9.3 STRATEGIES, OPERATIONAL OBJECTIVES AND MAJOR COMPONENTS OF THE SUBSECTOR ACTION PLAN

In line with the development needs of the Study Area as a whole and the needs of the SSE sector, the following operational development objectives of the SSE sector action plan are defined. [10]

Operational Development Objective 1
Sustainable SSE sector development with emphasize on employment creation and equity in rural and urban areas, which is based on the "Kalimantan System", and which is geared toward increasing the long-term competitive ability of the SSEs.

Operational Development Objective 2
Toward that end, strengthening of the relevant financial and non-financial sector SSE support services structure at various Provincial levels is an absolute prerequisite.

As mentioned earlier, existing SSE support projects provided by the international donor community use a variety of strategies and approaches to support SSE development [11], the main difference being in entry point (for example improving access to financing only) and depths and scope of support activities.

The SSE sector action plan should rather use a holistic strategy and approach using the Provincial boundaries as a delineator for the project's potential group of beneficiaries. It has to be investigated, whether the action program for the two Provinces could be linked with the on-going national level action plan under preparation (see above), and whether the two Provinces could be included into the proposed Provincial level action plans as holistic Provincial pilot action plans for outer island SSE development.

Given such holistic approach, the major sector plan components would typically comprise :

Component 1
Policy and Overall Enabling Environment Sector Plan Component.

[10] Though the same or similar definitions are relevant for other Provinces, regions, localities, or national level SSE sector development.

[11] See Section 7 "Existing Conditions" for details.

Component 2

Support Services Structure Component Comprising Two Major Sub Components :

- Financial Support Mechanisms, and
- Non-financial Sector Support Mechanism.

Component 3

Provision of Direct Technical Assistance to Promising SSEs.

Within the different sector action plan components there would typically be the following principal activity blocks following a rough sequencing as outlined thereunder :

9.3.1 Phase 1 of Sector Action Plan Implementation

The sector action plan covers, in principle, in line with the above identified major action plan components, the following main activity blocks :

- Provision of technical assistance [training; on-the-job training; management assistance, assistance in technology sourcing, and so on] to selected promising SSEs
- Implementation of pilot projects for selected commodity processing
- Investment and working-capital financing
- Machinery and equipment assistance
- Assistance in raw material sourcing
- Assistance in marketing and market information; and
- Assistance in modernization, where and when needed.

The action program would be geared to generate the following typical outputs : (the listing does not suggest any phasing, sequencing or prioritization) :

(1) Relevant to Component 1 :

- **Output 1.** A basket of identified constraints, obstacles and restrictions within the policy objective instrument mix and the general regulatory frameworks, which impedes on the sustainable development of the SSE sector
- **Output 2.** Based on the above, a basket of policy and other regulatory relevant recommendations, which would remove such obstacles, including a rough sequencing of policy and regulatory environment adjustments and an assessment of their likely impact, and
- **Output 3.** A cross-country policy and incentive system analysis with a view to identify in a number of selected countries "prevailing best-practice" system approaches, and therefore "lessons to be learned" for the approach to be adopted in the long-term under the project.

(2) Relevant to Component 2 :

- **Output 1.** Evaluation of the overall relevance of the existing SSE support approaches and structures in the target Provinces, including an in-depth assessment of the relevance of the existing structures to meet SSE short- to long-term development needs, and general and specific impeding factors on both, the supply and demand sides
- **Output 2.** Based on the above, identification and adoption of a basic structure for the delivery system. The system should be designed in a way that is geared toward meeting short-, medium and long-term development needs and long-term sustainability of the system itself, and it should be based on self-help principles. The system should be, to the extent possible and suitable, integrated and/or interconnected with existing suitable SSE promotion schemes, and
- **Output 3.** Test the adequacy and overall suitability of the delivery system through the implementation of a pilot project.

(3) Relevant to Component 3 :

- **Output 1.** Identify short-term action priority target group SSEs and commodities (a guiding principle may be to keep as many promising SSEs alive as possible [short term stabilization measure]), including an in-depth assessment of their assistance needs
- **Output 2.** Arrange liaison and twinning arrangements with existing suitable and functioning support mechanisms (realization of synergies)
- **Output 3.** Provide direct and systematic technical assistance to the priority target group SSEs
- **Output 4.** Establish a reliable data base on the SSE sector comprising key structural and performance data, and
- **Output 5.** Lay the groundwork in terms of future promotional activities, project and program organization, and data organization for Phase 2 of the action program.

9.3.2 Phase 2 of Sector Action Plan Implementation

The basic assumption for this phase is, that the economic crisis will have been overcome, and that the economy is back on a growth track, though this is likely to be at a lower growth performance level than before.

The development issue in this phase is the full promotion of the SSE sector's development potential.

The action program should comprise the following principal outputs :

- **Output 1.** The results of the pilot phase have been evaluated, and the basic structure of the delivery system has been fine tuned where needed (optimization of delivery mechanism structure and procedures)

- **Output 2.** The self-help system in accordance with the items above has been established and completed
- **Output 3.** The coverage ratio of target group SSEs and commodity groups covered and/or to be addressed during this phase has been enlarged
- **Output 4.** The assistance provided has been geared away from "survival" toward market-oriented and cost efficient structures, and emphasize is placed on community development, and
- **Output 5.** In line with needs, technology (process and product) and management development, and technical skill training are intensified.

9.3.3 Phase 3 of Sector Action Plan Implementation

The basic assumption for this phase is that the SSE sector's economic activities are firmly embedded in a self-help and delivery mechanism structure. In other word, a suitable "enabling environment (delivery mechanism plus policy incentives)" is in place. The phase may be called "continuous fine-tuning phase".

The action program during this phase should comprise the following principal outputs :

- **Output 1.** Sustainability of the delivery system, that is full independent functioning after project completion is secured
- **Output 2.** Support services have been geared toward the strengthening of the SSEs adoption capability (innovation capability in terms of process and product), and
- **Output 3.** Overall results of the project under cost-benefit and cost-effectiveness criteria have been achieved.

9.4 EXISTING CONDITIONS, ON-GOING PROJECTS, AND EXISTING PLANS

The formal and non-formal small scale industrial sector in both Provinces carries a considerable weight in terms of number of establishments, employment, investment, and production value. This sector may not be of strong relevance from an overall real growth oriented perspective, that is in terms of contribution to GRDP and/or modern sector manufacturing growth; but it is essential in terms of employment absorption and equity considerations. There have been, in West Kalimantan for example [12], some 12,047 registered small scale enterprises (SSEs) in FY 1996/97, employing some 35,520 people, and producing an output with a production values of about Rupiah 133 billion (Table 9.4.1 refers).

Table 9.4.1 Prevailing Structure of SSE's in West Kalimantan in 1996/97

BROAD SECTOR CATEGORIES	UNIT	No. of Enterprises	Employment	Total Investment *)	Production Value**)
FORMAL SSE SECTOR	No./Rp.	4,326	17,969	56,054.0	113,426.0
	%	35.9	50.6	79.7	86.6
NON-FORMAL SSE SECTOR	No./Rp.	3,686	6,523	12,813.0	12,639.0
	%	30.6	18.4	18.2	9.6
SSE's IN CENTER	No./Rp.	4,035	11,028	1,430.0	4,968.0
	%	33.5	31.0	2.0	3.8
TOTAL	No./Rp.	12,047	35,520	70,297.0	131,033.0
	%	100.0	100.0	100.0	100.0

Source : JICA Study Team compilation, based on BAPPEDA data.
Notes :
1) Total investment in million Rupiah.
2) Production value in million Rupiah.

Small scale SSEs in the field of agricultural and forestry products related economic activities dominate across the board of formal, non-formal, and SSE center SSEs (Tables 9.4.2 to 9.4.4 refer).

[12] Data on West Kalimantan are used here as a proxy for the situation in both Provinces, since their data are relatively well organized.

Table 9.4.2 Sector Distribution of the Formal SSE Sector in West Kalimantan in FY 1996/97

(Unit : percent of Total)

Broad Sector Categories	No. of Enterprises	Employment	Investment	Production Value
A. SMALL SCALE PRIMARY	37.22	50.64	61.91	63.04
B. SMALL SCALE VARIOUS	23.16	17.94	12.80	10.01
C. SMALL SCALE METAL/CHEMICAL	39.62	31.42	25.29	26.95
TOTAL FORMAL SECTOR	100.00	100.00	100.00	100.00

Source : JICA Study Team computations.

