

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: [Add]

Date ISDS Prepared/Updated: July 20, 2017

I. BASIC INFORMATION

A. Basic Project Data

Country: Indonesia	Project ID: P157599	
	Additional Project ID (if any):	
Project Name: IPF component of <i>Indonesia Tourism Development Program</i>		
Task Team Leader: Bertine Kamphuis		
Estimated Appraisal Date: September 30, 2017	Estimated Board Date: December 15, 2017	
Managing Unit: GTC02	Lending Instrument: Investment Project Financing	
Sector: Industry and Trade: General industry and trade sector (70%); Water, sanitation and flood protection: Wastewater Treatment and Disposal (15%); Sanitation (10%); Education: Vocational training (5%).		
Theme: Rural services and infrastructure; Land administration and management; and Social Inclusion.		
IBRD Amount (US\$m.): 20 IDA Amount (US\$m.): GEF Amount (US\$m.): PCF Amount (US\$m.): Other financing amounts by source: Indonesia Infrastructure Support (INIS) Trust Fund Amount (US\$m.): 2		
Environmental Category: A – Full Assessment		
Simplified Processing	Simple []	Repeater []
Is this a transferred project	Yes []	No []

B. Project Objectives:

Development Objective(s)

This Concept Stage ISDS relates to the Investment Project Financing (IPF) component (“the Project”) of a “hybrid” Operation that combines a Program-for-Results (PforR, the “Program”) with IPF. The objective of the Program is to promote private investment and jobs in the tourism sector in selected tourism destinations in Indonesia. The IPF component consists entirely of technical assistance. Its aims to contribute to the Program’s objective by enhancing the economic and social benefits of tourism development in Indonesia, both under the PforR Program and more broadly, and to avoid the adverse impacts that can occur when tourism development

proceeds in an unintegrated manner, without regard for the opportunities and constraints inherent in the natural and cultural resources that constitute the attractions for tourists.

Key Results

The key results of the Program, to which the Project will contribute, are:

- (i) Daily average expenditure per tourist;
- (ii) Net direct tourism-linked jobs created;
- (iii) Private investment in tourism generated.

C. Project Description:

The IPF component consists exclusively of technical assistance and comprises support for: i) the development of integrated tourism master plans; ii) the development of downstream sectoral master plans; iii) program management services; and iv) studies and technical assistance for tourism industry competency-based training, tourism firm capabilities, and creating an enabling environment for private investment and business entry. In several cases, these inputs will be required to meet Disbursement-Linked Indicators (DLIs) in the Program. Specifically, the Project will finance the activities described below:

- **Integrated tourism master plans (ITMPs) for each of the priority tourism destinations, which could provide a strong framework for effective and sustainable tourism development.** 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) respectful of the environmental, social, and cultural opportunities and constraints of the destinations and (b) avoids degradation of the natural and cultural resources which are the assets that attract visitors. The integrated tourism master plans consist of, *inter alia*, recommended land-use plans, detailed development plans, as well as detailed cost estimates and recommended priority investment plans, and will provide—if adopted by relevant agencies/authorities—a framework for government investment planning and budgeting from 2018 onwards in the priority destinations. The integrated tourism master plans are conceived as coordination platforms for the development of the tourism destination and as instruments that will pave the way for effective and sustainable tourism development. They 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). However, the integrated tourism master plan is not in itself a spatial planning document with statutory effect under the Indonesian Urban Planning Framework.

- **Selected downstream sectoral master plans will be financed as well.** The specific sectoral master plans that will benefit from attention in the IPF component will be identified during the course of the preparation of the integrated tourism master plans.
- **The IPF component will 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 according to the program objectives and is 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; ensuring proper complaint handling and resolution; ensuring adequate capabilities from all program stakeholders; and ensuring timely delivery of reports. This program management support will also include strengthening natural, cultural, and social asset monitoring and preservation capabilities in the destinations.
- **Finally, the IPF component will finance 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 development and firm capabilities); (3) enhance enabling environment for private investment and business entry into tourism; and (4) increase institutional capacity to facilitate integrated and sustainable tourism development; and will provide better solutions and capabilities for skill and firm development and business environment improvements related to the tourism sector in the priority destinations.

