



THE STUDY ON THE REGIONAL DEVELOPMENT PROJECT IN THE WESTERN PART OF JAVA

VOLUME ①

EXECUTIVE SUMMARY REPORT

FEBRUARY 1988



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PREFACE

In response to the request of the Government of the Republic of Indonesia, the Government of Japan has decided to conduct a Study on the Regional Development Project in the Western Part of Java and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent to Indonesia a study team, headed by Mr. Chikashi ODA, comprising experts from Nippon Koei Co., Ltd. and Mitsubishi Research Institute, Inc. from August to December, 1986 and three times from February to March, from July to September, and in December, 1987.

The team had a series of discussions on the Project with the officials concerned of the Government of Indonesia and conducted field surveys.

After the team returned to Japan, further studies were made and the present report has been prepared.

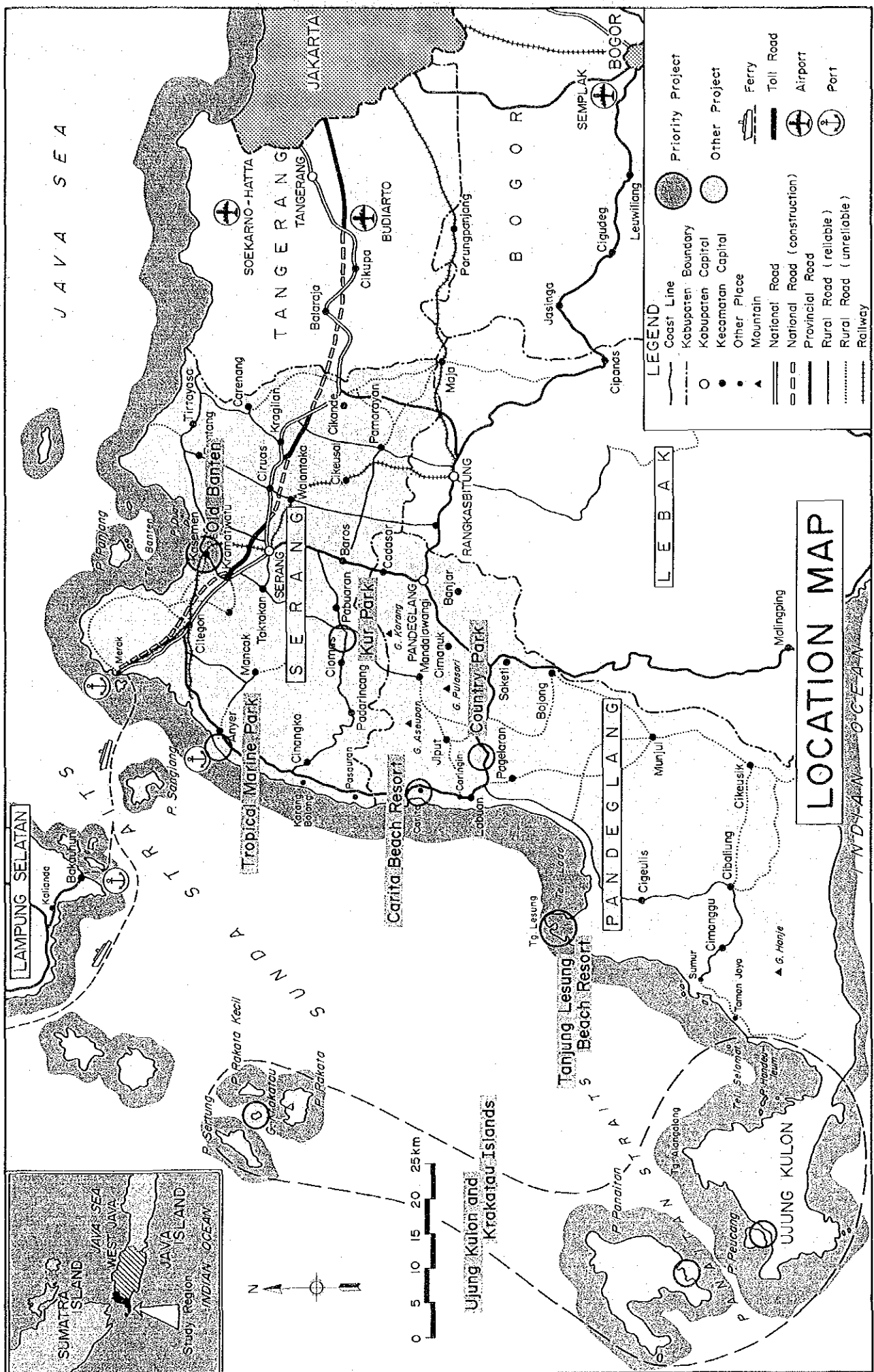
I hope that this report will serve for the development of the Project and contribute to the promotion of friendly relations between our two countries.

I wish to express my deep appreciation to all the officials concerned of the Government of the Republic of Indonesia for their close cooperation extended to the team.

February 1988



Kensuke Yanagiya
President
Japan International Cooperation Agency



J A V A S E A

JAKARTA

TANGERANG

BOGOR

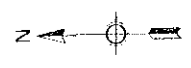
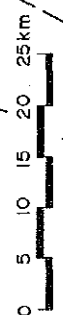
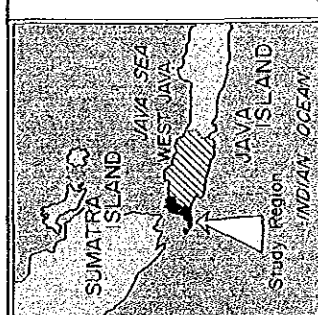
LEBAK

UJUNG KULON

LEGEND

- Coast Line
- Kabupaten Boundary
- Kecamatan Capital
- Other Place
- Mountain
- National Road
- National Road (construction)
- Provincial Road
- Rural Road (reliable)
- Rural Road (unreliable)
- Railway
- Priority Project
- Other Project
- Ferry
- Toll Road
- Airport
- Port

LOCATION MAP



Ujung Kulon and Krakatau Islands

EXECUTIVE SUMMARY

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CHAPTER 1 CONCLUSION AND RECOMMENDATION

1.1 The Area

Surrounded on three sides by the sea, the western part of the West Java Province encompasses the two Kabupatens of Serang and Pandeglang in the Banten region with the exotic name of "Sunda Lands". It is dotted with beautiful bays and stretches of white sand beaches along its palm fringed coast. Watered by monsoonal rains and basked by the tropical sun, it has luxuriant tropical rain-forests where rare wildlife species can be observed and it offers many places to those who want to get off the beaten track. Some of its remote highlands are the home of small communities of Badui people, a minority ethnic with its own language and customs. It abounds in hot springs, lakes of volcano formed calderas. The Banten region is also rich in traditions, arts and culture, Moslem is deeply ingrained in the region.

1.2 Trends in Tourism

With the natural population increase in West Java and with demands on tourism anticipated to increase in the future, Jakarta as the center of Indonesia will become the focus of attraction to both domestic and foreign visitors. Because of its geographical advantages, it is highly expected that this will give fresh impetus to tourist influx in the Banten region.

1.3 Master Plan and Priority Projects

Out of the six projects adopted in the master plan for tourism development, it is recommended to start with implementation of two projects, "Old Banten Site" and "Tanjung Lesung Beach Resort", within the next Fifth Five-Year Development Plan of 1989/90 - 1993/94 or Repelita V. The other four projects - Kur Park, Tropical marine Park, Ujung Kulon & Krakatau

Islands, and Country Park - will be realized subsequently for completion by year 2010 which is the target year for implementation of tourism development in the study region.

Selection of priority projects and staging of remaining projects were made from 16 alternative plans with ten rating criteria for each project, each criterion was given a weighting allocation. A simulation study for rating for alternatives was made resulting in the aforementioned recommendation.

< Old Banten Site Project >

The most important factor which has encouraged the siting of Old Banten Site project is predominantly the historic, cultural and religious background of Banten Lama. In addition to existing assets e.g. Great Mosque, Chinese Temple, Archaeological Museum, ruins of former sultans' Palaces, Speelwijk Fortress and many other relics, it is recommended to construct a Heritage Garden to introduce local history, traditions, arts and culture. It is expected that not only tourists but also pilgrims will come to the Heritage Garden while visiting the site. The Old Banten Site project aims at establishing a landmark to the history of the Banten region.

< Tanjung Lesung Beach Resort Project >

The Tanjung Lesung Beach Resort is located at the tip of a promontory jutting into the Sunda Straits some 30 km south west of Labuan. With the Jakarta-Merak Highway nearing completion, travelling time between the beach resort and the capital region will be less than three hours. With the popularity of beach resorts gaining ground, it would fill a gap in West Java by providing a high standard beach resort within easy reach of Jakarta.

It is conveniently located at proximity of Ujung Kulon National Park, the habitat of the one-horned rhinoceros and

other rare wildlife species. Cruise tours will be organized for comfortable trips to Ujung Kulon and Krakatau Islands for guests at the new beach resort.

1.4 Implementation of the Priority Projects

(1) Construction Costs

Construction cost of Old Banten Site is estimated at Rp.11.5 billion and cost of the beach resort will amount to about Rp.219 billion.

(2) Preparatory Committee

There are in the Banten region a number of organizations operating for the furtherance of tourism. It would be a practical way to establish a committee, with the participation of private interests, to make necessary arrangements, focussing on ensuring closer liaison among these organizations, for commencement of project implementation. The "preparatory commission"¹ should be dedicated to regional development and include, beside government agencies, the general public as members. It must be noted that such participations are intended on helping promote regional and rural development with the development of tourism.

It is greatly important to consolidate the foundations of such organizations on an overall basis for gaining the confidence and cooperation of local communities.

(3) Development Corporation

For implementation of projects, it is recommended to establish a development corporation that includes local

Note: ¹ To be called for instance "Preparatory Committee" or "Liaison Council".

government agencies and private interests. It will have to handle two distinct tasks, the project pre-opening and post-opening duties. Pre-opening duties mainly involve securing necessary finance, preparing basic and detailed design, completing legal procedures, land acquisition and staff training.

Post-opening duties involve project administration, marketing and promotion, operation and maintenance, etc.

The necessity of local government participation is to ensure that planning and development are executed in compliance with existing plans and regulations for a harmonious development.

1.5 Government Agencies Cooperation Needed

Tourism projects, without exception, include many components that need well-defined responsibility. They entail relocation of people, reclaiming land, draining marshes, providing water, electricity, sewerage, telecommunication services and medical care; there are needs to formulate a zoning of the area, developing lots for hotels, condominiums, villas, plaza, mosques, shopping centers; constructing parks, sports and recreation fields, tennis courts, swimming pools, golf courses.

There will be an influx of workers in the construction sector. They will be mostly transient workers who move from construction project to another and will be living in temporary camps set up close to the construction sites. The living conditions of the camps should be taken into consideration in the planning of the projects.

The final plan for the beach resort projected that nearly 2,500 jobs will be created in hotels, condominiums, restaurants, shops and leisure. If family members are included, the permanent population will be between 8,000 to

10,000 people. They will have to be provided with housing, water, sewerage and electricity for all households. They will lead to the construction of schools, medical facilities and markets.

It is obvious that some of the components cannot be handled by the development corporation alone and they need the cooperation of respective government agencies such as DPU for road and sewerage construction, PLN for electricity supply, PDAM for water supply, DEPPARPOSTEL for telecommunication, DEC for schools, Department of Health for medical facilities and many other agencies such as DIPARDA Tk I & II, CIPTA KARYA, PHPA, DGT and the respective Kabupaten agencies.

1.6 Conclusion

Technically, there are no major problems for the construction of the Heritage Garden of the Old Banten Site project. Careful consideration will be given to create the right atmosphere with predominance on history and culture. However, components of such features should not compete with displays of the existing Archaeological Museum and DEC activities but rather to complement them in a harmonious way.

As for the beach resort, all facilities would be designed and planned to fit into the environment and topographical conditions of the site. It is essential that local architecture and customs be reflected in designs of structures. No major technical problems are anticipated in the construction of the beach resort.

The financial viability of Old Banten Site indicated by FIRR (5.2%) would improve if parts of the cost, i.e. construction of roads, moat and beautification of Karanghantu harbour, could be borne through public works budgets. On the other

hand, economic feasibility reflected in EIRR is 46.0% inclusive of consumer's surplus¹.

Regarding the beach resort, both FIRR and EIRR at respectively 18.2% and 34.9% are financially and economically viable.