Table 9.4.3 Sector Distribution of the Non- Formal SSE Sector in West Kalimantan in FY 1996/97

(Unit : percent of Total)

Broad Sector Categories	No. of Enterprises	Employment	Investment	Production Value
A. SMALL SCALE PRIMARY	54.83	56.86	57.95	60.49
B. SMALL SCALE VARIOUS	30.95	27.36	30.45	27.86
C. SMALL SCALE METAL/CHEMICAL	14.22	15.77	11.60	11.65
TOTAL NON-FORMAL SECTOR	100.00	100.00	100.00	100.00

Source : JICA Study Team computations.

Table 9.4.4 Sector Distribution of the SSE Center Sector in West Kalimantan in FY 1996/97

(Unit : percent of Total)

Broad Sector Categories	No. of Enterprises	Employment	Investment	Production Value
A. SMALL SCALE PRIMARY	71.38	77.00	78.95	81.54
B. SMALL SCALE VARIOUS	19.26	12.57	11.26	9.04
C. SMALL SCALE METAL/CHEMICAL	9.37	10.43	9.79	9.42
TOTAL SSE CENTER SECTOR	100.00	100.00	100.00	100.00

Source : JICA Study Team computations.

Small scale agricultural and forestry related activities account for well over 50 percent of employment, investment, and production value in all three SSE categories, indicating the strong linkage between SSEs and the primary sector of the economy. Second in rank in terms of employment, investment, and production value are small scale metal working and chemical related economic activities, followed by various other sector related small scale activities.

Table 9.4.5 summarizes the investment amount needed, in order to create one employed person/one job, and it shows the interrelationship with production value generated by this single employed individual.

Table 9.4.5 Potential Within the SSE Sector

(Unit : as indicated)

Broad Sector Categories	Investment Needed (Mio. Rp.)	Production Value Generated (Rupiah)
A. FORMAL SECTOR		
Small Scale Primary	About 3.8 million	About 78.6 million
Small Scale Various	About 2.2 million	About 3.5 million
Small scale Metal/Chemical	About 2.5 million	About 5.4 million
Sub-Total	about 3.1 million	About 6.3 million
B. NON-FORMAL SECTOR		
Small Scale Primary	About 2.0 million	About 2.3 million
Small Scale Various	About 2.2 million	About 2.3 million
Small scale Metal/Chemical	About 1.4 million	About 1.7 million
Sub-Total	About 2.0 million	About 2.2 million
C. CENTER SSEs		
Small Scale Primary	About 0.13 million	About 0.5 million
Small Scale Various	About 0.12 million	About 0.3 million
Small scale Metal/Chemical	About 0.12 million	About 0.4 million
Sub-Total	About 0.13 million	About 0.5 million
TOTAL AVERAGE	About 2.0 million	About 3.8 million

Source : JICA Study Team computations.

Not surprisingly, these data are consistent with the fact that the investment volume needed and production value generated per one job/one employee in general decreases down from the formal, to the non-formal, and eventually the center based SSEs. However, the data also indicate the quite large potential inherent in a structured development of the small scale enterprise sector. This is not only indicated by the modest investment amounts needed to create one job (ranging from about US dollars 281 in the small scale primary formal sector, to US dollars 9 among the small scale metal/chemical center SSEs; at current exchange rates), but also the very favorable ratio between investment needed and production value generated.

The absolute highest ratio is in the small scale primary formal sector SSEs, where every invested Rupiah generates about 21 Rupiah of production value. The formal sector SSEs on average generate 2 Rupiah production value for every Rupiah invested, those of the non-formal SSEs generated 1.1 Rupiah per every one Rupiah invested, and the SSEs in the center about 1.9 Rupiah on average.

Figure 9.4.1 summarizes potential product groupings, which have, according to a recent survey undertaken in 1998 [13] high potential for SSEs in Central Kalimantan.

[13] As per source quoted under Figure 9.4.1.

Figure 9.4.1 Potential Product Groups for SSEs in Central Kalimantan

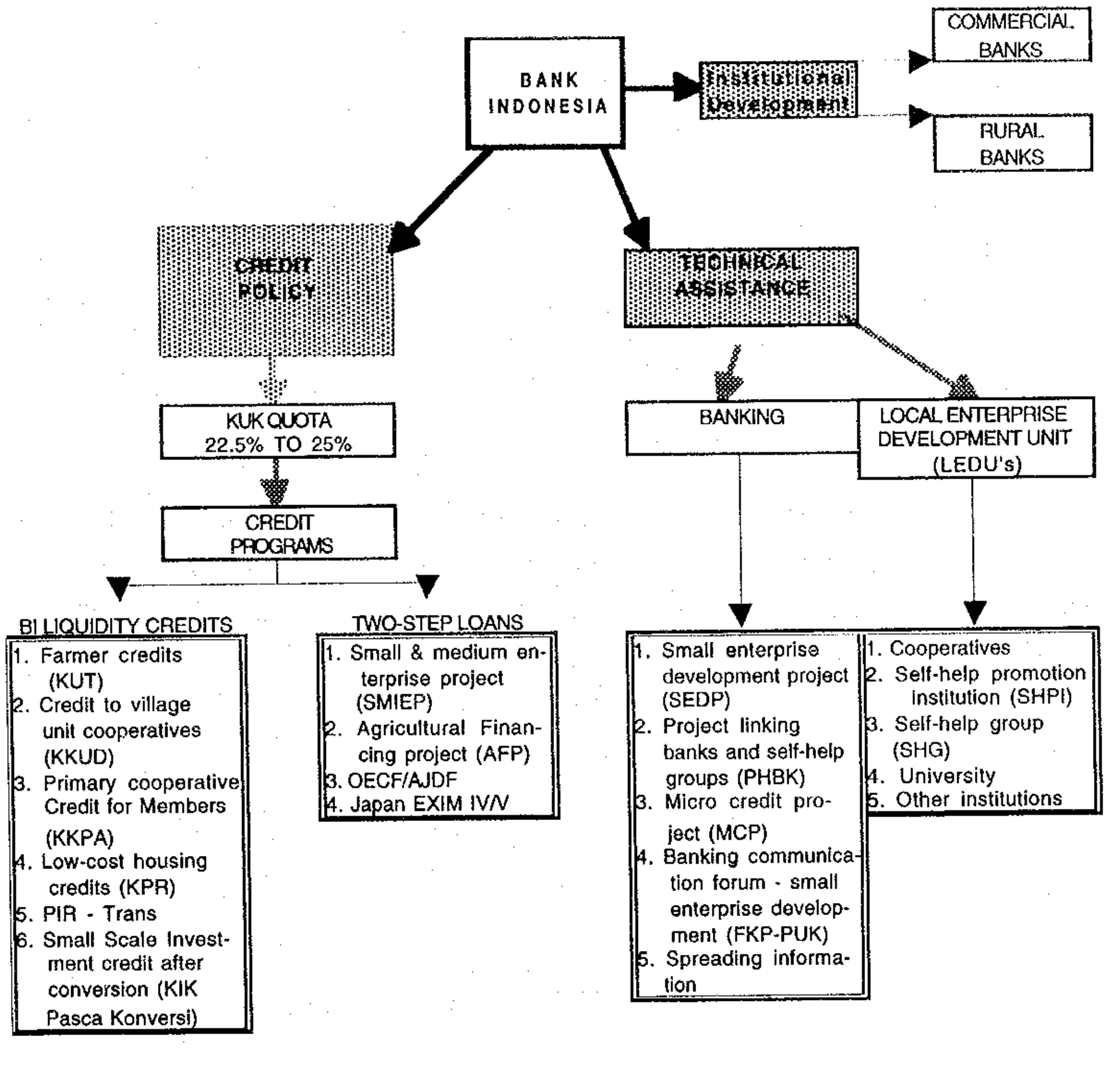
PRODUCT GROUP	NORTH BARITO	KAPUAS	EAST KOTAWARINGIN	SOUTH BARITO	WEST KOTAWARINGIN	KMP
FOOD PRODUCTS	Corn, tuber, vegetables	Rice, fruits	Rice, fruits	Vegetables, rice	Vegetables	
PLANTATION	Coconut; rubber coffee	Rubber	Coconut; coffee rubber	Rubber, coconut	Coconut	Coffee
ANIMAL HUSBANDRY	Chicken	Chicken	Cows, chicken	Cows	Chicken	Chicken
FISHERY *)	Ikan mas; jelawat patin	Ikan mas; nila	Jelawat; gabus	Pipih	Lobster, river fish	Goldfish, jelawat
FORESTRY	Resin; rattan row wood		Resin	Rattan; jelutung wood	Rattan	Rattan
MINING	Coal		Gold	Coal	Amethyst	Class "C" minerals
MANUFACTURING	Wood furniture; beancurd	Rubber; beancurd; plaiting; jelutung wood; workshops	Blacksmith; coconut oils; furniture; workshops	Food from fish	Plaiting; rattan; furniture	Building materials; food; cake; workshop
CONSTRUCTION	Roads; bridges building	Roads; bridges building	Road, bridge; other services	Roads; bridges building	Roads; bridges building	Building; Services

Source: W.M.Usop : The Profile of Small Business in Central Kalimantan; Universitas Palangkaraya, 1998.
Note: *) These are local fish names.