Almost all of the proposed activities have been identified in the draft Environmental and Social Systems Assessment (ESSA) as critical measures for the Program, and early implementation is therefore advisable. To this purpose, the Government has requested for a Preparation Advance and Program Preparation Grant to finance Indonesia's first disbursements for Consultants' Services for three integrated tourism master plans (Lombok, Borobudur-Yogyakarta-Prambanan, and Lake Toba) and program management support.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known):

The Project is subject to Bank safeguards policies, whereas country safeguards systems apply to the Program. As a technical assistance (TA) component, it is intended to avoid the adverse impacts that can result from tourism development that is not well integrated or properly managed. Indirect impacts from tourism development could be that 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, induced, adverse 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 or access to resources that are sources of livelihood are also possible social impacts. Some visitors may 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. The integrated tourism master plans and other plans are also meant to provide feedback on the prioritization of planned regional investments in infrastructure as part of the government’s Infrastructure Development Programs that are relevant to tourism, but for which the economic rationale goes beyond tourism development and includes regional connectivity, trade, and industrial development. Some of these investments could entail environmental and social risks that, if not effectively managed, can result in direct adverse impacts, contribute to cumulative impacts, and/or lead to indirect or induced impacts.

The Project will be implemented in the same locations that are the focus of the Program—three of the priority destinations identified by the Government. The scope of the integrated tourism master plans is wider than the locations that are the focus of the Program: the overall development plans as part of the integrated tourism master plans cover the destination, while the Program is proposed to largely focus on the key tourism areas, for which detailed development plans will be prepared under the IPF component for the PforR component.

- **Lombok destination includes three key areas for tourism development: the Gili Islands, Senggigi, and the southern coast.** Lombok has a total population of approximately 3.3 million and a total land area of 4,379 km². The Gili Islands and Senggigi can absorb an increasing number of visitors, if managed well. On the Gili Islands (in *Kecamatan*¹ Pemenang)—a beach and diving destination—environmental sustainability needs to be improved by addressing key basic services deficiencies (such as water, sanitation and solid waste management). For Senggigi’s development (*Kecamatan* Batu Layar), and its northward development to *Kecamatan* Tanjung, it will be particularly important to maintain its ‘boutique’ character, which was created through 20 years of small-scale hotel development. 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,² 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 in

¹ 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*.

² The Program is not financing activities at Mandalika, but the Integrated Tourism Master Plan 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.

Kecamatan Pujut, Praya Barat, Sekotong, and Jerowaru), if concerns related to the preservation of the natural environment (including cleanliness) are addressed.

- **Borobudur-Yogyakarta-Prambanan destination includes three areas for tourism development: Borobudur, Kota Yogyakarta, and Prambanan.** The Borobudur area (*Kecamatan* Borobudur and *Kecamatan* Mungkid) includes the Borobudur Temple Complex—an UNESCO World Heritage Site—that consists of Borobudur Temple—a ‘must-see’ Buddhist temple dating from the 8th and 9th century—, and Pawon Temple and Mendut Temple; two sites that provide views of Borobudur Temple, the sunrise spot of Punthuk Setumbu and the chicken-shaped prayer house of Bukit Rhema; and surrounding cultural villages. The Prambanan-Boko area (*Kecamatan* Prambanan in Central Java Province and *Kecamatan* Prambanan in the Special Region of Yogyakarta) includes the Prambanan Temple Compound and Ratu Boko. Prambanan Temple Compound is another UNESCO World Heritage Site and consists of Prambanan Temple—a Hindu temple dating from the 9th century—, Sewu Temple, Bubrah Temple, and Lumbung Temple. Ratu Boko is a 16-hectare site with a mix of Buddhist and Hindu structures. In Yogyakarta (*Kecamatan* Kraton, Gedongtengen, Danurejan, Ngampilan, Kotagede, and Gondomanan), key attractions are the *Kraton* (Palace), the sultan’s residence and a living museum; *Taman Sari* (Water Castle), a former royal garden of the Sultanate of Yogyakarta; and Malioboro shopping street. To avoid growing dissatisfaction and stagnation, especially amongst foreign visitors, a significant revision of the Borobudur experience is needed. Borobudur-Yogyakarta-Prambanan is mostly expected to remain part of a destination tour for more foreign visitors (as a ‘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-Yogyakarta-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 can increase.
- **Lake Toba destination coincides with the boundary of Lake Toba’s Spatial Plan (Presidential Regulation No. 81 of 2014).** Within this boundary there are three areas for tourism development. First, Parapat (*Kecamatan* Girsang Sipangan Bolon) is the main gateway to Samosir Island in the lake and offers the highest number of star-rated hotels and the most developed tourism infrastructure. Second, Samosir Island (especially *Kecamatan* Simanindo and *Kecamatan* Pangururan) has several tourism attractions such as the Stone Chair of King Siallagan and King Sidabutar’s Tomb; Ambarita, a traditional village that provides sights of Batak culture; Parbaba Beach; the hot springs at Gubung Pusuk Buhit Mountain; and Tutuk Village. Third, *Kecamatan* Balige offers some interesting Batak architecture and is the closest lake-side village to Silangit Airport. Today, Lake Toba is largely a destination for local tourism, with declining appeal in part because of deteriorating water quality. 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, particularly short-haul weekenders from Singapore and Malaysia.

