INTEGRATED TOURISM MASTER PLAN
BOROBUDUR – YOGYAKARTA – PRAMBANAN (ITMP-BYP)

ANALYSIS OF THE INSTITUTIONAL AND LEGAL,
REGULATORY AND POLICY FRAMEWORK
FOR TOURISM

Document A
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<th>Description</th>
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<td>ALoS</td>
<td>Average Length of Stay</td>
</tr>
<tr>
<td>AADC2</td>
<td>Ada Apa Dengan Cinta 2</td>
</tr>
<tr>
<td>AC</td>
<td>Air Conditioners</td>
</tr>
<tr>
<td>ADUPI</td>
<td>Asosiasi Daur Ulang Plastik Indonesia (Association of Plastic Recyclers)</td>
</tr>
<tr>
<td>AELI</td>
<td>Asosiasi Experiential Learning Indonesia</td>
</tr>
<tr>
<td>AKAP</td>
<td>Inter-city transportation between provinces</td>
</tr>
<tr>
<td>AKDP</td>
<td>Inter-city transport within the province</td>
</tr>
<tr>
<td>AMDAL</td>
<td>Analisis Mengenai Dampak Lingkungan (Environmental Impact Assessment)</td>
</tr>
<tr>
<td>Angkot</td>
<td>Internal city transportation</td>
</tr>
<tr>
<td>API</td>
<td>Angka Pengenal Impor (Import Identification Number)</td>
</tr>
<tr>
<td>AQI</td>
<td>Indeks Kualitas Udara (Air Quality Index)</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>ASITA</td>
<td>Association of Indonesian Tour and Travel Agencies</td>
</tr>
<tr>
<td>ASITA</td>
<td>Association of Indonesian Tours and Travel Agencies</td>
</tr>
<tr>
<td>ASKRAB</td>
<td>Borobudur Folk Art Association</td>
</tr>
<tr>
<td>ASTI</td>
<td>Asosiasi Spa Terapis Indonesia (Indonesian Association of Spa Therapists)</td>
</tr>
<tr>
<td>ATPRS</td>
<td>ASEAN Tourism Professionals Registration System</td>
</tr>
<tr>
<td>BABS</td>
<td>Open-air defecation</td>
</tr>
<tr>
<td>Balkondes</td>
<td>Balai Ekonomi Desa (Village Economy Centre)</td>
</tr>
<tr>
<td>BAPEDALDA</td>
<td>Badan Pengendalian Dampak Lingkungan Daerah (Regional Environmental Impact Management Agencies)</td>
</tr>
<tr>
<td>BAPPEDA</td>
<td>Badan Perencanaan dan Pembangunan Daerah (Regional Development Planning Board)</td>
</tr>
<tr>
<td>BAPPENAS</td>
<td>Badan Perencana Pembangunan Nasional (National Development Planning Agency)</td>
</tr>
<tr>
<td>BCO</td>
<td>Borobudur Conservation Office</td>
</tr>
<tr>
<td>BKPM</td>
<td>Badan Koordinasi Penanaman Modal (Indonesian Investment Coordinating Board)</td>
</tr>
<tr>
<td>BLH</td>
<td>Badan Lingkungan Hidup (Environmental Agency)</td>
</tr>
<tr>
<td>BMA</td>
<td>Borobudur Management Authority</td>
</tr>
<tr>
<td>BNPB</td>
<td>Badan Nasional Penanggulangan Bencana (National Disaster Management Agency)</td>
</tr>
<tr>
<td>BOB</td>
<td>Badan Otorita Borobudur (Borobudur Management Authority)</td>
</tr>
<tr>
<td>BPBD</td>
<td>Badan Penanggulangan Bencana Daerah (Regional Disaster Management Agencies)</td>
</tr>
<tr>
<td>BPCB</td>
<td>Balai Pelestarian Cagar Budaya (Cultural Heritage Conservation Agency)</td>
</tr>
<tr>
<td>BPIW</td>
<td>Badan Pembangunan Infrastruktur Wilayah (Regional Infrastructure Development Agency)</td>
</tr>
<tr>
<td>BPN</td>
<td>Badan Pertanahan Nasional (National Land Agency)</td>
</tr>
<tr>
<td>BPPI</td>
<td>Indonesian Tourism Promotion Agency</td>
</tr>
<tr>
<td>BPS</td>
<td>Badan Pusat Statistik (Central Statistical Bureau)</td>
</tr>
<tr>
<td>BUMDES</td>
<td>Badan Usaha Milik Desa (Village-Owned Enterprise)</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Average Growth Rate</td>
</tr>
<tr>
<td>CBT</td>
<td>Community-Based Tourism</td>
</tr>
<tr>
<td>CESR</td>
<td>Corporate Environmental and Social Responsibility</td>
</tr>
<tr>
<td>CHPA</td>
<td>Cultural Heritage Preservation Agency</td>
</tr>
<tr>
<td>CO</td>
<td>Carbon Monoxide</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>DAMRI</td>
<td>Indonesian state-owned public transit bus company</td>
</tr>
<tr>
<td>DAOP</td>
<td>Daerah Operasi (Operational regions)</td>
</tr>
<tr>
<td>dBA</td>
<td>Decibels</td>
</tr>
<tr>
<td>DDI</td>
<td>Domestic Direct Investments</td>
</tr>
<tr>
<td>DI Yogyakarta</td>
<td>Daerah Istimewa Yogyakarta (Special Region of Yogyakarta)</td>
</tr>
</tbody>
</table>
BYP ITMP – Analysis of the Institutional and Legal, Regulatory and Policy Framework for Tourism

