

**MINISTRY OF PUBLIC WORKS AND HOUSING  
REGIONAL INFRASTRUCTURE DEVELOPMENT AGENCY  
INDONESIA TOURISM DEVELOPMENT PROGRAM  
TECHNICAL ASSISTANCE COMPONENT**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK  
DRAFT**

**June 21, 2017**

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## LIST OF ACRONYMS

AMDAL	Analisis Mengenai Dampak Lingkungan/Environmental Impact Assessment
APBN	Central Budget
APBD	Local Budget
BAPPEDA	Development Planning Agency at Subnational Level
BKPM	Badan Koordinasi Penanaman Modal/Indonesia Investment Coordination Board
BPN	National Land Agency
DED	Detailed Engineering Design
DDP	Detailed Development Plan
EA	Environmental Assessment
ES	Environmental Social Assessment
ESMF	Environmental and Social Management Framework
ESSA	Environmental and Social Systems Assessment
GDP	Gross Domestic Product
GOI	Government of Indonesia
GRM	Grievance Redress Mechanism
ICT	Information Communication Technology
IP	Indigenous Peoples
IPF	Investment Project Financing
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
ISDS	Integrated Safeguard Data Sheet
ITMP	Integrated Tourism Master Plan
LARAP	Land Acquisition and Resettlement Action Plan
LARPF	Land Acquisition and Resettlement Policy Framework
LAT	Land Appraisal Team
LAC	Land Acquisition Committee
MAPPI	Indonesian Society of Appraisers
NGO	Non-Governmental Organization
PforR	Program-for-Results
PCR	Physical Cultural Resources
RIDA	Badan Pengembangan Infrastruktur Wilayah (BPIW) / Regional Infrastructure Development Agency
RKL	Environment Management Plan
RPL	Environment Monitoring Plan
SA	Social Assessment
SME	Small Medium Enterprise
SKPD	Regional Working Unit
TA	Technical Assistance
TOR	Terms of Reference
UKL-UPL	Environmental Management and Monitoring Effort
WB	World Bank

## EXECUTIVE SUMMARY

The Government of Indonesia has decided to transform Indonesia's economy using tourism as one of the main growth drivers. More specifically, it aims to achieve increased foreign tourist arrivals, domestic tourist visits, foreign exchange earnings, employment, and tourism competitiveness through accelerated development of ten priority tourism destinations. The government is preparing a tourism development program under the overall guidance of the National Tourism Coordination Team. For the government's program, the Ministry of Tourism (MoT) will coordinate and the Ministry of Public Works and Public Housing (MPWH) will serve as the executing agency. They will achieve these goals by working with several Ministries and Agencies as implementing agencies, and bringing together APBN, APBD, and APBDII.

The government plans to sequence the development of priority destinations and decided to start the government's program (the "program") in 2017 in three of the priority destinations: Lake Toba in North Sumatra province, Lombok in West Nusa Tenggara province, and Borobudur-Yogyakarta-Prambanan in Central Java province and the Special Region of Yogyakarta. To support this initial effort, the government intends to apply for financing from the World Bank toward the cost of the Indonesia Tourism Development Program (the "Operation"), for which a combination of Program-for-Results (PforR, the "Program") and Investment Project Financing (IPF, the "Project") will be used. The PforR instrument will bring the needed results orientation, while the IPF instrument will finance critical consultants' services for the technical assistance (program planning, management and capacity building) component of the Operation, following the World Bank's fiduciary rules and guidelines.

The Program consists of support to government expenditure programs in four Results Areas (RAs): (1) improve sustainability and tourism carrying capacity of selected destinations; (2) promote local participation in the tourism economy (skill and SME development); (3) enhance enabling environment for private investment and business entry into tourism; and (4) increase institutional capacity to facilitate integrated and sustainable tourism development. It is proposed to be supported by a US\$180 million World Bank Loan, and approximately US\$570 million in government financing using the PforR instrument. The technical assistance component (the Project), proposed to be supported by US\$20 million IPF, consists of consultants' services to support the implementation of the Program.

One characteristic of the PforR instrument is that environmental and social impact management for the Program is undertaken using the government's safeguards laws, regulations, and procedures, supplemented with capacity-building and gap-filling activities identified in the Environmental and Social Systems Assessment (ESSA) prepared for the Program by the Bank. The Loan disburses against progress in the RAs, measured by pre-defined indicators (so-called Disbursement-linked Indicators). The IPF instrument, on the other hand, is subject to World Bank operational policies (OPs) for environmental and social safeguards. In the case of technical assistance operations, this means that all outputs must be compliant with the relevant safeguards OPs. When the full range of technical assistance activities is not known in advance, as is the case in this IPF, the approach to meeting that objective is to prepare an Environmental and Social Management Framework (ESMF). Activities that are judged to be likely to have significant adverse impacts on the environment and/or affected people in ways that are sensitive, diverse, or unprecedented are not eligible for the Financing, and are excluded from the Program (Bank Policy Program-for-Results Financing, para 9).

### *Description of the Project*

The technical assistance IPF component of the Operation ("the Project") has three main activities and a possible fourth one, each of which will be supported by one or more

contracts for consultants' services. Specifically, the IPF component will finance the following consultants' services:

- Integrated Tourism Master Plans,
- Downstream sectoral master plans,
- Program Management Services including quality control, supervision, monitoring, reporting, and coordination, to ensure that Program implementation is in accordance with program objectives and is in compliance with the loan agreement,
- Additional studies and technical assistance as needed to support Results Areas 2, 3, and 4, i.e., in SME and skill development and business environment improvement.

### Overview of the ESMF

This document presents the ESMF for the IPF component. It is meant to provide guidance to the Regional Infrastructure Development Agency (RIDA, or *Badan Pengembangan Infrastruktur Wilayah, BPIW*) of the Ministry of Public Works and Housing (MPWH), for the incorporation of the requirements of the OPs in the activities that are proposed to be financed under the IPF component. It will also provide recommendations for training and other capacity-building to strengthen implementing agencies at central and destination levels.

Exactly how the ESMF applies varies with the type of activity.

- In the case of Integrated Tourism Master Plans, the ESMF provides for “upstream” incorporation of the requirements of the OPs into the planning process, so that they are taken into account in selection of sites for various types of investments; in identification of “no-go zones” based on sensitivity of natural or cultural features; in early consultations with all stakeholders, including indigenous and vulnerable groups; etc.
- In the case of sectoral plans financed by the IPF Project, the ESMF requires that outputs include a preliminary assessment of environmental and social impacts based on the OPs and applicable Indonesian laws and regulations.

The TORs for the ITMPs and sectoral master plans and other studies include the requirements specified in this ESMF; all of the TORs should be discussed with and approved by the Bank.

The key elements of the ESMF consist of:

- Project description
- Environmental, social and cultural characteristics of the three tourism destinations
- Potential positive and negative impacts of the IPF component
- Institutional, legal, regulatory, and policy framework: The Indonesian Laws and Regulations; the relevant World Bank's safeguards policies; the gaps between the Indonesian Laws and Regulations and the Bank's safeguards policies and actions to reduce such gaps for the implementation of the IPF;
- Requirements for incorporating environmental and social considerations based on Bank OPs into the ITMPs and other plans.
- Organizational arrangements, institutional assessment, capacity-building, monitoring and evaluation arrangements, and budget for implementation of the ESMF.

The Regional Infrastructure Development Agency of the Ministry of Public Works and Housing (MPWH-RIDA) will be the Executing Agency for the Project. For the Project (and the Program), RIDA will be advised by a combination of a Steering Committee and a Technical Team. The Steering Committee is composed of Echelon 1 officers from each involved Ministry or Agency. It is co-chaired by the Deputy Infrastructure in the Ministry of National



Development Planning (BAPPENAS) and the Deputy Destination Development and Tourism Industry in the Ministry of Tourism. The Head of RIDA will be secretary of the Steering Committee. The Technical Team consists of tourism development Echelon II officials of each involved ministry or agency. It is co-chaired by the Director of Industry, Tourism and Creative Economy in BAPPENAS and the Deputy Assistant Infrastructure Development and Impacts of Tourism in the Ministry of Tourism. Head Strategic Area Development Center, RIDA will be secretary. The day-to-day responsibility for ESMF implementation (and for the environmental and social safeguard performance of the Program) is under RIDA. RIDA is the focal point for all matters relating to environment and social safeguards during the Project.

### ***Potential Environmental and Social Impacts of the Project***

**Positive Impacts of Integrated Tourism Master Plans:** The Integrated Tourism Master Plans (ITMPs) are prepared in order to avoid one of the negative impacts of unintegrated tourism development, which is that increased tourism can degrade the environmental and cultural resources on which tourism depends if necessary preventative infrastructure and management arrangements are not put in place. ITMPs also act as another type of risk assessment by pre-screening potential activities and associated risks that would be well identified in the planning process. ITMPs will help to inform all stakeholders and provide a vehicle for consultation to obtain stakeholder concerns and aspirations. They will minimize uncertainty and lack of transparency. The ITMP will also identify the priority programs needed to strengthen tourism activities at the local level and provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (if necessary). The ITMP is not, however, in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework, hence does not require the Strategic Environmental Assessment specified in Government Regulation No. 46 (2016) for spatial plans. The deep analysis and stakeholder engagement in the ITMP will incorporate a bottom-up approach that was lacking in previous spatial analysis conducted in the priority tourism destinations. The ITMP is thus conceived as a coordination platform for the development of the tourism destination and as the instrument that will pave the way for effective and sustainable tourism development.

**Negative Impacts of Integrated Tourism Master Plans:** The ITMPs may not be implemented at the desired standard, which would limit their effectiveness as guides for sustainable tourism development. Facilities constructed upon the recommendation of the ITMPs may have indirect adverse impacts or cumulative impacts which were either not foreseen despite emphasis in the ITMP process on identifying them, not effectively managed, or both. Unplanned development induced by the provision of tourism facilities is an example; it can create traffic congestion, generate effluents or solid waste that are not properly managed, and affect visual amenity. Local communities can be “left behind” when it comes to the benefits of tourism and their ability to participate effectively in its development, and some of them perceive a risk to the integrity of their traditions and cultures. Loss of land or of access to customary resources or sources of livelihoods are other potential impacts. Some visitors will engage in anti-social behavior, such as drug and alcohol abuse and sex tourism. Other risks include: poor maintenance of the facilities after completion of construction; and lack of operating budget and capable human resources to manage the facilities, and their environmental and social impacts.

**Positive Impacts of Downstream Sectoral Plans:** By minimizing the risk of poor planning and low quality of downstream sectoral plans under the IPF component helps to integrate international standards for sustainability in tourism development and provides an opportunity for efficiency in resource use, targeting the poor and applying green approach for the sector development. It provides the necessary risk assessment on the potential environmental and social constraints and benefits. It also helps advise the government on the latest techniques and methods for sustainable development, such as improved resource efficiency,



environmentally-sound resource management, green building materials or ways to incorporate climate resilience in infrastructure, especially in sensitive and vulnerable tourism destinations.

**Positive Impacts of Program Management Services:** The Program Management Services will provide better solutions and incorporate better efficiency in delivering the necessary key deliverables for the Program. It also increases mitigation efforts in the risk assessment of each activity before the start of physical investment implementation or at its completion. It will eventually increase the quality and quantity of the deliverables for sustainable tourism development through central-local government coordination and also public-private coordination. As part of the loan agreement, the PforR Program will also measure the regular reports made by the UNWTO Sustainable Tourism Observatories (STOs), or similar agencies, which are set up as part of the destination-specific monitoring mechanism.

**Negative Impacts of Program Management Services:** None.

**Positive Impacts of Studies and Technical Assistance related to Program RAs 2–4:** The potential other studies and technical assistance related to the Program Results 2–4 will provide better solutions and capabilities for skill and firm development and business environment improvements related to the tourism sector in the priority destinations.

**Negative Impacts of Studies and Technical Assistance related to Program RAs 2–4:** None.

### ***Gaps Between World Bank Safeguards Policies and Indonesian Laws and Regulations***

The activities in the IPF component need to comply with both Indonesian regulations and World Bank safeguards policies. The goal is that all documents prepared under the IPF component will be consistent with these two main sources. With respect to the ITMPs, the TORs explain how this is to be done.

The Table below summarizes the potential gaps, focusing only on the World Bank policies that might be relevant in the types of activities for which the IPF will support. Most of the gaps result from inconsistent implementation of Indonesian regulations in the preparation of UKL/UPL and AMDAL; there are few gaps between the Indonesian regulations and the Bank policies. Table 7 also explains the measures in the ESMF to fill the potential gaps. The IPF Project triggers only World Bank Safeguard policies OP/BP 4.01 and 4.10, because they have requirements that apply to planning processes like the ITMP. The IPF does not trigger other Bank safeguards policies because it is not financing physical investments. However, the ESMF requires that IPF outputs, particularly the ITMPs, be compliant with all relevant Bank safeguards policies, as listed in the Gap Analysis table below.

## Summary of Gap Analysis between Safeguards Instruments Prepared under the Indonesian Environmental and Social Regulations and the World Bank Safeguard Policies

World Bank Safeguard	GAPS	ESMF Roles
OP/BP 4.01 Environmental Assessment	<ul style="list-style-type: none"> <li>- Labor and working conditions, community health and safety, indigenous peoples and cultural heritage are not consistently addressed in UKL/UPL and AMDAL.<sup>1</sup></li> <li>- Effective mitigation measures are not always provided for all significant impacts.</li> <li>- Community grievance mechanisms are rarely addressed in the AMDAL and UKL-UPLs.</li> </ul>	<ul style="list-style-type: none"> <li>- TORs for the ITMPs and require adequate attention to these aspects of environmental assessment</li> </ul>
OP/BP 4.04 Natural Habitats and OP/BP 4.36 Forests	<ul style="list-style-type: none"> <li>- The UKL-UPL (or AMDAL) documents only provide limited information on natural and/or critical habitats. Physical investments located in protected areas automatically require AMDAL, but Indonesian regulations do not prohibit or restrict activities that involve conversion or degradation of critical natural habitats or natural habitats including critical forests.</li> </ul>	<ul style="list-style-type: none"> <li>- TORs for the ITMPs incorporate the requirements of these OPs.</li> </ul>
OP/BP 4.11 Physical Cultural Resources	<ul style="list-style-type: none"> <li>- UKL-UPLs (or AMDAL) do not consistently assess impacts on physical cultural heritage and lack the planning and programs required to conserve the resources.</li> <li>- Physical investments rarely develop chance finds protocols</li> <li>- Physical cultural heritage aspects of physical investments are rarely discussed in public consultations required as part of the UKL-UPL (or AMDAL) preparation stage.</li> </ul>	<ul style="list-style-type: none"> <li>- TORs for ITMPs specify data on physical cultural resources (PCR) that needs to be collected during the planning process.</li> <li>- The ESMF includes a chance finds procedure as a reference for sectoral plans and an example to be adapted for construction contracts under the Program that involve excavation in an area in which there is possible presence of PCR.</li> </ul>
OP/BP 4.10 Indigenous Peoples	<ul style="list-style-type: none"> <li>- There are no specific Indonesian laws that regulate Indigenous Peoples (IPs) exclusively, but recognition of the existence of IPs and the need to involve them in the development and access to natural resources are recognized in various laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>- Verification and confirmation of the presence of IPs in the three priority destinations has been done</li> <li>- Where IP presence is confirmed, the ITMP will include a social assessment and a process of free, prior and informed consultation; ascertaining broad IP, or <i>Masyarakat Hukum Adat</i> (MHA), community support; and measures to address adverse effects on the IPs and to provide them with culturally appropriate benefits.</li> <li>- For elements of plans that</li> </ul>

<sup>1</sup> As the IPF Project is expected to finance only detailed engineering designs for Category B and C physical investments, as defined in Bank OPs, generally an AMDAL is not required. However, for some "Category B" physical investments, Indonesian regulations require AMDAL.

		might affect IPs the ESMF provides an Indigenous Peoples Planning Framework.
OP/BP 4.12 Involuntary Resettlement	<ul style="list-style-type: none"> <li>- Laws on land acquisition are primarily focused on land obtained for public developments.</li> <li>- Assistance for informal occupants or squatters is not specified</li> <li>- Host communities are not explicitly covered in the GOI regulation</li> <li>- No specific separation by vulnerability or by gender</li> <li>- Impact mitigation is not elaborated</li> <li>- Access restriction to designated parks and protected areas is not covered.</li> </ul>	<ul style="list-style-type: none"> <li>- ESMF has included a screening process for land acquisition in planning studies</li> <li>- ESMF provides a Land Acquisition and Resettlement Policy Framework (LARPF) to provide guidance for elements of ITMPs that could result in land acquisition.</li> <li>- A process framework (similar with Forest Partnership in Indonesian Legislation) is covered in the ESMF, to be prepared when ITMPs may cause restrictions in access to natural resources in legally designated parks and protected areas</li> </ul>
OP/BP 4.37 Safety of Dams	<ul style="list-style-type: none"> <li>- There is no specific legislation on dam safety.</li> </ul>	<ul style="list-style-type: none"> <li>- The IPF Project will not finance any construction and/or rehabilitation of dams. If detailed development plans include water supply weirs or systems that depend on existing weirs. RIDA and the Program Management Consultant will ensure that the requirements of OP 4.37 for small dams are met – i.e. dam safety features including inspection and maintenance program designed by a qualified civil engineer</li> </ul>

### ***Incorporating Environmental and Social Considerations Based on Bank OPs into the ITMPs and Other Plans***

Because ITMPs, consisting of overall development plan for the entire tourism destination area and detailed development plans for existing and selected future key tourism areas within the tourism destination area (Annex 1), will include recommendations for infrastructure investments with the potential for adverse impacts, impact avoidance and mitigation must be part of the planning processes. This will be accomplished most effectively by incorporating the principles and requirements of Bank safeguards policies upstream, where they have maximum potential to prevent adverse impacts, in contrast to downstream when plans are fixed and designs are proceeding, and the focus of safeguards shifts to mitigation. The steps for accomplishing this in ITMP preparation are elaborated in the ITMP Terms of Reference and include:

- Collection of comprehensive baseline data on the tourism destinations.
- Analysis of baseline data to determine opportunities and constraints for tourism development, taking into account prohibitions and restrictions in Bank OPs and

relevant sections of the World Bank Group Environmental Health and Safety Guidelines.

- Formulation of alternatives. The ITMP Consultant will present at least three different spatial development scenarios and will assess environmental and social impacts of each in sufficient detail for them to be compared and a preferred scenario selected in consultation with all stakeholders.
- Assessment of potential environmental and social impacts related to the preferred development scenario, at an appropriate scale and level of detail, taking into account cumulative and induced impacts, and a high-level mitigation and monitoring plan. Issues like resettlement and planning for indigenous peoples, if any are present in the planning areas, will be handled by means of a Land Acquisition and Resettlement Policy Framework and an Indigenous Peoples Planning Framework.
- Prepare a capacity-strengthening plan and a community awareness-raising program to facilitate ITMP implementation.

The Detailed Development Plans (DDPs) will provide dedicated planning guidelines to manage and control development. Planners will use the relevant sections of the WBG Environmental, Health, and Safety Guidelines as reference documents. Elements of DDPs that are based on the safeguards policies will include:

- Environmental protection guidelines to protect and restore natural areas
- Cultural, religious, historic, and archaeological guidelines to protect valued features
- Visitor Management/Crowd Control Plans for tourism objects with limited carrying capacity such as temples, heritage sites, and cultural villages
- Proposed institutional arrangements to monitor the condition of natural and cultural assets and to implement the plans for their protection
- Green space, scenic vistas, and viewpoints guidelines
- Recreational use of rivers and lakes
- Efficient use of water in domestic, commercial, and industrial uses
- Environmental and social assessment, including cumulative and indirect and induced impacts.
- Social Management Guidelines to avoid or minimize potential social conflicts or adverse impacts due to the implementation of the development plan
- Land Acquisition and Resettlement Framework/Guidelines to guide stakeholders implementing the development plan in case of potential involuntary land acquisition and resettlement
- Indigenous Peoples Planning Framework/Guidelines to guide stakeholders in implementing the development plan in case that activities potentially affect Indigenous Peoples

### ***Institutional Capacity Requirements***

The IPF Project activities have no direct environmental and social impacts. However, the outputs/outcomes from these activities, if and when implemented, will have implications for environmental and social risks and impacts. MPWH as the Executing Agency is a well-established government agency with a growing and substantial workforce from different areas of expertise. Among these areas of expertise are Architecture, Engineering, Regional and Urban Planning, Environmental Engineering, Anthropology, Law, and Economics. However, the Regional Infrastructure Development Agency (RIDA) as the Project Executing Agency requires the capacity of experts from other fields not currently employed by RIDA. In order to support such activities, RIDA's core team (consisting of civil servants, individual consultants and supported by Consultants' Services, including those financed under the IPF component) through the Work Unit of the Strategic Area Development Center will develop a Technical Expert Team (Professional Specialist) consisting of experts from several areas of

expertise stipulated through Decree (SK), especially related to environmental and social aspects.

The technical team is tasked with:

- 1) Providing assistance to the RIDA Team in coordination and synergy of Program implementation related to Tourism Development Program;
- 2) Assisting the RIDA Team in conducting activities and compiling documents related to the activities component of the Tourism Development Program;
- 3) Prepare and submit reports on the implementation of their duties to the Head of the Regional Infrastructure Development Agency through coordination with RIDA Team.

### **Capacity Building Program**

The IPF component will also fund the Program Management Support for RIDA, including the Indonesia Tourism Development Program planning, budgeting, quality control, monitoring, monitoring, reporting, and coordination to ensure that the program is in line with the program objectives and in accordance with the loan agreement. The duties for the Program Management team include:

- a) Providing overall Program management assistance;
- b) Coordinating Program activities;
- c) Creating synergies among all stakeholders;
- d) Ensuring accountability in the management, monitoring and financial reporting of the program;
- e) Assisting in the preparation of the program's consolidated annual spending proposal;
- f) Building a Transparent Information Management System for Tourism Development;
- g) Ensuring the consistent application of the Environmental and Social Management Framework (ESMF);
- h) Ensuring the active participation of local communities;
- i) Encouraging appropriate spatial planning practices in accordance with the Integrated Tourism Master Plan;
- j) Capacity building at the tourism destination level for monitoring and conservation of natural and cultural assets essential to tourism;
- k) Ensuring proper handling and resolution of complaints;
- l) Ensuring adequate capacity of all Program stakeholders;
- m) Ensuring timely delivery of reports and ensuring the presentation of relevant documents.

### **Budget for Implementing the ESMF**

The ESMF is structured to screen, identify, avoid, mitigate, and eliminate the potential risks of environmental and social impacts that may arise from work financed under the IPF component. The IPF component is estimated at US\$20 million (indicative budget allocations below), and a Project Preparation Grant of \$2 million has been made available for the initial costs towards the technical assistance component activities.<sup>2</sup> The table below includes the budget for the IPF component. The activities and capacities needed to address the

<sup>2</sup> The World Bank has also made available an advance out of the World Bank's Project Preparation Facility in the amount not to exceed one million Dollars (\$1,000,000) as provided below, and that the World Bank will: (i) increase the amount of the advance up to four million Dollars (\$4,000,000), if and when such funds have been made available for the preparation of the proposed tourism development operation; for the purpose of the preparation of the proposed tourism development operation. The IPF component will refinance the Advance, and the ESMF applies to the Advance as well.



safeguards aspects of the Project as described in the ESMF, including the capability building and staffing for safeguards are incorporated into the activities and TORs of the activities financed under the IPF themselves and therefore there is no need for a separate ESMF implementation budget.

No.	Name of Package (indicative)	Estimated Cost (USD)
1	Integrated Tourism Master Plan – Lake Toba	1,300,000
2	Integrated Tourism Master Plan – Lombok	1,300,000
3	Integrated Tourism Master Plan – Borobudur	1,300,000
4	Critical Management Consultancy (5 years)	8,400,000
5	<i>Selected sectoral master plans</i>	8,000,000
7	<i>Studies and capacity building related to: skills and firm development and business environment</i>	1,700,000
<b>Total</b>		<b>22,000,000</b>

### **Monitoring and Evaluation Arrangements of the Implementation of ESMF**

Monitoring and evaluation will be conducting in order to ensure that tourism development proceeds in a manner that adheres to the concepts of sustainability, and in accordance with the principles of capacity management. Capacity in this case refers to regional capacity, the capacity of certain attractions, economic capacity, and other resource capacity so as to extend and maximize the tourism life cycle. Where the concepts of conservation and preservation go hand in hand with that of commodification for economic benefit, the goals of sustainable tourism development can be realized.

During its supervision activities, the MPWH as the Executing Agency will review plans, studies, designs, and any UKL-UPLs (or AMDALs) prepared under the Project to confirm that the requirements of the ESMF are being adequately incorporated. In the case of physical investments for which detailed design was prepared under the Project, RIDA supervision will include confirmation that the required UKL-UPL (or AMDAL), LARAP, and IP Plan have been prepared and approved and are of adequate quality. Supervision of construction and operation of physical investments financed by the PforR will be undertaken through the PforR Program, not under the Project. Every six months, RIDA will prepare reports for the Steering Committee and World Bank on ESMF implementation. The World Bank will review and provide comments and technical advice on the issues included in the reports. RIDA will immediately inform the Steering Committee and World Bank Task Team of any circumstance or occurrence that could have a materially adverse impact on the environmental and social performance of the IPF Project.

### **Grievance Redress Mechanism (GRM)**

MPWH will establish a GRM team to receive and facilitate resolution of specific concerns of affected communities and Project participants regarding environmental and social performance. The GRM will aim to resolve concerns promptly, in an impartial, understandable and transparent process tailored to the specific community, and at no cost or without retribution to the complainant(s). GRM composition, procedures, and functions will be designed early in the implementation phase of the Operation based on principles detailed below and made available to the public.

### **Public Consultation**

This ESMF was prepared with inputs and concerns conveyed in two rounds of public consultations. The first round of public consultations was held on the Terms of Reference

for the ESMF in Jakarta (3<sup>rd</sup> April 2017); Borobudur, Magelang Regency (6<sup>th</sup> April 2017) for the Borobudur-Yogyakarta-Prambanan destination; Parapat, Simalungun Regency (10<sup>th</sup> April 2017) for the Toba destination; and Senggigi, West Lombok (12<sup>th</sup> April 2017) for the Lombok destination. A second round of public consultations will be carried out for the draft ESMF in the same places during early June 2017. The feedback from these consultations will be included in the Final ESMF.

DRAFT ONLY



## 1.0 INTRODUCTION

### 1.1 BACKGROUND

1. Indonesia has the potential to develop a world-class tourism industry, benefitting from its rich tourism endowments and building on the success of Bali. The Travel and Tourism Competitiveness Report 2017 ranks Indonesia 14<sup>th</sup> (out of 136 countries) for its natural resources and 23<sup>rd</sup> for its cultural resources and business travel, both capturing the principal reasons to travel. However, on other indicators, such as environmental sustainability and health and hygiene, Indonesia is lagging behind. Overall, Indonesia ranks 42<sup>nd</sup> in the Travel and Tourism Competitiveness Index, behind Thailand (34<sup>th</sup>), Malaysia (26<sup>th</sup>) and Singapore (13<sup>th</sup>) (see Table 1).

**Table 1: Indonesia's Tourism Competitiveness (Rank out of 141 countries in 2015 and 136 in 2017)**

Travel & Tourism Competitiveness Index	2015	2017
<b>Indonesia's overall rank</b>	<b>50</b>	<b>42</b>
<b>Enabling environment</b>		
Business environment	63	60
Safety and security	83	91
Health and hygiene	109	108
Human resources and labor market	53	64
ICT readiness	85	91
<b>T&amp;T policy and enabling conditions</b>		
Prioritization of Travel and Tourism	15	12
International openness	55	17
Price competitiveness	3	5
Environmental sustainability	134	131
<b>Infrastructure</b>		
Air transport infrastructure	39	36
Ground and port infrastructure	77	69
Tourist service infrastructure	101	96
<b>Natural and cultural resources</b>		
Natural resources	19	14
Cultural resources and business travel	25	23
Source: World Economic Forum, "Travel and Tourism Competitiveness Report, 2015" and 2017		

2. The Government of Indonesia has decided to transform Indonesia's economy using tourism as one of the main growth drivers. Law No. 10 Year 2009 states that tourism development is necessary to promote equality in job opportunity and overcome the difficulties of competing in the global economy. Whilst Indonesia has experienced strong growth in foreign visitor numbers since 2006, its tourism industry continues to lag behind competitors in reaching its full potential, with significant disparities in growth between destinations. Thus, Indonesia aims to develop its tourism industry to a level consistent with its natural and cultural endowments. However, there are several issues relating to tourism development which, if not managed well, could have adverse impacts, including:

- Impacts of the development of tourism-related facilities, including on-site facilities, parking and souvenir shops, hotels, roads or airports;
- Physical and environmental impacts, such as accelerated deterioration of natural and cultural assets, increases in paved surface area, construction of infrastructure, air and water pollution, destruction of ecosystems or risks to wildlife habitats;
- Social impacts including changes in local culture and effects of anti-social behavior such as sex tourism and drug dealing and use, caused by high volume of visitors to tourism sites and monuments; and,
- Intrusive or excessive construction and related works, including inappropriate reconstruction.

3. Four key constraints, in particular, hinder the development of tourism in Indonesia and prevent it from reaching its potential: (i) continued poor access and quality of infrastructure and services for citizens, visitors, and businesses; (ii) outside of Bali, limited tourism workforce skills and private-sector tourism services and facilities; (iii) weak enabling environment for private investment and business entry; and (iv) poor inter-ministry/agency, central-local, and public-private coordination and weak implementation capabilities for

tourism development in general, and for monitoring and preservation of natural and cultural assets in particular. Addressing these constraints in a comprehensive, integrated, and incremental manner is therefore key to unlocking Indonesia's potential and developing a tourism industry that builds on the success of Bali and performs at a level commensurate with its outstanding tourism endowments.

4. The first constraint to tourism development is continued poor access and quality of infrastructure and services for citizens, visitors, and businesses. Indonesia ranks in the bottom half of countries on several tourism competitiveness indicators that relate to access and quality of infrastructure and services, including: environmental sustainability (wastewater treatment), health and hygiene (drinking water and sanitation), tourism service infrastructure (hotel rooms), and ground and port infrastructure (roads) (see Table 1). In the three tourism destinations prioritized for development—Lombok, Borobudur-Yogyakarta-Prambanan, and Lake Toba—connectivity constraints are being resolved by opening up the main gateway (e.g. Medan for Lake Toba), as planned in regional infrastructure development plans. Gaps in carrying capacity are mainly due to limited infrastructure and services being provided for citizens, with visitor demand only accounting for a fraction of total needs—now and in the foreseeable future. The proposed Operation will contribute to addressing these gaps, which is particularly important to improve the destinations' health and hygiene and environmental sustainability and to avoid further erosion of the natural and cultural assets on which future visitor growth depends.

5. The second constraint is limited tourism workforce skills and private-sector tourism services and facilities. Outside of Bali, Indonesia's workforce has limited skills to provide a full range of tourism experiences (such as tour guides, cuisine, cultural experiences) in a profitable and sustainable manner. Furthermore, most businesses in less developed and emerging destinations need to improve their standard and quality of tourism services and facilities and—considering the rapid digitalization of the sector—their online presence. In the absence of these improvements, firms and individuals will struggle to participate in and benefit from the economic opportunities created by the development of selected destinations outside Bali.

6. The third constraint to investment and business entry in the tourism sector is the weak investment and business climate in the country and in the destinations. Potential investors cite regulatory complexity and unpredictability, especially at the subnational level, and lack of clarity on development zones and government programs as concerns. Total foreign and domestic direct investment in Indonesia's hotels and restaurants and other tourism businesses reached nearly US\$1 billion in 2015. In the three destinations, investment growth has been more mixed. To achieve the estimated 9,938 additional hotel rooms needed by 2021 and a further additional 12,130 by 2026 to accommodate the projected numbers of visitors to the three destinations, \$414.8 million in new investment commitments are needed during the next 5 years. Assuming broader tourism sector investment needs as well, a total of \$525.7 million in new tourism sector commitments are needed in the next 5 years in the three destinations. The proposed operation will simplify investment procedures and licensing requirements in the tourism sector and strengthen systems to monitor and facilitate private investments.

7. The fourth—and overriding—constraint is weak coordination and implementation capabilities for sustainable tourism destination development, which requires a combination of closely aligned public and private interventions and inter-ministry/agency coordination at the national and subnational level. At the national level, these coordination mechanisms are already being developed. However, given that Indonesia is highly decentralized, provincial- and destination-level coordination mechanisms and implementation capabilities are also critical, but are still weak or absent. Capabilities to more effectively monitor and preserve natural and cultural assets particularly need to be strengthened. Private sector

representation at all levels—important for gauging and testing investor interest—would need to be ensured through coordination team membership, regular invitations to meetings, and/or observer status. The proposed operation will strengthen these capabilities of the relevant agencies.

8. The Gol's overall (emerging) program for developing tourism, the Indonesia Tourism Development Priority Program (*Program Prioritas Nasional Pembangunan Parawisata Indonesia*, PPNPPI) is guided by Gol's RPJMN 2015-2019. The objectives of the PPNPPI are to increase foreign and domestic visitors and related foreign exchange earnings, employment, contribution to GDP as well as tourism competitiveness and includes six program areas: (i) international marketing and promotion; (ii) destination development; (iii) human resource and institutional development; (iv) international openness and access; (v) local economy linkages; (vi) safety and security and health and hygiene. The Gol is refining and augmenting its tourism development program. The World Bank is proposing to support part of the government program, in an Operation focusing on three of Gol's ten priority tourism destinations.

9. The proposed World Bank operation has two complementary components—an approximately US\$500 million Program using the Program for Results (PforR) instrument and an approximately US\$20 million technical assistance component using the Investment Project Financing (IPF) instrument. The Program consists of government expenditure programs in four Results Areas (RA): (i) improve sustainability and tourism carrying capacity of selected destinations; (ii) promote local participation in the tourism economy (skill and SME development); (iii) enhance the enabling environment for private investment and business entry into tourism; and (iv) increase institutional capacity to facilitate integrated and sustainable tourism development. It is proposed to be supported by a US\$180 million World Bank Loan. The IPF technical assistance component consists of consultants' services to support the preparation of: (i) integrated tourism master planning; (ii) downstream planning documents; (iii) program management capabilities, including natural, cultural and social asset monitoring and preservation capabilities; (iv) additional studies as needed to support RA 2, RA 3, and RA 4, i.e. in SME and skill development and business environment improvement.

10. One characteristic of a PforR instrument is that environmental and social impact management for the Program is undertaken using the government's safeguards laws, regulations, and procedures, supplemented with capacity-building and gap-filling activities identified in the Environmental and Social Systems Assessment (ESSA) prepared for the Program by the Bank. The IPF instrument, on the other hand, is subject to World Bank operational policies (OPs) for environmental and social safeguards. In the case of technical assistance operations, this means that all outputs produced must be compliant with the relevant safeguards OPs. When the full range of plans and studies is not known in advance, as is the case in this IPF, the approach to meeting that objective is to prepare an Environmental and Social Management Framework (ESMF). Activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people are not eligible for the Financing, and are excluded from the Program (Bank Policy Program-for-Results Financing, para 9).

11. This document presents the ESMF for the IPF component. It is meant to provide guidance to the Regional Infrastructure Development Agency (RIDA, or *Badan Pengembangan Infrastruktur Wilayah*, BPIW) of the Ministry of Public Works and Housing (MPWH), for the incorporation of the requirements of the OPs in activities the IPF finances. It will also provide recommendations for training and other capacity-building to strengthen implementing agencies at central and destination levels, to be provided by the Management Consultant the component will finance.

## 1.2 SCOPE AND METHODOLOGY

### 1.2.1 Scope for the ESMF

12. The ESMF is prepared to identify, avoid, reduce, and mitigate the risks of the potential social and environmental impacts that could result from investments recommended in the ITMPs. It provides guidance for RIDA in: incorporating the objectives and requirements of the OPs in plans and studies. Flowcharts in the text describe the discrete steps for the above-mentioned activities and the roles of GoI agencies and World Bank in respectively preparing, reviewing and approving safeguards documents for investments recommended by plans financed under the Project.

13. Exactly how the ESMF applies varies with the type of Project activity.

- In the case of Integrated Tourism Master Plans, the ESMF provides for incorporation of the requirements of the various OPs “upstream” in the planning process, so that they are taken into account in selection of sites for various types of investments, in identification of “no-go zones” based on sensitivity of natural or cultural features, in early consultations with all stakeholders, including indigenous and vulnerable groups, etc.
- In the case of sectoral plans financed by the IPF Project, the ESMF requires that outputs include a preliminary assessment of environmental and social impacts, based on the OPs and Indonesian laws and regulations.

14. The ESMF does not apply to physical investments that are not designed under the IPF Project, whether they are or are not implemented as part of the Program. When such investments become part of the Program, their environmental and social assessment conforms to the national system as described in the ESSA.

15. The ESMF was prepared in line with the World Bank’s Operational Policy (OP)/Bank Procedure (BP) 4.01—Environmental Assessment (EA), and in accordance with Indonesian national laws and regulations. Any activity funded by the IPF will be implemented in reference to the principles of sustainable development, including environmental, social, cultural, and economic considerations, as already governed in prevailing laws and regulations. This ESMF adopted the Government of Indonesia’s laws and regulations to the extent that they are consistent with the World Bank Safeguard Policies (OP 4.01, OP 4.04, OP 4.36, OP 4.11, OP 4.10, OP 4.12, and OP 4.37). The ESMF identifies gaps and gap-filling measures for cases where Indonesian requirements and procedures do not meet the full requirements of the Bank policies. Gaps are relatively few in number.

16. The Project area of influence is the area likely to be affected by activities recommended in the ITMPs for the tourism destinations and elaborated in downstream plans as well as by unplanned developments induced by those activities (e.g., spontaneous settlements and informal businesses) and cumulative impacts. The government’s program covers ten destinations listed below. The IPF will focus on the first three in the list. Table 2 in Section 3.0 below describes those three destinations in more detail—the specific areas covered by the ITMPs and their environmental, social, and cultural characteristics.

- ***Borobudur-Yogyakarta-Prambanan***
- ***Lake Toba***
- ***Lombok Island***
- *Tanjung Kelayang*
- *Tanjung Lesung*
- *Mount Bromo*
- *Labuan Bajo*
- *Wakatobi National Park*

- *Pulau Seribu*
- *Morotai*

17. The ESMF has the following content:

- Executive Summary;
- Introduction. This contains IPF Project background, objectives, and rationale for the ESMF, and scope and methodology used to develop the ESMF;
- IPF Project Description;
- Environmental, social, and cultural characteristics of the three destinations;
- Potential impacts of the IPF component which includes the ITMP (consisting of an overall development plan for the entire tourism destination area and detailed development plans for existing and selected future key tourism areas within the tourism destination area (Annex 1));
- Institutional, legal, regulatory, and policy framework: The Indonesian Laws and Regulations; the relevant World Bank's safeguards policies; the gaps between the Indonesian Laws and Regulations and the Bank's safeguards policies; and actions to reduce such gaps for the implementation of the IPF;
- Requirements for incorporating environmental and social considerations based on Bank OPs into the ITMPs and other plans;
- Organizational arrangements and institutional assessment and capacity-building for implementation of the ESMF.
- Capacity building and joint training program for the institutions responsible for implementing the ESMF; and the related budget.
- Grievance Redress Mechanism and Disclosure;
- Monitoring and evaluation arrangements of the implementation of ESMF; and
- Appendices, including model terms of reference for the Integrated Tourism Master Plans, , record of consultations, etc.

### 1.2.2 Methodology

18. The ESMF was developed through the following steps and methodology:

- **Document review.** The following documents were reviewed during the preparation of ESMF:
  - Project Appraisal Document for a Proposed Loan in the Amount of \$200 Million to the Republic of Indonesia for a Tourism Development Program (April 2017 draft);
  - Draft Integrated Safeguards Data Sheet (ISDS) Concept Stage and Project Information Document (PID) Concept Stage;
  - World Bank Safeguard Policies and relevant Indonesian legislation;
  - Indonesia Tourism Development Program Environmental and Social Systems Assessment (ESSA) (December 2016 draft); and



- Draft Terms of Reference for Integrated Tourism Master Plans.
- **Discussions to develop the draft of the ESMF.** Discussions were held between parties involved in the preparation of this ESMF. Parties involved in the discussions include:
  - The World Bank Project Team (including Environmental and Social Safeguard Specialists),
  - The World Bank Regional Safeguards Advisor for East Asia and Pacific Region, and
  - Ministry of Public Works and Housing, Regional Infrastructure Development Agency (RIDA).
- **Public Consultation.** The ESMF has gone through two rounds of consultations. The first was held in Jakarta (3<sup>rd</sup> April 2017), Borobudur, Magelang Regency (6<sup>th</sup> April 2017), Parapat, Simalungun Regency (10<sup>th</sup> April 2017), and Senggigi, West Lombok (12<sup>th</sup> April 2017) to obtain stakeholder comments on the terms of reference (TOR) for the ESMF. The second consultation was held on \_\_\_\_\_ 2017 on the draft of the ESMF.

## 2.0 DESCRIPTION OF THE IPF COMPONENT

19. Environmental and social aspects are integral elements of this sustainable tourism initiative. Cultural and natural resources are the main attraction for tourists in Indonesia, but unless well planned and executed, tourism development can degrade those same resources and ultimately be self-defeating and unsustainable. The proposed emphasis on monitoring and protection of natural and cultural assets in the Tourism Development Program will be operationalized by: (i) through the PforR, ensuring sufficient financing for such monitoring and protection efforts is included in the Program's expenditure framework; (ii) providing the destination additional tools to strengthen local initiatives, for example, protection of lakes, mangroves or community forest management; (iii) providing capacity building to local authorities through the IPF financed preparation of the integrated tourism master plans on risk management to minimize the impacts on the environment and natural resources and through the IPF financed Program Management Support; and (iv) through the IPF (Program Management Support) and/or expenditures under Results Area 4 (for strengthening RIDA), capacity building and training on conducting AMDALs and UKLs-UPLs and prepare Site Management Plans. To achieve this, a well-planned monitoring program will be developed during the implementation of the Program. The arrangement for the type of monitoring needed for the Program will be advised through Consultants' Services, building on existing initiatives and capabilities. The Operation—through the PforR—will also aim to increase the local community engagement in tourism development. Support will be provided to increase forums for community involvement and awareness of tourism development.

20. The rationale for the use of IPF for the technical assistance (Program Planning, Management, and Capacity Building) component of the Operation is to ensure sufficient attention is paid to quality in evaluating proposals for a limited number of critical consultancy services. The GoI has requested to include technical support via a project-based approach to prepare the integrated tourism master plans and manage, monitor, and motivate capacity support to implementing agencies to execute the national program in a time bound manner and monitor and preserve the natural and cultural assets critical to future tourism growth. Through the IPF instrument, the Regional Infrastructure Development Agency (RIDA, or *Badan Pengembangan Infrastruktur Wilayah*, BPIW) of the Ministry of Public Works and Housing will address critical planning and institutional impediments and strengthen the implementation and institutional capacities of the implementing agencies. Therefore, RIDA prefers to utilize the IPF instrument whereby Bank funds are used to pay for 'specific

expenditures', consulting services, procured following the Bank's fiduciary rules and guidelines.

