



BANDA ACEH – NIAS **TRANSPORT PLAN 2006**

(Executive Summary)

Badan Rehabilitasi dan Rekonstruksi (BRR) Nanggroe-Aceh-Darussalam-Nias

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EXECUTIVE SUMMARY

Pivotal Moments in Time

Despite the devastating impact of the 26 December 2004 tsunami, and the 26 March 2005 earthquake, the big picture analysis of the Aceh & Nias Provinces of Indonesia is that these events have attracted global attention to the people and lands of Northern Sumatra. As a result, significant recovery investment through the Multi-Donor Trust Fund for Aceh & North Sumatra (MDTFANS) of ~US\$8.0b is taking place and further opportunities are being identified to create sustainable economic diversification and wealth.

The cessation of hostilities between Acehese Freedom Forces and the Indonesian Military Forces via international brokered treaty of Helsinki in July 2005 has been a direct outcome of those tragedies, and a concerted focus on humanitarian aid and community recovery has imparted a genuine sense of goodwill between previously divergent viewpoints.

Whereas the focus over the past fifteen months has been disaster response, recovery and reconstruction, it is now time to progress planning toward proactive consideration of future needs and opportunities.

The question at this time is how best for the community to participate in future management of the provincial transport asset, and perhaps more poignantly, to consider and espouse 'what can be done' to facilitate pro-actively the outcomes they may be seeking for the next 20-30 years.

Strategic Planning

To facilitate the disaster recovery process, the Indonesian Government in association with the United Nations Development Program (UNDP) have established the Banda Aceh Nias Reconstruction & Rehabilitation Agency (BRR – Badan Rehabilitasi dan Rekonstruksi for Nanggroe Aceh Darussalam and Nias).

It is reasonable to expect the National and Provincial Governments to participate in various strategic planning processes; however, it is considered appropriate for all of these strategic planning mechanisms to be consistent with one-another, and desirable for a clearly defined vision, leadership and decision-making framework and process to exist to provide for efficient and effective administration.

Population

The populations of Aceh Province and Nias and their rural environs will increase – a no change policy is considered implausible, and there is substantive evidence of a population recovery after the earthquake / tsunami disaster based on increasing birth rate, decreasing death rate, immigration and internal migration.

The propositions considered in this report include :

- ❖ Does Aceh want to be a province of 7.5 million people by 2030 ?
- ❖ Does Banda Aceh want to be a city of 5.0 million people in 2030 ?
- ❖ Does Nias want to be an island of 1.2 million people in 2030 ?

The rate of population growth will be determined by the community through governance in response to domestic and international development initiatives. This could vary from a projected minimum 5% p.a. up to a maximum 10% p.a. (ie. Banda Aceh permanent residents 1,200,000 / itinerant visitors 400,000) by year 2010.

Each of these propositions dramatically influences the transport network that must respond to that challenge.

International Position

Aceh Province and Banda Aceh City are located at the northern most extremity of Indonesia and represent a gateway for Indonesia to international trade markets for both sea and air movements. The majority of that trade activity to date relates to import of goods and services.

In order to achieve a balance of trade warranting major investment in infrastructure, there must be some new export function comprising ideally :

- ❖ Trans-shipment of containers for sea-freight logistics
- ❖ Bulk commodity mineral extraction and / or processing of refined export product
- ❖ Bulk commodity agricultural and forestry products
- ❖ Bulk or specialty commodity fisheries products
- ❖ Bulk or specialty floriculture products
- ❖ Manufactured value-added goods and services
- ❖ International and domestic tourism.

In order for Banda Aceh to participate in the international trade market, it will require the political and economic cooperation of regional neighbour institutions associated with finance, governance and logistical management based in several south-east Asian nations (if not the rest of the world).

Domestic Position

The disaster recovery focus is clearly on Aceh Province (and will remain so at least until 2009-10), but there are political relationships with the other Sumatran Provinces and indeed Jakarta such that there should be at least a perceived degree of equity in sharing the benefits of this reconstruction phase leading on to future investment.

Having attracted a significant proportion of the global intellectual property associated with disaster recovery (in all professional disciplines), and transitioned the community of Aceh Province to a dynamic economy (subject to inflation but generally higher wages and salaries expectation), it will be a challenge to revert the economy back to a subsistence framework.

A society's strength and commitment to growth and development rests with its intellectual property. Hopefully, some of the professional expertise brought in under the guise of the United Nations programs and related Non-Government Organisations foreign aid will transition to local experience and knowledge that will provide an ongoing contribution to the Aceh and Nias communities.

Banda Aceh International Seaport

A major commercial international seaport at Banda Aceh is supported as a function of the need to :

- ❖ Foster capacity building for the Northern Sumatra peninsula
- ❖ Facilitate trade and disaster recovery in the most efficient manner practicable
- ❖ Create investment and employment opportunities by value-adding the marine transport industry
- ❖ Consolidate private investment initiatives and interaction between marine and shore based industries
- ❖ Plausible locations : Ulee Lheu, Malahayati, Sabang (We Island).

Banda Aceh International Airport

Plans are well in hand for the redevelopment of the Sultan Iskandar Muda (Banda Aceh) Airport, and while the airport can currently handle mid-sized international aircraft, realistically there is an opportunity to enhance those facilities so that they are capable of handling the newest larger aircraft (Boeing 777 and Airbus A380) for Banda Aceh to become an international destination that is attractive to international airlines for both Regular Passenger Transit and Air Freight.