The existing financial and non-financial SSE support structure with its major elements is depicted in Figure 9.4.2. At the center of the of the current system stands Bank Indonesia, which follows since 1990 a credit policy [14] that obliges banks to allocate and lend between 22.5% to 25% of their loan portfolio to SSEs. Various on-going financial and technical assistance projects are operational in support of this policy direction.

[14] This policy is based on a BI decree, which was issued in 1990, and which is still in force guiding BI policy toward SSEs and the banking sector.

Figure 9.4.2 Existing Support Structure and Schemes Under BI's SSE Credit Policy



Source : JICA Study Team, based on BI data.

In addition to the above on-going schemes, there are other programs and projects, which have already been added to the SSE support basket, or which are currently under consideration by the donor community for approval. They are :

- Export guarantees for German suppliers. Soft loans for SMEs. Added in July, 1998. The project provides export guarantees for German companies and concessional loans for small and medium Indonesian enterprises, especially for environmental projects. Donor : FRG.
- Assistance to APINDO. Technical Assistance to the employer's organization, in order to assist SME owners in selected sectors. Added in July, 1998.

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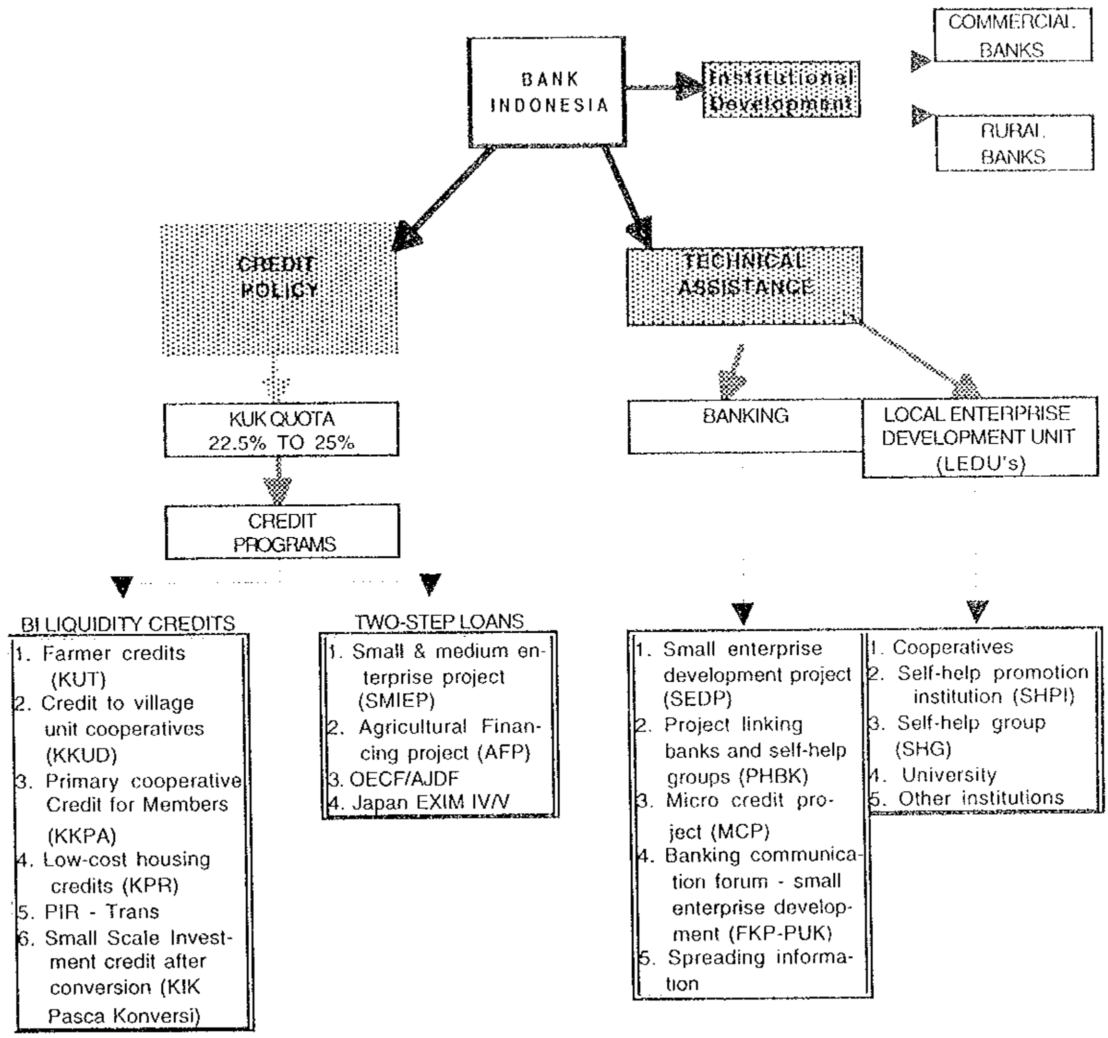

Source : JICA Study Team, based on BI data.

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- Assistance to APINDO. Technical Assistance to the employer's organization, in order to assist SME owners in selected sectors. Added in July, 1998.

Export Promotion Devices for SMEs.

Added in July, 1998. The project aims at supporting the survival and growth of SME clusters in several Provinces through sector/cluster specific and decentralized business initiatives supporting the upgrading of business operations of numerous SME clusters.

Urgent follow-up to the industrial sector program review mission : diagnostic survey on leather and leather goods.

Added in July, 1998. The project is to initiate the formulation of a technical assistance program addressing aspects of product development, technology, quality management, and capacity building in the leather products industry. The project will define a strategy for the leather industries' sector to enhance export performance. Donor : UNIDO.

Social and Community Development Fund.

Added in July, 1998. Funding for small scale development projects in such areas as income generation, micro-enterprise/micro-credit schemes, literacy and community/social development, development of women, NGOs and poor rural and urban. The project will be primarily focused in Eastern Indonesia. Donor : New Zealand.

CHAPTER 10

TOURISM

CHAPTER 10 TOURISM

10.1 ISSUES

The tourism sector in Indonesia has played important roles in terms of employment creation and foreign exchange earnings. More than 5 million foreign arrivals were recorded in 1996.

Due to the economic crisis being experienced, the Indonesian government put more effort on promoting in a short and medium term resource based and labor intensive industries. The tourism sector is expected to contribute to economic recovery and employment generation.

At present, a large part of foreign tourists concentrate on Java and Bali. Tourist arrivals to the whole of Kalimantan is less than two (2) percent at present. It is estimated that half of the foreign visitors are coming in West Kalimantan. East Kalimantan is the next large foreign visitors' destination in Kalimantan.

Tanjung Putign National Park in Central Kalimantan is one of the most famous National Parks in Kalimantan which attracts foreign tourists, especially nature oriented tourists from Western countries. Although there exists an attractive tourism resource like Tanjung Puting, the number of foreign tourists visiting Central Kalimantan is still very limited. It is estimated that the number of foreign visitors to Central Kalimantan is not more than 15 thousand in a year.

Development issues in the Study Area are summarized below.

10.1.1 Vulnerable Tourism Resources

The tourism resources in Kalimantan are known by their rich natural environment with a wide variety of flora and fauna. The traditional culture and social environment has developed based upon such natural environment, especially the vast tropical rain forest has covered almost of all the island. On the other hand, natural conditions of Kalimantan are not suitable for mass tourism. There is no comparative advantage for resort type development for foreign tourists bases.

Unique and scientifically valuable natural resources are the wetlands upstream of the Kapuas river. It will be quite attractive for some scientists or special interest group of tourist. But it is a quite vulnerable environment and not suitable for recreation oriented tourism.

Historical towns and cultural assets also located at the northern coast of West Kalimantan. Again, most of them are small scale and less attractive for foreign tourists. In other words, they are not attractive enough for coming to Kalimantan as a main purpose of the trip.

Large-scale logging and land development deteriorate the natural environment. It is also means the deterioration of tourism resources, both for natural and cultural tourism resources.

Most of the cultural and historical tourism resources are dispersed and most of them are small scale. Although most of the cultural tourism resources are based on the peoples' customs and traditions, recent changes in the social environment due to economic development reflect upon their life style and social environment.

