

3.6.3 Marketing programme

1) Marketing position

(1) Foreign Demand

DGT has published the "Indonesia Travel Information Manual" to encourage international tourism to Indonesia.

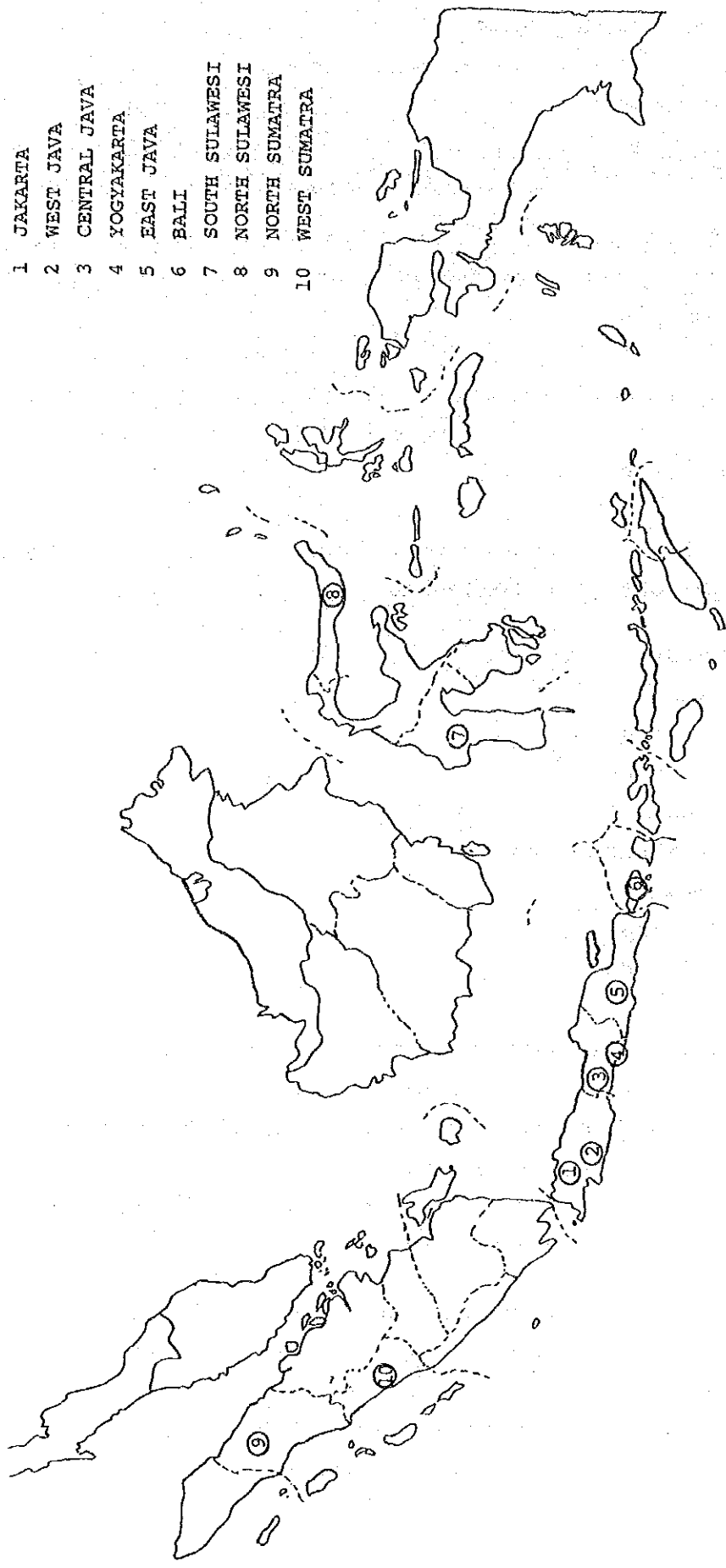
The manual presents ten main tourist destination Provinces such as Jakarta, West Java and Central Java (refer to Fig. 3-6-2).

In the West Java tourist destination area, the manual highlights the following places:

- Bogor
- Bandung
- Cirebon
- Ujung Kulon
- Banten
- Pelabuhan Ratu
- Garut
- Tasikmalaya
- Pangandaran

Considering both the characteristics of Old Banten as an international tourist destination area and the potential source of demand, it will be desirable to focus on establishing Old Banten as an optional tourist destination and stopover point with the following characteristics:

- the historic seat of the Banten Sultanate
- the old international trading port where the Dutch landed
- a famous pilgrimage place of Islam
- the bird sanctuary of Pulau Dua



- 1 JAKARTA
- 2 WEST JAVA
- 3 CENTRAL JAVA
- 4 YOGYAKARTA
- 5 EAST JAVA
- 6 BALI
- 7 SOUTH SULAWESI
- 8 NORTH SULAWESI
- 9 NORTH SUMATRA
- 10 WEST SUMATRA

Fig. 3-6-2
 TEN MAIN TOURIST DESTINATION
 AREAS IN INDONESIA

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(2) Domestic demands

In the West Java section of the Guide Book, "Petunjuk Perjalanan Wisata Dalam Negeri" published by DGT, the following destinations are highlighted (see Fig. 3-6-3):

- Bandung - ITB, Gedung Sate, Monumen Bandung Lautan Api, Babakan Siliwangi, Pasundan Plaza, Dago Tea House, Taman Hutan Raya Ir. H. Juanda.
- Maribaya
- Kawah Tangkuban Perahu
- Air Panas Ciater
- Kawah Kamojang
- Kawah Papandayan
- Bogor - Istana Presiden di Bogor, Kebun Raya Bogor, Musium Zoologi Bogor, Gedung Herbarium Bogor, Ethnobotanic Bogor, Batu Tulis Ciaruteun.
- Taman Safari Indonesia
- Kebun Raya Cibodas
- Camping Area Rarahan
- Istana Presiden di Cipanas
- Gunung Gede
- Pelabuhan Ratu
- Masyarakat Badui/Rangkasbitung
- Batukuwung
- Banten - Mesjid Agung Banten, Keraton Surosowan, Benteng Speelwijk, Meriam Kuno Ki Amuk, Pelabuhan Karanghantu.
- Pulau Dua
- Pantai Pulorida/Suralaya
- Mercur Suar Anyer Kidul
- Pantai Karang Bolong
- Pantai Carita
- Krakatau
- Ujung Kulon

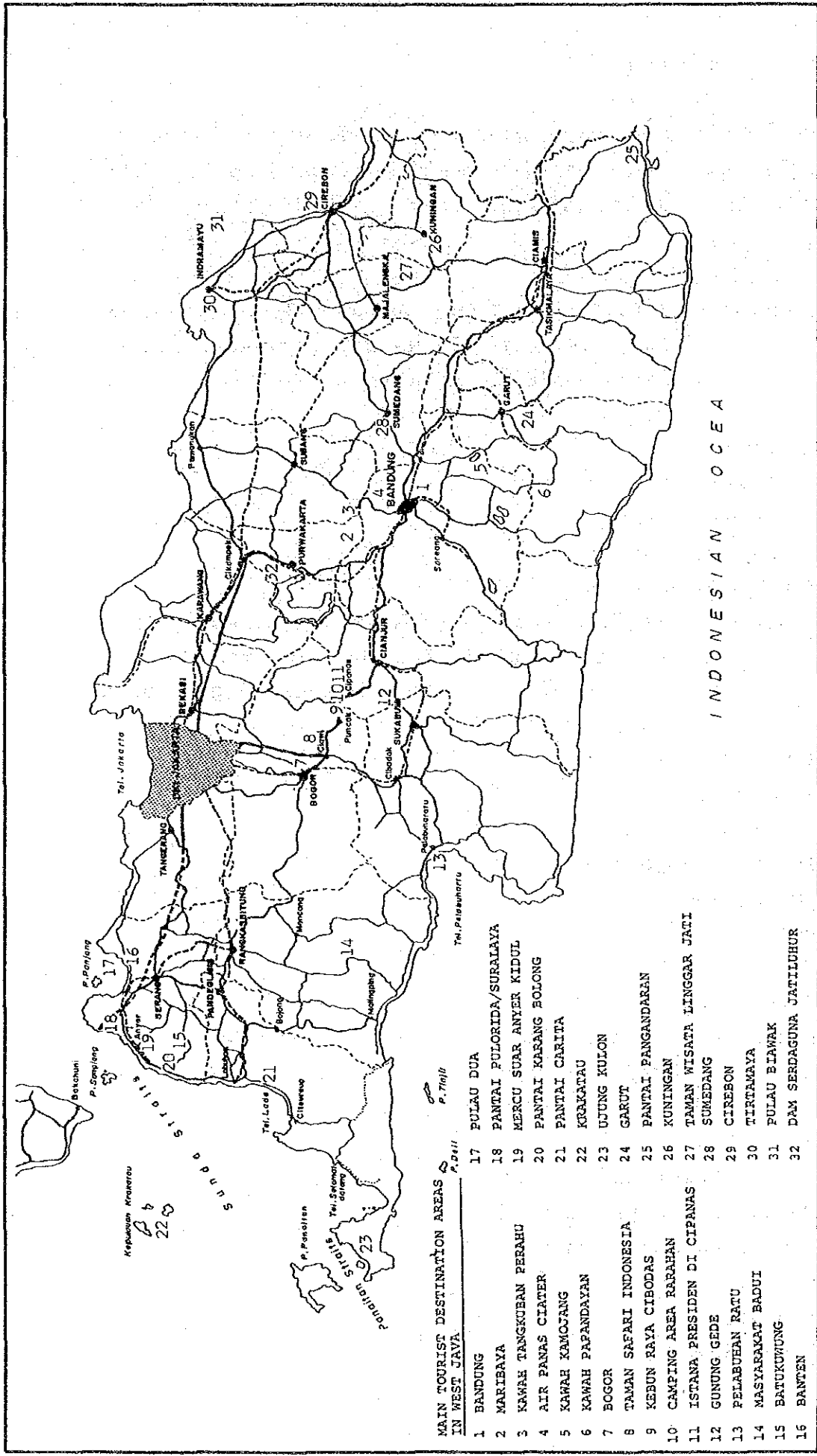


Fig. 3-6-3
MAIN TOURIST DESTINATION AREAS
IN WEST JAVA

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- Garut - Cipanas Garut, Candi Cangkuang, Kampung Naga.
- Pantai Pangandaran
- Kuningan
- Taman Wisata Linggar Jati
- Sumedang
- Cirebon - Keraton Kasepuhan, Gua Sunyaragi, Kraton Kanoman, Makam Sunan Gunung Jati, Trusmi.
- Tirtamaya
- Pulau Biawak
- Dam Serbaguna Jatiluhur

Considering both the characteristics of Old Banten as a domestic tourist destination and potential source of demand, the following marketing position will be applicable.

- The important place of pilgrimage for Moslem people
- A convenient holiday or excursion destination with historical and cultural associations for people in Serang, Pandeglang, Lebak, Tangerang, Bogor and Jakarta.
- A school excursion destination for educational purpose.

2) Merchandising

(1) Amenities and selling points

The following will be the potential amenities and selling points of Old Banten:

a. The historic seat of the Banten Sultanate

- Keraton Surosowan
- Keraton Kaibon
- Benteng Speelwijk
- Tasikardi artificial lake and canals

- The tomb of Sultan Maulana Yusuf
- Watu Gilang
- Cannon Ki Amuk
- Banten Chinese Temple
- The Site Museum
- Mesjid Agung Banten
- Mesjid Kasunyatan
- Mesjid Kanari
- Debus show

b. The old international port where the Dutch landed in 1596

- Karanghantu Harbor
- Market
- Pepper Trade Museum

c. The well-known places of pilgrimage

- Mesjid Agung Banten
- Bangunan Tiyamah
- The Minaret

d. The bird sanctuary of Pulau Dua

(2) Merchandising for foreign market

Considering the accessibility to Old Banten from Jakarta and language barrier at the site, the majority of visitors from overseas will be promoted in the form of either optional tours or package tours organized by tour operators.

The following model optional tour routes starting from Jakarta will be proposed [refer to Annex II.C.1 for more detail]:

c. Package tour route 3 (6 nights)

Airport — Jakarta — Bogor — Beach Resort
(stay) (stay 3 nights)
— Old Banten — Airport — Singapore — Home country
(stay 2 nights)

d. Package tour route 4 (Java - Bali overland)

Airport — Jakarta — Old Banten
(stay)
— Beach Resort — Bali
(stay)

e. Package tour route 5 (West Java excursion)

Jakarta — Old Banten — Beach Resort
(stay)

Alt.A

— Bogor — Jakarta
— Ujung Kulon/Krakatau — Beach Resort

Alt.B

(stay)
— Bogor — Jakarta

(3) Merchandising for domestic market

Considering both the characteristics of the destination and the nature of the domestic market, it would seem appropriate to classify domestic market into three groups, namely Moslem Indonesian, Non-Moslem Indonesian and Foreign Residents.

Moslem and Non-Moslem Indonesians, the majority of the visitors, will arrange their visits to Old Banten by themselves since the destination is already well-known to these people.

It would seem appropriate, therefore, for a transportation company such as PJKA and/or a bus operation company to merchandize Old Banten in terms of "Pilgrimage Package to Mesjid Agung Banten" or "One Day Excursion to Banten Lama".

By contrast, foreign residents will prefer the optional tours stated in the previous section, since most of them will be living in Jakarta are facing a language barrier in remote tourist destinations.

On completion of other projects, especially Tropical Marine Park, Old Banten can be taken advantage of as a stopover point on the way to/from the Tropical Marine Park.

3) Sales promotion

Sales promotion of Old Banten should of course be arranged to meet not only its own implementation staging, but also that of other proposed projects.

Development Schedule 1988 ---- 1993

Business Commencement of Other Projects

1994 Beach Resort (Stage 1)

1998 Beach Resort (Stage 2) & Kur Park

2005 Tropical Marine Park

(1) Direction of sales promotion

- to create a new identity for Old Banten which is already well-known among people in West Java,
- to sell Old Banten as a popular optional tour destination and a stopover point of package tours through a variety of sales channels in coordination with other projects.

(2) Promotional activity for each phase

- to prepare a promotion video film introducing newly developed Old Banten,
- to conduct introductory tours for people engaged in travel trade in Jakarta,
- to provide a press-release quarterly,
- to plan and conduct events linked with Moslem holidays, such as a walk-rally, Karanghantu Harbor fishermen's boat race, Debus performance, concerts, etc.,
- to make periodical sales-calls to travel agents, etc.,
- to conduct introductory/familiarization tours for people engaged in travel trade in connection with other projects, especially the Tropical Marine Park,
- to distribute monthly leaflet, such as "This Month in Serang and Pandeglang",
- to plan and conduct a sales campaign and events, such as "Welcome to Serang and Pandeglang", Serang and Pandeglang car rally, Jakarta - Anyer yacht race, Serang and Pandeglang festival contest, etc., in cooperation with other projects.

