

OFFICE MEMORANDUM

✓ Indonesia - Tourism
" " - Terms of Ref

TO: Mr. P. Glaessner

DATE: June 12, 1973

FROM: S.M. Tolbert *SMT*SUBJECT: INDONESIA: Bali Tourism Project - Appraisal Mission
Terms of Reference

1. You will lead a mission to Djakarta arriving on June 17, 1973 for a stay of up to four weeks. In addition to yourself, the mission will consist of Messrs. Vera, Calkins, Hechtenberg, Iizuka, Jacob, Krippel, Meneses and Ms. Berta Almeida (Secretary). The mission will seek advice and guidance from the Bank's Resident staff, and expects that in particular Messrs. de Silva and Migliorini will actively assist the mission during its stay in the country. In addition to visiting Bali, individual members will visit Japan, Hong Kong and other areas, if necessary.

2. The objective of the mission is to appraise the Bali Tourism Project.

3. To this end you will carefully examine the physical planning, engineering, environmental, economic, financial, training, social, marketing and organizational aspects of the project and determine whether the proposed investment program is sound and eligible for Bank assistance.

4. In particular the mission will:

- (i) Up-date the information available on the tourism sector in Indonesia, concentrating on the demand and supply of tourism facilities, particularly in Bali. This exercise would cover tourist flows, expenditures, and a survey of existing facilities and their operational experience.
- (ii) Review the status of the overall Master Plan for the development of tourism in Bali, including its legal basis and determine the most effective manner in which BTDA can help implement the Plan, examining in this context the financial, organization and staffing requirements of BTDA and other agencies that will be involved in tourism development in the Island.
- (iii) Analyze the major tourism markets for Bali which will include the U.S., Japan, Australia, Europe and the more affluent countries in South East Asia, examining in particular the expenditure patterns, the cost of travel, the potential for charter traffic and the air access policy of the Government.
- (iv) Define the project in its physical, economical and financial aspects.
- (v) Evaluate each individual infrastructure component from the point of view of solutions proposed and cost estimates.

- (vi) Review the regional, urban, architectural and physical planning aspects of the project, paying particular attention to proposed land use patterns, land sub-division, zoning regulations, landscaping layout, architectural and environmental proposals, the proposed location of hotels and infrastructure facilities and problems and needs of population centers of Denpasar, Bena, Bualu.
- (vii) Analyze and examine the financing plans and the financial implications in terms of revenues and costs of each major infrastructure item, establish the total amount of finance required, and identify the items that would be eligible for Bank disbursement. In this connection, also discuss the budget funds to be made available and the manner in which these funds will be channelled towards implementing the project.
- (viii) Examine the construction schedule, disbursement procedures, the size and composition of contracts, and the methods of procurement, including international competitive bidding and the possible use of local contractors and force account.
- (ix) Evaluate BTDC from the financial point of view, the resources it will receive initially, the expenditures that it will incur and the revenue that would accrue to it eventually, examining in particular the question of land leasing and land sales.
- (x) Use Mr. Noronha's last report on Bali with a view to examining the likely social impact of the project and ways in which adverse effects could be minimized and benefits to the local population maximized.
- (xi) Build one or more financial models of hotels likely to operate in Nusa Dua.
- (xii) Collect information on the plans of private investors for the area, and forecast the size and timing of hotel development that is likely to take place in Nusa Dua and Bali.
- (xiii) Examine the likely economic impact of the project and evaluate the proposed total investment program with a view to ensuring that the project is economically viable.
- (xiv) Agree with the Indonesian authorities on the institutional and organizational arrangements necessary for the implementation of the project and its administration; the degree of coordination necessary, the relationships between BTDC, BTDA and the Department of Tourism (Pariwisata). In this context, determine the form in which expatriate management assistance could be provided during the construction period and the early years of operation of BTDC, and ways in which counterpart training could best be achieved.

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- (xv) Review the man-power requirements for trained personnel to operate the hotel and infrastructure facilities to be provided, examine existing public and private facilities for training, and determine ways in which needs can be most effectively met.

5. On your return, you will prepare a brief "Issues Paper" followed by a full Appraisal Report.

IAMenezes:pp

Cleared with & cc: Mr. Sandberg

cc: Messrs. Gould
de Silva
Migliorini
Asser
Chang

Tolbert
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Vera
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cc: Messrs. Lee
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