Early Warning System

IFC-26139

LMS Toll Project

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Quick Facts

Countries	Indonesia
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	A
Borrower	LINTAS MARGA SEDAYA, PT
Sectors	Transport
Investment Type(s)	Loan
Project Cost (USD)	$ 1,360.00 million

Project Description

The Cikampek (Cikopo) to Palimanan toll road (the "Project") forms a 116.4 km link in the partly completed 652 km Trans-Java toll road providing improved road access between Sumatra-Java-Bali. The Cikampek (Cikopo) to Palimanan toll road originally consisted of three sections that were merged in 2004 with the agreement of the three concessionaires. In 2006, PT Lintas Marga Sedaya (LMS - the "Project Company/Borrower) entered into a new 35-year concession agreement with the Government of Indonesia (GoI) that involves financing, technical planning, construction, operation and maintenance of the toll road. PLUS Expressways Berhad ("PLUS) and PT. Baskhara Utama Sedaya ("BUS") are the Project Sponsors.

The Project is a greenfield development that will link the existing Jakarta-Cikampek toll road to the Kanci-Pejagan toll road on the outskirts of Cirebon , taking traffic off national roads lying to the north and south of the proposed route that are currently used to link the existing toll roads. The total road development cost is estimated at US$1.36 billion, IFC's financing will be for up to US$170 million, consisting of a senior loan and a subordinated loan. Co-financing in the form of parallel long term senior debt is expected to come from other international financial organizations and Indonesian commercial banks.The toll road is divided into six sections for toll and construction purposes.

The dual carriageway consists of 4 x 3.6 m wide lanes, a 12.7 m median and 3 m wide outside verges. The Right-of-Way (RoW) is generally 60-100 m wide, with additional land permanently required for interchanges (6), overpasses (69), underpasses (30), pedestrian bridges (17) and rest areas (8). The road has a design speed of between 100- 120 km/h. Construction is due to start in Julyy2012 and be completed over a 30 month period by late 2014. Pre-construction activities commenced in 2008 with the Indonesian government assuming responsibility for land acquisition.

The road alignment was surveyed and pegged in 2010, and most commercial plantations within the right-of-way were cleared. LMS will engage a project management company to oversee construction and operations and will engage a number of construction contractors to construct the road.The proposed road alignment primarily traverses agricultural and plantation land, affecting 62 villages in 24 districts across five regencies (Purwakarta, Subang, Indramayu, Majalengka and Cirebon) in West Java Province.

Villages along the route can be categorized as rural-urban (Purwakarta, Cirebon and most of Majalengka); agricultural (Subang, Indramayu and part of Majalengka) and open agricultural (Purwakarta) the latter referring to connections with urban and industrial environments that provide employment (i.e., labor, services). The route traverses a range of land uses, including: rice fields (irrigated and rain-fed); mixed cultivation (rain-fed) including maize, cassava, peanut; forest plantations (including teak, mahogany and rubber), private production trees and house gardens, residential settlements and businesses.

Investment Description

- International Finance Corporation (IFC)

The total Project cost is estimated to be approximately US$1.36 billion. The proposed IFC investment is expected to include (i) a senior loan (A loan) and a subordinated loan (C loan) for IFC's own account of up to US$170 million; and (ii) possibly a syndicated B loan of up to US$50 million.

Private Actors Description

The Project Company is PT Lintas Marga Sedaya (“LMS”), an Indonesian special purpose company. LMS is majority held by PLUS Expressways Berhad (“PLUS”) from Malaysia. PT Baskhara Utama Sedaya (“BUS”), a consortium of three Indonesian companies, holds a minority stake.

One of the Project Sponsor is PLUS, one of the largest toll road operator in Asia Pacific with ~1000km total length in operation. PLUS is majority owned by United Engineers Berhad (“UEM”), a leading engineering, construction, expressways, and asset and property development company and a wholly-owned subsidiary of Khazanah Nasional Berhad.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- 0143051 ESHIA LMS Feb12.pdf
- 0143051 LMS ESHIA - ANNEXES of Final ESHIA report.pdf
- Final ESAP (ESRS).pdf
- LMS ESHIA Executive Summary Feb12.pdf
- LMS Toll Road AMDAL_ENG.pdf
- LMS Toll Road Supplementary AMDAL.pdf
- RKL combined.pdf
- RPL combined..pdf