(3) Cooperation with DGT, KANWIL, DIPARDA Tk. I and DIPARDA Tk. II

In formulating sales promotion of Old Banten, cooperation with DGT, KANWIL, DIPARDA Tk. I and DIPARDA Tk. II will be essential, since these government agencies are all concerned with the tourism promotion of Old Banten.

DGT, for instance, has been promoting tourism to Indonesia overseas in cooperation with others through advertising, public relations and sales support.

For the successful management of Old Banten, it is strongly recommended, therefore, that close relations be maintained with the above-mentioned agencies and that cooperation with them be intensified for mutual benefit.

The following sales promotion activities in particular will need cooperation between the agencies concerned.

- Familiarization and introductory tours
- Sales campaigns and events
- Introduction of Old Banten in printed material
- Disclosure of marketing information and statistical data
- Assistance for film production

3.7 Measures for Environmental Protection

In order to assess the anticipated project impacts on natural environment at Old Banten, the study team collected data on existing conditions, made a field reconnaissance and an interview survey of local people with the cooperation of Indonesian counterparts.

3.7.1 Natural environment

1) Conditions of natural environment

(1) Surrounding environment

a. Northern part

Old Banten faces Banten Bay where Pulau Dua island is located. The Bay area itself is now almost filled with accumulated sediments and the sea water, especially in the coastal area, is contaminated by the Banten River. The sea, nevertheless, is abundant in fish and other aquatic life which support a prosperous regional fishery, as well as the bird life on Pulau Dua which is an important tourist attraction.

Consequently, great attention should be paid to the conservation of the marine environment.

b. Southern part

The City of Serang, the capital of Kab. Serang, is situated about 9 km to the south of Old Banten. Between them, well maintained irrigated paddy fields and scattered local villages can be seen.

c. Eastern and western part

To the east and west are well maintained irrigated paddy fields and scattered local villages, like those to the south.

(2) Internal environment

As for the inland, although some plantations and irrigated paddy fields are found, it can be said that there is nothing special as far as the natural environment is concerned.

By contrast, Pulau Dua located about 5 km to the north of Karanghantu Harbor, which is designated as a Nature Reserve, provides suitable habitats covering 8 ha for a great variety of nesting birds.

A great number of migrant birds visit the Island during their breeding season (from April to August). They migrate from various continents such as Africa, Asia and Australia. Many non-migrant birds, however, remain in the Island after their breeding season. The number of birds is estimated to amount to 7,000 among 50 species.

The dominant species of plant in this island are *Diospyros maritima*, *Lumnitzera racemosa* and *Rhizophora* spp.

According to the latest study on Pulau Dua, "A Population Census, Nesting Density, Habitat Utilization, and Management Recommendations for Birds Nesting on the Nature Reserve Pulau Dua, West Java 1986", human disturbance seems to be the most serious influence on the distribution of nesting birds.

2) Anticipated impacts by the project on the natural environment

Since the Pulau Dua Bird Sanctuary is located close to the tourist objects in Old Banten, great care will be required to avoid possible problems arising from human disturbance.

In fact, it was reported that three species of colonial birds and two species of raptors are no longer found on the Island.

Apart from the above risk in Pulau Dua, no serious problems are anticipated as an influence of the project because of the absence of endemic and precious species in both fauna and flora in this area.

3) Measures for protection of natural environment

In order to avoid the disturbance of tourism in Old Banten to Pulau Dua, especially during the breeding season from April to August in the Island, the following measures are proposed in the project:

- To control the number of visitors per day by means of regulating the number of boat services per day,
- To allow observation activities of visitors only within a specified area on the Island,
- To oblige visitors to be accompanied by an authorized tour guide, and to ensure that unauthorised visits are not made by chartered boats,
- To provide comprehensive educational materials on Pulau Dua at the Heritage Garden to encourage public support.

Furthermore, it will be necessary to construct observation facilities with appropriate equipment on or near the Island if the demand for bird watching increases beyond the carrying capacity of the island in future.

In view of the importance of promoting nature education in Indonesia, prohibition of visits to the Island would be only a choice of last resort.

3.7.2 Socio-cultural environment

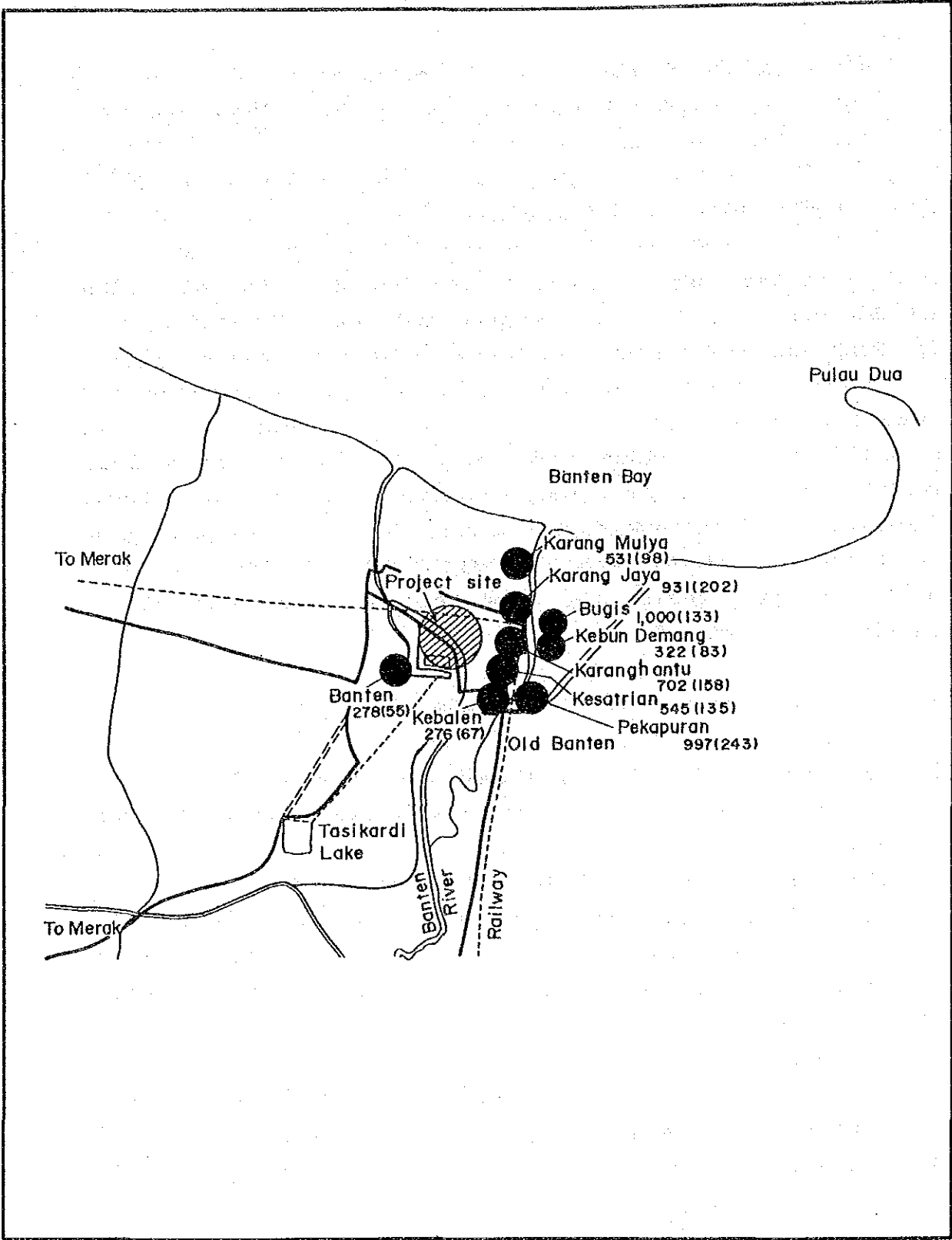
JICA study Team and Counterparts carried out data collection in the concerned Desa and Kampung and interview surveys on opinions and requirements for the tourism development project to obtain information on the socio-cultural conditions and reactions of local people in the project area (see Fig. 3-7-1). Obtained informations covered population, religion, ethnic origins, language, employment, socio-cultural facilities and culture of Kecamatan, Desa and Kampung. The interview surveys were made with formal and informal leaders^{/1} of the project region who were selected for their strong influence in regional communities.

1) Impact on socio-cultural environment

As shown in Fig. 3-7-2, formal and informal leaders are basically not opposed to this tourism development project. However it seems that they have mixed feelings of expectation and uneasiness. They favour the creation of job opportunities and an increase of income to the region through the project (see Fig. 3-7-3). In other words, they favour growth of economic activity in Old Banten area.

In addition, the infrastructures, such as public water supply and sewage treatment system will also be appreciated (see Fig. 3-7-4). It is hoped that public

Note: /1 Sixteen formal and informal leaders (2 persons each for Kabupaten, Kecamatan and Desa, 10 persons for Kampung). The list of respondents and its survey results are summarized in Annex II.D.7 and II.D.8, respectively.



LEGEND

● Kampung

278 (55) Household
Population

0 500 1,000 2,000m

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Fig. 3-7-1
LOCATION OF KAMPUNG IN SURROUNDING AREA
OF OLD BANTEN PROJECT SITE

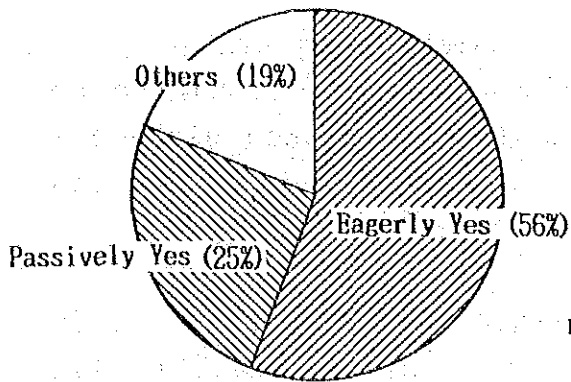


Fig. 3-7-2 SYMPATHY TO THE TOURISM DEVELOPMENT IN OLD BANTEN AREA

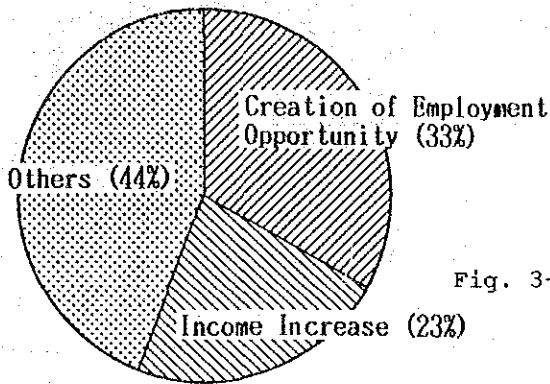


Fig. 3-7-3 EXPECTATION FOR THE TOURISM DEVELOPMENT IN OLD BANTEN AREA

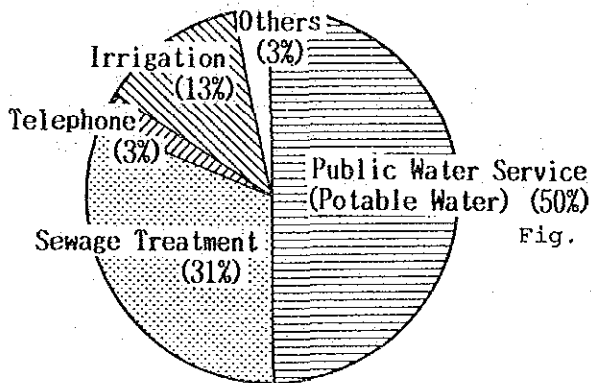


Fig. 3-7-4 IMPROVEMENT OF INFRASTRUCTURES DESIRED BY LOCAL PEOPLE IN RELATION TO OLD BANTEN SITE DEVELOPMENT

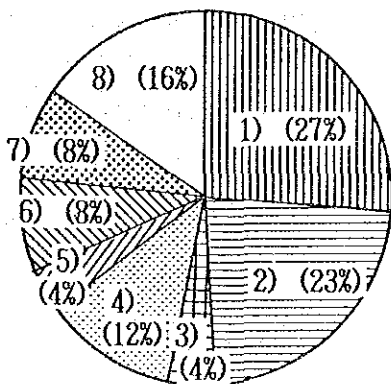


Fig. 3-7-5 ADVERSE IMPACTS FORESEEN SUBSEQUENT TO THE DEVELOPMENT OF OLD BANTEN SITE

- 1) Land speculation
- 2) Degradation of public morals
- 3) Sudden collapse of regional socio-economic structure
- 4) Changes in life style of local people in consequence of demonstration effect
- 5) Secularization of ancient rituals
- 6) Alternation of physical environment
- 7) Rise in prices, seasonal swelling in demand and inflationary trend
- 8) Others

toilets can be constructed in some places at once, as dirty and salty water from the nearby rivers has to be used for daily life. Poor sanitation causes sickness, i.e. intestinal diseases, skin disease, trachoma and kidney trouble (Kencing batu).

At the same time, it appears that they are anxious lest the Great Mosque complex as a holy place, their native culture (historic Banten), their life style and the Islamic life of local people might be disturbed by this tourism development project. As adverse impacts, the formal and informal leaders pointed out mainly the possibility of land speculation and effects on public morals (see Fig. 3-7-5). One of the informal leaders (Desa) indicated anxiety whether the people of Banten area could adapt to this development and that the habit of local people could not easily be changed. For instance, local people have seen how to process rubbish, but they do not even try to adopt it.

In principle, therefore, the leaders of Kabupaten and Kecamatan anticipate this project with favour, but there is nevertheless some uneasiness.

Particularly, Buginese migrants (from South Celebes) in Old Banten area seem not to be cooperative for this tourism development project.

2) Countermeasures to possible socio-economic impacts

Taking into consideration the above possible impacts the following measures are proposed:

(1) Reduction of negative impacts

- To give attention to the harmony between the new structures and the remains of Old Banten so as not to disturb the originality of this site. The design

with structures, site plan and so on should be matched with the traditional and regional style or character.

- To treat carefully the resettlement of any local people whose land will be acquired by this project, since some of them may have already been resettled when restoration activities at Old Banten started in 1970. This problem needs to be solved through careful approaches to the local people with the assistance of formal and informal leaders and by adopting as far as possible the following countermeasures:
 - a. Priority in providing jobs to the affected people after necessary training.
 - b. Providing alternative land and housing with basic facilities or paying appropriate compensation for resettlement cost.
- To carry out right and proper land acquisition and compensation after the necessary investigations concerning actual land prices, so as to avoid land price speculation.
- To prohibit the selling of alcoholic drinks in other than designated restaurants on the project site.
- To involve the local people from the planning phase and through implementation of the project, paying careful attention to the existing structure of community order so as to avoid any negative reactions which might arise due to mutual misunderstanding.
- To pay careful attention to local religious life so as not to offend religious properties, prayer times, etc.