DLH Environment Agency
DW Desa Wisata (Tourism Village)
EQI Indeks Kualitas Lingkungan Hidup (Overall Environmental Quality Index)
ESG Environmental, Social and Governance
ESMF Environmental and Social Management Framework
EU European Union
F&B Food and Beverage
FDI Foreign Direct Investments
FGD Focus Group Discussion
ForEx Foreign Exchange
Forkom Komunikasi Kampung Wisata Yogyakarta
GDP Gross Domestic Product
GKM Food Poverty Line
GKNM Non-Food Poverty Line
GOI Government of Indonesia
GRDP Gross Regional Domestic Product
HEI Higher Education Institution
HIPI Indonesian Tour Guide Association
HR Human resources
HTL Hotel, Tourism, Leisure
IATA International Air Transport Association
ICG Indonesia Charm Generation (Generasi Pesona Indonesia)
ICOMOS International Council on Monuments and Sites
ICT Information and Communications Technologies
IHRA Indonesian Hotel and Restaurants Association
ILO International Labour Organisation
IMB Izin Mendirikan Bangunan (building permit)
IMTA Izin Menggunakan Tenaga Kerja Asing (Permit to Hire Foreign Workers)
INACA Indonesia National Air Carriers Association
Indecon Indonesian Ecotourism Network
IPAL Communal wastewater treatment plants
IPLT Instalasi Pengolahan Lumpur Tinja (Wastewater Treatment Plants)
IPs Indigenous People
IRI International Roughness Index
IRMS Integrated Road Management System
ITGA Indonesian Tourist Guide Association
ITMP BYP Integrated Tourism Master Plan Borobudur-Yogyakarta Prambanan
JEC Jogja Expo Center
JICA Japan International Cooperation Agency
JLJS Jalur Jalan Lintas Selatan (southern ring-road)
Joglosemar Jogja-Solo-Semarang
JORR Yogyakarta Outer Ring Road
KAI PT. Kereta Api Indonesia
Kepres Keputusan Presiden (Presidential Decision / Decree)
KHT Kotagede Heritage Trail
KSDAE Konservasi Sumber Daya Alam dan Ekosistem (Directorate General for Natural Resource Conservation and Ecosystems)
KSM Group-managed wastewater management system
KSN Kawasan Strategis Nasional (National Strategic Area)
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSNP-SPP</td>
<td>Development of Waste Management Systems</td>
</tr>
<tr>
<td>KSP</td>
<td>National Tourism Strategic Areas</td>
</tr>
<tr>
<td>KSPN</td>
<td>Kawasan Strategis Pariwisata Nasional (National Tourism Strategic Area)</td>
</tr>
<tr>
<td>KTA</td>
<td>Key Tourism Area</td>
</tr>
<tr>
<td>KW</td>
<td>Kampung Wisata</td>
</tr>
<tr>
<td>LCCs</td>
<td>Low-cost carriers</td>
</tr>
<tr>
<td>LCQI</td>
<td>Land Cover Quality Index Indeks Kualitas Tutupan Lahan</td>
</tr>
<tr>
<td>LWG</td>
<td>Borobudur Local Working Group</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa</td>
</tr>
<tr>
<td>MICE</td>
<td>Meetings, Incentives, Conventions, Exhibitions</td>
</tr>
<tr>
<td>MOEC</td>
<td>Ministry of Education and Culture</td>
</tr>
<tr>
<td>MOEF</td>
<td>Ministry of Environment and Forestry</td>
</tr>
<tr>
<td>MPWH</td>
<td>Ministry of Public Works and Housing</td>
</tr>
<tr>
<td>MRA</td>
<td>Mutual Recognition Arrangement</td>
</tr>
<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>Mt.</td>
<td>Mount</td>
</tr>
<tr>
<td>MURI</td>
<td>Museum of Indonesian Records</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organisation</td>
</tr>
<tr>
<td>NO2</td>
<td>Nitrogen dioxide</td>
</tr>
<tr>
<td>NPWP</td>
<td>Nomor Pokok Wajib Pajak (Taxpayer Identification Number)</td>
</tr>
<tr>
<td>OSS</td>
<td>Online Single Submission</td>
</tr>
<tr>
<td>OUV</td>
<td>Outstanding Universal Value</td>
</tr>
<tr>
<td>PAD</td>
<td>Project Appraisal Document</td>
</tr>
<tr>
<td>PAPTA</td>
<td>Pagayuban Pemandu Perjalanan Pariwisata (a guides’ association operating in DI Yogyakarta)</td>
</tr>
<tr>
<td>PCRs</td>
<td>Physical Cultural Resources</td>
</tr>
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<td>PDAM</td>
<td>Perusahaan Daerah Air Minum (state-owned Water Company)</td>
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<tr>
<td>Perda</td>
<td>Peraturan Daerah (Provincial Regulation)</td>
</tr>
<tr>
<td>Perda Kota/Kabupaten</td>
<td>Peraturan Daerah Kota/Kabupaten (District Regulation)</td>
</tr>
<tr>
<td>Perpres</td>
<td>Peraturan Presiden (Presidential Regulation)</td>
</tr>
<tr>
<td>PHRI</td>
<td>Perhimpunan Hotel dan Restoran Indonesia (Indonesian Hotel and Restaurant Association)</td>
</tr>
<tr>
<td>PKL</td>
<td>Pusat Kegiatan Lokal (Local Activity Centres)</td>
</tr>
<tr>
<td>PKN</td>
<td>Pusat Kegiatan Nasional (National Activity Centres)</td>
</tr>
<tr>
<td>PKW</td>
<td>Pusat Kegiatan Wilayah (Regional Activity Centres)</td>
</tr>
<tr>
<td>PLN</td>
<td>PT Perusahaan Listrik Negara</td>
</tr>
<tr>
<td>PMI</td>
<td>Pekerja Migran Indonesia (Migrant workers)</td>
</tr>
<tr>
<td>PP</td>
<td>Peraturan Pemerintah (Government Regulation)</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>PPSP</td>
<td>Acceleration Program for Settlement of Sanitation Development</td>
</tr>
<tr>
<td>PT TWC</td>
<td>PT Taman Wisata Candi Borobudur, Prambanan dan Ratu Boko</td>
</tr>
<tr>
<td>Puspar UGM</td>
<td>Pusat Studi Pariwisata (Centre for Tourism Studies) Universitas Gadjah Mada</td>
</tr>
<tr>
<td>PW</td>
<td>Public Works &amp; Housing</td>
</tr>
<tr>
<td>RDTR</td>
<td>Rencana Detail Tata Ruang</td>
</tr>
<tr>
<td>RIDA/BPIW</td>
<td>Regional Infrastructure Development Agency</td>
</tr>
<tr>
<td>RINPAS</td>
<td>National Rail Masterplan</td>
</tr>
<tr>
<td>RIPPARDA</td>
<td>Rencana Induk Pariwisata Daerah (Regional Tourism Master Plan)</td>
</tr>
<tr>
<td>RIPPARPROV</td>
<td>Rencana Induk Pariwisata Provinsi (Provincial Tourism Master Plan)</td>
</tr>
<tr>
<td>RPJMMD</td>
<td>Medium Term Development Plan</td>
</tr>
<tr>
<td>RPJMN</td>
<td>Rencana Pembangunan Jangka Menengah (Medium-Term Development Plan)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
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</tr>
<tr>
<td>RPTKA</td>
<td>Rencana Penggunaan Tenaga Kerja Asing (Foreign Workers Employment Plan)</td>
</tr>
<tr>
<td>RTRW</td>
<td>Rencana Tata Ruang Wilayah (Spatial Planning)</td>
</tr>
<tr>
<td>RUPTL</td>
<td>Electricity Supply Business Plan</td>
</tr>
<tr>
<td>RW</td>
<td>Sub-District</td>
</tr>
<tr>
<td>SD-SMP</td>
<td>Elementary – Junior High School</td>
</tr>
<tr>
<td>SKMB</td>
<td>Sentra Kerajinan dan Makanan Borobudur (Centre of Handicrafts and Food in Borobudur)</td>
</tr>
<tr>
<td>SMA</td>
<td>Senior High School</td>
</tr>
<tr>
<td>SME</td>
<td>Small to medium scale enterprise</td>
</tr>
<tr>
<td>SO2</td>
<td>Sulphur dioxide</td>
</tr>
<tr>
<td>SOE</td>
<td>State-Owned Enterprise</td>
</tr>
<tr>
<td>SOPs</td>
<td>Standard Operational Procedures</td>
</tr>
<tr>
<td>SPPL</td>
<td>Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup (Statement of Assurance for Implementation of Environmental Management and Monitoring)</td>
</tr>
<tr>
<td>SSK</td>
<td>Sanitation Strategy for the Kota/Kabupaten</td>
</tr>
<tr>
<td>STBM</td>
<td>Sanitasi Total Berbasis Masyarakat (Community Sanitation Facilities)</td>
</tr>
<tr>
<td>STBM</td>
<td>Strategic Community-Based Sanitation</td>
</tr>
<tr>
<td>Susenas</td>
<td>National Socio-Economic Survey</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>TDA</td>
<td>Tourism Development Area</td>
</tr>
<tr>
<td>TDP</td>
<td>Tanda Daftar Perusahaan (Certificate of Company Registration)</td>
</tr>
<tr>
<td>TODs</td>
<td>Transit-Orientated Developments</td>
</tr>
<tr>
<td>TPS</td>
<td>Temporary Disposal Sites</td>
</tr>
<tr>
<td>TPST</td>
<td>Waste disposal sites</td>
</tr>
<tr>
<td>TSA</td>
<td>Tourism Satellite Account</td>
</tr>
<tr>
<td>UKL</td>
<td>Upaya Pemantauan Lingkungan Hidup (Environmental Monitoring Plan)</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
</tr>
<tr>
<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
</tr>
<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan Hidup (Environmental Management Plan)</td>
</tr>
<tr>
<td>UPT</td>
<td>Unit Pelaksana Teknis (Technical Implementation Unit)</td>
</tr>
<tr>
<td>UU</td>
<td>Undang-Undang (Law/Regulation)</td>
</tr>
<tr>
<td>UUD</td>
<td>Undang-Undang Dasar (Constitution)</td>
</tr>
<tr>
<td>VCR</td>
<td>Volume Capacity Ratio</td>
</tr>
<tr>
<td>VFR</td>
<td>Visiting Friends and Relatives</td>
</tr>
<tr>
<td>VMP</td>
<td>Visitor Management Plan</td>
</tr>
<tr>
<td>WC</td>
<td>Water Closet</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>WHS</td>
<td>World Heritage Site</td>
</tr>
<tr>
<td>WQI</td>
<td>Indeks Kualitas Air (Water Quality Index)</td>
</tr>
<tr>
<td>WTTC</td>
<td>World Travel &amp; Tourism Council</td>
</tr>
<tr>
<td>YIA</td>
<td>Yogyakarta International Airport</td>
</tr>
</tbody>
</table>
This report begins with an outline of the policy framework for tourism development in Indonesia (Section 1), followed by a review of the principal laws and regulations governing tourism and the environment (Section 2). Section 3 covers specific regulations for investment in the tourism sector. An analysis of relevant government, parastatal and civil society institutions is contained in Section 4, with an evaluation of overlaps, conflicts and coordination opportunities in Section 5. A review of the regulatory and institutional arrangements specifically at the World Heritage Site of Borobudur is given in Section 6, with some of the challenges arising from these arrangements highlighted. The report ends with a summary of the key issues relating to the regulatory and institutional aspects.

The work for this section was carried out by reviewing the structure and functions of government departments and parastatal and tourism business organisations, reading legal documents, interviewing government officials and others from civil society organisations, focus group discussions with local community members and other stakeholders, and by applying the consultants’ prior knowledge of other tourism developments to pinpoint possible challenges to the smooth running of tourism in the Borobudur-Yogyakarta-Prambanan TDAs.

