



The World Bank

Integrated Infrastructure Development for National Tourism Strategic Areas (Indonesia Tourism Development Project) (P157599)

REPORT NO.: RES38034

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

INTEGRATED INFRASTRUCTURE DEVELOPMENT FOR NATIONAL TOURISM STRATEGIC AREAS (INDONESIA
TOURISM DEVELOPMENT PROJECT)

APPROVED ON MAY 30, 2018

TO

REPUBLIC OF INDONESIA, MINISTRY OF FINANCE

FINANCE, COMPETITIVENESS AND INNOVATION

EAST ASIA AND PACIFIC

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I. BASIC DATA

Product Information

Project ID P157599	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 30-May-2018	Current Closing Date 31-Dec-2023

Organizations

Borrower Republic of Indonesia, Ministry of Finance	Responsible Agency Deputy for Human Resource and Institutions, Ministry of Tourism and Creative Economy, Directorate General Highways, Ministry of Public Works and Housing, Directorate General Human Settlements, Ministry of Public Works and Housing, Ministry of Investment (BKPM), Ministry of Tourism and Creative Economy, Regional Infrastructure Development Agency, Ministry of Public Works and Housing
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Project Development Objective (PDO)

Original PDO

The Development Objective is to improve the quality of, and access to, tourism-relevant basic infrastructure and services, strengthen local economy linkages to tourism, and attract private investment in selected tourism destinations in Indonesia.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-88610	30-May-2018	24-Oct-2018	28-Nov-2018	31-Dec-2023	300.00	38.92	261.08



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TF-B5656	14-Jun-2021	25-Jun-2021	02-Jul-2021	30-Jun-2022	2.80	.59	2.21
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Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project status:

The project has been scaled-up to three more tourism destinations (Komodo National Park and Labuan Bajo, Bromo-Tengger-Semeru, and Wakatobi) since June 2021. A Mid-Term Review took place from December 1 to 14, 2021. Overall, the PDO and project design remain relevant, but the project implementation should be significantly accelerated to meet the target outcomes and intermediate results. Based on the Mid-Term Review (MTR) Report, 2.37 million people benefited from improvements in tourism-relevant basic infrastructure and services, US\$ 234.5 million in private investment was mobilized in the tourism destinations and 23,171 trainees and tourism professionals completed competency-based certification. The Integrated Tourism Master Plans (ITMPs) were completed in three original destinations (Lombok; Borobodur-Yogyakarta-Prambanan (BYP); and Lake Toba). The ITMP Final Reports have been made public on the Project website (<https://p3tb.pu.go.id>). The Lombok plan (Rencana Induk Destinasi Parwisata Nasional (RIDPN) Lombok-Gili Tramenah Tahun 2020-2044) had just been issued as Presidential Decree Number 84 Year 2021. The new ITMPs were successfully launched in the project's three new destinations (Komodo National Park and Labuan Bajo; Bromo-Tengger-Semeru; and Wakatobi). However, vendors' pace of implementation for the three contracts is still behind schedule. Significant acceleration of the procurement is critical to meet the disbursement target. The key factor will be to speed up the preparation of sub-projects readiness criteria (DED, social and environmental documents).

The project's six destinations, like the tourism sector in Indonesia and around the world, have been severely impacted by the COVID-19 pandemic. While the tourism outlook remains uncertain, the GOI nonetheless sees the development of these destinations as critical to the long-term competitiveness of Indonesia's tourism sector, and has redoubled its commitment to building a strong, sustainable, and resilient tourism sector in the aftermath of the pandemic.

The project has no overdue audits as of June 2022. FY 2020 audit report was submitted timely to the Bank. The auditor provided unqualified opinion on the project financial statement. All audit findings have been completely followed up. The project FY 2021 audit report is due June 30, 2022.

Proposed change:

The Government of Indonesia (GOI) has requested a no-cost extension of the Grant Closing Date by one-year from June 30, 2022 to June 30, 2023. The Grant is currently financed by the Indonesia Sustainable Tourism Multi-donor Trust Fund (STD MDTF) (TF072963) for which the Administration Agreement's End Disbursement Date was recently amended from December 31, 2022 to December 2023 to accommodate the proposed change. The objective of the



STD MDTF is to foster strengthened conditions and capabilities for coordination, planning, and monitoring of sustainable tourism at the national and destination levels in Indonesia.

The STD MDTF funds both Bank and Recipient-executed activities (27 and 73 percent respectively) across three components to support the Government of Indonesia (GOI) in the coordination, planning, and monitoring of tourism. The three components are: (i) Strengthening institutional arrangements for sustainable tourism development; (ii) Preparing sustainable tourism plans; and (iii) Improving sustainable tourism monitoring and statistics.

The proposed extension will allow the completion of Recipient-executed activities amounting to USD 2.8 million under the above-mentioned Component 2 which were committed as Additional Financing for the Indonesia Tourism Development Project (P157599).

Rationale

The proposed one-year no-cost extension will enable the remaining Recipient-executed activities envisaged under STD MDTF component 2 to be completed, that is the preparation of three new Phase-II Integrated Tourism Master Plans (ITMPs) added in June 2021 as part of the above-referenced Additional Financing.

Due to COVID-19 restrictions, the GOI faced some delays in procuring one of the three contracts and mobilizing teams for all three contracts to develop master plans for the three new destinations. There have also been changes in the Team Leadership for two contracted firms which are having difficulty finding replacements acceptable to the Bank. The three vendors contracted by the Ministry of Public Works and Housing (MPWH) 8 to 10 months ago have already submitted Inception Reports for which the Bank provided feedback. However, additional time was needed for consultants to address comments received and ensure that the quality meets requirements agreed in the Terms of Reference.

Below is the justification of the proposed extension of the closing date for each of the three contracts and revised completion date for new tourism destinations:

- Wakatobi ITMP (USD 0.91 million): November 30, 2022 (slight delay); the inception report has been completed and both the baseline report and growth projection and development scenarios are progressing, but the drafting of the final report has not yet started
- Labuan Bajo ITMP (USD 0.93 million): December 31, 2022 (moderate delay due to team leader resignation); the inception report has been completed and the baseline report is progressing, but the growth projection and development scenarios and the drafting of the final report has not yet started
- Bromo-Tengger- Semeru ITMP (USD 0.96 million): April 30, 2022 (major delay due to procurement; team leader resignation and deputy team leader death; and difficulty in finding replacement); the inception report has been completed and the baseline report is progressing, but the growth projection and development scenarios and the drafting of the final report has not yet started

III. DETAILED CHANGES

LOAN CLOSING DATE(S)



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Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-88610	Effective	31-Dec-2023		31-Dec-2023	30-Apr-2024
TF-B5656	Effective	30-Jun-2022		30-Jun-2023	30-Oct-2023