(2) Increase of positive impacts

- To provide opportunities for consolidation of infrastructures, especially public water supply^{/1}, sewage disposal, solid waste disposal, and improvement programme for local inhabitants, so as to improve the living environment generally and to keep the surrounding area of the project site clean and attractive to visitors.
- To increase new job opportunities for local people by the establishment of a training center, and to enable local people to participate in the tourism development project. This will contribute to increasing the incomes of local people and promotion of regional growth, both directly and indirectly.
- To utilize the open air theater in the Heritage Garden for performances of local traditional art such as "debus". These "debus" could be interesting events and attractions for both domestic and foreign tourists, if well arranged.

According to the results of the aforementioned interview survey as shown in Figure 3-7-6, the following socio-cultural facilities are strongly requested to be constructed.

- School (High school),
- Sports facility,
- Medical facility (Hospital, Clinic),
- Meeting facility.

Schools and medical facilities can not be constructed within this tourism development project. However, it is recommended that these socio-cultural facilities

Note: ^{/1} Water can be supplied from the trunk pipe constructed within the tourism development project.

shall be provided by the local government in future in parallel with the tourism development project.

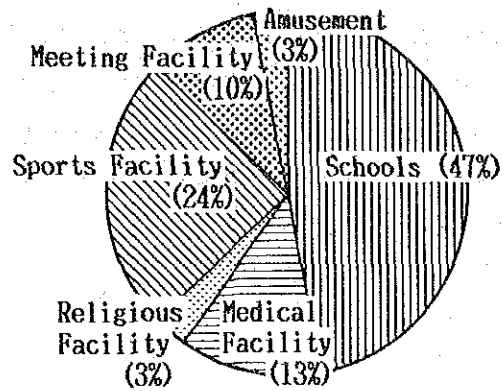


Fig. 3-7-6 SOCIO-CULTURAL FACILITIES REQUESTED BY LOCAL PEOPLE IN RELATION TO OLD BANTEN DEVELOPMENT

3.8 Financial Analysis

3.8.1 General

Financial analysis of the Old Banten Site project ("Banten Project") was carried out through calculation of financial internal rate of return (FIRR^{/1}). In the evaluation process, the new facilities were assumed to be managed on a self-financing basis by establishing a Development Corporation. Based on this assumption, the financial cost including both the capital and operation and maintenance costs was compared with estimated revenues of the autonomous body of the Banten Project (as for the facilities, refer to Table 3-5-1) such as admission fees to Heritage Garden, parking charge, tenant fees, etc.

3.8.2 Estimation of costs

Financial cost taken into account in the financial analysis includes those incurred for the construction, operation and maintenance including personnel cost of the new facilities. Financial cost was first estimated based on the price level as of 1986 and was inflated according to the assumed rate of inflation shown below.

	(Unit: %)					
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991 ~</u>
Foreign Currency	12.0	3.0	1.0	1.0	1.0	3.5
Local Currency	13.0	10.0	5.0	3.5	3.5	3.5

The escalation rate for local currency is based on CPI (Consumers Price Index) in Jakarta and that for foreign currency is based on MUV (Manufacturing Unit Value), which is defined as the unit value index of manufactured exports from the selected developed countries to LDC markets.

Note: ^{/1} The basic concept of FIRR is shown in ANNEX II.E.1.

These costs were estimated as mentioned hereunder.

1) Capital cost

(1) Construction cost

Financial cost of construction is shown in Table 3-8-1. Total construction cost (financial) of the Banten Project was estimated at Rp.11,499.9 million.

Table 3-8-1 FINANCIAL CONSTRUCTION COST OF BANTEN PROJECT

Unit : Rp. million

Year	Land aquisition		Engineering		Construction		Total construction cost		Total construction cost including price escalation		Total	
	F/C	L/C	F/C	L/C	F/C	L/C	F/C	L/C	F/C	L/C		
1989		906.00					0.00	906.00	0.00	1182.47	1182.47	
1990			37.68	198.00			37.68	198.00	44.34	267.46	311.80	
1991			37.68	198.00			37.68	198.00	44.78	276.83	321.60	
1992			37.68	198.00	597.96	3174.60	635.64	3372.60	781.93	4880.30	5662.23	
1993			37.68	198.00	398.64	2116.40	436.32	2314.40	555.52	3466.25	4021.77	
1994												
1995												
							Total	1147.30	6989.00	1426.56	10073.31	11499.87

Note: F/C = Foreign Currency , L/C = Local Currency

(2) Cost of operation equipments

Financial cost of the operation equipments such as furniture, vehicles, and air conditioners is estimated at 8% of the total construction cost.

2) Operation and maintenance (O&M) cost

Annual operation and maintenance costs of the Project facilities shown in Table 3-5-1 are estimated from the following principles.

(1) Personnel expenses

In total, staff to be employed at Old Banten may be estimated at about 139 persons except those of small shops as broken down in Fig. 3-6-1.

In addition to the above, there will be about another 134 people employed in small shops. These figures will not change during the period.

Average staff costs for each employee are assumed to be Rp.80,000 per month. This will include allowances, emoluments and fringe benefits.

(2) Utility costs

Since small shops will be operated by tenants, material cost for maintenance and operation of the facilities will be minor as operating expenditure and they have been assumed to be 5% of total revenue.

(3) Overhead cost

Overhead cost will be 20% of total revenue. Most of this will be for promotional activities and repair/maintenance of the facilities.

3.8.3 Estimation of revenues

Revenues of the Banten Project will be composed of several Project ones. Considering the increase trend of the prevailing charges and fees, an addition of 10.9% (1.035³) was applied every 4 years to the respective items. The revenues were thus estimated as follows:

1) Parking fee

Considering the difficulty of collecting admission fee from every entrant due to the existence of religious visitors from neighboring area, parking fees shall be

charged for the visitors automobiles. Unit charges¹ should tentatively be as follows:

	(1986 price)	(1994 price)
- Bus	Rp. 1,000	Rp. 1,550
- Minibus	Rp. 500	Rp. 775
- Sedan	Rp. 300	Rp. 465
- Motorcycle	Rp. 100	Rp. 155

Admission fee in 1994 is obtained by multiplying inflation rate of 55% during 1986 - 1994.

The composition of visiting vehicles and average number of passengers are assumed as follows:

- Bus	12%	50 persons/vehicle
- Minibus	8%	30
- Sedan	60%	3.5
- Motorcycle	10%	1.2

Revenue may be estimated by following formula:

$$F = (Rp.1,000 / 50 \times 0.12 + Rp.500 / 30 \times 0.08 + Rp.300 / 3.5 \times 0.6 + Rp.100 / 1.2 \times 0.1) \times C$$

$$= Rp.63.5 \times C \text{ (Rp.98.4} \times C \text{ in 1994 price)}$$

Where: F: parking revenue

C: number of visitors

Note: ¹

	Taman Safari	Pantai Carita
Bus	Rp 4,000/vehicle*	500*
Sedan	2,000	200
Motorcycle	-	100

(*) Excluding entrance fee

2) Entrance fees to Heritage Garden

The Heritage garden should collect entrance fees, tentatively Rp.400^{/1} per person for adult entrants and Rp.200 for children.

It is assumed that 40% of visitors will enter the garden. Of these, 75% will be adult and 25% will be children.

Based on the above assumption revenue from the heritage garden may be estimated by the following formula:

$$F = (Rp.400 / 0.75 + Rp.200 \times 0.25) \times 0.40 \times C$$
$$= Rp.87.5 \times C \text{ (Rp.135.6} \times C \text{ in 1994 price)}$$

Where: F: revenue from heritage garden
C: number of visitors

Notes: ^{/1} Present entrance charge

	Adult	Child
Raugunan Zoo	Rp. 600	Rp. 300
Taman Safari	2,500	2,000
Pantai Carita	200	-

3) Boating service charge

There will be boating service in and around Banten and Pulau Dua. Charge should be Rp.8,000^{/1} per person and 0.2% of overall visitors will participate in this service. Therefore the revenue from boating service may be estimated as follows:

$$\begin{aligned} F &= \text{Rp.}8,000 \times 0.002 \times C \\ &= \text{Rp.}16 \times C \text{ (Rp.}24.8 \times C \text{ in 1994 price)} \end{aligned}$$

Where: F: revenue from boating service
C: number of visitors

4) Events

There also will be events and special programmes with additional charges. The admission fee for such performances will be Rp. 1,000 per entry. The assumed percentage of entrants will be 5% of total visitors. Revenue from such events may be estimated as the following:

$$\begin{aligned} F &= \text{Rp.}1,000 \times 0.05 \times C \\ &= \text{Rp.}50 \times C \text{ (Rp.}77.5 \times C \text{ in 1994 price)} \end{aligned}$$

Where: F: revenue from events and special programmes
C: number of visitors

5) Tenants

There will be small shops and stands within the area. The management of such premises will be undertaken by the

Note: ^{/1} Present boat charge for boating to Pulau Dua
= Rp. 25,000/boat

private sector, and such tenants should be levied 10% of their sales as a charge¹.

It is estimated that 40% of visitors will use food and beverage shops/stands and such people will spend Rp. 1,000 on average. Small shops will be used by 40% of visitors and their average expenditure will be Rp. 1,500. Total revenue of shops may be estimated as follows:

$$\begin{aligned} F &= (\text{Rp.1,000} + \text{Rp.1,500}) \times 0.4 \times C \\ &= \text{Rp.1,000} \times C \text{ (Rp.1,550} \times C \text{ in 1994 price)} \end{aligned}$$

Where: F: revenue of shops
C: number of visitors

In summary, it is estimated that the Operating body of the Old Banten will earn Rp. 181 from every visitor other than parking fee.

3.8.4 Financial feasibility

Based on the cash flow shown in Table 3-8-2, the obtained financial internal rate of return (FIRR) of the Banten Project is 5.2%, which is not a very high figure for the autonomous body. In view of the objectives and the nature of the Banten Project, such a result has been anticipated at the earlier stage of the study. However, it is expected that through a series of financial measures to be considered by Indonesian Government, the feasibility of the Banten Project could be improved. For example, the FIRR will be 8.4% in case of exclusion of cost related to old moat, by-pass road and Karanghantu harbor as they could be financed from public works budgets.

Note: ¹ Local government charges Rp. 50 per shop-day for newly constructed kiosks as tenant fee.

The results of sensitivity analysis of FIRR are shown hereunder (sensitivity to the delay of development up to five-year delay is referred to ANNEX II.E.3):

Revenue	Cost (Scope of development)		Unit %	
	With	Without old moat, by-pass	full programme road and Karanghantu harbor	
	Proposed schedule	One-year delay	Proposed schedule	One-year delay
Entrance fee for Heritage Garden				
Rp.400 for adults and Rp.200 for children	5.2	5.0	8.4	8.2
Rp.600 for adults and Rp.300 for children	6.4	6.2	9.7	9.6

Table 3-8-2 FINANCIAL CASH FLOW OF THE BANTEN PROJECT

Unit: Million Rp.

Year	No. of Visitors (thousand)	Revenue							Costs				Total Cost	Balance	
		Parking Fee	Heritage Garden	Boating	Service Events	Tenants	Tariff	Total Revenue	Operation			Overhead			
									Construction cost	Equipment	Labor				Utility
1989		0	0	0	0	0	0	0	0	0	0	0	0	1182	-1182
1990		0	0	0	0	0	0	0	0	0	0	0	0	312	-312
1991		0	0	0	0	0	0	0	0	0	0	0	0	322	-322
1992		0	0	0	0	0	0	0	0	0	0	0	0	5662	-5662
1993		0	0	0	0	0	0	0	0	920	0	0	0	4942	-4942
1994	1648.6	162	224	41	128	256	810	207	41	207	162	409	401	409	401
1995	1763.1	174	239	44	137	283	876	214	44	214	175	433	443	433	443
1996	1791.9	176	243	44	139	298	900	222	45	222	180	447	454	447	454
1997	1820.7	199	274	50	156	313	992	229	50	229	198	477	515	477	515
1998	1849.7	202	278	51	159	329	1019	237	51	237	204	492	527	492	527
1999	1944.9	212	292	53	167	358	1083	246	54	246	217	516	567	516	567
2000	1974.8	239	329	60	188	376	1193	254	60	254	239	552	640	552	640
2001	2004.9	243	334	61	191	395	1224	263	61	263	245	569	655	569	655
2002	2035.2	246	339	62	194	415	1257	272	63	272	251	587	670	587	670
2003	2065.7	277	382	70	218	436	1383	282	69	282	277	628	756	628	756
2004	2096.2	281	387	71	221	458	1419	292	71	292	284	647	773	647	773
2005	2132.6	286	394	72	225	483	1460	302	73	302	292	667	793	667	793
2006	2235.7	333	458	84	262	524	1660	313	83	313	332	728	932	728	932
2007	2487.7	370	510	93	291	603	1867	323	93	323	373	790	1077	790	1077
2008	2523.2	375	517	95	295	633	1915	335	96	335	383	814	1102	814	1102
2009	2558.9	422	581	106	332	664	2106	347	105	347	421	873	1233	873	1233
2010	2590.0	427	588	108	336	696	2156	359	108	359	431	898	1258	898	1258
2011	2638.1	435	599	110	343	734	2220	371	111	371	444	926	1294	926	1294
2012	2686.2	491	677	124	387	773	2452	384	123	384	490	997	1455	997	1455
2013	2734.3	500	689	126	394	815	2523	398	126	398	505	1028	1495	1028	1495
2014	2782.4	509	701	128	401	858	2596	412	130	412	519	1061	1536	1061	1536
2015	2830.5	574	791	145	452	904	2864	426	143	426	573	1142	1722	1142	1722
2016	2878.6	583	804	147	459	951	2945	441	147	441	589	1177	1768	1177	1768
2017	2926.7	593	817	149	467	1001	3028	456	151	456	606	1213	1815	606	1213
2018	2974.8	669	921	168	526	1053	3337	472	167	472	667	1307	2031	667	1307
2019	3022.9	679	936	171	535	1107	3429	489	171	489	686	1346	2083	686	1346
2020	3071.0	690	951	174	543	1164	3523	506	176	506	705	1387	2136	705	1387

FIRR= 5.24%
NPV(12%)= -4652

3.9 Economic Analysis

3.9.1 General

The economic evaluation of the Old Banten Site Project was made from the point of view of the whole national economy to confirm the economic viability of the Banten Project through computation of economic internal rate of return (EIRR¹). All monetary values are expressed in 1986 constant Rp.

Economic cost was calculated based on the financial cost mentioned in Section 3.8.2. Economic benefit was estimated by comparing the "with Project" and "without Project" conditions.