1. Policy Framework

The Indonesian government has decided on a policy of developing its tourism industry in order to support the national economy. The Government has set a target of achieving 20 million tourists by 2019 and a range of ministries is working towards that target.¹ In 2011 the Government established 88 National Strategic Tourism Areas (Kawasan Strategis Pariwisata Nasional - KSPN)², in order to fulfill the mandate of Law no. 10/2009 on National Tourism. Nine of these areas are in the provinces of Central Java and DI Yogyakarta: Borobudur, the Dieng Plateau, Merapi-Merbabu, Karimunjawa, Prambanan-Kalasan, Sangiran, the City of Yogyakarta, Pantai Selatan (Southern beaches of) Yogyakarta, and the Gunung Kidul Limestone landscape.³ The citation states ‘and its surroundings’ for each of the destinations. The designation of destinations as National Tourism Strategic Areas can accelerate all aspects of development.⁴

Going further, in 2017 the Government decided to invest heavily in developing 10 National Priority Tourism StrategicAreas, namely Lake Toba, Tanjung Kelayang, Tanjung Lesung, Kota Tua-Kepulauan Seribu, Borobudur, Bromo-Tengger-Semeru, Mandalika, Labuan Bajo, Wakatobi, and Morotai.⁵ In practice, the National Priority Tourism Strategic Area for ‘Borobudur’ encompasses a broad swathe of Central Java and the Special Region of Yogyakarta (hereafter ‘DI Yogyakarta’) including Prambanan and the City of Yogyakarta. With the additional National Strategic Tourism Areas in Central Java / DI Yogyakarta and other attractions, they form a broad tourism destination rich in a diversity of attractions and experiences: for instance, the image of Yogyakarta City as a cultural tourism destination is stronger if it is juxtaposed with Borobudur Temple as a World Heritage Site (WHS).

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¹ RPJMN 2015-2019, Table 6.10; Presidential Decree No. 40/2017 on Strategic Coordination Cross-Sectoral on Tourism Development.
² Government Regulation No. 50/2011 on National Tourism Master Plan for Indonesia 2010-25
³ Appendix III of Government Regulation No. 50/2011 on the National Tourism Master Plan
⁴ Government Regulation No.26/2008 on National Plan; Ministerial Regulation No. 15/2012 on National Strategic Areas Spatial Plan; Government Regulation No. 50/2011 on National Tourism Master Plan 2010-2025.
⁵ Presidential Decree No. 3/2016 on the Acceleration of the Implementation of National Strategic Projects.
For DI Yogyakarta and Central Java, the ITMP is of strategic value as it provides the stimulus for tourism product diversification. The provincial Governments are key stakeholders in the ITMP process as these will co-facilitate the synergy of cross-provincial and cross-kabupaten infrastructure development, including the transportation network, while the governments of Kab. of Magelang and Kab. Klaten (Central Java Province) and Kab. Sleman and City of Yogyakarta (DI Yogyakarta Province) are central to plans because tourism represents a major resource for them, and because so many aspects of Provincial/Kabupaten/City government will ultimately be responsible for implementing much of the ITMP.

As stated in the introduction, the information in this report gives kecamatan-level information where available but in the case of the regulations these are passed at national, provincial, or kabupaten/kota (city) level. Thus, regulations applicable to the two provinces, three kabupaten and one city involved in the TDAs are covered.

2. Legal and Regulatory Framework

In order to ensure full understanding of the legal and regulatory framework affecting preparation of the ITMP, a review of laws, regulations and decrees relevant and applicable to tourism was carried out. The principal ones at national, provincial and kabupaten level are given below. Further regulations and decrees are referred to in the text.

First, we include a brief note on the hierarchy of legislation within the Indonesian legal system. With the most weighty legislation at the top, the hierarchy is as follows:6

1. 1945 Constitution (Undang-Undang Dasar 1945 or UUD '45)
2. Law (Undang-Undang orUU) and Government Regulation in Lieu of Law (Peraturan Pemerintah Pengganti Undang-Undang or Perpu)
3. Government Regulation (Peraturan Pemerintah or PP)
4. Presidential Regulation (Peraturan Presiden or Perpres)
5. Presidential Decision (Keputusan Presiden or Kepres)
6. Provincial Regulation (Peraturan Daerah Propinsi or Perda)
7. District Regulation (Peraturan Daerah Kabupaten / Kota or Perda)

There are also Ministerial Regulations (Peraturan Menteri or Permen) which each Minister has the power to issue and Ministerial Decrees (Keputusan Menteri or Kepmen).

In principle provinces and kabupaten/kota are not supposed to issue legislation which conflicts with national legislation, but in practice this happens; sometimes the laws are then invalidated by the Supreme Court, but in other cases they are allowed to stand. Under the regional autonomy legislation, of which the most recent and powerful is Law No. 23/2014 on Regional Government, regulations can be issued by over 1000 bodies at provincial and kabupaten level – but “the legal output of these lawmakers has added great bulk, complexity and uncertainty to Indonesia’s legal system”.7

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6 The hierarchy is specified under Law No. 10/2004 on the Formulation of Laws and Regulations
The implications of this system for the ITMP are discussed in relevant places throughout this report. The most significant implication is that in due course a high-level legislative intervention may need to be drafted to implement the ITMP.

2.1 National Level

- Presidential Decree no. 1/1992 on the Management of Borobudur and Prambanan Tourism Parks. This established 3 zones around Borobudur, with Zone 1 managed by the Borobudur Conservation Office, Zone 2 by the state-owned enterprise PT Taman Candi Borobudur, Prambanan and Ratu Boko, and Zone 3 by the government of Kab. Magelang.
- Government Decree no. 26/2008 on Spatial Planning for National Strategic Areas. The decree seeks to prevent negative impacts on the environment and to promote the sustainable use of natural resources to improve public welfare. It includes guidelines for effective and efficient planning processes and establishes a strategic development framework for the purposes of creating a national land strategy.
- Law No. 10/2009 on Tourism. This is the overarching Law on tourism. It stipulates regulations for the tourism industry and provides for the rights and obligations of the community, of tourists and of the national and regional government. It makes provision for the development of tourism, the determination of tourism strategic zones, and the registration of tourism businesses, amongst other matters.
- Law No. 11/2010 on Cultural Heritage. This defines Cultural Properties as being: “made up of the physical cultural heritage in the form of items of Cultural Heritage, Heritage Buildings, Structures, Cultural Property Sites, and Cultural Property Areas on land and/or water which require preservation because of their important value to history, science, education, religion, and/or culture.” The regulation also states that all cultural properties may be utilized for tourism activity, giving a strong legal basis for commercial utilization.
- Government Regulation No. 50/2011 on National Tourism Master Plan. This defines National Tourism Strategic Areas and identified 88 of them across the country. It regulates the direction of national tourism development and is expected to act as a reference point for all stakeholders, but it only emphasizes that “the government carries out the monitoring and controlling of master plan implementation” but lacks a robust institutional scheme for doing so. Furthermore, technical regulations concerning implementation are still lacking.
- Ministry of Tourism Regulation no. 14/2016 on Guidelines for Sustainable Tourism Destinations. This sets out the requirements for government, local government and other stakeholders to adhere to in the development of sustainable tourism destinations, covering management, economic benefits to local communities, cultural preservation and environmental conservation.
- Ministry of Tourism Regulation No. 18/2016 on Tourism Business Registration. This regulation is designed to guarantee the standards of tourism service providers as a part of the implementation of the National Tourism Master Plan.
- Presidential Decree No. 46/2017 on Borobudur Management Authority (Badan Otorita Borobudur - BOB)

8 Law No. 11/2010 on Cultural Property.
9 Appendix III Government Regulation No. 50/2011 on National Tourism Master Plan
10 Ibid, Article 68
This establishes the scope of work (including the geographical scope) of the BOB.

- Ministerial Decree of the Minister of Tourism No. 10/2017 regarding the organisation and working procedures of the Borobudur Management Authority.

This decree sets out the working practices of the BOB, including preparing a Master Plan and detailed plans for the National Priority Tourism Areas of Borobudur-Yogyakarta and surroundings, Solo-Sangiran and surroundings, and Semarang-Karimunjawa and surroundings, and separate plans for the area around the Borobudur WHS delineated by Presidential Decree 58/2014 and the 308 hectare area of Purworejo which the BOB is leasing from the State Forestry company Perhutani.

This legislation provides a solid legal basis for developing Indonesia’s tourism industry, including community involvement, environmental protection, and cultural heritage management. The specific national legislation applying to the Borobudur-Yogyakarta-Prambanan ITMP will be respected in regard to creating the plan.

2.2 Provincial and Kabupaten/Kota Level

Once the national legislation exists, provinces and kabupaten move to creating their own local legislation to provide the basis for tourism development within their own areas. In order to understand the legal landscape and intentions of local governments regarding tourism in the TDAs, regulations covering the development of local tourism master plans (RIPPARPROV for the Provinces and RIPPARDA for the Kabupaten) in the provinces and kabupaten where they are located were reviewed, as follows: 11

- Provincial Regulation of DI Yogyakarta No. 1/2012, on the Tourism Development Master Plan for DI Yogyakarta Province, 2012-2025
- Provincial Regulation of DI Yogyakarta No. 1/2019 on Revision to Provincial Regulation of DI Yogyakarta No. 1/2012, on the Tourism Development Master Plan for DI Yogyakarta Province, 2012-2025
- Provincial Regulation of Central Java No. 10/2012, on the Tourism Development Master Plan for Central Java Province, 2012-2027
- Regulation of the City of Yogyakarta No. 3/2015, on the Tourism Development Master Plan for Yogyakarta, 2015-2025
- Regulation of Kab. Sleman No. 11/2015, on the Tourism Development Master Plan for Sleman, 2015-2035
- Regulation of Kab. Magelang No. 4/2015, on the Tourism Development Master Plan for Magelang, 2014-2034

These decrees are based on national Law No. 50/2011 on Tourism Development Master Plans. They set the policy and aims for tourism development for each area, and form the regulatory foundations for the planning processes necessary for establishing the infrastructure, institutions and human resources appropriate for the development of the industry and destinations within the specific geographical area covered, along with marketing and the institutional arrangements. They all have similar aims in that tourism is seen as a way of stimulating local enterprise and providing employment and as a means of generating national pride, to which end aspects such as increasing the length of stay, training of more industry personnel, capacity-building amongst business owners and partnership working between the government, private sector and community are emphasised.