10.1.2 Under Development of Tourism Industries

The tourist distribution in the Study Area is uneven. Most of the tourists concentrated at the northern coast and Pontianak City in West Kalimantan, and Tanjung Puting and Palankaraya in Central Kalimantan. Although the image of Kalimantan or Borneo is traditional clutter and unique society of Dayak peoples' life, very few foreign tourist visit the tourism attraction places identified by the provincial governments.

It can be said that tourism is recognized as an economic sector at very limited places like Pontianak, Palankaraya, Pangkalanbun, and some of the Kabupaten centers. Kalimantan is not a popular tourist destination in Indonesia.

There are many potential tourism area and assets recognized by the government and private sector. However, they have not less developed as tourism products. Since the tourism products to be developed will be small and medium scale type development, it will not be suitable for large investment by private enterprises.

Community based development or peoples' participation to the development together with community development will be most suitable for development for these types of tourism products. However, persons who are knowledgeable about such tourism industry are not available at the place. Also tourism has not been recognized by the community as an economic activity.

Tourist generating countries, in other words the tourism market for Kalimantan is limited. In case of West Kalimantan, most of the foreign tourists are coming from ASEAN countries, especially from Malaysia. More than 60 percent of foreign tourists are from ASEAN, and 90 percent of this is from Malaysia. More than half of foreign tourists which have been coming to West Kalimantan can be considered short haul destination from Malaysia just across the border.

Foreign tourist coming to the Study Area are not ordinary recreation oriented tourist. They appreciate unique natural cultural and historical objects by special interest. They are categorized as Special Interest Groups (SIG).

10.1.3 Under Developed Tourism Infrastructure

There is no large tourist resort area in Kalimantan, because of the characteristics of the tourism attractions promoted in Kalimantan, limited accessibility, insufficient tourism infrastructure such as access road, tour operators and agents, information centers, western standard clinics, communication facilities , safe and clean living environment, and so on.

Tourist bases are usually Provincial Centers and some Kabupaten Centers, where accessibility is basically good, and basic tourism facilities and infrastructure are available.

There is no established tourist base for mass tourism, though Pontianak in West Kalimantan receives a large volume of tourists. However, mass tourism is not an appropriate direction of tourism development in the Study area, due to the type of tourism resources and potential tourism products. Village tourism, eco-tourism and cultural tourism should be promoted. The type of tourism industries appropriate for this kind of tourism should be Small and Medium Enterprises (SME), based on local community participation.

Provision of basic infrastructure and facilities is necessary for tourism promotion in the rural communities, even though the tourist usually selecting this type of tourism accepts local standard facilities. Minimum facilities to be provided will be safe access to the destinations, safe water, clean toilets, and clean and safe sleeping places (simple bed and mosquito net with clean mattress).

In consideration of this type of tourism resources, the scale of the development, target market and tourism infrastructure to be available, marketing strategy and market promotion will be the key factor for the tourism development of the Study Area. Applying modern technology like Internet communication should be considered for market promotion.

10.1.4 Lack of Human Resource Appropriate for Tourism Development

Regardless the type of tourism, the most significant factor for tourism is the people, who receive the tourists. This is so, because, the type of tourism to be developed in the Study Area should be a highly intellectual type of tourism. The foreign tourists, who intends to come to the Study Area, are expected to be special interest groups, especially for village tourism, cultural tourism, and eco-tourism. They usually do not expect luxury facilities and food but intellectual/ cultural stimulation.

The tourist guide is the most important person for the development of tourism in the Study Area. For village tourism, the person, who can understand the tradition and culture of villagers and ability to explain to the tourist by scientific knowledge, is the most important. In case of village tourism in the upland area communities, the guide should be able to explain the traditional agriculture (swidden agriculture) with deep appreciation of natural conditions and method of cultivation, traditions and culture in conjunction with their life style and scientific means, and so on.

In addition to the guides, the persons, who understand the nature of tourism industry is an important factor. Market promotion, facilities management (even they are basic and simple), personnel training (other than guides) are major tasks to be implemented. The most significant factor to be extended to the villagers' is nature of business of tourism industry. It is a kind of hospitality business and should be worth for paying by the targeted tourists.

10.2 OBJECTIVES

Following objectives and strategies are identified based on the existing conditions, development potentials, as well as constrains and issues:

1) To conserve and rehabilitate the environment and tourism resources
2) To increase regional income by utilization of the natural and cultural tourism resources
3) To enhance redistribution of income to the rural area by creation of income opportunities
4) To generate employment opportunities in the rural area
5) To generate a budget for community development through the introduction of tourism development.

10.3 STRATEGIES

Tourism development strategies are set as following:

(1) To conserve the natural and social environments in conjunction with tourism development. (resource oriented tourism)

Tourism development in Kalimantan including the Study Area should be resource-oriented instead of market-oriented tourism. Market oriented tourism is creation of tourism attractions near to the large market. It usually requires heavy investment by international enterprises, or large local organizations involvement.

The tourism resources in the Study Area depend largely upon the natural conditions. Social and cultural tourism attractions are also a reflection of the natural conditions of Kalimantan. (Kalimantan system). Degradation of the natural environment causes the degradation of socio-cultural values to attract tourists. Conservation of the natural environment is significant not only for economic development but also for conserving the traditions and culture of the people in Kalimantan.

Natural environment conservation should be implemented in coordination with the forest conservation program, watershed management, and agriculture development.

Social and cultural conservation should be considered in conjunction with rural community development and agricultural development.

(2) To develop and improve tourism attractions especially Eco-tourism and Village-tourism type products. (Alternative tourism oriented)

The conventional mass tourism is not appropriate to be introduced in the Study Area. It requires heavy investment, large scale development and international operation and management systems. Tourism resources, infrastructure availability, and market to be targeted will not agree with such development. Instead of the conventional mass tourism development, the concept of alternative tourism should be promoted.

Alternative tourism is an experiment for a better tourism development at a smaller scale, more local opportunities, less economic leakage, and fewer undesirable impacts such as environmental deterioration, price hikes for local people, cultural and morale degradation, and enlargement of an economic gap.

(3) To promote small and medium scale tourism industries in the rural area for development of rural communities with community participation. (suitable for 1) and 2) above)

Tourism facilities, such as accommodations, restaurants, information center, souvenir shops, and so on, to be promoted should be small and medium scale. This is, because of the characteristics of the tourism resources and type of tourism to be promoted as described above.

Basic infrastructure, such as water supply and sanitation system is necessary not only for tourism development, but also for all the rural communities. One of the main constraints for provision of such basic infrastructure is the operation and maintenance cost after installation of the facilities. Income generated by tourism should be able to cover a part of such recurrent cost.

For example, provide accommodations with minimum requirements by a community. Operation and management should be carried out by the members of community. Thus, it provides some employment opportunities, and profits from tourism will cover a part of operating cost for infrastructure.

(4) To promote international and domestic tourists to Kalimantan by provision of modern communication system (INTERNET) . targeted to the market segment of Special Interest Group (SIG)

Targeted market of SIG are dispersed all over the world and the volume of tourists that can be promoted, is not large. Market oriented type tourism promotion will not be efficient in terms of cost and time required. On the other hand, the potential tourists interested in a destination like Kalimantan are usually expected to be intelligent. They are usually familiar with modern communication tools, such as computer. The internet will be one of the efficient promotion tools, if sufficiently designed and compiled information is provided on the network.

(5) To provide training and education opportunities for tourism industry management and operation for the people in the rural communities. (Human resource development in the rural communities)

The key personnel to be trained in the Study Area to be involved with tourism development in the Study Area are tour guides and manager/ trainer.

Because of the characteristics and type of the tourism products to be developed in the Study Area, the number of tourists in one group of tour will usually be small. It will be less than 10 persons in a group. The average size of the guided tourists group will be 4 to 6 persons. The required skill level and knowledge of tour guides should be quite high. It will not be feasible to provide tour guide at the each tourism site.

A systematic tourist guiding system should be created. The required number of tourist guides who cover one package of tour, will be ranging from 20 to 50 in the Study Area in a midterm. Tour guide at site or at the tourist spot are also very important. They are usually senior member of villager, who know the traditions and history of the tourist attractions.

Training and a licensing system for tour operator/ guide and basic training on tour guide and/ or story teller at local community are the key development program.

Other significant persons are local community member, who knows about tourism as a business. He or she should be able to manage accommodations, marketing promotions, souvenir development and so on. What are tourists' needs, what can be provided by the community, and pricing on the provided services are main concerns. A kind of extension service or education/ training program with financial assistance should be formulated.