Evaluation period was set at 32 years as same as in case of financial analysis.

3.9.2 Economic costs estimation

1) Basic concept

Both the construction cost and the operation and maintenance (O&M) cost of the Banten Project shown in Section 3.8 were estimated by financial cost based on the prevailing market price. In the economic evaluation, the costs were estimated after deducting the internal transfer payment and the price escalation from the financial cost.

2) Economic capital cost

The economic capital cost was estimated by the following procedures, principally by diverting from the financial construction cost shown in Section 3.8.2.

Note: ¹ The basic concept of EIRR is shown in ANNEX II.E.2.

- (1) The standard conversion factor (SCF) determined by the World Bank to be 0.9 for Indonesia was applied to the domestic portion.
- (2) For the calculation of economic cost for construction sector, the conversion factor of 0.8 determined by the World Bank was applied.
- (3) As for the unskilled labour, the shadow wage rate evaluated at 0.6 by the World Bank was applied.
- (4) In view of the strict exchange control regulation in Indonesia, the foreign exchange rate was fixed at the existing official rate applicable to the whole country. The exchange rate used in this study was the rate prevailing in 1986, that is US\$1 = Rp.1,640.
- (5) Value added tax imposed on both domestic and imported materials at the rate of 10% and import tax at 10% on imported materials were excluded.

The economic construction costs thus obtained are indicated in Table 3-9-1 .

Table 3-9-1 ECONOMIC CONSTRUCTION COST OF THE OLD BANTEN SITE PROJECT

Unit : Rp. million

Year	Land acquisition		Engineering		Construction		Total Construction cost		V.A. and Import Tax excluded (each 10%)		Converted by C.F. for Construction (=0.8)		Total
	F/C	L/C	F/C	L/C	F/C	L/C	F/C	L/C	F/C	L/C	F/C	L/C	
1989		906.00					0.00	906.00	0.00	823.64	0.00	658.91	658.91
1990			37.68	198.00			37.68	198.00	31.14	180.00	31.14	144.00	175.14
1991			37.68	198.00			37.68	198.00	31.14	180.00	31.14	144.00	175.14
1992			37.68	198.00	597.96	3174.60	635.64	3372.60	525.32	3066.00	525.32	2452.80	2978.12
1993			37.68	198.00	398.64	2116.40	436.32	2314.40	360.59	2104.00	360.59	1683.20	2043.79
1994													
1995													
							Total	1147.30	6989.00				

Note: F/C = Foreign currency, L/C = Local currency

3.9.3 Operation and maintenance cost

The economic O&M cost of Banten Project was calculated based on the financial O&M cost with the same procedures as mentioned in Section 3.9.2.

The economic cost of the transportation was estimated by adopting the average cost per km of each type of vehicle from the study of BINA MARGA in 1985 (see ANNEX II.B).

3.9.4 Economic benefits estimation

1) Basic concept

The economic benefits derived from the Banten Project were calculated on the basis of the comparison between "with Project" and "without Project" cases for the year 2020. The Banten Project is expected to provide various benefits, both direct and indirect, some of which are hard to be estimated. In this study, only the direct, tangible benefits including recreation benefit ("willingness-to-pay") was taken up as the Project's benefits.

The foreign exchange earnings were not taken into account because of the small number of foreign visitors estimated at less than 10 thousand in year 2010.

2) Directs benefits

In this study, the financial benefits consisting of parking fee, operation revenue of Heritage Garden and boating service and events were used as economic benefits on the assumption that the tourists who visit the Project area are "willing to pay". The economic benefit accrued from the transportation sector was also calculated on the same assumption as mentioned above.

The benefit accrued from the shops was assumed to be 20% of the average expenditure of tourists for shopping.

The economic benefit from the transportation sector was calculated to be Rp.6,800 per person for round trip based on the average expenditure of various traffic modes.

3) Consumers' surplus

In this study, the consumers' surplus was calculated as the economic benefit of the Banten Project based on the incremental "willingness-to-pay" of the tourists between "with Project" and "without Project". The methodology of calculating the consumers' surplus is shown in ANNEX II.E.4.

3.9.5 Economic feasibility

The analysis of economic costs shown in Section 3.9.2 and the economic benefits derived from the direct tangible economic benefits shown in Section 3.9.4 resulted in a very high economic internal rate of return (EIRR) of 46.0 % as shown in Table 3-9-2. This figure comprises both the incremental consumers' surplus and the incremental revenues. If the consumers' surplus are excluded, the EIRR remains at 11.8% (Table 3-9-3). Since the opportunity cost of capital in Indonesia is estimated at around 12%, it can be said that Old Banten Site is economically viable from the viewpoint of its national economy. Besides, if direct intangible and indirect benefits are taken into account, the economic aspects of Old Banten Site will be improved in the context of the Indonesian national economy.

Table 3-9-2 ECONOMIC COST-BENEFIT STREAM OF THE BANTEN PROJECT
(INCLUDING CONSUMERS' SURPLUS)

Year	No. of Visitors (thousand)	No. of Visitors without Project	No. of Visitors with-out-fee	Parking fee	Heritage Garden	Boating service	Benefits		Events Value added		Trans- portation	Consumer's Total Benefit	Capital cost	Equip- ment	Labor	Utility	Over- head	Trans- portation	Total Cost	Net Benefit
							Boating service	Heritage Garden	Boating service	Heritage Garden										
1989	1314.5	0	0	0	0	0	0	0	0	0	0	0	659	0	0	0	0	0	659	-659
1990	1338.4	0	0	0	0	0	0	0	0	0	0	0	175	0	0	0	0	0	175	-175
1991	1362.3	0	0	0	0	0	0	0	0	0	0	0	175	0	0	0	0	0	175	-175
1992	1386.2	0	0	0	0	0	0	0	0	0	0	0	2978	0	0	0	0	0	2978	-2978
1993	1410.1	0	0	0	0	0	0	0	0	0	0	0	2044	758	0	0	0	0	2802	-2802
1994	1648.6	1434.0	214.6	105	144	26	82	115	1459	2956	4888	0	0	21	86	1192	0	0	1379	3509
1995	1783.1	1457.9	305.2	112	154	28	88	134	2075	4393	6983	0	0	23	91	1696	0	0	1890	5095
1996	1791.9	1481.9	310.1	114	157	29	90	136	2109	4537	7170	0	0	23	93	1723	0	0	1918	5251
1997	1820.7	1505.7	315.0	116	159	29	91	138	2142	4683	7358	0	0	24	94	1750	0	0	1948	5410
1998	1849.7	1528.6	320.1	117	162	30	92	141	2177	4834	7553	0	0	24	96	1778	0	0	1978	5574
1999	1944.9	1553.5	391.4	124	170	31	97	156	2662	6119	9359	0	0	25	101	2175	0	0	2381	6978
2000	1974.8	1577.4	397.4	125	173	32	99	158	2702	6309	9598	0	0	26	102	2208	0	0	2416	7182
2001	2004.9	1601.3	403.6	127	175	32	100	161	2744	6504	9845	0	0	26	104	2242	0	0	2452	7392
2002	2035.2	1625.2	410.0	129	178	33	102	163	2788	6707	10100	0	0	26	106	2278	0	0	2490	7610
2003	2065.7	1649.1	416.6	131	181	33	103	166	2833	6916	10363	0	0	27	107	2315	0	0	2529	7834
2004	2096.2	1673.0	423.2	133	183	34	105	168	2878	7129	10630	0	0	27	109	2351	0	0	2567	8062
2005	2132.6	1696.9	435.7	135	187	34	107	172	2963	7457	11054	0	0	28	111	2421	0	0	2639	8415
2006	2235.7	1720.8	514.9	142	196	36	112	189	3501	9104	13280	0	0	29	116	2861	0	0	3086	10194
2007	2487.7	1744.7	743.0	158	218	40	124	236	5052	14054	19882	0	0	32	129	4128	0	0	4369	15512
2008	2523.2	1768.6	754.6	160	221	40	126	239	5131	14473	20391	0	0	33	131	4193	0	0	4436	15955
2009	2558.9	1792.5	766.4	162	224	41	128	243	5212	14904	20913	0	0	33	133	4258	0	0	4504	16409
2010	2590.0	1816.4	773.6	164	227	41	130	246	5260	15234	21302	0	0	34	134	4298	0	0	4546	16756
2011	2638.1	1840.3	797.8	168	231	42	132	252	5425	15967	22216	0	0	34	137	4433	0	0	4684	17533
2012	2686.2	1864.2	822.0	171	235	43	134	258	5590	16716	23146	0	0	35	139	4567	0	0	4821	18325
2013	2734.3	1888.1	846.2	174	239	44	137	264	5754	17480	24092	0	0	35	142	4701	0	0	4959	19133
2014	2782.4	1912.0	870.4	177	243	45	139	270	5919	18260	25053	0	0	36	144	4836	0	0	5096	19956
2015	2830.5	1935.9	894.6	180	248	45	142	276	6083	19056	26039	0	0	37	147	4970	0	0	5234	20795
2016	2878.6	1959.8	918.8	183	252	46	144	282	6248	19867	27021	0	0	37	149	5105	0	0	5372	21650
2017	2926.7	1983.7	943.0	186	256	47	146	288	6412	20694	28029	0	0	38	152	5239	0	0	5509	22520
2018	2974.9	2007.6	967.2	189	260	48	149	294	6577	21536	29052	0	0	39	154	5374	0	0	5647	23406
2019	3022.9	2031.5	991.4	192	265	48	151	300	6742	22394	30091	0	0	39	157	5508	0	0	5784	24307
2020	3071.0	2055.4	1015.6	195	269	49	154	306	6906	23267	31146	0	0	40	159	5643	0	0	5922	25224

EIRR= 45.04%
NPV(12%)= 33946

Table 3-9-3 ECONOMIC COST-BENEFIT STREAM OF THE BANJEN PROJECT
(WITHOUT CONSUMERS' SURPLUS)

Year	No. of Visitors (thousand)		Benefits										Costs						Total Cost	Net Profit
	without Project	with-out	No. of Visitors	Parking	Heritage	Garden	Boating	Events	Value added	Trans-	Total Benefit	Capital	Equip-	Labor	Utility	Over-	Trans-			
			Project	without	fee	service	service	service	by shops	portation	cost	ment	ment	cost	head	portation				
1989			1314.5																	
1990			1338.4																	
1991			1362.3																	
1992			1386.2																	
1993			1410.1																	
1994	1648.6		1434.0	214.6	105	144	26	82	115	1459	1932		80	21	86	1192	1379	552		
1995	1763.1		1457.9	305.2	112	154	28	88	134	2075	2592		80	23	91	1696	1890	702		
1996	1791.9		1481.8	310.1	114	157	29	90	136	2109	2634		80	23	93	1723	1919	714		
1997	1820.7		1505.7	315.0	116	159	29	91	138	2142	2675		80	24	94	1750	1948	727		
1998	1849.7		1529.6	320.1	117	162	30	92	141	2177	2719		80	24	96	1778	1978	740		
1999	1944.9		1553.5	391.4	124	170	31	97	156	2662	3240		80	25	101	2175	2381	859		
2000	1974.8		1577.4	397.4	125	173	32	99	158	2702	3289		80	26	102	2208	2416	873		
2001	2004.9		1601.3	403.6	127	175	32	100	161	2744	3340		80	26	104	2242	2452	888		
2002	2035.2		1625.2	410.0	129	178	33	102	163	2788	3393		80	26	106	2278	2490	903		
2003	2065.7		1649.1	416.8	131	181	33	103	166	2833	3447		80	27	107	2315	2529	918		
2004	2096.2		1673.0	423.2	133	183	34	105	168	2878	3501		80	27	109	2351	2567	934		
2005	2132.6		1696.9	435.7	135	187	34	107	172	2963	3598		80	28	111	2421	2639	958		
2006	2235.7		1720.8	514.9	142	196	36	112	189	3501	4175		80	29	116	2861	3086	1090		
2007	2487.7		1744.7	743.0	158	218	40	124	236	5052	5828		80	32	129	4128	4369	1459		
2008	2523.2		1768.6	754.6	160	221	40	126	239	5131	5918		80	33	131	4193	4436	1482		
2009	2558.9		1792.5	766.4	162	224	41	128	243	5212	6010		80	33	133	4258	4504	1506		
2010	2590.0		1816.4	773.6	164	227	41	130	246	5260	6068		80	34	134	4298	4546	1522		
2011	2638.1		1840.3	797.8	168	231	42	132	252	5425	6249		80	34	137	4433	4684	1565		
2012	2686.2		1864.2	822.0	171	235	43	134	258	5590	6430		80	35	139	4567	4821	1609		
2013	2734.3		1888.1	846.2	174	239	44	137	264	5754	6611		80	35	142	4701	4959	1652		
2014	2782.4		1912.0	870.4	177	243	44	139	270	5918	6792		80	36	144	4836	5096	1696		
2015	2830.5		1935.9	894.6	180	248	45	142	276	6083	6973		80	37	147	4970	5234	1739		
2016	2878.6		1959.8	918.8	183	252	46	144	282	6248	7154		80	37	149	5105	5372	1783		
2017	2926.7		1983.7	943.0	186	256	47	146	288	6412	7335		80	38	152	5239	5509	1826		
2018	2974.8		2007.6	967.2	189	260	48	149	294	6577	7516		80	39	154	5374	5647	1870		
2019	3022.9		2031.5	991.4	192	265	48	151	300	6742	7697		80	39	157	5508	5784	1913		
2020	3071.0		2055.4	1015.6	195	269	49	154	306	6908	7878		80	40	159	5643	5922	1957		

Unit Rp. million
 EIRR= 11.78%
 NPV(12%) -96

The results of sensitivity analysis of EIRR are shown below (sensitivity to the delay of development up to five-year delay is referred to ANNEX II.E.3).

Project benefit	EIRR(%) with consumers' surplus Project cost			
	-10 %	±0 %	+10 %	1 year delay
-10 %	46.0	42.4	39.2	42.7
±0 %	49.8	46.0	42.7	46.4
+10 %	53.3	49.5	46.0	49.8

Project benefit	EIRR(%) without consumers' surplus Project cost			
	-10 %	±0 %	+10 %	1 year delay
-10 %	11.8	7.5	2.3	7.4
±0 %	15.5	11.8	8.0	11.7
+10 %	18.6	15.1	11.8	15.9

3.9.6 Indirect benefits

Indirect benefits are favorable secondary effects brought about by the realization of Old Banten Site. Although a greater part of these benefits are generally intangible, their contribution to the national and regional socio-economic development would be fairly important.

The benefits derived from the multiplier effects of Old Banten Site will be spread to the regional economy during and after the construction stage. They will derive from increased incomes provided by job opportunities and the procurement of construction materials and the like. Moreover, new business will be created with the anticipated influx of tourists.