## 2.1 IPF PROJECT ACTIVITIES

21. The Project has three main activities and a possible fourth one, each of which will be supported by one or more contracts for consulting services. Specifically, the IPF component will finance the following consultants' services:

- Integrated Tourism Master Plans,
- Downstream sectoral master plans;
- Program Management Services;
- Additional studies and technical assistance as needed to support Results Areas 2, 3, and 4, e.g., in SME and skill development and business environment improvement.

### 2.1.1 Integrated Tourism Development Master Planning

22. Integrated Tourism Master Plans (ITMPs) will be prepared for each destination. Each integrated tourism master plan consists of an overall development plan for the entire tourism destination area (with a planning horizon of 25 years) and detailed development plans (with a planning horizon of 5 years) for existing and selected future key tourism areas within the tourism destination area. The plans will be based on a thorough demand assessment and economic analysis for each destination and will be prepared in close consultation with all stakeholders, including local communities and the private sector. From the perspective of environmental and social management, they will provide the basis for development of tourism facilities and supporting infrastructure that is (a) consistent with the environmental, social and cultural opportunities and constraints of the destinations and (b) avoids degradation of the natural and cultural resources that are the assets that attract tourists.

23. These new plans respond effectively to the current challenges that exist in the Indonesian planning process. The existing plans are not sufficiently integrated across sectors, levels of government, and private stakeholders. There is a need for the development of comprehensive integrated tourism plans given the gaps in the existing instruments. The relevance of integrated instruments is to consolidate a cross-sectoral vision and implementation plan for a specific destination. The planning process requires: (a) clarity in the delineation of boundaries for intervention; (b) to be supported by verifiable data on tourism development; (c) a decision defining the right scale, scope, and specificity of the plans; (d) clarity on the legal basis of the plans and how they should be prepared and implemented, particularly when different levels of government are involved; and, (e) synchronization of the proposed interventions with the overall framework for development, sector, and spatial planning at the corresponding level of government. A strengthening of existing plans, where available, or the initiation of new ones, will pave the way for an integrated set of the highest-priority and strongest-impact investment.

24. The objectives of the new ITMPs are multiple. They provide the necessary framework for effective and sustainable tourism development, and will guide the downstream revision and/or preparation of spatial plans, sectoral master plans, and other relevant plans at the Central and subnational level. The plans will provide a basis for more integrated, long-term investment planning and for gradual and concerted improvement of the tourism carrying capacity of each destination while at the same time improving basic infrastructure and services in local communities as a condition for inclusive development. The ITMPs are expected to particularly improve the quality and effectiveness of the expenditures under Results Area 1 and Results Area 4 of the PforR Program. The Integrated Tourism Master Plan is conceived as a coordination platform for the development of the tourism destination



and as the instrument that will pave the way for effective and sustainable tourism development. It will identify the priority programs needed to strengthen tourism activities at the local level and will provide detailed recommendations for the preparation and revision of local, and provincial spatial plans and sectoral master plans (if necessary), but is not in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework

25. At the same time, sound master planning is an essential first step to upgrading basic infrastructure and services in local communities required to improve key indicators affecting tourism competitiveness (health and hygiene, environmental sustainability) and as a condition for inclusive tourism development. The scope of the activity includes (Annex 1), for each of the destinations:

- Analysis of the institutional and legal, regulatory and policy framework;
- Analysis of demand and opportunities for tourism destination area development;
- Analysis of baseline conditions of spatial plans, infrastructure gaps, and visitor attractions and facilities;
- Articulation of environmental, social, socio-economic, and cultural heritage opportunities and constraints;
- Preparation of growth projections and development scenarios;
- Detailing of the preferred development scenario;
- Formulation of the integrated tourism master plan; and
- Ensuring active stakeholder engagement.

### **2.1.2 Downstream Planning Documents**

26. Selected downstream planning documents—i.e., sectoral master plans—will also be financed. The specific sectoral master plans, that will benefit from attention in the IPF component will be identified in the course of ITMP preparation.

### **2.1.3 Program Management**

27. The IPF component will also finance Program Management support to the Regional Infrastructure Development Agency (RIDA) of the Ministry of Public Works and Housing (MPWH) including Indonesia Tourism Development program planning, budgeting, quality control, supervision, monitoring, reporting, and coordination, to ensure that program implementation is done according to the program objectives and in compliance with the loan agreement. Tasks include: providing overall program management assistance; coordination of program activities; creating synergies among all stakeholders; ensuring accountability in program financial management, monitoring and reporting; assisting in preparing consolidated yearly expenditure program proposals; establishing a transparent Tourism Development Program Management Information System; ensuring social and environmental safeguards are properly applied; ensuring active local community participation; facilitating proper spatial planning practice in accordance with the Integrated Tourism Master Plans; and ensuring proper complaint handling and resolution; ensuring adequate capabilities from all program stakeholders; and ensuring timely delivery of reports.

### **2.1.4 Additional Studies**

28. The potential other studies and technical assistance related to the Program Results Areas 2–4, that is: (2) promote local participation in the tourism economy (skill and SME development); (3) enhance enabling environment for private investment and business entry

into tourism; and (4) increase institutional capacity to facilitate integrated and sustainable tourism development, will provide better solutions and capabilities for skill and firm development and business environment improvements related to the tourism sector in the priority destinations.

## 2.2 INSTITUTIONAL ARRANGEMENTS

### 2.2.1 Implementing Agency for the IPF Project

29. The Regional Infrastructure Development Agency of the Ministry of Public Works and Housing (MPWH-RIDA) will be the Executing Agency for the IPF Project, responsible for the day-to-day implementation of IPF Project and for preparing all reports required by the World Bank for the Project. The expenditures under the IPF component will be managed in accordance with OP/BP10.0. The reason for using Bank Procurement Guidelines and Procedures is that national and subnational rules do not permit sufficient attention to be paid to quality in evaluating proposals for Consultants' Services. This is a longstanding challenge in Indonesian system, beyond remedy through capacity building activities of the sort associated with this operation. In view of this, the government itself has expressed a strong preference for adhering to Bank Procurement Guidelines in procuring high quality technical assistance.

30. For the PforR, the Program's institutional arrangements for implementation consist of a national tourism coordination team, supported by a secretariat and program management. MPWH has been entrusted with the management of the Program (supported by the Program Management Consultants' Services, financed under the IPF), guided by a tourism coordination team that oversees the government's program. The Program will be implemented by the Ministry of Public Works and Housing, the Ministry of Tourism, the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, BKPM), and possibly several other Ministries/Agencies (e.g. Manpower and Transmigration), including at the subnational level (e.g. provincial/local Public Works Agencies, Environmental Boards, technical and vocational education and training (TVET) tertiary institutions, local one-stop integrated services (*Pelayanan Terpadu Satu Pintu*, PTSP-local)). MPWH's proposed institutional arrangements also include provincial and destination-level coordinating bodies, but these are yet to be established. Acknowledging that a lack of coordination is at the core of tourism's unfulfilled potential, one of the critical objectives of the Program is to strengthen these coordination mechanisms, through the Program Management Consultants' Services, PforR and IPF financing, and the Program Action Plan.

31. Implementation will be carried out by a combination of a Steering Committee and Technical Committee Team. The Steering Committee is composed of Echelon 1 officers from each involved Ministry or Agency and a Technical Committee team. It is co-chaired by the Deputy Infrastructure in the Ministry of National Development Planning (BAPPENAS) and the Deputy Destination Development and Tourism Industry in the Ministry of Tourism. The Head of RIDA will be secretary of the Steering Committee. The Steering Committee members include:

1. Deputy Economy, BAPPENAS
2. Deputy Funding, BAPPENAS
3. Deputy Infrastructure, Coordinating Minister for Maritime Affairs
4. Deputy Regional Development, Minister for Economy
5. Financing and Risk Management Director, Ministry of Finance
6. Plt. Director General Regional Development, Minister of Home Affairs
7. Director General of Pollution Control and Environmental Degradation, MOEF
8. The Secretary General, Ministry of Transportation
9. Director General of Renewable Energy, Ministry of Energy and Mineral Resources
10. The Secretary General, Micro, Small and Medium Scale Enterprises

11. Investment Climate Development Deputy, The Investment Coordinating Board
12. The Director General of Spatial Space, Ministry of Agrarian Affairs and Spatial Planning.

32. The Technical Committee Team consists of tourism development Echelon II officials of each involved ministry or agency. It is co-chaired by the Director of Industry, Tourism and Creative Economy in the Ministry of Planning/BAPPENAS and the Deputy Assistant Infrastructure Development and Impacts of Tourism in the Ministry of Tourism. Head Strategic Area Development Center, RIDA will be secretary with the team composition as follows:

1. The Director of Multilateral Foreign Funding, BAPPENAS
2. The Director of Transportation, National Development Planning Agency
3. The Director of Water and Irrigation, National Development Planning Agency
4. Deputy Infrastructure, Coordinating Minister for Maritime Affairs
5. Director of Environmental Pollution, Ministry of Environment and Forestry
6. Head Planning Bureau, Ministry of Transportation
7. The Secretary of the Board of Special Economic Zone
8. Director of Investment Promotion, The Investment Coordinating Board
9. Deputy Assistant Business Sectors Energy, Logistics, Metro, and Tourism, the Ministry of State Owned Enterprises.
10. The Ministry of Cooperatives and Small-scale Enterprises (MSME)

### 2.2.2 Implementing Agency for the ESMF Implementation

33. The day-to-day responsibility for ESMF implementation and for the environmental and social safeguards performance of the Project is under RIDA. RIDA is the focal point for all matters relating to safeguards (environment and social protection) issues during the Project. The Executing Agency's functions are summarized in Table 2 below.

**Table 2: Functions of the Executing Agency and World Bank**

Organization	Responsibilities
Regional Infrastructure Development Agency of the Ministry of Public Works and Housing (MPWH-RIDA)	<ul style="list-style-type: none"> <li>• Screens proposals/studies for IPF for safeguards issues.</li> <li>• Maintains records of all proposals and screening decisions.</li> <li>• Highlights potential safeguard issues and determines the appropriate safeguards instruments (UKL-UPL, AMDAL, LARAP).</li> <li>• Facilitates agreements between communities/ stakeholders during the consultation of TORs for safeguards instruments.</li> <li>• Ensure that the ITMP consultant team will implement the TOR for ITMP consistently particularly for safeguards mainstreaming in the process and in the outputs;</li> <li>• Oversee, guide and supervise the agency/entity who are the subproject proponents of the implemented land use development and physical investments recommended by the ITMPs to follow the guidance provided in the ITMPs on safeguards in compliance with the ESMF;</li> <li>• Monitoring and evaluation of the implementation of the plans or studies.</li> <li>• Develop, organize, and deliver training programs and workshops to local governments or affected stakeholder in all destinations.</li> <li>• Report to WB on the overall environmental and social safeguard performance of the IPF component.</li> </ul>

World Bank	<ul style="list-style-type: none"> <li>Review the ITMPs (including the DDPs) and the Sectoral Plans and Studies, ensuring that guidance on safeguards management specified in the ITMPs to be implemented down the road by the agency/entity and their consultants are in compliance with the ESMF;</li> <li>Supervise regularly the implementation of any social and environmental mitigation plans.</li> </ul>
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### 3.0 ENVIRONMENTAL, SOCIAL AND CULTURAL CHARACTERISTICS OF THE THREE DESTINATIONS

34. More comprehensive and detailed information on the scope of the activities of the IPF Project for the Consultant's Services to prepare for the Integrated Tourism Master Plans (ITMP) is attached in Appendix 1 – TOR for the Integrated Tourism Master Plan.

35. Three destinations have been identified for which the ITMPs will be completed and which will be funded by the IPF Project. The ITMPs include overall development plans (25 years) for the tourism destination areas:

- (a) The entirety of *Lombok Island*
- (b) *Borobudur-Yogyakarta-Prambanan*, consisting of the Borobudur Cluster, which covers Kecamatan<sup>3</sup> Tempuran, Kecamatan Mertoyudan, Kecamatan Muntilan, Kecamatan Borobudur and Kecamatan Mungkid; the Prambanan-Boko Cluster, which covers Kecamatan Prambanan in Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten; and the Yogyakarta Cluster, which covers Kota Yogyakarta.
- (c) *Lake Toba*, as defined by the Presidential Regulation No. 81 Year 2014 on the Spatial Plan of Lake Toba and Surrounding Areas (covering a period of 25 years), with special attention (i.e., baselines and targets for) to wastewater and solid waste concerns: Kecamatans Simanando, Pangururan, Nainggolan, Onan Runggu, Palipi, Ronggur Nihuta, Silahisabungan, Merek, Muara, Baktiraja, Lintongnihuta, Paranginan, Pematang Silimahuta, Silimakuta, Purba, Haranggaol Horison, Dolok Pardamean, Pematang Sidamanik, Girsang Sipangan Bolon, Ajibata, Lumban Julu, Uluan, Porsea, Siantar Narumonda, Sigumpar, Laguboti, Balige, Tampahan, Sianjur Mulamula, Harian, and Siotio.

36. Below is the summary of the locations of the key tourism areas within the above tourism destination areas for which a 5-year Detailed Development Plan (DDP) will be made (See Table 3).

**Table 3: Overview of Locations as Described in ITMPs, With a Focus on Detailed Development Plan (DDP)**

Description	Lake Toba	Lombok	Borobudur
<b>Priority key tourism areas for DDPs.</b>	<p>Detailed development plans (5 years) for <i>priority key tourism areas</i>:</p> <p>-Parapat in Kecamatan Girsang Sipangan Bolon in Kabupaten Simalungun, and Kecamatan Simanindo and Kecamatan Pangururan in</p>	<p>Detailed development plans (5 years) for <i>priority key tourism areas</i>:</p> <p>-Gili Islands-Senggigi covering: Kecamatan Batu Layar in Kabupaten West Lombok, and Kecamatan Pemenang and Kecamatan Tanjung in</p>	<p>Detailed development plans (5 years) for <i>priority key tourism areas</i>:</p> <p>-The Borobudur Cluster covering two Kecamatan: Borobudur and Mungkid.</p> <p>-The Prambanan-Boko Cluster covering Kecamatan Prambanan in</p>

<sup>3</sup> In Indonesia, subnational governance includes four levels: (1) province/*Provinsi*, (2) city/*Kota* and regency/*Kabupaten*, (3) sub-district/*Kecamatan* or district/*District* and (4) urban community/*Kelurahan* or village/*Deas*.

	Kabupaten Samosir. -Kecamatan Balige in Kabupaten Toba Samosir.	Kabupaten North Lombok. -The southern coastal area covering: Kecamatan Pujut and Kecamatan Praya Barat in Kabupaten Central Lombok; Kecamatan Sekotong in Kabupaten West Lombok; and Kecamatan Jerowaru in Kabupaten East Lombok.	Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten.  -The Yogyakarta Cluster including the Kraton, Taman Sari and Malioboro Street, covering the following Kecamatan: Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede and Gondomanan.
<b>Population and main economic activities in the <i>tourism destination area</i></b>	The total number of population living in the Lake Toba area is estimated to be around 656,872 people. Main economic activities are fisheries, agriculture (rice fields), paper pulp industries, and tourism. *	The total population of Lombok island is estimated to be 3.3 million people. The key tourism areas are concentrated in the southern coastal areas and in the Gili islands off the coast of North Lombok, where population density is low. Main economic activities are local tourism, fishing, and agriculture.**	The total population of Magelang Regency (Borobudur) and the Special Region of Yogyakarta is estimated to be 4.93 million people in 2015.*** Main economic activities are agriculture, tourism and service industries.
<b>General description of the natural habitats of the <i>tourism destination area</i></b>	The lake provides abundant freshwater and is surrounded by mountainous countryside. The lake basin areas are surrounded by steep cliffs.* There are two islands inside the lake—Samosir Island (647 km <sup>2</sup> ) and Pardapur Island (7km <sup>2</sup> ).	The North Lombok Regency includes the Gili Islands (Gili Trawangan, Gili Air, and Gili Meno), which support marine life and coral reefs. On the southern side of the Lombok Island, Kecamatan Pujut in Kabupaten South Lombok is known for the beautiful beaches such as Kuta Beach.**** Kecamatan Jerowaru is also located in Kabupaten South Lombok and known for its beautiful beaches and coastal fishing. Sepotong is located in Kabupaten West Lombok and is a coastal area.	The site of Borobudur Temple is surrounded by mountains, lakes, fertile soils, with abundant water resources. Agriculture is one of the main economic activities around the temple complex. Borobudur Temple and its surroundings are also situated in an earthquake zone due to the geological setting.
<b>Additional information on sensitive areas in the <i>tourism destination area</i></b>	Protected forest areas are not located in the tourism destination.* The lake area surrounding the tourism destination is part of a geological formation because of mega-volcanic activity and it is the largest freshwater lake in Indonesia.	In Gili Islands and some parts of Lombok Island, there are turtle conservation activities carried out mostly by privately owned turtle sanctuaries.	The Borobudur Temple compound and Prambanan Temple compound are UNESCO World Heritage Sites. There is no forest habitats or natural habitats that will be degraded by the IPF Project activities.***
<b>Current state of</b>	Water pollution is an issue. Threats are from untreated	Gili Trawangan's popularity as a tourist	Traffic congestion due to limited access roads and



<b>environment condition</b>	waste water from human settlements, aquaculture farming, spilled oil from boats and vessels around the lake, and deposition of sediments due to soil erosion from surrounding steep hills. There are also no proper sanitation facilities to handle solid waste.*	destination means it produces 20 tons of waste per day (peak season) or 5–8 tons per day (low season). The island currently has no proper waste management.	over-crowding of tourists during peak season have been two of the concerns that have led the management of the UNESCO site to find suitable alternatives for the current tourist management plan.
<b>Type and key tourism attraction areas.</b>	<p><b>Nature</b> – Lake scenery, mountainous countryside view, hot spring, waterfalls and mountain trekking. For example: Parbaba, a beach by the fresh water lake (Lake Toba); and the hot springs at Gunung Pusuk Buhit Mountain.</p> <p><b>Culture</b> – The history and the cultural heritage of the Batak ethnic community are located within the key tourism area. Other attractions such as the Stone Chair of King Siallagan and King Sidabutar's Tomb; and Ambarita, a traditional village that provides glimpses of Batak culture.</p>	<p><b>Nature</b> – Long stretch of white sandy beaches and smaller nearby islands for snorkeling and dive sites. Pink Beach in Kecamatan Jerowaru is known for its unspoiled scenery and isolated long stretch of pink sandy beach.</p> <p><b>Culture</b> – Sasak villages that house traditional Sasak farmer families are also key attractions. A Hindu temple (Pura Meru Temple) is the largest and second-most important temple in Lombok.</p>	<p><b>Culture/Heritage</b> – The Borobudur cluster includes the temples of Borobudur (Pawon and Mendut); the sunrise spots of Punthuk Setumbu; Bukit Rhema, an abandoned prayer site; and surrounding cultural villages. The Prambanan-Ratu Boko cluster's main tourism attractions include the Prambanan Temple and Ratu Boko, a 16 ha site with Buddhist and Hindu structures. The Yogyakarta cluster includes the Keraton, the sultan's residence and a living museum; the Water Palace; and Malioboro Shopping Street.</p>
<b>Indigenous peoples (if any)</b>	Batak people meet the definition of indigenous people and the Batak is the dominant ethnic group in the area. They mostly live in the highlands. The Batak Toba people have traditional architecture styles which are common in Samosir. Customary villages (Kampung-kampung Adat) are located in the surroundings of Lake Toba, particularly in the Porsea subdistrict (found in the area covered by the overall development plan but not included in the detailed development plan). There is a Tano Batak indigenous people's alliance network in the area. The organization is working towards customary land territory recognition.	Sasak people meet the definition of indigenous people. There are some tourism attractions found in the Sade Customary Village (not included in detailed in development plan), Bek Customary Village, Belek Customary Village, and Bayan Customary Village. Those customary have been revived and share similar movement agenda toward customary land territory recognition. In other parts of Lombok, there are traditional settlements intertwine with modern settlements. This can be found in Khayangan District and Bayan District, North Lombok (not part of the detailed development plans). There is also indigenous people in Ende Village in Pujut district in	Javanese is the dominant ethnic groups in the area. No indigenous people found in surrounding Borobudur, Magelang, and Yogyakarta.

		middle of Lombok (also not part of the detailed development plans).	
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*Table sources and notes:*

\* KSPN Lake Toba Chapter 3 on the profile of the planned district.

\*\* Lombok Baseline Supply & Demand Assessment – Horwath HTL and Surbana Jurong.

\*\*\* Borobudur (Joglosemar) Baseline & Demand Assessment – Horwath HTL and Surbana Jurong.

\*\*\*\* Every year in February, there is an annual tourist event which is known as “Bau Nyale”.

## 4.0 POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS OF THE IPF COMPONENT

37. Potential environmental and social impacts can be identified through the guidance table (see Table 4).

**Table 4: IPF Component Activities and Associated Risks**

IPF Activities	Component	Type of activities	Potential environmental and social risks	Mitigation
a)	Integrated Tourism Master Plan Plans (ITMPs), consisting of an overall development plan for the entire tourism destination area (with a planning horizon of 25 years), and detailed development plans (with a planning horizon of 5 years) for existing and selected future key tourism areas within the tourism destination area.	<ul style="list-style-type: none"> <li>• Analysis of the institutional and legal, regulatory and policy framework;</li> <li>• Analysis of demand and opportunities for tourism destination area development;</li> <li>• Analysis of baseline conditions of spatial plans, infrastructure gaps, and visitor attractions and facilities;</li> <li>• Articulation of environmental, social, socio-economic, and cultural heritage opportunities and constraints;</li> <li>• Preparation of growth projections and development scenarios;</li> <li>• Detailing of the preferred development scenario;</li> <li>• Formulation of the integrated tourism master plan; and</li> <li>• Ensure active stakeholder engagement.</li> </ul>	<p><b>Positive:</b> The Integrated Tourism Master Plans (ITMPs) are created in order to avoid one of the negative impacts of unintegrated tourism development, which is that increased tourism can degrade the environmental and cultural resources on which tourism depends if necessary preventative infrastructure and management arrangements are not put in place. ITMPs also act as another type of risk assessment by pre-screening potential activities and associated risks that would be well identified in the planning process. ITMPs will help to inform all stakeholders and provide a vehicle for consultation to obtain stakeholder concerns and aspirations. They will minimize uncertainty and lack of transparency. The ITMP will also identify the priority programs needed to strengthen tourism activities at the local level and provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (if necessary). The ITMP is not, however, in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework.</p>	<ul style="list-style-type: none"> <li>• This has been explained and elaborated in Chapter 6.0 <i>Incorporating Environmental and Social Considerations based on the Bank OPs into the ITMPs and other development plans.</i></li> <li>• In ethnic minority areas, engage with local communities in local languages. Include a wide range of ethnic community leaders. Where those communities consist of indigenous or land-connected peoples, communities should have the opportunity to give or decline to give their free, prior and informed consultations that lead to broad community support to tourism development which makes use of their land or cultural heritage.</li> <li>• Areas that are identified in the baseline information as having land legacy issues will be assessed further</li> </ul>



		<p>The deep analysis and stakeholder engagement in the ITMP will incorporate a bottom-up approach that was lacking in previous spatial analysis conducted in the priority tourism destinations. The ITMP is thus conceived as a coordination platform for the development of the tourism destination and as the instrument that will pave the way for effective and sustainable tourism development.</p> <p><b>Negative:</b> The ITMPs may not be implemented at the desired standard, which would limit their effectiveness as guides for sustainable tourism development. Facilities constructed upon the recommendation of the ITMPs may have indirect adverse impacts or cumulative impacts either not foreseen, not effectively managed, or both. Unplanned development induced by the provision of tourism facilities is an example; it can create traffic congestion, generate effluents or solid waste that are not properly managed, and affect visual amenity. Local communities can be “left behind” when it comes to the benefits of tourism and their ability to participate effectively in its development. Loss of land, loss of access to customary resources or sources of livelihood, and impacts on the integrity of local culture are also potential negative effects. Some visitors will engage in anti-social behavior, such as drug and alcohol abuse and sex tourism. Other risks would include poor maintenance of the facilities after completion of construction, lack of operating budget and capable human resources to manage the facilities and monitor and manage their environmental and social impacts.</p>	<p>through rapid assessment to be carried out by the ITMPs consultant team. Land legacy issues can be considered as constraints from further development of the affected area in the ITMPs, until the issues are resolved meeting the Indonesian Regulations, or if there is a clear plan to resolve this issue. (with monitoring milestones and clear timeline) in accordance with the Indonesian Regulations. The potential risks, opportunities and solution of this issue will be taken into account in the three development scenarios, possibly with a later development phase to be implemented depending on the assessment of the ITMPs consultant and agreement between the RIDA and the Bank. Detail on how to address legacy issues are presented in the LARPF para.84-87 of this ESMF.</p>
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b) Downstream sectoral master plans	<ul style="list-style-type: none"> <li>Preparing the necessary documents to help the government to improve the quality of expenditures under Result Area 1.</li> </ul>	<p><b><u>Positive:</u></b> By minimizing the risk of poor planning, the financing of downstream sectoral master plans helps to integrate international standards for sustainability in tourism development and provides an opportunity for green building design and construction. This also provides the necessary risk assessment on the potential environmental and social constraints and benefits and helps to advise the government on the latest techniques and methods for sustainable development, such as improved building materials or ways to incorporate climate resilience in infrastructure, especially in sensitive and vulnerable tourism destinations.</p> <p><b><u>Negative:</u></b> In some regions, the capacity of the AMDAL or UKL-UPL preparers may be inadequate, as may that of reviewers and enforcement officers in the local government environment agencies, to ensure that all necessary mitigation actions are included in the environmental management plans and are properly implemented by the contractors.</p>	<ul style="list-style-type: none"> <li>Capacity building and joint training program for the institutions responsible.</li> </ul>
c) Program Management Services	<ul style="list-style-type: none"> <li>Providing program management services to RIDA and necessary documentation and inputs to the Indonesia Tourism Development program for planning, budgeting, quality control, supervision, monitoring, reporting, and coordination, to ensure that program implementation is according to the program objectives and is in compliance with the loan agreement.</li> <li>The consultants will be working with RIDA and other stakeholders to ensure the objectives and key outcomes of the Program will be well designed, implemented and well-monitored as</li> </ul>	<p><b><u>Positive:</u></b> The Program Management Services will provide better solutions and incorporate better efficiency in delivering the necessary key deliverables for the Program. It also will improve the risk assessment and mitigation measures for investments supported by the Program. It will eventually increase the quality and quantity of the deliverables for sustainable tourism development through central-local government coordination and also public-private coordination. As part of the loan agreement, the PforR program will also be measuring the regular reports made by the UNWTO Sustainable Tourism Observatories</p>	<ul style="list-style-type: none"> <li>No mitigation needed.</li> </ul>

	<p>per specific in the assigned tasks.</p> <ul style="list-style-type: none"> <li>• The consultants will provide appropriate environmental and social training at RIDA and in the destinations.</li> <li>• The consultants may be called on to provide experts to fill gaps in capacity at RIDA and elsewhere.</li> </ul>	<p>(STOs), or similar agencies, which are set up as part of the destination-specific monitoring mechanism.</p> <p><b><u>Negative:</u></b> None.</p>	
<p>d) Additional studies and capacity building to support Program Results Areas 2, 3 and 4, i.e. in business and skill development and business environment improvements.</p>	<ul style="list-style-type: none"> <li>• Preparing necessary study assessments and providing solutions on how to mitigate or gaps in the capacity building for skills and knowledge. This could also include budgeting support, training, workshops, or other support identified in the ITMPs or DDPs documents.</li> </ul>	<p><b><u>Positive:</u></b> Various studies will provide opportunities to incorporate environmental and social management aspects in the development of businesses at the SME level towards sustainable economic development. The studies will increase the environmental and social awareness of the SME business players that support the tourism industry development in the targeted destinations.</p> <p><b><u>Negative:</u></b> The development of SME business and business climate improvements, if not managed properly, could lead to the depletion of natural resources and potential increase of environmental pollution. This could also lead to social impacts which increase economic disparity.</p> <p><b><u>Positive Impacts of Studies and Technical Assistance related to Program RA 2–4:</u></b> The potential other studies and technical assistance related to the Program Results 2–4 will provide better solutions and capabilities for skill and firm development and business environment improvements related to the tourism sector in the priority destinations.</p>	<ul style="list-style-type: none"> <li>• Improvement of environmental and social awareness in line with economic development.</li> </ul>

## 5.0 POLICIES AND LEGISLATIVE FRAMEWORK

### 5.1 THE WORLD BANK SAFEGUARD POLICIES

38. The World Bank Safeguard Policies and their policy objectives in the table below:

**Table 5: World Bank Environmental and Social Safeguards and their Policy Objectives**

No.	OP/BP	Safeguard	Policy Objectives
1.	4.01	Environmental Assessment	Help ensure the environmental and social soundness and sustainability of investment projects. Support integration of environmental and social aspects of projects in the decision-making process.
2.	4.04	Natural Habitats	Promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of natural habitats and their functions.
3.	4.09	Pest Management	Minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective, and environmentally sound pest management.
4.	4.11	Physical Cultural Resources	Assist in preserving PCR and in avoiding their destruction or damage. PCR includes resources of archeological, paleontological, historical, architectural, religious (including graveyards and burial sites), aesthetic, or other cultural significance.
5.	4.12	Involuntary Resettlement	Avoid or minimize involuntary resettlement and, where this is not feasible, assist displaced persons in improving or restoring their livelihoods and standards of living in real terms relative to pre-displacement levels or to levels prevailing prior to the beginning of project, whichever is higher.
6.	4.10	Indigenous Peoples	Design and implement projects in a way that fosters full respect for indigenous peoples' dignity, human rights, and cultural uniqueness and so that they (1) receive culturally compatible social and economic benefits, and (2) do not suffer adverse effects during the development process.
7.	4.36	Forests	Realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.
8.	4.37	Safety of Dams	Ensure quality and safety in the design and construction of new dams and the rehabilitation of existing dams, and in carrying out activities that may be affected by an existing dam.
9.	7.50	Projects on International Waterways	Ensure that the international aspects of a project on an international waterway are dealt with at the earliest possible opportunity and that riparian are notified of the proposed project and its details.
10.	7.60	Projects in Disputed Areas	Ensure that other claimants to the disputed area have no objection to the project, or that the special circumstances of the case warrant the Bank's support of the project notwithstanding any objection or lack of approval by the other claimants.

### 5.2 INDONESIAN REGULATIONS

39. Beside the World Bank Safeguard Policies, RIDA also will refer to Indonesian environmental and social regulations, as well as those on land acquisition. The following

Table lists the key Gol's legislations related to environmental, social, and land acquisition issues:

**Table 6: Applicable Indonesian Regulations on Environmental, Social, and Land Acquisition Issues**

No.	Regulations	Theme and General Objective
1.	Law No. 32 Year 2009	<b>Environmental Protection and Environmental Management.</b> The purpose of this Law is to foster environmentally sustainable development by means of an environmental planning policy, and the rational exploitation, development, maintenance, restoration, supervision, and control of the environment. Environmental protection and management shall be planned through the following phases: environmental inventorying to obtain data and information on natural resources; stipulation of eco-regions; and the formulation of environmental protection and management plans.
2.	Law No. 18 Year 2013	<b>Prevention and Eradication of Deforestation (UUP3H).</b> The law aims to prevent and eradicate forest destruction with several objectives: a.) ensures the law certainty and deterrent effects to those caused forests destructions; b.) ensures the sustainability of the forests; c.) optimizes the management and utilization of forest products by considering the balance of forest functions for the welfare of the people; and, d.) enhance the capacities and coordination of the lawmakers and related parties in handling the prevention and eradication of forests destruction. The scope includes: a.) prevention of forests destruction; b.) eradication of forests destruction; c.) institutionalization; d.) community participations; e.) international cooperation; f.) witness, reporter, and informant protection; g.) financing; and, h.) sanctions.
3.	Law No. 5 Year 1960	<b>Agrarian Basic Principles.</b> This Law defines the fundamental types of rights that may be held by private individuals and entities. This Law describes the role of the state with regard to its direct use of land as well as its regulation of private rights and private uses of land. This Law also states that Indonesian's agrarian law is "adat" law, or Indonesia customary law, as long as it does not conflict with the national interest or other regulations set out in this Law.
4.	Law No. 2 Year 2012	<b>Land Acquisition for the Development of Facilities for Public Use.</b> This Law substantially accelerates the land acquisition process for development in the public interest. It sets clearer mechanisms for the land acquisition to facilitate the development of public infrastructure projects.
5.	Law No. 26 Year 2007 (Amends Law No. 24 Year 1992)	<b>Spatial Planning Management.</b> In the context of decentralization, urbanization and other factors, it grants authority over spatial planning to provincial governments and district (local) governments ( <i>pemerintah kabupaten</i> and <i>pemerintah kota</i> ). Provision of this authority is not stipulated within previous spatial planning laws. It also provides some new ways for enhancing development control including zoning, planning permits, implementation of incentives and disincentives, including administration and criminal sanction. Law No. 26 Year 2007 also acknowledges the importance of public participation in spatial planning.
6.	Government Regulation No. 27 Year 2012	<b>Environmental Permit.</b> The Environmental Permit Regulation No. 27 Year 2012 requires that application for environmental permit shall be accompanied by environmental assessment

No.	Regulations	Theme and General Objective
		documents (AMDAL and UKL-UPL), business legal documents, and business profile document. Under this regulation, project owners need to apply for an environmental permit from the appropriate government authority before project implementation.
7.	Government Regulation No. 46 Year 2016	<b>Procedures for Implementation of Strategic Environmental Assessment.</b> This regulation concerns procedures for the implementation of a series of systematic, thorough, and participatory analyses in order to ensure that the principles of sustainable development have become the basis for and been integrated in the development of a region and/or policy, plan, and/or program.
8.	Government Regulation No. 82 Year 2001	<b>Water Quality Management and Control of Water Pollution.</b> This regulation is designed to control the management of water quality and water pollution in an integrated manner using the ecosystem approach. This integration means the control is applied to the planning, implementation, supervision, and evaluation phases.
9.	Government Regulation No. 41 Year 1999	<b>Control of Air Pollution.</b> The aims of air pollution control are: (a) guaranteeing the safety and conservation of environmental and public services functions; (b) raising public awareness of the environment so as to achieve harmony, suitability, and equilibrium between humans and the environment; (c) controlling the use of resources wisely; and (d) controlling sources of pollution so that the air quality meets the medical requirements for humans and other creatures.
10.	Government Regulation No. 101 Year 2014	<b>Hazardous Waste Management.</b> In general, this Regulation regulates the management and disposal procedures for toxic and hazardous waste substances ("hazardous waste"), covering: (a) methods of identifying, reducing, storing, collecting, transporting, utilizing, processing, and signage of hazardous waste; (b) procedures for dumping hazardous waste into the open sea or land; and (c) risk mitigation and emergency procedures.
11.	Government Regulation No. 26 Year 2008	<b>National Spatial Plan.</b> The regulation regulates policy directives and spatial utilization strategies, which are intended to actualize a safe, comfortable, productive, and sustainable national plan.
12.	Presidential Regulation No. 71 Year 2012 Presidential Regulation No. 40 Year 2014 Presidential Regulation No. 99 Year 2014 Presidential Regulation No. 30 Year 2015 Presidential Regulation No. 148 Year 2015	<b>Implementation of Land Acquisition for the Development of Facilities for Public Use.</b> This Presidential Regulation has been amended four times, until the latest version of No. 148 Year 2015. This new Regulation has facilitated more timely funding for land acquisition. Under the new law, private investors can provide funds at an early stage, confident that these funds will either be refunded directly or through revenue arrangements as the project proceeds. This contrasts with previous version whereby land acquisition had to wait for disbursement of the state budget, which is often limited and subject to a long budgeting cycle. In Presidential Regulation No. 30 Year 2015, for land acquisition of land smaller than 5 hectares, the investment proponent can purchase land directly from the land owners; while in No. 148 Year 2015, the Governor must conduct the land acquisition preparation phase after receiving the appropriate Land Acquisition Planning Document from the relevant agency. In this phase of implementation, the



No.	Regulations	Theme and General Objective
		Governor must form a preparation team within 2 working days (decreased from 10 working days in earlier regulations) after officially receiving the document. Announcement of locations to be acquired must be done within 2 days (previously 3) after the land acquisition has been decided. According to this Perpres, the announcement must be done for 7 working days (previously 14).
13.	Presidential Regulation No 58 Year 2015	<b>Borobudur and its Surrounding Spatial Plan.</b> This regulation is an operationalization instrument of the national spatial plan and a coordination instrument for the implementation of Borobudur's development to ensure the preservation of the Borobudur area as a National Cultural Heritage Area and World Cultural Heritage Site.
14.	Minister of the Environment Regulation No. 05 Year 2012	<b>Types of Business and/or Activities for which an Environmental Impact Assessment (AMDAL) is Mandatory.</b> This Regulation lists activities in different sectors and specifies the limit of business scale that will trigger the requirement that the activities obtain an AMDAL (full environmental impact analysis (EIA)) study. Activities not listed in this regulation only require a UKL-UPL study (a smaller scale EIA). This Regulation also provides a screening process to evaluate activities that are not listed or specified in the Regulation, to decide if such activities will require AMDAL or UKL-UPL.
15.	Minister of the Environment Regulation No. 09 Year 2011	<b>General Guidelines for Strategic Environmental Assessments.</b> This regulation contains references for implementing strategic environmental assessments for policy, plans, and/or program makers, in sectoral as well as regional contexts.
16.	Minister of the Environment Regulation No. 16 Year 2012	<b>Guidelines for Preparation of Environmental Documents.</b> This regulation contains references for drafting environmental documents in the form of Environmental Impact Assessments (AMDAL), Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL), or Statement of Environmental Management and Monitoring Capability.
17.	Minister of the Environment Regulation No. 17 Year 2012	<b>Guidelines for Public Participation in the Environmental Impact Assessment and Environmental Permit Process.</b> This regulation contains references in implementing public participation in Environmental Impact Assessment and Environmental Permit Process. The regulation stipulates the requirement to carry out public consultation as part of the process for preparation of AMDAL (full EA - twice) and UKL-UPL (Partial EA - once).
18.	Minister of Finance Regulation No. 58 Year 2008	<b>Land Acquisition Committee for the Implementation of Development in the Public Interest Fees.</b> This regulation describes the components, amount, and disbursement means for fees for the land acquisition committee.
19.	Law No. 41 on Forestry (plus Constitutional Court Decision No. 35/PUU-X/2012)	<b>Procedures to Settle Land Ownership Conflict in Forest Area.</b> This law clarifies that development activities other than forestry are permissible in selective manner in order to avoid significant damage that can reduce forest functions.
20.	MOHA Regulation No. 52 Year 2014	<b>Guidelines on the Recognition and Protection of Indigenous People.</b> This regulation contains the guidelines for protecting indigenous groups, starting from the formation of the committee, the stages of recognition and protection, dispute



No.	Regulations	Theme and General Objective
		resolution, guidance and supervision, as well as its funding.
21.	Ministerial Regulation of MOHA No. P.62/2013	<b>(Adjustment) of Ministerial Regulation No. P.44 Year 2012 on the Establishment of Forest Areas</b>
22.	Regulation of the Minister of Land Agency and Spatial Development No. 9 Year 2015	<b>Procedures for Determination of Communal Land Rights of Indigenous Peoples and Communities Located in the Specific Area.</b> This regulation contains the determination and transitional provisions concerning communal land rights of indigenous people and communities located in the specific area
23	Regulation of the Minister of Land Agency and Spatial Development No. 5 Year 2015	<b>Location Permission.</b> This regulation describes the permits that should be obtained in order to acquire land. It regulates the area of the land and confirms the area of the land within existing spatial plans, and also outlines the procedures, rights, liabilities, and monitoring and evaluation of the permit holders.
24	Ministry of Home Affairs Regulation No. 67 Year 2012	<b>Guidelines for Implementation of Strategic Environmental Assessments in the Preparation or Evaluation of Regional Development Plans.</b> This regulation outlines the process of creating and implementing the Strategic Environmental Assessment (KLHS) which is conducted during the preparation and evaluation of Regional Long Term Development Plans (RPJPD); Regional Medium Term Development Plans (RPJMD); and/or policy, plan, and/or program that potentially inflict environmental impact and/or risk as the consequence of the Strategic Plan of the Regional Work Units in the local governments.
25.	Regulation of Ministry of Forestry No. P.39/Menhut-II/2013	<b>Local Communities Empowerment Through Forest Partnership.</b> Empowerment through Forest Partnership is an effort to enhance local communities' capabilities and autonomy in order to benefit from forest resources in an optimal and equitable way in order to increase the welfare of local communities.
26.	Local Regulation of West Lombok No. 3 Year 2013	<b>Protection and Management of the Environment.</b> This regulation covers the detail of the duty and authority of local government; environmental management plan; utilization of natural resources; pollution control and/or destruction to the environment; preservation of the environment; hazardous waste management; rights, obligations, and prohibitions on the environment; environmental information system; communities' role; environmental quality monitoring; supervision and coaching; administrative sanctions; environmental dispute resolution; investigation; criminal provisions; funding; and, transitional provisions.

### 5.3 GAP ANALYSIS AND GAP FILLING BY ESMF

40. The activities in the IPF component need to comply with both Indonesian regulations and World Bank safeguards policies. The goal is that all documents prepared under the IPF component will be consistent with those two main sources. With respect to the Integrated Tourism Master Plans (ITMPs), the TORs explain how this is to be done. Table 7 below summarizes the potential gaps, focusing only on the World Bank policies that might be relevant with the preparation of the ITMPs (including DDPs) and Sectoral Plans. Most of the gaps result from inconsistent implementation of Indonesian regulations in the preparation of UKL-UPL and AMDAL; there are few gaps between the Indonesian regulations and the Bank policies. Table 7 also explains the measures in the ESMF to fill the potential gaps. The IPF

Project itself triggers only World Bank Safeguard policies OP/BP4.01, 4.10 and 4.37, because they have requirements that apply to planning processes like the ITMP. Other World Bank Policies, are included in this gap analysis because the requirements of various ones of them must be taken into account in the ITMPs and Sectoral Plans.