10.4 Development Framework

10.4.1 Target Number of Tourists to the Study Area

The number of tourist arrival to the Study Area both foreign and domestic tourists are estimated. These preliminary estimations are calculated base on the GDP growth rate in service sector and assumed tourist arrival at present.

For Central Kalimantan, number of foreign tourist arrivals is calculated based on arrival to Tanjung Puting National Park, sheets availability of the air services to Palangkaraya and Banjarmasin.

For the domestic tourists arrivals are assumed to be almost same number as foreign tourist in West Kalimantan, in accordance with number of domestic tourist stayed in hotels in 1995. It is estimated that the domestic tourist arrival will be 2/3 of foreign tourist in Central Kalimantan, because of less variety of tourism attractions especially urban related amenities.

The preliminary or tentative target number of tourists arrivals to the Study Area are set as shown in the following tables. Number of tourist, total of foreign and domestic, coming to the study area expected to be increase from 108 thousand at present to 270 thousand in the year 2018.

Table 10.4.1 Target Number of Foreign Tourist Arrival to the Study Area

Unit: '000 person

Year	1995	2003	2008	2018
West Kalimantan	43.8	49.1	61.5	107.0
Central Kalimantan	15.0	18.7	23.0	39.6
Total	58.8	67.8	84.5	146.5

Note: Preliminary estimation by the Study Team
Source: Provincial statistics of West and Central Kalimantan 1996

Table 10.4.2 Target Number of Domestic Tourist to the Study Area

Unit: '000 person

Year	1995	2003	2008	2018
West Kalimantan	40.0	44.9	56.1	97.7
Central Kalimantan	10.0	12.5	15.4	26.4
Total	50.0	57.3	71.5	124.1

Note: Preliminary estimation by the Study Team

10.4.2 Priority Tourism Development Areas

The tourism development should be coordinated with other development and conservation projects and programs, because the type of tourism development is use the natural and social, cultural environment created by the activities by the other sector.

For example access to the traditional swidden agriculture village will be provided by a part of agriculture development and rural community development program. Natural tourism resources or attractions should be coordinated with conservation plan and research program. It is almost impossible to provide the necessary facilities and infrastructure only for tourism development.

In conjunction with the regional development plan and projects and programs formulated in other sectors, following areas are considered to be the priority tourism development areas. These priority areas should also include the conservation of tourism resources.

a) Northern West Coast Historical and Cultural Tourism Zone
b) Southern West Coast Nature Tourism Zone
c) Tanjung Puting / Sembuluh Lake Nature Tourism Zone
d) Sentrum Eco-tourism Zone
e) Upland ecological corridor Village tourism Zone
f) North Barito Village Tourism Zone

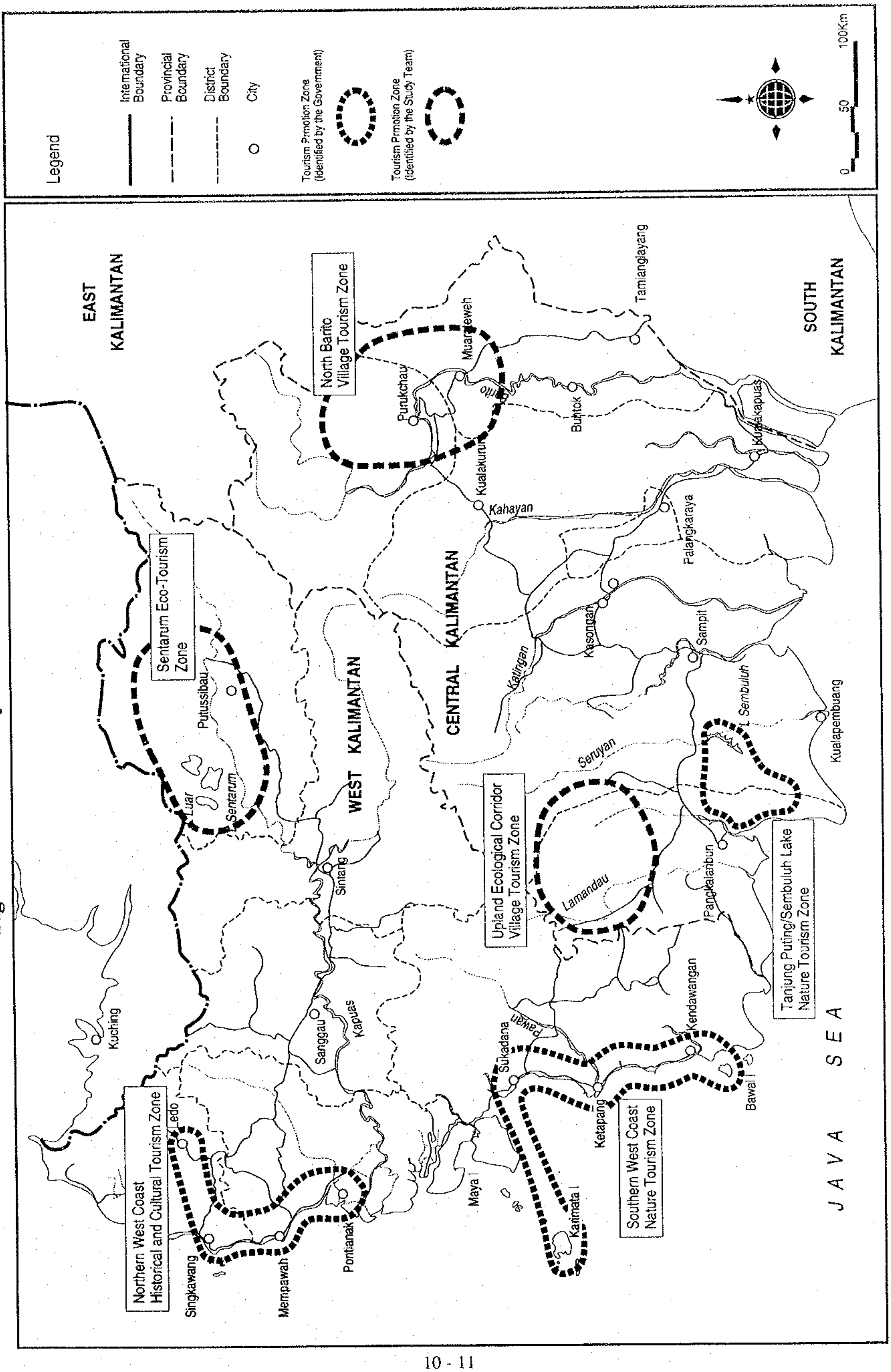
The development zones of a), b), and c) listed above are already identified as priority tourism development zones. Most of them are already receiving foreign and domestic tourists at present. Expansion and improvement of tourism products are main concern.

The development zones of d), e), and f) are newly selected by the Study Team. Newly proposed zones are identified and selected by following criteria.

- Uniqueness of the resource
- Possible coordination with conservation/ development programs
- Accessibility at present or possibility of access improvement in near future
- Integration with existing tourist attraction zone or products

Figure "Priority Tourism Promotion Zones" shows the priority development areas.

Figure 10.4.1 Priority Toursim Promotion Zones



10.5 DEVELOPMENT PLAN

10.5.1 Tourism Resources Conservation and Rehabilitation Program

To formulate conservation and rehabilitation programs of natural and cultural tourism resources in cooperation with forest conservation program, agriculture especially swidden agriculture development and conservation program.

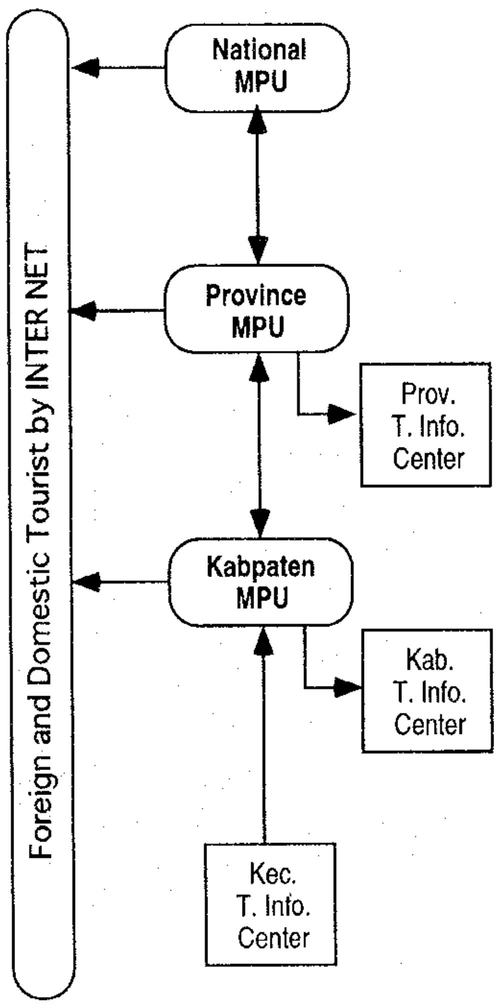
Location will be the selected potential tourism attractions and its' surrounding areas. Priority should be given to the potential tourism attractions located in the designated priority tourism promotion zones descried in the previous section.