On environmental impacts, there might have some disrupting social effects on the life of people at Banten Lama, but they would be compensated by more incomes to inhabitants through new job openings and commercial activities. Care should also be taken to control the behavior of visitors to Pulau Dua bird sanctuary through stringent regulations to avoid disrupting breeding habits of migratory birds.

No major environmental problems are anticipated from the creation of the beach resort. Water pollution should be avoided by construction of adequate waste water treatment facilities. Impacts on local inhabitants should be minimized with the provision of supply of water and electricity and other facilities to the new resettlement.

In monetary value, the implementation of Old Banten Site and Beach Resort projects will bring the following incrementals to the region concerned.

Note: ¹ Consumer's surplus is defined as the "benefit" they receive over and above what they actually pay. The consumer's surplus together with their actual payment constitutes the willingness to pay of consumers.

	<u>Old Banten Site</u> (Rp. million)	<u>Beach Resort</u> (Rp. million)
Capital investment in construction	11,500	219,300
Foreign exchange income	5.4 (1994) 8.0 (2010)	9.2 (US\$ million) (1995) 68.4 (US\$ million) (2010)
Revenue + consumer's surplus	4,900 (1994) 21,300 (2010)	46,700 (1995) 162,900 (2010)
Employment:		
In construction	1,035,000 man•days	7,000,000 man•days
In service (permanent)	273 persons	2,443 persons

Beside direct benefits from the projects, spillover and multiplier effects in agriculture, cottage and small industries, commerce and services to tourism business will be strongly felt in the region.

It has been determined that, through tourism, the Banten and Tanjung Lesung regions have potentials for earning foreign exchange and for bringing about increases in national income, employment, and regional development.

CHAPTER 2 INTRODUCTION

2.1 Background of Study

Under an agreement reached between the Directorate General of Tourism of Indonesia (DGT) and Japan International Cooperation Agency (JICA), a study on tourism development in Kab. Serang and Pandeglang in the western part of the West Java Province with the inclusion of Krakatau Islands was realized from July 1986 till February 1988.

2.2 Objectives of Study

Objectives of the Study are to formulate a master plan of tourism projects to promote regional development and prepare an implementation programme of priority projects to be commenced within the Repelita V period. Major aims of tourism development in the study region are to enhance existing tourism potentials, to increase foreign exchange earnings, to improve people's health and welfare, to promote pilgrim tours and, to promote regional development with due attention to the preservation of socio-cultural and natural environments.

2.3 Trends of Tourism

The future Indonesian tourism demand distribution in West Java is anticipated to reach 19,940 thousand person-visits in 2010 from 8,453 thousand person-visits in 1984.

The number of international visitors to Indonesia has remarkably increased and exceeded one million in 1987. And it is projected to jump up to 2,234 thousand person-visits in 2010, 25% of which, that is, 889 thousand person-visits are for West Java. In addition, 288 thousand person-visits of foreign residents in Indonesia will also visit West Java.

From a combination of various variants and projections, it is forecast that the number of visitors in the study region will reach 5.4 million person-visits in 2010. This will account for 26.8 percent of person-visits in West Java province compared to 20.6 percent in 1984.

2.4 Additional Destinations Needed

With demands on tourism anticipated to increase in the future, the Banten region is being confronted with crucial problems such as expansion of road networks, greater modernization of existing facilities in addition to establishing new tourist destinations in a bid to adapt the region to the 21st Century.

Tourism has become a major industry in many countries, which stimulates not only national, but also regional growth in various ways. With tourism development, the study region would derive the following benefits.

- Foreign exchange earning
- Recreational benefits for people
- Regional growth
- Job opportunities and creation of local markets
- Increase purchasing power
- Improvement of marketing
- Improvement of infrastructures and public utilities

Table 2-1 TOTAL PERSON-VISITS BY ACTIVITY IN THE STUDY REGION IN 2010

(1,000 Person-visits, if not specified)

	Foreign Visitors										Total Demand in Study Region
	Indonesian Visitors					West Java					
	West Java		Study Region			West Java		Study Region			
	Distribution by Activity (1984-2010)	No of Person Visits by Activity	/2 Share within West Java /1 (1984-2010)	/1 No. of Person Visits by Activity	Distribution by Activity (1984-2010)	No. of Person Visits by Activity	/2 Share within West Java /3 (1984-2010)	No. of Person Visits by Activity			
	/2 %	%	%	/2 %	%	%	%				
Beach	17~ 20	3,988	13~15-25	598- 998	(800)	55-60	705	14-35-45	247-317 (280)	845-1,315	(1,080)
Marine	4~ 10	1,994	1~30-36	598- 718	(660)	5~ 5	59	15-45-55	27- 32 (30)	625- 750	(690)
Nature	4~ 5	997	1~ 1- 3	10- 30	(20)	5~ 5	59	15-25-35	15- 21 (20)	25- 51	(40)
Pilgrimage	31~28	5,583	52~48-50	2,680-2,792	(2,740)	-	-	-	-	2,680-2,792	(2,740)
Culture	9~ 10	1,994	10-12-18	239- 359	(300)	15~15	177	3~ 8-12	14- 21 (20)	253- 380	(320)
Outdoor Recreation	15	2,991	8~10-14	299- 420	(360)	15~10	118	6-15-25	18- 30 (20)	317- 450	(380)
Others	20~ 12	2,393	2~ 5- 7	120- 168	(150)	5~ 5	59	0-25-35	15- 21 (20)	135- 189	(170)
Total	10	19,940	4,544-5,485	(5,030)	100		1,177		336-442 (390)	4,880-5,927	(5,420)

Remarks: /1 Figures in parenthesis shows rounded mean values.

/2 Refer to Annex I, Table I(E)-2.

/3 West Java Province

CHAPTER 3 TOURISM MASTER PLAN

3.1 Long-Range Development Plan

The long-range development programme in the Master Plan was conceived with a view to promoting regional growth, developing projects consistent with each other, satisfying demands in tourism, avoiding concentration of investments within limited periods, and minimizing any harmful impacts on social and natural environments. The six projects that were included in the Master Plan make the best use of existing potentials and assets in the form of historical and archaeological relics, art and nature reserves. The outline of the proposed projects is shown in Table 3-1.

3.2 Stagewise Implementation

The six projects included in the Master Plan are planned to be implemented in stages over a period spanning to year 2010.

- Sixteen (16) alternative stage plans shown in Fig. 3-1 were studied with each project of the Master Plan apportioned to development units for long-range implementation. Basic consideration was given to the pace of development in the stage plan during each stage of execution. Too quick implementation may result in over capacity of facilities in the early stages while too slow implementation may require accelerated execution at a later period. Thus it is necessary to control the quantum of development at each stage of the implementation to maintain a sound balance of development.

Table 3-1 OUTLINE OF THE PROPOSED PROJECTS

Project	Tropical Marine Park	Kur Park	Old Banten Site	Beach Resort	Ujung Kulon & Krakatau	Country Park
Objective	To enhance maritime interest of Indonesian people.	To vitalize the area by promoting the multiple utilization of the existing hot springs.	To establish a tourism magnet in the region, restoring historical town of Old Banten to promote broad tourism.	To offer highgrade opportunities for holiday makers and to earn foreign exchange.	To establish regional identities and to encourage nature oriented activities.	To establish a tourist route and to encourage local industries. To fill the younger generation's needs.
Domestic	⊙	○	⊙	○	○	⊙
Target F. Resident	○	○	○	⊙	○	○
F. Tourist	○	○	○	⊙	⊙	○
Long Term	-	-	-	○	-	○
Short Term	○	○	○	○	⊙	○
Day Use	⊙	○	⊙	○	○	⊙
Facilities	<ol style="list-style-type: none"> 1 Aquarium 2 Dolphin show pool 3 Maritime museum 4 Model ship harbor 5 Seaside shopping center 6 Picnic area 7 Amusement park 8 Submarine observation tower 	<ol style="list-style-type: none"> 1 Kur haus (Recreating system using hot springs) 2 Hotel, restaurant 3 Sports field, courts 4 Gymnasium 5 Swimming pool 6 Open air theater 7 Art gallery 8 Flower garden 9 Rockery 10 Jogging course 11 Hill side terrace 	<ol style="list-style-type: none"> 1 Restoration of the old moats 2 Landing facilities for boats to Pulau Dua 3 Heritage garden 4 Art theater 5 Restaurant, shops 6 Pepper trade museum 7 Rest area 8 Improvement of road market place and Karangantu harbor 	<ol style="list-style-type: none"> 1 Marina 2 International standard hotels 3 Condominiums 4 Second house village 5 Golf course 6 Sports fields, courts 7 Central plaza 8 Picnic area 9 Marine sports base for adventure tourism 	<ol style="list-style-type: none"> 1 Guest house 2 Jetties 3 Observation towers 4 Shelter 5 Camping grounds 6 Natural trails 7 Sailing base (Habuan) and Beach Resort 8 Sea garden 	<ol style="list-style-type: none"> 1 Camping site 2 Sports fields, courts 3 Gymnasium 4 Shops 5 Picnic area 6 Exhibition 7 Model farm 8 Botanical garden 9 Experimental factory
Development System	Private sector or Government-run corporation	Private sector	Public sector: Restoration of historical relics: Dept. of Education & Culture	Public sector: Infrastructure & total management of development Private sector: individual facilities	Private sector: - guest house - boats (under the control of DIT. PHEA)	Public sector: DIT. PHEA or Dept. of Agriculture
Operation & Promotion	To be operated by private sector or government-run corporation.	To be connected with the welfare institution for promotion.	To be operated by public sector.	To be administered by government-run corporation and private sector.	To control the number of visitors for nature conservation.	To be operated by public sector incorporated with agricultural cooperative.

Remarks: ⊙ Predominant: ○ Secondary

Fig. 3-1 ALTERNATIVE STAGE PLAN IN THE LONG RANGE PERIOD (SITES OF BEACH RESORT "C" & "D")

Alternative	Project	Stage 1				Stage 2				Stage 3									
		1992	1993	1994	1997	1998	1999	2004	2005	2006	1992	1993	1994	1997	1998	1999	2004	2005	2006
1	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-3														
	Ujung Kulon Country Park				2-4														
2	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				1-3														
	Ujung Kulon Country Park				2-4														
3	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				1-3														
	Ujung Kulon Country Park				1-2														
4	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-3														
	Ujung Kulon Country Park				2														
5	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-3														
	Ujung Kulon Country Park				2														
6	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				1-3														
	Ujung Kulon Country Park				1-2														
7	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-3														
	Ujung Kulon Country Park				2														
8	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-4														
	Ujung Kulon Country Park				2-3														
9	T. Marine Park																		
	Kur Park																		
	Old Banten S. Beach Resort				2-3														
	Ujung Kulon Country Park				1														

(*) The figures show the development units of each project to be constructed.

- Tourism demand for the projects is conceived to vary according to the alternative stage plan. If no new projects are developed, the demand in the region will increase at a growth rate of 2% per annum. Development of a new tourist destination will create an additional stopover point, which will increase the total tourist demand in the region. Furthermore, the accumulation of tourist attractions will bring about positive interaction between tourist destinations.
- A simulation study for rating the alternative stage plans was based on ten (10) proposed indicators i.e. acquisition of foreign exchange, job opportunities, impacts on natural environment, socio-cultural impacts, multiplier effects, recreation benefits, land acquisition, development cost, financial feasibility and capacity of infrastructure. As a result of such assessment, the Old Banten Site and Tanjung Lesung Beach Resort were selected as priority project. The optimum stage plan and priority projects are given in Fig. 3-2.

Fig. 3-2 OPTIMUM STAGE PLAN AND PRIORITY PROJECTS

	Stage 1 (~ 1995)	Stage 2 (1996-2000)	Stage 3 (2001-2010)
Tropical Marine Park			▬
Kur Park		▬	
Old Banten Site	▬		
Beach Resort	▬		
Ujung Kulon & Krakatau Is.			▬
Country Park			▬

Priority Projects

* Approximate fiscal years depending on progress of preparatory actions.

