i) safety and security (higher safety standards), (ii) environmental friendliness, (iii) comprehensive and consistent planning with cross-sector, inter-modal and cross-border viewpoints; (iv) optimal participation of the private sector (for efficient investment, construction and management)
- 2-2. The concept of the MPA in its target year (2020) will be formulated in consideration to the abovementioned points. The concept will also include identification of priority projects which are highly expected to be materialized by year 2020. Possible basic directions of the future concept of the MPA are as follows:
 - (a) Logistical network (such as seaports, airports, roads, and railways) will be designed to enhance the accessibility to the industrial zones to be newly developed in suburban areas such as the eastern part of Jakarta, as well as to enhance their inter-modal connectivity, in response to the expansion of industrial accumulation in the outskirts of Jakarta and the excessive congestion in central Jakarta.

- (b) Improvement of living environment of the MPA (such as MRT, roads, water supply and sewage system, waste management system, and flood management system) is a critical part of improvement of investment climate.
- (c) In accordance with the basic directions mentioned above, the development plan of these infrastructures will not be limited to DKI Jakarta, but also include the surrounding areas and the cross-border network between them.

(3) Formulation of an Infrastructure Development Plan of the MPA in 2020 and Identification of Priority Projects including Fast-track Projects

An infrastructure development plan of the MPA will be laid out as follows.

- 3-1. Designing of an overall infrastructure development plan of the MPA, in line with the vision, concept and image of the MPA in (2) above
- 3-2. Identification of major projects which are expected to contribute to the establishment of the MPA in each sector (including project sites)
- 3-3. Identifying and drafting of the brief concept of the priority projects (including the outline of project scope and specification, project implementation framework (framework for private sector participation and involvement of regional governments), preliminary cost estimate and implementation schedule)
- 3-4. The potential fast-track projects endorsed by the Steering Committee will be reviewed in principle from the viewpoint of consistency and relevance with the overall infrastructure development plan and implementation schedule, and those which satisfy this review will be identified as fast-track projects.

(4) Facilitation of Potential Fast-Track Projects

The Study Team will facilitate the potential fast-track projects by sharing information collected and analyzed under the studies by the feasibility study teams of the potential fast-track projects.

(5) Support for the Secretariat of MPA Steering Committee, MPA Technical Committee and High-Level Consultation for Investment Promotion

The Study Team will assist the MPA Steering Committee as well as MPA Technical Committee to be established as mentioned in Clause VII below. The Study Team will also assist secretariat works of the High Level Consultation for Investment Promotion, in which high-level representatives from the government and private sector of Japan and relevant institutions of Indonesia consider improvement of the existing investment-related regulations, rules and practices in the MPA.

V. STUDY SCHEDULE

The Study will be carried out in accordance with the schedule set out in the MOC and shown in APPENDIX. The schedule, including report submission dates stated in Clause VI below, is tentative and subject to modification when both sides recognize such necessity during the course of the Study.

VI. REPORTS

JICA will prepare and submit the following reports in English to the MPA Steering Committee and MPA Technical Committee. The schedule of submitting the interim reports is approximate and subject to change in accordance with the schedule of convening the Steering Committee and Technical Committee.

1. Inception Report: at the time of commencement of the Study
2. First Interim Report: within three (3) months after the commencement of the Study
 The First Interim Report will summarize the draft results of study items (1) and (2) in Clause IV above.
3. Second Interim Report: within six (6) months after the commencement of the Study
 The Second Interim Report will summarize the provisional results of the selection of the priority projects including the fast-track projects.
4. Draft Final Report: within eleven (11) months after commencement of the Study.
5. Final Report: within one (1) month after the receipt of the written comments on the Draft Final Report from the GOI

VII. IMPLEMENTATION FRAMEWORK

1. The Study will be carried out by a single company or an association of companies (hereinafter referred to as “the Study Firm(s)”). The Study Firm(s) and the Study Team will be selected by JICA based on this implementation program. It is encouraged for the Study Firm(s) to involve companies that consider possibility of future participation in the investment in and management and operation of projects in the MPA. It is also assumed that the Study Team will consist of the experts in target sectors and have sufficient expertise in preparing masterplans as well as infrastructure investment and management. The companies constituting the Study Team should be excluded neither from participation in (a) the downstream studies (e.g. feasibility studies, detailed design, bidding assistance and construction management) nor (b) investment, construction, management, and/or operation of the projects identified in the Study. However, the company or companies will be excluded from the above

(b) activities if they carry out preparation of detailed design, tender documents or equivalent studies that specify detailed technical specifications and/or bidding conditions to be used for selecting contractors of construction, management and/or operation works in accordance with Indonesian regulations on the procurement.

2. The reports to be prepared by the Study Team based on the Clause VI will be submitted to the Steering Committee through the Technical Committee. The Interim Reports and the Draft Final Report will be used for the review of the Steering Committee.
3. The Final Report of the Study will be made public after the completion of the Study.

APPENDIX

Tentative Schedule of the Study

Schedule		2010		2011												2012							
		11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8
Signing of Minutes of Discussion on M/P Study	2011.2.14																						
1st Steering Committee (SC)	2011.3.17																						
1st High Level Consultation for Investment Promotion	2011.1st Q																						
Commencement of Study	2011.5																						
Study Period (12 months)	(12 months)																						
Inception Report	2011.5																						
Interim Report (1) (SC/TC)	2011.7																						
Interim Report (2) (SC/TC)	2011.10																						
Draft Final Report	2012.3																						
Approval of Final Report by SC	2012.4																						
Provisional Identification of Fast Track Projects (1st SC)	2011.3																						