**Table 7: Summary of Gap Analysis between Safeguards Instruments Prepared under the Indonesian Environmental and Social Regulations and the World Bank Safeguard Policies which are Potentially Relevant in Preparing the ITMPs and Sectoral Plan**

World Bank Safeguard	GAPS	ESMF Roles
OP/BP 4.01 Environmental Assessment	<ul style="list-style-type: none"> <li>Labor and working conditions, community health and safety, indigenous peoples and cultural heritage are not consistently addressed in UKL-UPL and AMDAL.<sup>4</sup></li> <li>Effective mitigation measures are not always provided for all significant impacts.</li> <li>Community grievance mechanisms are rarely addressed in the AMDAL and UKL-UPLs.</li> </ul>	<ul style="list-style-type: none"> <li>ITMP TORs require compliance with OP 4.01</li> </ul>
OP/BP 4.04 Natural Habitats and OP/BP 4.36 Forests	<ul style="list-style-type: none"> <li>The UKL-UPL (or AMDAL) documents only provide limited information on natural and/or critical habitats. Physical investments located in protected areas automatically require AMDAL, but Indonesian regulations do not prohibit or restrict activities that involve conversion or degradation of critical natural habitats or natural habitats including critical forests.</li> </ul>	<ul style="list-style-type: none"> <li>ESMF requires that the prohibitions, procedures and restrictions in OP 4.04 and OP 4.36 are applied in ITMPs and sectoral plans</li> </ul>
OP/BP 4.11 Physical Cultural Resources	<ul style="list-style-type: none"> <li>UKL-UPLs (or AMDAL) do not consistently assess impacts on physical cultural heritage and lack the planning and program required to conserve the resources.</li> <li>Physical investments rarely develop chance find protocols</li> <li>Physical cultural heritage aspects of a physical investments are rarely discussed in public consultations required as part of the UKL-UPLs (or AMDAL) preparation stage.</li> </ul>	<ul style="list-style-type: none"> <li>ITMP TOR specifies data on physical cultural resources (PCR) that need to be collected during the planning process.</li> <li>ESMF includes a chance finds procedure as a reference for planning activities and an example for use in construction contracts supported by the Program.</li> </ul>
OP/BP 4.10 Indigenous Peoples	<ul style="list-style-type: none"> <li>There are no specific Indonesian laws that regulate Indigenous Peoples (IPs) exclusively, but recognition of the existence of IPs and need to involve them in the development and access to natural resources are recognized in various laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Verification and confirmation of the IPs presence in the three priority destinations has been done</li> <li>Where IP presence is confirmed, the ITMP will include a social assessment and a process of free, prior and informed consultation; ascertaining broad MHA community support; and measures to address adverse effects on the IPs and to provide them with culturally</li> </ul>

OP/BP 4.12 Involuntary Resettlement	<ul style="list-style-type: none"> <li>• Laws on land acquisition are primarily focused on land obtained for public developments.</li> <li>• Assistance for informal occupants or squatters is not specified</li> <li>• Host communities are not explicitly covered in the GOI regulation</li> <li>• No specific separation by vulnerability or by gender</li> <li>• Impact mitigation is not elaborated</li> <li>• Access restriction to designated parks and protected areas is not covered.</li> </ul>	<p>appropriate benefits.</p> <ul style="list-style-type: none"> <li>• The ESMF provides an Indigenous Peoples Planning Framework.</li> <li>• ESMF contains a Land Acquisition and Resettlement Policy Framework (LARPF) that provides guidelines for addressing land acquisition issues associated with Detailed Development Plans.</li> <li>• ESMF has included screening process for land acquisition in planning.</li> <li>• The LARPF identifies required information on the vulnerable groups (women, the very poor, disabled, elderly, etc.).</li> <li>• The LARPF includes provisions for resettlement assistance to informal occupants.</li> <li>• Compensation criteria include, among others, assistance to restore livelihoods for resettled persons.</li> <li>• A process framework (similar with Forest Partnership in Indonesian Legislation) is covered in the ESMF, to be prepared when plans may cause restrictions in access to natural resources in legally designated parks and protected areas.</li> </ul>
OP/BP 4.37 Safety of Dams	<ul style="list-style-type: none"> <li>• There is no specific legislation on dam safety.</li> </ul>	<ul style="list-style-type: none"> <li>• The IPF Project will not finance construction and/or rehabilitation of dams. If a Detailed Development Plan includes construction or rehabilitation of a water supply weir or improvement of a system that depends on an existing weir, RIDA will ensure that the requirements of OP 4.37 for small dams are complied with in design and operation, i.e., dam safety features including inspection and maintenance programs are designed by a qualified civil engineer. d</li> </ul>

## 6.0 INCORPORATING ENVIRONMENTAL AND SOCIAL CONSIDERATIONS BASED ON BANK OPs INTO THE ITMPs AND OTHER DEVELOPMENT PLANS

41. The Integrated Tourism Master Plans (ITMPs) will not in themselves have direct adverse impacts on the natural or human environment. They are, in fact, intended to prevent the adverse impacts that can occur when tourism development proceeds in an unintegrated manner, such that growth in visitor arrivals outstrips provision of facilities to manage the burdens that growth may impose on natural and cultural resources and host communities. However, because the ITMPs—and in particular the Detailed Development Plans (DDPs) produced as part of the ITMP assignment—will include recommended infrastructure which has the potential for adverse impacts, impact avoidance and mitigation must be part of the planning processes. This will be accomplished most effectively by incorporating the principles and requirements of Bank safeguards policies upstream, where they have

maximum potential to prevent impacts, in contrast to downstream when plans are fixed and designs are proceeding, and the focus of safeguards is more on mitigation.

## 6.1 SAFEGUARDS IN INTEGRATED TOURISM MASTER PLANS

### 6.1.1 Baseline Data Collection

42. Incorporating safeguards in the ITMPs begins with baseline data collection and mapping, including:

- Existing land uses and land use planning provided by spatial plans and any gaps between the two.
- Spatial development patterns, especially growth patterns and trends of urban, semi-urban, and rural areas.
- Planned new development initiatives related to economic development.
- Tourism accommodations, attractions and their environmental, cultural or social significance, recreational areas and facilities, including planned new investments.
- Land ownership (including land legacy issues - refer to LARPF para. 84-87) with particular emphasis on key tourism areas and strategically significant development locations.
- Topography, vegetation, and hydrology.
- Areas of environmental concern—protected areas, habitats, water bodies, irrigated paddy fields, natural hazard areas, etc.
- Environmental health conditions—water and air quality, cleanliness, occurrence of water and vector borne diseases (malaria, dengue, etc.), and other health hazards, security and safety concerns, etc.
- Areas of cultural significance—historic, religious, viewsapes, archeological sites, historic trails.
- Indigenous peoples' habitats and customary lands

### 6.1.2 Determination of Development Opportunities and Constraints

43. The ITMP planners will interpret the baseline data to develop a map of opportunities and constraints for environmentally and socially sustainable growth and for the various types of tourism facilities and supporting infrastructure. The map could present “no development” zones, zones suitable only for certain types of development, zones with little or no restriction on type of development, and zones that are particularly favorable as, for example, locations for waste management infrastructure. World Bank safeguards policies would be taken into account in this task. Elements of the policies that guide development toward positive outcomes will inform the process of identifying opportunities, and prohibitions and restrictions presented in some of the policies will become parts of the constraints. Policies that are most relevant at this planning stage are:

- OP 4.01 *Environmental Assessment*—its objective is to provide information to decision-makers for sustainable development, and its mitigating approach is the impact management hierarchy, from, in declining order of preference: prevent, minimize, mitigate, compensate.
- OP 4.04 *Natural Habitat*—its objective is to maintain biodiversity, through restrictions on conversion or degradation of critical and natural habitat, and preference for locating infrastructure on already-converted land.
- OP 4.10 *Indigenous Peoples* that has among its objectives avoiding or minimizing adverse effects on indigenous communities, including resettlement, and requires participatory planning and free, prior, and informed consultation on and broad community support for projects that would affect them.

- OP 4.11 *Physical Cultural Resources* which aims at protecting known and chance finds of cultural property
- OP 4.12 *Involuntary Resettlement* with particular attention to the principles of avoiding or minimizing displacement, including economic displacement caused by restriction of access to customary natural resources. Areas that are identified in the baseline information as having land legacy issues will be assessed further through rapid assessment to be carried out by the ITMP consultant team. Land legacy issues can be considered as constraints from further development of the affected area in the ITMPs, until the issues are resolved in accordance with Indonesian Regulations, or if there is a clear plan to resolve this issue (with monitoring milestones and clear timeline) in compliance with the Indonesian regulations. The potential risks, opportunities and solution of this issue will be taken into account in the three development scenarios, possibly with a later development phase to be implemented depending on the assessment of the ITMPs consultant and agreement between the RIDA and the Bank. Detail on how to address legacy issues are presented in the LARPF paras. 84-87 of this ESMF.
- *Environmental, Health, and Safety Guidelines 2007*<sup>5</sup> commonly referred to as the EHS Guidelines. The applicable parts are the General Guidelines, which include air, water, and noise standards; community and workplace safety; pollution prevention; energy and water conservation, etc. plus a number of the sectoral guidelines including:
  - *Tourism and Hospitality Development*
  - *Waste Management Facilities*
  - *Water and Sanitation*
  - *Ports, Harbors and Terminals*
  - *Airports*
  - *Toll Roads*
  - *Electric Power Transmission and Distribution*

44. The principle elements of the safeguards policies are presented in detail at the following website: <http://www.worldbank.org/en/programs/environmental-and-social-policies-for-projects>. The relevance of the sectoral EHS Guidelines at this early planning stage is primarily in site selection for various types of infrastructure.

### 6.1.3 Formulation of Alternatives

45. OP 4.01 requires analysis of alternatives as part of the impact assessment process. It also stresses informed consultation with affected communities and other stakeholders. The ITMP process incorporates key elements of strategic environmental and social assessment. ITMP planners will present at least three different spatial development scenarios to accommodate the projected growth and will assess the environmental and social impacts of each development scenario in sufficient detail to allow stakeholders to compare them in terms of positive and negative impacts and adherence to the requirements and principles of the applicable World Bank safeguards policies and GoI laws and regulations. The scenarios will be discussed with stakeholders, and a preferred scenario will be selected for further elaboration. Stakeholders will be consulted on the issues of cultural heritage preservation, natural asset protection, and community development associated with the preferred scenario.

<sup>5</sup>[http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines)



### 6.1.4 Impact Assessment

46. The ITMPs will include (a) an assessment of potential environmental and social impacts, including cultural heritage, land, and/or resettlement as well as IPs related to the preferred development scenario, at an appropriate scale and level of detail, taking into account cumulative and induced impacts and impacts of associated facilities and (b) a high-level mitigation and monitoring plan. Since site-specific plans and designs will not be known at this stage, the mitigation and monitoring plans will necessarily be somewhat conceptual, more like a framework.

### 6.1.5 Awareness and Capacity for Implementation

47. The ITMP will identify local government and community awareness and capacity building needs for plan implementation and inclusive tourism development. This will include an assessment of current capacity to put into effect environmental and social mitigation plans and to carry out the important functions of monitoring and preserving the natural and cultural assets on which sustainable tourism will depend. The ITMP will include a capacity-strengthening plan. In addition, recognizing that communities have an important role in managing those same tourism assets, the ITMP will define a community awareness-raising program.

### 6.1.6 Detailed Development Plans

48. The DDPs will provide maps at a scale of 1:5000 and detailed descriptions in terms of: existing and future typology and character of the site, detailed land use, specification of tourism accommodation capacity and typology, tourism facilities, services and attractions, housing for tourism sector employees and their dependents, existing and planned infrastructure, building regulations and development control. The detailed development plans will provide dedicated recommended planning guidelines to manage and control development, including but not limited to:

- Building densities, floor-space ratios, maximum building heights
- Traffic generation
- Water demand
- Wastewater generation and management
- Solid waste generation and waste management
- Drainage and flood protection
- Street lighting
- Electricity demand
- Broadband internet services
- Natural hazards and risk mitigation
- Architectural styles and heritage conservation
- Road design standards to accommodate not only traffic demand, but also requirements for traffic management, pedestrians, road safety, landscaping, parking, signage, etc.
- Landscaping associated with residences, tourist facilities, and other land uses

49. For Detailed Development Plans that indicate a need for land acquisition, or that will restrict access to protected areas, or that will affect Indigenous Peoples, RIDA will ensure that appropriate instruments, i.e., a LARAP, a Plan of Action, or an IPP, respectively, are prepared later on by the agency or entity who will implement the physical investment recommended by the DDPs. The RIDA will ensure and monitor that once the specific physical development is defined with clear on-the-ground site, investment proponents (agency or entity, with the help of their consultants) prepare and implement the LARAP, Plan of Action and/or IPP in compliance the LARPF, Process Framework and IPPF, as described in Section 6.1.7.1, Appendix 10, and in Section 6.1.7.2, respectively.



50. The World Bank Group Environmental, Health, and Safety (EHS) Guidelines and safeguards policies will be used as reference documents in preparing the elements of the plans and guidelines to which they are applicable. Relevant EHS Guidelines include the General Guidelines, which include effluent standards, ambient air quality standards, noise standards, providing for community safety, etc., and sectoral guidelines for:

- Tourism and Hospitality Development
- Ports, Harbors, and Terminals
- Health Care Facilities
- Waste Management Facilities
- Water and Sanitation
- Roads

51. Elements of DDPs that are based on the safeguards policies will include:

- Environmental protection guidelines to protect and restore natural areas.
- Cultural, religious, historic, and archaeological guidelines to protect valued features.
- Visitor Management/Crowd Control Plans for tourist attractions with limited carrying capacity such as temples, heritage sites, and cultural villages.
- Proposed institutional arrangements to monitor the condition of natural and cultural assets and to implement the plans for their protection.
- Green space, scenic vistas, and view-points guidelines.
- Recreational use of rivers and lakes.
- Efficient use of water in domestic, commercial, and industrial uses.
- Social Management Guidelines to avoid or minimize potential social conflicts or adverse impacts due to the implementation of the development plan.
- Indigenous Peoples Planning Framework/Guidelines to guide stakeholders implementing the development plan in case that activities potentially affect Indigenous Peoples.

### **6.1.7 Frameworks for Development of Social Safeguards Documents**

52. The following social safeguards frameworks provides guidelines for the agency/entity and their consultant in preparing the safeguards instruments (such as LARAP, or Plan for Action or IPP) later on down the road in the case physical investment recommended by the ITMPs (including DDPs) and Sectoral Plans that will be implemented involve land acquisition and affect IPs.

#### **6.1.7.1 LAND ACQUISITION AND RESETTLEMENT POLICY FRAMEWORK (LARPF)**

53. The purpose of this policy framework is to advise the Executing Agency (RIDA) on the principles, process, procedures, and organizational arrangements that apply to investments requiring land acquisition and/or involuntary resettlement. This LARPF is included in the ESMF to guide the preparation of the action plan required by OP 4.12 and Indonesian procedures for investment acquiring land or other assets and/or causing physical or economic dislocation. The common practice in other World Bank-supported operations in Indonesia is to prepare a Land Acquisition and Resettlement Action Plan (LARAP), which is equivalent to the Resettlement Action Plan (RAP) used in World Bank OP 4.12.

54. This framework applies for the following situation:

- Impacts caused by physical investments

- resulting in involuntary land acquisition, relocation, loss of assets or loss of access to assets, loss of income sources or means of livelihood whether or not the Project Affected Persons (PAPs) must move to another location;
  - resulting in the involuntary restriction of access to legally designated parks and protected areas that would result in adverse impacts on the livelihoods of the PAPs.
- Activities resulting in involuntary land acquisition and resettlement in linked activities,
    - Directly and significantly related to the physical investment;
    - Necessary to achieve the objectives of the physical investment; and
    - Carried out, or planned to be carried out contemporaneously with the physical investment.

55. This framework relies on the World Bank OP 4.12 on Involuntary Resettlement. Specific provisions are included in this framework to address any aspect of the OP 4.12 that are not fully addressed in the Government of Indonesia laws and regulations. Refer to Table 6 on GoI's main laws and regulations.

**Table 8: Laws and Regulations Relevant to the LARPF**

No.	Law/Regulation	General Theme and Goal
1.	Law No. 2/2012	<p>Land Acquisition for Project Activity for Public Interest. This law applies to development initiatives in the context of the national development or development of public facilities. The agencies or institutions that are eligible to acquire land through Law 2/2012 are any state institution, ministry and non-ministry government institution, provincial government, district/city government, and State-Owned Legal Entity/State-Owned Entity which is specially assigned by the Government. The government can also acquire land through establishing cooperation with state owned enterprises, regional government owned enterprises, and private enterprises (public private partnership).</p> <p>Land acquisition must be carried out through planning that involves all stakeholders and must be implemented by providing a feasible and just compensation or indemnification. The acquisition of land in the public interest shall be performed in accordance with:</p> <ul style="list-style-type: none"> <li>a. the Regional Spatial Planning;</li> <li>b. the National/Regional Development Plan;</li> <li>c. the Strategic Plan; and</li> <li>d. the Working Plan of each Agency needing land</li> </ul>
2.	Presidential Regulation No. 71/2012	<p>Land Acquisition and its Amendments. This Decree has been amended four-times. The key changes are highlighted: No. 40 of 2014 (...Land acquisition up to 5 hectare can be directly conducted by agency needing land with land right holders through a business transaction or other way agreed by both parties...); No. 99 of 2014 (...Head of Land Acquisition Implementation issues compensation value resulting from appraiser or public appraiser); No. 30 of 2015 (...Finance for land acquisition can be sourced from a company (<i>Badan Usaha</i>) as Agency needing land which has been given the right to act on behalf of state agency, ministerial, non-ministerial government agency, provincial government, and / or district government / city...; and the most updated one No. 148 of 2015 (...Land acquisition for public interest development purpose up to 5 hectares does not need location determination letter. Agency needing land to use appraiser for land valuation...).</p>
3.	Regulation of the Head of BPN RI No. 5/2012	<p>Technical Guidelines on the Implementation of the Land Acquisition. This regulation is intended to provide legal framework of land acquisition for public use with National Land Agency. The first part of the regulation is arrangement of land acquisition committee that can be delegated from head of Provincial land office to regency/city land office.</p> <p>Head of National Land Agency (BPN) Regulation No. 5 of 2012 has been amended by No. 6 of 2015, which is highlighted a bailout scheme to accelerate infrastructure</p>

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development. The government revised the Regulation of the Ministerial of Agrarian and Spatial Planning (ATR) No. 6 2015 for the Amendment Regulation of the National Land Agency (BPN) Number 5 Year 2012 on Technical Guidelines for the Implementation of Land Acquisition. This revision opens up an opportunity for private entrepreneurs to bailout land acquisition fund for public interest infrastructure projects. The bailout is replaced using state budget funds through the relevant ministries / agencies.

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56. The main identified gaps between the OP 4.12 on Involuntary Resettlement and the Law 2/2012 that are of relevance with the IPF are:

- Assistance to the PAPs who have no land rights such as sharecroppers, renters, squatters are not covered by the Law 2/2012 and its implementing regulations;
- Facilitation for livelihood restorations for the PAPs, although income losses are compensated are not covered by Law 2/2012 and its implementing regulations.

These gaps are addressed by providing assistance for livelihood restoration and access to public housing as specified in para. 70 Table 10.

57. The overall objectives and principles for the implementation of physical investment<sup>6</sup> that involves land acquisition are:

- a. Resettlement should be avoided where feasible, or minimized, exploring all viable alternative physical investment designs;
- b. Where it is not feasible to avoid resettlement, activities of land acquisition and resettlement should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the PAPs to share the physical investment benefits. The PAPs should be meaningfully consulted and should have opportunities to participate in planning and implementing the land acquisition and resettlement programs.
- c. PAPs should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-land acquisition and resettlement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

58. The process of Land Acquisition, based on the Law No. 2 Year 2012 is presented in Figure 1 (preparation stage) and Figure 2 (implementation stage).

59. **Likely category of Project Affected Persons.** The framework anticipates that there would be two general categories of PAPs: (1) persons affected by the acquisition of privately owned land; and (2) persons affected who have lived on the government (state or local government)'s land but do not own the occupied land. These occupants fall into four categories: (a) persons who own and occupy dwellings and other structures built on state or government land without any recognizable legal right or claim to the land they occupy; (b) sharecroppers; (c) squatters; (d) renters of dwellings and other structures built on state or government land without any recognizable legal right or claim to the land they occupy; (e) encroachers, i.e., persons who aggrandize or extend their personal holdings by encroaching adjacent state or government land; (f) squatter landlords, i.e. persons who derive illegal rents from structures built on state or government land, but do not occupy such structures. Identification of the PAPs will be done during the preparation of LARAP through the census survey.

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<sup>6</sup> The IPF will finance the preparation of ITMPs (including DDPs), Sectoral Master Plans, Program Management Services and Additional Studies and Technical assistance to support Results Areas 2,3 and 4, i.e., in SME, skill development and business environment. Therefore, the RPF is applicable as guidance for agency/entity and their consultants in preparing and implementing the LARAP for physical development involving land acquisition/resettlement, which will be implemented down the road based on the recommendation of the ITMPs (and DDPs).

60. One other category of PAPs becomes relevant if a plan or investment involves a protected area. When Bank-supported projects may cause restrictions in access to natural resources in legally designated parks and protected areas, a Process Framework is required. The purpose of the process framework is to establish a process by which members of potentially affected communities participate in design of physical investment components, determination of measures necessary to achieve resettlement policy objectives, and implementation and monitoring of relevant physical investment activities. An example Process Framework is presented in Appendix 10.

61. A LARAP should adopt the following measures to ensure that the PAPs are:

- a. Informed about their options and rights pertaining to resettlement;
- b. Consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; and
- c. Provided prompt and effective compensation at full replacement costs for losses of assets attributable directly to the physical investment.

62. If the impacts include physical relocation, a LARAP should also include measures ensuring that the PAPs are:

- a. Provided assistance (such as moving allowance) during relocation; and
- b. Provided with residential housing, or housing sites, or else, as required and agreed with the PAPs to at least the equivalent of the situation in the old sites.

63. Where necessary to achieve the objectives of land acquisition and resettlement, a LARAP should also include measures to ensure that PAPs are:

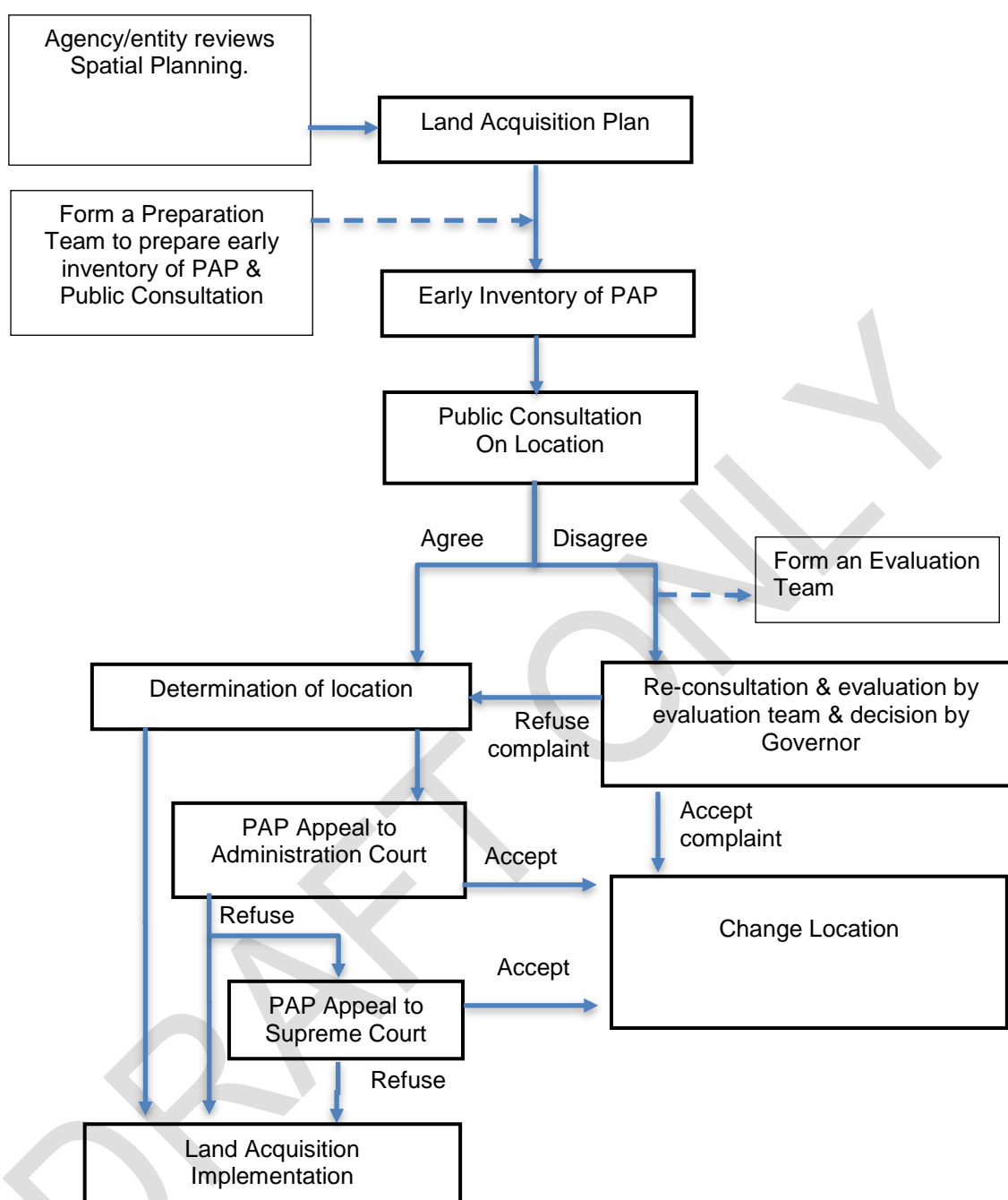
- a. Offered support after displacement for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living; and
- b. Provided with development assistance in addition to compensation measures.

64. At this stage, assessment of the potential PAPs who will be affected in the land acquisition and resettlement will define whether the entity proposing the investment should prepare a draft full LARAP or an Abbreviated LARAP<sup>7</sup>. The content of a full and an abbreviated LARAPs are presented in Appendix 3. The content is more or less equivalent with the combination of activities under the Land Acquisition Plan and the Early Inventory of PAP, and Public Consultation under the law and regulations mentioned in Figure 1.

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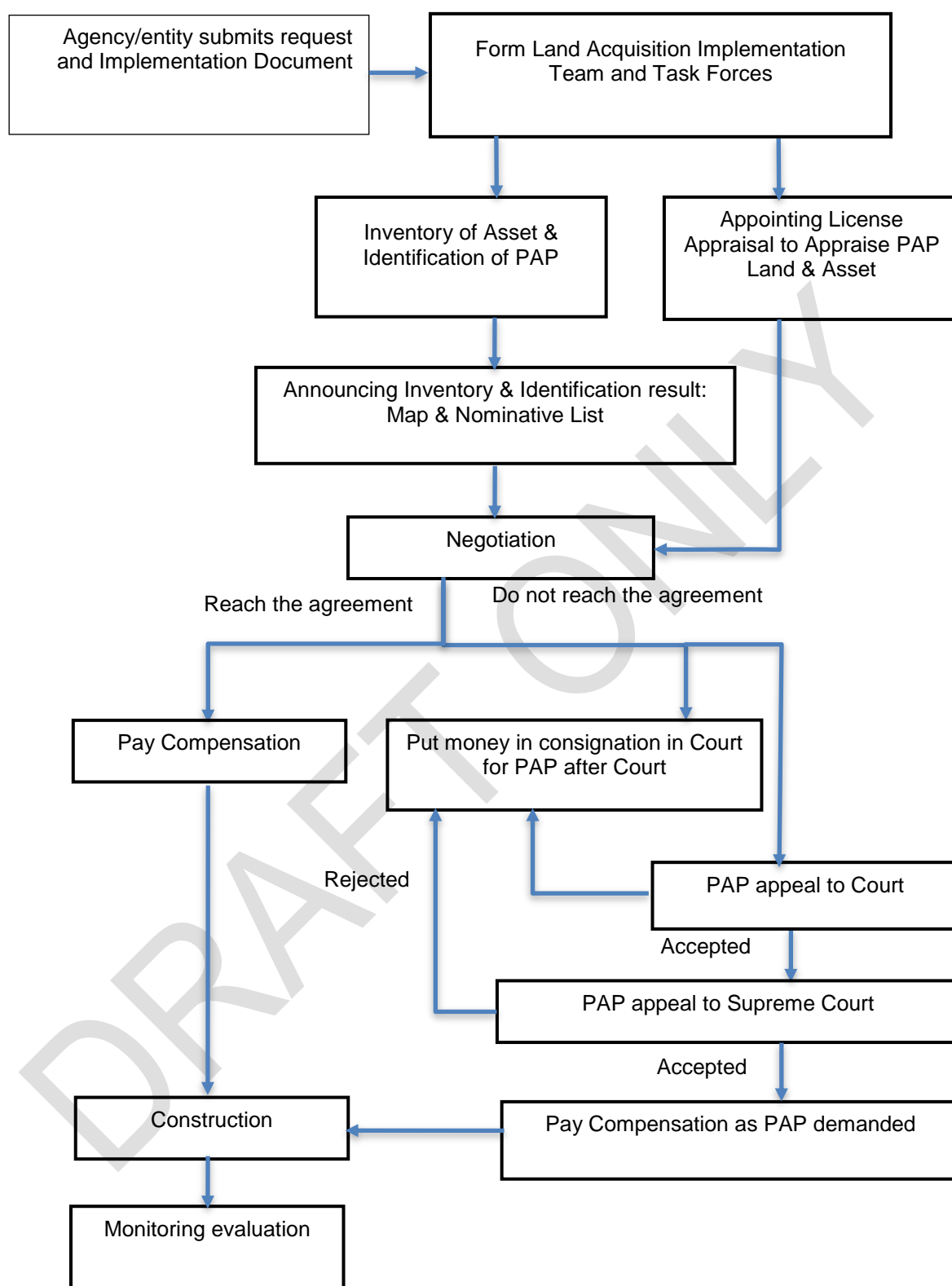
<sup>7</sup> As of OP 4.12, the need for a full LARAP versus an abbreviated LARAP refer to the level of significance of impacts, based primarily on the number of PAPs.

**Figure 1: Process of Land Acquisition in the Investment Preparation Stage<sup>8</sup>**



<sup>8</sup> Summarized from the Law No. 2 Year 2012

**Figure 2: Process of Land Acquisition in the Investment Implementation Stage<sup>9</sup>**



<sup>9</sup>Summarized from the Law No. 2 Year 2012



65. Once an investment is selected, the entity proposing the investment needing land should prepare the draft full LARAP or the draft Abbreviated LARAP, which will be part of the FS preparation and be specified in the TOR of the FS consultants.

66. **Eligibility criteria for defining various categories of PAPs.** PAPs eligible for compensation for the affected assets are identified when the physical investment location is formally defined by the Governor Decree, are those (a) who have land rights ownership; (b) who have land management/use ownership; (c) who have “nadzir” for the donated land of “wakaf”; (d) land owners for land that used to be owned by *adat*; (e) “*masyarakat hukum adat*” (MHA or *Adat* Community); (f) those who occupy or use state land with good intention/faith; (g) those who hold basic control of land; and/or (h) those who own buildings/structures, plants, and other things related to the land.

67. **Methods of valuing the affected assets.** As required by Law No. 2 Year 2012 and its implementation regulations, the values of affected assets will be assessed by licensed appraisers who will be assigned by the provincial BPN (National Land Agency) in accordance with national procurement regulations. The values defined by the licensed appraisers will be used as a basis for negotiation with the PAPs. Types and compensation level will be defined based on the negotiation results between entities proposing the investment/physical investment needing land and the land or property owners. Value assessment will be carried out on per affected land plot basis which includes land, the space above and beneath land, buildings or structures, plants, things that relate to the affected land, and/or other loss that can be valued (e.g. non-physical loss that can be equivalent with monetary value; loss of jobs or income earning sources, cost for moving, cost for change of profession, and value for remaining property). The remaining property that is no longer physically or economically viable/habitable/usable can be compensated if the owners prefer to do so.

68. Land valuation/appraisal by the licensed appraisers will be carried out based on the MAPPI<sup>10</sup> Standards as specified in the MAPPI Guidelines<sup>11</sup>. Compensation is comprised of market price plus transaction costs and other costs plus premium, in more detail as follows:

- a. Physical assets: land, buildings, structures, facilities, and plants, and other things related to the land acquired to restore to the owner a property of at least the same quality as that owned prior to the land acquisition;
- b. Non-physical assets: loss of jobs, loss of businesses, conversion of profession, emotional loss (*solatium*), transaction costs, interests, loss of remaining land, and other physical damage
- c. Premium: calculated from loss of jobs, loss of businesses, conversion of profession

69. Entitlements Matrix for the Project Affected Persons can see in Table 10 below:

**Table 9: Entitlements of Project Affected Persons**

Project Affected Persons	Entitlements	Expected Outcomes
Land/asset owners who lose land and/or other assets (including buildings, structures, utilities, trees, etc.) and loss of income	Compensation for loss of land and other assets attached to the lost land, based on value assessment carried out by licensed appraisers;	Land/asset owners will be fully compensated for the loss of land and asset

<sup>10</sup> Indonesian Society of Appraisers (ISA)

<sup>11</sup> Indonesian Valuation Standard (SPI) 306 which also refers to International Standards

Project Affected Persons	Entitlements	Expected Outcomes
Land/asset owners who lose temporarily or permanently their sources of income or livelihoods	Compensation for loss of sources of income or livelihoods based on value assessment for non-physical carried out by licensed appraisers and facilitation for livelihood restoration	Land acquisition/resettlement will not result in the impoverishment of the affected land/asset owners
Persons who own and occupy dwellings and other structure built on state or government land without any recognizable legal right or claim to the land they occupy	Compensation for loss of dwellings and other structure, for income sources or livelihoods and resettlement assistance, based on the assessment of the licensed appraisers	Compensation received and resettlement assistance provided will enable households to gain access to adequate housing or to a place that can be legally occupied and land acquisition will not result in the impoverishment of the affected persons.
Renters of dwellings and other structures built on state or government land without any recognizable legal right or claim to the land they occupy	The project provides sufficient time (at least 2 months from the cut-off date/at the time of census survey) for the renters to find another place or other assistance agreed by renters and agency/entity	Renters will find place to rent or to live in accordance to their needs
Sharecroppers	Assistance to livelihood restoration	Sharecroppers will be able to continue their income earning
Squatters	Assistance to livelihood restoration and facilitation to access public housing	Squatters will be able to live in a safer place while at the same time earn income
Encroachers, i.e., persons who aggrandize or extend their personal holdings by encroaching adjacent state or government land; or encroachers who entered the project area after the publicly announced cut-off date	Not entitled to any compensation for the affected assets that encroached the state or government land	Do not have incentive to encroach state or government land in the future
Squatter landlords, i.e. persons who derive illegal rents from structures built on state or government land but do not occupy such structures.	Not entitled to any compensation	Do not have incentive to do similar renting scheme in other areas or in the future

70. **Forms of compensation.** Compensation may take several forms: (a) cash; (b) land replacement/swap; (c) resettlement to other site; (d) shares ownership; or (e) other forms of compensation that are agreed both by the PAPs and the agency/entity requiring the land. Preferred compensation forms depend on the preference of the PAPs and compensation may take combination of these depending on the agreements between the PAPs and the agency requiring the land.

71. **Consultations and disclosures.** Consultations and disclosures for acquiring land start from the planning, preparation, and implementation phase. In brief summary, Law No. 2 Year 2012 and its implementing regulations<sup>12</sup> specify that consultations should be carried out in the following activities:

- a. At planning stage: plan of the location of physical investment, purpose of the development, steps and time frame for land acquisition, roles of licensed appraisers in the asset valuation, forms of incentive or compensation that would be provided for

<sup>12</sup> For details please refer to the law and implementing regulations specified in the paragraph 34.

the PAPs, eligible assets or object for compensation (physical and non-physical including premium), compensation for community facilities, and responsibility and rights of the eligible PAPs. Consultations will use public meetings, media, and information in the closest villages. Consultations will adopt a dialogue approach, and can take place more than one time, depending on the need and agreement reached. Agreement will be put in writing. The defined physical investment location requiring land will be disclosed to public in the media, on the websites of the provincial and city government, as well as on the website of the agency requiring the land.

- b. BPN will consult the owners of the asset during the inventory and the identification of the affected assets. Results of the inventory will be disclosed in the village/Kelurahan and Kecamatan offices for 14 days to receive complaints.
- c. Results of asset valuation done by the licensed appraisers will be provided to the PAPs and used as the basis for negotiations.
- d. Draft and final LARAP will be disclosed in the closest village/kelurahan where the physical investment requiring land acquisition is located, on the websites of the local agency and/or in Implementing Agency's website.

72. **Grievance Redress Mechanisms (GRM).** Process, procedures, requirements as well as time for complaints to be solved during the land acquisition process will follow the Law 2 Year 2012 and its implementing regulations (including amendments). In addition, the agency/entity has to use the existing complaint handling system, if any, or establish a new one to receive and respond to complaints. In principle, objection to any aspect of the physical investment and land acquisition will be addressed through consultations to reach an agreement and settlement, and be resolved as much as possible at a physical investment level. Relevant institutions, such as the district/city, sub districts and villages governments will be involved in addressing the complaints. When the grievance cannot be addressed, it will be resolved through litigation procedures as set forth in Law No. 2 Year 2012 and Presidential Regulation No.71 Year 2012. There is no fee charged to the complainant. Grievance acceptance and the follow-up mechanism will ensure cultural and gender sensitivities of the entitled parties. Complaints and their follow-up should be recorded and documented and included in the biannual implementation progress report prepared by the agency/entity and submitted to RIDA, and its Technical Committee Team and the World Bank (Chapter 11).

73. The LARAP should include a clear grievance redress mechanism for the PAPs. It should specify the contact or venue to file complaints that are widely disseminated, service standards to respond to complaints, and documentation.

74. **Organizational arrangements.** Organizational arrangements for the process of acquiring land will follow Law No. 2 Year 2012 and its implementing regulations (including amendments). According to this Law, land acquisition process involves four stages: planning, preparation, implementation, and handover of the acquired land to the agency/entity needing it. The land acquisition process during preparation and implementation stage is presented in Figure 1 and 2, respectively.

75. Once an investment is selected, the agency/entity proposing the physical investment needing land should prepare the draft full LARAP or the draft Abbreviated LARAP. LARAPs will be prepared based on the information provided by the Land Acquisition Plan and Inventory and Identification Report of the BPN. The final LARAP will be signed off by the Mayor/District Head and the agency/entity requiring the land. The land acquisition process should be completed prior to the start of the construction.

76. BPN hires independent licensed appraisers through a procurement process based on Indonesian regulations. The appraisers will calculate the values of the physical and non-physical assets based on the Indonesian Valuation Standards (SPI) 306. Refer to paragraph

68. As mentioned earlier, the compensation level of the affected assets will be used as a basis for negotiation.

77. The agency/entity needing the land will pay the compensation as agreed in the negotiation. BPN will hand over the acquired land to the agency/entity once all compensation is paid and/or compensation is consigned in the court (for those who insist to disagree on the compensation). In practice, prior to consignment, the agency/entity needing the land and BPN adopt persuasive approach to those who do not accept the compensation. Similarly, the court who receives consignment use persuasion approach to the consignees to accept the compensation. By Law, once the handover process is completed, the agency/entity needing land can proceed with construction.

78. The relevant safeguards document for physical investments that do not entail large-scale resettlement is the abbreviated LARAP (see Table 11), whereas those involve large-scale resettlement, the agency/entity need to prepare a full LARAP. The Table is a guidance for agency/entity who will later on implement the physical investment recommended by the ITMPs (including DDPs) and the Sectoral Master Plans. While for the PforR Tourism Development Project, as it will finance only category B physical investment, in the case that such investment involves land acquisition for less than 40 households or less than 10% of productive assets, the agency/entity proposing the physical investment will have to prepare an abbreviated LARAP.

**Table 10. Instruments for the Land Acquisition and Resettlement Action Plan**

<b>Number of Project Affected People (PAP)/Land Owner</b>	<b>Instrument</b>
> 200 people (or > 40 households) or eliminating >10% of their productive asset, if land acquisition has not taken place at all	Full LARAP*)
≤ 200 people (or ≤ 40 households) or eliminating ≤ 10% productive asset, without relocation, if land acquisition has not taken place at all	Abbreviated LARAP**)
In the case that an agency/entity has prepared a Land Acquisition Plan (LAP) or Land Acquisition and Resettlement Action Plan (LARAP) prior to investment/ physical investment appraisal In the case that the agency/entity proposing the physical investment has already acquired land, partially or wholly In the case a /physical investment leads to access restriction to designated parks or protected areas	Review of the LAP or LARAP, should there be any gaps with this LARPF, the agency/entity need to revise/update these document in compliance with the LARPF Tracer Study. If there is a gap between the land acquisition process and this LARPF, a Corrective Action Plan needs to be prepared A Plan for Action in reference to the Process Framework (Annex 2)

Note: The PforR only involve physical investment needing land from less 200 people (or ≤ 40 households) or eliminating ≤ 10% productive asset, without physical displacement.

\*) \*\*) Outlines are presented in Annex 3

79. **Review of LARAP.** A LARAP or any instrument (specified in Table 11), in a form and substance in compliance with the LARPF prepared by the agency/entity proposing the physical investment will be reviewed by RIDA and the World Bank. The LARAP (or other instruments above) should be revised in accordance to this LARPF, in the case there is gaps between it and the LARPF.

80. **Financing arrangements.** Funds should cover compensation, operational, and supporting costs during the planning, preparation, implementation, handover of results, administration and management, and socialization. In principle, the funding will be available from the central government budget (APBN) and/or local government budget (APBD) or combination of these, under the agency who needs the land. Requirements for the operational and supporting budget from APBN is regulated by the Ministry of Finance, whereas that from APBD is regulated by the Ministry of Home Affairs.

81. The relevant elements of the LARAP should be included in the Bidding document for contractors which will be prepared by the agency/entity who will down the road implement the physical investment recommended by the ITMPs including DDPs and Sectoral Master Plans. Estimated costs for LARAP implementation should be included in the physical investment costs by the agency/entity who will implement the physical investment later on down the road.

82. **Monitoring, Evaluation and Reporting.** Implementation of LARAPs by the agency/entity implementing the physical investment will be regularly monitored and reviewed by the RIDA. Status and any pending issues as well as follow-up actions to be taken to address such issues will be included in the RIDA's biannual report. RIDA will focus its monitoring and review on main indicators as specified in the approved LARAPs, which includes among others: (a) consultation process; (b) eligible PAPs; (c) agreed compensation level and forms; (d) payment of compensation and delivery of assistance; (e) implementation of livelihood restoration plan; (f) follow-up on the legal process of the acquired land/remaining land; (g) the effectiveness of complaint handling mechanisms; (h) number, type of complaints and follow up; (i) disclosures of the LARAPs and transparency during the process of land acquisition; etc. RIDA will share with the Bank the bi-annual report and information provided in the report will be used as a reference for Bank's supervision.

83. **Others.** The amendment of Presidential Regulation No. 71 Year 2012 on Land Acquisition (Presidential Regulation No. 40 Year 2014) allows that land acquisition for an area less than 5 ha can be carried out directly by the agency/entity requiring the land based on willing-buyer-willing-seller principle, exchange, or other schemes agreed by the two parties. In this case, the required land should be located in one area, and can be obtained in one fiscal year. The agency/entity requiring the land has to use licensed appraisers to assess the affected assets and other losses. The RIDA will undertake due diligence based on sampling by checking the market values of land and other assets in the surrounding areas of the compensated assets. In addition to this, RIDA can engage in a direct interview with the PAPs to learn whether there were complaints on the negotiation process and agreed compensation.

### **Land legacy issues**

84. The planning area of the ITMPs and DDPs might have some sites with land legacy issues. In this case, the consultant of the ITMPs should carry out rapid assessment to:

- (a) identify the sites (with map) with land legacy issues during the development of baseline information;
- (b) assess the potential risks and opportunities should such sites be included in the ITMPs and DDPs;
- (c) assess options for possible solutions, each with its risks and opportunities;
- (d) historical background, identify legacy issues and status of solutions that have been achieved by the local government and the likely solutions in the future

85. The rapid assessment should be done in close discussions with the relevant local government agencies (could be provincial or district or cities), and carry out site visits and interviews with relevant stakeholders. Report of this rapid assessment will be part of the information for the ITMPs consultant team that should be used as key consideration in analyzing and developing development scenario in the ITMPs and in recommending land development and physical investments in the DDPs.