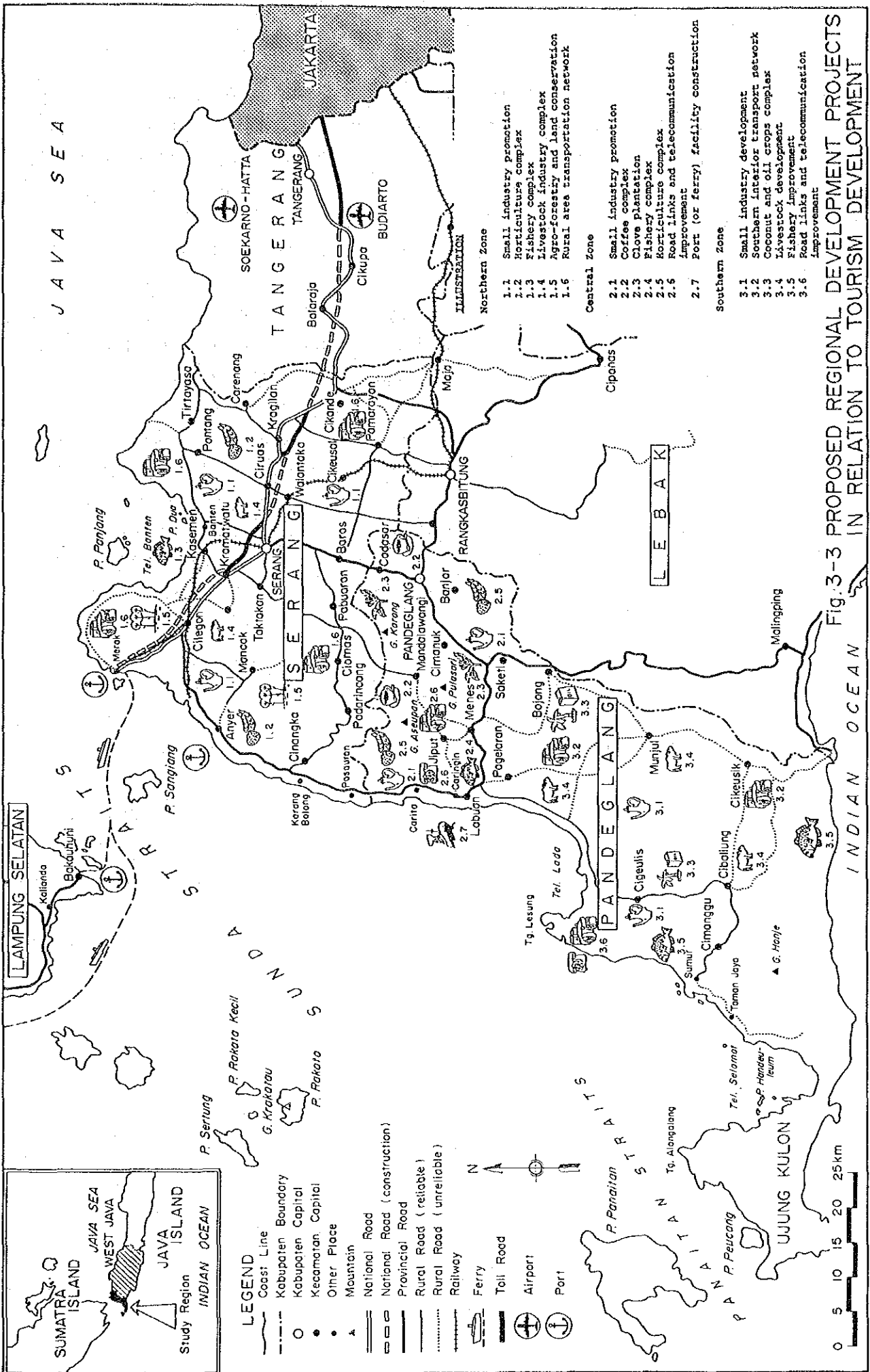
3.3 Regional Development

The prevailing stagnancy of the world economy has exerted an unfavorable impact on the Indonesian economy as a whole and has had adverse effects on the Banten region. In this way, prospects for the Banten economy do not warrant optimism. In spite of such circumstances, however, tourism is growing increasingly active in Indonesia. It is highly expected that the tourism master plan will give fresh impetus to the Banten regional development. The impact will be felt in such sectors as agriculture, manufacturing, construction, transportation, commerce and services.

The most obvious and immediate benefit of tourism is the creation of jobs. Tourism generated employment is classified as:

- (1) Direct employment in business that sell goods and services directly to tourists, such as hotels, restaurants, transport operators, and shops;
- (2) Indirect employment stimulated by tourists' expenditures in activities such as manufacturing and wholesale distribution, that supply goods and services to tourism business;
- (3) Investment related employment in construction and capital goods industries.

In addition, when new hotels and resort complexes are built, there are increased demands for food products, souvenirs and other goods that generate employment in agriculture and horticulture, food processing, handicrafts, and light manufacturing. The production of utensils, earthen wares, plastic goods, textile, clothing and others will be stimulated in proportion of tourism flow growth. Proposed regional development projects in relation to tourism development are shown in Fig. 3-3.



Besides the above development effects, tourism development will contribute to provide opportunities for improvement of local infrastructures such as road, electricity and water supply.

3.4 Government Services Needed in Tourism Development

A proportion of government services should be allocated through administrative mechanism. With demands on tourism anticipated to grow further, expansion of road networks, construction of new facilities such as electricity and water supply, sewage treatment, improvement of telecommunication are urgently needed at new tourist destinations.

Government services are needed in health care, education, housing as influx of labor in response to tourism needs will place a heavy strain on existing social services. There is an indirect impact of tourism through the demand for certain types of training to prepare young people for jobs in the industry. Formal training in tourism is essential, since on-the-job training is often made at the expense of tourists, and if service is poor, it would invite unfavorable criticism.

Once tourist facilities are operational, the authorities stand to make revenues through taxation to recover initial investments.

CHAPTER 4 OLD BANTEN SITE PROJECT

4.1 Background

Old Banten Site is located at Banten Lama some 8 km north of Serang and approximately 80 km from Jakarta. As its name implies, it has a long historical background and possesses a number of religious objects, cultural assets, and an archaeological museum. They attract every year more than one million visitors, mostly pilgrims.

The most important factor which has encouraged the siting of Old Banten Site project is predominantly the historic, cultural and religious background of Banten Lama. In addition to existing assets e.g. Great Mosque, Chinese Temple, Archaeological Museum, ruins of former Sultans' Palaces, Speelwijk Fortress and many other relics, it is recommended to construct a Heritage Garden to introduce local history, traditions, arts and culture. It is expected that not only tourists but also pilgrims will come to the Heritage Garden¹ while visiting the site.

4.2 Facilities

The Old Banten Site project aims at establishing a major tourist destination in the study region by constructing a Heritage Garden with related facilities, improving access roads, improving the Karanghantu harbor and restoring the Old Moat. The Heritage Garden is intended to become a landmark to introduce local history, traditional art and culture, and Banten past predominance in trade with the outside world. To this end, the following buildings will be housed in the Heritage Garden.

Note: ¹ An Indonesian name would seem appropriate in view of the historical ambience of Banten Lama.

Table 4-1 BUILDINGS IN HERITAGE GARDEN

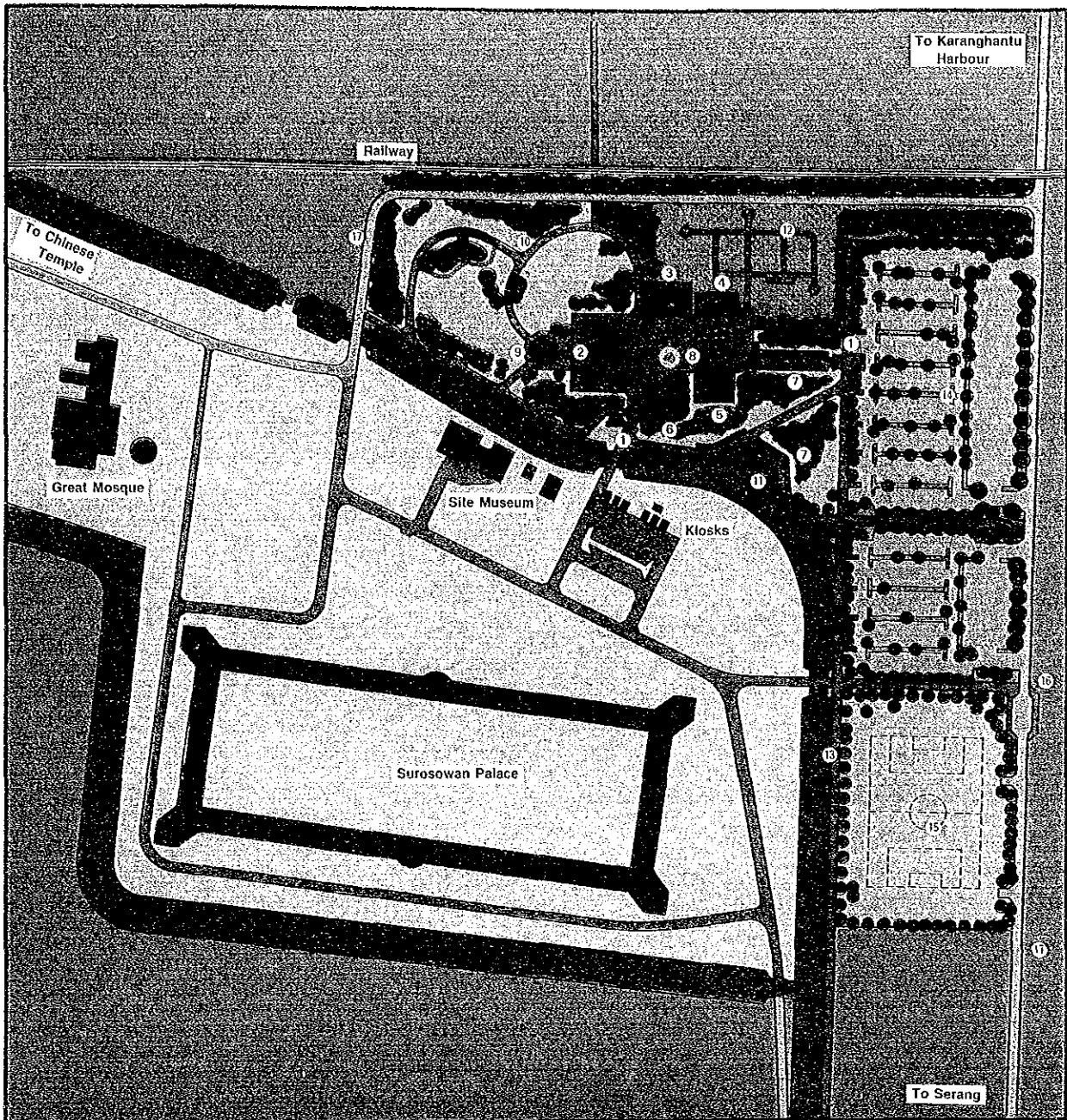
Facility	Planned Capacity (persons)	Floor Area (m ²)	Remarks
Performance arts theater	500	1,000	Traditional type building
Exhibition hall	200	500	Including shops, restaurants
Heritage memorial hall	300	700	
Pepper trade museum		500	
Small shops		400	8 m ² x 50 shops
Open air theater		900	Site area
Total		4,000	

The Heritage Garden will encompass a land area of more than 80,000 m² to include a plaza, model farm, fountain and pond, buildings, garden, road and walkway and parking area with land allocation as follows:

Table 4-2 LAND AREA OF HERITAGE GARDEN

Facility	Heritage Garden (m ²)	Public Space (m ²)	Parking (m ²)	Total (m ²)
Plaza	4,800	-	-	4,800
Model Farm	5,600	-	-	5,600
Fountain, Pond	700	-	-	700
Building	3,800	200	-	4,000
Garden	22,000	4,000	-	26,000
Road, Ped. way	2,000	1,400	900	4,300
Parking	-	-	37,000	37,000
Total	38,900	5,600	37,900	82,400

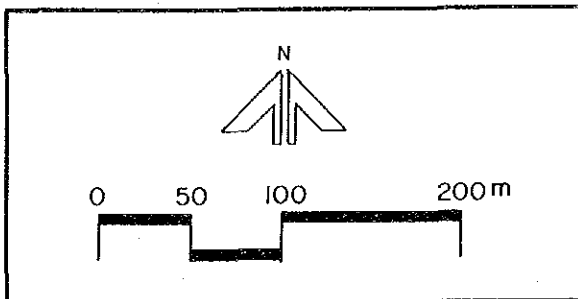
Facilities in the Heritage Garden will complement rather than compete with existing archaeological features by enhancing their inherent values.