E. Borrower's Institutional Capacity for Safeguard Policies:

Adherence to the Bank safeguards policies in preparation of the integrated tourism master plans and other plans and studies will be the responsibility of the borrower. MPWH, the contracting authority that will supervise the Consultants to ensure fulfillment of all aspects of the terms of reference (TOR), has experience with Bank safeguards through implementation of many infrastructure investments financed through Bank lending operations. The Bank will review the plans and study reports at draft and final stages, paying particular attention to compliance with the safeguards policies. Bank supervision will also extend to the planning process, focusing on compliance with the stakeholder consultations required in OP 4.01 and with the OP 4.10 procedures required for engagement with Indigenous Peoples in Lombok and possibly other destinations.

Investments identified under the plans and studies produced by the IPF Consultants' Services in accordance with safeguards policies will not necessarily all be part of the Program's scope or be implemented through other Bank IPFs. In this regard, it is important to note that many Bank safeguards aspects will have been incorporated in the investment designs through guidelines, site selection, and conceptual design decisions made in the integrated tourism master planning process. The Government is taking important steps to build institutional capacity in addition to that which already exists at the destinations in the forms of the subnational government agencies for environmental management, social and land issues, health, and labor, as well as special-purpose tourism management entities such as the Borobudur Heritage Conservation Institution. The Ministry of Tourism is establishing Sustainable Tourism Observatories (STO) to monitor conditions at the destinations as part of an UN World Tourism Organization (UNWTO) network and using UNWTO guidance; moreover, the Minister has recently issued a regulation that, among other things, emphasizes preparation of and compliance with integrated tourism master plans and defines the various management functions that need to be carried out at any destination in order to achieve sustainable tourism.³ The IPF component will contribute to capacity building by helping through the Consultants' Services for integrated tourism master plans and for program management support in the establishment and operationalization of effective arrangements to monitor and protect the natural and cultural assets that attract visitors, which is a disbursement-linked indicator (DLI) in the Program. The program management consultant (and/or the Implementing Agency, RIDA, through additional staff or individual consultants) will also provide training for environmental agencies, environmental consultants, and others in the preparation of high-quality environmental instruments under the national safeguards system, and in monitoring and enforcement of their implementation.

F. Environmental and Social Safeguards Specialists on the Team:

Thomas E. Walton (GENDR)

Indira Dharmapatni (GSUID)

Amy Chua Fang Lim (GENDR)

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³ Minister of Tourism Regulation No. 14 of 2016 concerning Guidelines for Sustainable Tourism Destinations

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered (<i>please explain why</i>)	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	Yes		
<p>The policy is triggered because the Project will support the preparation of integrated tourism master plans (including detailed development plans) in each destination, and these plans will guide the provision of infrastructure to support sustainable tourism development. The Project will also finance a program management support Consultant that will assist the PforR implementing agencies. Because of the sensitivity of natural, social, and cultural resources in the three destinations and the potential for downstream high risk significant direct, indirect, induced or cumulative impacts, the Project is rated Category A. The Technical Assistance activities supported by the Project need to comply with all relevant Bank safeguards policies. The safeguards approach will be to (a) prepare an Environmental and Social Management Framework (ESMF) that will guide the preparation of terms of reference (TOR) for the integrated tourism master plans, including detailed development plans, and other activities that will be procured under the Project and (b) subject each TOR to review and clearance by the Bank as for any Category A project.</p>			
Natural Habitats (OP/BP 4.04)	Yes		
<p>This policy is triggered because the integrated tourism master plans (including detailed development plans) and their subsequent implementation may potentially have adverse impacts on natural habitats. The IPF component will not support activities that involve significant conversion or degradation of critical natural habitats or natural habitats. Requirements of the policy will be addressed in the Consultants' Services TORs and integrated into the integrated tourism master plans and other activities</p>			
Forests (OP/BP 4.36)	Yes		
<p>This policy is triggered because the integrated tourism master plans (including detailed development plans) and their subsequent implementation may potentially have adverse impacts on forests. Requirements of the policy will be addressed in the Consultants' Services TORs and integrated into the integrated tourism master plans (including detailed development plans), and other activities.</p>			
Pest Management (OP 4.09)		No	
<p>The Project will not procure or use any pesticide or support activities that may lead to the use and/or a significant increase in the use of pesticide.</p>			
Physical Cultural Resources (OP/BP 4.11)	Yes		
<p>This policy is triggered because the integrated tourism master plans (including detailed development plans), and their subsequent implementation may potentially have adverse impacts on physical cultural resources. Requirements of the policy will be addressed in the Consultants' Services TORs and integrated into the integrated tourism master plans (including detailed development plans), and other activities. Preservation and proper management of Physical Cultural Resources (PCR) will be a key element of the integrated tourism master plans.</p>			
Indigenous Peoples (OP/BP 4.10)	Yes		
<p>Screening based on the World Bank IPs Screening Study (2010) indicates that IPs or <i>Masyarakat Hukum Adat</i> (MHA) communities are present on Lombok and in some of the <i>Kabupatens</i> in the Lake Toba destination, but not at the Borobudur-Yogyakarta-Prambanan destination. Verification and confirmation of the IPs presence in the three priority destinations will be done during the early stage of preparation of the integrated tourism master plans through consultations</p>			