11 Regulations covering the development of RIPPARDAs in neighbouring areas were also reviewed: Kab. Purworejo, Kab. Wanosobo, City of Semarang in Central Java; Kab. Bantul, Kab. Gunung Kidul, Kab. Kulon Progo in DI Yogyakarta.
Some of the decrees establish targets for the numbers of foreign visitors, length of stay, and expenditure according to different scenarios, and/or indicators for carrying out specific actions such as training programmes for homestay owners and certification for service providers, along with identifying the government agencies responsible for these. The detail contained in many of these decrees also establishes an inventory of attractions, activities and development patterns such as ‘gateways’ to certain areas, which should help to guide the focus of infrastructure planning.

The following table gives key points relevant to the TDAs from the Tourism Development Master Plans, where these exist, and from the regulations where they do not (see also text below the table).

### Table 1: Key points relevant to the BYP TDAs from Tourism Master Plans and Regulations

<table>
<thead>
<tr>
<th>Area covered</th>
<th>Key points of plans / regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>DI Yogyakarta</td>
<td>Outlines areas suitable for tourism and includes aspirations for development. In Yogyakarta key projects are seen as the development of a community and arts centre in the Jl. Prawirotaman area, revitalisation of one of the royal palaces, and a modern theatre built next to the Jogja Expo Centre. Jl. Margo Utomo (the northwards extension of Jl. Malioboro) is seen as a ‘kawasan sepeda’ (cycle zone). These will be taken into consideration in the development scenarios.</td>
</tr>
<tr>
<td>Central Java</td>
<td>This specifies 6 broad Provincial Tourism Destinations (DPP), of which Borobudur-Dieng covers the ITMP’s Borobudur and part of the Prambanan TDAs. The DPP are sub-divided into Strategic Provincial Tourism Areas (KSPP) or Provincial Tourism Development Areas (KPPP), with 6 in the case of Borobudur-Dieng, including KSPP Borobudur-Mendut-Pawon-Magelang City and KPPP Prambanan-Klaten city. This regulation contains little specific geographic detail, focusing instead on the institutional and capacity-building arrangements needed. Several points included in the Central Java Masterplan align with the ITMP, as will be highlighted in the development scenarios.</td>
</tr>
<tr>
<td>Kab. Magelang</td>
<td>The kabupaten is divided into 4 strategic tourism areas: A, B, C, and D. Most of the Borobudur TDA falls into Area D, which includes the Kecamatan of Borobudur, Mertoyudan and Mungkid, with Borobudur and Mungkid seen as especially important for protecting the site of Borobudur and the view towards Mt Merapi. The proposals for Area D in particular align with initial plans for the Borobudur TDA under the ITMP; these plans will be elaborated in later stages of the ITMP.</td>
</tr>
<tr>
<td>Kab. Klaten</td>
<td>The Masterplan regulation divides the kabupaten into 7 strategic areas based on the themes of culture (including the temples); shopping and gastronomy; pilgrimage; agrotourism; nature tourism and special interest tourism; creative industries; and tourism villages. No map is included and neither the Prambanan temple nor the popular ‘twin temples’ of Plaosan are mentioned by name. The aims of the Kab. Klaten masterplan will be drawn out into development plans at later stages of the ITMP.</td>
</tr>
<tr>
<td>Kab. Sleman</td>
<td>Seven areas of tourism attractions are nominated in the Masterplan regulation, including Prambanan and its surroundings. Included in this are several smaller temples other than the WHS itself and Ratu Boko, but it also includes areas outside the TDA. The regulation dates from 2015 and it did not foresee the development and success of the Breksi Cliff attraction, which opened in 2017.</td>
</tr>
<tr>
<td>Kota Yogyakarta</td>
<td>A TMP has been published for the City of Yogyakarta by the Province (see above), but not yet by the City itself. The regulation includes general aims to use tourism to improve</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Area covered</th>
<th>Key points of plans / regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>the economy, and mentions developing Kampung Wisata (tourism villages). It lists its historical and cultural attractions as the Kraton, Jl. Malioboro, the Pakualaman area, Kotagede and Kota Baru; outlines the aspiration that ecotourism will take place along the rivers Code, Winongo and Gajahwong; that educational tourism will be developed around the Taman Pintar (children’s science park), the Museums, and the Yogya Banana orchard; and mentions various forms of shopping tourism. It is more specific than the other regulations reviewed by specifying the need for more public toilets and parking areas and for disabled access to be improved. It also shows a clear appreciation of appropriate market segments, including mass, MICE, VFR and various forms of niche tourism. This well-thought-out plan is helpful for supporting the direction of the ITMP proposals, and its propositions will be taken into consideration in planning the development scenarios.</td>
<td></td>
</tr>
</tbody>
</table>

Source: BYP ITMP Consultants

To give more detail on these plans, in the DI Yogyakarta Tourism Master Plan the direction and strategy of tourism area development is explained, including the TDAs included in the BYP ITMP. The Kraton-Malioboro and surrounding areas focus on the development of the Ngayogyakarta Hadiningrat Palace, Taman Sari, Sonobudoyo Museum and the Carriage Museum. The area of the Grand Mosque, Suronatan, Kauman and its surroundings are to be developed for historical, religious and educational tourism. The Njeru Beteng area is to be developed as a tourism area based on Javanese culture. The Malioboro area is to be developed as a cultural heritage and shopping tourism corridor, while Ketandan and its surroundings can be promoted as Yogyakarta’s Chinatown. The regulation also highlights the role of the Pakualaman Palace and Kotagede as areas for showcasing Javanese culture and history, and identifies the Menoreh Hills as an area for ecotourism and adventure tourism.13

These aspects align with the ITMP policy of building on local culture for developing tourism. The 2019 Amendment to the 2012 DI Yogyakarta Tourism Masterplan regulation also outlines the development strategy for Prambanan and Ratu Boko Temple Areas by establishing the Prambanan Temple area, Ramayana Ballet theatre and Trimurti art gallery as a place for performing Javanese culture, and states that the identity of all tourism activities in the region should be dominated by Javanese arts and culture. Further aims are to develop the ancient volcanic sediment sites around Ijo Temple for cultural and educational tourism, to develop the Geoheritage of Lava Bantal in the Berbah area for educational and special interest tourism, regional development around the Sari, Kalasan, Sambisari, Banyunibo and Barong Temples for cultural and education-based tourism, while according to the Kab. Sleman Tourism Masterplan regulation no. 11/2015, the Kalasan area and around Prambanan Temple are also directed to become a culinary tourism and creative economy area.14 There is some discrepancy between the provincial and kabupaten masterplans on this point, since the provincial masterplan does not specifically mention culinary tourism and the creative economy in the Prambanan area.

The DI Yogyakarta masterplan has some specifics which align with proposals within the ITMP (to be elaborated on in future stages of the ITMP) such as modernizing the museums and developing the forested area around Ratu Boko for ecotourism, and some generalities such as the need to diversify the tourism product in the province and to train personnel which, again, fit with the ITMP proposals. Interestingly, however, it does not mention some of the cultural opportunities identified by the ITMP team, in particular the role of Yogyakarta City and the surrounding area in the creation of the

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13 Di Yogyakarta Regulation no. 1/2019 on Revision to Regulation no. 1/2012 on Tourism Master Plan of DIY Province
14 Kab. Sleman Regulation no. 11/2015 on Tourism Development Masterplan of Kab. Sleman (RIPPDA Kabupaten Sleman) 2015-2025
Republic of Indonesia through the activities of the Ngayogyakarta Sultanate, especially Prince Diponegoro in the 19th century and Hamengkubuwono IX in the 20th century.

In terms of creating an enabling environment for tourism growth, the 2019 Revision to Regulation 1/2012 also states the need to improve fiscal incentives for investment (domestic and foreign) in the tourism sector, to remove bureaucratic obstacles, to improve the local value chain, and to create a larger cohort of local tourism professionals qualified at bachelor’s or master’s level. This last point will be partly achieved through supporting more tourism researchers / lecturers to doctoral level. It is recognised that the budget for tourism development will need to be increased.