10.5.2 Market Promotion Program

- Target market should be SIG in ASEAN and Western Countries.
- Establishment of Market Promotion Unit in the Provincial and Kabpaten Level to promote SIG both for short and long haul tourists
- Up to date required information for target market segment should be provided and upload to the designated home-page of INTERNET in MPU.
- The role and function of each level of MPU and information flow is shown in the figure.

Figure 10.5.1 : Concept of Market Promotion Unit and Utilization of INTERNET

Information Flow	Role and Function



<u>National level market promotion to the abroad.</u>
Introduction of Kalimantan by using Mass media and combention fair, brouchure etc.

<u>Provinsial level market promotion to the foreignand domestic tourists.</u>

Provide detailed tourist information by Market Promotion Unit (MPU) by using INTERNET and Tourist Information Centers.

<u>Kabpaten level market promotion.</u>

Correct compile and updating the tourist information at Kabpaten level, and supply information to Provinsial Market Promotion Unit (MPU) and Tourist Information Centers

<u>Kecamatan level or atsite level market promotion</u>

Correct compile and updating the tourist information at Kecamatan level, and supply information to Kabpaten Market Promotion Unit (MPU) and Tourist Information Centers

10.5.3 Tourism Product Development Cum Community Development Program

Development of tourism facilities especially for Special Interest Groups (SIG) by community participatory way.

The necessary facilities development are:

a) access road from river or local road to the destination
b) footpath with guide sign and information board at site
c) basic accommodations (chalet or hat)
d) water supply to tourist facilities
f) kiosk with tourist information function

An example of the development concept is shown in the figure "concept of community cum tourism development".

10.5.4 Human Resource Development to Meet with Tourism in Kalimantan

Training and education of tour guide for Eco-tourism and Village tourism by cooperation of Kalimantan system research institute. Attach the function of training and extension service on tour guide in the Kalimantan Research Institute is one possible alternative to establish such organization in the Study Area.

Introduction of tourism business to the villages which has potential for tourism development is the most significant element to realize the village tourism in the Study Area. Introduction of tourism business incubation mechanism (objectives, organization, process, procedure, financing and so on) is required.

Type of personnel to be developed are summarized in the following Table.

Table 10.5.1 Human Resource Development for Tourism In Kalimantan

Type of Personnel	Trainee	Training or developing Organization/ System
Tour Operator / Guide	Employee or potential operator with deep knowledge of one field of natural science, culture and history of Kalimantan with college level educational back ground	Attach the function of tour guide training in the Kalimantan System Research Institute.
Guide at Site	Senior member of Villagers or person(s) who knows about tourism products to be utilized or provided	Tour Operator / Guide program provided by the kalimantan System Research Institute
Entrepreneur for SME in Village tourism	A selected member of LKMD in the potential tourism development village or area who desire to start the tourism business in his or her community. Basic understanding on business (the sense of cost and benefit, business mind and understanding on risk taking) is required	Establish mechanism of Tourism Business Incubation. Function to be attached are, provision of opportunity to meet Potential entrepreneur and investors, education and training and, introduction of financing source.

10.6 EXISTING CONDITIONS

10.6.1 Tourism Resources

(1) Natural Resources

The Study Area has valuable forests, beaches, fauna and flora as natural tourism resources. Unspoiled beaches are located along the Java Sea on the northern coast of West Kalimantan. They are considered as have as good potential for beach resort development. Other natural resources identified are mountains with virgin forests located mainly near from Malaysian border and West and Central Kalimantan provincial border.

One of the most popular tourism destinations among the foreign tourists is Tanjung Puting National Park. The orangutan rehabilitation camps at Tanjung Harapan and Camp Leakey are major tourist spots. Most visitors go straight to the research center at Camp Leakey, or a rehabilitation center at Tanjung Harapan. Tanjung Puting National Park is the only destination where tourists from western countries visit purely for tourism purposes. Approximately 4,000 tourists visit this National Park. The good management and tourist information provision at the national park, access provision from Java (Semarang), comparatively good tourism facilities and services at Pangkalanbun are attractive to foreign tourist s

Although, there is much tourism potential with the natural tourism resources in Kalimantan, most of the potential natural tourism resources are not developed yet.

(2) Historical and Cultural Resources

Most of the historical tourism resources are located at coastal areas or river mouth or at the river side of major rivers especially in West Kalimantan, because of the past administration and trade system in Kalimantan. The northern coast of West Kalimantan is a popular tourism destination for the foreign tourists coming from ASEAN especially from Malaysia.

One of the most famous ethnic groups is the Dayak in Kalimantan, their culture and art are remarkable. There are a lot of museums introducing Dayak people and culture, but they are scattered and located in rural areas. It is difficult to make a tour route for foreign visitors. These tourism resources have not been developed as tourism products yet.

Major tourism spot s in the Study Area are shown in the following figures and tables.

Table 10.6.1 Existing Tourist Sites in West Kalimantan

Regency	Tourist Site	Type of Tourist
1. Pontianak City	a. The Equatior Monument	Man Made
	b. Kapuas River	Natural
	c. Kadriyah Palace and Sultan Abdurrahman Jami Mosque	Historical
	d. Griya Kerajinan	Life Style/Tribe
	e. The duplicate of Long House	Life Style/Tribe
	f. The State Museum	Culture/Art
2. Pontianak Re.	a. Kijing Beach and Temajo Island	Natural
	b. Amantubillah Palace	Historical
	c. The Battle Monuments of Mandor Graveyard	Historical
	d. Long House of Kampung Saham	Life Style/Tribe
3. Sambas Re.	a. Pasir Panjang Beach and Randayan Island	Natural
	b. Batu Payung Beach	Natural
	c. Ceramic Industry	Culture/Art
	d. Gosong Beach	Natural
	e. Tanjung Batu Beach	Natural
	f. The Palace of Sambas Sultanate	Historical
4. Sanggau Re.	a. Entikong Gateway	Man Made
	b. Long House of Kampung Kopar	Life Style/Tribe
5. Sintang Re.	a. Kelam Hill	Natural
	b. Baning Tourism Forest	Natural
	c. Bukit Baka/Bukit Raya National Park	Natural
	d. Dara Juanti Museum	Historical
6. Kapuas Hulu Re.	a.Sentarum, Belida and Luar Lake	Natural
	b. Sentarum Lake wild animals Preservation	Natural
7. Ketapang Re.	a. Palung Mount National Park	Natural
	b. Kendawangan Nature Preservation	Natural
	c. Karimata Islands	Natural
	d. Muhammad Saunan Palace	Historical
	e. Tanjungpura Tombs	Historical
	f. Datok Island	Natural