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
with local governments, local experts, universities, and NGOs. The potential social risk from master and downstream plans in terms of local communities could be “being left behind” and forming “anti-social behavior”. They may also lead to other adverse impacts and risks such as loss of land, diminishing resources used for their livelihoods, access restrictions, social conflicts, and additional impacts and risks concerning indigenous peoples, particularly more remote and vulnerable groups. The integrated tourism master planning process for destinations with IP/MHA presence will need to be conducted in a manner that complies with the policy, i.e.: including a social assessment; incorporating a process of free, prior and informed consultation; ascertaining broad MHA community support for the elements of the integrated tourism master plan that might affect them; and developing measures to address adverse effects on the IPs and to provide them with culturally appropriate benefits. The ESMF will provide guidance on the OP 4.10 procedures.			
Involuntary Resettlement (OP/BP 4.12)	Yes		
This policy is triggered because the integrated tourism master plans (including detailed development plans), and their subsequent implementation may potentially require land acquisition, resettlement or access restriction to protected areas. Requirements of the policy will be addressed in the Consultants’ Services TORs and integrated into the integrated tourism master plans (including detailed development plans), and other activities. The ESMF provides guidance on OP 4.12.			
Safety of Dams (OP/BP 4.37)		No	
The Project will not finance construction and/or rehabilitation of large dams or feasibility studies or designs for dams. If the Integrated Tourism Master Plans or Sectoral Master Plans recommend activities that involve construction or rehabilitation of water supply weirs or reliance on existing weirs, TORs will incorporate the requirements of the policy that pertain to small dams.			
Projects on International Waterways (OP/BP 7.50)		No	
Neither the Project nor the PforR Program will be located in the watersheds of any international waterways.			
Projects in Disputed Areas (OP/BP 7.60)		No	
Neither the Project nor the PforR Program will be located in any disputed areas.			
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)		No	

III. SAFEGUARD PREPARATION PLAN

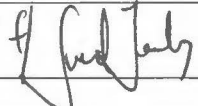
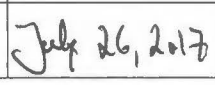
- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared:
August 10, 2017
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS:
NA.
- C. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing⁴ should be specified in the PAD-stage ISDS:

The Project is subject to Bank safeguards policies. The Project will be EA Category A and requires an Environmental and Social Management Framework (ESMF). The Bank's regional Safeguards Advisor (RSA) has reviewed and approved the TOR for the ESMF and the RSA has reviewed and is expected to approve the draft ESMF by June 9, which will include the draft TORs for integrated tourism master plans. The Bank's task team will confirm that requirements on the disclosure of and public consultation on both the draft TOR for the ESMF and the draft ESMF have been met. The public consultation on the TOR for the ESMF included, and the public consultation on the draft ESMF will cover, the key national agencies that are either responsible for or stakeholders in the development of the integrated tourism master plans, key agencies in the three destinations, and potentially affected/interested parties in the three destinations. Furthermore, because the IPF component is Category A and assessed to be of high risk, according to EAP Safeguards Review Procedures, the RSA will review and clear the three draft integrated tourism master plans and provide comments to be incorporated into these drafts before finalization.

The consultation process for the preparation of the ESMF was done at the national level and at all the three tourism destinations with local stakeholders, such as IP organizations and representatives of local government agencies. The ESMF includes a Resettlement Policy Framework (RPF), Process Framework and Indigenous Peoples Planning Framework (IPPF) and these will also be subject to public consultations. The first round of public consultations was held on the Terms of Reference for the ESMF in Jakarta (3rd April 2017); Borobudur, Magelang Regency (6th April 2017) for Borobudur-Yogyakarta-Prambanan destination; Parapat, Simalungun Regency (10th April 2017) for Lake Toba destination; and Senggigi, West Lombok (12th April 2017) for Lombok destination. The second round of public consultations was held on the ESMF in Jakarta (19th July 2017), Yogyakarta (17th July 2017) for Borobudur-Yogyakarta-Prambanan destination; Medan (10th July 2017) for Lake Toba destination; and Mataram (13th July 2017) for Lombok destination.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Bertine Kamphuis	May 6, 2017
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Peter Leonard 	July 26, 2017 
Comments:		
Sector Manager:	Mona Haddad	June 9, 2017
Comments:		

(Template Version November 2007)

⁴ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