* Yellow zone will be developed under the control of Department of Education and Culture

LEGEND

- ① Gate ② Performance art theater ③ Heritage memorial hall
- ④ Pepper trade museum ⑤ Exhibition hall, Restaurant, Shops
- ⑥ Open air theater ⑦ Small shops ⑧ Heritage plaza ⑨ Fountain
- ⑩ Garden ⑪ Landing facility ⑫ Pepper field ⑬ Moatside promenade
- ⑭ Parking lot ⑮ Overflow parking ⑯ Bus stop ⑰ By-pass road

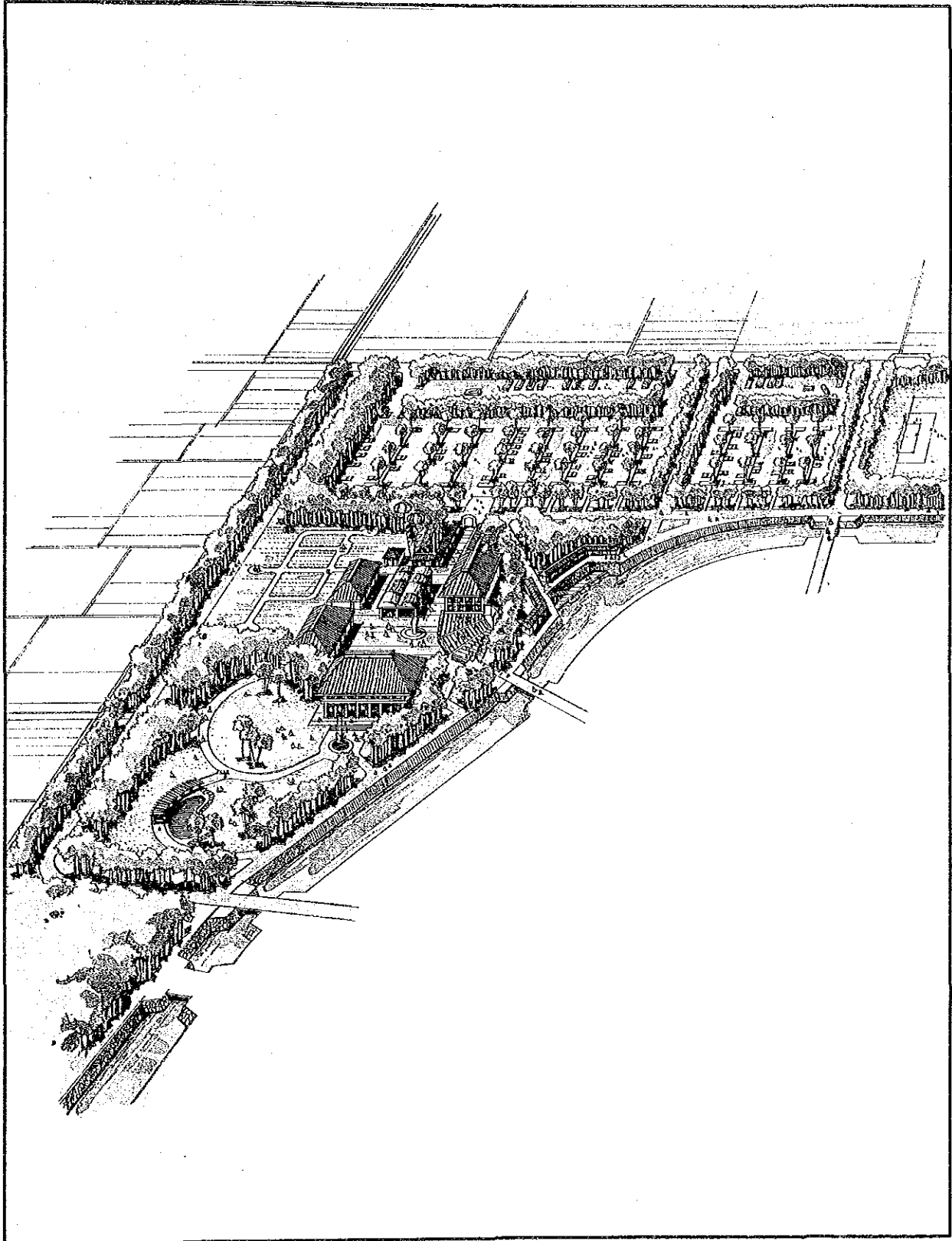


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Fig. 4-1
LAYOUT PLAN OF HERITAGE
GARDEN



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Fig. 4-2
IMAGE OF OLD BANTEN SITE
(HERITAGE GARDEN)
from west side

4.3 Projected Number of Visitors

Future number of visitors to Old Banten Site were made on the assumption that all six projects in the master plan will be realized by 2010. The yearly increase is shown in the following figure and table.

Fig. 4-3 TOURISM DEMAND IN OLD BANTEN SITE

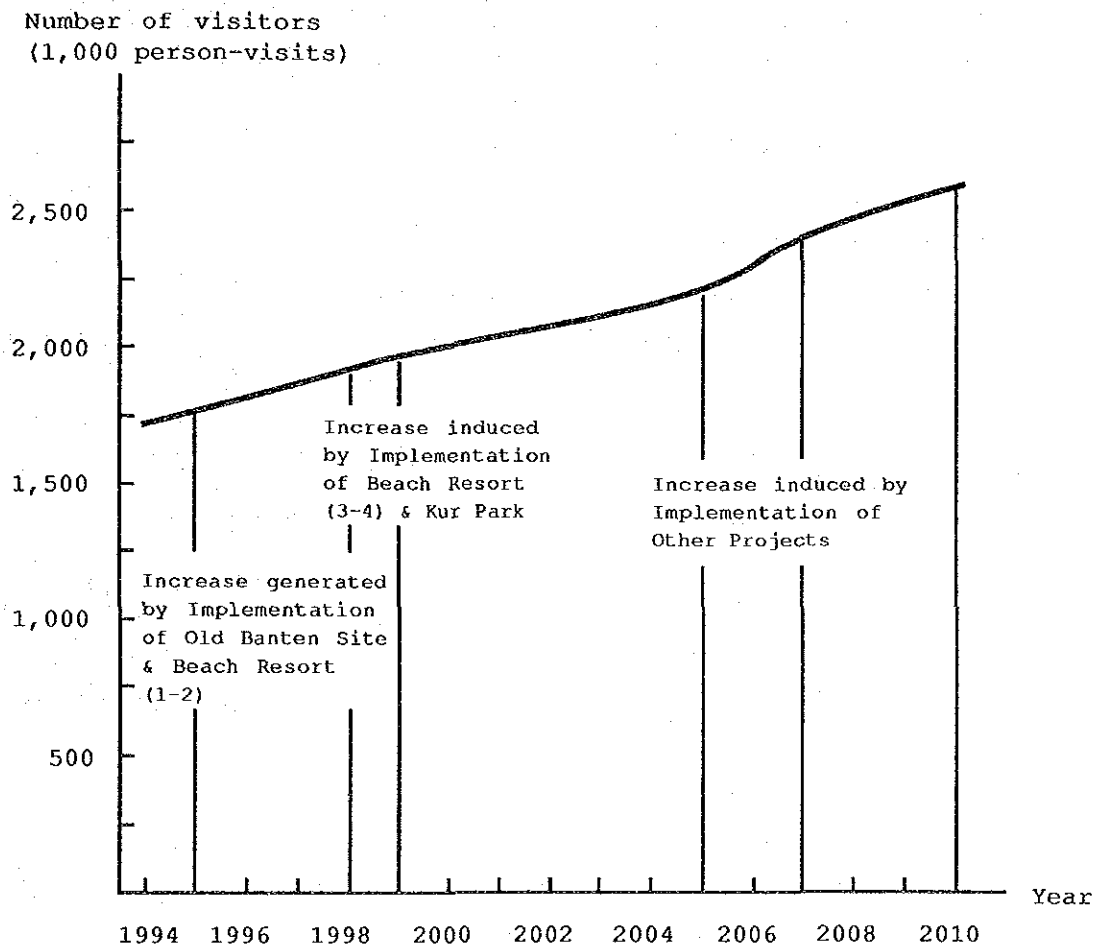


Table 4-3 TOURISM DEMAND IN OLD BANTEN SITE

(1,000 person-visits)

Year	Demand	Year	Demand	Year	Demand
1994	1,648.6	2000	1,974.8	2006	2,235.7
1995	1,763.1	2001	2,004.9	2007	2,487.7
1996	1,791.9	2002	2,035.2	2008	2,523.2
1997	1,820.7	2003	2,065.7	2009	2,558.9
1998	1,849.7	2004	2,096.2	2010	2,590.0
1999	1,944.9	2005	2,132.6		

4.4 Development Cost

The construction cost of Old Banten Site will amount to about Rp.11.5 billion inclusive of price contingency. The cost breakdown is shown below.

Table 4-4 DEVELOPMENT COST (OLD BANTEN SITE)

Unit: Rp. million

1. Heritage Garden	4,889	
2. Parking and rest area		
(1) Chinese Temple & Speelwijk Fortress	145	
(2) Kaibon Palace	81	
(3) Tasikardi	54	
3. Karanghantu Harbor	217	
4. Road (By pass)	537	
5. Old Moat	2,213	
Sub-Total	8,136	
Price contingency	3,364	
Total	11,500	(100%)
Foreign Currency	1,427	(12.4%)
Local Currency	10,073	(87.6%)

4.5 Preparatory Committee

There are a number of organizations operating on the furtherance of tourism in the Banten region. It is recommended to establish a kind of preparatory committee to coordinate their activities with a view to promoting the Old Banten Site project. This committee will include representatives of BAPPENAS¹, BAPPEDA, BAPARDA, DIPARDA Tk I & II, DEC, DGT, DPU, PDAM, PERUMTEL, PHPA, PLN and others. Such organization should welcome the private sector to join

Note: ¹ See ABBREVIATIONS on pages xvi ~ xviii of Volume 2 Master Plan (Main Report).

their membership without setting particular conditions for their entry. It must be pointed out that such organization should not simply confine their activities to occasional exchanges. Its main task would be to establish the foundation for implementation of the project and serve as a window for gathering and distribution of informations and promoting tourism at the grassroot level. Its activities must also be directed toward the eradication of the local public's prejudice against tourists, particularly foreign tourists.

4.6 Development System

For implementation of the project, it is recommended to establish a development corporation jointly between local government agencies and private interests. The role of local government in the Development Corporation would be mainly in the administration of the project. It should also ensure that implementation of the project is being realized in a harmonious manner and according to approved plans. The private sector will be mainly involved in commercial aspects.

It is worth noting that the experience of the Borobudur Development Corporation (BDC) in similar undertakings is an important asset and, as far as practicable, BDC's advices should be actively sought.

The Development Corporation will be organized as such to be able to handle two main tasks, the project pre-opening and post-opening duties. The broad outline of pre-opening duties can be defined as follows:

- Securing necessary finance for the project
- Staff training
- Preparing basic and detailed design
- Completing all legal procedures
- Completing necessary land acquisition
- Promoting private participation
- Tendering and signing contracts

- Managing all aspects of development
- Promotional campaign in tourism

In post-opening duties, the Development Corporation will have for main duties the following:

- Administration of the project
- Marketing and promotion
- Sales or rent of facilities
- Operation and maintenance of public utilities and infrastructures
- Staff training

The Department of Education and Culture (DEC) is involved in restoration works and archaeological researches in the area adjacent to the Heritage Garden and has formulated a master plan of the restoration of Old Banten. Therefore, it is essential to keep close liaison with DEC during operation period as well as construction works.

4.7 Financial Analysis

Revenues will come from the operation of the Heritage Garden, parking fees, lease of small shops, etc.

The financial analysis shows that the financial feasibility of the project is not very high with the FIRR at 5.2%. This is due to the public interest nature of the project where there are limitations in income sources. A sensitive analysis of FIRR indicates that should some of the costs of public works be realized from government's budgets, FIRR will improve substantially as shown in the sensitivity analysis.

By raising the entrance fee to Rp.600/person¹, the financial feasibility (FIRR) is improved as indicated in the cash flow table below.