86. The ITMPs consultant team should share the Rapid Assessment Report and discuss with the RIDA and the Bank to find solution on how to proceed with the ITMPs and DDPs, provided tradeoffs between the risks (including reputational risks) and opportunities.



87. Some possible options which might be feasible to proceed with the ITMPs and DDPs based on the information provided by the Rapid Assessment Report and agreement between the RIDA and the Bank, such as: (a) include the sites with legacy issues in the planning area with clear and agreed measures to mitigate risks as part of the provisions in the ITMPs and DDPs; (b) exclude/screen out the sites with legacy issues from the planning area, with provisional measures to avoid associated risks with the remaining planning area; (c) combination of (a) and (b) for the case that an acceptable solutions through phased-resolutions (issues can be solved one after the other gradually with clear time frame) can be solved based on the Indonesia regulations.

#### 6.1.7.2 INDIGENOUS PEOPLES PLANNING FRAMEWORK (IPPF)

88. In the case that a physical investment recommended by the ITMPs and downstream plans would likely affect IPs, the agency/entity/proponent of the physical investment implementing such investment must prepare an Indigenous Peoples Plan (IPP). In the case that physical investment needs to acquire land belonged to IPs community or individual of the IPs community, the LARPF in Subsection 6.1.7.1 above applies.

89. As in the case of environmental and land acquisition/resettlement impacts, potential adverse impacts and positive effects of the physical investment on IPs, or involvement of IPs as beneficiaries will be identified once the land use development and/or physical investment area of influence are defined.

90. Law and Regulations related to IPs. This framework takes into account issues related to IPs as included in the following Law and Regulations:

- UUD 1945 (Amendment) Chapter 18, clause #2 and Chapter 281 clause #3;
- Law No. 41/1999 on Forestry (plus Constitutional Court Decision No. 35/PUU-X/2012),
- Ministry of Home Affairs (MOHA) Regulation No. 52 Year 2014 on the Guidelines on the Recognition and Protection of MHA;
- Ministerial Regulation of MOHA No. P.62 Year 2013 (adjustment of Ministerial Regulation No. P.44 Year 2012) on the Establishment of Forest Area;
- Joint Regulation of MOHA, Ministry of Forest, Ministry of Public Works and Land Agency No. 79 Year 2014 on Procedures to Settle Land Ownership Conflict in Forest Area;
- Regulation of the Minister of Land Agency and Spatial Development No. 9 Year 2015 on the Procedures to Establish the Land Communal rights on the MHA Land and Community Living in the Special Area;
- Law No. 6 Year 2014 on Villages; and
- Law No. 18 Year 2013 on Prevention and Alleviation of Deforestation (UUP3H).

91. **Objectives.** The main objective of this IPPF is to help ensure that land use development and/or physical investment is designed and implemented in a way that fosters full respect for IPs' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the IPs themselves to enable them to (i) receive culturally appropriate social and economic benefits; (ii) do not suffer adverse impacts as a result of the physical investment; and (iii) can participate actively in the physical investment. This IPPF safeguards the rights of IPs to participate and equitably receive culturally appropriate benefits from the physical investment. An IPP will be prepared if a project affects (positively or adversely) IPs communities.



92. The specific objectives of this framework are to:

- a. Ensure that IPs participate in and benefit from the physical investment as recommended by the ITMPs and downstream plans and implemented by the agencies/entities.;
- b. Avoid or minimize potentially adverse effects of the IPF Project on IPs, and if it is unavoidable, develop and implement mitigation measures based on free, prior, and informed consultation resulting in broad supports from the impacted IPs communities
- c. Maximize the potential positive effects of the IPF Project on the IPs, based on free, prior, and informed consultations with the IPs ensuring that the design and implementation of the physical investment incorporate aspirations and needs of the IPs.

93. There is no universally accepted definition of IPs. In different countries IPs may refer to by such terms as “Indigenous ethnic minorities,” “aboriginals,” “hill tribes,” “minority nationalities,” “scheduled tribes,” or “tribal groups.” In this IPPF, the term “Indigenous Peoples” is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- a. Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- b. Collective attachment to geographically distinct habitats or ancestral territories in the physical investment area and to the natural resources in these habitats and territories;
- c. Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; an indigenous language, often different from the official language of the country or region.

94. The term “Indigenous Peoples” is often associated with “*Masyarakat Hukum Adat*” (or *MHA*—Customary Law Communities) which is common terminology used in Indonesian laws and regulations to describe groups of people with similar characteristics as those IPs specified above. Ascertaining whether a particular group is considered as Indigenous Peoples, for the purpose of this IPPF, may require professional judgement.

### **Screening and Assessment of Potential Impacts on IPs**

95. Procedures and institutional arrangements. IPs communities are not prevalent in all the physical investment sites—they are likely to be found in particular village(s) of kabupaten/districts in particular provinces. Social and cultural experts assigned to the IPP team will screen for IPs presence based on the World Bank IPs Screening Study 2010. Further screening will be done based on the criteria of IPs specified in the IPPF in this ESMF, and criteria of MHA summarized from the relevant Indonesian regulations and local values. The following steps will be taken to ensure that, where IPs communities are present and affected by the physical investment, the investment caters to their specific needs.

- a. Once the area for an investment is defined, screening activities for the presence of IPs will be conducted to verify and confirm the presence of the IPs in reference to the above characteristics in doing so, the assigned social development specialist will consult experts, local universities, or NGOs who have good knowledge or have worked on IPs in the area and use available references, e.g. World Bank IPs Screening Study 2010 and other sources. Further, the assigned social development specialist will consult the communities concerned and neighboring communities to confirm that there are IPs present.

- b. In the case that the presence of IPs is confirmed and they will be part of or affected by the physical investment, the assigned social development specialist will carry out a social assessment (SA), based on free, prior, and informed consultations (FPIC—refer to Annex 6 on the details) with the affected IPs communities that will lead to broad support of the IP community. The format and contents of the SA is provided in this IPPF. Potential adverse and positive effects of the physical investment will be identified during the SA preparation.
  - c. IPP will be prepared based on this IPPF in the case that the physical investment affects (positively and/or adversely) IPs. In the case that IPs constitute the beneficiaries of the physical investment, the design and implementation of the physical investment(s) will accommodate the aspirations and needs of the IPs. In this case, the principles of FPICs and participation will apply. The format and content of IPP is provided in this IPPF.
  - d. For the areas where IPs communities are identified, the RIDA will assign a social development specialist who has experienced in working with or on IPs. The specialist will assist RIDA to organize training, if needed, for relevant consultants preparing planning documents in how to work with IPs communities in a meaningful way to identify mechanisms for effective participation through free, prior, and informed consultations, and to address specific challenges in working with such groups on, for example, how to deal with groups that may be in conflict with the larger community, etc.
  - e. Since consultants will be hired locally to the extent possible, they are expected to be familiar with such groups. Preference will be made to recruitment of local people with skills and qualifications fit to the physical investment.
  - f. Where IPs communities are identified, efforts will be made to ensure that at least one Community Cadre is from the group and able to communicate easily with the group.
  - g. Where the IP community speaks a language different from Bahasa Indonesia, facilitation and socialization will be held in a language that these communities can easily understand. Relevant brochures and documents will be translated in the appropriate language. Provision will be made in the physical investment budget to allow for additional translations of relevant documents.
  - h. The above aims at ensuring that IPs communities participate fully in the physical investment with free, prior, and informed consultations, are aware of their rights and responsibilities, and are able to voice their needs during the social assessment and in the formulation of the IPP. The World Bank's Social Development Specialist can be consulted to ensure that the above steps are implemented and well documented during physical investment implementation.
96. The agency/entity with the assistance of the Social Development Specialist will assesses whether the physical investment will affect the identified IP communities. A Social Assessment needs to be prepared by mapping the characteristics of IPs communities and by assessing potential impacts and aspirations and needs of the IPs communities. The Social Development Specialist will be responsible for preparing an IPP in case that the proposed physical investment affects IPs communities. In the case that IPs communities are the sole or major beneficiaries of the proposed physical investment, an IPP is not needed; instead, all aspirations and needs of the IPs communities are part of the physical investment design.

### ***Preparing Social Assessment and Indigenous Peoples Plan (IPP)***

97. The Social Development Specialist will conduct a screening of the impacts (both positive and adverse) that may be caused by a physical investment to determine what measures should to be taken and management instruments should be prepared. For a

physical investment that affects IPs (whether adversely or positively), an IPP will be prepared in compliance with the IPPF. The scope and content of the IPP will be proportional to the physical investments and their impacts. The IPP is prepared with the participation of affected communities through a social assessment and free, prior, and informed consultation process, and demonstrates broad support to the physical investment and the IPP (guidance of preparing a Social Assessment and IPP is provided in Appendix 7 and 8, respectively). If all of the beneficiaries of a physical investment are IPs, an IPP is not necessary. In this case, elements of an IPP will be incorporated into the design of the physical investment.

### **Consultations and Social Assessment for the ITMPs and Sectoral Plans/Studies**

98. The RIDA, with the assistance of the ITMP consultant teams, will carry out public consultations on the TOR for ITMPs and Drafts ITMPs as well as Sectoral Plans at the central level, and in three destinations (Toba, Borobudur-Yogyakarta-Prambanan, and Lombok, as well as other destinations later on if the preparation of ITMPs are expanded to other destinations). A network of *Masyarakat Adat* such as AMAN (*Aliansi Masyarakat Adat Nusantara* or Indigenous Peoples Alliance of the Archipelago), local universities, representatives of the IP communities, as well as identified NGOs interested in and who have experienced in working with IPs will be invited to the public consultations, except in Borobudur destination where there is no IPs identified presence in this destination. Prior to consultations, the draft TOR for ITMPs and draft ITMPs both the English and Bahasa versions will be shared with the invitees (through websites or hard copies), including those four group of stakeholders. Follow-up consultations exclusively with a smaller group of those four stakeholders or with the IP communities (Focus Group Discussion-FGD) would be carried out once the necessity to do so is decided during the earlier public consultations. The ITMP consultant team will facilitate the public consultations and the FGD consultations. If necessary, the RIDA will hire a local facilitator who is familiar with the IPs and related issues to facilitate the group consultations.

99. As needed, in addition to above consultations with the potentially affected IPs will also be carried out by the ITMPs consultant team during the preparation of the draft ITMPs (including DDPs), particularly during the development of baseline, identifying and assessing potential impacts of three development scenario, in developing proposed land use development/physical investments and their potential impacts, and in developing schemes if the proposed development plan involves commercial development of the cultural resources and knowledge on IPs or restriction to the use of natural resources. These consultations should be carried out through a free, prior, informed consultations that lead to broad community supports on the development scenario and that lead to agreement to use of IPs' resources prior to the proposed development is recommended in the ITMPs. Consultations will be done in a less formal way through focus-group discussions, inclusive (gender, inter-generational, the vulnerable), and with two-way dialogues between the ITMPs consultant team and the affected IP communities. If necessary, the consultant team may use local facilitator who can speak local language and understand the IPs cultural practice to facilitate the consultations.

100. The consultant team of ITMPs will document all consultations and all relevant inputs, suggestions and concerns as well as agreements of the consulted IPs and they should be part of the provisions/considerations in developing the three development scenarios, the DDPs and use of the cultural and natural assets of the IPs in the tourism development as identified in the ITMPs (including DDPs). The ITMPs consultant will analyze the relative vulnerability of, and risks to the affected IP communities given their distinct circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to other social groups in the communities or tourist destination in which they live. Documentations of the results of the consultations with IPs will be attached in the ITMPs.

101. *Consultation of the TOR for ITMPs.* During consultations of the TOR for ITMPs, RIDA will explain to the participants on the objectives, scope, methodology, process and expected outputs of the ITMPs (including DDPs). In addition to other issues, RIDA will specify the plan that IPs will be consulted and taken into account in the development process of ITMPs and in defining the selected scenario plan as well as in determining the recommended land use/physical investment plans. There will be at least three activities which need meaningful consultations with IPs: developing baseline data/information on the IPs presence/characteristics, identification of potential environmental and social impacts on IPs in the three development scenario in the ITMPs and land use/physical investment plans in DDPs, and consultation plan during the preparation of the ITMPs. In this consultation, RIDA will invite participants to provide information or suggestion on the focus area or IPs to work with and sensitive issues that need to be given special attention to during the preparation of ITMPs.

102. *Consultation of the Draft ITMPs.* During the public consultations and FGD consultations (as needed) on the draft ITMPs, RIDA/ITMPs consultant team will explain the extent to which the draft ITMPs (including DDPs) have incorporated IPs issues, suggestions and concerns collected during the TOR for ITMPs consultations and during the process of ITMPs preparations. RIDA/ITMPs consultant team will verify and confirm with the stakeholders/participants that the proposed three development scenarios as well as the selected one, land use development/physical investments and alternative mitigation measures to address the potential environmental and social impacts have taken into account the suggestions, concerns and broad support of the IP communities that had been obtained during the previous consultations.

103. In summary, to ensure that the ITMPs (and DDPs) and Sectoral Plans and support to designing investment carefully consider the sensitivities of cultural tourism and unintended consequences, the following are the key measures that the RIDA (with the assistance of the Project Management Consultant Team) and ITMPs consultants, as far as IPs are concerned, need to take into account:

- Meaningful, participatory, inclusive and culturally appropriate consultations with the identified potentially affected IP communities during the preparation of the plans, with free, prior, informed consultations that lead to broad community supports on such plans;
- Involve local facilitators, NGOs and/or universities who have experienced in working with the IP communities, can speak the local language and understand the cultural practices of the IP communities;
- Provide the IP communities with as detail as possible available information on the process and expected outputs (land use development and physical investment, as well as use of the IPs cultural assets, values and knowledge on IPs) of the plans and the likely positive and adverse impacts on them as early as possible prior to consultations;
- Seek broad support from the IP communities through iterative participatory decision making process, and reconfirm their supports or agreements during the process of the development of the plans;
- Document the free, prior, informed consultations processes, results and agreements (or disagreements) and record this in the Social Assessment and in the IPP;
- Disclose locally the Social Assessment and IPP to allow all members of the IP communities aware of the process and results that they have been engaged with;

- Use tools (such as brochure in local language with pictures) that are easily understood by the IP communities for consultations.

### ***Social Assessment for the to-be implemented Physical Investment***

104. The presence of IPs communities in the physical investment sites requires the agency/entity to conduct a Social Assessment to evaluate the physical investment's potential positive and adverse effects on the IPs, and to examine physical investment alternatives where adverse effects may be significant. A Social Assessment commences with a review of the legal and institutional framework that defines IPs' involvement within the physical investment context. The assessment shall generate the necessary baseline information on the demographic, social, cultural, and political characteristics of the affected IP communities as well as the land and territories that they have traditionally owned or customarily used or occupied and the natural resources on which they depend. The social assessment shall utilize Participatory Rural Appraisal tools such as participatory mapping, historical trends, oral testimonies, etc. along with free, prior, informed consultations for stakeholder identification and analysis to craft culturally appropriate and gender-sensitive processes for meaningful consultation with IP communities at each stage of physical investment preparation and implementation. Methods for data collection shall observe culturally appropriate norms.

105. Potential adverse and positive effects of the physical investment shall be identified through the free, prior, informed consultation with the affected IP communities. In assessing these impacts, the IPs will be engaged in a Participatory Mapping activity in a free, prior, informed consultation to identify the physical investment location and potential impacts. The results of the activity will be presented in a plenary where participants can openly express his/her opinions on the pros and cons of the subject matter and generate consensus on possible mitigating measures that must be adopted by the physical investment. Gender-sensitive analysis of IPs' vulnerability and risks brought about by the physical investment in comparison to other groups (IPs and non-IPs) will be made a key focus of the assessment. This entails the involvement of wives, unmarried women, and children in identifying potential risks and benefits associated with the physical investment. In some IP communities, this sector is often marginalized and their roles are limited to household chores. In effect, the assessment shall in the end identify and recommend the necessary measures to avoid adverse effects and enhancement or maximization of positive impacts. If avoidance is not possible, mitigation activities or alternatives will have to be mutually developed with IP communities through meaningful free, prior, informed consultation, to ensure that the IPs receive culturally appropriate benefits under the physical investment. A suggested outline for a Social Assessment is presented in Annex 8.

106. When avoidance is not feasible, the agency/entity will minimize, mitigate, or compensate for these impacts in a culturally appropriate manner and based on the Social Assessment prepare an IPP. The agency/entity's proposed action will be developed with the free, prior, informed consultations with the affected IPs and contained in a time-bound plan IPP, or a broader community development plan.

### ***Information disclosure, consultation, and informed participation***

107. The agency/entity proposing the physical investment will establish an ongoing relationship with the affected IP communities as early as possible in the physical investment planning and throughout the life of the physical investment. In physical investments where IPs are presence and affected, the consultation process will ensure their free, prior, and informed consultations (FPIC) to obtain broad community support for the proposed physical investment and facilitate their informed participation on matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The process of community engagement will be culturally appropriate



and commensurate with the risks and potential impacts to the IPs. In particular, the process will include the following steps:

- Involve IPs' representative bodies (for example, councils of elders or village councils, among others)
- Be inclusive of both women and men and of various age groups in a culturally appropriate manner
- Provide sufficient time for Indigenous Peoples' collective decision-making processes
- Facilitate the Indigenous Peoples' expression of their views, concerns, and proposals in the language of their choice, without external manipulation, interference, or coercion, and without intimidation

Ensure that the grievance redress mechanism established for the physical investment, is culturally appropriate and accessible for IPs.

The RIDA will ensure that the agency/entity makes the IPP available to the affected IP communities in an appropriate form, manner, and language prior to physical investment appraisal.

108. Grievance Redress Mechanism (GRM). The RIDA will have a complaint handling system that allows the public and IPs communities to file complaints, raise issues, and/or convey their aspirations regarding the physical investment (more detail in Chapter 10). The RIDA will also require the agency/entity implementing the physical investment to open a channel for complaint handling that can be easily accessed by the affected IPs (and the public in general). It can utilize the current complaint handling system if it is functioned well, or improve it to function well. The agency/entity may also seek assistance from a local NGO or university trusted by the IPs community to receive and verify complaints. Any complaints should be responded quickly or in a defined time period. A direct response on site, to the extent possible, is encouraged. All complaints and the responses need to be documented by the agency/entity: date of complaint, type of complaint, name/address/number of complainants, venue/channel of complaints (direct, letter, website, short text message, telephone, etc.), verification date and results, date of responses, type of responses, unit who give the responses, unresolved complaint and reason. If the complaint involved the IPs community at large, the options for resolution should be discussed with them through participatory meaningful dialogues.

109. Disclosures. The draft IPP including the Social Assessment will be disclosed by the agency/entity in respective physical investment sites where IPs are affected prior to consultations, and if necessary, the document will be prepared in the language of the IPs. In addition, it will be disclosed in the agency/entity's website. The IPP will be also disclosed in the RIDA's website. The revised/final IPP will be disclosed in the same venues as that of the draft IPP.

### **Development benefits**

110. The agency/entity will seek to identify, through the process of free, prior, and informed consultation with the affected communities of IPs, opportunities for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of physical investment impacts, with the aim of improving their standard of living and livelihoods in a culturally appropriate manner, and to fostering the long-term sustainability of the natural resource on which they depend.

### **Special requirements**



111. Because IP communities may be particularly vulnerable to the physical investment circumstances described below, the following requirements will also apply in the circumstances indicated, in addition to the general requirements above. When any of these Special Requirements apply, the agency/entity will retain qualified and experienced external experts to assist it in conducting the Social Assessment.

### ***Impacts on traditional or customary lands under use***

112. The IPs are often closely tied to their traditional or customary lands and natural resources on these lands. While these lands may not be under legal ownership pursuant to national law, use of these lands, including seasonal or cyclical use, by communities of Indigenous Peoples for their livelihoods, or for cultural, ceremonial, or spiritual purposes that define their identity and community, should be documented. The agency/entity will follow the process described in the paragraph below and under the section of Social Assessments above when traditional or customary lands are under use.

113. If the agency/entity proposes to locate the physical investment on, or commercially develop natural resources located within, traditional or customary lands under use, and develop cultural resources and knowledge of IPs, and adverse impacts can be expected on the livelihoods, or cultural, ceremonial, or spiritual uses that define the identity and community of the IPs, the agency/entity will respect their use by taking the following steps:

- The agency/entity will document its efforts to avoid or at least minimize the size of land proposed for the physical investment
- The IPs land use will be documented by experts in collaboration with the affected communities of IPs without prejudicing any IPs land claim
- The affected communities of IPs will be informed of their rights with respect to these lands under national laws, including any national law recognizing customary rights or use
- The agency/entity will offer affected communities of IPs compensation and undertake due process available to those with full legal title to land in the case of commercial development of their land under national laws, together with culturally appropriate development opportunities; land-based compensation or compensation-in-kind will be offered in lieu of cash compensation where feasible
- The proponent of the physical investment will carry out free, prior, informed consultations with the affected communities of IPs, and document their informed participation and the outcomes of the consultations that reflect broad support from the IP communities on the proposed physical investment.
- Any physical investment involving commercial development of the cultural resources and knowledge of IPs is conditional upon their prior *agreement* to such development.

### ***Relocation of Indigenous Peoples from traditional or customary land***

114. The agency/entity proposing physical investment will consider feasible alternative physical investment designs to avoid the relocation of IPs from their communally held traditional or customary lands under use. If such relocation is unavoidable, the agency/entity will not proceed with the physical investment unless it enters into a good faith negotiation with the affected communities of IPs, and documents their informed participation and the successful outcome of the negotiation. The relocation will not be carried out without obtaining broad support from the affected IPs community as part of the FPIC process. A LARAP will be prepared in accordance with the requirements specified in the LARPF, and will be compatible with the IPs' cultural preferences. Where feasible, the agency/entity

should provide land-based resettlement strategies for the relocated IPs. Relocated IPs should be able to return to their traditional or customary lands, should the reason for their relocation cease to exist. Physical investment requiring relocation of IPs from their communally held traditional or customary lands under use or have other significant adverse impacts on IPs is likely to be a Category A project and therefore is not eligible under PforR.

### ***Cultural resources***

115. Where a physical investment proposes to use the cultural resources, knowledge, innovations, or practices of IPs for commercial purposes, the agency/entity will inform the IPs of: (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The agency/entity will not proceed with such commercialization unless it: (i) enters into a good faith negotiation with the affected communities of IPs; (ii) documents their informed participation and the successful outcome of the negotiation; and (iii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

### ***Review, approval and implementation of IPP***

116. Based on the screening carried out by the RIDA (with the assistance of the consultant) on the potential presence of the IP communities in, or who have collective attachment to, the physical investment site and area of influence, the agency/entity will be notified of the need to prepare an IPP. The preparation of the IPP will refer to this IPPF.

117. The RIDA will review the draft IPP and provide inputs, if any for revision. The RIDA will submit to the World Bank the revised draft IPP for review and approval prior to physical investment appraisal for financing.

118. The agency/entity and their consultant should include the elements of IPP in implementation of the physical investment. Cost incurred by the implementation of the IPP will be part of the physical investment cost.

119. The RIDA will monitor the implementation progress of the approved IPP and prepare a biannual report, which explains the progress of the implementation of the approved IPP, and evaluate whether the intended activities have reached the objectives with clear performance indicators and timeframe as specified in the IPP. The biannual report shall include the records on the complaints received and followed-up, and remaining unsolved issues. This biannual report will also report the implementation of the activities that need to be done by the contractors during the construction period. The biannual report will be shared with the Technical Team and the World Bank.

### ***Monitoring and Evaluation***

120. RIDA will monitor and evaluate the agency/entity who will implement physical investment in preparing and implementing the IPP (including Social Assessment) ensuring that the IPPF in this ESMF is consistently followed. At the same time, RIDA will provide advice to the agency/entity in preparing and implementing the IPP. Monitoring and evaluation will focus on to what extent the agency/entity has engaged in a FPIC that lead to community broad supports and agreements, social assessment, livelihoods, and sustainability of the IPs' cultural and values as well as disclosure and GRM system functioning. In the case that IPs' cultural property and natural resources are commercially used for tourism development, monitoring and evaluation will also focus in the process and results of agreements between the agency/entity and the IPs community, and whether the IPs community gets a fair compensation and/or benefit from such commercial use. The agency/entity would want to

ask for assistance from the local IPs organization such as AMAN and local universities or experts to prepare and implement the IPP.

121. RIDA will require the agency/entity prepare and implement a corrective action plan in the case that based on the evaluation, it did not meet the requirements and agreements specified in the IPP. The corrective action plan will have to be developed through FPIC with broad support and agreement from the affected IPs community.

## 7.0 ORGANIZATIONAL ARRANGEMENTS AND INSTITUTIONAL ASSESSMENT AND CAPACITY-BUILDING FOR IMPLEMENTATION OF THE ESMF

### 7.1 INSTITUTIONAL CAPACITY REQUIREMENT

122. RIDA as the Executing Agency has the responsibility for implementation of the ESMF. RIDA is a well-established government agency with a growing, substantial workforce from different areas of expertise. Among the areas of expertise are Architecture, Engineering, Regional and Urban Planning, Environmental Engineering, Anthropology, Law and Economics. RIDA requires access to additional experts from other fields. RIDA's core team will therefore develop a Technical Expert Team consisting of professional specialists stipulated through Decree (SK), especially related to environmental and social aspects. The Team will include:

1. Landscape Architecture Expert
2. Tourism Expert
3. Regional and City Economics Expert
4. Environmental Engineering Expert
5. Geology Technician
6. Land Acquisition and Resettlement Expert
7. Social and Cultural Expert
8. Social Development Specialist

*The social development specialist should have an educational background in anthropology, sociology, planning or similar educational background. The TOR and qualifications for this specialist will be part of the advisory/Management Consultant Team. Preferably, the specialist should also be familiar with the World Bank policies and have experience with them in social studies in Indonesia.*

9. Institutional Expert
10. GIS (Land)/Mapping Expert
11. Revitalization and Conservation Experts (Heritage)
12. Cultural Heritage Conservator
13. Health, Safety, and Environment Expert

*The specialist should be familiar with the Indonesian environmental, health, and safety regulations, especially related to UKL-UPL (OR AMDAL). It would be ideal if the specialist has the AMDAL Team Leader certificate from the Ministry of Environment and Forestry and has considerable experience in conducting AMDALs for infrastructure projects.*

123. The specialists in the Technical Expert Team are tasked with:

1. Providing assistance to the RIDA Team in the coordination and synergy of program implementation related to the Tourism Development Program;
2. Assisting the RIDA Team in conducting activities and compiling documents related to the activities component of the Tourism Development Program;

3. Preparing and submitting reports on the implementation of their duties to the Head of RIDA through coordination with the RIDA Team.

124. Other capacity building that is needed before the pre-construction and construction stage is at the regional government level. It is important that both the MPWH as well as the Regional Working Unit (SKPD), Development Planning Agency at Subnational Level (Bappeda) and the national consultant for the preparation of the master plans receive training related to the preparation and implementation of environmental and social safeguard policies, both with World Bank standards and regulations in Indonesia. Implementation of such training can be identified together with the World Bank and RIDA and any gaps in the standards can be addressed through training programs conducted by the Program Management Consultant or other trainers.

125. The capacities and capacity-building needs of other national agencies involved in the PforR Program and provincial and local government agencies that will be responsible for activities supported by the Program are described in the ESSA. Since they are not the agencies responsible for ESMF implementation, the information about them in the ESSA is not repeated in the ESMF.

## 7.2 CAPACITY BUILDING PROGRAM

126. The IPF component will also fund the PforR Program Management support for RIDA, including the Indonesia Tourism Development Program planning, budgeting, quality control, monitoring, monitoring, reporting and coordination to ensure that the program is in line with the program objectives and in accordance with the loan agreement. The duties for the Program Management team include:

- a. Providing overall Program management assistance;
- b. Coordinating Program activities;
- c. Creating synergies among all stakeholders;
- d. Ensuring accountability in the management, monitoring and financial reporting of the program;
- e. Assisting in the preparation of the program's consolidated annual spending proposal;
- f. Building a Transparent Information Management System for Tourism Development;
- g. Ensuring the consistent application of the Environmental and Social Management Framework (ESMF);
- h. Ensuring the active participation of local communities;
- i. Encouraging appropriate spatial planning practices in accordance with the Integrated Tourism Master Plan;
- j. Capacity building at the tourism destination level for monitoring and conservation of natural and cultural assets essential to tourism;
- k. Ensuring proper handling and resolution of complaints;
- l. Ensuring adequate capacity of all Program stakeholders;
- m. Ensuring timely delivery of reports and ensuring the presentation of relevant documents.

127. Capacity building for other key ministries is also essential to ensure that the existing human resources are ready to work in accordance with the task description that has been set in accordance with their respective fields. The required training involving "key ministries" is as follows, but is not limited to and will prioritize tourism destination areas:

**Table 11. Ministry of Public Works and Housing Capacity Building Training Activities**

Item	Training program	Target Audience	Scope of Training	Prioritize Tourism Destination Areas
1	Process and procedure for the implementation of ESMF	<ul style="list-style-type: none"> <li>- MPHWW</li> <li>- Regional Working Unit (SKPD)</li> <li>- ITMP Consultant</li> </ul>	<ul style="list-style-type: none"> <li>- Provide explanations regarding IPF-financed programs</li> <li>- Environmental and social implications of IPF activities</li> <li>- Purpose and objective of ESMF</li> <li>- Scope of study area of ESMF</li> <li>- Implementation of ESMF</li> <li>- Principles/rules/procedures (screening), assessment, management, and monitoring of mitigation measures from potential environmental and social impacts of unknown investments at the time of appraisal of the program/project</li> <li>- Measures and plans to mitigate, mitigate and/or offset negative impacts and enhance positive impacts, provision for estimating costs and allocating funds to finance such measures and plans, and containing information on the institutions and responsible parties to deal with Environmental and social impacts of activities</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
2	Implementation of supervision and compilation of Integrated Tourism Master Plan and document of planning / research at downstream level	<ul style="list-style-type: none"> <li>- MPHWW</li> <li>- SKPD</li> <li>- ITMP Consultant</li> </ul>	<ul style="list-style-type: none"> <li>- Purpose and Objectives, Scope of Activities, Preparation Techniques, Procedures and Preparation System Documents related to environmental and social aspects such as: KLHS, UKL-UPL, LARAP</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
3	Improvement of Environmental Management Capacity	<ul style="list-style-type: none"> <li>- MPHWW</li> <li>- Local Government</li> <li>- Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>- Handling of waste in sustainable way</li> <li>- Drainage, sanitation, solid waste management and sustainable wastewater treatment</li> <li>- Introduce 3R (reduce - reuse - recycle) program</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
4	Green Building	<ul style="list-style-type: none"> <li>- MPHWW</li> <li>- ITMP</li> </ul>	<ul style="list-style-type: none"> <li>- Benefit of green building</li> <li>- Green building principles</li> </ul>	Lombok, Borobudur-

		<ul style="list-style-type: none"> <li>- Consultant</li> <li>- Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>(sustainability and social justice)</li> <li>- Use of environmentally friendly materials</li> <li>- Green building technology</li> <li>- Low environmental impact</li> </ul>	Yogyakarta-Prambanan, Lake Toba
5	Providing incentives and disincentives for tourism activities	<ul style="list-style-type: none"> <li>- MPHW</li> <li>- Agrarian and Spatial Planning Ministry</li> <li>- SKPD</li> <li>- Private Sectors</li> <li>- Local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Procedures for granting incentives and disincentives in zoning regulations related to tourism activities</li> <li>- Incentives and disincentives</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba

**Table 12. Tourism Ministry Capacity Building Training Activities**

Item	Training program	Target	Scope of training	Prioritize Tourism Destination Areas
1	Visitors Management in Tourism Destination Program	<ul style="list-style-type: none"> <li>- Tourism Ministry</li> <li>- SKPD</li> <li>- Local communities</li> <li>- NGOs</li> </ul>	<ul style="list-style-type: none"> <li>- Potential and challenges</li> <li>- Theory and Concept of Development (Environment and social challenges)</li> <li>- Indicator and standard based visitor management framework</li> <li>- Strategies and Implementation Technique</li> </ul>	Borobudur-Yogyakarta-Prambanan
2.	Business sector development (PPP)	<ul style="list-style-type: none"> <li>- Tourism Ministry</li> <li>- Private Sectors</li> <li>- NGO</li> <li>- Local Community</li> <li>- SMEs Ministry</li> <li>- BKPM</li> <li>- Indonesia Investment Coordination Board</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of environmental and social aspects of review in the PPP scheme</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
3.	Sustainable Homestay Development (Eco-Homestay)	<ul style="list-style-type: none"> <li>- Tourism Ministry</li> <li>- SKPD</li> <li>- Local Communities</li> <li>- NGOs</li> </ul>	<ul style="list-style-type: none"> <li>- Benefit (community empowerment)</li> <li>- Best Case Study</li> <li>- Requirements and components</li> <li>- Implementation and management program</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
4.	Mass tourism and eco-tourism	<ul style="list-style-type: none"> <li>- Tourism Ministry</li> <li>- SKPD</li> <li>- Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>- Understanding mass tourism and eco-tourism</li> <li>- Components of</li> </ul>	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba



		- NGOs	mass tourism development and eco-tourism - Steps and needs of mass tourism / eco-tourism development - Case studies	
5.	Information - Education - Tourism Promotion	- Tourism Ministry - SKPD - Private Sector - Local communities - NGOs	- Procedures for information development, education, and tourism promotion - Development of heritage trails - Mapping procedures (tourism support facilities, supporting infrastructure, etc.)	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba
6.	Community Empowerment	- Tourism Ministry - Coordinating Ministry for Human Development and Cultural Affairs - Ministry of Cooperatives and Small-Scale Enterprises (UKM) - SKPD - Local Communities - NGOs	- Local Leadership - Local economic activities to be strengthen Tourism/Heritage Trail - Utilization of infrastructure and tourism facilities - Operational Management - Application of technology (ICT, System Management, related Information Tourism etc.) - Procedures for the management of natural resources and the environment - Case study - Improvement on foreign languages (English, Japanese, etc.)	Lombok, Borobudur-Yogyakarta-Prambanan, Lake Toba

**Table 13. Ministry of Environment and Forestry (MOEF) Capacity Building Training Activities**

Item	Training program	Target	Scope of Training
1	Managing water quality of Lake Toba and development of sustainable watershed management of Lake Toba	- MOEF - SKPD - ITMP Consultant - Local communities	- Theoretical concepts and case studies of planning a wastewater treatment facility - Rehabilitation of critical deforestation areas through tree planting - Introduction to eco-farming and sustainable farming method - Managing waste water and providing adequate clean water solutions

			- Implementing measures to improve water quality or sanitation awareness program on personal hygiene to local communities
2	Strengthening local identity (indigenous people, flora and fauna) programs	<ul style="list-style-type: none"> <li>- MOEF</li> <li>- SKPD</li> <li>- ITMP Consultants</li> <li>- Local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Techniques for identifying indigenous people, indigenous villages, local economic activities, flora and fauna (mapping)</li> <li>- Development of superior commodity centers (agriculture and plantation)</li> <li>- Development of local ecosystem potential (coral reef, mangrove area, freshwater fish culture etc.)</li> </ul>

## 8.0 BUDGET FOR IMPLEMENTING THE ESMF

128. The ESMF is structured to screen, identify, avoid, mitigate, and eliminate the potential risks of environmental and social impacts that may arise from work financed under the IPF component. The IPF component is estimated at US\$20 million (indicative budget allocations below) and for the initial costs towards the technical assistance component activities a Project Preparation Grant of \$2 million has been made available.<sup>13</sup> The table below includes the budget for the IPF component. The activities and capacities needed to address the safeguards aspects of the Project as described in the ESMF, including the capability building and staffing for safeguards are incorporated into the activities and TORs of the activities financed under the IPF themselves and therefore there is no need for a separate ESMF implementation budget.

**Table 14. ESMF Implementation Budget**

No.	Name of Package	Estimated Cost (USD)
1	Integrated Tourism Master Plan – Lake Toba	1,300,000
2	Integrated Tourism Master Plan – Lombok	1,300,000
3	Integrated Tourism Master Plan – Borobudur	1,300,000
4	Critical Management Consultancy (5 years)	8,400,000
5	<i>Selected sectoral master plans</i>	8,000,000
7	<i>Studies and capacity building related to: skills and firm development and business environment</i>	1,700,000
<b>Total</b>		<b>22,000,000</b>

## 9.0 MONITORING AND EVALUATION ARRANGEMENTS OF THE IMPLEMENTATION OF ESMF

129. Monitoring and evaluation is conducted periodically to ensure the development of tourism continues in the concept of sustainable development in accordance with the principles of management with capacity management, both regional capacity, the capacity of certain attractions, economic capacity, social capacity, and other resource capacity so as to

<sup>13</sup> The World Bank has also made available an advance out of the World Bank's Project Preparation Facility in the amount not to exceed one million Dollars (\$1,000,000) as provided below, and that the World Bank will: (i) increase the amount of the advance up to four million Dollars (\$4,000,000), if and when such funds have been made available for the preparation of the proposed tourism development operation; for the purpose of the preparation of the proposed tourism development operation. The IPF component will refinance the Advance, and the ESMF applies to the Advance as well.

extend the tourism life cycle In itself where the conception of conservation and preservation and commodification for the benefit of the economy can go hand in hand and the development of sustainable tourism can be realized.

130. During its supervision activities, the MPWH as Implementing Agency will review plans, studies, designs, and any UKL-UPL (or AMDALs) prepared under the Project to confirm that the requirements of the ESMF are being adequately incorporated. In the case of physical investments for which detailed design was prepared under the Project, RIDA supervision will include confirmation that the required UKL-UPL (or AMDAL), LARAP, and IP Plan have been prepared and approved and are of adequate quality. Supervision of construction and operation of those physical investments financed by the PforR will be undertaken through the PforR Program, not under the Project. Every six months, RIDA will prepare reports for the Steering Committee and World Bank on ESMF implementation. The World Bank will review and provide comments and technical advice on the issues included in the reports. RIDA will immediately inform the Steering Committee and World Bank Task Team of any circumstance or occurrence that could have a materially adverse impact on the environmental and social performance of the IPF Project.

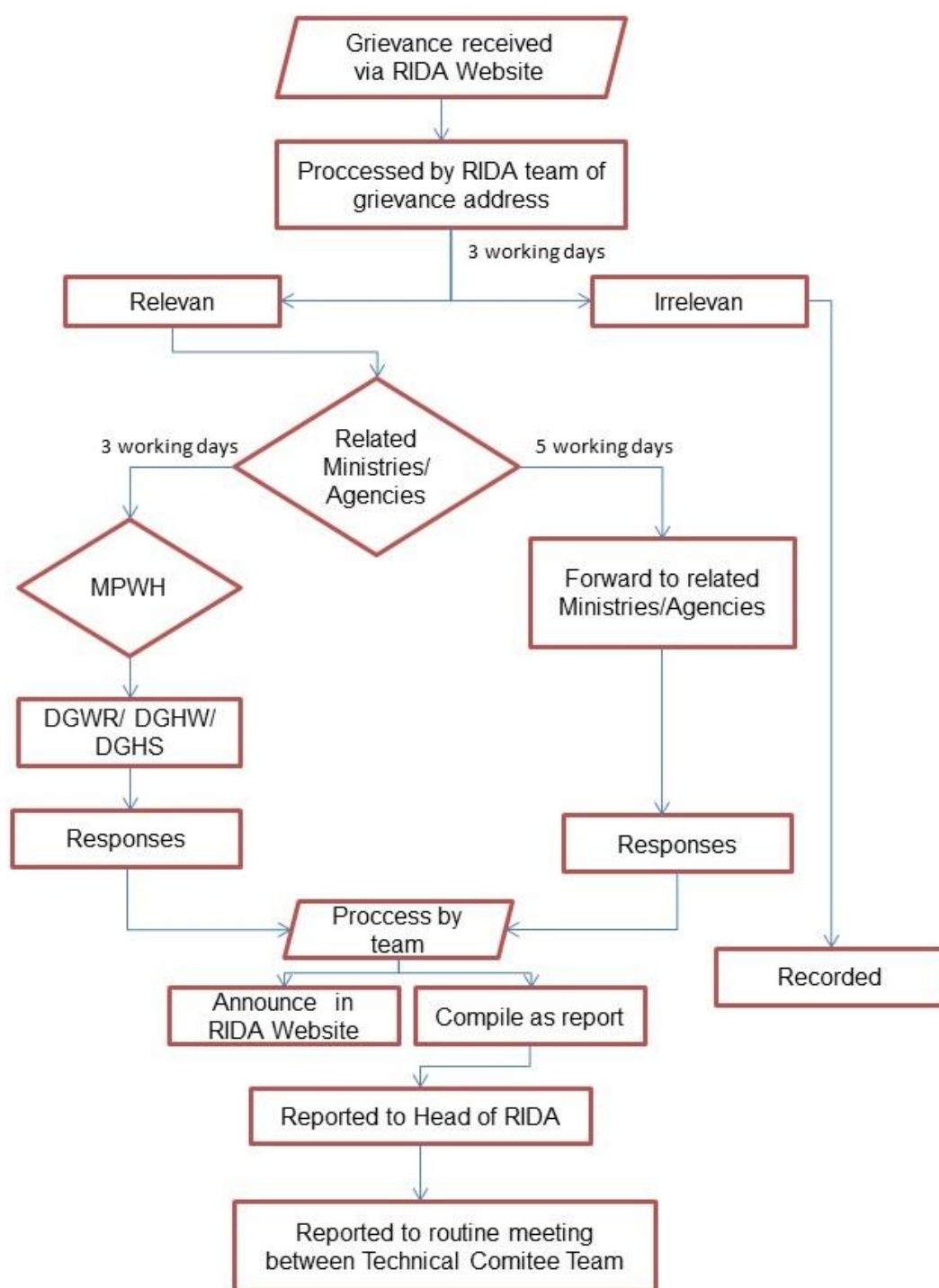
## 10.0 GRIEVANCE REDRESS MECHANISM (GRM)

131. MPWH will establish a GRM team to receive and facilitate resolution of specific concerns of affected communities and physical investment participants regarding environmental and social performance. The GRM will aim to resolve concerns promptly, in an impartial, understandable and transparent process tailored to the specific community, and at no cost or without retribution to the complainant/s. GRM composition, procedures and functions will be designed early in the physical investment implementation phase based on the below principles and made available to the public.

132. As the tourism destination development program also engaged with other government agencies parties, MPWH will respond the grievances accordingly (see Figure 3). All grievances will be able reported through the official website [[bpiw.pu.go.id](http://bpiw.pu.go.id)]. All grievances will be reported in written form to all related parties and be shared during the regular Technical Committee Team meeting for actions or for notifications. MPWH will maintain a log in which all grievances will be recorded, along with actions taken to resolve the grievance, feedback given to the complainant, and complainant's response.