1) Employment opportunities

Old Banten Site will provide job opportunities to workers during the construction period. When it will be put into use, the permanent employment opportunities will be created for the operation, maintenance and administration of the project.

In this context, the project will help to increase people's incomes. These benefits are usually treated in the calculation of the economic evaluation.

2) Investment inducing effects

The structure of the economic effect is deeply related to the structure of industries in the region, which is often explained in the form of an Input-Output (I-O) table. Therefore, the Study Team will adopt this I-O table for the estimation of the said effect. Since the I-O table of the study region cannot be obtained, the national I-O table will substitute for the regional one.

The bottom line of the inverse matrix (which shows some of each column) in the I-O table gives the multiplier of investment effect.

The basic I-O table of Indonesia contains 340 sectors. In order to avoid complication, the aggregate table with 66 sectors will be applied in the estimation.

Development investment is concerned with "Construction" among 66 sectors of the I-O table. The multiplier of the "Construction" sector in the bottom line of the inverse matrix of the I-O table shows 1.710782. On the other hand, the total amount of investment in Old Banten Site during the construction period is Rp.11.5 billion.

The multiplier applied to the investment amount gives the total economic effect. Hence, the total economic effect derived from the investment would be Rp.19.7 billion.

3) Operation inducing effects

Consumption expenditure of tourists will have a considerable effects on the regional economy. Whether the money spent by tourists is considered as a regional or a national income, the mechanism of the effects has the same effect as investment. Therefore, the inverse matrix also can be applied to the calculation of consumption expenditure inducing effects.

The consumption expenditure in Old Banten Site will consist of parking charges, admission fees to the Heritage Garden, and so on, it corresponds to "Other Services" among the 66 sectors of the I-0 table. The multiplier of the "Other Services" sector is 1.456926.

The total amount of consumption expenditure made by tourists from 1994 to 2020 is Rp.52.2 billion. Hence, the total economic effect derived from consumption expenditure by tourists will amount to Rp.76.1 billion.

3.10 Project Evaluation and Recommendations

3.10.1 Overall evaluation

In view of the above-mentioned results in the respective fields, overall evaluation can be summed up as follows:

The financial analysis on Old Banten Site shows FIRR at around 5.2% if all the costs are financed by the development corporation. However, if some of the components of the project such as old moat, by-pass road and Karanghantu harbor are financed separately from other government sources - as public works budgets - FIRR will increase substantially to

over 8.4%. On the other hand, the economic feasibility of the project, except for foreign exchange earnings, is fairly good as it will meet its original objectives, such as creation of recreation opportunities for domestic people and promotion of regional growth. It should be further noted that the project is expected to establish not only a tourist object, but also a cultural and historic center, which will contribute to enrich people's knowledge of regional history and traditional culture and enhance their appreciation of those values.

Considering the fact that the Old Banten Site project was chosen as one of the priority projects by Indonesian Steering Committee mainly owing to the attachment of Indonesian people to Old Banten, this project is conceived to be worthy of realization by all means, as was originally proposed in the foregoing study.

On the other hand, the economic evaluation of the Project indicates EIRRs of as high as 46.0% with the consumers' surplus included and of 11.8% without.

In addition, there will be other expectable direct benefits such as foreign exchange earning, job opportunities, educational and cultural enhancements, as well as such indirect benefits as multiplier effects and provision of infrastructure. Benefits will come also from the construction of schools, medical facilities, sport and meeting facilities.

For the reasons explained above, the Old Banten Site is worthy of development even though it presents a rather low FIRR of 5.2%.

The results of overall evaluation are summarized in Table 3-10-1.

Table 3-10-1 GIST OF OVERALL EVALUATION FOR OLD BANTEN SITE

Index	Comments or Countermeasures
<u>Construction cost:</u>	Rp.11.5 billion
<u>Feasibility & viability</u>	
- Financial feasibility	Although FIRR is estimated at 5.2% in normal case, the project will be feasible, if advantageous loan and governmental support is obtained.
- Economic feasibility	EIRR of 46.0% is higher than the Opportunity Cost of Capital (12%) of Indonesia, but it becomes 11.8% if consumers' surplus is not taken into account.
- Technical soundness	No specific problems
- Impact on natural environment	Serious impacts are not expected except Pulau Dua, where the number of visitors will be minimized by controlling boat for the Island.
- Impact on socio-cultural environment	Explanation on the project to local community is required with careful attention to obtain their support and avoid any frictions.
<u>Development benefits</u>	
(Direct benefits)	
- Foreign exchange earning	Rp.5.4 million(in the operation year of 1994) Rp.8 million(in the target year of 2010)
- Revenues + consumers' surplus	Rp.4.9 billion (1994) Rp.21.3 billion (2010)
- Job opportunity	
• Construction period	Construction cost Proportion of Daily labor cost wage Rp.11,500 million x 0.18 / Rp.2,000 = 1,035,000
• Operation period	273 persons (including clerks in small shops)
- Educational and cultural benefit	The project will enhance the educational and cultural activities of local people.
(Indirect benefits)	
- Multiplier effects	Investment inducing effects: Rp.20 billion Operation inducing effects: Rp.76.1 billion
- Infrastructure	There is a possibility of water supply to the local community, if feeding line and necessary equipments are installed by local government
- Others	It can be expected to preserve and revitalize the traditional arts and crafts through promotion of tourism.

3.10.2 Recommendations

The results of all the above studies clarified that there are not any serious constraints/problems in promoting tourism development projects in the region as an engine for the regional development.

However, prior to and/or even in the process of the implementation of the tourism development projects in the region, it is recommended to take the following into consideration for a smooth execution of the Projects:

- Negotiation with the agencies concerned for procurement of finance,
- Site demarcation,
- Establishment of a committee comprising necessary agencies to ask for their cooperative assistance and to promote a balanced regional development,
- Explanation about the project to the local people through formal and informal leaders in order to reflect, as much as possible, their opinions in the scheme,
- Establishment of design principles,
- Preparation of the present land use and topographic maps of the area located in and around the project site (scale: 1:5,000 ~ 1:1,000),
- Environmental impact analysis following the Indonesian regulations, and
- Promotion of environmental, and socio-cultural and communication improvement works at the same pace as the regional development.

It is reported that tourism industry, in general, brings rather large multiplier effects in the region concerned. For instance, demand for consumption goods in a tourist facility encourages production activities of the related fields, which will also create further job opportunities. Multiplier effects will be generated in not only the operation of business, but also the construction of facilities.

It, however, is hardly possible to obtain considerable effects, unless regional industries and distribution system are developed, and good labor power sufficiently supplied.

Therefore, it is recommended to begin with the intensification and/or education of such specific aspects as follows:

- Enlightening some groups of handicraftsmen to produce attractive and vernacular souvenirs and to demonstrate the process of production for visitors,
- Organizing existing boat owners in the site for their participation in the aforementioned boating services to Pulau Dua and others,
- Organizing local ethnic art players for the demonstration of their performance for visitors,
- Provision of vocational training programme to local people for their employment in tourism business,
- Education of the tenants of small shops in the site for better merchandizing and sales activity.

Those measures need to be taken in parallel with the preparatory works for implementation of the project, since their effects cannot work in a short period. The local government and the Development Corporation shall be responsible for promotion of the abovementioned activities.

CHAPTER 4

**IMPLEMENTATION PROGRAMME
FOR TANJUNG LESUNG BEACH RESORT**

CHAPTER 4 IMPLEMENTATION PROGRAMME FOR TANJUNG LESUNG BEACH RESORT

4.1 Concept of the Project

4.1.1 Objectives

Beach resorts are attracting increasing numbers of foreign vacationers, particularly in the ASEAN region. The western coast of West Java is blessed with sandy beaches and offers unspoiled nature suitable for the establishment of beach resorts. Unfortunately, up to now, West Java has not taken these opportunities to develop fully such resorts in the area. Vacationers and tourists, both domestic and international, go to existing beach resorts in Bali, Nusa Dua and other such places where these facilities are available.

The Tanjung Lesung Beach Resort project was conceived to offer residents in the West Java region and foreign visitors the opportunity to spend their leisure time and to enjoy their vacations at a beach accessible from their places of residence or the international gateway.

The Tanjung Lesung Beach Resort would aim to offer a variety of beach oriented recreation opportunities to both domestic and foreign tourists. It would also earn foreign currency and help to improve the living standard of local inhabitants.

4.1.2 Market target

As beach resorts are gaining in popularity, particularly in the ASEAN region, the market will be directed to attract visitors from the ASEAN countries and other Asian countries such as Japan, Hongkong, Taiwan and Korea. The market will be also directed to Indonesian people, particularly among the upper middle bracket income class and the foreign community in Jakarta and West Java. The beach resort is also expected to

attract foreign businessmen visiting Jakarta or after attending conventions or conferences, and those international tourists wishing to diversify their stays in Indonesia. It is also likely to appeal to the small but growing number of people seeking adventure tourism such as scuba-diving and expeditions for nature observation.

In view of the trend towards mass tourism involving large groups of tourists participating in vacation tours, the cooperation of tour operators and travel agencies will be sought to attract these visitors. They will include, besides the nationalities mentioned above, Australian, American and European visitors.

Considering its accessibility from a large-scale market such as Jakarta, it is necessary to meet demands for both long stay and periodical visits as well as for short stay and stopover visits.

Visitors to beach resorts are becoming more sophisticated. They look for better accommodation, facilities and cuisine among other things. As many of the visitors are expected to come from urban areas, they will prefer a different environment from that of their homes and will seek for locations that can offer a natural atmosphere and a variety of new sports and activities.

Furthermore, to compete with existing well-known beach resorts in Indonesia and neighboring countries, it will not be sufficient only to offer modern and comfortable facilities, since there are many such beach resorts in ASEAN countries.

Thus, the JICA Study Team strongly recommends establishment of a new beach resort complex offering an interesting and lively life style with activities to suit all tastes.

4.2 Conditions of the Project Site

4.2.1 Location

The site for Tanjung Lesung Beach Resort is located about 30 km south-west of Labuan along the coast on a promontory facing the Sunda Straits. It is presently difficult of access because of poor roads which make it inaccessible by car. The area is sparsely inhabited. People living in the vicinity cultivate paddy fields and plant coconuts and cacao which seem to be the only economic activities apart from fishing.

4.2.2 Surrounding environment

The beach is divided into two parts: one is of 300 m long and the other of about 800 m. The longer beach has rocks throughout its length which are exposed at low tide, especially in the dry season. The land around the site is almost flat except for the swamp land to the north and hills to the south. Parts of the land are still covered with original forest, and open fields are covered with grass and shrubs. Along the unpaved road, there are a few paddy fields and some land planted with coconut trees.

There are a few scattered farming and fishing families living in the area. As it is sparsely inhabited, the area is practically undeveloped and unspoiled by human intrusion. The number of people living in the development site is reported to be 300.

As most of the land is government owned, there will be no particular problems in siting the facilities in a harmonious way to integrate them into the natural environment.

4.2.3 Physical conditions

With the beach frontage and large areas of flat land behind, this site is most appropriate for constructing the facilities planned in the beach resort project.

The purity of sea water appears to be better than at any other coastal place in the western part of West Java.

Nevertheless, natural conditions, as a whole, cannot be said to compete with the most famous beach resorts in the world. So, it is recommended that these natural features be enhanced in various ways as may be seen in famous established beaches such as Mission Bay in San Diego and Waikiki in Hawaii (USA).

4.3 Tourism Demand and Project Capacity

4.3.1 Tourism demand

The tourism demand generated by the Tanjung Lesung Beach Resort is forecast to reach 190 thousand person-visits by the year 1995 when Stage 1 of the project is completed. The projection shows that when all the facilities are realized at the beach resort in the year 2000, the tourism demand will be annually 380 thousand person-visits. This figure will increase to 510 thousand person-visits as the demand will be further induced by the presence of other projects mentioned in the master plan and realized in Stage 3.

Fig. 4-3-1 shows the trend of tourism demand at the beach resort in graph form. Table 4-3-1 indicates the annual projected number of person-visits until 2010 by types of visits.

Fig. 4-3-1 TREND OF TOURISM DEMAND AT BEACH RESORT

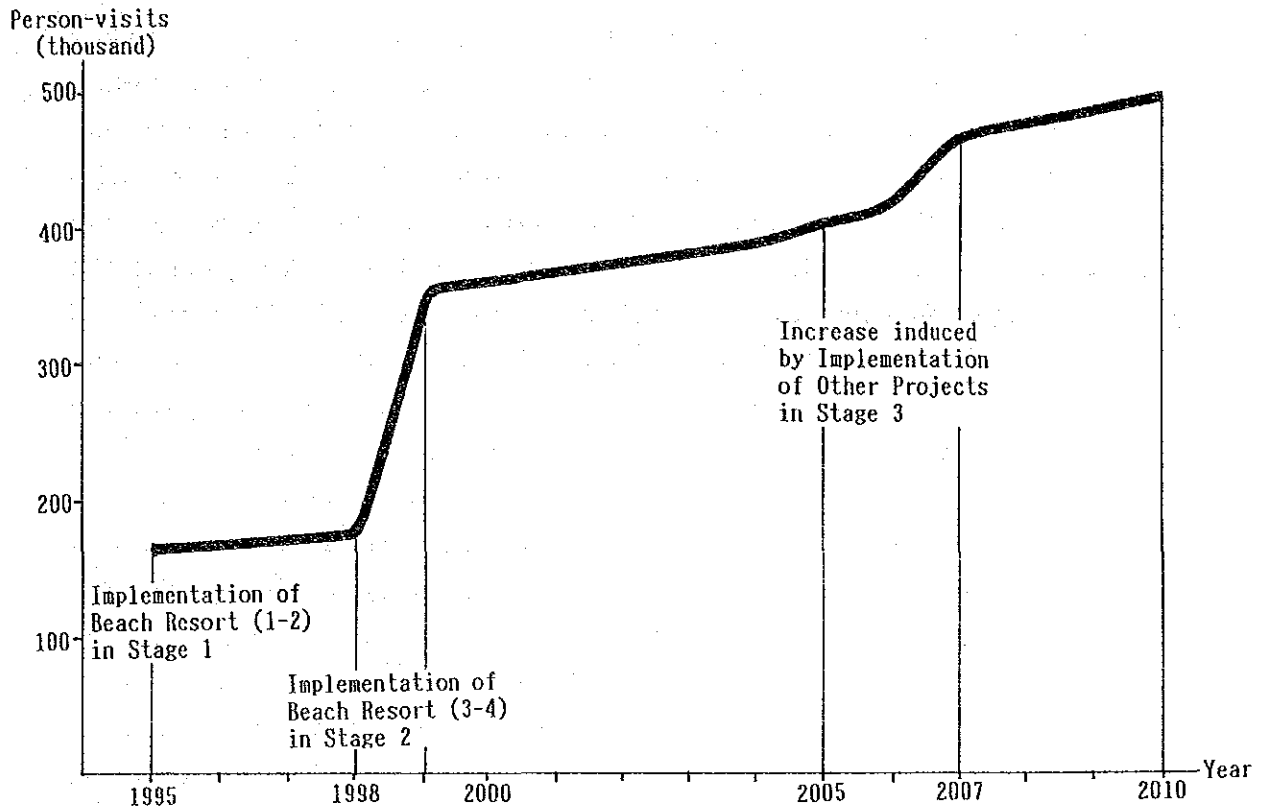


Table 4-3-1 TOURISM DEMAND AT BEACH RESORT

(1,000 person-visits)