The Kab. Magelang Tourism Master Plan establishes four strategic tourism areas (KSP). The Master Plan is aligned with the Central Java Tourism Masterplan and supports the ITMP-BYP. Kec. Borobudur and part of Kec. Mungkid, in addition to Kec. Mertoyudan, part of Kec. Muntilan, Kec. Salam, and Kec. Ngluwar are grouped into Tourism Strategic Area-D. The strategy for developing TSA-D is to accelerate the development of tourist villages in the Borobudur area, the slopes of Mount Merapi, and the Menoreh Hills. 15

In the city of Yogyakarta, tourism area development is determined in the form of a more detailed zoning and detailed plan. This zoning also supports the development of KTAs in the ITMP BPY, which includes the Kraton, Kotagede, Gedongtengen, and Danurejan areas. 16

In principle the different levels of administration (province/kabupaten-kota) are supposed to discuss the different levels of plan with each other, but in the Consultants’ experience, the different levels in practice move ahead to design and implement their own programmes without consulting each other.

From this review, it appears that in some cases (especially the City of Yogyakarta and to a lesser extent Kab. Magelang) considerable effort has been devoted to designing regulations with a good deal of specificity. In most cases the actual master plans have not yet been developed separately to the regulations, which is because once the Regional Regulations are drafted and passed into law, they are accepted by the provincial and kabupaten governments as the master plan – even though in terms of an international standard of master-planning they are lacking in important detail such as maps and a market analysis.

In a few cases have the regulations been taken forward into what would be considered more detailed plans: for instance, Dinas Pariwisata DI Yogyakarta has carried out some masterplanning and detailed planning for the National Strategic Tourism Areas of the City of Yogyakarta and the Pantai Selatan (Southern Beaches) – although only the Executive Summaries are available, albeit very detailed ones - and the Dinas Pariwisata of Kab. Sleman has drafted a plan for agrotourism in the western part of the Kabupaten, which is seen as the best way forward for this relatively marginalised area. 17

15 Kab. Magelang Regulation no. 4/2015 on Tourism Development Masterplan of Kab. Magelang (RIPPDA Kabupaten Magelang) 2014-2034
16 Yogyakarta City Regulation no. 1/2015 on Detailed Land Use and Zoning Plan (RDTR dan Pengaturan Zonasi) Yogyakarta City 2015 – 2035
17 Interview with Yudi Sukmanajaya, BAPPEDA Sleman, 4 December 2018
In the absence of actual plans, however, the local governments are using the RIPPARDA regulations as guidance; for instance, the Kampung Wisata programme is being rolled in the City of Yogyakarta in accordance with the regulations.

Another aspect of the RIPPARDA regulation for Borobudur is that it stipulates the development of 18 tourist villages in the kecamatan (in effect this has been implemented through the Balkondes programme – see Section 4.2 below).\(^\text{18}\) However, what is lacking is any mention of an autonomous institutional unit with over-arching responsibility for implementing master plan recommendations which would coordinate not only Government-led initiatives, but also those of Provincial Governments, Local Governments, communities, businesses and the private sector (as referenced in the regulation).

The fact that local plans for tourism development are generally at an early stage gives the ITMP team an opportunity both to incorporate existing ideas into the planning process as well as to help shape the plans. Thus, cooperation with the relevant Planning Board and Tourism Offices offices will be maintained during the formulation of the development scenarios and detailed plans.

In addition to the regulations covering the RIPPARDA, the regulations covering the RTRW (Regional Spatial Plans) for the areas in which the TDAs are located have been examined, namely:

- RTRW Central Java, based on Provincial Regulation no. 6/2010 concerning Spatial Planning in the Province of Central Java 2009-29
- RTRW DI Yogyakarta, based on Provincial Regulation no. 2/2010 concerning Spatial Planning in the Province of DI Yogyakarta 2009-29
- RTRW Kab. Magelang, based on Regulation no. 5/2011 concerning Spatial Planning in Kab. Magelang 2010-30
- RTRW Kab. Sleman, based on Regulation no. 12/2011 concerning Spatial Planning in Kab. Sleman 2011-31
- RTRW Kota Yogyakarta, based on Regulation no. 2/2010 concerning Spatial Planning in the City of Yogyakarta 2011-31

The RTRW cover the aims, policies and strategy for land-use in each province or kabupaten, and set the outline concepts for land use. They establish strategic areas designated for different purposes in each territory covered and the direction of development patterns for each of these. While effectively being concept documents for the area, in some cases – especially in the appendices – they go into a reasonable amount of detail in setting out priorities and maps for transport (roads, railways, public transport) and services infrastructure (energy, water, waste), industrial infrastructure, and broad agricultural uses. The RTRW also identify any cultural assets of national or local value. Having said that, in the majority of cases no detailed plans exist to take the RTRW to implementation level: the only one that can be found is the RDTR for the City of Yogyakarta, covered by Regulation of the City of Yogyakarta 1/2015 concerning the detailed spatial and zoning plan for the City of Yogyakarta 2015-25.

**Kab. Magelang (Borobudur TDA)**

\(^{18}\) Kab. Magelang Regulation no. 4/2015 on Master plan of Tourism Development in Kab. Magelang, 2014-2034
The Borobudur Temple Compounds WHS and its surroundings is designated as a strategic area at national, provincial and kabupaten levels. The geographic area, strategic location and focus of the area at these levels is shown in the following table.

### Table 2: Strategic Levels and Focus of Borobudur Temple Compounds

<table>
<thead>
<tr>
<th>Level</th>
<th>Area and Principal Focus</th>
</tr>
</thead>
</table>
| National       | a) The World Heritage Site, hereafter referred to as SP-1 (Preservation Sub-zone 1), is the main conservation area and includes Borobudur and Wanurejo Villages in Borobudur Sub-district (kecamatan), Mendut Village, and parts of the villages of Ngrajek, Pabelan, Paremono, and Bojong in Kec. Mungkid.  
   b) Buffer zone of the WHS, hereafter referred to SP-2 (Preservation Sub-zone 2), is to protect the core site from over-development and to protect unexplored archaeological sites. It covers part of Kec. Borobudur and the part of Kec. Mungkid which is outside SP-1, and parts of Kec. Mertoyudan, Kec. Tempuran and Kec. Muntilan. |
| Province (Central Java) | a) The Selo–Borobudur Corridor (part of the Solo–Selo-Borobudur Corridor) as a regional strategic area in terms of economic growth interests.  
   b) Borobudur Temple Compounds as a regional strategic area in terms of social and cultural interests. |
| Kab. Magelang   | a) Strategic area of economic growth  
   b) Social and cultural strategic area |

Source: BYP ITMP Consultants

The Kabupaten Magelang government aims to develop strategic areas of economic growth to reduce the equity gap between regions. In terms of managing the strategic social and cultural area of Borobudur, this includes:

a. increasing the economic value of the area designated as world heritage;  
b. providing facilities and infrastructure to support tourism activities;  
c. optimizing regional development by increasing the region’s social and cultural values;  
d. managing limited built development around the site; and  
e. taking into consideration the social and cultural aspects of the local community.

The development of parts of Kab. Magelang as a tourism area is supported by the development of facilities and infrastructure, including road and railway access.

The kabupaten-level vision for the Borobudur TDA is based on the sustainable development of the region as a community-based cultural area. Its development is focused on natural and cultural tourism in a number of tourist villages in several kecamatan (Mungkid, Mertoyudan, Borobudur, Muntilan and Salam), as also mentioned in Table 2 above. It should be noted that there is a discrepancy here with the kecamatan designated for inclusion in the Borobudur TDA, where Salam is replaced by Tempuran. The TDA’s designation is presumably guided by the kecamatan covered (or part-covered) by the SP-2 Zone designated by Presidential Decree 58/2014.

**Kab. Klaten (part of Prambanan TDA)**

The Kab. Klaten government is committed to developing its tourism sector through:

1. Drafting the Regional Tourism Development Master Plan
2. Improving the quality of existing tourism attractions

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19 Note: this is still unavailable
3. Sustainable tourism management
4. Development of tourism-supporting economic activities
5. Development of new tourism villages, areas and / or new tourism attractions
6. Synergizing other activities that have potential as tourism attractions
7. Improving tourism information
8. Development and improvement of tourism infrastructure and facilities.

Kabupaten Sleman (part of Prambanan TDA)
The strategic location of Kab. Sleman means that infrastructure developments here will affect all 3 TDAs in that key primary infrastructure systems run across it (or are planned to do so), including:

a. Yogyakarta-Semarang Road (from Yogyakarta City to Kab. Magelang and City)
b. Yogyakarta-Surakarta Road (from Yogyakarta City to Kab. Klaten and City)
c. Yogyakarta-Cilacap Road (from Kab. Bantul to Yogyakarta City)
d. Yogyakarta Ring-road (from Kab. Bantul to the Maguwoharjo 3-way junction, and from Janti 3-way junction to Kab. Bantul)
e. Development of Yogyakarta’s urban area transportation network to Prambanan
f. Development of railway infrastructure including the Parangtritis-Yogyakarta-Borobudur railway line.

City of Yogyakarta (Yogyakarta TDA)
As a hub of tourism to southern Central Java as well as DI Yogyakarta, the City aims to integrate tourism areas with a system of regional transportation networks. This integration will be achieved through cooperation between sectors and regions in the development of corridors that cross administrative boundaries.

The Consultant team has encountered a surprising lack of coordination of aims and policies even within closely related areas.