The grievance mechanism for complaints is as follows:

- a) The public will submit complaint through a form on the RIDA website of the MPWH.
- b) The complaint will be processed by the team formed by the MPWH-RIDA.
- c) Relevant files will be forwarded to Units of Organizations in the MPWH (DGWR/DGHW/DGHS) within 3 working days and other Ministries/Agencies within 5 working days, while irrelevant ones will be recorded.
- d) Responses will be process by the Team and to be announce in the RIDA's website as well as to be compile as reports to the Head of RIDA.
- e) The Head of RIDA will discuss it further in routine meeting with Technical Committee Team.



**Figure 3: Grievance Redress Mechanism**

## 11.0 PUBLIC CONSULTATION AND DISCLOSURE

133. The TOR for the ESMF was disclosed in the RIDA/BPIW website [bpiw.pu.go.id](http://bpiw.pu.go.id) prior to the public consultations. RIDA has carried out public consultations on the draft ESMF in three locations: Jakarta, Parapat (Toba destination), Magelang (Borobudur destination) and

in Senggigi (Lombok destination) during April 3-12, 2017. Public consultations in Toba and Lombok destinations as well as in Jakarta were attended by representatives of AMAN (Aliansi Masyarakat Adat Nusantara or Indigenous People of the Archipelago Alliance). Documentation (summary of minutes, list of attendees, photographs) of the public consultations on the ToR of the ESMF is presented in Appendix 9. This ESMF has incorporated most of the key relevant issues and concerns obtained during such public consultations, among others:

- The planning of tourist destinations needs to account for the travel patterns of both foreign and domestic tourists, along with necessary needs of improving tourism sector such as transportation (including basic infrastructure), accommodation, cuisine, attractions, travel packages offered by travel agencies, souvenirs, readiness of tour guides and others.
- For each priority tourism destination, ESMF activities need to take into account the interests of the local community and local values within it, including preservation support for cultural arts activities and protection of tourist attractions.
- Social assessment should include the necessary steps and activities that can be implemented including livelihood studies
- Capacity building for local communities on the skills to build the homestays concept in tourism

134. Some inputs were also received during public consultations to include additional stakeholders in the next public consultations for the draft ESMF. There were suggestions to invite representatives of IPs in the Lombok destination in addition to representatives of AMAN who attended the first-round consultation. There are some local IP groups in each of the destinations, in which will be identified further and invited in the next round of public consultation on the draft of ESMF.

135. RIDA completed the draft ESMF both in English and Bahasa and disclosed them in its website [www. Xxx](http://www.Xxx) prior to the public consultations in Jakarta, Medan (Toba destination), Magelang (Borobudur destination), and Mataram (Lombok destination) during July xx-xxx, 2017. The same invitees of the first-round public consultations were invited with additional invitees recommended by stakeholders who had attended the first-round consultations. Documentation of the second-round public consultations are presented in Annex xxx. Key inputs and concerns recorded during public consultations of the draft ESMF, which have been incorporated in the final draft ESMF, are as follows:

The final draft ESMF was uploaded in the RIDA/BPIW's website [bpiw.pu.go.id](http://bpiw.pu.go.id) and in the Bank Infoshop on xxx, 2017.

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## APPENDICES

DRAFT ONLY

# APPENDIX 1

## TOR OF THE INTEGRATED TOURISM MASTER PLAN

TERMS OF REFERENCE FOR AN INTEGRATED TOURISM MASTER PLAN  
PREPARATION – [select one: LAKE TOBA / BOROBUDUR-YOGYAKARTA-  
PRAMBANAN / LOMBOK] TOURISM DESTINATION

DRAFT, June 19, 2017

### I. INTRODUCTION

The Government of Indonesia has decided to transform Indonesia's economy using tourism as one of the main growth drivers. More specifically, it aims to increase foreign visitors, domestic visitors, foreign exchange earnings, employment and tourism competitiveness through the integrated development of priority tourism destinations. The Government is preparing a tourism development program under the overall guidance of the National Tourism Coordination Team, with the Ministry of Tourism (MoT) as coordinator and with the Ministry of Public Works and Housing (MPWH) as an executing agency, working together with several other Ministries and Agencies as implementing agencies, and bringing together APBN, APBDI, and APBDII<sup>14</sup> to implement the Government's program and achieve these goals.

The Government decided to sequence the development of priority destinations and to start the program in 2017 with Lake Toba in North Sumatra province, Lombok in West Nusa Tenggara province and Borobudur-Yogyakarta-Prambanan in Central Java province and the Special Region of Yogyakarta. The program will include the preparation of Integrated Tourism Master Plans (ITMPs) for each priority destination in order to provide a strong framework for effective and sustainable tourism and land development.

The Government of Indonesia intends to apply for financing from the World Bank toward the cost of the Indonesia Tourism Development Program (the "Operation"). The Government has requested for Advance and Grant financing for the preparation, and initial implementation, of the proposed Operation comprising of Program-for-Results financing and an Investment Project Financing component for selected consulting services. The World Bank has made available an Advance out of the World Bank's Project Preparation Facility and a Grant from the Indonesia Infrastructure Support Trust Fund. The subject consulting services ("the Services") include the development of an Integrated Tourism Master Plan for sustainable tourism development in [select one: Lake Toba destination / Borobudur-Yogyakarta-Prambanan destination / Lombok destination]. [in case of Borobudur-Yogyakarta-Prambanan destination, add: The Services include the development of a Visitor Management Plan for the Borobudur Temple Complex, as detailed in Annex 4].

These terms of reference will be consulted upon as part of the public consultation on the Environmental and Social Management Framework (ESMF), and any required revisions identified during this consultation process will be added to the terms of reference and discussed with the Consultant at Contract Negotiation.

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<sup>14</sup> APBN - *Anggaran Pendapatan dan Belanja* Negara Indonesia (State Expenditure Budget); APBDI - *Anggaran Pendapatan dan Belanja Provinsi* (Regional Expenditure Budget for Provincial level); APBDII - *Anggaran Pendapatan dan Belanja Daerah* (Regional Expenditure Budget for District level).

## II. SCOPE OF WORK

The Consultant will prepare an Integrated Tourism Master Plan, consisting of a) a phased overall development plan for the entire *tourism destination area* and detailed development plans for prioritized *key tourism areas* within the *tourism destination area* (defined in Annex 1); b) an investment and financing plan for infrastructure and services; and c) an institutional development program and a capacity building program. The Integrated Tourism Master Plan will provide the necessary framework for effective and sustainable tourism development, and will guide the downstream revision and/or preparation of spatial plans, sectoral master plans and other relevant plans at the Central and subnational level (identified in Annex 3).

An integrated approach is essential, combining international experience and local knowledge, seeking synergies between wide-ranging development initiatives, linking multi-sectoral infrastructure development with spatial development planning, and merging sustainable tourism development with the preservation of natural (including biodiversity), cultural heritage and social assets. Given the cumulative and induced impacts, and impacts of associated facilities, of tourism development, a holistic and systematic approach to the assessment of environmental, social and cultural heritage opportunities and constraints is warranted as part of the preparation of the Integrated Tourism Master Plan. Crucial is to actively engage a wide array of stakeholders throughout the planning process, including institutions at all levels of government, state owned enterprises (SOEs), the private sector and local communities.

The scope of work for the preparation of the Integrated Tourism Master Plan includes the following eight broad categories of interrelated tasks:

- A. Analysis of the institutional and legal, regulatory and policy framework;
- B. Analysis of demand and opportunities for *tourism destination area* development;
- C. Analysis of baseline conditions of spatial plans, infrastructure gaps and visitor attractions and facilities;
- D. Articulation of environmental, social, socio-economic, and cultural heritage opportunities and constraints;
- E. Preparation of growth projections and development scenarios;
- F. Detailing of the preferred development scenario;
- G. Formulation of the integrated tourism master plan; and
- H. Ensure active stakeholder engagement.

The Integrated Tourism Master Plan is conceived as a coordination platform for the development of the tourism destination and as the instrument that will pave the way for effective and sustainable tourism development. The Integrated Tourism Master plan is intended to prevent the adverse impacts that can occur when tourism development proceeds in an unintegrated manner, such that growth in visitor arrivals outstrips provision of facilities to manage the burdens that growth may impose on natural and cultural resources and host communities. It will identify the priority programs needed to strengthen tourism activities at the local level and will provide detailed recommendations for the preparation and revision of local and provincial spatial plans and sectoral master plans (*if necessary*), but is not in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework.

## III. SPECIFIC TASKS

The Consultant will conduct a number of activities that have been identified as essential for the preparation of the Integrated Tourism Master Plan for each of the eight broad categories of interrelated tasks. The Consultant will make its own assessment, identify additional activities and requirements and prepare its work plan in the Technical Proposal accordingly. **Tasks A, B, C and D** will result in a thorough analysis and understanding of the baseline condition. **Tasks E-G** constitute a strategic and participatory planning exercise that will result in the formulation of the Integrated Tourism Master Plan. Active stakeholder engagement—**Task H**—is part and parcel of the entire approach throughout the assignment.

While carrying out **Tasks C, D, E, F, G and H**, the Consultant will have to adopt and be in compliance with the ESMF of the Investment Project Financing for the National Tourism Development Program, which will be provided to the Consultant by the Regional Infrastructure Development Agency (RIDA) of the MPWH and made available at [www.mpw.go.id](http://www.mpw.go.id). While carrying out this assignment, the Consultant is expected to set up, and perform the tasks from, a field office located in the destination.

#### **A. Analysis of the institutional and legal, regulatory and policy framework**

The Consultant will make a thorough analysis of the existing institutional and legal framework related to integrated tourism and spatial development in the *tourism destination area*. This includes identification of agencies responsible for tourism development, spatial development planning, infrastructure planning, as well as environmental, social and cultural management. The legal framework consists of spatial planning documents, such as the *Rencana Tata Ruang Wilayah* (RTRW) at *kecamatan*, *kota/kabupaten*, and provincial levels<sup>15</sup> and the *Rencana Detail Tata Ruang* (RDTR); sectoral master plans, such as for water supply, solid waste management, and power supply; environmental and social management plans, such as *AMDAL*, *UKL/UPLs*, and *LARAPs*;<sup>16</sup> Indigenous Peoples studies/documents; and cultural heritage site management plans, among others. The Consultant will include in the analysis the following specific activities:

- Identification of the planning authority/authorities within the destination for the various components; e.g. land use, transport, utilities, and visitor management to main World Heritage Sites (WHSs).
- Identification of all stakeholders and collaboration arrangements between them to develop the tourism program; e.g. governments, SOEs, private sector, communities, and nongovernmental organizations (NGOs).
- Evaluation of the regulatory framework within which planning implementation will occur.
- Review and evaluation of relevant existing spatial and sectoral development plans (including plans for national parks, *if applicable*), including all regulatory instruments and associated policy documents currently in place to guide and control development.

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<sup>15</sup> In Indonesia, subnational governance includes four levels: (1) province/*Provinsi*, (2) city/*Kota* and regency/*Kabupaten*, (3) sub-district/*Kecamatan* or district/*Distrik* and (4) urban community/*Kelurahan* or village/*Desa*.

<sup>16</sup> *AMDAL* - *Analisis Mengenai Dampak Lingkungan* (the Indonesian environmental assessment process); *UKL-UPLs* - *Upaya Pengelolaan Lingkungan Hidup / Upaya Pemantauan Lingkungan Hidup* (Environmental Management Plan/Environmental Monitoring Plan); *LARAP* - Land Acquisition and Resettlement Action Plan. Refer also to the ESMF.

## **B. Analysis of demand and opportunities for *tourism destination area* development**

The Consultant will analyze local economic conditions and development trends to obtain a detailed understanding of the current situation and development potential of the *tourism destination area* in terms of population, employment, and regional economy with special focus on tourism development. This analysis will include the following specific activities:

- Assemble and review information on population (including ethnic minorities, vulnerable groups, Indigenous Peoples (IPs)) and employment growth trends, including temporary residents (visitors) and in-migration of job seekers.
- Assemble and review information on all areas of potential economic growth, such as agricultural production, fisheries, food processing, commercial enterprises, industry, and services including tourism and travel, to identify and assess the linkages between the various sectors of the economy affecting, and affected by, tourism development in the tourism destination area.
- Assemble and review information on domestic and foreign visitors and related accommodation, facilities, and attractions, past visitor trends and projected growth, and related demand for new tourism enterprises and services with particular emphasis on the Market Analysis and Demand Assessment study commissioned by the World Bank Group under a separate contract ([Add link to access each assessment – MoT and/or MPWH to upload](#)).
- Assemble and review information (i.e. from the Market Analysis and Demand Assessment study) on capabilities and skills of local businesses, especially local firms and communities to play an active role in, and benefit from, accelerated tourism development.

## **C. Analysis of baseline conditions**

The Consultant will thoroughly analyze all aspects of relevance for tourism development, including spatial development trends and patterns, infrastructure and service provision, visitor attractions, and visitor facilities. The analysis should result in an in-depth understanding of the baseline condition for tourism development and will identify both spatial planning (C1) and infrastructure and service provision (C2) issues.

### ***C.1 Spatial planning baseline data analysis***

The Consultant will collect, assemble and analyze relevant information on spatial conditions, environment and culture, including but not limited to:

- Existing land uses and land use planning provided by spatial plans and its gap.
- Spatial development patterns, especially growth patterns and trends of urban, semi-urban, and rural areas.
- Planned new development initiatives related to economic development.
- Tourism accommodations, attractions and their environmental, cultural or social significance, recreation areas and facilities, including planned new investments.
- Land ownership (including land legacy issues<sup>17</sup>) with particular emphasis on *key tourism areas* and strategically significant development locations.
- Topography, vegetation and hydrology.

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<sup>17</sup> Refer to ESMF on LARPF paragraphs 84–87 on the tasks for ITMP Consultant to assess land legacy issues

- Areas of environmental concern and/or significance – protected areas, natural habitats, biodiversity, (endangered) species, water bodies, irrigated paddy fields, natural hazard areas, etc.<sup>18</sup>
- Environmental health conditions – water and air quality, cleanliness, occurrence of water and vector borne diseases (malaria, dengue, etc.) and other health hazards, security and safety concerns, etc.
- Areas of cultural significance – historic, religious, viewsapes, archeological sites, historic trails.
- *If applicable*, Indigenous Peoples (IPs) presence (with map), social economic characteristics, habitats and customary lands.
- Social conflicts.

## ***C.2 Infrastructure and service provision baseline data analysis<sup>19</sup>***

The Consultant will collect, assemble and analyze relevant information on infrastructure provision and service delivery, identify and quantify deficiencies and constraints. This includes the following activities:

- Analysis of connectivity to/external access to the *tourism destination area* (based on the Market Analysis and Demand Assessment study), including identification of current condition, deficiencies and planned investments in airports and airlift capacity, ports, toll roads, national and provincial road network, railways, and the external (long distance) public transport system.<sup>20</sup>
- Detailed inventory of existing infrastructure and services and planned investment by both the private and public sector in the entire *tourism destination area* including roads and transport, drainage and flood protection, water supply, wastewater management, solid waste management, power supply, IT and tourism specific services and facilities.
- Collect and provide all infrastructure maps (existing and planned infrastructure by the government and/or private sector).

<sup>18</sup> [Add for Lake Toba destination TOR: Upon the request of the GOI, the World Bank has commissioned a water quality study for Lake Toba; the Consultant will receive the final study (expected in September 2017) to include these findings in the master planning process].

<sup>19</sup> The standards for *water supply* baselines are included in the SPM Permen PU 01/PRT/M/2014 and SNI 03-7065-2005; for *solid waste*, SPM Permen PU 01/PRT/M/2014, Permen PU 03-2013, SNI 19-2454-2002 and for *waste water*, SPM Permen PU 01/PRT/M/2014. The Consultant will ensure that all baselines meet the appropriate standards for the tourism development objectives.

<sup>20</sup> [Add for Lombok: Based on the Market Analysis and Demand Assessment, external access to Lombok is predominantly defined by: (i) Pamenang Port, located in the northern part of the island and serving the majority of international visitors arriving by speedboat; (ii) Lembar Port, located in the west, and serving the majority of domestic visitors; and (ii) Lombok International Airport, in the south, and expected to be the dominant gateway to the destination in the future; Add for Lake Toba: Based on the Market Analysis and Demand Assessment, the key gateway to Lake Toba destination is the Kulanamu International Airport for foreign visitors, and the Medan-Tebing Tinggi-Pematang Siantar-Parapat corridor (170 km), serving the majority of domestic and international visitors; Add for Borobudur-Yogyakarta-Prambanan: Based on the Market Analysis and Demand Assessment, the key entry points to Borobudur-Yogyakarta-Prambanan are: (i) for domestic visitors, the regional road network within the Yogyakarta-Solo-Semarang (JOGLOSEMAR) triangle; (ii) for international visitors, the current predominance of the Adi Sucipto International Airport in Yogyakarta is expected to shift after the construction of the new Kulon Progo Airport. The Consultant will review the applicable Master Plan and Development Plan (MPDP) for the relevant Strategic Development Region (*Wilayah Pengembangan Strategis*, WPS) of JOGLOSEMAR and recommend which programs on its list of programs should be prioritized from a tourism program.



- Detailed description and analysis of current infrastructure and service levels as baseline for program monitoring and evaluation at the *tourism destination area* level and the *key tourism area* level.
- Identify and quantify current gaps in infrastructure provision and service delivery compared to national standards at the *tourism destination area* level and the *key tourism area* level.
- Analyze if and to what extent planned public and private investments will alleviate or resolve identified deficiencies and what gaps remain.

#### **D. Articulation of *environmental, social, socio-economic and cultural heritage opportunities and constraints***

The Integrated Tourism Master Plan will guide the scale and spatial location of future spatial growth, infrastructure, and establish policies and practices to ensure that key environmental, social, community and cultural heritage assets are protected and impacts are properly managed and monitored. An in-depth understanding of constraints and opportunities for development of the *tourism destination area* is indispensable to ensure that tourism development will be sustainable. The underpinnings of the tourism industry are the cultural heritage, natural environment (including biodiversity), and unique cultural identity. The Consultant therefore will collect and interpret the relevant baseline data and develop maps and reports of challenges, opportunities, and constraints for environmentally and socially sustainable growth and for the various types of tourism facilities and supporting infrastructure. Potential environmental and social impacts and risks of tourism development in general, and of the proposed infrastructure development and other activities specified in the Master Plan, will be assessed. Tourism development, if not managed carefully, may lead—for instance—to the degradation of protected areas, the loss of biodiversity and endangered species, and the degradation of culturally significant assets. Nonetheless, tourism also has a strong potential as a driving force in the conservation of the country’s environmental assets, protection of its biodiversity and natural habitats, the protection of cultural assets, as well as in environmental awareness and employment generation.

Aligned with any bylaws/codes of protected area or WHSs buffer zones, the maps should present “no development” zones, zones suitable only for certain types of development, zones with little or no restriction on type of development, and any recommended building regulations, etc. The World Bank safeguards policies would be taken into account in this task, following guidance as presented in detail in the Environmental and Social Management Framework.<sup>21</sup> Elements of the policies that guide development toward positive outcomes on environmental, social (including gender), socio-economic and cultural heritage conditions will be taken into account in identifying opportunities, and prohibitions and restrictions presented in some of the policies will become parts of the constraints. Policies that are most relevant at this planning stage<sup>22</sup> are:

- OP 4.01 Environmental Assessment and its impact management hierarchy – prevent, minimize, mitigate, and compensate in declining order of preference
- OP 4.04 Natural Habitat and its restrictions on conversion of critical and natural habitat
- OP 4.10 Indigenous Peoples that has among its objectives avoiding or minimizing adverse effects on indigenous communities

<sup>21</sup> [Add: link to the website and/or draft document uploaded on WB and/or BPIW website].

<sup>22</sup> See also ESMF for reference

- OP 4.11 Physical Cultural Resources which aims at protecting known and chance-finds of cultural property
- OP 4.12 Involuntary Resettlement with particular attention to the principles of avoiding or minimizing displacement, including economic displacement through restriction of access to customary natural resources
- *Environmental, Health, and Safety Guidelines* (World Bank Group, 2007 plus updates, commonly referred to as the EHS Guidelines)<sup>23</sup>. The applicable parts are the General Guidelines, which include air, water, and noise standards; community and workplace safety; pollution prevention; energy and water conservation, etc. plus a number of the sectoral guidelines including:
  - Tourism and Hospitality Development
  - Waste Management Facilities
  - Water and Sanitation
  - Ports, Harbors and Terminals
  - Airports
  - Toll Roads
  - Electric Power Transmission and Distribution.

The principles of the safeguards policies are presented in detail in the Environmental and Social Management Framework. The relevance of the sectoral EHS Guidelines in Task 5 is primarily in site selection for various types of infrastructure. Other aspects of the guidance they provide will be important in Task 7.

## **E. Preparation of growth projections and development scenarios**

Based on the analysis of current conditions and growth potentials, the next step is to prepare growth projections (E1) and to translate these into spatial requirements in terms of possible development scenarios (E2) while taking identified opportunities and constraints (D) in due consideration. The Consultant will prepare GIS-based models for growth projections and for the preparation and visualization of different spatial development scenarios. It is expected that the model will be replicated and used in other tourism destinations and support the Ministry of Public Works and Housing and/or local authorities in the preparation of tourism development plans.

### ***E.1 Prepare growth projections and dedicated planning standards***

The Consultant will prepare growth projections for a period of 25 years and medium-term growth projections for 5 years, including tourism, other local economic sectors, population and employment. Population growth projections should consider permanent residents, temporary residents (foreign and domestic visitors), and possible influx of job seekers and their relatives attracted by economic opportunities because of accelerated tourism development. Visitor growth and related tourism employment projections will be derived from the Market Analysis and Demand Assessment study which allows for quantification of demand indicators such as peak visitor loads (at both the *tourism destination area* and *key tourism area* level), numbers of additional hotel rooms, additional capacity of transport networks (roads, airports etc.), numbers of skilled staff required etc.

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<sup>23</sup> [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines)

### ***E.2 Prepare and discuss alternative spatial development scenarios***

The Consultant will prepare at least three different spatial development scenarios to accommodate and guide the projected growth and will present and discuss the findings, proposed planning standards and the development scenarios with all relevant stakeholders. These scenarios shall reflect varying tourism growth concepts and differing development models of future land use, and related environmental, social, socio-economic and cultural heritage opportunities and constraints. One scenario will be selected for further elaboration, in close consultation with Government of Indonesia (GOI) and which reflects the views of all relevant stakeholders. This specific task would include the following activities:

- Identify additional land needs for future residential, industrial, commercial, and tourism requirements, and infrastructure needs, including land requirements for housing of tourism employees and their relatives.
- Identify competing demands for land, natural resources and infrastructure for tourism development and other (non-tourism) economic sectors.
- Identify environmental, social, socio-economic and cultural heritage opportunities and constraints for growth (refer to task D).
- Identify opportunities for clustering of development to increase efficiency of land use, infrastructure and service provision, including opportunities for combined and cross-subsidized service delivery for tourist accommodations and facilities and local (low-income) communities.
- Assess infrastructure required in support of future development (roads, water supply, wastewater management, drainage and storm water management, solid waste management, housing, transportation, energy, telecommunications and other utilities).
- Identify strategic interventions, areas or activities that could promote or facilitate the private sector, local governments, and communities in participating in the development of visitor-related infrastructure, facilities, and attractions.
- Evaluate each development scenario in sufficient detail to allow stakeholders to compare them in terms of positive and negative economic, environmental, social (including gender) and cultural heritage impacts and adherence to the principles of the applicable World Bank safeguards policies.

### ***E.3 Preparation of a GIS-based spatial decision-making support system***

The Consultant will also prepare a GIS-based map that will show growth projections at the destination and link it with spatial development scenarios that will help stakeholders make the best decision based on the different scenario options. It is expected that the model could be replicated in other tourism destinations, by applying similar or different variables to the model that are considered important for the destinations. The MPWH will provide access to the relevant 1:25000 scale maps for the destination and, if available, 1:5000 scale maps relevant to the identified key tourism areas. The Consultant will use them to present a visual representation of the scenarios.

## **F. Detailing of the preferred development scenario**

After selecting the preferred scenario, the next task is to prepare an overall development plan for the entire *tourism destination area* (F1) and detailed development plans for existing and selected future *key tourism areas* (F2) (See Annex 1 for spatial boundaries of target areas for planning).

***F.1 Preparation of an overall development plan for the entire tourism destination area based on the preferred development scenario using GIS maps.***

Specific activities include:

- Prepare a provisional land use map for the entire *tourism destination area* (for years 2022 and 2042) including the detailed location, shape and size of new development areas with special emphasis on tourism development. The map could present “no development” zones, zones suitable only for certain types of development (restricted), zones with little or no restriction on type of development, etc.
- Identify issues (such as gaps, barriers) in the relevant legislative, policy, and planning frameworks, and their implementation, and provide recommendations that will benefit the sustainable outcomes of the tourism sector. The Consultant will provide specific recommendations on how to strengthen the existing programs and activities of the spatial and sectoral plans so that these can align with the vision proposed in the selected development scenario.<sup>24</sup>
- Identify and discuss land acquisition and tenure issues related to the preferred development scenario.
- In close collaboration with relevant government agencies, the private sector and local communities evaluate, discuss and define for each existing and new *key tourism area* the optimal development perspective, including carrying capacity, typology and extent of visitor accommodation, facilities and services.
- Evaluate phasing options and select priority existing and new *key tourism areas* for development with related detailed size and shape consistent with projected demand for all land uses and with special emphasis on tourism development in blocks of five years (2018-2022 / 2023-2027 / 2028-2032 / 2033-2037/ 2038-2042). The Market Analysis and Demand Assessment study already proposes priority existing and new *key tourism areas* (Annex 1), but these need to be refined, adjusted and/or confirmed as part of this task.
- Prepare conceptual designs and cost estimates for all required infrastructure and services with planning horizon of 5 and 25 years respectively for the entire *tourism destination area*.
- Identify major incremental threshold capacity needs (airport expansion, treatment plants, dump sites, etc.) and prepare a 25-year phasing plan for anticipated major threshold investment for all infrastructure and services.
- Prepare an integrated phasing plan for location and timing of infrastructure and service provision in a gradual way, making sure it responds to the projected visitor demand and it is designed to support and guide tourism development and minimize risks, with a planning horizon of 5 years and 25 years respectively.
- Assess the environmental, social (including IPs) and cultural heritage impacts related to the preferred development scenario at an appropriate scale and level of detail, taking into account cumulative and induced impacts and impacts of associated facilities, and prepare a high-level mitigation and monitoring plans in accordance with the ESMF.
- Identify and discuss natural (including biodiversity) and cultural heritage preservation issues related to the preferred development scenario and explore

<sup>24</sup> Add for Borobudur-Yogyakarta-Prambanan: The Consultant will recommend, if applicable, prioritization of the tourism-relevant programs as identified in the MPDP.

solutions that are compatible, instead of competing, with the infrastructure and service provision of the preferred development scenario.

- Identify local government and community awareness and capacity building needs for inclusive tourism development.
- Identify opportunities and needs for skills development for tourism market supply (education, SME development).
- Identify institutional arrangements to implement the development scenario.

## ***F.2 Preparation of detailed development plans for priority key tourism areas***

In close collaboration with relevant government agencies, the private sector and local communities, the Consultant will prepare detailed phased development plans (5 years planning horizon) for all current *key tourism areas* within the *tourism destination area* (existing clusters of hotel and visitor facilities and attractions) and for new *key tourism areas* that have been prioritized for tourism development in the first 5 years (2018-2022). The list of identified strategies, objectives, policies and programs included in the 5 year plans should be phased annually (2018 / 2019 / 2020 / 2021 / 2022). The plans should be presented at scale 1:5000 together with outline designs and cost estimates for all infrastructure and service provision using GIS-based maps. The Consultant will prepare the plan up to pre-feasibility level for selected infrastructure and service provision (e.g. 2018). The criteria for selection of infrastructure with pre-feasibility plan will be agreed by RIDA and the Consultant. The detailed development plans must be directly linked to projected visitor growth and must be flexible enough to allow for adjustment in case real growth exceeds or falls short of expectations over the years.

The development plans will provide maps and detailed descriptions in terms of existing and future typology and character of the existing and prioritized new *key tourism areas*, detailed land use, specification of visitor accommodation capacity and typology, visitor facilities, services and attractions, housing for tourism sector employees and their relatives, existing and planned infrastructure and services, building regulations and development control. The detailed development plans will provide recommended dedicated planning standards and guidelines to manage and control development, including but not limited to:

- Building densities, floor-space ratios, maximum building heights
- Traffic planning and management
- Water demand, distribution and management
- Wastewater generation and management
- Solid waste generation and waste management
- Drainage and flood protection
- Street lighting
- Electricity demand
- Broadband internet services
- Natural hazards and risk mitigation
- Architectural styles and heritage conservation
- Road design standards to accommodate not only traffic demand, but also requirements for traffic management, pedestrians, road safety, landscaping, parking, signage, etc.
- Landscaping associated with residences, visitor facilities, and other land uses
- Environmental protection guidelines to protect and restore natural areas and biodiversity



- Cultural, religious, historic and archaeological guidelines to protect valued features
- Visitor Management / Crowd Control Plans for tourism sites with limited carrying capacity such as temples, heritage sites and cultural villages.
- Proposed institutional arrangements to monitor the condition of natural, social and cultural assets and to implement the plans for their protection
- Green space, scenic vistas and view-points guidelines
- Recreational use of rivers and lakes
- Efficient use of water in domestic, commercial and industrial uses
- Social Management Guidelines to avoid, or minimize potential social conflicts or adverse impacts due to the implementation of the development plan
- Indigenous Peoples Planning Framework/Guidelines to guide stakeholders implementing the development plan in case proposed activities potentially affect Indigenous Peoples<sup>25</sup>

**G. Formulation of the integrated tourism master plan,<sup>26</sup> consisting of a phased tourism development plan (G1), an investment and financing plan for infrastructure and services (G2 and G3), an institutional development program (G4) and a capacity building program (G5)<sup>27</sup>**

***G.1 Prepare a phased tourism development plan***

Consolidate the results of the overall development plan (task F1) and the detailed development plans (task F2) and prepare a phased tourism development plan in GIS maps, consisting of:

- a land-use plan (1:25,000)
- a phasing plan showing priority locations for development in blocks of five years (2018-2022 / 2023-2027 / 2028-2032 / 2033-2037/2038-2042)
- Detailed development plans for 5 years (scale 1:5,000) for all existing *key tourism areas* and for selected new *key tourism areas* prioritized for the first 5 years of the Program
- a phased tourism accommodation, facilities and services development plan for 5 and 25 years respectively.
- If the Detailed Development Plan indicates that a proposed physical development or land development/use changes would involve involuntary land acquisition and/or resettlement, the Consultant will specify the relevant section of the ESMF<sup>28</sup> to address such land acquisition and/or resettlement.
- a natural assets preservation and environmental and social management plan
- a cultural heritage preservation management plan
- a natural hazards risk mitigation plan

<sup>25</sup> See link to the ESMF

<sup>26</sup> The integrated tourism master plan will provide guidance to the local and provincial authorities during the revision process of local and provincial spatial and sectoral plans. The integrated tourism master plan will identify the priority programs, infrastructure and services needed to strengthen tourism activities on the destination.

<sup>27</sup> See Annex 2 for indicative outline table of contents.

<sup>28</sup> See the ESMF, including its specific Annexes, for guidance.



- If the Detailed Development Plan indicates that a proposed physical development or land development/use changes would affect Indigenous Peoples, the Consultant will specify the relevant section of ESMF to address the impacts on Indigenous Peoples.
- implementation arrangements including recommendations regarding legal and regulatory initiatives required to give statutory effect to the integrated tourism master plan and its component parts.<sup>29</sup>

### ***G.2 Prepare a phased integrated infrastructure and services development plan***

Consolidate the results of the overall development plan (task F1) and the detailed development plans (task F2) and prepare an integrated and phased priority infrastructure and services development plan and related cost estimates for all sectors at prefeasibility level for 5 and 25 years respectively, together with conceptual designs. Prepare detailed cost estimates and an investment plan for the first five years. Prepare a 5-year financing plan including distinction of public and private sector contributions and evaluate the economic feasibility of proposed investments.

The investment plan must be directly linked to projected visitor growth and must be flexible enough to allow for adjustment in case real growth exceeds or falls short of expectations over the years. The investment plan must support and guide tourism development and will include:

- Area redevelopment
- External access: airports and airlift capacity, ports, toll roads, national and provincial road network, railways, external (long distance) public transport
- Internal access: internal road network, internal and short distance public transport facilities including water transport, non-motorized transport facilities, traffic management, sidewalks, road safety, parking, etc.
- Drainage and flood protection
- Water supply
- Wastewater management and sanitation
- Solid waste management and cleanliness
- Electricity supply
- Street lighting
- Public amenities
- Broadband internet services
- Specialized tourist related infrastructure such as visitor centers, marinas, jetties, boardwalks, hiking and biking tracks, pedestrian zones, signage, etc.

### ***G.3 Prepare a program of urgent 2018 infrastructure and services investments***

While the GOI budgeting process requires that ultimately by approximately August 2017 the investment program for fiscal year 2018 (January to December) is defined, a budget revision process continues. In anticipation of the preparation of the development scenarios and the infrastructure and services development plan, and to accelerate the development of the *tourism destination areas*, the highest-priority investments for these areas in 2018 must be

<sup>29</sup> In the event that it is determined that new laws or regulations are required to implement the master plan, these would be the subject of a separate engagement.

identified by the Consultant by December 2017, and will be financed with any possible sources.

Investment in improved external access is only marginally related to spatial planning of development within the *tourism destination area*. The need for and phasing of this sort of connectivity infrastructure largely depends on existing deficiencies and overall growth perspective. Informed decisions regarding this type of investment for 2018 can be responsibly made even though the spatial development scenarios are not ready yet. To this end the Consultant will prepare and discuss with all related government institutions an integrated investment program for gradual improvement of external access including all modes of transport on a schedule that can both keep pace with visitor growth and allow for adjustments if actual visitor numbers exceed or fall short of projections, with planning of 5 years and 25 years respectively, and identify urgent first year investment needs including:

- Airports and airlift capacity
- Ports
- Toll roads, national and provincial road network
- Railways
- External (long distance) public transport system.

In addition to external access, other highly urgent investments for fiscal year 2018 will need to be identified by December 2017 as well. The Consultant will timely prepare and discuss with all related government institutions a 2018 investment program of urgently needed investments that most likely will come as priority under the master plan. This may concern investments that resolve current deficiencies in infrastructure and service delivery but also other urgent interventions that have been identified at this stage of the Master Planning process as viable and inevitable, technically, environmentally and socially sound and allowing for gradual future upscaling in accordance with population and tourism growth and associated incremental demand for infrastructure and services.

#### ***G.4 Prepare an institutional development program***

The Consultant will prepare an institutional development program for management of sustainable tourism development in the destination area. The institutional development program must ensure that all relevant government institutions are committed to implement the Integrated Tourism Master Plan in a concerted effort. Preparation of the institutional development program will be done in close collaboration with all stakeholders in the destination area (government institutions, SOEs, (semi-)government authorities, private sector, local communities, etc.) and will at least include the following activities:

- Assessment of local government/sub-national government, central government (line ministries), private sector and local community interest and commitment to the realization of the integrated tourism master plan
- Identification of roles and responsibilities of all relevant (semi-) government institutions in implementation of the integrated tourism master plan
- Identification of management and coordination responsibilities, including annual action plan preparation, monitoring and evaluation of progress and performance indicators, environmental and social safeguards, etc.
- Identification of planning and coordination mechanisms for management of development in the entire *tourism destination area* and specific arrangements as

necessary for sub-areas, i.e. the *key tourism areas, cultural heritage sites, environmentally and socially sensitive areas, etc.*

- Identification of the need for downstream revision of formal (spatial) plans and regulations and identification of the responsible government institutions.

### ***G.5 Prepare a capacity building program***

The capacity building program must ensure that all stakeholders are ready and capable to implement the Integrated Tourism Master Plan. The capacity building program should cover relevant government institutions, the private sector and the local communities and will consist of:

- A government institution capacity building program
- A private sector, SME and skills development program, with a focus on enhancing competency based certification aligned with private sector needs and improving firm capabilities related to service quality.
- A local community capacity building program

Preparation of the capacity building program will be done in close collaboration with relevant stakeholders and will at least include the following activities:

- Assessment of local government/sub-national government, central government (line ministries), private sector, and local community capacity to realize the integrated tourism master plan
- Identification of institutional capacity building needs for management of tourism development
- Identification of capacity-building needs for implementation of environmental and social mitigation and monitoring plans including safeguards.
- Identification of community capacity building needs for inclusive tourism development
- Identification of additional needs for private sector, SME and skills development
- Identification of formal, non-formal, and mature-learner needs

## **H. Ensure active stakeholder engagement**

Pro-active outreach and public presentations are essential to engage the private sector, local communities, local governments, and related central government institutions. Building on the initial stakeholder mapping<sup>30</sup> and based on the Stakeholder Engagement Plan (as part of the Inception Report), through regular consultations with government institutions and other stakeholders, the Consultant should seek feedback and consensus on all intermediate and final deliverables.<sup>31</sup> The Consultant shall ensure that all comments and/or considerations raised during the formal approval and ratification process are reflected in the final draft of the Integrated Tourism Master Plan. Seeking stakeholder feedback and support should at least extent to:

- The purpose and vision of the Integrated Tourism Master Plan;
- Range of tourism opportunities suited to the destination;

<sup>30</sup> RIDA will share the mapping with the Consultant upon Contract Award.

<sup>31</sup> [ADD for Borobudur-Yogyakarta-Prambanan: The Consultant will ensure that the consultation process for the preparation of Borobudur's Visitor Management Plan (Annex 4) will involve all relevant stakeholders including PT. TWC, Ministry of Education and Culture and *Kabupaten Magelang*.

- Diversity of land use development that should occur in the destination and where this development should occur;
- Potential environmental and social impacts and risks of the proposed land use/development plans/changes or physical development; this should be incorporated as consideration in developing alternative development/land use development scenario;
- The proposed alternative development scenarios as well as the final preferred development scenario;
- Roles and responsibilities of all relevant (semi-)government institutions in implementation of the integrated tourism master plan
- Roles and responsibilities of local communities, associations, village, sub-district, district and provincial governments in the implementation of the integrated tourism master plan, particularly in managing the tourist attractions.
- Existing and future employment opportunities in tourism, commercial enterprises, industry, agricultural production, etc.;
- Potential areas where the private sector, local governments and SOEs are interested to invest in tourism-related sector;
- Formal, non-formal and mature-learner education needs.
- The final draft of the Integrated Tourism Master Plan

#### IV. DELIVERABLES AND TIMELINE

Task	Deliverables	Timeline (months from signing contract)
	Inception Report, including stakeholder engagement plan	1
	Baseline Analysis Report (Task A, B, C, D)	4
	Growth projections and development scenarios (Task E)	5
	The overall development plan (Task F1)	9
	Detailed development plan for priority key areas (Task F2)	9
	Phased tourism development plan (Task G1)	11
	Phased integrated infrastructure and services development plan (Task G2)	11
	Program of urgent 2018 investments (Task G3)	December 2017
	Capacity building program (Task G4)	11
	Final Integrated Tourism Master Plan (Task G)	12

#### V. KEY EXPERTS

Position	Minimum Qualifications
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1. Team Leader (Urban Planner / Civil Engineer)	Relevant university level education (Master's degree) and at least 15 years' relevant international experience
2. Tourism development expert (Economist)	Relevant university level education (Master's degree) and at least 15 years' relevant international experience <u>[for Borobudur-Yogyakarta-Prambanan: including relevant international experience with visitor management plans]</u>
3. Urban / regional planner	Relevant university level education (Master's degree) and at least 10 years' relevant experience
4. Architect / Urban designer	Relevant university level education (Master's degree) and at least 10 years' relevant experience
5. Roads and transport expert (Roads Engineer)	Relevant university level education (Master's degree) and at least 10 years' relevant experience
6. WATSAN and SWM expert (Sanitary Engineer)	Relevant university level education (Master's degree) and at least 10 years' relevant experience
7. Environmental specialist	Relevant university level education (Master's degree) and at least 10 years' relevant international experience
8. Social development specialist	Relevant university level education (Master's degree) and at least 10 years' relevant experience
9. Cultural heritage expert	Relevant university level education (Master's degree) and at least 10 years' relevant international experience <u>[for Borobudur-Yogyakarta-Prambanan: at least 15 years' relevant international experience, including experience with visitor management plans]</u>
10. Institutional development / capacity building expert	Relevant university level education (Master's degree) and at least 10 years' relevant experience
11. Skills development/firm capabilities expert	Relevant university level education (Master's degree) and at least 10 years' relevant experience

## Annex 1. Tourism Destination Area and Key Tourism Areas

### **[select relevant section for each ITMP TOR]: Lombok Tourism Destination Area**

**Today, Lombok is a tourism destination that is typically part of a ‘destination tour’ or a ‘side trip’ from Bali.** To date, most of Lombok’s visitors visit the Gili Islands and nearby Senggigi. Lombok received 2 million visitors in 2015, of whom 52% were foreign visitors. 50% of these foreign visitors were from Europe and more than 18% from Australia. Being an island, Lombok’s external connectivity is defined by the quality and frequency of air and sea access. Most foreign visitors (68%) arrive over sea, primarily by speedboat from Bali to the Gili Islands. Domestic visitors also mostly arrive by sea (70%) but they typically use regular public ferry services. Air transport is used by around 30% of all visitors (foreign and domestic) to Lombok.

**The Gili Islands and Senggigi can absorb an increasing number of visitors, if managed well.** For the Gili Islands to maintain their attractiveness in the future, environmental sustainability needs to be improved by addressing key basic services deficiencies (such as water, sanitation and solid waste management). For Senggigi’s development, and its northward development to Tanjung, it will be particularly important to establish and enforce planning controls to maintain its ‘boutique’ character, which was created through 20 years of small-scale hotel development.

**In the future, Lombok can also become a ‘destination base’ or an ‘enclave’ for some foreign source markets.** Based on the Market Analysis and Demand Assessment, to realize Lombok’s full potential, a further phase of larger-scale hotel development (as is in the pipeline for the Mandalika Resort area) seems needed in the southern coast area, as this could incentivize the establishment of direct air routes to proximate source markets, especially Australia. The state-owned enterprise Indonesia Tourism Development Corporation (ITDC) is responsible for Mandalika’s development and has prepared a Detailed Master Plan for the area. To date, private investors have been reluctant to establish hotels in Mandalika, which has recently also been established as a special economic zone (SEZ) through the Government Regulation 52 of 2014. ITDC is now playing a ‘first-mover’ role by building new hotels and constructing on-site infrastructure, which can diversify Lombok’s tourism offer and attract new visitor markets to Mandalika (for an integrated resort experience) and along the greater southern coast (with high-end, low-density accommodation), if concerns related to the preservation of the natural environment (including cleanliness) are addressed.

**Sea transport is an important mode of arrival for all visitors to Lombok today but it is expected to shift.** In 2015, 68% of international and 70% of domestic visitors arrived by sea respectively. In the case of foreign visitors, 63% of those arriving by sea arrive by fast boat to the Gili Islands (Pamenang Port) and 37% arrive to Lembar, by ferry (32%) and cruise (5%). In the case of domestic visitors, 82% arrive via ferry to Lembar Port and 18% by fast boat to the Gili Islands. The current share of air travel arrivals is 31%, but this is likely to increase significantly in the future considering the convenience of travel by air in comparison to travel by sea and considering that Lombok is expected to also become a destination on its own. Total visitors arriving by air is estimated to increase to 43% in 2021 and 66% in 2041.