Table 4-5 FINANCIAL CASH FLOW OF THE OLD BANTEN SITE PROJECT

Unit: Rp. million

Year	Revenue						Costs					Balance
	No. of Visitors (thousand)	Parking Fee	Heritage Garden	Boating Service	Events	Tenants Tailor Total Revenue	Construction cost	Operation Equipments	Labor	Utility	Overhead	
1989	0	0	0	0	0	0	1182.47	0	0	0	1182	-1182
1990	0	0	0	0	0	0	311.80	0	0	0	312	-312
1991	0	0	0	0	0	0	321.60	0	0	0	322	-322
1992	0	0	0	0	0	0	5662.23	0	0	0	5662	-5662
1993	0	0	0	0	0	0	4021.77	920	0	0	4942	-4942
1994	1648.6	162	224	41	128	256	810	207	41	162	409	401
1995	1763.1	174	239	44	137	283	876	214	44	175	433	443
1996	1791.9	176	243	44	139	298	900	222	45	180	447	454
1997	1820.7	199	274	50	156	313	992	229	50	198	477	515
1998	1849.7	202	278	51	159	329	1019	237	51	204	492	527
1999	1944.9	212	292	53	167	358	1083	246	54	217	516	567
2000	1974.8	239	329	60	188	376	1193	254	60	239	552	640
2001	2004.9	243	334	61	191	395	1224	263	61	245	589	655
2002	2035.2	246	339	62	194	415	1257	272	63	251	587	670
2003	2065.7	277	382	70	218	436	1383	282	69	277	628	756
2004	2096.2	281	387	71	221	458	1419	292	71	284	647	773
2005	2132.6	286	394	72	225	483	1460	302	73	292	667	793
2006	2235.7	333	458	84	262	524	1660	313	83	332	728	932
2007	2487.7	370	510	93	291	603	1867	323	93	373	790	1077
2008	2523.2	375	517	95	295	633	1915	335	96	383	814	1102
2009	2558.9	422	581	106	332	664	2106	347	105	421	873	1233
2010	2590.0	427	588	108	336	696	2156	359	108	431	898	1258
2011	2638.1	435	599	110	343	734	2220	371	111	444	926	1294
2012	2686.2	491	677	124	387	773	2452	384	123	490	997	1455
2013	2734.3	500	689	126	394	815	2523	398	126	505	1028	1495
2014	2782.4	509	701	128	401	858	2596	412	130	519	1061	1536
2015	2830.5	574	791	145	452	904	2864	426	143	573	1142	1722
2016	2878.6	583	804	147	459	951	2945	441	147	589	1177	1768
2017	2926.7	593	817	149	467	1001	3028	456	151	606	1213	1815
2018	2974.8	669	921	168	526	1053	3337	472	167	667	1307	2031
2019	3022.9	679	936	171	535	1107	3429	489	171	686	1346	2083
2020	3071.0	690	951	174	543	1164	3523	506	176	705	1387	2136
											FIRR-	5.24%
											NPV(12%)	-4652

Revenue	Cost (Scope of development) Unit %			
	With full programme		Without Karanghantu harbor road & old moat	
	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

Note: ¹ Pilgrims have free access to the Mosque and Temple as in the past.

4.8 Economic Analysis

The economic analysis of Old Banten Site shows that the EIRR of the project is 46.0%. If consumer's surplus¹ is excluded, it becomes 11.8%. Table 4-6 shows the calculation formulated on the economic feasibility of the project. It should be noted that the project is expected to establish a cultural and historic center which will contribute to enrich people's knowledge of their Indonesian heritage and enhance their appreciation of its value. It will create job opening and increase incomes of local population. In this view, the social and economic benefits of the project far transcend its poor financial returns.

Table 4-6 ECONOMIC COST-BENEFIT STREAM OF THE BANTEN PROJECT

(Unit: Rp. million)

Year	No. of Visitors (thousand)	No. of Visitors without Project	No. of Visitors with Project	Benefits							Costs					Total Cost	Net Benefit			
				Parking fee	Heritage Garden	Boating service	Everts	Value added by shops	Trans- portation	Consumer's surplus	Total Benefit	Capnat cost	Equip- ment	Labor	Utility			Over- head	Trans- portation	
1989			1314.5	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	175	0	0	0	0	0	175	-175
1991			1362.3	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	2978	0	0	0	0	0	2978	-2978
1993			1410.1	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	80	21	86	1192	1379	1379	3509	3509	
1995	1763.1	1457.9	305.2	112	154	28	88	134	2075	4393	6985	80	23	91	1696	1890	1890	5095	5095	
1996	1791.9	1481.8	310.1	114	157	29	90	136	2109	4537	7170	80	23	93	1723	1919	1919	5251	5251	
1997	1820.7	1505.7	315.0	116	159	29	91	138	2142	4683	7358	80	24	94	1750	1948	1948	5410	5410	
1998	1849.7	1529.6	320.1	117	162	30	92	141	2177	4834	7553	80	24	96	1778	1978	1978	5574	5574	
1999	1844.9	1553.5	391.4	124	170	31	97	156	2662	6119	9359	80	25	101	2175	2381	2381	6978	6978	
2000	1974.8	1577.4	397.4	125	173	32	99	158	2702	6309	9598	80	26	102	2208	2416	2416	7182	7182	
2001	2004.9	1601.3	403.6	127	176	32	100	161	2744	6504	9845	80	26	104	2242	2452	2452	7392	7392	
2002	2035.2	1625.2	410.0	129	178	33	102	163	2788	6707	10100	80	26	106	2278	2490	2490	7610	7610	
2003	2065.7	1649.1	416.6	131	181	33	103	166	2833	6916	10363	80	27	107	2315	2529	2529	7834	7834	
2004	2096.2	1673.0	423.2	133	183	34	105	168	2878	7129	10630	80	27	109	2351	2567	2567	8062	8062	
2005	2132.6	1696.9	435.7	135	187	34	107	172	2963	7457	11054	80	28	111	2421	2639	2639	8415	8415	
2006	2235.7	1720.8	514.9	142	196	36	112	189	3501	9104	13280	80	29	116	2661	3086	3086	10194	10194	
2007	2487.7	1744.7	743.0	158	216	40	124	236	5052	14054	19882	80	32	129	4128	4369	4369	15512	15512	
2008	2523.2	1768.6	754.6	160	221	40	126	239	5131	14473	20391	80	33	131	4193	4436	4436	15955	15955	
2009	2558.9	1792.5	766.4	162	224	41	128	243	5212	14904	20913	80	33	133	4258	4504	4504	16409	16409	
2010	2590.0	1816.4	773.6	164	227	41	130	246	5260	15234	21302	80	34	134	4298	4546	4546	16756	16756	
2011	2638.1	1840.3	797.8	168	231	42	132	252	5425	15967	22216	80	34	137	4433	4684	4684	17533	17533	
2012	2686.2	1864.2	822.0	171	235	43	134	258	5590	16716	23146	80	35	139	4567	4821	4821	18325	18325	
2013	2734.3	1888.1	846.2	174	239	44	137	264	5754	17480	24092	80	35	142	4701	4959	4959	19133	19133	
2014	2782.4	1912.0	870.4	177	243	45	139	270	5919	18260	25053	80	36	144	4836	5096	5096	19956	19956	
2015	2830.5	1935.9	894.6	180	248	45	142	276	6083	19056	26029	80	37	147	4970	5234	5234	20795	20795	
2016	2878.6	1959.8	918.8	183	252	46	144	282	6248	19867	27021	80	37	149	5105	5372	5372	21650	21650	
2017	2926.7	1983.7	943.0	186	256	47	146	288	6412	20694	28029	80	38	152	5239	5509	5509	22500	22500	
2018	2974.8	2007.6	967.2	189	260	48	149	294	6577	21536	29052	80	39	154	5374	5647	5647	23406	23406	
2019	3022.9	2031.5	991.4	192	265	48	151	300	6742	22394	30091	80	39	157	5508	5784	5784	24307	24307	
2020	3071.0	2055.4	1015.6	195	269	49	154	306	6906	23257	31146	80	40	159	5643	5922	5922	25224	25224	
														EIRR	46.04%					
														NPV(12%)	33946					

Note: ¹ Consumer's surplus is defined as the "benefit" they receive over and above what they actually pay. The consumer's surplus together with their actual payment constitutes the willingness to pay of consumers.

4.9 Environmental Impact

The only significant impact on the natural environment might be increased disturbance by human intrusion to the Pulau Dua bird sanctuary. Great care should be taken the number of visitors as to prevent such disturbance as this is an important breeding area for waterbirds in Indonesia as well as a valuable tourist attraction. With regard to the impact on the socio-cultural environment, tourism development at Old Banten might disturb the quietness of the area, and although informal leaders and local people seem anxious that the influx of tourists in the holy place around the Great Mosque might upset their life style and Islamic culture, they welcome the creation of jobs and expected increase in incomes in the area.

4.10 Relocation of People

Problems of relocation of people to make place for the project have been exacerbated by the fact that some sites are used as graveyards and others by illegal settlers. DEC has been confronted with similar problems and it would be advisable for the preparatory committee and DEC to examine jointly steps for government intervention and decision in this matter. Particularly for transfer of graveyards, agreements should be obtained from families involved with the assistance of religious leaders.

CHAPTER 5 TANJUNG LESUNG BEACH RESORT PROJECT

5.1 Background

Basked in the tropical sun at the tip of a promontory jutting into the Straits, Tanjung Lesung is a virgin land area with white sand beaches located some 30 km south west of Labuan. With its back adorned with rainforests, it offers a wonderful place to view the sun setting down across to Krakatau Islands.

The beach resort is conceived in this natural environment to offer residents in West Java and foreign visitors opportunities to spend their leisure time and enjoy vacations at a resort easily accessible from their place of residence and from the Soekarno-Hatta International Airport.

It can be reached directly from Bogor through Rankasbitung and Pandeglang amid luxuriant rain forests, plantations and farmland.

The beaches located in two beautiful bays have respective length of 300 m and 800 m. Land around the site is flat except for the hills to the south. As most of the land is government owned and sparsely inhabited, there will be no particular problems in siting facilities in a harmonious way to integrate them into the natural environment. The purity of sea water appears to be good and suitable for water and aquatic sports.

5.2 Facilities

The beach resort will be provided with night accommodations, sport and amusement centers, shops and restaurants, picnic areas and other appurtenant structures. Accommodations will compose of international standard hotels, condominiums, private villas and economy-class lodges. Sport facilities will comprise a marina, golf course, tennis courts, badminton

courts, a sport complex, horseback riding field. For amusement, there will be an open air theater, playground, miniature golf, theme park and orchid garden.

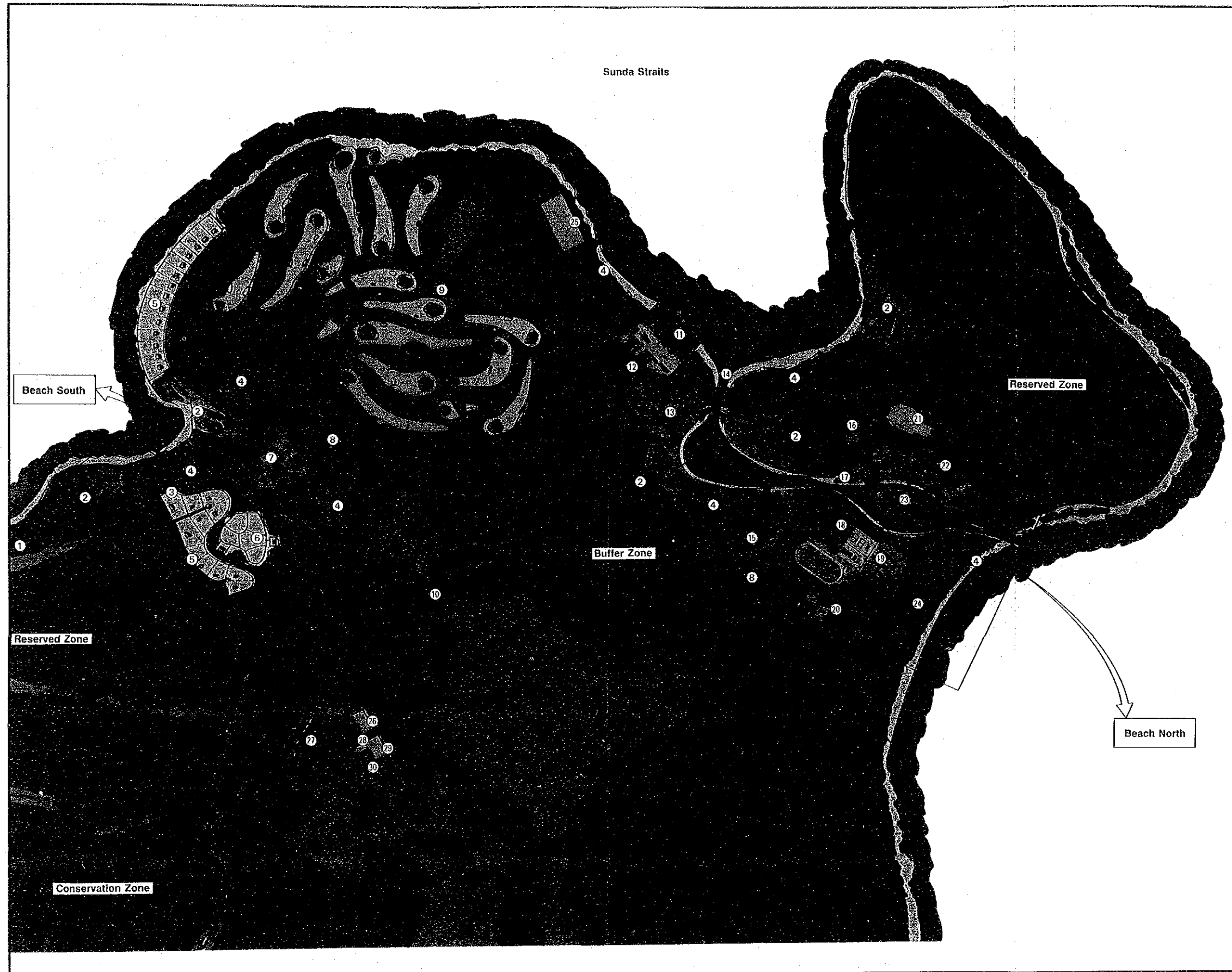
A central plaza with shops and restaurants, discotheque, small theater, halls, supermarkets, banks, post office, police station, health clinic, mosque, etc. will be constructed for strolling, shopping, eating, meeting and worshipping. Picnic areas will be scattered around the area for family outings. Other facilities include a training school for tourism trade, employees' dormitories.