It is to be hoped that the ITMP will help the city achieve this aim. However, the Consultant team has so far encountered a surprising lack of coordination of aims and policies even within closely related areas. For instance, the City of Yogyakarta administration and the provincial administration of DI Yogyakarta have produced separate tourism development plans for Yogyakarta which bear no relation to each other and apparently without consulting with each other. Further discussion on opportunities for coordination and overlapping responsibilities is given in Section 5.1. The Consultants themselves aim to synthesise the different plans affecting the TDAs in the Development Scenarios and other further stages of the ITMP process.

2.3 Land Ownership and Sultanate Land

This section outlines the regulations affecting ownership and use of land in Indonesia, including special arrangements which apply in the province of DI Yogyakarta.

Land title and tenure in Indonesia is administered by the National Land Agency, Badan Pertanahan Nasional (BPN), a government body that manages all grants, extensions and renewals of certified land titles as well as running the land registration system. BPN was established under Basic Agrarian Law No. 5/1960, which is the enabling legislation in the domain of land status.
Land title in Indonesia falls into two broad categories, customary traditional land title or ‘adat land’, and certified titles. Traditional land title is not registered in the BPN ownership records and is regarded as having lower legal status than certified title. Traditional (adat) title can be converted into certified title and registered in the BPN database.

Certified land titles fall into six categories, as below. Note that there are a number of options that allow foreign enterprises to purchase land title or operate through a nominee, which is of relevance for attracting foreign investment.

1. **Freehold Land** (*Sertifikat Hak Milik* - SHM). Freehold land title grants absolute ownership of a plot of land and is an hereditary and transferable title. SMH may be held by Indonesian citizens but not by foreigners.

2. **Right-to-Build Title** (*Sertifikat Hak Guna Bangunan* - SHGB). HGB title gives the owner the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. HGB may be owned by Indonesian citizens and legal entities established under Indonesian Law and domiciled in Indonesia, including foreign-owned companies and joint-venture companies. This is the most common title that foreign companies use to hold real estate in Indonesia. HGB title is granted by the National Land Agency for an initial period of up to 30 years, extendable for 20 years. After this, new HGB title may be granted on the same land with the same terms.

3. **Right-to-Use Title** (*Sertifikat Hak Pakai* - SHP). This title confers rights to use state-owned land or land owned by others for a specific purpose as agreed by both parties, such as for social activities, religious worship, embassies, and international organizations. The title can be held by Indonesian citizens, individual foreigners residing in Indonesia, foreign embassies or representative offices of foreign institutions. The form of title can be granted for a maximum validity period of 25 years and is extendable for another 20 years.

4. **Right-to-Manage Title** (*Sertifikat Hak Pengelolaan* - SHPL). This form of title grants the right to operate state-owned land for a specific purpose as approved by the authorities. It is given exclusively to government institutions or state-owned companies for an unspecified period.

5. **Right-to-Exploit Title** (*Sertifikat Hak Guna Usaha* - SHGU). This title gives rights to cultivate or exploit state-owned land for agricultural, fishery or other purposes (there are sub-categories of this title concerning right to crop forestry products, use of water, and to farm and catch fish. This form of title can be valid for a maximum of 35 years, extendable for another 25 years with an option for renewal.

6. **Right-of-Strata Title Ownership on Multi-storey Building Units** (*Sertifikat Hak Milik atas Satuan Rumah Susun* – SHMASRS). This form of title is issued to the owners of residential, commercial or retail units in multi-storey buildings such as condominiums, strata-title offices etc. The validity period depends on the expiry date of the land right of the plot on which the building is located.

There are particular regulations and arrangements relating to land in DI Yogyakarta, with two aspects of this that may affect the ITMP implementation.

In the first place, under legislation passed during Dutch colonial era, the two Sultanates of Yogyakarta (Kasultanan Ngayogyakarta Hadiningrat and Kadipaten Pakualaman) declared in 1918 that all land with no proof of ownership should belong to their kingdom. It is believed that the
people and government officials of DI Yogyakarta still maintain this legal perspective. The amount of Sultanate Land in the City of Yogyakarta and the 4 kabupaten is as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Total area of region (ha)</th>
<th>Sultanate Land Area (ha)</th>
<th>%age of Sultanate Land to Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kota Yogyakarta</td>
<td>32,500</td>
<td>104.94</td>
<td>0.32%</td>
</tr>
<tr>
<td>Bantul</td>
<td>50,685</td>
<td>3,053.96</td>
<td>6.03%</td>
</tr>
<tr>
<td>Sleman</td>
<td>57,482</td>
<td>307.86</td>
<td>0.54%</td>
</tr>
<tr>
<td>Kulon Progo</td>
<td>58,627</td>
<td>2,382.61</td>
<td>4.06%</td>
</tr>
<tr>
<td>Gunungkidul</td>
<td>148,536</td>
<td>581.50</td>
<td>0.39%</td>
</tr>
</tbody>
</table>

Source: BPN (2010); BPS DI Yogyakarta (2018)

Triggered by the passing of Basic Agrarian Law no. 5/1960, Panitikismo (the Land Department of the Kraton) renewed the terms of Sultanate Land utilisation. This mirrors national legislation up to a point, in that there are ‘Right-to-Build’ and ‘Right-to-Use’ titles, but there are two additional forms of title:

a. **Hak Ngindung**, the right to exploit Sultanate Land for a living. The duration of this right is negotiated and agreed by both parties. This right is granted to individuals who want to build a house on Sultanate Land.

b. **Hak Magersari**, the term of this right is similar to **Hak Ngindung**. The difference is that Magersari is usually granted to individuals that have a cultural and historical relationship with Kraton, for instance *Abdi Dalem* (palace servants).

To some extent these special arrangements are designed to support the paternalistic relationship between Sultanate and commoners, for example, the *Abdi Dalem* are paid an extremely low wage but receive benefits in other ways, one of which is encapsulated in (b) above. However, the terms of further land-related regulations lead on the second important aspect which may affect investment in tourism facilities.

In 1975 the Sultanate passed an instruction no. K.898/I/A/1975 on Prohibitions of Land Rights for Non-indigenous Citizens (*WNI non-pribumi*). This stated that non-indigenous people are not allowed to own land in the province of DI Yogyakarta – although they are still allowed to build houses on it under the ‘Right-to-Build’ (**Hak Guna Bangunan**) title. ‘Pribumi’ literally means ‘son of the soil’ and is equivalent to the Malaysian term ‘bumiputra’. In both cases the term applies to ‘native people’ of the archipelago, i.e. including Javanese, Balinese, Ambonese and others but specifically excluding

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people of ethnic Chinese, Arab or Indian descent (even though some families settled in Indonesia many generations ago).  

This situation of discrimination against non-native people has been challenged as unconstitutional in that it not only contravenes Basic Agrarian Law no. 5/1960 but also Law no. 39/1998 on Human Rights and Law no. 40/2008 on Elimination of Racial and Ethnic Discrimination. In addition, after the fall of Soeharto in 1998, the next incumbent (B.J. Habibie) issued Presidential Instruction no. 26/1998 on prohibiting use of the term *pribumi* in public policy.

In 2012 GoI passed Law no. 13/2012 on the Special Features of DI Yogyakarta (*Keistimewaan Yogyakarta*). This granted autonomy to the government of DIY to administer procedures for filling the positions, duties and authorities of the Governor and Vice Governor; the government institutions of the province; and on culture, land and spatial planning. This Law is being used as justification for retaining the validity of Instruction no. 898/1975. Also, according to the principle of a new law overriding an older one (lex posteriori derogate legi priori), Law no. 13/2012 may be interpreted as giving the DI Yogyakarta Government power to override Basic Agrarian Law no. 5/1960.

This is a case where an ethnic minority is being discriminated against. A 2018 investigation by the BBC Indonesia service described this issue and found that there was clear discrimination, although they also found a few cases where non-pribumi citizens in DI Yogyakarta were able to hold property rights as Hak Milik rather than just Hak Guna Bangunan. Meanwhile, some ethnic Chinese people have been fighting to annul the Instruction through judicial review, but these challenges have been rejected by the Yogyakarta District Court.

The different regulations affecting land title and use in the two provinces will be taken into account at later stages of the ITMP process, especially when compiling the investment portfolio aimed at attracting domestic and foreign investment.

### 2.4 Regulations regarding Environmental Standards and Controls

Any tourism development in the TDAs must take account of the applicable environmental safeguarding procedures established by the Government of Indonesia and the World Bank Group.

Environmental law in Indonesia is based on the principle that all Indonesian citizens have the right to a healthy environment. The principal laws and regulations applicable to major projects are:

- Environmental Law no. 32/2009 regarding Environmental Protection and Management. This is a general law related to the environment, and amongst other things, it enshrines the entitlement of communities affected by developments to information about their potential impacts and to have a role in creating the framework for environmental management.