Year	Over-Night Use			Day Use	Grand Total
	Hotel	Villa	Total		
1995	65.1	2.8	67.9	118.2	186.1
1996	66.2	2.8	69.0	120.0	189.0
1997	67.2	2.9	70.1	121.9	192.0
1998	68.3	2.9	71.2	123.9	195.1
1999	118.2	6.2	124.4	248.9	373.3
2000	120.2	6.3	126.5	253.0	379.5
2001	122.2	6.4	128.6	257.3	385.9
2002	124.3	6.5	130.8	261.8	392.6
2003	126.5	6.6	133.1	266.4	399.5
2004	128.7	6.8	135.5	271.1	406.6
2005	131.4	6.9	138.3	276.8	415.1
2006	135.4	7.1	142.5	285.2	427.7
2007	151.4	7.9	159.3	319.0	478.3
2008	154.4	8.1	162.5	325.0	487.5
2009	157.4	8.3	165.7	331.4	497.1
2010	160.5	8.5	169.0	338.0	507.0

4.3.2 Capacity of the project

As was mentioned in 6.3 in the Main Report of the Master Plan, the JICA Study Team proposes that the facilities at the beach resort project be implemented in two stages according to the forecast on tourism demand cited above. In Stage 1, the facilities will be constructed with enough capacity to accommodate the volume of demand projected by the year 2000 while extension and additional construction will be realized in Stage 2 to cater to the volume of demand forecast for the year 2010. Construction in phases 1 and 2 will be planned with capacities as presented in Table 4-3-2.

The maximum capacity of the resort, as mentioned in 6.3 in the Main Report of the Master Plan is estimated to be approximately 14,000 persons in total.

Table 4-3-2 CAPACITY OF THE PROJECT

(Unit: Persons)		
Type of use	Stage 1	Stage 2
Day use	4,000	7,500
Overnight use	1,360	2,600

It is recommended that a new model village be constructed for the accommodation of new comers from outside of the area as well as these displaced by the project. A suitable site for the model village exists in an existing village/agricultural development zone, beside the road near Cipanon.

Development and control of this village should be undertaken by the local government as a part of its wider regional development programme.

4.4 Physical Plan

4.4.1 Composition of facilities

Although Tanjung Lesung is a virgin area with agreeable access advantageous for ideal development, it can be hardly said that its beaches are as excellent as those in other developed beach resorts. Consequently, it needs to introduce a variety of interesting tourist facilities as well as quality accommodation, and to provide beautiful landscaping over the site in order to supplement the said conditions.

In this connection, it is proposed to construct such facilities at the Tanjung Lesung Beach Resort as accommodation, sports facilities, amusement facilities, a central plaza with shops and restaurants, picnic areas and other appertaining facilities. Furthermore, it is advisable to take into consideration business participation opportunity, somehow, for local people. The contents of these facilities may be summarized as follows:

1) Accommodations

(1) International standard hotels

Most beach resorts possess international standard hotels and the Tanjung Lesung Beach Resort should not be an exception. The hotels to be constructed should offer accommodation types to suit various tastes such as cottage type rooms for self-service. Other facilities for guests will consist of a swimming pool, tennis courts, health center, garden etc.

(2) Condominiums

Condominiums or high grade apartments are popular around marinas, particularly among pleasure boat

owners. The units are sold to tenants who will hold full ownership title to their dwelling unit.

(3) Private villas, guest houses

Guest houses and villas are intended to be offered to people who want to enjoy long stay or periodical visits. Considering the nature of these demands, the above vacation facilities will be subdivided between vacationists and private firms.

2) Sports facilities

(1) Marina

The presence of a marina at a beach resort is essential to provide sea-oriented recreation for visitors. The marina will serve all kind of activities related to sea recreation. The marina will be equipped for wind-surfing, scuba diving, snorkeling, water skiing, parasailing, fishing etc. It will also serve as an embarking point for cruising to the Ujung Kulon National Park and to the Krakatau Islands.

(2) Golf course

Most of the best-known beach resorts possess one or more golf courses. Golf is one of the most popular sports and is also considered as a kind of status symbol to the golf player.

In this context, it is proposed to construct a golf course, desirably of international championship class with high standard club house and spacious course for advantageous sales promotion.

(3) Tennis courts

Tennis is also one of the most popular sports all over the world. It would be essential to provide tennis courts open to the public.

(4) Sports complex

In order to meet sports demands other than the above, a sports complex should be provided which would include a gymnasium, volley ball courts, basketball courts, badminton courts, athletic track, football field and others.

(5) Horseback riding field/course

Horseback riding has become very popular in recent years. Riding in a natural environment gives special joy to those who love nature.

3) Amusement facilities

In order to enhance the attractions of the resort and to intensify its marketing position, it is recommended that such amusement facilities as an Orchid garden, Miniature golf course, Diving pool, Open air theater, Play ground, Giant maze, Field athletic course and Theme park be provided.

4) Central plaza (Center)

A central plaza will be established as a core part of the beach resort for strolling, shopping, eating and meeting friends at shops and restaurants. Fashionable goods and items will be displayed in shops. In addition, discotheque, small theater, hall, supermarket, bank, post office, police station, mosque, medical care center, small

shops, information center and administration office will be introduced here.

5) Picnic areas

Picnic areas will be scattered around the area, mostly near the beach or the sports facilities. Some picnic areas are intended for free use by domestic tourists and local people.

6) Others

In order to encourage the local people to take jobs at the Beach Resort, a training school should be provided by the development body. This school should be located near the existing village, which will have an employees' dormitory and economical lodges.

This economical lodges will be constructed by improving construction camp of the project in order to accommodate medium class local people as well as drivers coming with tourists.

Those facilities will be provided to local community after completion of construction works so that local people can work in tourism business. There is plenty of space for expansion in future.

The size of area required for these facilities is shown in Table 4-4-1. Further details are given in Annex II.B.3/1.

Note: /1 Figures in the Annex are based on capacity planning, to meet the target number of instantaneous visitors. Layout planning was based on these figures with practical appreciation of topography, road pattern and the functional relationships between facilities. After the above process of study, the size of each site was settled as shown in Table 4-4-1.

Table 4-4-1 AREA OF FACILITIES (BEACH RESORT)

Facilities	Area (ha)	Remarks
<u>Development Zone</u>		
Lagoon, Beach	9.43	Lagoon (8.13)
Hotels	21.43	5 hotels total
Condominium	4.28	
Private villa, G.H.	9.63	
Marina	3.83	Water basin (1.88)
Central plaza (Center)	4.66	
Sports facilities	12.73	Gym, Courts, Track, Grass Field
Tennis courts (north)	2.43	
Tennis courts (south)	2.79	
Picnic area	40.13	Gross total
Orchid garden	6.11	
Miniature gold	3.07	
Seminar house	1.20	
Diving pool	0.86	
Open air theater	2.69	
Golf course	82.50	
Play ground	1.60	
Giant maze	3.80	
Athletic field	1.51	
Horseback riding	2.76	
Theme park	6.67	
Camping area	7.01	
Roads	9.69	Inside of development zone only
Sewage treatment plant	3.28	
Buffer forest	61.66	
Total	305.75	
<u>Outside of Development Zone</u>		
Employee's village	5.70	
Economical lodges	0.40	
Access road	0.60	
Total	6.70	
Grand Total	312.45	
Reserved Zone	474.59	
Buffer Zone	109.73	

4.4.2 Layout Plan

1) Zoning plan

Before siting individual facilities, the JICA Study Team prepared a zoning plan taking into consideration the following ideas:

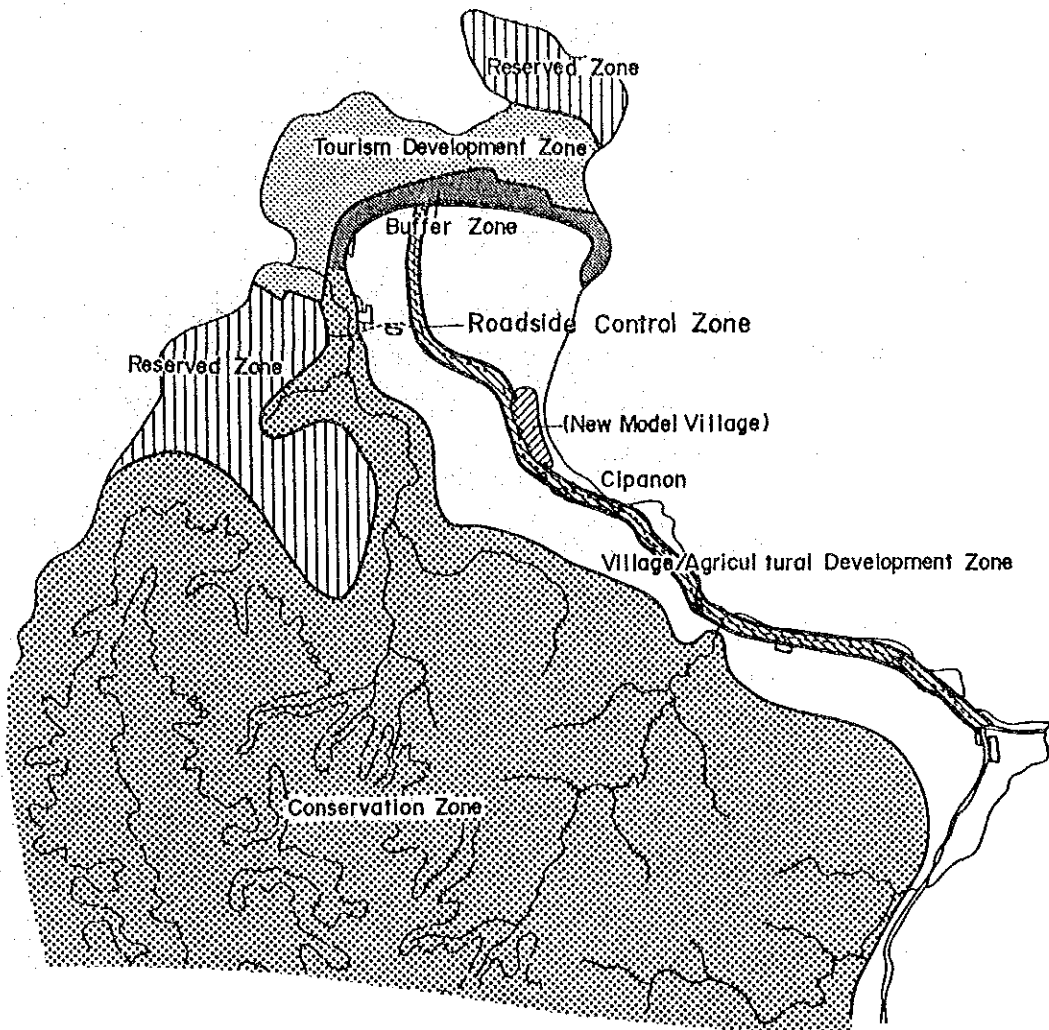
- to maintain calm natural conditions inside the Beach Resort,
- to prevent disorderly developments in the surrounding area,
- to reserve ample space for future extension,
- to maintain a clean and comfortable atmosphere, and
- to provide acceptable conditions for local people attracted by the tourism development.

Fig. 4-4-1 shows the proposed zoning plan including related surrounding areas divided into "Tourism development zone", "Buffer zone", "Reserved zone", "Village/agricultural development zone", "Conservation zone" and "Roadside development control zone".

Any tourism development except for small business run by local people shall not be allowed in areas other than "Tourism development zone".

"Buffer zone" is expected to separate the development zone from surrounding zones and to avoid the sprawling of development area.

Activities other than nature oriented activities shall not be allowed in the "Reserved zone" for the moment. Specific development might be allowed in future in consideration to the actual tendency of tourism in the operation period.



SCALE 0 1 2 Km



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Fig. 4-4-1 ZONING PLAN

In "Village/agricultural development zone", diversified regional development projects are desirable to be realized in connection with tourism development by the Local Government in accordance with a master plan. Tourism business by local people such as local markets and economical lodges will be operated in this zone.

In "Conservation zone", legal controls will be indispensable for every development project to protect existing fauna and flora.

As for "Roadside development control zone", it is recommended to have a 20 m width (at both sides of the road) right of way, in which construction works shall not be allowed.

2) Land use plan

In formulating a land use plan, the following principles are taken into consideration:

- To divide the whole area into two blocks, that is, north and south block, closely related to the aforementioned two main beaches in order to meet the stage development described afterward,
- To construct a variety of tourist facilities connected to accommodations,
- To develop a core place with concentrated visitor services and lively atmosphere in contrast with other calm and quiet areas,
- To provide a road and walk network over the site for convenience of mobility and recreation,
- To establish the whole area as a series of well landscaped garden.

Based on these principles, a layout plan of the Beach Resort is proposed as presented in Fig. 4-4-2.