**With increased hotel supply, air connectivity is expected to improve.** For instance, direct flights from Australia to Lombok could be restored (building on Jetstar’s short-lived Perth-Lombok connection in 2014), and Australian visitors could visit Lombok as a base destination, rather than only as a side trip from Bali. Lombok, with resort development in the south, and related marketing, can also become a new destination for Chinese and other East Asian visitors. Middle Eastern visitor numbers to Lombok can grow from a low base, but there are limits to maintaining this fast growth due to the distance from, seasonality of, and



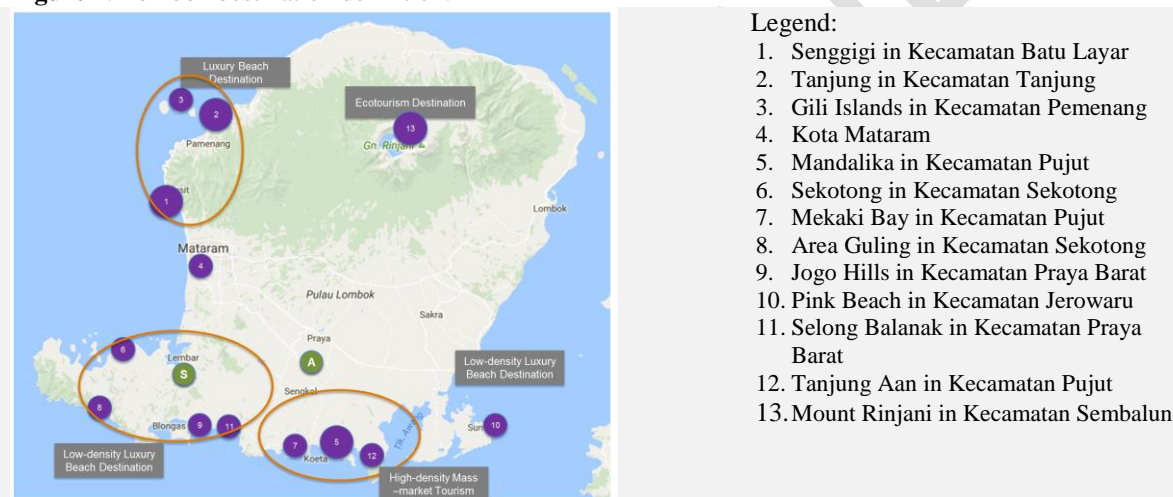
alternative options for this source market. Thailand, with 660,000 visitors from the Middle East in 2015 (36% growth since 2009), is an example of a successful destination for this market.

**The implications of pursuing a high-growth tourism scenario for planning and investment needs are presented in Figure 1.** The Consultant will prepare an Integrated Tourism Master Plan consisting of: overall development plan for the *tourism destination area*, i.e. Lombok island (25 years) and detailed development plans (5 years) for priority *key tourism areas*, i.e.:

- a. Gili Islands-Senggigi area covering three Kecamatan: Batu Layar, Pemenang and Tanjung.
- b. Southern coast area covering four Kecamatan: Pujut, Praya Barat, Sekotong and Jerowaru.

As part of Task F of the Services, the Consultant will adjust or confirm the priority *key tourism areas*.

**Figure 1: Lombok destination definition:**



**Detailed implication for Integrated Tourism Master Plan Consultants' Services:**

Integrated Tourism Master Plan consisting of: (a) overall development plan *for Lombok island as a destination area* (25 years) and (b) detailed development plans (5 years) for *priority key tourism areas*:

- Gili Islands-Senggigi area including sites #1-3, and covering: Kecamatan Batu Layar in Kabupaten West Lombok; and Kecamatan Pemenang and Kecamatan Tanjung in Kabupaten North Lombok.
- Southern coast area including sites #5-12, and covering: Kecamatan Pujut and Kecamatan Praya Barat in Kabupaten Central Lombok; Kecamatan Sekotong in Kabupaten West Lombok; and Kecamatan Jerowaru in Kabupaten East Lombok.

1. As part of Task F of the Services, the Consultant will adjust or confirm the priority key tourism areas and will provide recommendations on how to integrate the Mandalika development site with the framework of future works and tourism development proposed in the Integrated Tourism Master Plan.

## **Lake Toba Tourism Destination Area**

**Today, Lake Toba is largely a destination for local tourism, with declining appeal.** The majority (>97%) of visitors to the Lake Toba tourism destination in 2015 are domestic visitors. Foreign visitors are mainly from Malaysia (50%) and Singapore (10%). Long-haul visitors (mainly from Northern Europe, especially the Netherlands and Germany) are mainly backpackers or ‘flash-packers’ (backpackers who spend more on accommodation) staying in Indonesia for longer periods of time (2 weeks or more). Most visitors to Lake Toba are residents from North Sumatera and arrive by car or bus from Medan (5 to 6 hours between Medan and Parapat). Parapat is the main gateway because of available accommodation and services and the ease of access to the other main attractions of Lake Toba, which are located on Samosir Island, accessible by ferry. The length of stay varies between 1 and 3 nights.

**Road is the most often used mode of transport for external access.** In 2015, 97% of domestic visitors arrived by land and the remaining by air, while 85% of foreign visitors arrived by air and the remaining by sea. Almost all international visitors to Lake Toba arrive at Kualanamu International Airport in Medan. In addition to domestic visitors travelling by road, all other visitors arriving by air and sea use roads to reach Parapat. Around 90% of visitors come to Parapat from Medan via the Medan-Tebing Tinggi–Pematang Sinar–Parapat corridor (170km). The mode of transport is expected to remain similar to the current trends. In 2021 and 2041 around 97% of domestic visitors are expected to arrive by land and the remaining by air. For international visitors, the airport will remain the principal gateway, 85% are estimated to arrive by air in 2021 and 2041. It is expected that the Kualanamu International Airport will remain as the main gateway and the majority of visitors will still travel to Parapat from Medan.

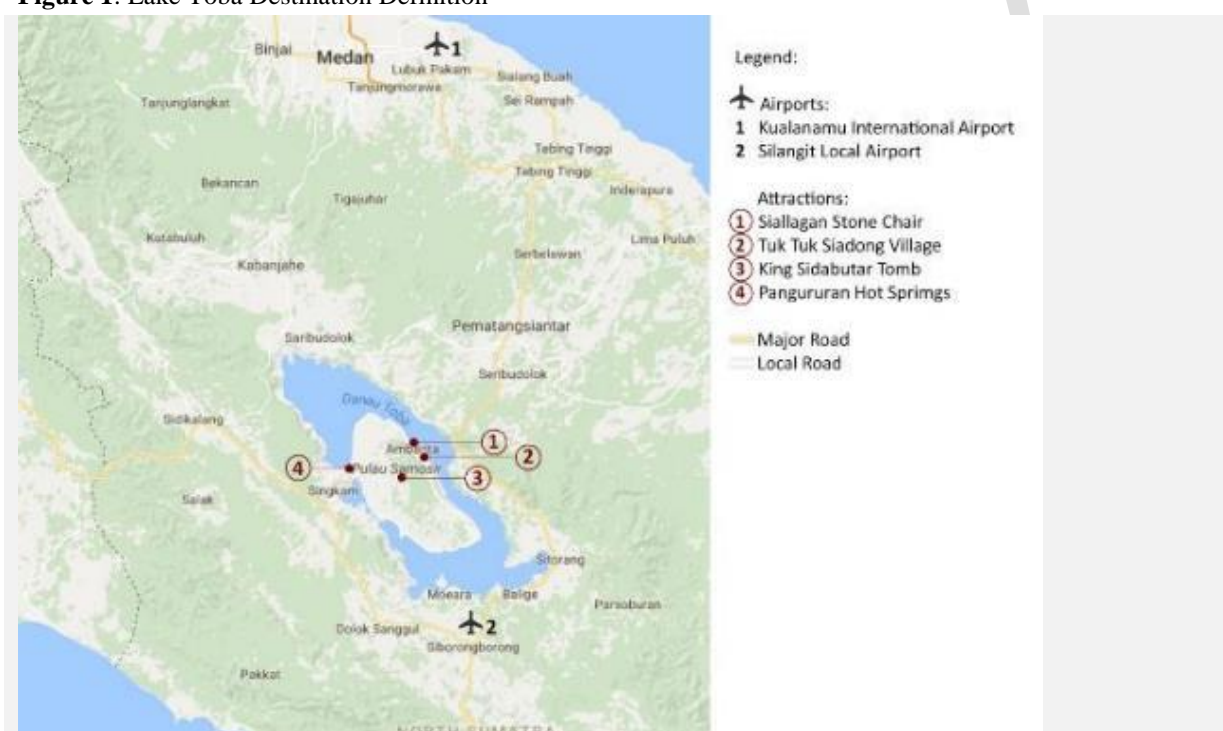
**With improvements in environmental sustainability, accessibility and activities, Lake Toba can become an attractive destination for a wider variety of domestic and some foreign visitors.** When the travel time is reduced from Medan to Parapat, it can open up Lake Toba for North Sumatran weekenders and day trippers. It can also unlock MICE (meetings, incentives, conferences, and events) visitors from Medan—an important opportunity to increase weekday occupancy (and overall hotel profitability and investment appeal). Lake Toba can also become part of several weekend options from Jakarta. Those visiting friends and relatives may visit more often, but perhaps for shorter periods. Proximity and enhanced attractions can draw short haul weekenders from Singapore and Malaysia. For the long-haul market, Lake Toba has limited growth potential due to its distance from other Indonesian destinations, which makes it difficult to integrate it into packaged tour offerings for foreigners, and because Europeans are expected to travel less far and take shorter holidays in the future.

**Advisory on Water Quality Improvement.** Upon the request of the GOI, the World Bank has commissioned a water quality study for Lake Toba. The objective is to (a) identify the nature and extent of water quality impacts linked to pollution and distinguish point-sources (PS) and non-point sources (NPS); and (b) develop and recommend appropriate pollution control management and data monitoring and analysis options; and (c) discuss the options with relevant stakeholders for the improvement and preservation of the water quality in Lake Toba. The findings of the study will be made available to the Consultant in September 2017 (estimated delivery of final report), and the Consultant will incorporate these findings in preparing the Integrated Tourism Master Plan. The advisory study includes developing appropriate best practice to international standard pollution management options with the estimated budget for capital investment and maintenance cost. The Government will be able to make its own decision on the best option that is most suitable based on their needs and annual budget.

The implications of pursuing a high-growth tourism scenario for planning and investment needs are presented in Figure 1. To ensure improvements in environmental sustainability, the Consultant will prepare an Integrated Tourism Master Plan consisting of: overall development plan for the *tourism destination area*, i.e. as described in Presidential Regulation No. 81 No 2014 on “Spatial Plan of Lake Toba and Surrounding Areas”, and detailed development plans (5 years) for priority *key tourism areas* covering four Kecamatan: Girsang Sipangan Bolon (Parapat), Simanindo, Pangururan and Balige.

As part of Task F of the Services, the Consultant will adjust or confirm the priority *key tourism areas*.

**Figure 1: Lake Toba Destination Definition**



Detailed implication for Integrated Tourism Master Plan Consultants’ Services:  
Integrated Tourism Master Plan consisting of:

- a) Overall development plan for Lake Toba as defined by the Presidential Regulation No. 81 No 2014 on “Spatial Plan of Lake Toba and Surrounding Areas” (25 years),<sup>32</sup> with special attention (i.e. baselines and targets for) to wastewater and solid waste concerns: Simanando, Pangururan, Nainggolan, Onan Runggu, Palipi, Ronggur Nihuta, Silahisabungan, Merek, Muara, Baktiraja, Lintongnihuta, Paranginan, Pematang Silimahuta, Silimakuta, Purba, Haranggaol Horison, Dolok Pardamean, Pematang Sidamanik, Girsang Sipangan Bolon, Ajibata, Lumban Julu, Uluan, Porsea, Siantar Narumonda, Sigumpar, Laguboti, Balige, Tampahan, Sianjur Mulamula, Harian and Sitiotio.

<sup>32</sup> The Lake Toba destination defined as per the Presidential Regulation No. 81 No 2014 includes all the Kecamatan within the projected Outer Ring Road, except for *Kecamatan Kerajaan* and *Kecamatan Sumbul*, which are further away from the tourism destination and have not been identified as key tourism areas. To the extent that the Outer Ring Road is identified under task C.2 as critical to *external connectivity* of the tourism destination, the Consultant will provide tourism-specific recommendations with regard to all relevant segments of this Road.

b) Detailed development plans (5 years) for priority key tourism areas:

- Parapat in Kecamatan Girsang Sipangan Bolon in Kabupaten Simalungun and Kecamatan Simanindo and Kecamatan Pangururan in Kabupaten Samosir.
- Kecamatan Balige in Kabupaten Toba Samosir.

DRAFT ONLY

## **Borobudur-Yogya-Prambanan Tourism Destination**

**In JOGLOSEMAR, Borobudur, Kota Yogyakarta, and Prambanan are the main drivers of tourism growth.** Other areas in Joglosemar, such as the city of Semarang, are unlikely to attract significant tourism. The vast majority (93%) of visitors to Borobudur Temple are domestic travelers who mostly arrive by car or bus. In 2015, 79% of domestic visitors arrived by land, 11% by air and the remaining by train. Most foreign visitors (65%) arrive by plane from Jakarta or Bali to Yogyakarta Adi Sucipto International Airport and are mainly from Europe (>80%). Hence, land transport is an important mode of transportation for domestic visitors while airports are the predominant gateways for foreign visitors. Yogyakarta is the destination base for domestic and foreign tourists, because it is a transport hub for road, air and rail, and the primary cluster of available accommodation (91% of hotel rooms are in DI Yogyakarta, 9% are in Kabupaten Magelang) and services, and because of its proximity to the main other attractions in the area such as Prambanan. Around 73% of visitors are estimated to come to Borobudur and Prambanan from Yogyakarta. Around 18% and 9% of the visitors come from Semarang and Solo respectively. Many domestic visitors and a significant proportion of foreign visitors to Yogyakarta do not visit Borobudur. Most visitors stay only a short period of time. The average length of stay in DI Yogyakarta and Kabupaten Magelang hotels is 1.8 nights for foreigners and 1.4 nights for domestic guests.

**Borobudur-Yogya-Prambanan is mostly expected to remain part of a destination tour for more foreign visitors (as ‘must-see’), but can also become a standalone destination for some proximity markets.** If the Borobudur experience is enhanced, it could attract larger numbers of Asian visitors, for whom Borobudur-Yogya-Prambanan could become a standalone destination. Through enhanced attractions (such as the cultural villages around Borobudur and tourism experience enhancement in Kota Yogyakarta and Prambanan), the average length of stay and daily expenditures could increase. It is expected that the mode of arrival and visitor distribution pattern will remain similar to the current context. Domestic visitors will continue relying on land transport for travelling; e.g., by 2041 it is forecast that around 73% of domestic visitors will arrive by land and 18% by air. As part of the Trans Java toll road, a planned Bawen-Magelang-Yogyakarta corridor is expected to benefit visitors, but it cannot be justified from a tourism point of view as it principally serves regional connectivity. Foreign visitors are forecasted to continue arriving by air and the new Kulon Progo Airport is expected to become the predominant gateway.

**Key to enhancing tourism attraction, especially foreign visitors, is the development of the Yogyakarta, Borobudur, and Prambanan as a coherent cultural destination.** It is envisaged to develop the destination as an internationally recognized symbol of Javanese traditional culture. The city of Yogyakarta is the main hub for tourism and transport infrastructure. Besides being a bustling town with a pleasant atmosphere and a famous shopping street (Malioboro), it is endowed with a rich living Javanese cultural heritage. The Kraton (palace) of Yogyakarta is a walled city within a city. It is not only the residence of the Sultan and his family, but it is also a living museum that centers on Javanese culture. At the Kraton, tourists can learn and see directly how Javanese culture continues to live and be preserved. The Palace houses a museum and there are regular performances of Javanese arts such as gamelan music, shadow puppet (wayang) shows, and traditional dances. The Water Castle (Taman Sari) is within the Kraton area and was built in the mid-18<sup>th</sup> century. It has four distinct areas: a large artificial lake with islands and pavilions located in the west, a bathing complex in the center, a complex of pavilions and pools in the south, and a smaller lake in the east. Today only the central bathing complex is well preserved. Within an hour driving from Yogyakarta, Borobudur and Prambanan are magnificent historical Javanese



temple complexes dating back to the 8<sup>th</sup> to 9<sup>th</sup> and the 9<sup>th</sup> to 10<sup>th</sup> century respectively. They are both UNESCO World Heritage Sites and they are managed by PT. TWC.

- The Borobudur temple complex consists of three monuments, the main Borobudur temple and two smaller temples nearby (Mendut and Pawon temples). The main temple of Borobudur is the largest Buddhist temple in the world. Apart from its magnificent scale, Borobudur is famous for its beautiful stone reliefs and statues.
- The Prambanan temple complex is the largest Hindu temple of ancient Java. Eight main and eight minor temples form the main Pramabanan temple complex, but the remains of more than 200 mostly ruined smaller temples surround the main temple complex. Nearby are the Plaosan temples, consisting of two restored main temples and more than 100 small mostly ruined shrines.
- Another site with tourism growth potential is the Ratu Boko site, found adjacent to the Prambanan complex. It is a partly ruined Hindu palace complex that covers 16 hectares. The history of Ratu Boko is unclear, and much of what is understood about the site comes from inscriptions and even folklore. A mix of Buddhist and Hindu structures are found on the complex. The oldest inscription found on the site is believed to date back to 792 AD.

**The challenge for the Master Planning exercise is to plan and guide tourism development very carefully to ensure that historical, cultural and religious assets will be preserved and can be enjoyed as part of a living heritage.** Already, some adverse impact of overcrowding by tourist can be seen at Borobudur that suffers from increased visitor dissatisfaction and dampened visitor growth. Thus, one element of the Integrated Tourism Master Plan will be a Visitor Management Plan for Borobudur (refer to Annex 4). This will help to pacify growing discontent and stagnation, especially amongst foreign visitors, and to maintain the values for which the Borobudur Temple Compound was inscribed on the World Heritage List.

**The implications of pursuing a high-growth tourism scenario for planning and investment needs are presented in Figure 1.** Regional connectivity plans ensure sufficient connectivity between Borobudur, Yogyakarta and Prambanan, and the current and new airport. The Consultant will prepare an Integrated Tourism Master Plan consisting of:

- (a) An overall 25-year development plan for the destination area consisting of Borobudur Cluster covering Kecamatan Tempuran, Kecamatan Mertoyudan, Kecamatan Muntilan, Kecamatan Borobudur and Kecamatan Mungkid<sup>33</sup>; Prambanan-Boko Cluster covering Kecamatan Prambanan in Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten and Yogyakarta Cluster covering Kota Yogyakarta.
- (b) A detailed development plans (5 years) for priority *key tourism areas*:
  - i. The Borobudur Cluster covering two Kecamatan: Borobudur and Mungkid.
  - ii. The Prambanan-Boko Cluster covering Kecamatan Prambanan in Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten.
  - iii. The Yogyakarta Cluster including the Kraton, Taman Sari and Malioboro Street in the following Kecamatan: Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede and Gondomanan.

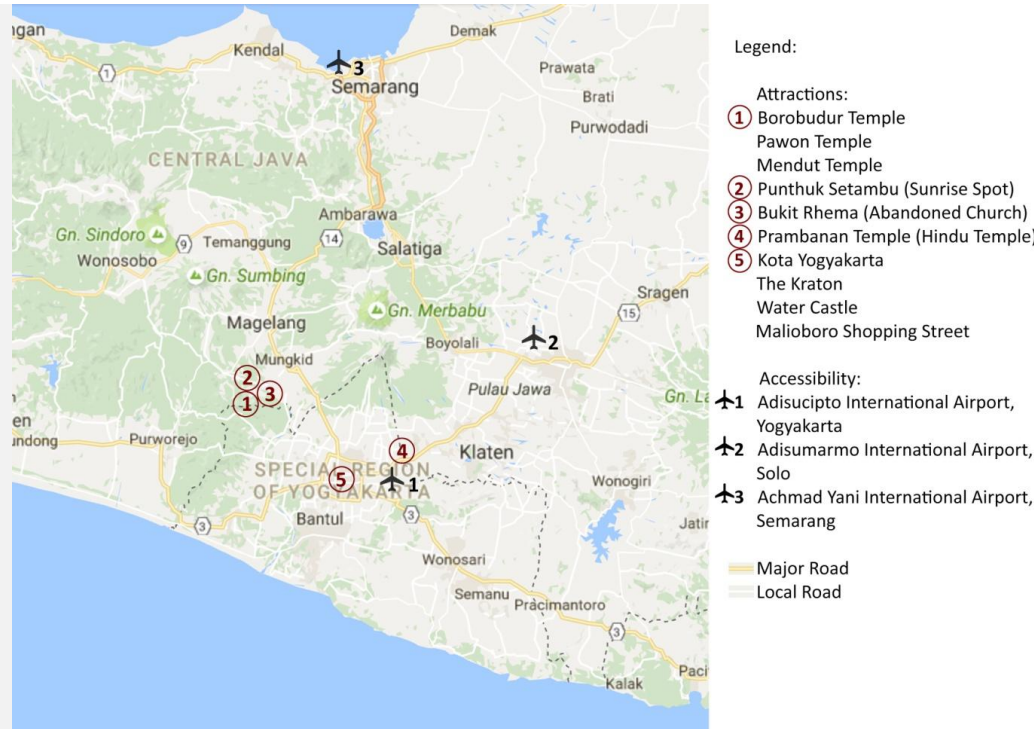
<sup>33</sup> Presidential Regulation 58/2014 includes seven Kecamatan within the boundary of Borobudur's Spatial Master plan: Tempuran, Mertoyudan, Muntilan, Kalibawang, Samigaluh, Borobudur, and Mungkid. The ITMP has excluded Kecamatan Kalibawang and Samigaluh considering that the area included in the Spatial Plan is minimal and no major tourism opportunities have been identified in these Kecamatan.



(c) Preparation of Borobudur Visitor Management Plan

As part of Task F of the Services, the Consultant will adjust or confirm the priority *key tourism* areas.

**Figure 1: Borobudur-Yogyakarta-Prambanan Destination Definition**



Detailed implication for Integrated Tourism Master Plan Consultants' Services:

Integrated Tourism Master Plans consisting of:

- (d) An overall 25-year development plan for the destination area consisting of Borobudur Cluster covering Kecamatan Tempuran, Kecamatan Mertoyudan, Kecamatan Muntilan, Kecamatan Borobudur and Kecamatan Mungkid; Prambanan-Boko Cluster covering Kecamatan Prambanan in Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten and Yogyakarta Cluster covering Kota Yogyakarta.
- (e) A detailed development plans (5 years) for priority *key tourism areas*:
  - i. The Borobudur Cluster covering two Kecamatan: Borobudur and Mungkid.
  - ii. The Prambanan-Boko Cluster covering Kecamatan Prambanan in Kabupaten Sleman and Kecamatan Prambanan in Kabupaten Klaten.
  - iii. The Yogyakarta Cluster including the Kraton, Taman Sari and Malioboro Street covering the following kecamatan: Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede and Gondomanan.
- (f) Preparation of Borobudur Visitor Management Plan (Annex 4)

## **Annex 2: Indicative Outline Table of Contents**

### **PART I: GENERAL APPROACH**

#### **1. OBJECTIVES OF THE INTEGRATED TOURISM MASTER PLAN**

#### **2. STRATEGIC VISION**

*Tourism potential*

*Tourism carrying capacity and sustainable tourism*

*Local participation, job creation and poverty alleviation*

*Enabling business environment*

*Institutional arrangements*

### **PART II: MARKET ANALYSIS FOR AREA X/Y/Z (based on the Market Analysis and Demand Assessment study results)**

#### **1. TOURIST MARKET SUPPLY AND DEMAND ASSESSMENT**

*Supply assessment*

*Demand assessment*

*Investor analysis*

#### **2. MARKET STRATEGY**

*Future market demand analysis*

*Marketing and branding strategy*

### **PART III: DEVELOPMENT STRATEGY FOR AREA X/Y/Z**

#### **1. ANALYSIS OF EXISTING SITUATION**

*Boundary definition of the Integrated Tourism Development Master Plan Area X/Y/Z*

*Assessment of existing planning framework and review of current spatial plans*

*Review of the existing local institutional framework*

*Assessment of socio-economic situation and development trends (past 10 years)*

*Review of the overall economic activity in the area*

*Analysis of tourism related economic activity in area X/Y/Z (based on the Market Analysis and Demand Assessment study results), including:*

- Number of tourist, local and foreign, length of stay, expenditure pattern, etc.
- Overnight accommodation by type, capacity, and location
- Eateries by type, capacity, and location
- Cultural and natural tourist sites by type, location, and number of visitors

- Manmade tourist attractions by type, location, and number of visitors (theme park, tourist market, shopping center, etc.)
- Etc.

*Employment conditions in the local tourism industry (based on the Market Analysis and Demand Assessment study results), i.e.:*

- Gaps in demand and supply of tourism related employment
- Gaps (in quantity and quality) in skills requirements
- Position and potential of local SMEs

*Detailed description of the condition of natural and cultural assets (based on the Market Analysis and Demand Assessment study results and other previous studies), including:*

- Identification of natural and cultural assets within the Tourism Destination Area
- Assessment of the quality and uniqueness of natural and cultural assets
- Review of the current condition of natural and cultural assets

*Environmental health conditions (water and air quality, cleanliness, malaria occurrence and other health hazards, etc.)*

*Security concerns*

*Current land use (map)*

*Map showing the location and size of existing tourism areas:*

- areas where tourists stay overnight
- areas where tourists recreate: beach area, shopping center, (tourist-)markets, restaurants, bars, etc.
- areas near tourist attractions (cultural, natural, manmade)

*Inventory of current infrastructure and service provision, with a focus on the existing and new key tourism areas (based on the Market Analysis and Demand Assessment study results), i.e.:*

- External access: airports and airlift capacity, ports, national and provincial road network, railways, external (long distance) public transport system.
- Internal access: internal road network, internal and short distance public transport facilities, non-motorized transport facilities, pedestrian facilities, road safety, etc.
- Drainage and flood protection
- Water supply
- Sanitation and sewerage
- Solid waste management
- Electricity supply
- Street lighting
- Cleanliness and maintenance
- Traffic management and parking
- Pedestrian facilities

- Public amenities
- Broadband internet services

*Detailed identification of gaps in infrastructure provision and service delivery*

*Ongoing and planned public and private sector initiatives:*

- Public sector investment: what and when?
- Private sector initiatives: what and when?

*Impact of planned investments on resolving identified deficiencies and service gaps*

## 2. DEVELOPMENT SCENARIOS

*Growth projections for a period of 25 years and related medium-term growth projections for 5 years (based on the review of existing statistics, plans and documents):*

- Economic growth projection
- Industrial growth projection
- Visitor growth projection
- Employment growth projection
- Population growth projection, including temporary residents (tourists) and in-migration of job seekers

*Planning standards for tourism infrastructure and services (taking into account that visitors have a relatively high expectation of infrastructure and service standards).*

*Identification of additional land needs for future residential, industrial, commercial, and visitor requirements, including land requirements for housing of tourism employees and their dependents*

*Identification of community awareness and capacity building needs for inclusive tourism development*

*Identification of needs for skills development for tourism market supply (education, SME development)*

*Presentation of at least three different spatial development scenarios to accommodate the projected growth*

*Assessment of environmental and social impacts of each development scenario*

## 3. EVALUATION OF DEVELOPMENT SCENARIOS

*Identification of stakeholders and stakeholder representatives, at least from: Government institutions, private sector representatives, local residents and business community, local NGOs*

*Discussion of the findings, the proposed planning standards and the scenarios with all stakeholders*

*Selection of one scenario for further elaboration*

*Identification of stakeholders that will actively contribute the detailing of the preferred development scenario*

#### 4. THE PREFERRED DEVELOPMENT SCENARIO

*Detail the preferred development scenario in close collaboration with identified stakeholders:*

- Present a land use map (2022 and 2042) including the detailed location, shape and size of existing and new key tourism areas.
- Identify and discuss land ownership issues related to the preferred development scenario
- Identify and mitigate environmental and social impacts related to the preferred development scenario
- Identify and discuss cultural and natural heritage preservation issues related to the preferred development scenario
- Evaluate phasing options and select priority locations for development with related detailed size and shape consistent with projected demand for all land uses and with special emphasis on tourism development in blocks of five years (2018-2022 / 2023-2027 / 2028-2032 / 2033-2037/2038-2042)
- Identify additional needs for infrastructure and services on top of existing deficiencies based on the preferred development scenario and infrastructure standards with planning horizon of 5 years and 25 years respectively
- Present an integrated phasing plan for timing of infrastructure and service provision in a gradual and cautious way to minimize risks and to guide development
- Identify additional needs for SME and skills development
- Identify roles and responsibilities of all stakeholders in implementation of the preferred scenario
- Assess private sector interest and commitment to the realization of the development scenario
- Assess community interest and commitment to the realization of the development scenario
- Identify the need for downstream revision of other formal (spatial) plans and regulations (for indicative list see Annex 3)

#### 5. DEVELOPMENT PLANS FOR PRIORITY KEY TOURISM AREAS

*Present detailed development plans with 5 years and 25 years planning horizon for all the priority current key tourism areas within the Tourism Destination Area (existing clusters of hotel and tourist facilities and attractions) and for new key tourism areas that have been prioritized for tourism development in the first 5 years (2018-2022) of the Program, including maps, planning standards, building regulations and conceptual designs with cost estimates.*

#### 6. INTEGRATED INFRASTRUCTURE AND SERVICES DEVELOPMENT PLAN

*Medium and long-term investment plan*

*Present consolidated results of the overall development scenario and the detailed development plans and present an integrated and phased infrastructure and services development plan and related cost estimates for all sectors at prefeasibility level for 5 and 25 years respectively, together with conceptual designs. The investment plan must support and guide tourism development and will include:*

- Area redevelopment
- External access: airports and airlift capacity, ports, toll roads, national and provincial road network, railways, external (long distance) public transport
- Internal access: internal road network, internal and short distance public transport facilities including water transport, non-motorized transport facilities, traffic management, pedestrian facilities, road safety, parking, etc.
- Drainage and flood protection
- Water supply
- Wastewater management and sanitation
- Solid waste management and cleanliness
- Electricity supply
- Street lighting
- Public amenities
- Broadband internet services
- Specialized tourist related infrastructure such as visitor centers, jetties, boardwalks, signage, etc.

#### *Short-term investment plan*

*Present urgent first year (2018) investment plan for improved connectivity and critical first year basic infrastructure investment.*

### 7. CAPACITY BUILDING

*Present a capacity building program in close collaboration with identified stakeholders, including institutional capacity building at all levels of government, safeguard monitoring and downstream spatial plan revisions, community capacity building, and SME and skills development.*

### 8. INTEGRATED TOURISM MASTER PLAN

*Present an integrated tourism master plan for all sectors at prefeasibility level, including conceptual designs for all infrastructure and services for 5 resp. 25 years, consisting of:*

- a land-use plan
- a phasing plan showing priority locations for development in blocks of five years (2018-2022 / 2023-2027 / 2028-2032 / 2033-2037/2038-2042)
- detailed development plans for priority key tourism areas
- a phased tourism facilities development plan for 5 resp. 25 years
- a phased integrated infrastructure and services development plan for 5 resp. 25 years
- a private sector, SME and skills development plan
- a local community capacity building plan for inclusive development
- An institutional development plan for management of tourism development
- If sufficient information on the land acquisition and/or resettlement is available for a particular land/infrastructure/facilities development as recommended by the ITMP, and if it has been decided that the ITMP recommendation will be implemented, then the Consultant will also prepare a



land acquisition and resettlement action plan (LARAP) in accordance with the LARPF as specified in the ESMF.

- If sufficient information on the presence of and potential impacts on IPs is available for a particular land/infrastructure/facilities development as recommended by the ITMP, and if it has been decided that the ITMP recommendation will be implemented, then the Consultant will also prepare an Indigenous Peoples Plan (IPP) in accordance with the Indigenous Peoples Planning Framework (IPPF) as specified in the ESMF
- a natural assets preservation and environmental management plan
- a cultural heritage preservation management plan
- implementation arrangements
- detailed 5 years cost estimates and investment plan
- a financing plan including distinction of public and private sector contributions

## 9. ECONOMIC EVALUATION

## 10. ENVIRONMENTAL IMPACT EVALUATION AND MITIGATION PLAN

## 11. SOCIAL IMPACT EVALUATION AND MITIGATION PLAN

### Annex 3: Responsibility for review of plans after completion of the Integrated Tourism Master Plan

Once the Integrated Tourism Master Plan has been prepared, a number of spatial and sectoral plans have to be reviewed and improved or prepared as well, including:

1. Review of spatial plans:
  - a. RTRW Provinsi
  - b. RTRW (Rencana Tata Ruang Wilayah) Kawasan Strategis Pariwisata (across kota/kabupaten)
  - c. RTRW (Rencana Tata Ruang Wilayah) Kota/Kabupaten
  - d. RDTR (Rencana Detail Tata Ruang) Kawasan Strategis Pariwisata
2. Review of sectoral Master Plans:
  - a. Roads
  - b. Transport
  - c. Drainage and flood control
  - d. Water supply
  - e. Wastewater management
  - f. Solid waste management
  - g. Power supply
  - h. Plans of National Parks (*if applicable*)

A large number of government institutions will be involved in preparing/reviewing these plans. Most of the work will be done in close collaboration and consultation with relevant stakeholders. This preliminary note is meant to identify which government body at which level of government is formally responsible for preparation and/or review of these plans. It is an initial attempt to identify down-stream planning needs that the Consultant will build and improve on.

#### Ad 1. Spatial plans

Responsible for the preparation/review of the RTRW and the RDTR is the Bappeda of the Kota or Kabupaten of the area covered. If the planning area covers more than one local government, which is often the case for the RTRW for strategic areas, the Provincial Bappeda is responsible.

#### Ad 2. Sectoral master plans.

##### *Roads*

There are number of institutions in each level of governments responsible in road sector. Most of the responsibilities fall to Ministry of Public Works and Housing (MPWH). Detail of the responsibilities are as the following table.

Institutions	Responsibilities
DG Highway - Ministry of Public Works and Housing	<ul style="list-style-type: none"><li>• Develop national road master plan</li><li>• Develop and maintain national road network, including some toll roads</li><li>• Reconstruct and maintain provincial and district roads that have been classified as strategic roads</li><li>• Regulate road sector</li></ul>
Toll Roads Authority – Ministry of Public Works and Housing	<ul style="list-style-type: none"><li>• Regulate toll roads</li><li>• select toll road operators</li></ul>

Institutions	Responsibilities
Provincial Government	<ul style="list-style-type: none"> <li>• Develop provincial road master plan</li> <li>• Develop and maintain provincial road network</li> <li>• Develop local roads</li> </ul>
Municipal/City Government	<ul style="list-style-type: none"> <li>• Develop municipal/city and local roads master plan</li> <li>• Develop and maintain municipal/city road network</li> <li>• Develop and maintain local roads</li> </ul>
Village Government	<ul style="list-style-type: none"> <li>• Village roads</li> </ul>

### *Transport*

Ministry of Transport (MOTr) responsible for development of transport infrastructures and service at national network (except road), and provincial and municipal/city governments responsible for provincial and municipals/city network. Detail of the responsibilities are as the following table.

Institutions	Responsibilities
DG Land Transport - MOTr	<ul style="list-style-type: none"> <li>• Develop road transport service master plan</li> <li>• Develop ferry and inland waterway master plan</li> <li>• Regulate road transport sector</li> <li>• Enact inter-province road based public transport route network</li> <li>• Issue inter-province road based public transport service license to operators</li> <li>• Develop inter-province road based public transport terminal</li> <li>• Approve technical design and operation of road based public transport terminal</li> <li>• Develop and maintain ferry and inland waterway ports</li> <li>• Develop ferry route network</li> <li>• Issue ferry service license to operators</li> </ul>
DG Air Transport - MOTr	<ul style="list-style-type: none"> <li>• Develop airport master plan</li> <li>• Develop air transport service master plan</li> <li>• Regulate air transport sector</li> <li>• Enact regular air transport route network</li> <li>• Issue regular air transport service license to operators</li> <li>• Develop airport</li> <li>• Approve technical design and operation of airport</li> </ul>
DG Sea Transport - MOTr	<ul style="list-style-type: none"> <li>• Develop port master plan</li> <li>• Develop shipping line master plan</li> <li>• Regulate sea transport sector</li> <li>• Enact shipping route network</li> <li>• Issue regular shipping service license to operators</li> <li>• Develop port</li> <li>• Approve technical design and operation of port</li> </ul>
DG Railway - MOTr	<ul style="list-style-type: none"> <li>• Develop railway master plan</li> <li>• Regulate railway sector</li> <li>• Develop and maintain inter-province railway network</li> <li>• Issue inter-province railway public transport service license to</li> </ul>

Institutions	Responsibilities
	<ul style="list-style-type: none"> <li>operators</li> <li>• Approve technical design and operation of railways line</li> </ul>
Provincial Government	<ul style="list-style-type: none"> <li>• Similar to MOTr, but for provincial network. Provincial governments must ask for approval from MOTr on technical design and operation.</li> </ul>
Municipal/city Government	<ul style="list-style-type: none"> <li>• Similar to MOTr, but for municipal/city network. Municipal/city governments must ask for approval from MOTr on technical design and operation.</li> </ul>

### *Drainage and flood control*

Ministry of Public Works and Housing (MPWH) responsible for development of drainage networks and flood control and provincial and municipal/city governments responsible for provincial and municipals/city networks. Detail of the responsibilities are as the following table.

Institutions	Responsibilities
MPWH - DG Water Resources	<ul style="list-style-type: none"> <li>• Develop water resource management and water conservation master plan</li> <li>• Regulate water resource management and water conservation</li> <li>• Implement and facilitate regulation of water resource management</li> <li>• Develop drainage primary network master plan</li> <li>• Develop standardization for water resource management</li> <li>• Develop and supervise technical guidance for water resource management</li> <li>• Evaluate water resource management implementation</li> </ul>
MPWH - DG Human Settlement	<ul style="list-style-type: none"> <li>• Develop regulation for drainage system at settlement location</li> <li>• Implement and facilitate drainage system regulation</li> <li>• Develop drainage system at settlement location</li> <li>• Regulate standardization of drainage system at settlements</li> <li>• Develop national settlements plan to support tourism areas</li> <li>• Develop and supervise technical guidance for drainage development at settlements</li> <li>• Facilitate of asset handover development and system development for drainage at settlements to Local Government</li> </ul>
Public Works Agency at Provincial Level	<ul style="list-style-type: none"> <li>• Regulate operational of water resource management at provincial level and inter-city/ kabupaten</li> <li>• Develop RPI2JM for drainage services infrastructure</li> <li>• Supervise operational and technical of water resource and drainage</li> <li>• Provide license of water use and water resource</li> <li>• Evaluate and control water resource management</li> <li>• Implement decentralization of authority for water resource sector at provincial level</li> <li>• Develop regional drainage system</li> </ul>

Institutions	Responsibilities
	<ul style="list-style-type: none"> <li>• Technical supervision for construction</li> <li>• Conduct physical construction of drainage and water system</li> </ul>
Public Works Agency at Kota/Kabupaten level	<ul style="list-style-type: none"> <li>• Similar to Public Works Agency at provincial level, but for municipal/city network</li> <li>• Develop RPI2JM for drainage services infrastructure</li> <li>• Coordinate with other city government for inter-connection drainage system and water resource management</li> </ul>

### *Water supply*

Water supply is normally organized at the Kota or Kabupaten level. Responsible for sectoral master plan preparation and implementation is the local Kota/Kabupaten water supply company PDAM.

Institutions	Responsibilities
MPWH - DG Human Settlement	<ul style="list-style-type: none"> <li>• Regulate drinking water system management at urban, rural and specific area</li> <li>• Develop national water supply plan to support tourism areas</li> <li>• Implement and facilitate regulation of drinking water system</li> <li>• Regulate standardization for drinking water system</li> <li>• Institutional facilitation of drinking water sector</li> </ul>
MPWH – BPPSPAM	<ul style="list-style-type: none"> <li>• Regulate standardization for water supply especially for drinking water system</li> <li>• Supervise water supply system to provincial and local government</li> </ul>
Provincial – Public Works Agency	<ul style="list-style-type: none"> <li>• Develop drinking water master plan for provincial level (RISPAM)</li> <li>• Develop RPI2JM for water supply</li> <li>• Develop water supply services at regional level</li> <li>• Technical supervision for construction</li> <li>• Conduct physical construction of water supply</li> </ul>
City Government – PDAM at city level	<ul style="list-style-type: none"> <li>• Develop regulation and strategy of drinking water and waste water management</li> <li>• Develop drinking water master plan for city level (RISPAM), including maintenance and control</li> <li>• Develop RPI2JM for water supply</li> <li>• Develop Rencana Aksi Daerah Penyediaan Air Minum dan Penyehatan Lingkungan (RAD AMPL)</li> <li>• Provide HH water connections, construction and O&amp;M of city drinking water networks</li> </ul>

### *Waste water management and solid waste management*

Institutions	Responsibilities
DG Human Settlement	<ul style="list-style-type: none"> <li>• Regulate waste water and solid waste system</li> </ul>

Institutions	Responsibilities
	<ul style="list-style-type: none"> <li>• Develop national waste water and solid waste management plan to support tourism areas</li> <li>• Implement waste water and solid waste system regulation including facilitate of land provision</li> <li>• Supervise technical guidance for waste water and solid waste management system</li> <li>• Develop standardization for waste water and solid waste management</li> </ul>
Public Works Agency at Provincial Level	<ul style="list-style-type: none"> <li>• Develop solid waste and waste water management system at regional level</li> <li>• Technical supervision for construction</li> <li>• Develop physical construction of waste water and solid waste system</li> </ul>
City Government	<ul style="list-style-type: none"> <li>• Develop sanitation master plan (Buku Putih Sanitasi/BPS, Memorandum Program Sanitasi (MPS) and Strategi Sanitasi Total Berbasis Masyarakat (STBM)</li> <li>• Develop technical regulation for waste water and solid waste management system</li> <li>• Provide waste water and solid waste management services</li> </ul>

Every local government should prepare a Strategi Sanitasi Kota/Kabupaten (SSK) covering both Waste water management and solid waste management. Responsible for preparation and implementation is the local Dinas PU.

#### *Power supply*

Responsible for the Power Supply sectoral master plan preparation and implementation is the national Power Supply Company PLN, which is also the provider of electricity.