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21 It does not specify how people of mixed race are covered.
• Government Regulation no. 27/2012 regarding Environmental Permits. This lays down the type of permit needed for various types of activity (see below) and specifies an obligatory community consultation process, under which members of the community have the right to suggest, express opinions and provide input regarding the planned activities within 10 working days after the announcement of the proposed activities.
• Minister of Environment Decree no. 05/2012 regarding the types of business and/or activities subject to Environmental Impact Assessment. This specifies the businesses and activities likely to have a significant environmental impact and determines whether the business requires an AMDAL, UKL-UPL or an SPPL (these are explained below).
• Minister of Environment Decree no. 16/2012 regarding guidelines for the preparation of environmental documents.
• Ministry of Environment Decree no. 17/2012 regarding guidelines for public participation in the Environmental Impact Assessment and Environmental Permit Process.
• Minister of Environment Decree no. 8/2013 regarding guidelines for the assessment and evaluation of environmental documents and issuing environmental permits.
• Presidential Regulation no. 59/2017 regarding Implementation of Sustainable Development Goals.

Other legislation concerning general environmental standards include:

• Government Regulation no. 41/1999 regarding control of air pollution.
• Law No. 11/1974 regarding Water Supply
• Government Regulation No. 121/2015 regarding Water Resources Utilisation.
• Government Regulation No. 82/2001 regarding water management and the control of water pollution.
• Government Regulation No. 74/2001 regarding the management of hazardous and toxic materials.
• Law No. 18/2008 regarding Waste/Garbage Management
• Government Regulation No. 101/2014 regarding the management of hazardous and toxic waste.

Specific permits relating to building construction are based on Indonesia’s commitment to reducing carbon emissions and global climate change. The main regulations governing these are:

• Law No. 28/2002 on Buildings.
• Minister of Environment Decree no. 08/2010 regarding the criteria and certification of environmentally friendly buildings.

There is no requirement for buildings need to meet carbon emissions or climate change targets. However, buildings may be certified as environmentally friendly if they fulfil certain requirements under this regulation, which defines a “green building” as one that implements sustainability principles in design, construction, operation and maintenance and satisfies various criteria, including the utilisation of local eco-label certified materials and providing water conservation facilities and waste water management facilities.

• Minister of Public Works and Public Housing Decree no. 02/PRT/M/2015 regarding ‘green’ buildings.
Any application for a major development must start with obtaining an Environmental License, which according to Environmental Law no. 32/2009 and Government Regulation no. 27/2012 is required for developments which:

- Change the land-form and/or contour
- Involve the use of natural raw material or resources (renewable or non-renewable)
- May pollute, damage or degrade natural resources or cause environmental, social and/or cultural impacts
- May threaten the long-term viability of a natural resource, conservation area and/or cultural heritage
- May introduce non-native species of plants or animals
- Uses new technology which may have a significant impact on the environment.

The process for this begins with an Environmental Impact Assessment (sometimes allied with a Social Impact Assessment), or AMDAL, which must be carried out by a certified AMDAL assessor. In the case of certain business activities likely to have a less significant environmental impact, an appropriate Environmental Management Plan (Upaya Pengelolaan Lingkungan Hidup - UPL) and Environmental Monitoring Plan (Upaya Pemantauan Lingkungan Hidup - UKL) should be prepared. In the case of small-scale activities requiring neither an AMDAL or UKL/UPL, a Statement of Assurance for Implementation of Environmental Management and Monitoring (Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup - SPPL) must be prepared.

Obtaining the formal approval to proceed with the project is dependent on the relevant environmental approvals and licenses being obtained, and the decision on which level of government office to approach in turn depends on the scale of the development. After operations begin, the implementing company must monitor and report on compliance with the licenses and, if necessary, carry out any environmental remediation work.

The main bodies and authorities with jurisdiction over environmental policy and enforcement are the Ministry of Environment and Forestry (MOEF), the Regional Environmental Impact Management Agencies (Badan Pengendalian Dampak Lingkungan Daerah - BAPEDALDA) and the Environment Agency at Kabupaten / City level.

At the current stage the Consultant team is not aware of any specific gaps in the environmental legislation. However, as found by a 2008 study, environmental legislation in Indonesia is primarily sector-based, because policy implementation is the responsibility of each department or sector. Because of this system, environmental management too is largely governed by each specific sector. There is a poor coordination between agencies, often resulting in conflicts of authorities and overlapping interests among sectors. As will be seen below in the case of tourism and land management, this situation is also because each ministry is authorized to establish regulations in relation to their own mandate.  

As specific plans or initiatives are proposed in later stages of the ITMP process, the legislation will be examined further to ensure that the proposals are covered by existing legislation and, if this is not the case, new legislation will be proposed. Overall, it is not possible for the ITMP BYP to be implemented under existing legislation because of the fragmented, sectorally / geographically specific nature of much of the legislative landscape and the imprecise wording of much existing

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legislation. Furthermore, most legislation applies at national, provincial or kabupaten/city level. This means that only in the case of the Yogyakarta City TDA could all-encompassing legislation be relatively easily created. In the case of the Borobudur TDA legislation would have to be created to cover only the 5 kecamatan of the TDA, which at least are all within Kab. Magelang. In the case of the Prambanan TDA the situation is complicated because the two kecamatan involved are not only in different kabupaten but also in different provinces. It is likely that this would require legislation either at national level, or ‘mirror’ decrees in each of the two provinces involved.

3. Investment Regulations and Incentives in the Tourism Sector

The regulations and changes described in this section reflect sincere and effective moves on the part of the Indonesian government since 2014 to improve the country’s business investment climate, described as “notorious for its complicated and lengthy procedures for starting a business”. According to the same source, “Investors often have to visit dozens of government offices to obtain hundreds of permits and other documents -- a process that often takes years -- before they can get started.” The complexity and uncertainly of the system has driven many potential investors away, putting Indonesia at a disadvantage compared to other Southeast Asian countries in attracting foreign investment.

3.1 Investment Regulations in the Tourism Sector

For foreign investors to invest in Indonesia, the most suitable vehicle is to create a foreign direct investment (FDI) limited liability company (Perseroan Terbatas Penanaman Modal Asing - PT PMA). A PT PMA is an incorporated legal entity through which a foreign investor can conduct commercial activities in Indonesia. However, if the investor only desires to engage in market surveillance, leverage networking, explore business opportunities, or provide other managerial supports in Indonesia for its parent company, it only needs to establish a foreign representative office (Kantor Perwakilan Perusahaan Asing, KPPA). KPPA is basically a local representative of the foreign parent company. It should be emphasized that such a foreign representative office is strictly forbidden from engaging in commercial activities, generating revenues and profit, issuing invoices, etc.

The key legislation governing foreign investment in Indonesia is Law No. 25/2007 on Capital Investment, which outlines the principal areas to be covered by people wishing to start a business in Indonesia. Based on Law No. 25/2007, a foreign investment in Indonesia is defined as an investing activity conducted by a foreign investor for the purpose of running a business within the territory of Indonesia. The legal entity through which a foreign person, foreign company, or foreign government body could conduct business in Indonesia is PT PMA. The establishment of a PT PMA is regulated by Law No. 40/2007 regarding the Limited Liability Company (Company Law). Such a firm can be either wholly or partly foreign-owned, depending on the sector in which it is operating.

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24 Maulia, E. (2018) Indonesia starts online business registration with one-hour permit, Nikkei Asian Review, 9 July
It is important to comprehend the fact that various sectors in Indonesia are closed, or partially closed, to foreign investment. To find out which sectors are open to foreign investment, we need to access the Negative Investment List, compiled by the Indonesian Investment Coordinating Board (Badan Koordinasi Penanaman Modal, BKPM). When a sector is partially closed to foreign investment, then the List regulates the maximum allowed percentage of foreign ownership. This means that a foreign investor will need to have a local (Indonesian) partner to engage in business in that particular sector.

### 3.2 Restrictions for Foreign Direct Investment in the Tourism Sector

Referring to Presidential Decree No. 44/2016, there are some restrictions on foreign investment in the tourism sector. Gambling or casino is classified as a forbidden business field, prohibited from being commercialized as an investment activity. Indonesia also limits foreign ownership as shown in Table 4.

<table>
<thead>
<tr>
<th>No.*</th>
<th>Business Field</th>
<th>KBLI**</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>224</td>
<td>Museum management</td>
<td>91022</td>
<td>Domestic capital: 100%</td>
</tr>
<tr>
<td>225</td>
<td>Management of historical and archaeological remains, such as temple, Sultan’s palace, inscription, ruin, ancient building</td>
<td>91024</td>
<td>Foreign capital ownership: Max. 67%</td>
</tr>
</tbody>
</table>
| 226  | Tourism travel bureau | 79120  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 227  | Catering | 56210  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 228  | Two-star hotel | 55114  | Foreign capital ownership: Max. 67% |
| 229  | One-star hotel | 55115  | Foreign capital ownership: Max. 67% |
| 230  | Non-star hotel | 55120  | Foreign capital ownership: Max. 67% |
| 231  | Motel | 55199  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 232  | Billiard hall | 93111  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 233  | Bowling alley | 93111  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 234  | Golf course | 93112  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 235  | Art gallery | 90006  | Foreign capital ownership: Max. 67% |
| 236  | Art theater | 90006  | Foreign capital ownership: Max. 67% |
| 237  | Art impresario service | 90004  | a. Foreign capital ownership: Max. 67%  

b. Foreign capital ownership by ASEAN countries’ investors: Max. 70% |
| 238  | Singing room/karaoke | 93292  | Foreign capital ownership: Max. 67% |
| 239  | Dexterity (arena for boxing, martial arts) | 93293  | Foreign capital ownership: Max. 67% |
### Establishment of a PT PMA

This section outlines the required permits, licenses, forms, etc. with step-by-step explanations to establish a PT PMA. However, it should be noted that the step sequence can vary (as shown in the two Figures below).