An artificial lagoon will be constructed in Beach Resort (BR) North with artificial beaches and around which hotels, condominiums and center will be located. A shoreside promenade will connect these facilities to provide a desirable interrelationship between them.

The marina, beside providing facilities for water submarine sports, will be the starting point for cruises to Ujung Kulon National Park and Krakatau Islands as added attractions of the beach resort.

5.3 Stage Implementation

The beach resort will be realized in two stages by dividing it into two development zones tentatively called Beach Resort (BR) North and Beach Resort South. In the first stage programme, the BR North will be developed around an artificial lagoon and will be an action oriented site with hotels, condominiums and centers located near the lagoon. The BR South to be realized in the second stage would be quieter and oriented toward standard of comfort. The following drawing shows the layout plan of the beach resort.



- 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. 5-1
 LAYOUT PLAN OF BEACH
 RESORT

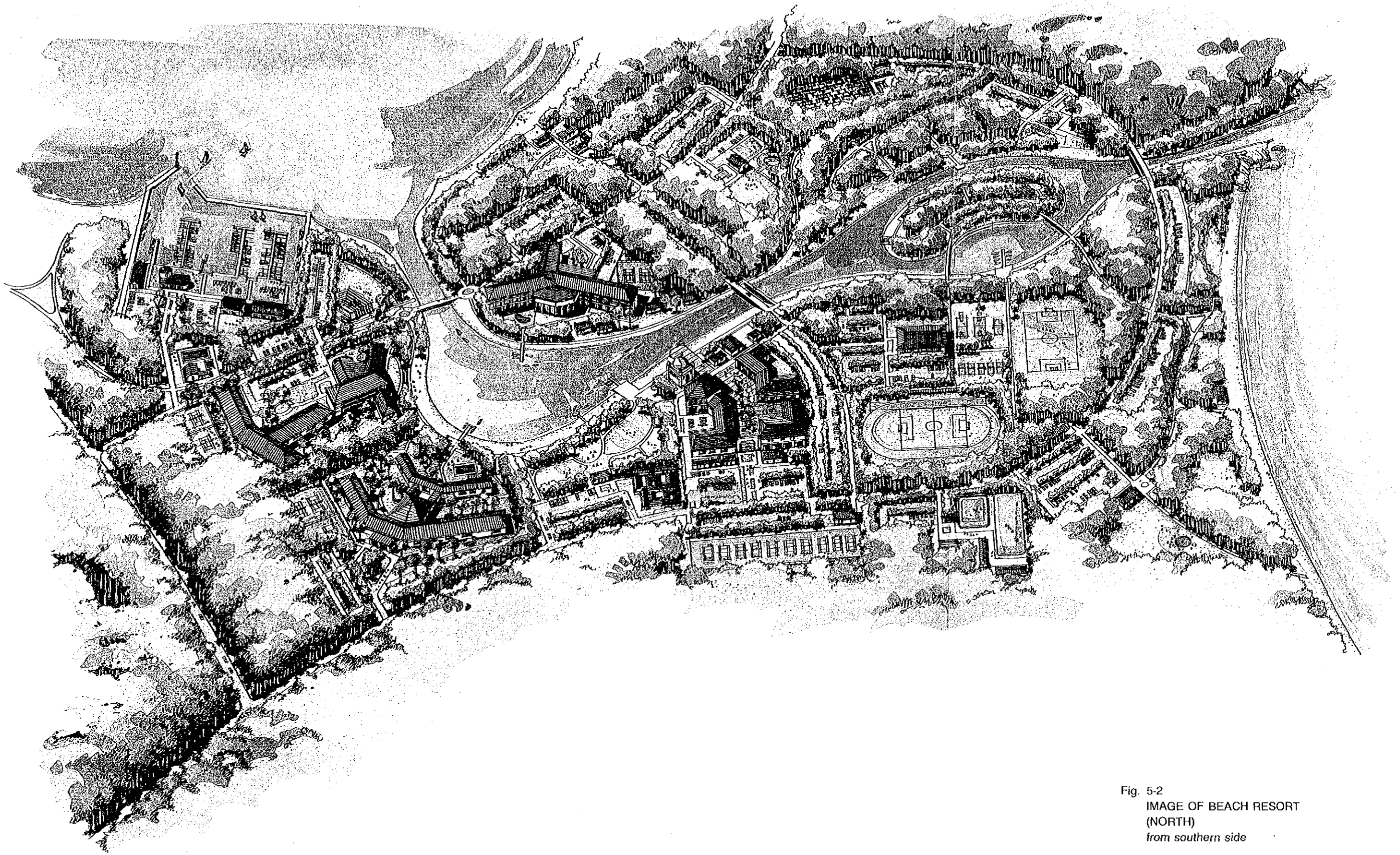


Fig. 5-2
IMAGE OF BEACH RESORT
(NORTH)
from southern side

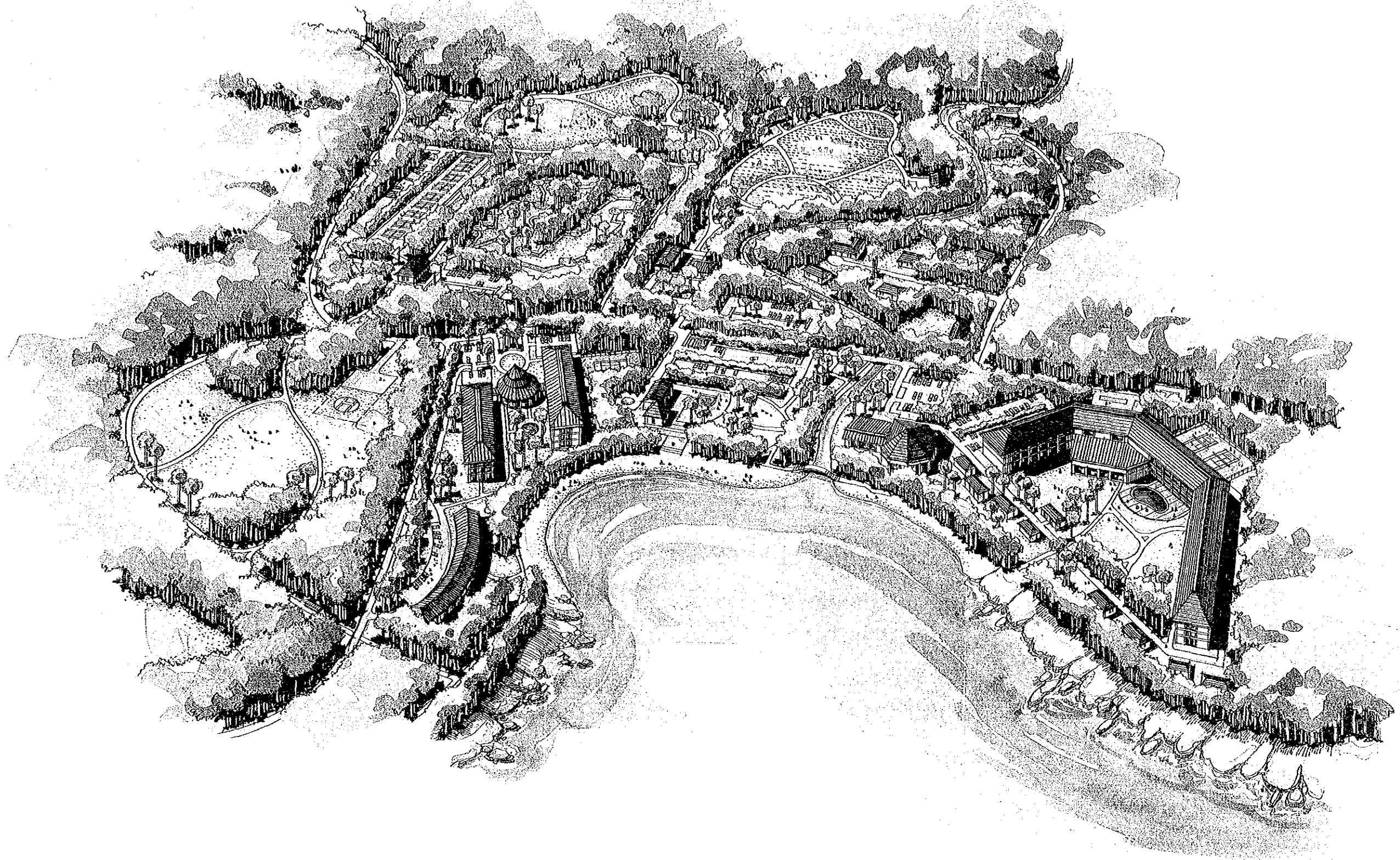


Fig. 5-3
IMAGE OF BEACH RESORT
(SOUTH)
from north-western side

5.4 Tourism Demands

Tourist demands generated by the project is forecast to reach 190,000 person-visits when operation of stage 1 facilities starts in 1995. The projection shows that after operation of stage 2 in 2000, demands will be 380,000 person-visits and will increase to 510,000 person-visits in the target year 2010. Tourist demands at the Tanjung Lesung Beach Resort is presented below.

Fig. 5-4 TREND OF TOURISM DEMAND AT BEACH RESORT

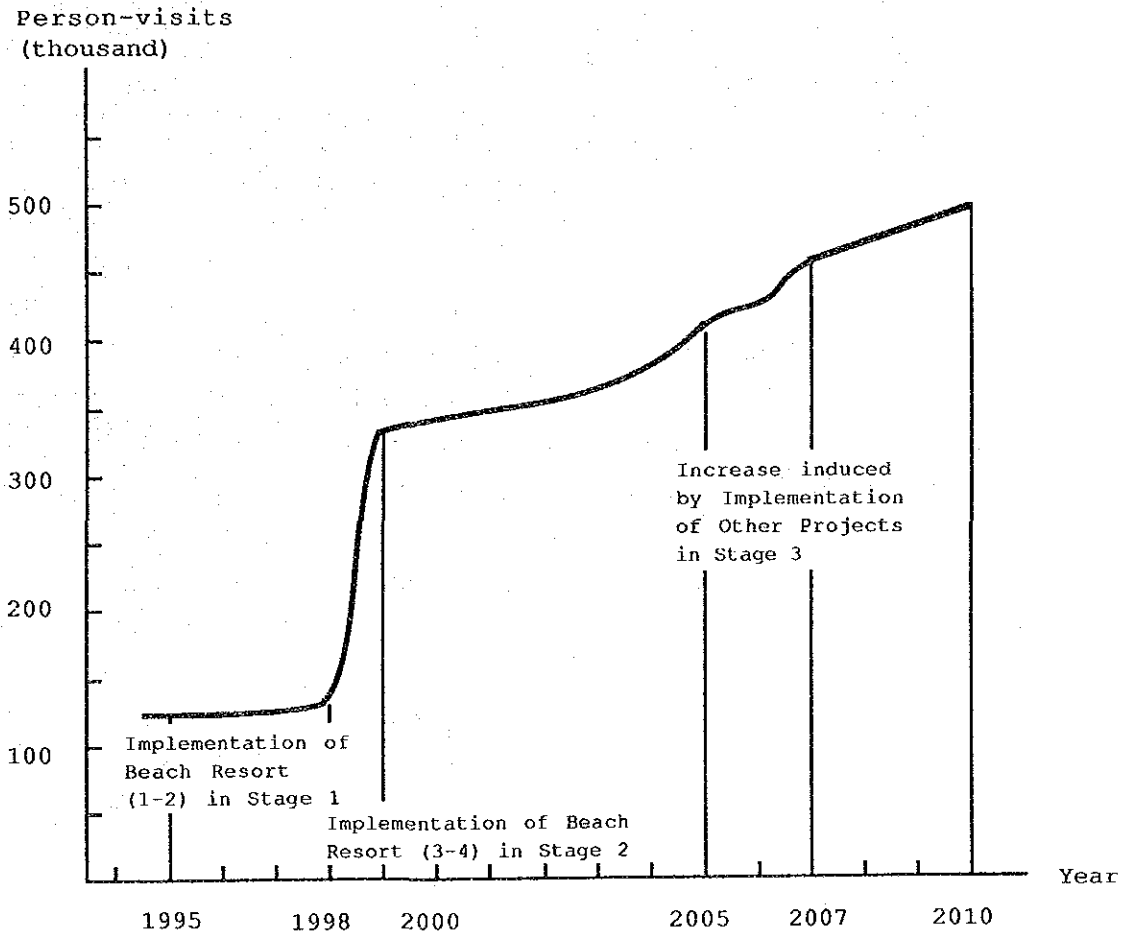


Table 5-1 TOURISM DEMAND AT BEACH RESORT

(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	68.2	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