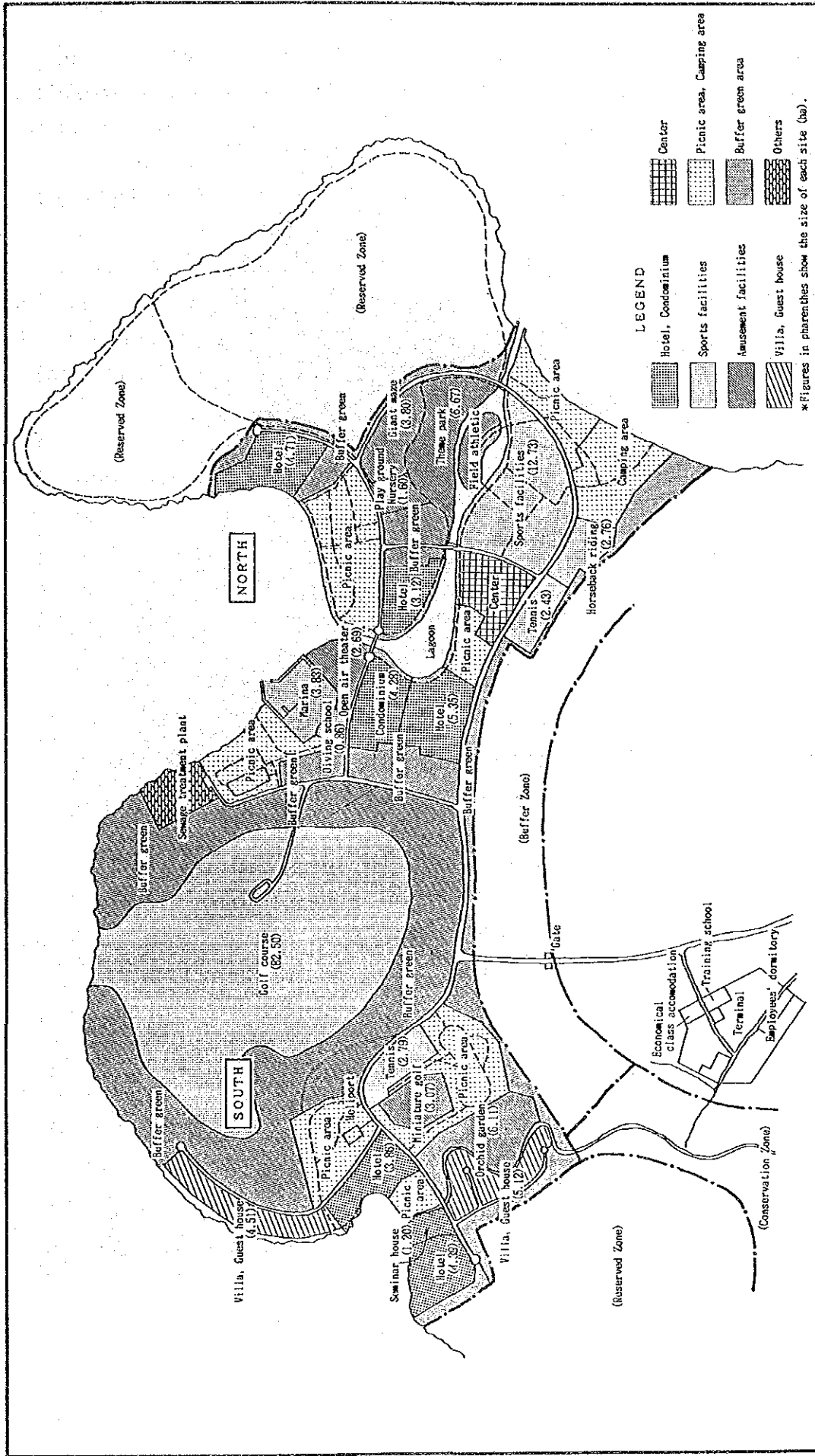
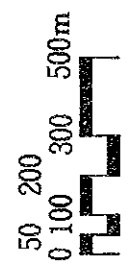


Fig. 4-4-2
LAND USE PLAN

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Beach Resort "north" would by and large be action oriented site, while "south" would be quieter and oriented towards higher standards of comfort. Both sites, as proposed in 4.1.2, would have much attention paid to establishing a complex where all visitors can enjoy a lively atmosphere.

In "north", the Hotels, Condominium, Center and some amusement/sports facilities are planned to be located around an artificial lagoon. A shoreside promenade will connect these facilities and provide a desirable inter-relationship between them.

In "south", a small but cozy beach will be the core part of the site. High standard hotels, a Seminar house and Villas will encircle this beach. Furthermore, a variety of recreation and sports will be allocated behind the beach in order to enhance attractiveness of this site.

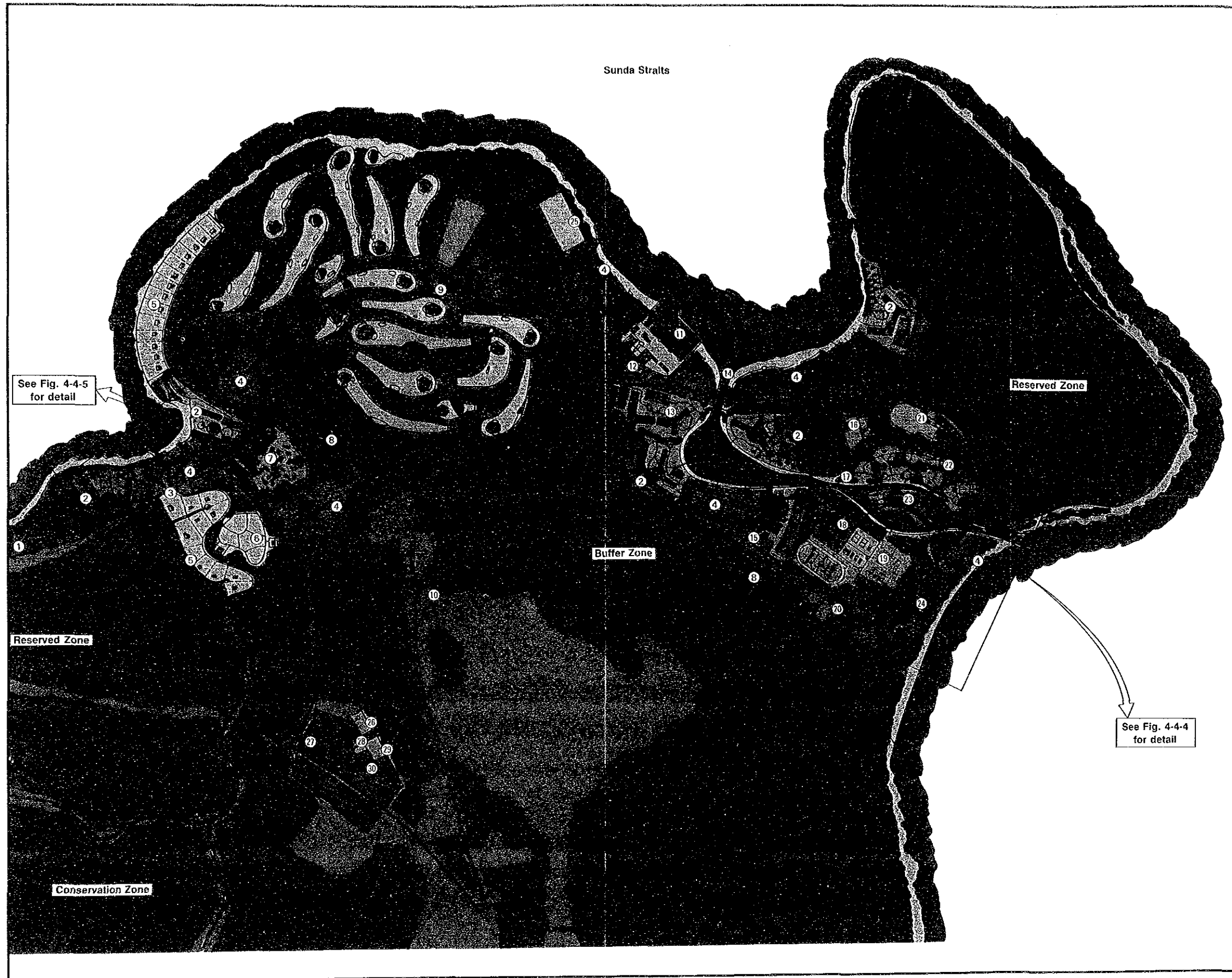
As mentioned above, accommodations and a series of tourist facilities will be strongly integrated together for convenience of stay so that each site, that is, north and south site, shall be developed as a whole.

Outside the development zone, in the neighborhood of the existing village and along the access road will be the employees' dormitory, employees' family lodgings, training school and economic lodges.

3) Layout plan

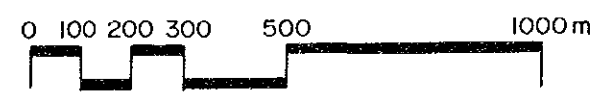
The facilities layout plan is based on the land use plan as shown in Fig. 4-4-3.

More detailed plan of "north" and "south" sites are shown in Fig. 4-4-4 and Fig. 4-4-5 to give a more detailed impression of the image of each site.



LEGEND

- ① Nature trail
- ② Hotel
- ③ Seminar house
- ④ Picnic area
- ⑤ Villa, Guest house
- ⑥ Orchid garden
- ⑦ Miniature golf
- ⑧ Tennis court
- ⑨ Golf course
- ⑩ Gate
- ⑪ Marina
- ⑫ Diving school
- ⑬ Condominium
- ⑭ Open air theater
- ⑮ Central plaza (Center)
- ⑯ Play ground, Nursery
- ⑰ Cycling, Jogging course
- ⑱ Gymnasium
- ⑲ Sports courts/ground
- ⑳ Horseback riding
- ㉑ Giant maze
- ㉒ Theme park
- ㉓ Athletics field
- ㉔ Camp site
- ㉕ Sewage treatment plant
- ㉖ Economical lodges
- ㉗ Existing village
- ㉘ Terminal
- ㉙ Training school
- ㉚ Employee's village




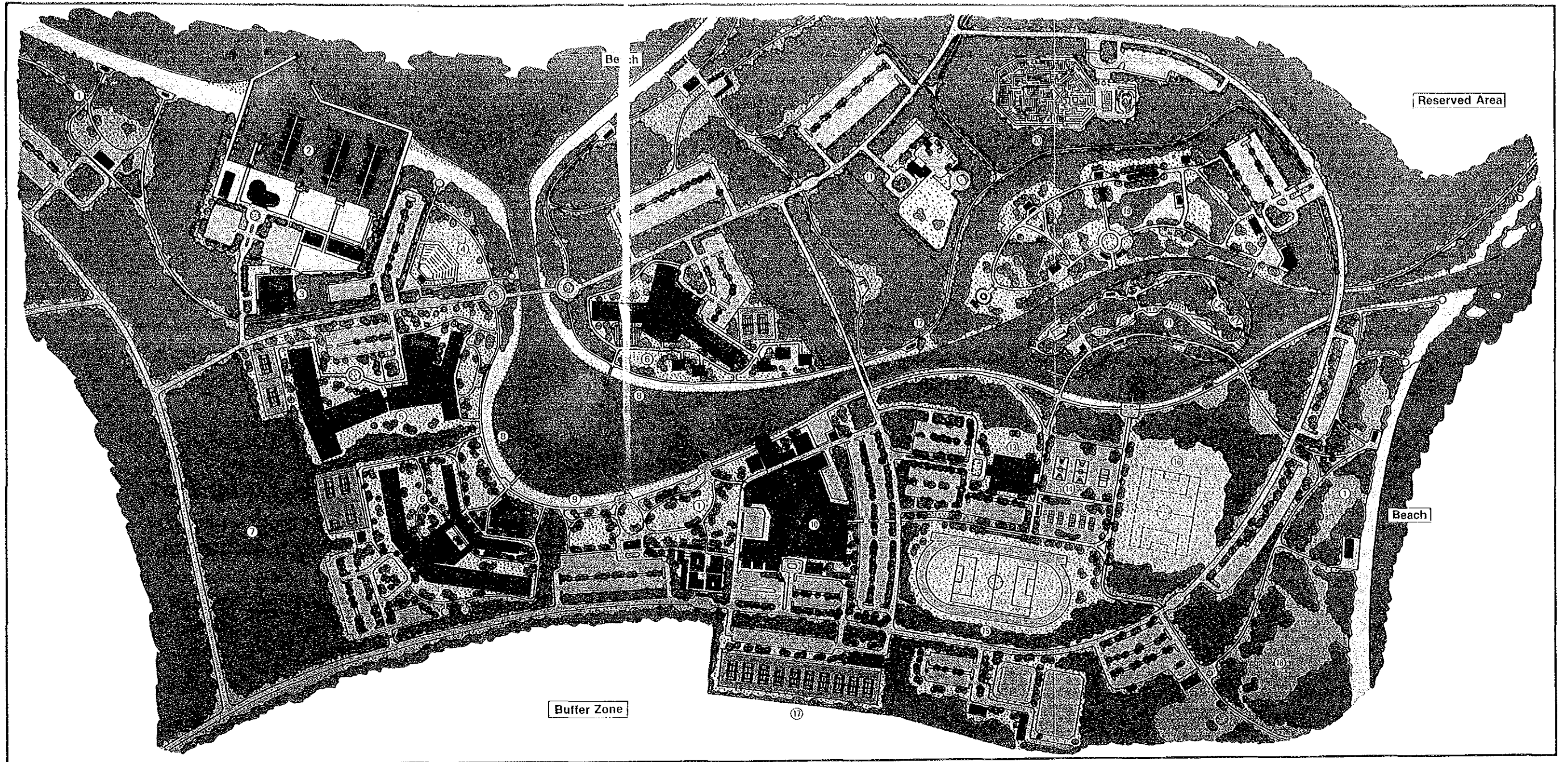
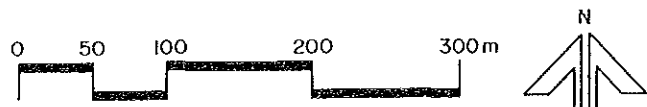

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Fig. 4-4-3
LAYOUT PLAN OF BEACH
RESORT



LEGEND

- | | | | |
|--------------------|--------------------------|---------------------------|-------------------|
| ① Picnic area | ⑦ Buffer forest | ⑫ Cycling, Jogging course | ⑰ Tennis courts |
| ② Marina | ⑧ Artificial lagoon | ⑬ Gymnasium | ⑱ Camp site |
| ③ Diving school | ⑨ Promenade | ⑭ Sports courts | ⑲ Theme park |
| ④ Open air theater | ⑩ Central plaza (Center) | ⑮ Truck | ⑳ Giant maze |
| ⑤ Condominium | ⑪ Play ground, Nursery | ⑯ Lawn field | ㉑ Athletics field |
| ⑥ Hotel | | | |