Institutions	Responsibilities
Ministry of Energy and Mineral Resources – DG Electricity	<ul style="list-style-type: none"> <li>• Regulate electricity sector</li> <li>• Implement and facilitate regulation of electricity sector</li> <li>• Develop electricity master plan</li> <li>• Regulate standardization of electricity sector</li> <li>• Supervise technical guidance of electricity sector</li> <li>• Evaluate water resource management implementation</li> </ul>
Energy and Mineral Resource Agency at Provincial Level	<ul style="list-style-type: none"> <li>• Develop technical regulation for energy sector (including electricity) and mineral resource</li> <li>• Implement and facilitate regulation of electricity sector</li> <li>• Coordinate and supervise to technical implementation unit at regional and city/ kabupaten level</li> </ul>
Power Supply Company at regional level	<ul style="list-style-type: none"> <li>• Develop master plan of electricity supply at regional level</li> <li>• Provide electricity supply system</li> </ul>

#### *Potential for improved efficiency*

Note that the responsibility for many sectoral master plans is delegated to local government (Kabupaten/Kota) as a result of the drive to decentralization. This may however result in less



efficient provision of infrastructure. For example, the combined use of a raw water source or a solid waste disposal site by more than one local government might be much more efficient than each local government having its own facility. Therefore, the Integrated Tourism Master Plan should identify opportunities for combined use of resources and facilities between localities. In such cases the Province could take the lead in preparing sectoral master plans in close cooperation with the local governments involved. A good example of such cooperation already exists in Central Java Province, where *Kota* Yogyakarta and *Kabupatens* Sleman, Bantul, and Wonogiri are working closely together under the guidance of the Central Java Province to make integrated master plans for solid waste management, drainage and sanitation. The same could be done for roads and road transport where the Province could become leading in preparing a sectoral master plan covering all layers of government.

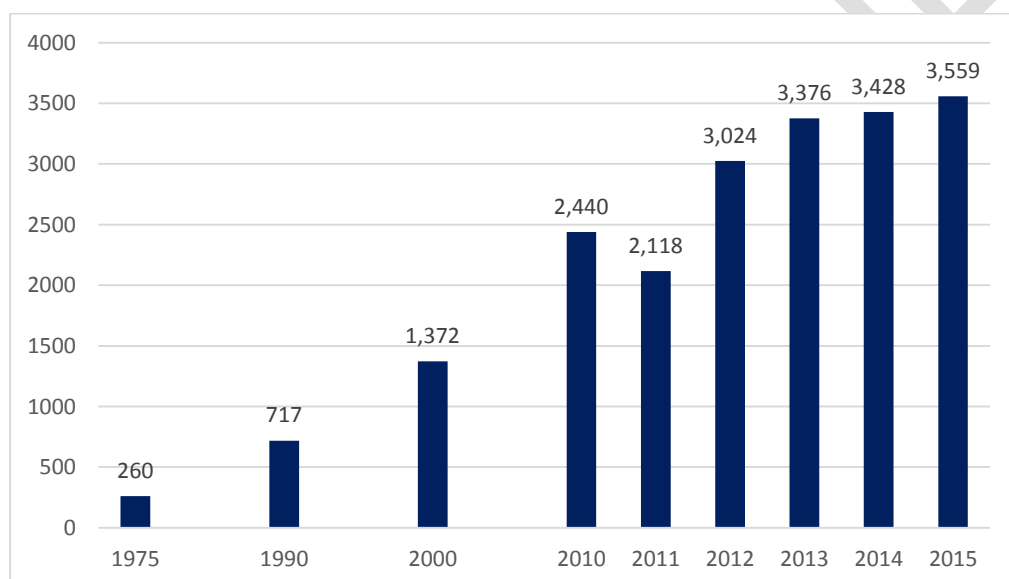
**[Add this Annex to BOROBUDUR-YOGYAKARTA-PRAMBANAN TOR only]** Annex  
**4: Borobudur Visitor Management Plan**

***Borobudur visitor attraction***

The Borobudur temple complex, a UNESCO World Heritage Site, is located approximately 40 km to the northwest of Yogyakarta's city center. It consists of three monuments, the main Borobudur temple and two smaller nearly temples (Mendut and Pawon temples). The main temple of Borobudur is the largest Buddhist temple in the world. Apart from its magnificent scale and setting, Borobudur is famous for its beautiful stone reliefs and statues.

In 2015, visitor numbers reached almost 3.6 million, which makes Borobudur the most visited paid-entry cultural site in Indonesia. The temple has been open to visitors for several decades. In 1974, as restoration works started, it recorded only 260,000 visitors, of whom 36,000 were foreigners. Since then, visitor numbers have experienced significant growth with an annual average rate of 8.8%. During the last 5 years, the numbers of visitors has increased by 1.1 million, which represents an annual average growth by 7.8%.

**Figure: Number of Visits to Borobudur Temple 1975 – 2015 (thousands of visits)**



Source: TWC

Admission prices for Indonesian residents are IDR 30,000 (~USD 2.3) for adults and IDR 15,000 (~USD 1.15) for students. The admission price for foreigners is USD 20 for adults and USD 10 for students. Borobudur temple is mostly visited by domestic visitors:

- Students and schoolchildren (1.2 million, 33%)
- Domestic adult visitors (2.1 million, 60%).
- Foreign visitors (256,000, 7%)

The top 5 nationalities for foreign visitors (2014 figures) are the Netherlands, Japan, Malaysia, France and Germany. Malaysia, Singapore, China and Australia are under-represented vis-à-vis their total visitor numbers to Indonesia.

Peak visitor periods occur during European summer holidays, Lebaran and Vesak day (the latter sees 40,000 to 60,000 worshippers, mostly from Indonesia). Foreign arrivals to Borobudur increased steadily from 2011 to 2014 before dropping slightly in 2015. Domestic arrivals show strong increase over the longer term although in recent years' growth appears to

have slowed. As Borobudur is a well-known heritage destination in Indonesia, domestic tourists come from cities all across Indonesia (with a larger percentage from Java).

There has been some fluctuation in visitor numbers over the years reflecting natural disasters such as the eruption of Mount Merapi in late 2010 which resulted in the temporary closure of regional airports and causing damage to Borobudur because of volcanic ash.

**Figure: Growth in arrivals to Borobudur, 2010-2015**

Year	Foreign arrivals	Growth rate of foreign arrivals	Domestic arrivals	Growth rate of domestic arrivals	Total arrivals	Growth rate of total arrivals
2010	156,247	-	2,283,532	-	2,439,779	-
2011	168,028	8%	1,949,817	-15%	2,117,845	-13%
2012	193,982	15%	2,830,230	45%	3,024,212	43%
2013	227,337	17%	3,148,368	11%	3,375,705	12%
2014	268,664	18%	3,159,744	0%	3,428,408	2%
2015	256,362	-5%	3,302,328	5%	3,558,690	4%

Source: Annual reports of PT. Taman Wisata Candi Borobudur, Prambanan and Ratu Boko

### ***Borobudur heritage area management zoning and regulation***

The Indonesian government established five management zones for Borobudur with the support of UNESCO and Japan International Cooperation Agency (JICA). The overall management area covers over 15,000 square meters.

Zone I covers the area with a radius of 100 to 300 meters from the main temple, and consists of the three temples. Within this area the Ministry of Education and Culture is obligated to protect and maintain the physical state of the temples.

Zone II, with a radius of up to 2.5 kilometers, is the area where tourism, research, and conservation activities are carried out. This area is managed by a state-owned institute PT. Taman Wisata Candi Borobudur, Prambanan, and Ratu Boko (PT.TWC).

Zones III-V cover the area beyond 2.5 kilometers from the temple, where any planning, usage or development is monitored and managed by the local government of *Kabupaten* Magelang.

### ***Institutional framework and key stakeholders***

Several stakeholders participate in the preservation, management and development of Borobudur.

*UNESCO* – coordinated and funded the restoration of Borobudur (it provided a total amount of USD 7 million between 1972 and 1983); offers financial and technical support in case of damage (it donated USD 3 million towards the rehabilitation of Borobudur after Mount Merapi's 2010 eruption); and supports sustainable tourism development both in motivating and supporting the local community in the Borobudur area, and in supporting the preservation of the monument.

*The Borobudur Studies and Conservation Institute* – operating under the Ministry of Education and Culture, is charged with conservation and preservation management of the Borobudur Temple (Zone I). It works with the Gadjah Mada University of Yogyakarta in implementing these programs.

*PT. Taman Wisata Candi Borobudur, Prambanan and Ratu Boko* – a state-owned enterprise which manages tourist activities in Zone II; markets and promotes Borobudur in both local and international markets; and ensures the local community is benefitting from the tourism development of Borobudur.

*Kabupaten Magelang* – manages and enforces spatial planning, land use and development control in the greater Borobudur area (Zone III – V).

Surrounding villagers are of course key stakeholders as well, and should be engaged in the development, operations, and management of the destination.

### ***Legal framework, spatial and management plans***

In 1979, the JICA Borobudur Master plan was prepared as a comprehensive plan that included conservation strategies, environmental management, landscaping, infrastructure redevelopment, village improvement, a land use plan, entrances and additional facilities, budget, and administrative structure. This plan was not institutionalized by GOI (except for the partial zoning adopted by Presidential Decree 1/1992). Since then, a large number of spatial plans and management plans for Borobudur have been prepared, as summarized in the following table:

	<b>Spatial Plans</b>	<b>Management Plans</b>
International	1979 – JICA Master plan	
	1991- Listed as World Heritage Site by UNESCO	
National	Law 26/2007 – Spatial Management	Presidential Decree 1/1992 – Management Plan of Borobudur and Prambanan.
	Government Regulation 26/2008 – National Spatial Plan	<p>Several studies have been conducted for the Borobudur Site:</p> <ul style="list-style-type: none"> <li>- Studies on Supporting Tourism Facilities Evaluation in Borobudur Temple Compound (2005);</li> <li>- Study on Surrounding Community Perception of State of Conservation and Utilization of Borobudur Temple (2009);</li> <li>- Study on Physical Carrying Capacity of Borobudur Temple (2009);</li> <li>- Study on Visitor Behaviours in Zone I of Borobudur Temple (2010);</li> <li>- Study on Distribution Pattern and Visitor Flow (2010);</li> <li>- Study on Visitor Management of Borobudur Temple I (2012);</li> <li>- Standard Operational Procedures (SOPs) for the</li> </ul>

		<p>Conservation of Borobudur Temple and Surroundings (2013);</p> <ul style="list-style-type: none"> <li>- Study on the Perceptions of Visitors to the Visitation Comfort of Borobudur Temple (2013),</li> <li>- Study on Visitor Management of Borobudur Temple I (2014), and</li> <li>- Monitoring and Evaluation Report of Borobudur Temple, Mendut Temple and Pawon Temple (2016).</li> </ul>
	Presidential Decree 58/2014 – Spatial Plan of Borobudur and Surrounding Areas	
Provincial	Provincial Regulation 6/2010 – RTRW Central Java 2009-2029	
Kabupaten	Kabupaten Decree 5/2011 – RTRW Kabupaten Magelang 2010 – 2030	

The most recent plan is the Spatial Plan of Borobudur and Surrounding Areas (Presidential Decree No. 58 Year 2014). Article 42 par. 2 indicates that the Management Plan for the Borobudur Area should be implemented by the responsible Ministry in the field of culture.

The Spatial Plan of Borobudur and Surrounding Areas is a local level plan and an operational and coordination tool with respect to the larger RTRW (*Rencana Tata Ruang Wilayah*, or Regional Spatial Plan), to ensure the preservation of Borobudur area as national and world heritage site.

The plan indicates the heritage area and provides direction for this area on land use intensity, maximum percentage of building footprint, minimum area of green open space, maximum building height, building character, and minimum required infrastructure. Besides this, the plan identifies the broad zoning, states the development intentions, and contains regulations relating to the permitted activities.

### ***Constraints and concerns***

Notwithstanding its World Heritage Site status and significant marketing efforts and resources (e.g. TWC invested IDR 8.2 billion in 2014 on marketing and research of Borobudur, Prambanan and Ratu Boko), Borobudur is not receiving the same recognition as other attractions with similar international stature. Foreign visitors only account for 6 to 8% of total arrivals according to TWC entrance figures and they are mainly European.

The various management parties of Borobudur (the Borobudur Studies and Conservation Institute, TWC, and Kabupaten Magelang) lack a common vision and clear mechanism to coordinate the conservation and promotion of Borobudur. Each party has its own mandates and objectives and is responsible for different sections of the site. TWC is more business

orientated, while the local government's main interest is the contribution of tourism to regional and local income and employment. Thus, it is understandable that these organizations want more visitors to raise revenue and to contribute to the local economy. On the other hand, as a conservation agency, the Borobudur Studies and Conservation Institute is more concerned about the adverse impact that visitors may have on the temple.

The Borobudur Temple, although an impressive and massive monument, is rather small at around 15,000 square meters compared to the much larger scale world wonders such as the Great Wall of China or Angkor Wat in Cambodia. Rising visitor numbers have caused an overloading problem, especially during peak season. This is both damaging to the temple and detrimental to the visitor experience. Overcrowding also threatens the image of the site among international markets, especially Europeans, as is evidenced by increasing recommendations on user-generated content websites to avoid the site as an “overcrowded tourist trap”.

There are currently no systems in place to regulate or limit the number of visitors or to introduce mandatory guided tours to regulate tourist activities. Despite warning signs on all levels not to touch anything, the regular transmission of warnings over loudspeakers and the presence of guards, vandalism on reliefs and statues is a common occurrence. Some of the damage caused by vandalism by tourists is already irreversible.

UNESCO does not provide figures regarding the daily carrying capacity or the number of visitors per year. While the institution considers the potential for “a small degree of damage caused by unsupervised visitors”, the potential damage caused by the risk of another volcanic eruption of Merapi is greater than the issue of carrying capacity.

The Borobudur Studies and Conservation Institute has indicated (endorsed by both TWC and Kabupaten Magelang) that the optimal carrying capacity of the Temple itself is under 200 visitors simultaneously, which corresponds to a daily carrying capacity of around 3,000 visitors (1 hour per visitor and 15 hour operational days). Currently, this capacity is grossly exceeded, with an annual average daily number of visitors at 9,750 with a peak of 20,200 in the month of December. It seems therefore more than likely that measures of limitation or regulation of attendance are necessary.

Another concern is poor management of hawkers in the Borobudur compound which causes much frustration for tourists, leaving a negative image of the destination. There are 2 components to the hawker problem. The first is the chaotic vendor stalls that visitors must walk through before exiting the Borobudur compound which is incompatible with visitors' expectations of a world class heritage site. Many vendors travel from around Java to set up stalls, not benefitting the local communities. The second involves local villagers who received lifetime free access to the Temple when they were displaced from their homes to make way for the establishment of the Compound. Today, they enter the Temple and sell unrelated items such as water and snacks close to the temple itself. Both problems are exacerbated during peak periods and disturb and frustrate tourists. While TWC has been trying to control the hawkers for over a decade, it has limited power to police and regulate the local community.

### ***Pipeline projects around Borobudur***

TWC is planning with the Magelang local government to relocate the current vendors to a new market (around 6 hectares) with car park outside Borobudur. The existing market place may be turned into a botanical garden.



There is also a plan to add one more entrance and a ticket office. This is understood to be still in the planning stage.

TWC is trying to develop a smart ticketing system to better manage the number and flow of tourists. It is understood that this is already budgeted by TWC.

TWC has an ongoing campaign to develop the surrounding villages into tourism villages where guests can stay with themes based on the specialty of each. The program offers assistance in infrastructure and training and has been rolled out in the first few pioneer villages.

### ***Requirements of the Borobudur Visitor Management Plan***

Borobudur cannot maintain, let alone increase its attractiveness without significant efforts aimed at improving and enriching the visitor experience. To avoid growing discontent and stagnation, especially amongst foreign visitors, a revision of the Borobudur experience is needed through the preparation of a Borobudur Temple Compound Visitor Management Plan.

Until now, the natural positioning of Borobudur temple as a unique cultural and religious site in Indonesia and Asia has not been sufficient to make the area a significant international (or even domestic) leisure tourist destination. Redefinition of the visitor experience should benefit the preservation of the site while contributing to increased revenues. To increase both the number of visitors and average expenditure per visitor, the Borobudur Temple Compound must become and be promoted as a world class heritage site offering an exceptional, almost life-changing, visitor experience. Visiting the Borobudur Temple Compound should be a peaceful and spiritual experience as part of a cultural journey to the heartland of ancient living Javanese culture in the Borobudur-Yogyakarta-Prambanan triangle. It should be:

- a temple compound at the center of a wider cultural landscape, highlighting historical and current features of Javanese culture;
- a place where visitors will be immersed and “initiated” into Buddhist culture; and
- represent one of the highlights of this “initiation”, by being exemplary in terms of quality of visitor experience (information, understanding of the site, scenography and services) and heritage conservation.

The Borobudur Visitor Management Plan should seek to guarantee the preservation of the site for present and future generations, whilst improving visiting conditions and maximizing the local economic impact. The Plan should result in improved visitor experience at the Borobudur Compound, with better information, better visitor flow regulations and better control over hawkers. It should also build on and learn from previous experience where a wide array of planning efforts has delivered inadequate results. The Plan should address all constraints and concerns and provide clear directives for temple compound management, visitor flow and crowd management, regulated and restricted temple access, admission tariff setting, efficient use of internal compound attractions and improved visitor information.

The Borobudur Visitor Management Plan will focus on the immediate visitor area of the temple compound and the surrounding areas to the extent that they are affected by the pattern of visitor traffic such as visitor approaches, assembly and entrance areas. In addition, the Plan should also address spatial planning issues beyond the immediate visitor area such as access and vehicle management as well as land use management of the surrounding areas. Based on review of existing plans and discussions with relevant government institutions, the Plan should provide directions to ensure that the integrity of the Borobudur Temple Complex (including Mendut and Pawon temples) will not be impaired by developments in the surrounding areas. These directions should then inform the spatial planning components of

the wider Integrated Tourism Master Plan as well as specific local plans. They should include, but not be limited to, preparing planning guidelines and restrictive measures in terms of zoning, land use, pedestrian and vehicle movement, building heights and densities, floor-space ratios, green open spaces, open vistas, architectural styles, landscaping, noise and air pollution, etc. Spatial planning guidelines and measures should be ambitious but realistic, based on firm commitments from all stakeholders, especially relevant government institutions, to enforce regulations once agreed.

Considering current institutional issues concerning the management of the temple compound and its surroundings, it is of the utmost importance to prepare the Borobudur Visitor Management Plan in close collaboration with all relevant government institutions and other stakeholders with a view to reach consensus and commitment on a common vision to ensure effective implementation and coordination of planned interventions. This may explicitly include proposals for revision of roles and responsibilities of relevant government institutions if this is deemed necessary for improved management of the Borobudur Temple Compound and its surrounding area. The results must be incorporated in the institutional development program and the capacity building program to be prepared as part of the overall scope of work for the Integrated Tourism Master Plan.

The Borobudur Visitor Management Plan will have a 25-year planning horizon, consistent with the overall Integrated Tourism Master Plan for the entire tourism destination area, and will propose medium and long-term interventions and investments together with related cost estimates at prefeasibility level for 5 respectively 25 years. All proposed interventions and investments must be consolidated in the overall Integrated Tourism Master Plan.

### **Scope of Work**

The scope of work is to prepare a Visitor Management Plan for the Borobudur Temple Compound. In order to conduct the work, the Consultant will follow the principles and criteria set out in the Operational Guidelines for the Implementation of the World Heritage Convention as well as the guidance of the UNESCO Practical Manual for World Heritage Site Managers. The Consultant will also review the existing Conservation Plan and Carrying Capacity studies that have been conducted for Borobudur and reflect their findings in the present assessment.

This assignment should also build upon the findings of the Borobudur-Prambanan-Yogyakarta Market Analysis and Demand Assessments. The assessments present relevant information on the baseline supply and scale and type of demand that will drive the development of selected tourism destinations and assess the investment needs (soft and hard) and identify its gaps. These assessments provide the evidence base for the development of the integrated tourism destination and will help inform the Government-led destination master planning process.

The Consultant will conduct the following three tasks. The Consultant will make its own assessment, identify additional activities and requirements and prepare its work plan in the Technical Proposal accordingly.

#### ***Task 1. Review and reflect on Borobudur's World Heritage Values***

- A. Review the site's inscription dossier to help formulate future policy and management objectives.
  - Analyze how the site's listing criteria should be reflected in its overall tourism policy and management objectives;
  - Develop an outline that can be used for later policy development under Task 2.

- B.** List ways in which the site's World Heritage values could be reflected and incorporated into interpretation programs.
- Review the criteria for which the site was selected for inscription on the World Heritage List, as well as the site's established policy and management objectives;
  - Select the species, monuments, art, etc., which are strongly identified with the site's World Heritage values;
  - Describe how these attractions can be best represented in interpretation materials.
- C.** List ways to monitor tourist attractions representing World Heritage values.
- Review the section of the World Heritage Convention application form entitled "Format for Periodic Reporting" as well as the original nomination dossier;
  - Determine which elements of the site best represent World Heritage values and attract tourists, and state changes that may be appropriate in the request for periodic monitoring reporting data.

***Task. 2. Set policy goals, management objectives and prepare infrastructure plan***

- A.** Analyze existing policy and management objectives
- Review laws and policies including those at the national level related to visitor management;
  - Review laws, regulations and policies related to Borobudur's spatial planning framework, including those at the national, provincial and local level. The Consultant should build upon the findings of the Borobudur-Prambanan-Yogyakarta Market Analysis and Demand Assessment;
  - Review the current site management plan or management strategies and analyze previous visitor management objectives;
  - Review previous visitor management plans and policies, including an outline of who has done what and the strengths and weaknesses of these efforts;
  - Identify gaps, i.e., what policies and objectives should be strengthened, and highlight future visitor needs making preliminary suggestions on actions to meet these needs.
- B.** Gather data relating to visitor numbers, behavior and perceptions
- Determine whether visitors to a site are local residents, foreign tourists, or other groups such as school students, day visitors, etc.;
  - Identify the characteristics of different visitor groups, examine visitor behavior, patterns of flows, and determine how different groups use the site including access and egress.
  - Collect existing visitation statistics on use, trends, travel patterns, activities and expenditures at the site;
  - Develop and implement a visitor survey asking tourists about their behavior, activities, expenditures, satisfaction, perceptions, and preferences and have them compare the site with comparable attractions within their experience; identify visitor problems or areas of specific concern; and map these out;
  - Undertake a survey of tour operators and travel companies active in bringing visitors to the site to obtain information regarding visitor and operator needs and preferences and have them evaluate the site against neighboring and comparable attractions;
  - For this task, the Consultant should build upon the findings of the Borobudur-Prambanan-Yogyakarta Market Analysis and Demand Assessment.

C. Meet with individual stakeholders, in interviews or by holding workshops, and develop a draft paper on the current issues affecting the conservation and management of Borobudur. The Consultant should consult:

- community leaders to obtain their ideas for planning, tourism development in neighboring communities and the types of skills available in the community;
- management and administration staff of the different entities with a legal mandate to manage the site (i.e., PT TWC, Borobudur Conservation Office- Ministry of Education and Culture, Kabupaten Magelang) in order to identify their concerns and issues;
- local guides for their views of visitor management as well as social and environmental conditions at the site;
- scientists and researchers to learn more about the site's environmental and social conditions in relation to visitation impacts;
- hotel owners and managers for their views on management problems, e.g., reservation systems and communication between the site and the hotels; and
- tour operators who package and sell tours to the site to determine tourists' and operators' needs and preferences.

D. Write tourism policies

- Based on the outputs of activities A, B and C develop visitor management policies for Borobudur Temple Compound. These policies should reflect the site's policy needs, management parameters, stakeholder concerns, the site's comparative advantage, and existing legislation and international conventions;
- Prepare a policy and vision statement document.

E. Develop management objectives

- If appropriate, and taking into account the vision statement, stakeholder concerns and management preferences for the site, use the outputs developed in the preceding activities to identify and map these according to different Recreation Opportunity Spectrum (ROS) classes<sup>34</sup> or similar technique;
- Draft the management objectives for either the whole site or each opportunity class, if ROS is being used;

F. Prepare a plan for infrastructure development

- Based on the identified management objectives prepare a plan for infrastructure development for the site;
- Assess and analyze the existing legal and regulatory spatial planning framework for the Borobudur Temple Compound described in activity A;

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<sup>34</sup> **Recreation Opportunity Spectrum (ROS)** – The ROS is a means of describing how tourism and recreation will be managed for different areas within a site. It works under the assumption that certain activities fit best in certain physical areas. The identification and mapping of opportunity classes set out the desired conditions for the different areas and provide guidelines for management objectives including tourism/recreation activities and infrastructure development. Each classification entails management standards and desired conditions that fall within a site's policy goals. The information needed to identify and establish opportunity class areas should be drawn from background information on policy goals, existing legislation, and stakeholder concerns.

- Prepare a set of guidelines and recommendations for the preparation of the Borobudur-Prambanan-Yogyakarta Integrated Tourism Master Plan and for the review and preparation of additional spatial or sectoral plans related to this tourism destination.

### ***Task 3. Develop a monitoring system for Borobudur Temple Complex***

#### **A. Identify the site's tourism impacts and problems**

- Conduct desk research and stakeholder consultation to develop a prioritized list of existing impacts and threats at the site;
- Examine the cause-and-effect relationship of the identified impacts;
- Prepare an overview description of the impacts and preliminary list of actions needed to mitigate them.

#### **B. Identify indicators**

- Based on the output of the previous activity develop a preliminary list of tourism indicators with justifications for their selection, and estimate associated monitoring costs.

#### **C. Collect baseline data on the indicators selected**

- Develop a monitoring program and write a monitoring manual;
- Determine method to collect data;
- Determine how stakeholder partners could be involved in the monitoring process.

#### **D. Set standards for indicators**

- Building upon the data from activity C and previous carrying capacity studies, develop a preliminary set of indicator standards;<sup>35</sup>
- If ROS opportunity classes are being used, set standards reflecting the different experiences desired in different areas of the site;
- Prepare a set of guidelines and recommendations for the selection of indicators that will be monitored by the UNWTOs Sustainable Tourism Observatories<sup>36</sup> at the destination level in order to maximize efforts and coordinate data gathering and flow of information.

<sup>35</sup> Measurement standards for indicators provide targets for measuring tourism impacts to keep them within acceptable limits. Once standards are set, a regular monitoring framework will be used to determine the degree to which existing conditions vary from desired conditions.

<sup>36</sup> Sustainable Tourism Observatories (STOs) are being established by MOT at major tourism destinations under a sustainable tourism program of the UN World Tourism Organization (UNWTO). The establishment of STOs has been chosen for the following destinations: Sesaot, Lombok; Sleman, Yogyakarta, Pangandaran, West Java and Lake Toba in North Sumatra. STOs were formalized through an MOU signed between UNWTO and MOT in Jakarta in September 2016.

## APPENDIX 2

### PROCESS FRAMEWORK

OP 4.12 Annex A, para 26. A process framework is prepared when Bank-supported projects may cause restrictions in access to natural resources in legally designated parks and protected areas. The purpose of the process framework is to establish a process by which members of potentially affected communities participate in design of physical investment components, determination of measures necessary to achieve resettlement policy objectives, and implementation and monitoring of relevant physical investment activities (see OP 4.12, paras. 7 and 31). Indonesian regulation also releases a Regulation of Ministry of Forestry No. T.39/Menhut-II/2013 concerning Local Community Empowerment through Forest Partnership.

Specifically, the process framework describes participatory processes by which the following activities will be accomplished:

- (a) Physical investment components will be prepared and implemented. The document should briefly describe the physical investment and components or activities that may involve new or more stringent restrictions on natural resource use. It should also describe the process by which potentially displaced persons participate in physical investment design.
- (b) Criteria for eligibility of affected persons will be determined. The document should establish that potentially affected communities will be involved in identifying any adverse impacts, assessing of the significance of impacts, and establishing of the criteria for eligibility for any mitigating or compensating measures necessary.
- (c) Measures to assist affected persons in their efforts to improve their livelihoods or restore them, in real terms, to pre-displacement levels, while maintaining the sustainability of the park or protected area will be identified. The document should describe methods and procedures by which communities will identify and choose potential mitigating or compensating measures to be provided to those adversely affected, and procedures by which adversely affected community members will decide among the options available to them.
- (d) Potential conflicts or grievances within or between affected communities will be resolved. The document should describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities, and grievances that may arise from members of communities who are dissatisfied with the eligibility criteria, community planning measures, or actual implementation.

Additionally, the process framework should describe arrangements relating to the following.

- (e) Administrative and legal procedures. The document should review agreements reached regarding the process approach with relevant administrative jurisdictions and line ministries (including clear delineation for administrative and financial responsibilities under the physical investment).
- (f) Monitoring arrangements. The document should review arrangements for participatory monitoring of physical investment activities as they relate to (beneficial and adverse) impacts on persons within the physical investment impact area, and for monitoring the effectiveness of measures taken to improve (or at minimum restore) incomes and living standards.



## APPENDIX 3

# CONTENTS OF A LAND ACQUISITION AND RESETTLEMENT ACTION PLAN (LARAP)

The LARAP covers the elements below, as relevant. When any element is not relevant to the circumstances of a particular physical investment, it should be noted in the LARAP.

1. *Description of the physical investment.* General description of the physical investment and identification of the investment area.
2. *Potential impacts.* Identification of (a) the physical investment component or activities that will require land acquisition or give rise to resettlement; (b) the zone of impact of such component or activities; (c) the alternatives considered to avoid or minimize resettlement; and (d) the mechanisms established to minimize resettlement, to the extent possible.
3. *Objectives.* The main objectives of the LARAP.
4. *Census of Project Affected Persons (PAPs) and inventory of affected assets.* The results of the census and the inventory of assets, including the following information:
  - list of PAPs, distinguishing between PAPs with land rights and occupants without such rights;
  - inventory of plots and structures affected and including the following information:
    - α. Total size of the plot affected, size of the area to be taken for the physical investment, and size of the residual land;
    - β. Status ownership of affected land/building and evidence of ownership;
    - χ. Function of affected land/building;
    - δ. Building condition (permanent, semi-permanent, temporary, etc.)
    - ε. Other assets affected (trees, crops, wells, fences, etc.)
  - total number of PAPs and Project Affected Households (PAHs)
  - number of PAHs who must relocate, distinguishing between (1) those who will be able to rebuild their homes within the residual land of lots affected by the physical investment and (2) those who will be forced to move to another location; and
  - number of PAHs who will lose more than 20% of their productive assets.

The information above should be summarized in a table.

5. *Socioeconomic study.* Findings of a socioeconomic study covering PAHs that lose more than 20% of their productive assets and/or are forced to move to another location. The socioeconomic study should include the following elements:
  - A description of production systems, labor, and household organization;
  - The patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the physical investment;
  - Information on vulnerable groups or persons as provided for in [OP 4.12, para. 8](#), for whom special provisions may have to be made;

- Land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by locally recognized land allocation mechanisms, and any issues raised by different tenure systems;
  - Public infrastructure and social services that will be affected;
  - Social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities;
  - Baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population; and
  - Provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement.
6. *Legal analysis.* The results of an investigation of any legal steps necessary to ensure the effective implementation of land acquisition and resettlement activities under the physical investment, including, as appropriate, a process for recognizing claims to legal rights to land—including claims that derive from customary law and traditional usage.
7. *Institutional Framework.* The findings of an analysis of the institutional framework covering:
- The identification of agencies responsible for resettlement activities and NGOs that may have a role in physical investment implementation;
  - An assessment of the institutional capacity of such agencies and NGOs; and
  - Any steps that are proposed to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.
8. *Eligibility.* Identification of the PAPs who will be eligible for compensation, resettlement assistance and rehabilitation support and explanation of the criteria used to determine eligibility, including relevant cut-off dates.
9. *Valuation of assets and calculation of compensation for losses.* A description of the procedures that will be followed to determine the form and amount of compensation to be offered to PAPs.
10. *Compensation, resettlement assistance and rehabilitation support.* A description of (1) the compensation packages to be offered to PAPs who lose land and/or other assets, (2) resettlement assistance to be offered to physically displaced persons, and (3) rehabilitation support to persons who lose income sources or livelihoods as a result of land acquisition for the physical investment. The compensation packages, combined with other assistance and support offered to each category of PAPs should be sufficient to achieve the objectives of World Bank Operational Policy 4.12 on Involuntary Resettlement (see [OP 4.12, para. 6](#)). The relocation options and other assistance offered to the PAPs should be prepared in consultation with them and should be technically and economically feasible, as well as compatible with the cultural preferences of the PAPs.
11. *Site selection, site preparation, and relocation.* Alternative relocation sites considered and explanation of those selected, covering:
- institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;

- any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;
  - procedures for physical relocation under the physical investment, including timetables for site preparation and transfer; and
  - legal arrangements for regularizing tenure and transferring titles to resettlers.
12. *Housing, infrastructure, and social services.* Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.
13. *Environmental protection and management.* A description of the boundaries of the relocation area; and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).
14. *Community participation.* Involvement of resettlers and host communities:
- A description of the strategy for consultation with and participation of resettlers and hosts in the design and implementation of resettlement activities;
  - A summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
  - A review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals, families, or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property (e.g. places of worship, pilgrimage centers, cemeteries);
  - Institutionalized arrangements by which displaced people can communicate their concerns to physical investment authorities throughout planning and implementation, and measures to ensure that vulnerable groups are adequately represented; and
  - Measures to mitigate the impact of resettlement on any host communities, including consultations with host communities and local governments, arrangements for prompt tendering of any payment due the hosts for land or other assets provided to resettlers, arrangements for addressing any conflict that may arise between resettlers and host communities; and any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to make them at least comparable to services available to resettlers.
15. *Grievance procedures.* Affordable and accessible procedures for third-party settlement of disputes arising from activities included in the LARAP; such grievance procedures should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
16. *Organizational responsibilities.* The organizational framework for land acquisition and resettlement, including identification of agencies responsible for the implementation of the LARAP, the delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the physical investment and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.
17. *Implementation schedule.* An implementation schedule covering all resettlement activities, from preparation through implementation, including target dates for the achievement of expected

benefits to resettlers and hosts and terminating the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall physical investment.

18. *Costs and budget.* Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
19. *Monitoring and evaluation.* Arrangements for monitoring of land acquisition and resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; submission of monitoring reports to the Bank; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.

Note: The information on the schedule of the implementation of the LARAP and the sources of funding may be summarized in a table.

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## Contents of an Abbreviated LARAP

An Abbreviated LARAP should be prepared for physical investments that affects fewer than 200 families or in cases where the impacts on the entire displaced population are minor. Impacts are considered minor if the affected people are not physically displaced and less than 20% of their productive assets are lost. An Abbreviated RAP covers the following minimum elements:

1. *Description of the physical investment.* General description of the physical investment and identification of the investment area.
2. *Potential impacts.* Identification of (i) the physical investment component or activities that will require land acquisition; and (ii) the zone of impact of such component or activities.
3. *Census of Project Affected Persons (PAPs) and inventory of affected assets.* The results of the census and the inventory of assets, including (i) a list of PAPs, distinguishing between PAPs with land rights and land users without such rights; and (ii) an inventory of plots and structures affected. The information generated by the census should be summarized in a table.
4. *Legal analysis.* Descriptions of legal steps to ensure the effective implementation of land acquisition under the physical investment, including, as appropriate, a process for recognizing claims to legal rights to land—including claims that derive from customary law and traditional usage.
5. *Eligibility.* Identification of the PAPs who will be eligible for compensation and explanation of the criteria used to determine eligibility.
6. *Valuation of assets and calculation of compensation for losses.* A description of the procedures that will be followed to determine the form and amount of compensation to be offered to PAPs.
7. *Consultations with persons who lose land and other assets.* A description of the activities carried out to (1) inform PAPs about the impacts of the physical investment and the compensation procedures and options and (2) give the PAPs opportunities to express their concerns.
8. *Organizational responsibilities.* A brief description of the organizational framework for implementing land acquisition.
9. *Implementation schedule.* An implementation schedule covering land acquisition, including target dates for the delivery of compensation. The schedule should indicate how the land acquisition activities are linked to the implementation of the overall physical investment.
10. *Costs and budget.* Cost estimates for land acquisition for the physical investment.
11. *Grievance procedures.* Affordable and accessible procedures for third-party settlement of disputes arising from land acquisition; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
12. *Monitoring.* Arrangements for monitoring land acquisition activities and the delivery of compensation to PAPs.

Note: the information on the schedule of the implementation of the RAP and the sources of funding may be summarized in a table (see suggested format below).

**Implementation Schedule and Funding Sources**

Activity	Responsible institution	Deadline	Cost (Rp)	Source of Funding
1. Consultation with the people in physical investment area on the physical investment and its potential impacts				
2. Identification of affected people and assets				
3. Deliberation on form and amount of compensation				
4. Payment of compensation				
5. Monitoring and evaluation				

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## APPENDIX 4

### OUTLINE FOR UKL-UPL AND AMDAL STUDIES

#### A. UKL-UPL

##### Environmental Management Effort and Environmental Monitoring Effort (UKL-UPL)

The UKL-UPL form is based on Article 8 from the Minister of the Environment Decree No. 16 Year 2012, which includes:

- a. identity of initiator;
- b. business and/or activity plan;
- c. environmental impact that will occur and the environmental management and monitoring program;
- d. number and types of environmental licenses that are required;
- e. statement of commitment to conduct all provisions in the UKL-UPL form;
- f. bibliography; and
- g. appendix

The format of the UKL-UPL is as follows:

##### a) Identity of Initiator

1.	Initiator Name	
2.	Business Address, postal code, phone no, fax no, and email	

##### b) Business and/or Activity Plan

1.	Name of business and/or activity plan	
2.	Location of business and/or activity plan. Attach a map that is built in accordance with cartographic rules and/or an adequate illustration of the location	
3.	Scale/size of the business and/or activity plan	State the size, volume, capacity, and/or other magnitudes which can be used to provide an illustration of the scale of the activity.
4.	An outline of the components in the business and/or activity plan	Explain: conformity of the location with regional spatial and the indicative map of new license delays ( <i>Peta Indikatif Pemberian Izin Baru</i> , or PIPB), principle approval and formal proof, description of planned activity components that have the potential to cause social and environmental impact

##### c) Environmental Impact Caused by Environmental Management Effort and Environmental Monitoring Effort

This section contains the table/matrix summarizing the environmental impact caused by the activity, environmental management and monitoring efforts, and information on environmental management and monitoring institutions.

### Example UKL-UPL Matrix

			Environmental Management Effort			Environmental Monitoring Effort			Environmental Management and Monitoring Institution	Description
Source of Impact	Type of Impact	Scale of Impact	Type of Environmental Management	Location of Environmental management	Time Period of Environmental Management	Type of Environmental Monitoring	Location of Environmental Monitoring	Time Period of Environmental Monitoring		
Write the activity that caused the environmental impact	Write the impact that can occur	Write the unit that can describe the scale of the impact	Write the type of environmental management effort that will be planned for each impact caused by the activity	Write the location of the environmental management effort	Write information on the time period of the environmental management effort	Write information on the method and/or technique used for monitoring of the environmental quality which is used as an indicator of success for environmental monitoring	Write information on the location of the environmental monitoring	Write information on the time/period of the planned environmental monitoring	Write the institutions related to environmental management and monitoring	Write other relevant information

## B. AMDAL

### Environmental Impact Assessment (AMDAL) Document Framework according to Minister of Environment Decree No. 16/2012

The ESIA Document consists of (article 4 Minister of the Environment Decree No. 16 Year 2012):

- a. TOR (Term of Reference);
- b. ANDAL; and
- c. RKL-RPL (Environmental Management Plan – Environmental Monitoring Plan)

#### The Reference Framework contains:

- a. **Introduction:** background and objective of the business plan and/or activity and the ESIA study implementation.
- b. **Scope:** Description of the business and/or activity that will be analyzed, consisting of the ESIA study status, conformity of the planned activity location with the regional spatial plan, and a description of the business plan with a focus on activity components that have the potential to cause environmental impact based on the activity plan and its alternatives.
- c. **Study Method:** description of the data collection and analysis method that will be used, the method for forecasting significant impacts that will be used, and the holistic method to evaluate environmental impact;
- d. **Bibliography:** In the bibliography section, the author lists the literature or references that were used to write the TOR document. Citation of references must follow widely known academic etiquette; and
- e. **Appendix:** formal proof of principle approval, certification of EIA composer competence, proof of registration for document preparation services (LPJP), letter of ESIA study implementation team formation, biodata of ESIA preparation team personnel, statement letter signed on a stamp which states that the ESIA team member was actually the one preparing the document, other information on activity plans, formal proof that the activity plan conforms with the regional spatial plan, data and information on environmental baselines; proof of ESIA announcement, community involvement results (result of public consultation, discussions with stakeholders, and the result of data analysis of public consultation results), and other data that are considered important.

**Example summary table for the scoping process**

No.	Description of Planned Activity with the Potential to Cause Environmental Impact	Environmental Management Efforts that have been Planned as part of the Activity Plan	Impacted Environmental Component	Scope			Study Area	Study Time Period (justify why this time period was chosen)
				Potential Impact	Evaluation of Potential Impact	Hypothetical Significant Impact (DPH)		
Pre-construction Stage								
Construction Stage								
Operational Stage								
Post-operation Stage								

**Example study method summary table**

No.	DPH	Impact Forecasting Method	Relevant data and information	Data collection method for forecasting	Data analysis method for forecasting	Evaluation method (not for individual impact but for overall impact)

**ANDAL consists of:**

- a. **Introduction:** summary of the business and/or activity plan, hypothetical significant impact, limits of study area, and study time limit based on scoping in the terms of reference (including any available alternatives);
- b. **Detailed description of the initial environmental setting:** contains a description of the environmental setting in detail at the proposed business and/or activity location consisting of environmental components affected by significant impact caused by proposed activities, businesses, and/or activities around the proposed activity location;
- c. **Hypothetical significant impact:** produce information on the scale and characteristics of significant impact for each hypothetical significant impact that was studied;
- d. **Holistic evaluation of environmental impact:** describe the result of evaluation of the relationship and interaction between hypothetical significant impacts to determine the characteristic of the total environmental impact caused by the proposed business and/or activity;
- e. **Bibliography:** important data and information must be supported by updated literature listed in a bibliography using standard bibliographical format; and
- f. **Appendices:** Terms of Reference Agreement or Terms of Reference Administrative Completeness Statement, detailed data and information on the environmental setting (tables, graphs, and photos of the environment if needed), summary of basic theories, assumptions, procedures, processes, and calculations used to forecast impact, summary of theories, assumptions, procedures, processes, and calculations used to holistically evaluate environmental impact, other relevant data and information.

**Example impact analysis summary table**

No.	DPH	Initial Environmental Setting	Impact Forecasting Result	Impact Evaluation Result
			<p>Note:</p> <p>There are two options for forecasting:</p> <ol style="list-style-type: none"> <li>1. Comparison of environmental conditions with and without the activity without considering the natural change in environmental conditions</li> <li>2. Comparison of environmental conditions with and without the activity by considering natural changes in environmental conditions (an analysis of the natural changes in environmental conditions is required)</li> </ol>	
Pre-construction Stage				
Construction Stage				
Operation Stage				
Post-operation Stage				

**RKL – RPL consist of:**

- Introduction: RKL-RPL implementation objective in general and clear statement. This statement must be systematic, simple, and clear;
- Environmental Management Plan (RKL): describe the forms of environmental management conducted on the impact to avoid, prevent, minimize, and/or control the negative impacts and improve positive impacts.
- Environmental monitoring plan (RPL): briefly describe the monitoring plan in matrix or table form for caused impact;
- Number and types of required environmental protection and monitoring permits (PPLH): in the case of proposed business and/or activities required PPLH permit, accordingly describe identification and formulation of required number and types of environmental permit list and environmental management based on environmental management plan;
- Statement of proponent's commitment to conduct provisions in RKL-RPL: consist of proponent's statement to conduct RKL-RPL signed in stamped paper;
- Bibliography: in this part, informs data source and information used for RKL-RPL development, either books, magazine, essay or scientific researches report. All literatures must be written accordingly to literature writing guidance; and
- Appendix: significant and relevant data and information.