Banda Aceh Ring Road

The Greater Banda Aceh Metropolitan Area extends from Lhoknga in the west to Malahayati in the east, both of which are functioning seaports in their own right. A regional ring road connecting these two transport hubs providing safe, fast and efficient transit around and for the City of Banda Aceh would be an appropriate and logical response to continuing urban expansion.

Some feeder roads already exist to service that ring road, but there would be a requirement to resume a new alignment for the ring road reserve so that it could be both grade separated and controlled access to function as a toll-route and a commercial asset. There would also be extensive earthworks associated with both ends of the ring road as a need to traverse the local terrain.

Banda Aceh – Medan Motorway

The majority of goods supporting the reconstruction phase in terms of urban development and ‘fit-out’ would appear to tranship from Medan, and are transported by road freight in a journey of between 10-12 hours. The construction of a motorway between Medan and Banda Aceh would significantly reduce the travel time associated with that transit route and enhance accessibility for the urban centres along the route.

The motorway would function as a toll route and commercial asset of the responsible authority, the objective being to contribute to regional economic development and asset management through self-funding for administration and maintenance.

If considered appropriate, a motorway that extends the full length of Sumatra from Banda Aceh to Bandar Lampung would contribute to the economic development of the entire peninsula, but is beyond the scope of just the BRR and any associated transport development program.

Banda Aceh – Medan Railway

It would appear that previous enthusiasm by the French Government to conduct a feasibility study into re-establishing a railway between Banda Aceh and Medan may now have waned. However, were the motorway to be constructed, the alignment for that road reserve could make provision for a future railway as well, and would be significantly easier than trying to renegotiate the original route that passed through the centre of most of the urban settlements along the route.

There can be no doubt that where there is sufficient volume of trade (ie. bulk export materials, container traffic, passenger movements, etc.), railway is a very effective long-distance travel mode. If Banda Aceh makes the decision to establish a significant new international seaport, then the volume of activity associated with the ports of Banda Aceh, Lhokseumawe, Langksa, and Belawan may warrant a review of rail services.

Banda Aceh Port Corporation

It is recommended that the Government of Indonesia establish a Banda Aceh Port Corporation to assume administrative responsibility for the transport assets comprising :

- ❖ Banda Aceh International Seaport (site selection pending further research) ~ US\$3.5 Billion
- ❖ Banda Aceh International Airport (Sultan Iskandar Muda) ~ US\$1.2 Billion
- ❖ Banda Aceh Ring Road (Toll Route) ~ US\$500 Million
- ❖ Banda Aceh Medan Motorway (Toll Route) ~ US\$1.8 Billion
- ❖ **Provisional subject to feasibility – Banda Aceh Medan Railway ~ US\$2.0 Billion.**

The Banda Aceh Port Corporation would be a public / private partnership (30/70%), and investment would be raised via a public prospectus on the international money market. Under these operating conditions, there is a clear mandate to furnish a return to the investors, and a similar commitment by the Government of Indonesia for the Port Corporation to conduct its business in the most efficient manner possible to achieve that outcome.

There would need to be a clear development strategy for each of these infrastructure assets (total estimated value US\$7.0 billion – does not include railway) endorsed by the Government of Indonesia, which implies negotiating with all parties concerned to deliver those infrastructure assets within a suitable project management period (ideally no later than 2009-10 to coincide with expiration of BRR role in disaster recovery process).

Banda Aceh Stock Exchange

As financial investment is essentially about relationships, the establishment of a Banda Aceh Stock Exchange could be a useful mechanism for facilitating further trade development in the region, but is not an essential outcome for delivering the principal goal of infrastructure enhancement.

Environmentally Sustainable Regional Development

International investment on this scale will mandate best practice environmental management, and the establishment of a new seaport will (no matter the location) constitute a significant change to the issue of coastal management in Banda Aceh. Each of the mentioned infrastructure proposals is no small undertaking, and should be reviewed in the context of regional capacity building, comprising :

- ❖ Economic development
- ❖ Ecological sustainability
- ❖ Social enhancement
- ❖ Political self-determination for decision-making framework and continuing public mandate.

Flood Management

Based on the estimated average annual rainfall, and surface catchment discharge, the vulnerability to flood damage arising from a severe rainfall event is assessed as low, and the relative capacity to manage those waters through Aceh and Nias (particularly urban areas and the transport infrastructure asset) is considered reasonable to acceptable without loss of life or damage to the built and natural environment.

An earthquake that delivers a tsunami is however a unique flood management event requiring specific planning for preparation, response and recovery. Dependent on the scale of the event, water penetration inland is a function of terrain and built environment, while loss of life will revolve around the adequacy of structural integrity and advance warning for inhabitants to seek available refuge.

Government lands

Indonesia has an unusual approach to the issue of land tenure where the people seem to accept that the government holds title to all lands in perpetuity, and that the individual is effectively granted title to use that part for which they find valid purpose providing such activities are consistent with state policy for land use.

The relevance of this approach relates to the resumption and compensation of alienated lands previously occupied by the individual where the state determines that the land is now required for another purpose (eg. sea and air port development, roads, railways, drainage, power line transmission, etc.).

For the purposes of this report, it is acknowledged that the State can and should negotiate acceptable outcomes with the community and individuals for land acquisition, resumption and compensation.

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