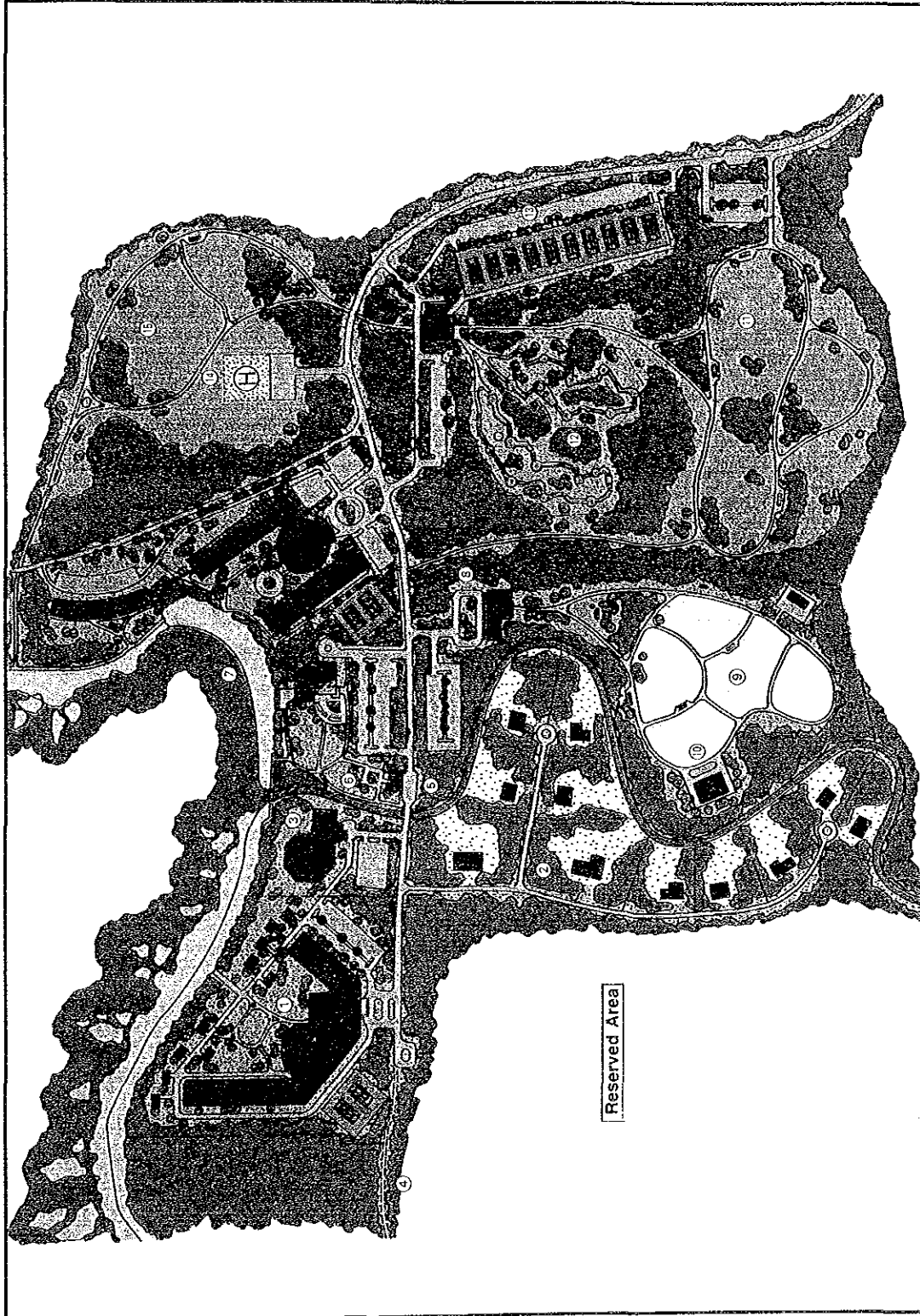


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Fig. 4-4-4
DETAILED LAYOUT PLAN OF
BEACH RESORT
(BEACH NORTH)



LEGEND

- ① Hotel
- ② Villa, Guest house
- ③ Seminar house
- ④ Nature trail
- ⑤ Bus stop
- ⑥ Mosque
- ⑦ Beach
- ⑧ Exhibition hall
- ⑨ Orchard garden
- ⑩ Glass house
- ⑪ Picnic area
- ⑫ Miniature golf
- ⑬ Tennis courts
- ⑭ Heliport
- ⑮ Picnic area

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Fig. 4-4-5
 DETAILED LAYOUT PLAN OF
 BEACH RESORT
 (BEACH SOUTH)

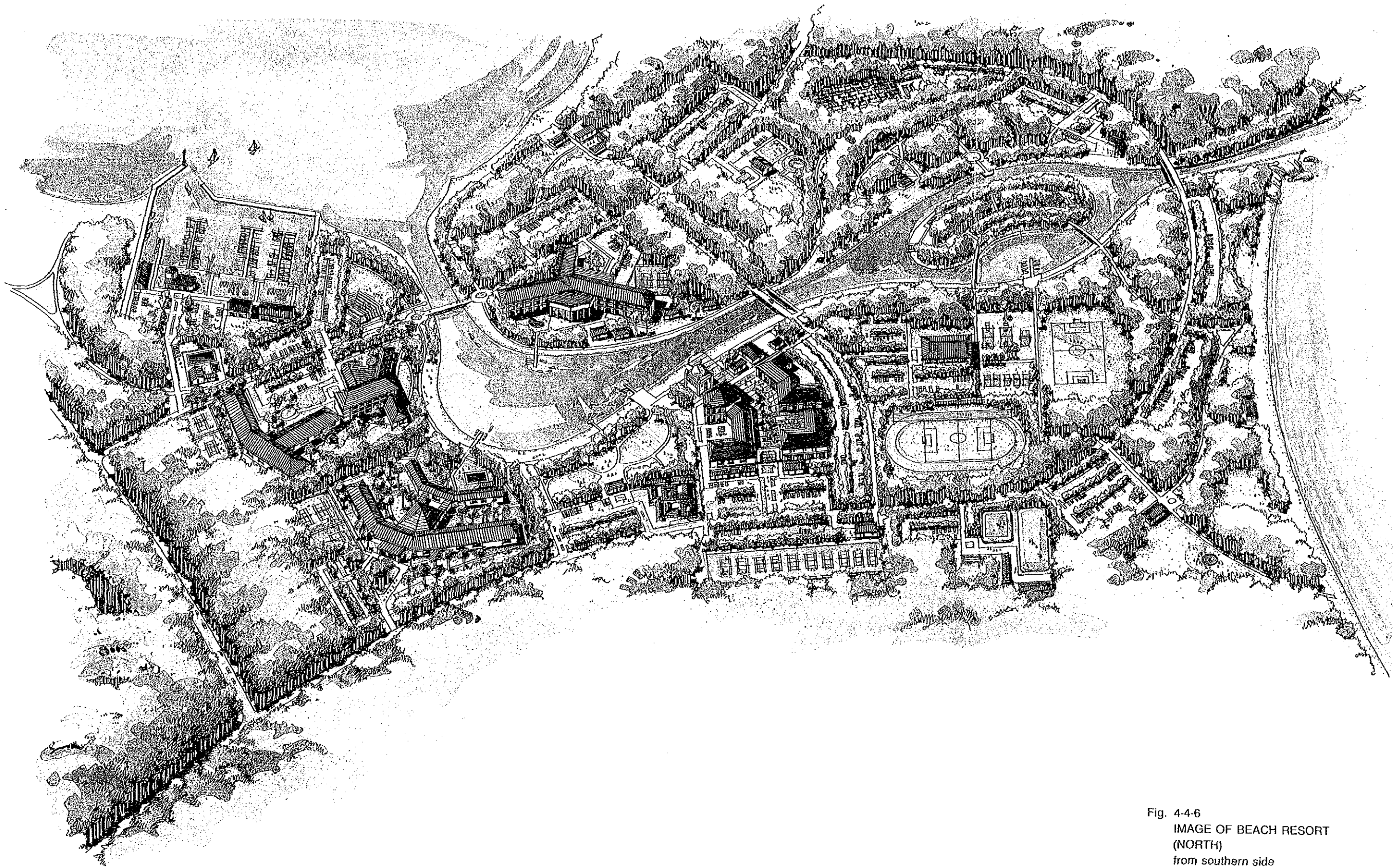


Fig. 4-4-6
IMAGE OF BEACH RESORT
(NORTH)
from southern side

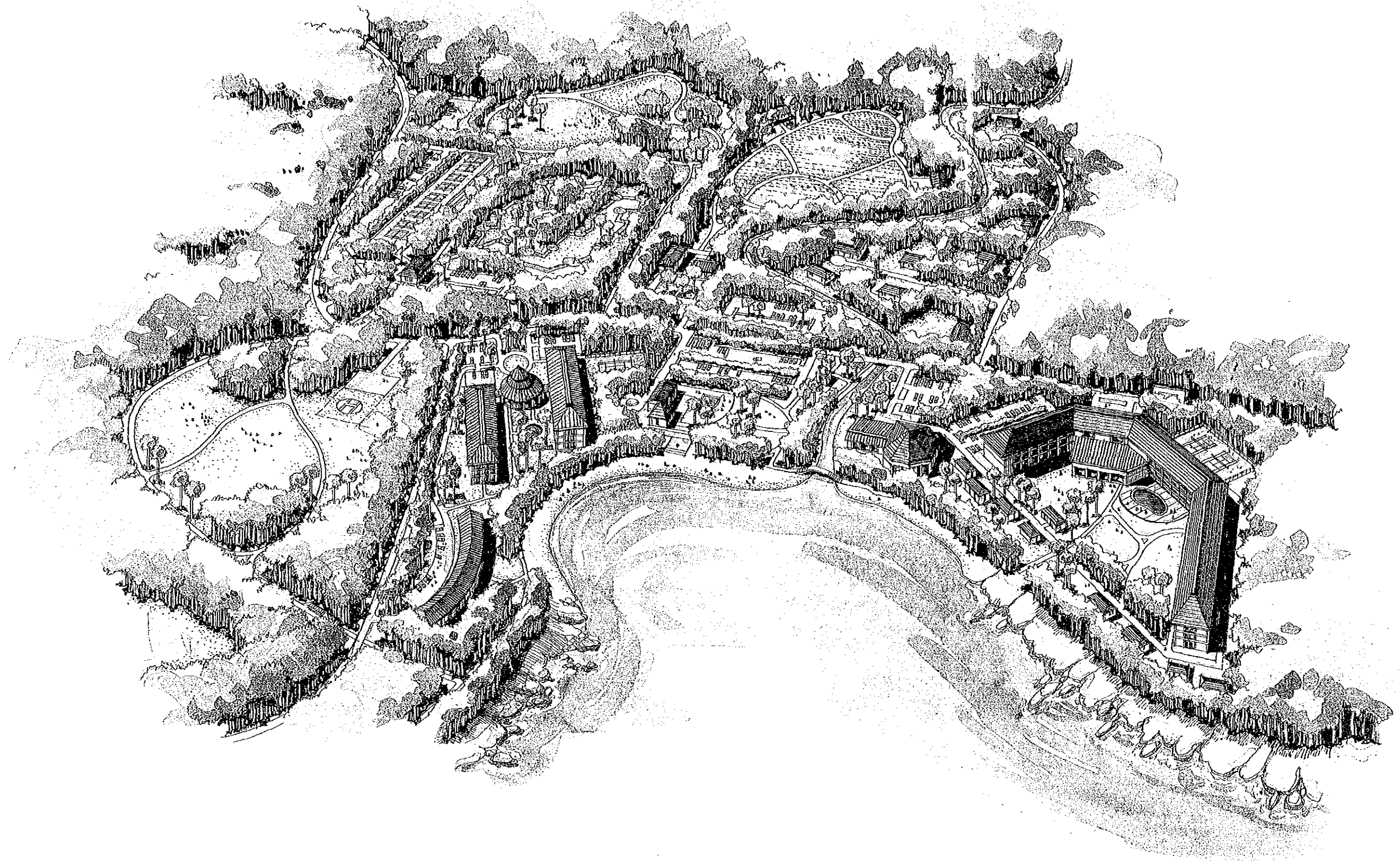


Fig. 4-4-7
IMAGE OF BEACH RESORT
(SOUTH)
from north-western side

As mentioned when explaining the land use plan, the "northern" part is planned to be the more active and lively site, with a complex of sports facilities and amusement facilities. Along the beach, a marina with a capacity for 300 boats and yachts will be constructed in the eastern part of the bay. This part is regarded as the most suitable place for a marina, because of its oceanographic and topographic conditions.

An artificial lagoon is planned in the central part of the "north" on the site of the existing swamps. In order to secure water flow inside of the lagoon, a river-like canal will be excavated across the peninsula. The lagoon will have around it hotels, condominiums, a picnic area and center, where visitors can enjoy strolling, jogging or cycling in beautiful scenery. On the surface of the lagoon, there will be a lot of colorful sails of windsurfing and small yachts.

The size of this artificial lagoon is determined, not too large and not too small, to meet the following requirements:

- To create a lovely and impressive waterscape as a focal point of the resort,
- To keep lively and intimate interrelation between visitors staying at both sides of the lagoon,
- To provide safe, active and joyful water front for recreationists and sightseers,
- To keep agreeable proportion of construction cost to whole development cost.

The center (central plaza) with shops, restaurants, and other convenient facilities, will be located where the road crosses the lagoon, and is expected to attract many visitors. The tennis courts and horse back riding field, the most popular and fashionable sports of all, will be located adjacent to the center. Other facilities will be

located to the west between the lagoon and main circular road.

As this shoreline is covered with rocks, bathing or sailing will not be possible in front of these estates but the foreshore may be attractive to fishermen.

This place however is open to the sea and has a magnificent view of the coastline to the west and islands in the back distance.

As for amusements for visitors, it is proposed that a miniature golf course, orchid garden, tennis courts and quiet picnic areas be provided. Pathways for strolling and resting will connect these facilities with each other.

In one picnic area, a helipad would be provided for important persons and for emergencies.

To the south of this site a "nature trail" would be provided through the reserved zone up to the southern hills.

Outside of the tourist development zone, would be the employees' village and economic lodges in the neighborhood of the existing village called Tanjung Jaya.

A training school for employees of the tourist facilities would also be built in this village.

This village might benefit from public services, as mentioned afterward, from main lines installed within the tourism development project, with some works added in the programme for regional development.

Access from Citeureup to the Beach Resort will be secured mostly by improvement (pavement) of the existing road.

From about 1 km before Tanjung Jaya, a new exclusive use road would be built to the inside of the Beach Resort.

4) Stage Plan

The land use plan and layout plan have been conditioned not only by the existing natural conditions and the functional relationship between facilities, but also by the staging of construction.

As mentioned before, the Beach Resort will be constructed in two stages, so as to meet the gradual increase in demand, to avoid concentration of development and to get enough time for inducement of private firms as developers.

It is desirable not to operate tourist facilities nearby construction yards for the second stage development. Therefore, the two blocks with different development staging shall be separated from each other as proposed below.

In order to promote the early take-off of the project, it is recommended that the north site be developed first for the following reasons:

- the "north" site will accommodate a marina and lagoon, which will provide the core of the sea-oriented recreation,
- the capacity of accommodation in the "north" site is considered adequate to meet the demand in the first stage. (There is not enough space for large capacity hotels in the "south" site),
- the center (central plaza), planned to be built in the "north" site, will be essential in the first stage, even though not all the buildings of the center will need to be built all at once, and

- amusement facilities in the "north" site are expected to play a role in the attraction of visitors in the early stages.

Based on the above considerations, the stage plan can be presented as shown in Fig. 4-4-8.

Although a golf course, from the marketing standpoint of view, is desirable in the first stage, it would be constructed in the second stage in order to avoid the concentration of investment in the first stage.