#### Example of environmental management plan (RKL) matrix

No.	Managed Environmental Impact	Source of Impact	Environmental Management Success Indicator	Environmental Management Type	Environmental Management Location	Environmental Management Time Period	Environmental Management Institution
Significant Impact Managed (Result of Management Recommendation from the ANDAL)							
Other Impacts Managed (environmental management that has been planned since the beginning in the activity plan, SOP, government technical guidelines, international standards, etc.)							

#### Example environmental monitoring plan (RPL) matrix

No.	Environmental Impact Monitored			Environmental Monitoring Type			Environmental Monitoring Institution		
	Type of Impact Caused (can be ambient or at the source)	Indicator/Parameter	Source of Impact	Data Collection & Analysis Method	Monitoring Location	Time & Frequency	Implementer	Supervisor	Report Recipient

## APPENDIX 5

### CHANCE FINDS PROCEDURE

1. **Definition.** A chance find is archaeological, historical, cultural, and/or remain material encountered unexpectedly during physical investment construction or operation. A chance find procedure is a physical investment-specific procedure which will be followed if previously unknown cultural heritage is encountered during physical investment activities. Such a procedure generally includes a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of the World Bank and Indonesian law; and to train physical investment personnel and physical investment workers on chance find procedures.

2. **Objectives.**

- a. To protect physical cultural resources from the adverse impacts of physical investment activities and support their preservation.
- b. To promote the equitable sharing of benefits from the use of Physical Cultural Resources (PCR).

3. **Procedure.** If the proposed activity discovers archeological sites, historical sites, remains, and/or objects, including graveyards and/or individual graves during excavation or construction, the activity shall:

- a. Halt the construction activities in the area of the chance find;
- b. Delineate and fence the discovered site or area;
- c. Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be arranged until the responsible local authorities or the district/provincial Department of Culture, or the local Institute of Archaeology, if available, to take over;
- d. Forbid any removal of the objects by the workers or other parties;
- e. Notify all physical investment personnel of the finding and take the preliminary precaution of protection;
- f. Record the chance find objects and the preliminary actions;
- g. Notify the responsible local authorities and the relevant Institute of Archeology immediately (within 24 hours or less);
- h. Responsible local authorities would be in charge of protecting and preserving the site before deciding on subsequent appropriate procedures. This would require a preliminary evaluation of the findings to be performed by the local Institute of Archaeology. The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; these include the aesthetic, historic, scientific or research, social, and economic values;
- i. Decisions on how to handle the finding shall be taken by the responsible authorities. This could include changes in the physical investment layout (such as when finding an irremovable remain of cultural or archeological importance) conservation, preservation, restoration, and/or salvage;
- j. Implementation for the authority decision concerning the management of the finding shall be communicated in writing by relevant local authorities;
- k. The mitigation measures could include the change of proposed project design/layout, protection, conservation, restoration, and/or preservation of the sites and/or objects;
- l. Construction work at the site could resume only after permission is given from the responsible local authorities concerning safeguard of the heritage; and
- m. The physical investment proponent is responsible for cooperating with the relevant local authorities to monitor all construction activities and ensure that the adequate preservation actions are taken and hence the heritage sites protected.

## APPENDIX 6

### NOTES ON FREE, PRIOR AND INFORMED CONSULTATIONS

1. Indigenous Peoples or *Masyarakat Hukum Adat* (Customary Law Communities) may be vulnerable to the loss of, alienation/resettlement from, or exploitation of natural and cultural resources. IPs communities are often among the poorest of the poor in the community and closely tied to their settlements, lands, and related natural resources upon which their livelihoods depend. Frequently, these lands and settlements are traditionally owned or under customary use and often not legally recognized by national laws. In recognition of this vulnerability, interventions introduced with the objectives to improve land administration and address informal settlements may potentially alienate and/or displace IPs if the mechanisms for Free, Prior and Informed Consultations (FPICs) to obtain broad support are not built into physical investment design and implementation.

2. **Objective.** The extent, frequency, and degree of engagement required by the consultation process should commensurate with the identified risks and potential adverse impacts and with the concerns raised by affected IPs. FPICs are built in a mutually accepted process between affected communities and physical investment actors. FPICs serve at least two purposes:

- a. Provide a platform to undertake a process of consultations in good faith and in a manner that provides affected IPs with opportunities to express their concerns and views on the sharing of development benefits, risks, impacts, and mitigation measures and explore ways to leverage culturally and socially acceptable benefits.
- b. Provide a two-way mechanism for the agency/entity proposing the physical investment (with the assistance of consultants or local experts) to engage with IPs and their organizations, including Adat councils, community groups, and community leaders to consider and respond to the views and concerns expressed by affected IPs prior to physical investment execution.

3. **Procedures.** FPICs should be orientated towards obtaining broad community support and by which, broad community support consists of a collection of expressions by affected community members and/or their recognized representatives in support of the proposed physical investment activities. Although FPICs do not necessarily require unanimity, and in some instances decisions may be achieved even though individuals or groups within the community disagree, FPICs lay out organized and iterative processes through which decisions and measures adopted by the investment activity incorporate the views of the affected IPs on matters that affect them directly.

4. The FPIC needs to be built on gender-sensitive and inter-generationally inclusive approaches. Effective FPICs are built upon two-way processes that should:

- a. Involve members of affected communities and their recognized representative bodies and organizations in good faith.
- b. Capture the views and concerns of men, women, and vulnerable community segments including the elderly, youth, displaced persons, children, people with special needs, etc. about impacts, mitigation mechanisms, and benefits where appropriate. If necessary, separate forums or engagements should be conducted based on their preferences.
- c. Begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise.
- d. Be based on the prior disclosure and dissemination/socialization of relevant, transparent, objective, meaningful, and easily accessible information which is in a culturally appropriate language(s) and format and is understandable to affected IPs. In designing consultation methods and use of media, a special attention needs to be paid to include the concerns of Indigenous women, youth, and children and their access to development opportunities and benefits.
- e. Focus on inclusive engagement on those directly affected rather than those not directly affected;
- f. Ensure that the consultation processes are free of external manipulation, interference, coercion, and/or intimidation. The ways the consultations are designed should create enabling environments for meaningful participation, where applicable. In addition to the language(s) and media used, the timing, venues, and participant composition need to be

carefully thought through to ensure everyone could express their views without repercussions.

g. Be documented.

5. In deciding whether to proceed with the physical investment, the agency/entity with inputs from consultants and experts ascertains on the basis of a social assessment and FPIC whether affected IPs provide their broad support to the physical investment. Where there is such a support, the agency/entity should prepare:

- a. Documented evidence of FPICs, as well as measures taken to avoid and minimize risks to and adverse impacts of the affected IPs. This includes list of participants, meeting minutes and other documentation (e.g. photos, video, etc.);
- b. Additional measures, including physical investment design modification, alternative locations, and, where applicable, compensations to address adverse effects on affected IPs and to provide them with culturally and socially appropriate benefits;
- c. Action plan and recommendations for FPICs during physical investment implementation, monitoring, and evaluation, and
- d. Any formal agreements reached with affected IPs and/or their representative organizations.

6. The World Bank will review the process and the outcome of the consultation carried out by the agency/entity to satisfy itself that the affected IPs have provided their broad support to the physical investment. The Bank does not proceed further with/physical investment processing if it is unable to ascertain that such support exists.

7. **Requirements.** To ensure that FPICs can be ascertained, the following requirements are needed to determine whether:

- a. The level of engagement in a way that enables informed participation of affected IPs is acceptable;
- b. The level of support and dissent among affected IPs for the physical investment is taken into account into decision making and development of mitigation measures.

Consideration	Requirements
Project's strategy and principles on engagement	<ul style="list-style-type: none"> <li>- Mainstream the FPIC;</li> <li>- Project Operational Manuals on FPICs;</li> <li>- Budget and personnel provisions;</li> <li>- Consultation schedules and other supporting documentation.</li> </ul>
Stakeholder identification and analysis	<ul style="list-style-type: none"> <li>- Stakeholder analysis as part of the SA;</li> </ul>
Community Engagement	<ul style="list-style-type: none"> <li>- Consultation plan, public consultation and disclosure plan, and stakeholder engagement plan;</li> <li>- Schedule and record of community engagement including discussions and consultations with community members and their representatives.</li> </ul>
Information disclosure	<ul style="list-style-type: none"> <li>- Disclosure plan, including schedules</li> <li>- Materials prepared for disclosure and consultations;</li> <li>- Record/minutes of discussions/consultations with community members and their representatives</li> </ul>
Free, Prior, and Informed Consultations	<ul style="list-style-type: none"> <li>- Record/minutes of discussions/consultations with community members and their representatives;</li> <li>- Documentation of measures taken to avoid/minimize risks to and adverse impacts on affected IPs based on community feedback;</li> <li>- Draft of action plan;</li> </ul>
Consultations with vulnerable groups	<ul style="list-style-type: none"> <li>- Engagement and public consultation plan</li> <li>- Record/minutes of discussions/consultations with members and representatives of vulnerable groups</li> <li>- Documentation of measures taken to avoid/minimize risks to and adverse impacts on vulnerable groups based on community feedback</li> <li>- Draft of action plan</li> </ul>
Grievance redress mechanism	<ul style="list-style-type: none"> <li>- Organizational structure and responsibilities and procedures to manage grievances;</li> <li>- Record of grievances received, including expressions of support or dissent;</li> </ul>

Consideration	Requirements
	<ul style="list-style-type: none"> <li>- Record/minutes of discussions with community members or representatives with regards to grievance redress.</li> </ul>
Feedback to affected IPs (to demonstrate that concerns and recommendations have been accommodated in the physical investment and rationale why recommendations have not been accommodated)	<ul style="list-style-type: none"> <li>- Documentation of risk mitigation measures</li> <li>- Record/minutes of discussions with community members and their representatives;</li> <li>- On-going reporting on implementation of action plan;</li> <li>- Revisions in physical investment activities and action plan;</li> <li>- Surveys/interview records of affected IPs.</li> </ul>
Formal expressions of support or dissent	<ul style="list-style-type: none"> <li>- Record/minutes of meetings/public consultations with community members and their representatives;</li> <li>- Formal letters/written petitions of support/objection submitted by the community and/or their representatives;</li> </ul>
Informal expressions of support or objection	<ul style="list-style-type: none"> <li>- Photographs, media reports, personal letters or third party accounts (NGOs, CBOs, etc.)</li> </ul>
Evidence of good faith consultations	<ul style="list-style-type: none"> <li>- Face-to-face interviews with community members/representatives in the consultations;</li> <li>- Agreements reached with affected IPs (e.g. MoU, Letters of Intent, Joint Statements, etc.)</li> <li>- Action plan, e.g. benefit sharing, development plan, etc.</li> </ul>

## APPENDIX 7

### FORMAT OF INDIGENOUS PEOPLES PLAN (IPP)

The following template presents the outline of an IPP. The template can be further developed based on field conditions and as per characteristics of the physical investment activity.

Title of Chapter/Sub-Chapter	Content/Remarks
<b>1. DESCRIPTION OF THE PHYSICAL INVESTMENT</b>	
	Summary Description of physical investment activity (concerning areal boundaries, location, type of occupation, area size, area of influence, etc.)
<b>2. SUMMARY OF SOCIAL ASSESSMENT</b>	
<b>2.1. Baseline Data on IPs</b>	<ul style="list-style-type: none"> <li>Baseline information on the demographic, social, cultural, and political characteristic of the IPs community, the land and territories traditionally owned or customarily used or occupied and the natural resources that they depend upon</li> <li>Identification of key physical investment stakeholders and elaboration of culturally appropriate process for consulting with the IPs at each stage of physical investment cycle</li> </ul>
<b>2.2. Summary of results of the free, prior, and informed consultations with the affected Indigenous Peoples' communities that was carried out during project activity's preparation and led to broad community support for the physical investment activity</b>	<ul style="list-style-type: none"> <li>Identification of potential adverse and positive effects of physical investment activity of the affected IPs within the physical investment activity's area of influence</li> <li>Development of measures necessary to avoid adverse effects or identification of measures to minimize, mitigate, or compensate for such effects and ensure that IPs receive culturally appropriate benefits from the physical investment activity</li> <li>Mechanism to prepare and implement the public consultation with the Indigenous Peoples (consultation concerning the draft physical investment activity plan, etc. as relevant), to include: determination of location and schedule of consultation, information dissemination/invitation, etc.</li> <li>Public consultation process</li> <li>Result/resolution and mutual agreement obtained during consultation meeting.</li> <li>Number and representative of organization/institution presented by participants in the said consultation meeting.</li> </ul>
<b>2.3. A framework for ensuring the free, prior, and informed consultations with the affected IPs communities during physical investment implementation</b>	
<b>3. ACTION PLAN (INPUTS FROM THE RESULTS OF THE SOCIAL ASSESSMENT)</b>	
<b>3.1. Activities for IPs to receive social and economic benefits</b>	
<b>3.2. Activities to avoid, minimize, mitigate, or compensate for adverse effects</b>	
<b>3.3. Measures to enhance the capacity of the physical investment management</b>	
<b>3.4. Consultation with the affected IPs on the draft IPP</b>	
<b>4. COST ESTIMATE AND FINANCING PLAN</b>	In form of table containing information about: type of activity, party in charge, timeline/milestones, cost, funding source, and remarks.
<b>5. INSTITUTIONAL ARRANGEMENT TO IMPLEMENT IPP</b>	<ul style="list-style-type: none"> <li>Agencies responsible for managing the implementation of the IPP</li> <li>Agencies responsible for reporting and monitoring on the implementation of the IPP</li> <li>Arrangements for monitoring of the implementation of the IPP by the affected IPs</li> </ul>
<b>6. GRIEVANCE REDRESS MECHANISM ACCESSIBLE TO THE AFFECTED IPs</b>	<ul style="list-style-type: none"> <li>Mechanism for managing grievances as suggested by the results of the social assessment results</li> </ul>
<b>7. PHYSICAL INVESTMENT MONITORING, EVALUATION, AND REPORTING OF IPP IMPLEMENTATION</b>	Includes arrangement for free, prior, and informed consultation with the affected IPs <ul style="list-style-type: none"> <li>Explaining the work plan for monitoring implementation of IPs and reporting mechanism.</li> <li>Monitoring on progress implementation of IPP</li> <li>Monitoring on process implementation of IPP</li> <li>Reporting on implementation of (report to whom, which format to use, and deadline for submission of</li> </ul>



Title of Chapter/Sub-Chapter	Content/Remarks
the report).	
<b>ATTACHMENT</b>	
<p>Attach original or copy of documents as relevant to IPP, for example:</p> <ul style="list-style-type: none"> <li>• Information about the Physical Investment Activity (Map)</li> <li>• Table containing Baseline Data of IPs</li> <li>• Minutes of Dissemination and Consultation Meetings</li> <li>• Minutes of Agreement on Compensation Plan (if any) based on the consultations</li> <li>• Other relevant documentation</li> </ul>	

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## APPENDIX 8

### SOCIAL ASSESSMENTS

1. **Objectives.** The purpose of a Social Assessment (SA) is to evaluate the physical investment's potential positive and adverse effects on the Indigenous Peoples in the case that Indigenous Peoples are present in, or have collective attachment to, the physical investment area (based on the screening in accordance with the four criteria as specified in the World Bank OP 4.10 and criteria on *Masyarakat Hukum Adat* and/or local values), and to examine physical investment alternatives where adverse effects may be significant. The breadth, depth, and type of analysis in the SA are proportional to the nature and scale of the proposed physical investment's potential effects on the Indigenous Peoples, whether such effects are positive or adverse. In carrying out an SA, the city or district government will have to be assisted by a consultant team or individuals who are social scientists whose qualifications, experience, and terms of reference are acceptable to the GCA. Experts from local universities or local NGOs who have worked and have experienced in working with the IPs are encouraged to assist the city government.
2. **Outline of the SA.** The SA will at least cover the following:
  - a. Description of Physical Investment Activity
  - b. Information about the Physical Investment Activity's site and condition of the cultural community
  - c. Social Economic Characteristics of the affected Indigenous Peoples' community
    - i. General Characteristics of IPs
    - ii. Specific characteristics of IPs
      - Cultural Social Institutions
      - Economic Condition and Source of livelihood for villagers
      - Cultural practices
      - Etc.
    - iii. Stakeholders' assessments
  - d. A consultation process during the Social Assessment reflecting a free, prior, and informed consultation that leads to broad support from the affected IPs community on the proposed Physical Investment Activity.
  - e. Findings and potential Physical Investment Activity's impacts (positive and adverse), for example:
    - Any potential negative economic domination by outsiders
    - Transfer of *ulayat* rights
    - Limited use of natural resources
    - Etc.
  - i. Proposed Mitigation
    - Partnerships with the proponent of the physical investment on natural resource use
    - Training for the affected IPs to be able to participate in the natural and cultural management for tourism development;
  - ii. Etc. Potential positive impacts and efforts to maximize these impacts
  - f. Proposed Action Plans in form of a table containing (to be included in the Draft IPP):
    - i. Plan to maximize the positive impacts
    - ii. Negative issues needing mitigation, as found from the study
    - iii. The mitigation program
    - iv. Physical Investment Activities within the mitigation framework
    - v. Location where the impact and mitigation is going to be done
    - vi. Consultation framework for preparing and implementing IPP
    - vii. Institution in charge of preparing and implementing IPP
    - viii. Schedule for implementation
    - ix. Budget
    - x. Source of budget

- xi. Remarks (other matters that need to be put in the report)

## **APPENDIX 9**

### **DOCUMENTATION FOR PUBLIC CONSULTATION FOR TOR ESMF (MINUTES, ATTENDANCE LIST AND PHOTOS).**

#### 1) Minutes of Meeting

<b>Date</b>	<b>:</b>	<b>April 3, 2017</b>
<b>Time</b>	<b>:</b>	<b>8:30am – 12:30pm</b>
<b>Location</b>	<b>:</b>	<b>Ambhara Hotel, Jakarta</b>
<b>Attendees</b>	<b>:</b>	<b>Government (16 people), NGO (5 people) and others (3 people).</b>

- Preparation of KAK ESMF should always involve local adat leaders;
- Things that need special attention are related to the carrying capacity and capacity of the area, which has never been done by the Ministry of Environment and Forestry;
- The planning of tourist destinations needs to pay attention to the travel patterns of both foreign and domestic tourists, along with the needs of tourism such as transportation (including infrastructure), accommodation, cuisine, attractions, travel packages offered by travel agencies, souvenirs, readiness of tour guides and others;
- For the social aspect, it is necessary to identify the type of training that is needed by local people such as tourism training or tourism area management. Meanwhile for the environmental aspect, the issue of waste generated from various tourism activities should be considered. In addition, tourism activities should not degrade the quality of ecosystems and of protected flora and fauna;
- There is also a need to assess the current environmental situation of the destination itself, as some already have issues such as water quality, solid waste management, and so on, and hence there is need for related mitigation measures for the potential impacts from the investments.
- For maintaining conservation areas to become sustainable tourism destinations and attractions, there is a need to improve the supporting infrastructure and public facilities.
- Limited human resources skills among local people for developing the local economy through village tourism such as homestays due to lack of capacity in tourism management, language skills, etc.
- If there is a local community relocation plan, it is necessary to consider the safety and security aspects through the Land Acquisition and Resettlement Action Plan (LARAP).
- Currently there are 13 conservation areas in Lombok Island and they are under the Directorate of Ecosystem Services (MOEF).

<b>Date</b>	<b>:</b>	<b>April 6, 2017</b>
<b>Time</b>	<b>:</b>	<b>1:30pm – 5:30pm</b>
<b>Location</b>	<b>:</b>	<b>Manohara Hotel, Borobudur, Magelang</b>
<b>Attendees</b>	<b>:</b>	<b>Government (54 people), NGO (4 people) and others (2 people)</b>

- It is necessary to map all regulations related to Borobudur, such as the Law on Environmental Protection, Cultural Heritage Law, Spatial Law, and so on to know the legal framework and the policies/plans/programs to be referred to;
- With the high target of 2 million tourists, many are worried about that the condition of the temple will be vulnerable in comparing the target to the carrying capacity calculations that show that only 128 people can be accommodated for in the temple building, 500 visitors for the temple yard, and only 10,308 visitors to the park area. Therefore, it requires a visitor management plan, improved readiness of temple buildings, and a visitor mobilization plan.
- Associated with the development of Borobudur tourism, and as previously held and discussed *Ratas* (closed meeting) at Hotel Manohara which achieved 3 (three) things; (i) The establishment of the Authority Body, (ii) the preparation of the Master Plan for tourism development, and (iii) the Plan for the Acceleration of Infrastructure Development
- Need to do a technical study related to carrying capacity and capacity in the Jogja-Solo-Semarang corridor;

- For each priority tourism destination, ESMF activities need to take into account the interests of the local community and local values within it, including identifying support for cultural arts activities and necessary tourist attractions.
- An impact of the development of tourist areas is the change of “producer” communities (agriculture, plantation, and handicraft) as some residents move into the service sector. Conservation awareness campaigns/education are needed to inform local communities on the right way of carry out tourism-related activities in order not damage the environment or the existing ecosystem;
- The Javanese people are very adaptive to cultural change. This might influence the disappearance of the characteristics and culture which could be an attraction in Borobudur;
- There is a need to have a regulation that regulates water resources in the Jogja-Solo-Semarang region and supports water catchment areas (rehabilitation) as one need of the hotel industry is for clean water access instead of extraction through ground water.

<b>Date</b>	:	<b>April 10, 2017</b>
<b>Time</b>	:	<b>1:30pm – 4:00pm</b>
<b>Location</b>	:	<b>Inna Parapat Hotel, Lake Toba</b>
<b>Attendees</b>	:	<b>Government (27 people) and NGO (2 people).</b>

- Destination Lake Toba covers seven kabupaten and kota around Lake Toba and 61 Kecamatan based on Presidential Regulation No. 81 of 2014. And, there are 28 districts directly related to the Lake Toba Authority body.
- Currently each city/district around Lake Toba has compiled their own Kajian Lingkungan Hidup Strategis – Strategic Environmental Assessment (KLHS) on Lake Toba.
- In 2016, all districts around Lake Toba have developed an action plan for the management of Lake Toba area, with a focus on handling aquaculture, domestic waste, and deforestation.
- One of the crucial issues that needs attention is the handling of solid waste because currently there is no special regulation that governs the solid waste around Lake Toba.
- In its implementation, the Integrated Tourism Master Plan should incorporate souvenir centers as part of the of tourist attractions which will help to improve people's livelihood.
- An in-depth study of critical land in terms of erosion prone areas around Lake Toba is required because existing conditions currently at least 50% of the land areas are considered critical condition.
- For sharing information, one of the participant's expectation is to have an Environmental Information Center covering all kabupaten and kota around Lake Toba.
- Social studies should include the necessary steps and activities that can be implemented (special studies), including livelihood studies, if people are affected by displacement due to the use of land in the development of Lake Toba area.
- The ESMF should also include a cultural heritage component. For instance, UNESCO also considered intangible culture such as wayang and batik printing skills. This, however, would be better suitable in the tourism master plan.

<b>Date</b>	:	<b>April 12, 2017</b>
<b>Time</b>	:	<b>1:30pm – 5:00pm</b>
<b>Location</b>	:	<b>KLIA Senggigi Hotel, Lombok</b>
<b>Attendees</b>	:	<b>Government (15 people) and NGO (2 people).</b>

- Delineation KSPN (*Kawasan Strategis Pariwisata Nasional*) – National tourism strategic area (KSPN) Lombok Island is for whole island of Lombok. There is already a special economic zone Mandalika, whose planning development is done by the state-owned enterprise, ITDC. Therefore, the Government will focus on development outside of KEK Mandalika for the next 25 years.
- The NTB Marine and Fisheries Office has developed a Zoning Plan for Coastal Zones and Small Islands (RZWP3K) for this year and it is in the draft stage of a local government regulation.
- The type of tourism that is suitable for the island of Lombok is not a mass-tourism but eco-tourism;

- Department of Marine and Fisheries Provinsi Nusa Tenggara Barat has proposed a study of coral reefs in NTB, to examine their current state. They also proposed a study on the study of mangrove ecosystems and their potential as tourism attractions;
- Lombok Island, with a core of Mount Rinjani, is currently being proposed as a UNESCO Global Geopark and also as National Park of Biosphere Reserve by Ministry of Environment and Forestry (MOEF).
- Capacity building is needed for local communities on the knowledge to develop the homestays sector.
- There is a need to do an institutional review at the provincial and city/district levels on coastal management which formerly at district level but now it is under the guidance of the province.
- The number of tourists in Gili Trawangan increases every year, but the island does not yet have a good waste handling system even though it produces 20 tons of waste per day (peak season) or 5–8 tons per day (low season). This requires a good waste management system.

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## APPENDIX 10

# PROCESS FRAMEWORK

### A. BACKGROUND

Implementation of land use development and/or physical investment may cause restrictions of traditional access to natural resources in legally designated parks and protected areas. For instance, road development unintentionally restricts access for forest-dependent communities to the benefits of the services provided by natural resources. Although construction activities may not always acquire land through eminent domain, the purchase of private land, the establishment of infrastructure in or nearby protected areas may prohibit local communities' access to the area they depend on, and could adversely affect social and economic livelihoods of these communities. This Process Framework (PF) is instituted to promote community participation in the design of land use development and/or physical investment that can enforce conservation activities as well as identification of acceptable alternatives sustainable resource use due to the access restriction caused by the land use development and/or physical investment. In the event that land use development and/or physical investment requires forest-dependent communities to stop or reduce their activities, these communities must be able to find alternative sources of livelihoods. In order for conservation initiatives to be effective while maintaining sources of livelihoods for the affected communities, land use development and/or physical investment may call for the provision of incentives to affected communities. Such incentives are not necessarily directly linked to forest rent (payment for results) but can also be monetary or non-monetary benefits to enable or motivate a particular behavior.

This PF serves as a guideline for planning, managing, monitoring, and evaluating the impacts of access restrictions on livelihoods due to project implementation. The main objective of this framework is to ensure that livelihoods can be restored to, at least, "before-the-project" levels. Once the sites and communities affected have been identified, this PF requires that the agency/entity proposing a land use development and/or physical investment to be financed by the IPF prepare a Plan of Action (refer to paragraph K) or an equivalent instrument be developed in consultations with affected communities outlining among others specific measures to be undertaken, types of alternative livelihoods, facilitation support and in some instances monetary and/or non-monetary compensation, implementation arrangements, clear indicators of outputs and outcomes, and timelines.

### B. POLICY OBJECTIVES AND KEY DEFINITIONS

It is often not possible and practical to presume that all livelihood impacts of proposed restrictions can be predefined. The nature of the restrictions caused by infrastructure development and the specific interventions needed to restore people's livelihoods also cannot be necessarily known fully in advance. This PF is required with a view to ensure that land use development and/or physical investments fulfil the objectives of conservation and infrastructure development as well, while at the same time promote sustainable livelihoods of forest dependent communities by 1) promoting sustainable use and management of natural resources; 2) avoiding unnecessary restrictions of access to these resources and fostering partnership with local communities<sup>37</sup>; 3) ensuring adequate participation and consultations of the affected population in the overall project areas; 4) ensuring that a restorative and mitigation plan of action, which describe specific measures to assist people adversely affected by the proposed land use development and/or physical investment causing restrictions, are put in place prior to the enforcement and implementation of land use development and/or physical investment.

Key definitions used in the framework are as follows:

- a. **Project Affected Persons (PAPs)** refers to all of the people who, on account of the land use development and/or physical investment, would have their (i) standard of living adversely affected; or (ii) rights, titles, interest in any property rights (including premises, agricultural, grazing and hunting land) and/or any other fixed or movable assets acquired or possessed temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or

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<sup>37</sup> Specific guideline for Forest Partnership could be referred to Ministerial Regulation no.P.39/Menhut-II/2013 on Local Community Empowerment through Forestry Partnership



permanently; (iv) business, occupation, work or place of residence or habitat adversely affected;

- b. **Access Restriction** refers to a process whereby local communities residing in and/or near project sites lose access partially or wholly, temporarily or permanently to land and natural resources in legally designated parks or protected areas. Such restrictions can be the consequence of voluntary and involuntary actions.
- c. **Rehabilitation** is the process by which PAPs are provided sufficient opportunity to restore productivity, incomes and living standards. Compensation for assets is often not sufficient to achieve full rehabilitation.
- d. **Compensation** can be monetary and non-monetary prior project implementation or after achievement of certain emission reduction indicators (payment for results). Funds from public or donor sources can be used to provide incentives and assistance for sustainable land use and livelihoods.
- e. **Land acquisition** is the process whereby a person involuntarily loses ownership, use of or access to, land as a result of project/sub-project activities. Land acquisition can lead to a range of associated impacts including loss of residence, livelihoods, or other productive assets.

### C. KEY PRINCIPLES

In developing a Plan of Action to mitigate adverse impacts of access restrictions, the following principles need to be adhered to:

- a. **Participation:** Broad public participation by affected communities are sought. Affected communities shall be engaged in a method that is culturally appropriate and based on free, prior, and informed consultation particularly where Indigenous Peoples (*Masyarakat Hukum Adat*) are present. All affected communities will be openly in an effort to collaborate and be made aware of the option to refuse to participate in the preparation and implementation of the ITMPs (including DDPs) and sectoral plans.
- b. **Access to information and disclosure:** Information is made available in a language(s) acceptable to affected communities, adopting various media to ensure broad outreach. Communication of land use development and/or physical investment will begin early during the preparation phase, occur regularly throughout the project cycle in a consistent and transparent manner and allow for the timely disclosure of relevant information.
- c. **Social inclusion:** Engagement shall take into consideration critical issues of gender equity, illiteracy, disability, ethnicity, and other exclusion factors for socially excluded and other vulnerable groups to ensure that any dialogue is inclusive and mitigation measures are tailored to meet the needs of vulnerable persons.
- d. **Transparency:** Information about land use development and/or physical investment, including their positive and negative impacts, are communicated to affected communities in a transparent manner. Information about implementation of mitigation measures, including budgeting, GRM, and monitoring and evaluation, shall be accessible to affected communities.
- e. **Free, Prior, and Informed Consultation:** Consultations with affected communities shall be well-documented, adequately resourced, capture stakeholder views to inform decision about the project (i.e. two-way communication), and allow adequate time for community decision-making.
- f. **Avoiding unnecessary restrictions:** The design of land use development and/or physical investment shall strive to seek alternatives to project objectives while maintaining local communities' access to conservation areas e.g. partnership schemes.

### D. COMMUNITY ENGAGEMENT

Forest-dependent communities may have long-standing use of the forest resources. Households may depend on natural resources for the sustenance of their livelihoods such as income, employment, and food, as well as social and cultural practices. Affected communities may be adversely affected by construction activities both temporarily and permanently, and such impacts could be particularly severe in the events of loss of productive assets and livelihoods. For IPs, their culture and history are connected to their ancestral territories, often in forest areas. It is therefore critically important to engage forest-dependent communities at all levels under the land use development and/or physical investment since the success of carbon emission reduction partly hinges on behavioral change of these communities. Some of these aspects for community engagement need to be taken into consideration:

- a. Forest dependent communities are recognized as a diverse group even if they may belong to the same communities or organizations. The pattern of forest dependence, natural resource use, and hierarchy including gender roles may differ from place to place and time to time. Efforts should not overlook vulnerable groups in the affected communities;
- b. Forest-dependent communities, including IPs and local communities are regarded as equal partners and stakeholders in the management of conservation areas and natural resources in general. Their views must be considered and respected.
- c. Although community members may not be able to fully participate in the scientific design process (e.g. valuation of carbon, or zonation), their traditional knowledge will be incorporated in the overall design.
- d. It is critical not to raise community expectations beyond what the project is able to deliver. Efforts shall be made to ensure that communities are properly informed about key biodiversity interests to ensure the achievement of carbon reduction emission.
- e. Not all community stakeholders are aware of the intent, management, technical issues, planning processes or benefit sharing mechanisms and therefore will require some guidance to facilitate their participation. Awareness raising is therefore key to fostering engagement and participation of affected communities, and may take the form of community meetings, informational presentations, and dissemination of informational materials among others.

## **E. IDENTIFICATION AND ELIGIBILITY OF DISPLACED PERSONS**

Two categories of eligibility are established in this framework, including:

### **a. Eligible communities**

As per the World Bank's OP 4.12, the term "displaced persons" used in this framework is synonymous with "project affected persons" and is not limited to those subjected to physical displacement. Displaced communities may be classified in one of the following three groups:

- i. Those who have formal legal rights to land;
- ii. Those who do not have formal legal rights to land at the time the census begins but have a claim to such land, assets or properties that such claims are recognized under the national laws or become recognized through a process supported by the project;
- iii. Those who do not have recognizable legal rights to the land under the national laws, but recognized by other claimants (e.g. customary and traditional rights not recognized under the national laws).

Depending on the level of property ownership and level of vulnerability or whether the impacts are direct or indirect, the forms and types of livelihood support may vary. This framework applies to all those persons who lose access to legally designated parks and protected areas resulting in adverse impacts on their livelihoods. It is important to highlight in this framework that a baseline assessment is required to establish eligibility criteria and identify eligible community members. The baseline is also important to demonstrate the types and extent of loss of access as a result of access restrictions.

### **b. Ineligible communities**

Livelihood support and allowance is made for the flexibility to exclude from displacement assistance anyone who is involved in unsustainable and destructive activities after the establishment of protected and conservation areas and zoning schemes have been fully consulted and agreed. This is to be clearly communicated to community members during initial consultations.

## **F. ESTABLISHING IMPACTS ON LOCAL COMMUNITIES**

While the land use development and/or physical investment is expected to affect the livelihoods of local community members through restrictions to resources, specific impacts will not be necessarily fully known until the implementation of such activities begin. In order to adequately determine those impacts, it will be necessary to collaborate and consult with community members, and their representative organizations to identify those who are being directly affected and determine the ways in which the effects are being experienced.

## **G. LIVELIHOODS RESTORATION AND FACILITATION**

The overall aim of the restorative and mitigation measures is to compensate for and diversify the livelihoods of the affected communities in and surrounding conservation areas. The land use development and/or physical investment will support the development of community-based enterprises or other small-scale livelihood activities such as agriculture, fishery, agroforestry etc. that

can help offset the opportunity costs of access restrictions. Such efforts can be done in partnership with other entities such as CSOs, NGOs, and the private sector. The process of developing alternative livelihood strategies will be participatory and will be underlined by the spirits of equity and community-driven decision making. The process to achieve this will be started with mobilizing affected community members to ensure that they have the space and opportunity to consider the options available to them. Mitigation measures and assistance support being taken to address livelihood restoration must be long-term in order for them to achieve a restorative effect.

#### **H. GRIEVANCE REDRESSAL MECHANISM (GRM)**

A GRM is instituted to identify procedures to effectively address grievances arising from the implementation of land use development and/or physical investment. Affected communities must have an avenue where they can formally lodge their complaints and grievances in a confidential manner and have them properly considered and duly addressed in due course. A GRM can help agency/entity management significantly enhance operational efficiency in a variety of ways such as fostering public awareness about the land use development and/or physical investment and its objectives, enhancing trust of the good intent of the project, deterring fraud and corruption, mitigating risks, providing project staff with practical suggestions that allow them to be more accountable, transparent and responsive to communities, assessing the effectiveness of internal organizational processes and improving stakeholder involvement in the land use development and/or physical investment. The GRM arrangement for this project is described in Section 10 of this ESMF.

#### **I. MONITORING AND EVALUATION OF PROCESS FRAMEWORK**

The main purpose of the PF M&Es system is to monitor the extent and the significance of adverse impacts and the effectiveness of measures designed to assist affected communities to improve or restore livelihoods. The M&E is designed in a participatory manner involving affected communities and various methods and approaches can be developed in this regard (see Section on Monitoring and Evaluation in this ESMF). Those who benefit from livelihoods restoration and support will also be involved to monitor and evaluate the effectiveness of the alternative livelihood measures being undertaken by the land use development and/or physical investment project.

#### **J. DISCLOSURE**

Mitigation measures as well as their implementation arrangement and budgeting as outlined in the Plan of Action are prepared in consultation with affected communities. A draft must be disclosed, as soon as feasible but never less than two weeks prior to any meetings or consultations. The disclosure also includes the findings of social assessments and analyses that inform the Plan of Action. Disclosure is delivered in a culturally appropriate manner and in a language that can be understood by the majority community members. Extra efforts shall be made to outreach communities who reside in remote areas to ensure broad information dissemination. In some instances, verbal communication may be more efficient than written forms. The Plan of Action, together with the agreements reached with affected communities and minutes of public consultations, must also be available in the agency/entity's websites and will be periodically updated.

#### **K. OUTLINE OF PLAN OF ACTION FOR ACCESS RESTRICTION**

The land use development and/or physical investment project background and how the plan is prepared, including consultations with local communities and other stakeholders, are part of the Plan of Action. This section needs to highlight which land use development and/or physical investment project components/sub-components that may result in access restrictions:

- a. The socio-economic profiles of local communities and their dependence on natural resources and social and cultural attachment to the legally designated parks and conservation areas;
- b. The nature and scope of restrictions, their timing, as well as administrative and legal procedures to protect affected communities' interests;
- c. Protected area boundaries and zones as well as the length of legal enforcement for conservation (i.e. permanent vs. temporary);
- d. The anticipated social and economic impacts of the restrictions;
- e. The communities or persons eligible for assistance;
- f. Specific measures to assist these people, along with clear timetables of actions and financing sources;

- g. Implementation arrangements, roles and responsibilities of various stakeholders, including government and non-government entities, service providers (NGOs, CSOs) and other entities providing services or assistance to affected communities;
- h. Arrangement for monitoring and enforcement of restrictions and natural resources management agreements;
- i. Clear output and outcome indicators developed in consultation with affected communities

## **L. BENEFIT SHARING**

### **A. Definition**

Integral to the Process Framework is benefit sharing with affected PAPs whose land and income streams become disrupted or decline due to infrastructure development financed by the subproject. Benefit sharing involves the intentional transfer of monetary and non-monetary incentives and assistance to enable affected parties to implement activities that could offset the impacts induced/triggered by land use development and/or physical investment. The benefits can range from participation in the labor-force, shares in the stock-market, social development initiatives, direct financial payments and technical assistance (for instance technology provision or skill-training in relevant areas). Arrangements for sharing these benefits can involve mechanisms for revenue sharing (i.e. shares) or alternatively mechanisms for transferring monetary and non-monetary assistance among parties in the agreement. Important conditions in benefit sharing require identifying the beneficiaries and necessary benefits. All parties in the agreement must agree on obligations or responsibilities that need to be met in order to access the benefits. There is also a need to develop systems for recording and monitoring the distribution of benefits and milestones of related obligations.

The key principle of benefit sharing goes beyond one-time compensation payment and short-term resettlement support for PAPs. Benefit sharing treats both displaced people and affected communities that host land use development and/or physical investment in their locality as legitimate partners in the subproject and first among their beneficiaries. Benefit sharing is generally regulated under the Law No.2 Year 2012 on Land Acquisition for Public Interest, where compensation can be in the form of shares in the stock market or other forms agreed between PAPs and subproject owners.

Benefit sharing arrangements recognize the nature of the impacts induced by land use development and/or physical investment, which are to some extent irreversible and long-term. Depending on the types of benefit sharing, such arrangements could also be used to mobilize financing and activities to improve the management of ecosystem services permanently transformed by land use development and/or physical investment which may result in impoverishment and livelihood displacement for PAPs. Although benefit sharing is mostly applicable to commercial infrastructure subprojects to be viable (i.e. toll road, hydropower, electricity, etc.), its application could also be expanded to the non-commercial sector with differing length and amount of benefits depending on the nature and scale of impacts. Benefit sharing should be flexible and depending on the agreement, may continue over the economic life of land use development and/or physical investment assets.

### **B. Requirements**

It is important to ensure that all stakeholders understand the mechanism, including the proportion/ratio of the benefits distributed, benefit-flows, as well as eligibility criteria. It is also important for beneficiaries to have sufficient understanding how benefits are calculated including the balance between the level of revenue sharing (as a percentage of revenue generated by subproject-specific activities) and the impacts of such sharing on profitability. Promoting such understanding across different levels of stakeholders is important to foster transparency and allay suspicion that may arise due to information gaps.

The general approach for benefit sharing calls for:

1. An agreed formula and standard procedures to remit a share of the revenue generated by infrastructure subprojects into revenue sharing funds and internalize such costs into calculation of ROI (return on investment);
2. Establishment of the eligibility criteria, grant selection, and award procedures and administrative arrangements for the fund;

3. Appointment of a benefit sharing council/board/organization with appropriate local representation and capacity to communicate benefit sharing arrangement with beneficiaries, manage the Fund transparently and make other recommendations on non-monetary forms of benefit sharing e.g. social development, in-kind assistance, etc.
4. Use of the fund to offer a menu of local development options preferred by beneficiaries; grants are often managed on a competitive basis based on agreed criteria;
5. Mechanisms for transparency, accountability and monitoring to foster public confidence;

#### C. Steps

There are multiple approaches for benefit sharing, depending on socio-economic circumstances, level of governance, as well as land use development and/or physical investment types. The steps outlined in the following serve as an example and are not meant to be prescriptive and exhaustive:

1. Consultations with affected communities with regards to the land use development and/or physical investment activities including locations, timeline, the need for labor-force and requirements, as well as the scale of (perceived and real) impacts and their nature (permanent and/or temporary) and who bear those impacts the most. Such consultations must take place early during land use development and/or physical investment preparation once the locations have been identified and be conducted more than once to ensure outreach. In some situations, this process may call for the presence of mediators to foster neutrality and impartiality.
2. Once the affected communities have obtained sufficient understanding and come to agreement to the land use development and/or physical investment, selection of community representatives to be in the benefit sharing council can begin. Participation in this council is voluntary and selection needs to be aware of elite capture and therefore preparation is key to ensure broad representation of community interests in the council. A rotation system also needs to be established for this council to ensure participation of other eligible members.
3. Together with the benefit sharing council, preparation of benefit sharing arrangement. This includes establishing eligibility criteria, priorities, period of benefit flows, fund management, types of eligible programs, technical assistance, etc. Every unclassified material must be furnished to the council in a user-friendly manner and in a timeframe that allows them to digest the information. Such information may include the proportion of revenue sharing as well as monetary and/or non-monetary transfer in ratio with projected profits.
4. Another round of consultations with affected communities to consult the draft agreement including all the provisions in benefit-sharing. Critical points to be agreed upon include eligible beneficiaries, types of benefits, length of benefit-sharing, ratio of the benefits to the overall profits by specific subproject activities. This process could be led by the council assisted by mediators if considered necessary. This agreement should also look into the timeline of the arrangement (e.g. whether benefits will be incremental and gradually increase along with profitability, and frequency) and arrangement for grievance redressal.
5. Pilot the delivery and monitoring mechanisms, as well as grievance measures, potentially starting from the directly affected communities before scaling up to other communities as envisioned in the agreement.
6. Stock-taking exercise with affected communities with regards to what works and does not and at the same time, improve the system as well as build the capacity of implementing organizations and benefit sharing council.