5.5 Development Cost

The overall development cost will amount to Rp.219 billion. Foreign currency portion will be about 28% of the total. Finance needed in the first stage is Rp.115.0 billion inclusive of Rp.32.0 billion equivalent in foreign currency and in the second stage Rp.104.3 billion inclusive of Rp.28.8 billion equivalent in foreign currency. The cost breakdown is shown in Table 5-2.

Table 5-2 DEVELOPMENT COST (BEACH RESORT)

(Unit: Rp. million)

Items	Development			Remarks
	Stage 1	Stage 2	Total	
DIRECT CONSTRUCTION COST				
1. Preparatory works	2,808	2,808	5,616	
2. Earthwork	153	284	437	
3. Lagoon, Beach	4,550	-	4,550	
4. Hotels	28,202	23,192	51,394	
5. Condominium	4,809	2,463	7,272	
6. Private villa, GH	-	4,013	4,013	
7. Marina	2,706	478	3,184	
8. Central plaza	4,133	1,771	5,904	
9. Sports facilities	2,500	624	3,124	
10. Picnic area	1,122	604	1,726	
11. Orchid garden	-	1,090	1,090	
12. Miniature golf	-	430	430	
13. Seminar house	-	900	900	
14. Diving school	580	-	580	
15. Open air theater	274	-	274	
16. Golf course	-	5,600	5,600	
17. Play ground	255	-	255	
18. Giant maze	480	-	480	
19. Athletics field	199	-	199	
20. Horseback riding	288	-	288	
21. Theme park	-	1,230	1,230	
22. Camping area	397	-	397	
23. Economical lodge	217	93	310	
24. Employee's village	973	382	1,355	
25. Roads	1,057	465	1,522	
26. Storm drainage	60	-	60	
27. Sewage	1,987	1,155	3,142	
28. Solid disposal	18	18	36	
29. Electricity	555	365	920	
30. Water supply	2,190	339	2,529	
31. Telephone	-	-	-	
32. Access road	900	-	900	
33. Miscellaneous	1,228	966	2,194	
Sub Total	62,641	49,270	111,911	
Engineering and Administration	9,396	7,390	16,786	15% of sub total
Physical contingency	7,204	5,666	25,739	All the above x 10%
Total	79,241	62,326	141,567	
Land acquisition	516	-	516	
Vessel	700	700	1,400	
Price contingency	34,529	41,278	75,807	
Grand Total	114,986	104,304	219,290	

(Unit: Rp. billion)

	Stage 1	Stage 2	Total
Foreign currency	32.0	28.8	60.8 (27.8%)
Local currency	83.0	75.2	158.2 (72.2%)
Total	115.0	104.0	219.0 (100.0%)

5.6 Preparatory Committee

The selection of Tanjung Lesung to establish a beach resort may cause a few problems that should be solved. Resentment by the local population of tourism has to be offset by more vigorous and active intervention. Planning, intervention and decision making should be examined at the national, regional and local levels. Attention should be given to ensuring that gains from tourism development should benefit local people as well.

In this sense, it is imperative to establish a preparatory committee jointly between government agencies and private interests to smooth the way for involvement of the aforementioned development bodies in the project. From government side, it is recommended that BAPPENAS, BAPPEDA, DPU, KHL, PDAM, PHPA, PLN, Transmigration, and others be included for the groundwork for implementation of the project. It would determine the control, regulation and intervention of the government through an overall approach to economic and social issues and set the role of respective agency in tackling them. Foremost issues would be the relocation of people, land acquisition and introduction of private sectors.

5.7 Development System

For implementation, it is recommended to establish a Development Corporation jointly between local government and private interests. Its main role would be mainly in the planning, construction, operation of public facilities and control of the project. Apart from the Corporation, private

commercial arrangement and operation of tourism facilities such as hotels, golf course and marina.

The experience of the Bali Tourism Development Corporation (BTDC) is an important asset and, as far as practicable, BTDC's advices should be actively sought.

Among its many duties, the Development Corporation will be organized as such to be able to handle two main tasks, the project pre-opening and post-opening duties. The broad outline of pre-opening duties are defined below:

- Securing necessary finance for the project,
- Staff recruitment and training,
- Preparing basic and detailed design,
- Completing all legal procedures,
- Completing necessary land acquisition,
- Promoting private investments,
- Tendering and signing contracts,
- Managing all aspects of development, and
- Promotional campaign in tourism.

In post-opening duties, the development corporations will have for main duties the following:

- Administration of the project,
- Marketing and promotion,
- Sales or rent of facilities,
- Operation and maintenance of public utilities and infrastructures, and
- Planning and development,
- Staff training.

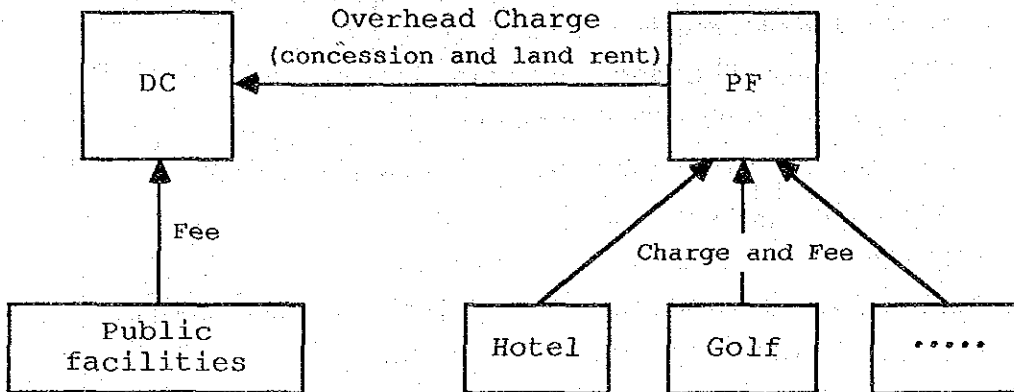
5.8 Expected Revenues and Expenditures

The basic projections of revenues by category are shown in Table 5-3. On the expenditure side, there will be personnel costs, material costs, utility costs, overheads, etc. The development cost by sector, the cash flow of the Development

Corporation and the cash flow of the private firms are shown in Table 5-4.

The flow of revenues, as shown in Fig.5-5, is classified into two categories. One is commercial earnings from hotel charges and the like for private firm and another from public facility fee and overhead charge on the above private firms for the Development Corporation.

Fig. 5-5 FLOW OF REVENUES



Notes: DC = Development Corporation
PF = Private Firms

Table 5-3 BASIC PROJECTIONS FOR ESTIMATION OF REVENUES
AT BEACH RESORT

(Rp. if not specified)

Premises	Units prices	Average number of persons per service	Hotel /1 guests	Villa /1 guests	Condo. /1 guests	Day /1 visitor
Hotel room	98,500-492,000	1.7	100%			
Hotel F&B	40,000-50,000	1	85%			
Cond. management	400,000/year 5,000/day	2.5		100%		
Villa management	500,000/year 6,000/day	2.5			100%	
Gate charge	200-500	1				100%
Shopping		average	10,000	5,000	5,000	3,000
Marina mooring	1,000,000- 2,000,000/year					
Marina sailing	20,000/times	2.5	5%	10%	5%	1%
Golf	50,000	1	5%	7.5%	7.5%	0.5%
Tennis court	5,000	4	9%	12%	12%	1%
Mini. golf	1,000	1	0.3%	0.5%	0.5%	0.5%
Transportation	2,000	1.5	10%	10%	10%	10%
Cruise for Krakatau	80,000	2.5	1.5%	1%	1%	0.5%
Field athletics	1,000	1	5%	2%	2%	7.5%
Horse riding	5,000	1	2.5%	1%	1%	0.1%
Theme park	500	1	10%	5%	5%	20%
Camping	500	1	2.5%	5%	5%	20%
Gymnasium	500,000		60 times a year			
Theater	1,000	1	52 times a year, average entrant 300			
Convention hall	2,000,000		12 times a year			

Note: /1 The figures in this column show the ratio of participants in the concerned service presented in the left column to whole guests by category.

5.9 Financial Analysis

Calculation of the financial internal rate of return (FIRR) on whole project shows that the project is financially feasible with a return of 18.2% as shown in the following table:

Table 5-5 CASH FLOW OF THE BEACH PROJECT (WHOLE PROJECT)

Year	Unit: Rp. million										
	Total revenue with price up 1/4year	Capital cost at current price			O & M cost at 1986 price				Total O&M cost at current price	Infrator	Net Profit
		Construction cost	Operation	Equipment	Employee	Material	Utility	Overhead			
1989	0	0	673	8% of C.cost	0	0	0	0	0	673	-673
1990	0	754	1927	(L/C30%)	0	0	0	0	0	2681	-2681
1991	0	762	1994		0	0	0	0	0	2756	-2756
1992	0	8862	15874		0	0	0	0	0	22736	-22736
1993	0	11606	30723		0	0	0	0	0	42329	-42329
1994	0	12012	31798	9199	0	0	0	0	0	53009	-53009
1995	38772	859	2250		1876	3469	3371	1103	9818	18818	1.60
1996	26433	889	2328		1876	3644	3410	1158	10088	19464	1.66
1997	27704	16278	41434		1876	3822	3450	1213	10361	74504	1.71
1998	32183	10844	29421	8344	1876	4006	3491	1271	10644	67492	1.77
1999	86087				2345	7665	5956	2489	18456	32885	1.84
2000	66055				2345	8033	4446	2699	17433	31221	1.90
2001	76676				2345	8549	4533	2731	18158	35714	1.97
2002	80249				2345	8942	4624	2858	18770	37079	2.04
2003	84616				2345	9362	4720	2992	19419	38522	2.11
2004	97395				2345	9786	4817	3129	20077	43781	2.18
2005	102082				2345	10398	4925	3279	20947	45857	2.26
2006	107891				2345	10979	5058	3466	21848	48006	2.34
2007	136821				2345	12522	5414	3964	24245	58617	2.42
2008	143001				2345	13081	5541	4143	25110	60907	2.50
2009	149334				2345	13653	5672	4326	25996	63256	2.59
2010	172846				2345	14246	5808	4516	26915	72148	2.68
2011	180282				2345	14853	5947	4710	27655	74888	2.77
2012	187875				2345	15476	6088	4908	28818	77697	2.87
2013	216895				2345	16142	6233	5111	29831	88657	2.97
2014	225664				2345	16788	6381	5317	30831	91872	3.08
2015	234609				2345	17447	6531	5528	31851	95157	3.18
2016	270226				2345	18119	6684	5743	32891	108379	3.30
2017	280532				2345	18803	6841	5962	33951	112142	3.41
2018	291032				2345	19501	7000	6185	35031	115981	3.53
2019	334528				2345	20211	7162	6412	36131	131997	3.65
2020	346600				2345	20934	7326	6643	37250	136387	3.78
										FIRR=	18.17%
										NPV(12%)=	89630

Note: Total cost at current price is calculated by following formula;

$$\text{Total cost} = \text{Capital cost} + \text{Employee} \times \text{infrator} + (\text{Material} + \text{Utility} + \text{Overhead}) \times \text{multiplier of revenue (given in Table 4-8-9)}$$

5.10 Economic Analysis

The Beach Resort project is considered to be a commercially viable business enterprise. The project will provide leisure activities, job opportunities, promote regional development and, in addition earn considerable amount of foreign exchange. The eventual EIRR on whole project would be 34.9% as shown in Table 5-6. The EIRR exclusive of consumer's surplus is 21.6%.

