



Sustainable Tourism Development in Indonesia – Multi Donor Trust Fund

Country/region
Indonesia

Executing agency
World Bank

Project duration
2018-2022

Total budget
CHF 3,800,000

Rationale

For Indonesia, tourism is a promising sector that can help the country achieve inclusive and sustainable growth. With tourism destinations strewn over the archipelago, the sector has a potential to help reduce regional economic disparities. Indonesia is ranked 42nd out of 141 countries in the World Economic Forum's 2017 Travel and Tourism Competitiveness Report. The natural (14th) and cultural resources (23rd) sub index, which represent the main motivations for travel, also rank Indonesia highly. However, Indonesia lags behind its neighbour countries on other important indicators, such as enabling environment (87th), infrastructure (66th) and environmental sustainability (131st), which are essential to develop a world-class tourism industry.

The Government of Indonesia (GoI) has set a number of objectives to enhance tourism's role in the Indonesian economy, including allocating significant funding to line ministries for promotional activities and supporting infrastructure. However, without effective regulation and workforce, such efforts would only help to overcrowd tourism destinations, erode natural and cultural resources, and damage long term socio-economic potential of tourism sector. To address the condition, at the request of the GoI, a sustainable tourism program was developed using Swiss expertise in supporting tourism development.



Komodo National Park at Labuan Bajo, a UNESCO heritage site
(Photo: Ministry of Tourism, Republic of Indonesia)

Objective and activities

The program's overall purpose is to increase the sustainability of tourism in Indonesia by enhancing competitiveness and sustainability of tourism destinations, as well as developing a competent skilled workforce. The strategy involves a series of actions organized around three pillars. Each pillar focuses its assistance on a certain level in order to provide support in a holistic manner. At the macro level, the programme aims to improve framework conditions for sustainable tourism by developing Integrated Tourism Master Plans (ITMPs) for Komodo National Park (KNP)/ Labuan Bajo in Flores, Bromo-Tengger-Semeru region in East Java, and Wakatobi; strengthening the capacity of Sustainable Tourism Observatories (STOs); and assisting with tourism sector coordination. At the meso level, tourism skills development will be enhanced through support for tertiary vocational tourism education institutes (Pillar 2). At the micro-level, the engagement will focus on raising awareness of sustainable tourism practices and increasing the capacity of local stakeholders in Flores and Wakatobi

tourism destinations to support and implement the ITMPs whose development is supported by Pillar 1, whereas Pillar 3 will build on the results of previous Swiss-supported tourism project WISATA, which ran from 2009 to 2018.



The program's first pillar will be realized through the Sustainable Tourism Development Multi Donor Trust Fund project (STD-MDTF). STD-MDTF aims to foster strengthened conditions and capabilities for coordination, planning and monitoring of sustainable tourism at the national and destination levels in Indonesia. Established in 2017, STD-MDTF will cover

activities across three components: (i) *Component 1*: Strengthening institutional arrangements for sustainable tourism development; (ii) *Component 2*: Preparation of sustainable tourism plans; and (iii) *Component 3*: Improving sustainable tourism monitoring and statistics.

Governance structure

Pillar 1 is implemented by the World Bank. At the pillar level, coordination and work plans are discussed in semi-annual Pillar Steering Committee meetings.

Results to date

Institutional arrangement: Hands-on service on coordinating mechanism for sustainable tourism development are continuously provided by STD-MDTF, in parallel with support to strengthen Project Management Support function at partner government. With support from STD-MDTF, baseline analysis for five sustainable tourism development regional Task Forces were developed. Using collection of the baseline data, the project has established a method to measure satisfaction on performance and effectiveness of the respective tourism coordination platforms at the national, sub-national and local level.

Sustainable Tourism Plans: Through STD-MDTF, progresses have been made on ITMPs preparation for the three new tourism destinations (Komodo National Park (KNP)/ LabuanBajo, Bromo–Tengger–Semeru and Wakatobi). In 2020, Environmental and Social Management Framework (ESMF), including terms of reference for the new ITMPs, were finalized following series of public consultations. Capacity building and technical advice support were consistently provided by the project during this period.

Sustainable Tourism Monitoring: By late 2019, STD-MDTF provided support to the Ministry of Tourism and Sustainable Tourism Observatories (STOs: monitoring institutions at the destination) with creation of a guide for aligning the STOs with STDI. These STOs thus foresee to provide overview or contextual information about ITMPs and their role in supporting STDI; maintain compliance to UNWTO INSTO requirements, particularly in the scope of monitoring areas or indicators; and provide information on needed indicators for STDI. The guide will also be developed for STOs associated with KNP/ Labuan Bajo, Bromo, and Wakatobi in order for the STOs to achieve UNWTO INSTO status and contribute to monitoring of STDI.