Source : 'Indonesia West Kalimantan' published by West Kalimantan Tourism Office

Figure 10.6.1 Location of Tourism Spots in West Kalimantan

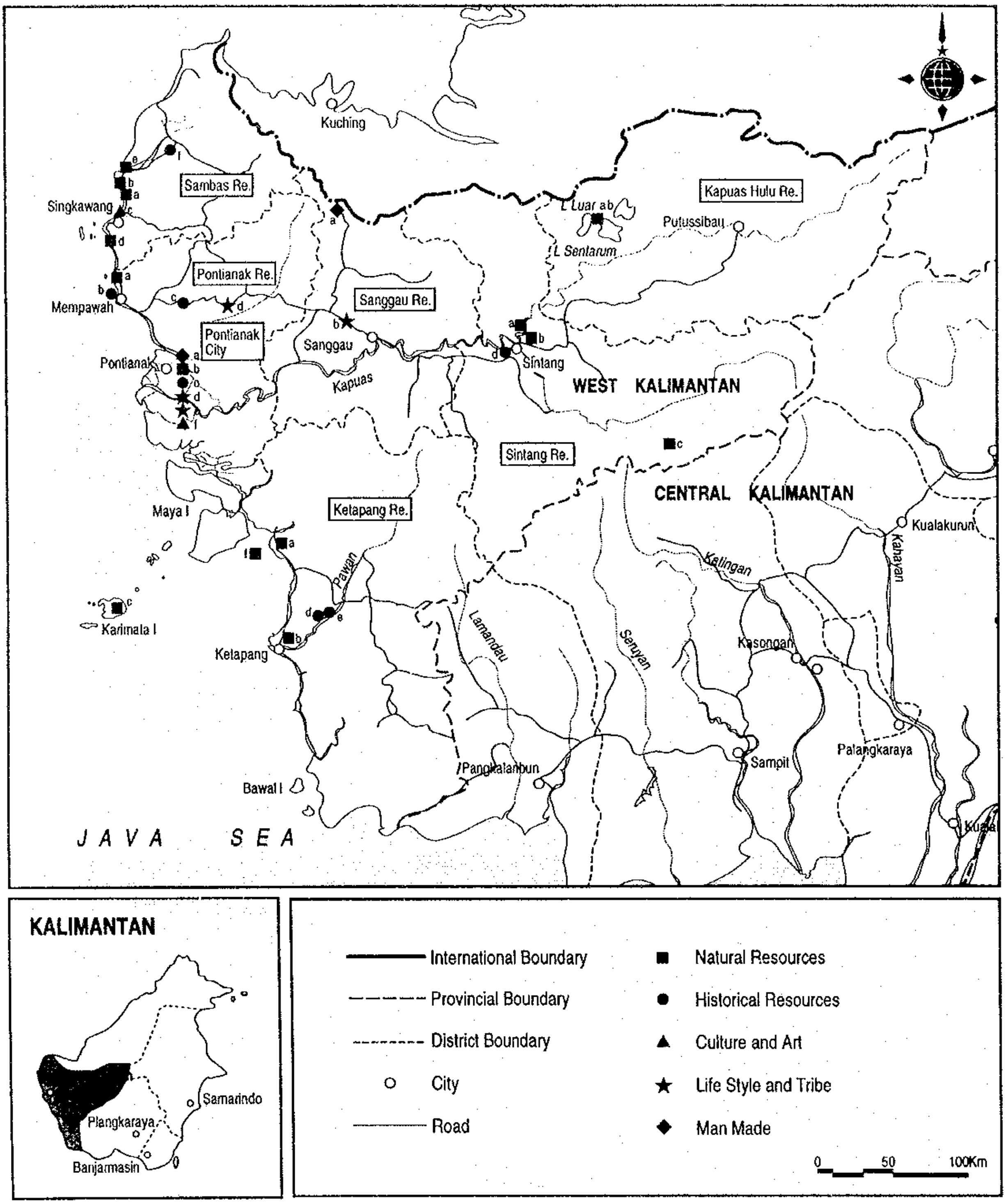
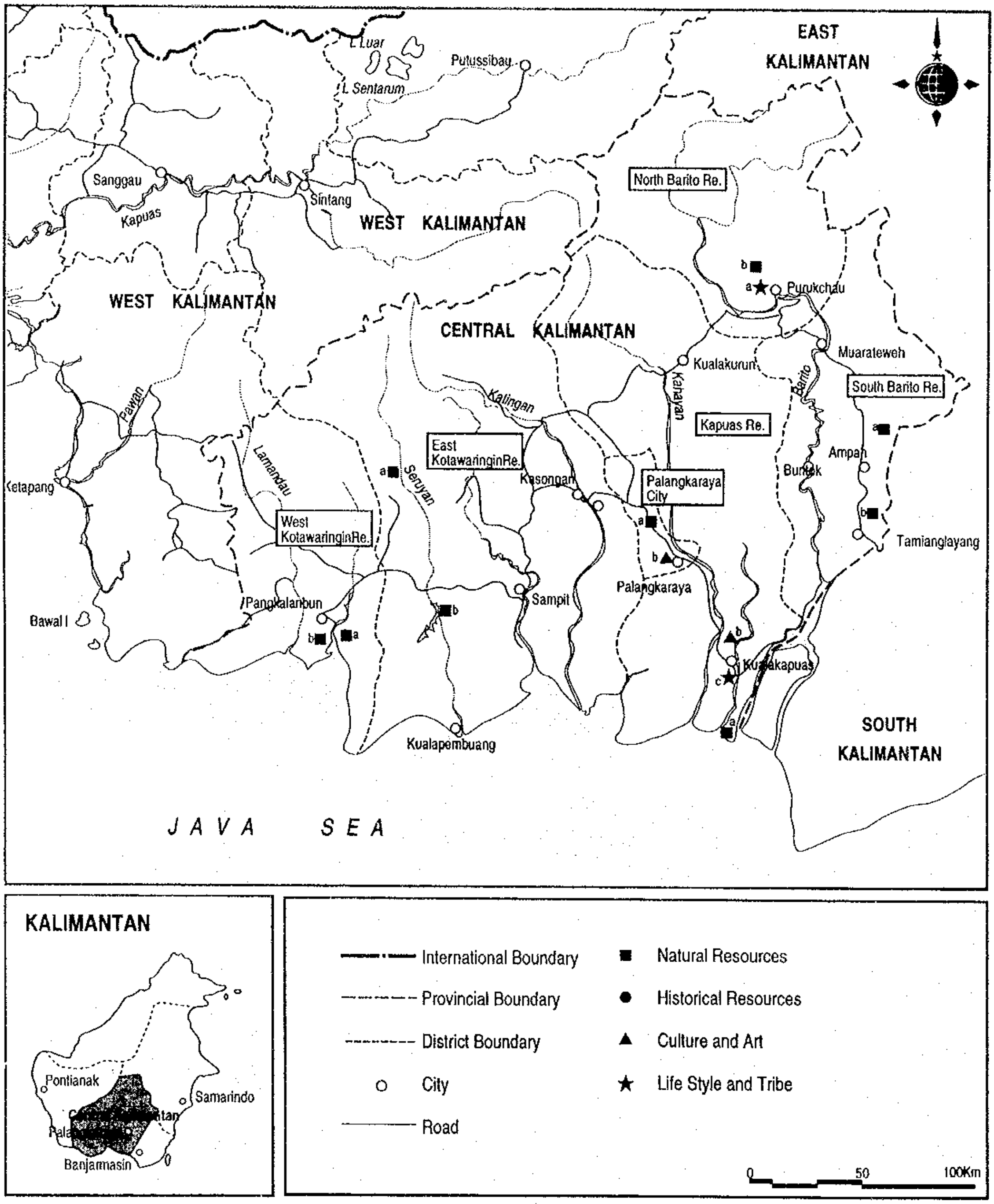


Table 10.6.2 Existing Tourist Sites in Central Kalimantan

Regency	Tourist Site	Type of Tourist
1. Palankaraya City	a. Tangkiling Hill	Natural
	b. The Belanga Government Museum	Culture/Art
2. Kapuas Re.	a. Cemaralabat Beach	Natural
	b. Long House of Tumban Kurik	Life Style/Tribe
	c. Rattan Weaving in Dalurang	Life Style/Tribe
	d. Mozaic in Mandomai	Culture/Art
3. Kotawaringin Barat Re.	a. Tanjung Puting National Park	Natural
	b. Kubu Beach	Natural
4. Kotawaringin Timur Re.	a. Orchid Forest in Pembuang Hulu	Natural
	b. Sembuluh Lake	Natural
5. North Barito Re.	a. Long House of Kunut	Life Style/Tribe
	b. Hot Water Spring near Saripoi	Natural
6. South Barito Re.	a.Hot Water Spring	Natural
	b. Cave Saragih in Hayaping	Natural

Source : 'Indonesia Central Kalimantan' published by Department of Tourism post and Telecommunications East and Central Kalimantan Regional Office

Figure 10.6.2 Location of Existing Tourism Spots in Central Kalimantan



10.6.2 Market

The number of foreign tourists arrivals to Indonesia was 4.3 million in 1995, 12.7% increase previous year. Most of the tourists visited major cities or famous resorts such as Jakarta or Bali. The following table shows the number of tourists in West Kalimantan. It was 4.3 thousand in 1995 with a share of only 1%. There was no data about Central Kalimantan except the number of tourists who visited Tanjung Puting National Park in 1996.

Table 10.6.3 Number of Foreign Tourists in Indonesia , West and Central Kalimantan

(unit: thousand)

	1993	1994	1995
West Kalimantan	43.0 (1.3%)	35.7 (0.9%)	43.8 (1.0%)
Total of Indonesia	3403.1 (100%)	4006.3 (100%)	4324.2 (100%)

Source: Statistical Year Book of Indonesia 1995, West Kalimantan in Figures 1996

Most of the tourists who visited West Kalimantan were from ASEAN countries especially Singapore and Malaysia. This is the gateways of Entikong at Sanggau district and International Airport in Pontianak have links with Singapore and Kuching in Malaysia directly. It has to be noted that the major route from Sarawak to Pontianak is by land.