Table 5-6 ECONOMIC COST-BENEFIT STREAM OF THE BEACH PROJECT

Year	Revenues		Transportation benefit		Consumers surplus		Total rec. benefit		Foreign Ex. benefit		Cost		Benefit-Cost		Total	
	L/C	F/C	L/C	F/C	L/C	F/C	Million Rp.	1,000 US\$	Million Rp.	1,000 US\$	Million Rp.	1,000 US\$	Million Rp.	1,000 US\$		L/C
1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	14759	5777	1207	1207	739	13207	29173	6516	317	4695	925	1379	360	7094	1603	30136
1996	6504	6108	1226	1226	751	13412	21143	6858	317	4764	966	1400	366	7184	1649	13959
1997	6752	6441	1246	1246	762	13625	21622	7204	317	4831	1007	1422	372	7542	1693	14529
1998	7009	6788	1266	1266	775	13845	22120	7563	317	4898	1050	1445	378	7892	1747	15099
1999	25787	13866	2422	2422	1482	26491	54700	15349	317	4965	1093	1468	384	8246	1801	15679
2000	13919	14584	2462	2462	1507	26931	42712	16091	317	4999	1137	1491	390	8596	1855	16259
2001	13863	15318	2503	2503	1532	27385	43752	16851	317	5033	1181	1514	396	8946	1909	16839
2002	14429	16081	2547	2547	1559	27861	44837	17640	317	5067	1225	1537	402	9296	1963	17419
2003	15025	16885	2592	2592	1587	28350	45967	18472	317	5101	1269	1560	408	9646	2017	18000
2004	15631	17703	2638	2638	1615	28854	47123	19318	317	5135	1313	1583	414	9996	2071	18581
2005	16302	18504	2693	2693	1648	29457	48452	20253	317	5169	1357	1606	420	10346	2125	19162
2006	17140	19718	2775	2775	1698	30352	50266	21416	317	5203	1401	1629	426	10696	2179	19743
2007	19431	22559	3103	3103	1899	33942	56476	24558	317	5237	1445	1652	432	11046	2233	20324
2008	20226	23732	3163	3163	1936	34595	57934	25668	317	5271	1489	1675	438	11396	2287	20905
2009	21041	24832	3225	3225	1974	35277	59543	26806	317	5305	1533	1698	444	11746	2341	21486
2010	21867	25973	3289	3289	2013	35979	61155	27986	317	5339	1577	1721	450	12096	2395	22067
2011	22749	27138	3353	3353	2053	36682	62784	29191	317	5373	1621	1744	456	12446	2449	22648
2012	23630	28328	3417	3417	2092	37384	64431	30420	317	5407	1665	1767	462	12796	2503	23229
2013	24528	29544	3482	3482	2131	38087	66086	31675	317	5441	1709	1790	468	13146	2557	23810
2014	25444	30785	3546	3546	2171	38789	67779	32955	317	5475	1753	1813	474	13496	2611	24391
2015	26377	32051	3610	3610	2210	39492	69479	34261	317	5509	1797	1836	480	13846	2665	24972
2016	27328	33342	3674	3674	2249	40194	71197	35591	317	5543	1841	1859	486	14196	2719	25553
2017	28297	34658	3739	3739	2289	40997	72993	36947	317	5577	1885	1882	492	14546	2773	26134
2018	29284	35998	3803	3803	2328	41600	74686	38327	317	5611	1929	1905	498	14896	2827	26715
2019	30288	37366	3867	3867	2367	42302	76457	39733	317	5645	1973	1930	504	15246	2881	27296
2020	31310	38758	3931	3931	2407	43005	78246	41164	317	5679	2017	1954	510	15596	2935	27877

Note: Capital cost includes the cost of operation equipments.

BRUNO RATIO(12%) = -1911

EIRR = 33.42%

NPV(12%) = 63104

5.11 Environmental Impacts

Impacts on the natural environment would seem to be minimal with the establishment of a beach resort at Tanjung Lesung. There are no known species of rare or protected flora in the surrounding area and although Bantengs (wild oxen) inhabit the southern part of the region, their habitat is located about 8 km from the project site. Some other distinctive wild life such as Rusa (deer) and Hornbill (bird) are found in the region. As waste water will be treated before release, water contamination will be minimal, and as very few people, about 300, inhabit the area, social-cultural impacts from the project will not be a serious problem. Informal leaders seem to welcome the development of the area not only because of benefits derived from increase of job opportunities and consolidation of infrastructure, but also because the idea is familiar from an old belief that the Tanjung Lesung area would be developed some time in the future.

5.12 Relocation of People

Although no accurate data are available on population living in and around the project area, it is estimated that 300 persons or some 50 to 60 families would be affected by the beach resort at Tanjung Lesung. Most of the population are farmers and/or fishermen. Some settle there temporarily to gather wood for sale at Labuan.

When the project will start, it is anticipated that able body persons will be employed in construction works and later on will switch to other available jobs. However, as most families were settled in the area many years ago or have used land handed down for many generations, it would be necessary, and this will be the task of the preparatory committee, to induce them to move to other sites. The experience of transmigration could be useful in drafting such legislation.

Another method is to relocate people in the new village for employees nearby the resort. Villagers will be trained and educated to grow products to be consumed at the resort, to produce artifacts to be sold as souvenirs. To smooth relocation of those population, there is a need to prepare such incentives, besides reasonable compensation, as provision of job opportunities in tourism project, providing a new site with good accessibility from trunk road, laying water pipes and power lines from respective trunk lines, etc.

Furthermore, it would be helpful to provide necessary training and guidance on production of specific goods consumed in the Resort for additional incomes to relocated people.

CHAPTER 6 IMPROVEMENT OF CARITA BEACH

6.1 Present Conditions

Most of the land along the Carita beach is owned and developed by private enterprises and individuals resulting in the fact that access to the shoreline in many parts of the beach is restricted. Furthermore, the main traffic road is located close to the beach but no space is available for future expansion. There is presently a bungalow type hotel with a restaurant attached. The bungalow with other small hotels could provide 600 beds for night accommodation. Three public beaches are located to the north-eastern side of Carita but their facilities are minimal and could not accommodate the number of visitors during week-ends. It is a popular beach destination in West Java.

6.2 Improvement of Carita Beach

It is necessary to relocate the existing road further inland to make place for more space to improve the physical conditions of Carita beach. It is recommended to adopt the following plan for such improvement:

- Present traffic will be diverted to the new relocated route.
- Land between the coast and the new road would be consolidated to create new space for public use, accommodations and facilities for tourists.
- New hotels, villas and guest houses will be constructed to add 400 beds to the existing 600 for a total of 1,000 beds.

- Public conveniences, public beaches, picnic areas, rest houses, playground, parking lots, etc. will be provided.

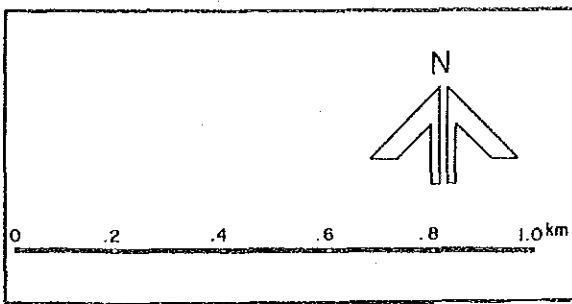
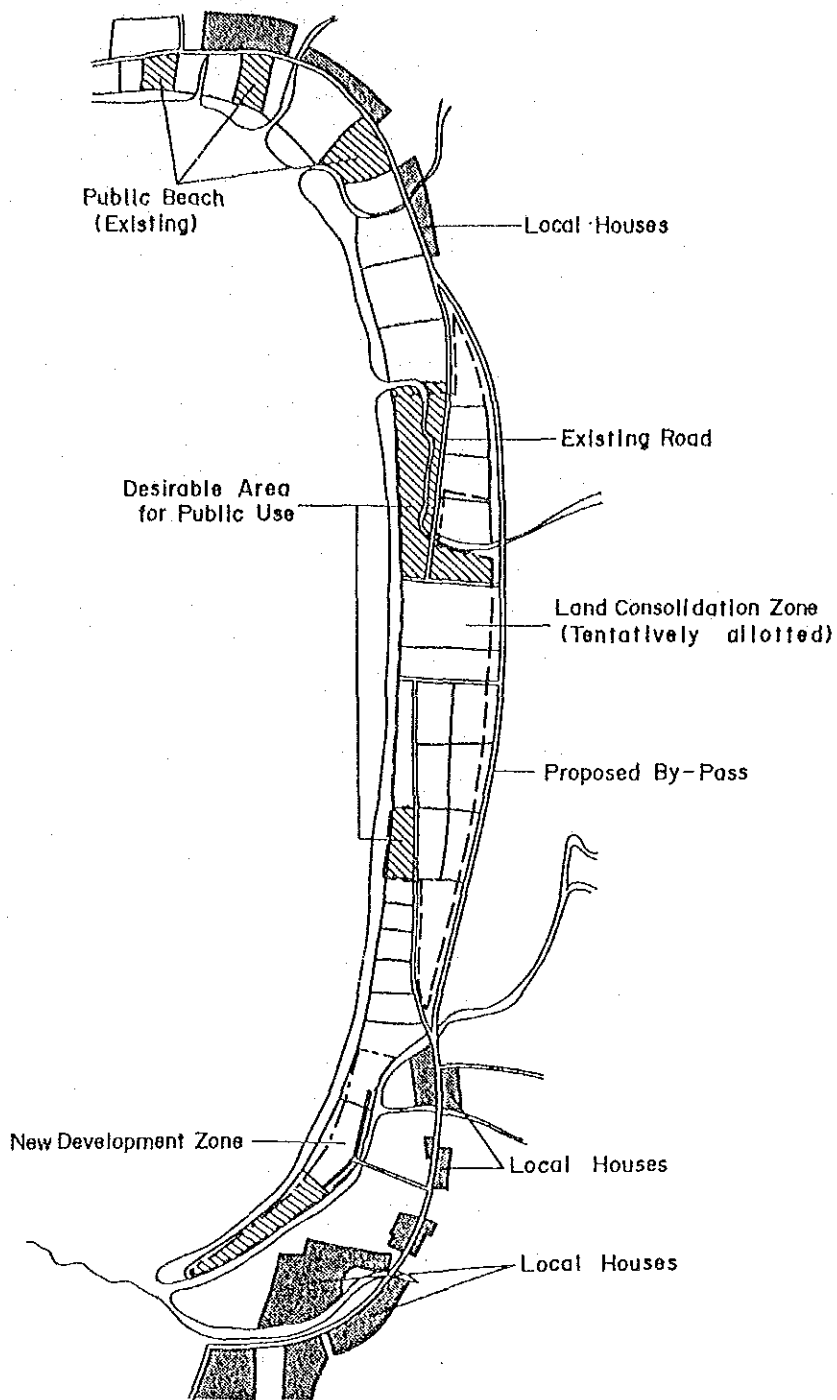
- Strict regulations should be enacted and enforced by local government with the cooperation of the local population to establish:


- Setback line from the shore line
- Ratio of building coverage to the site
- Ratio of nature conservation to the site
- Removal of unscentic obstacles.

6.3 Method of Implementation

The most important question is how to acquire land for public use, i.e. new by-pass road, picnic area, playground, public facilities, etc. In present circumstances, it is recommended that land acquisition should be based on a combination of land consolidation and expropriation of unused land.

For land consolidation, it is recommended to form an association of land-owners under the control of local government. Re-allotment of land will be planned by the association. Fig. 6-1 shows the proposed improvement plan for Carita beach.




 DEPARTMENT OF TOURISM, POST AND TELECOMMUNICATION
 DIRECTORATE GENERAL OF TOURISM
 JAPAN INTERNATIONAL COOPERATION AGENCY
 THE STUDY ON THE REGIONAL DEVELOPMENT PROJECT
 IN THE WESTERN PART OF JAVA
 Fig. 6-1
 PROPOSED DEVELOPMENT PLAN
 FOR CARITA BEACH AREA

VOLUME ①
**EXECUTIVE SUMMARY
REPORT**

