Sustainable Tourism Development in Indonesia

Rationale
Tourism is a promising sector for Indonesia that can contribute to an inclusive and sustainable growth. With tourism destinations spread across the archipelago, the sector has a potential to contribute to reducing regional economic disparities. The World Economic Forum’s Travel and Tourism Competitiveness Report 2017 ranks Indonesia 42nd out of 141 countries. Indonesia performs well on the natural (14th) and cultural resources (23rd) sub index, which captures the principal reasons to travel. 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), in its National Medium-Term Development Plan 2015-2019, has set a number of objectives to enhance the role of tourism in the Indonesian economy and has allocated significantly more funds to line-ministries for promotional activities and supporting infrastructure. However, promotion and infrastructure without policy reform and an enhanced skills development program can overcrowd tourism destinations, erode natural and cultural resources and eventually damage Indonesia’s socio-economic potential and hamper the tourism sector’s long term potential.

Objectives and activities
The overall goal of the program is increased sustainability of tourism in Indonesia by improving competitiveness and sustainability of destinations, and by bettering the skilled workforce. The approach encompasses a set of interventions along three pillars as presented in Figure 1.

Impact:
Competitive and sustainable destinations and a skilled workforce contribute to economic, environmental and social sustainability of the tourism sector

Outcome Pillar 1: Improved framework conditions for sustainable tourism
Outcome Pillar 2: Better qualified workforce with relevant skills
Outcome Pillar 3: Competitive, sustainable and inclusive destinations

Figure 1. Objective and outcomes of the Sustainable Tourism Development for Indonesia
At the macro level, the program aims to improve framework conditions for sustainable tourism through development of integrated tourism master plans for Flores, Wakatobi and the Bromo – Tengger – Semeru region in East Java, capacity building for sustainable tourism observatories, and support for the coordination in the tourism sector. At the meso level, tourism skills development will be enhanced through assisting the establishment of the Lombok Tourism Polytechnic. At the micro level, the focus of the engagement is to raise the awareness of local stakeholders in Flores and Wakatobi on sustainable tourism practices and to increase their capacity in supporting and implementing the integrated tourism master plan whose development is supported through Pillar 1. Pillar 3 will build on the results of previous Swiss-supported tourism project WISATA that runs from 2009 to 2018.

**Governance structure**

Implementer of Pillar 1 is the World Bank and Swisscontact for Pillar 3. The implementer of Pillar 2 is to be confirmed in a later stage. At the program level, a Steering Board will meet once a year to provide cross-pillar guidance and direction to the program and ensure alignment of the program with government policies. At pillar level, the coordination and work plans are discussed in semi-annual Pillar Steering Committee meetings.

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*The women prepared yarn for the Ikat at Watublapi, Sikka, Flores (WISATA 2)*

**Expected Results**

The program will produce integrated tourism master plans for three selected priority tourism destinations and support the implementation of the master plan in Flores and Wakatobi through capacity building of the local stakeholders. In addition, five sustainable tourism observatories are assisted to enable them to monitor the application of sustainable tourism standards in various destinations. The support to the Lombok Tourism Polytechnic is expected to produce graduates with relevant skills in line with the needs of the tourism industry as to contribute to a sustainable development of the sector and enhance the participation of people originating for the eastern part of Indonesia in the labor force.