Table 10.6.4 Number of Foreign Tourist Arrivals through Principal Gateways

Gateway	1995		1996		96/95
Soekarno - Hatta	1,259,264	29.1%	1,565,706	31.1%	124.3%
Ngurah Rai	1,065,313	24.6%	1,194,793	23.7%	112.2%
Polonia	217,647	5.0%	225,368	4.5%	103.5%
Batam	941,415	21.8%	1,048,119	20.8%	111.3%
Juanda	70,718	1.6%	124,917	2.5%	176.6%
Sam Ratulagi	7,555	0.2%	9,822	0.2%	130.0%
Entikong (West Kali)	23,772	0.5%	25,822	0.5%	108.6%
Other	738,545	17.1%	839,925	16.7%	113.7%
Total	4,324,229	100.0%	5,034,472	100.0%	116.4%

Source: Tourism in Indonesia 1996

Many tourist who visit West Kalimantan stay Pontianak or beaches near Sambas for vacation. On the other hand, most of the tourists who visit Central Kalimantan went to Tanjung Puting National Park. This Park is one of the most famous tourism spots in Central Kalimantan. The following table shows tourists by nationality which indicate the different origin of tourists from most of the tourism spots in West Kalimantan.

Table 10.6.5 Number of Tourists who Visited at Tanjung Puting by Nationality

	Number	%
ASIA	60	3.4
ASEAN	14	0.8
Other countries	46	2.6
AMERICA	784	44.9
EUROPE	595	34.1
OCEANIA	171	9.8
Other	135	7.7
Total	1745	100.0

Source: Kalimantan Tengah Dalam Angka 1996

10.6.3 Tourism Facilities

(1) Agents

The number of travel companies in West and Central Kalimantan are shown in the following table. These are fewer than the major cities are developed tourism such as Jakarta and Bali. The number of tour guides is shown in following table. The number of tour guides in West Kalimantan is considered to be less than expected.

Table 10.6.6 Numbers of Travel Companies and Tour Guides

	West Kalimantan	Central Kalimantan	Total of Indonesia
Travel Bureau	24	9	1472
Branch Travel Bureau	11	14	331
Travel Agent	9	3	521
Total of Travel Companies	44	26	2324
Tour Guides	46	99	9237

Source: Tourism in INDONESIA 1996

There are 129 hotels in West Kalimantan in 1996 and there are only 47 hotels in Central Kalimantan. Most of the star rated hotels are located the Provincial Capitals. It is quite difficult to find an international standard hotel in rural areas where many potential tourism resources are located.

Table 10.6.7 Numbers of Star-Rated Hotels and Their Rooms

	5 STAR		4 STAR		3 STAR		2 STAR		1 STAR		Non STAR		TOTAL	
	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms
West Kalimantan	0	0	0	0	3	223	1	45	2	224	123	2402	129	2894
Central Kalimantan	0	0	0	0	0	0	1	27	0	0	46	882	47	909
Total of Indonesia	40	15248	74	14171	163	17575	195	12445	253	10555	5958	103139	6683	173133

Source: Tourism in INDONESIA 1996

(2) Restaurants and Souvenir Shops

West and Central Kalimantan have restaurants and souvenir shops, these number is in the following table. Specially Central Kalimantan They didn't have enough as tourism facilities.

Table 10.6.8 Numbers of Restaurants and Their Capacities and Souvenir Shops in 1996

	Restaurant		Souvenir Shop
	Number	Seating Capacity	
West Kalimantan	357	4215	48
Central Kalimantan	77	2846	36
Total of Indonesia	7945	288899	1947

Source: Tourism in INDONESIA 1996

10.6.4 Tourism Infrastructure

(1) Transportation

The gateways of West Kalimantan are Entikong and Pontianak Airport. The Pontianak Airport has international flights from Singapore and Kuching, Malaysia. Half the amount of tourist use this airport. Besides, many tourists come from Sarawak by land. On the other hand, Central Kalimantan has no international gateway. Foreign tourists are not able to arrive at Central Kalimantan directly. They visit Central Kalimantan from major cities in Java to Palangkaraya or Pangkalanbun by air or from Banjarmasin in South Kalimantan by air or land.

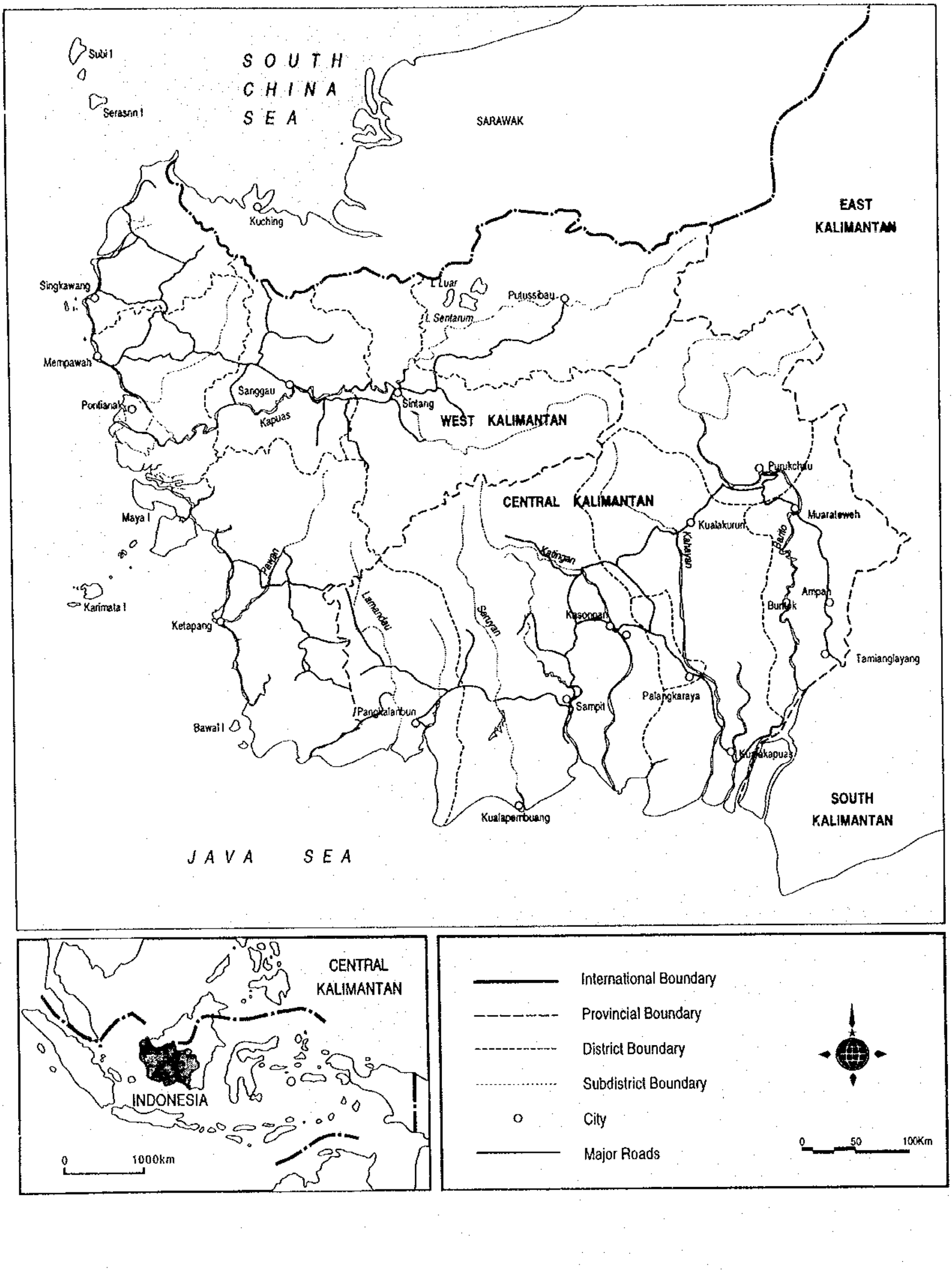
(2) Road Network

There are major roads linking major cities, but rural roads and local roads have not been provided. In the rainy season, these roads are closed, so that it is difficult to access rural tourism spots. People who live in Kalimantan use river transportation but it is unusable transportation because it is not organized to serve tourists and not safe for foreign visitors. Existing road networks as in following figure.

(3) Infrastructure

Existing infrastructure sector had already said, in Kalimantan's existing infrastructure haven't provided. Especially rural area which has good tourism potential haven't provided electricity, water service and sewerage. Road transport and water supply are necessary for tourism facilities development in Kalimantan.

Figure 10.6.3 Existing Road Network in West and Central Kalimantan



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