#### Figure 1: Establishment of PT PMA (First Alternative)

1. Submission of a principal license to BKPM
2. Request of PT name to Ministry of Law and Human Rights
3. Deed of establishment and articles of association

#### Figure 2: Establishment of PT PMA (Second Alternative)

1. Certificate of Domicile
2. Tax identification number
3. Legalization of the articles of association by the Ministry of Law and Human Rights
Although BKPM has improved its services, the registration of PT PMA can still be very troublesome (especially for people who are new to Indonesia and have not learned its language and culture). To avoid this problem, investors might choose to hire the services of a local company that specializes in setting up PT PMAs, which are accustomed to handling all the procedures at BKPM and other institutions. There are many Indonesian firms that offer this kind of service. Depending on the sector, the cost of establishing PT PMA varies, although it is not expensive, and it takes approximately ten weeks to complete. The flowcharts in Figures 2.1 and 2.2 above depict the general mechanisms for establishing PT PMA in Indonesia.

### 3.4 Investment Licenses

In 2015 a ‘One-Stop Integrated Service’ (Pelayanan Terpadu Satu Pintu - PTSP) for investment was introduced, operated by BKPM, partly in order to create a more conducive investment climate and partly to reduce the level of enterprises operating within the informal sector (since these do not pay taxes). The former authority and responsibilities of 22 ministries and agencies to issue business permits have been merged within the BKPM. This was supplemented in 2018 with an Online Single Submission process designed to make the process of applying for investment permission even more straightforward. This PTSP process is also partly designed so that investors can find out which sectors are open to foreign investment since (as explained above) various sectors in Indonesia are closed, or partially closed, to foreign investment. Since the promulgation of BKPM Regulation No. 14/2015, domestic investors (Penanaman Modal Dalam Negeri, PMDN) are also required to register for a principal license.

The application for business license shall be submitted to the Central PTSP, Provincial DPMPTSP, or Kabupaten/Kota DPMPSTSP in accordance with their authorities to obtain an investment registration. A list of the documents which need preparing for this application is in Appendix 1.

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Investment registration by foreign investors can be conducted either before or after having a notarial deed and getting the firm’s legal entity legalized by the Ministry of Law and Human Rights. However, shortly after the issuance of investment registration license, the company’s deed and legal entity legalization should be obtained. A new principal license will take three working days to complete, and investor should provide the following dossiers (BKPM Regulation No. 5/2013):

a. Application form,
b. Applicant’s identification,
c. Details of activity plan and work flow chart for manufacturing companies,
d. Recommendations from relevant Ministries, as needed,
e. Evidence of changes in capital structure (if applicable),
f. Signature and stamp of the applicant or the proxy,
g. For certain types of business, BKPM may require presentations before the BKPM officials.

A series of guidelines were enacted in 2015 covering the following documents:

a. BKPM Regulation No. 14/2015 on the guidelines and procedures for capital investment principal licenses;
b. BKPM Regulation No. 15/2015 on the guidelines and procedures for licensing and non-licensing matters of capital investment;
c. BKPM Regulation No. 16/2015 on the guidelines and procedures for capital investment facilities;
d. BKPM Regulation No. 17/2015 on the guidelines and procedures for capital investment implementation control.
3.5 Investment Incentives for Tourism Projects

There are several regulations and provisions currently valid in Indonesia that might make investing in the tourism industry more attractive, one of them being the “packages” provided for investors to enjoy benefits over some specific investments with diverse criteria. The principal ones are listed below.

Fiscal Incentives

- **Tax Holiday**: In Indonesia, tax holiday incentives are offered, regulated through the Ministry of Finance Decree No. 159/PMK.010/2015, and are given to a business entity that has invested capital of at least Rp.500 billion and falls under a pioneer industry category. The reduction in corporate income tax is given at most 100% and at least 10% of the amount of corporate income tax payable. This tax reduction can be granted for a maximum period of 15 years and minimum five years, with the tax years commencing from the beginning of commercial production. However, the period can be extended to maximum 20 years at the discretion of the Minister of Finance.

- **Import duty**: All PMA and PMDN products shall be approved by the BKPM or by investment offices in their respective areas. This requirement also includes companies that expand their projects such that their products could increase by 30% of the capacity that has previously been determined. Details of the industries eligible to receive duty exemption are outlined in Appendix 1.

Non-Fiscal Incentives

- **Three-Hour Investment Permit Service**: Investors can benefit from a three-hour investment permit service if the minimum value of investment of Rp100 billion, or employ a workforce of at least 1,000.

- **Direct Investment in Construction (Kemudahan Investasi Langsung Konstruksi, KLIK)**: All buildings must have a building permit, or *Izin Mendirikan Bangunan* – IMB. This also applies to building extensions, renovations and change of use. The IMB are issued by the Dinas Tata Ruang Kota dan Perumkiman (Office of Town Planning and Settlements) at kabupaten/city level, although for small, one-storey buildings they can be issued by the kecamatan office. In 2014 an online system was introduced in order to speed up the process of obtaining the permit and reduce the common practice of using middle-men. The agency has the right to refuse permission if the proposed project is not in accordance with the land use designation. Investment permits and business licenses are issued by the same agency at the provincial level. Further permits that must be obtained before construction on a project commences include a Land Utilisation Permit (*Izin Peruntukan Penggunaan Tanah* - IPPT) and (as stated in Section 2) an Environmental Permit (*Izin Lingkungan*). These licences, approvals and recommendations are generally obtained from the regional government. However, the KLIK regulation stipulates that construction can be conducted in parallel while the licensing is in the implementation process (IMB and AMDAL/UKL-UPL/Environmental Permission).

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27 Ministerial Regulation of the Ministry of Public Works and Housing 5/2016 on Building Construction Permits
28 http://ptsp.jogjaprov.go.id
• **Green Channel Service (Layanan Jalur Hijau):** The ‘Green Channel’ service is means to accelerate the import process of machinery or goods or equipment from 3-5 days to 30 minutes. This incentive is provided by the BKPM and stipulated by the Director General of Customs and Excise.

In conclusion, it is clear that the investment climate has improved but that there are still considerable bureaucratic hurdles to surmount for anyone wishing to do business in Indonesia. The measures taken mean that by 2017 the country had moved to 72nd place in the World Bank’s ‘Ease of Doing Business’ competitiveness index, up from a low of 129th place in 2011.\(^\text{29}\) However, it appears that after the initial flurry of activity to improve the most straightforward aspects, other bureaucratic arrangements remained more intractable. In 2017 the Netherlands-based company ‘Indonesia Investments’ reported that although it had become easier to set up a limited company, as described above, it was still a complicated procedure to obtain all the necessary permits and approvals for doing business in specific fields, and that the challenges of obtaining an IMB and the accompanying AMDAL are still considerable.\(^\text{30}\) In late 2018 the head of the Investment Coordinating Board, BKPM, commented publicly that the government had ‘lost its focus’ with regard to the ease of doing business, having slipped back to 73rd place in the index.\(^\text{31}\)

The fact that building construction can apparently commence before the relevant environmental impact assessments are completed is of great concern.

As far as environmental safeguards are concerned, the fact that building construction can apparently commence before the relevant environmental impact assessments are completed is of great concern. This is presumably a response to the slow speed of being able to get the Environmental Impact Assessment carried out and approved, but it undermines any attempt to prevent or mitigate environmental impacts.

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\(^{29}\) Trading Economics, https://tradingeconomics.com/indonesia/ease-of-doing-business

\(^{30}\) Indonesia Investments (2017) Business & Investment Climate of Indonesia: improving competitiveness, 6 June

\(^{31}\) Thomas Lembong, Head of BKPM (2018) reported in The Jakarta Post, 2 November
4. Institutional Framework for Tourism Development

4.1 Government Ministries and Agencies

The principal government institutions likely to have a role in delivering or managing aspects of tourism development under the BYP ITMP are:

- a) Coordinating Ministry for Human Development and Cultural Affairs
- b) National Development Planning Agency and Regional Development Planning Agencies
- c) Ministry of Public Works and Housing
- d) Ministry of Tourism
- e) Indonesian Tourism Promotion Board
- f) Ministry of Education and Culture
- g) Ministry of Religious Affairs
- h) Indonesian Investment Coordinating Board
- i) Ministry of Transportation
- j) Ministry of Agrarian Affairs and Spatial Planning / National Land Agency
- k) Ministry of Environment and Forestry
- l) Environment Agency
- m) Ministry for State-Owned Enterprises
- n) Ministry of Home Affairs
- o) Ministry of Villages, Underdeveloped Areas and Transmigration
- p) Ministry of Cooperatives and Small and Medium-sized Enterprises

The principal functions of these Ministries are outlined in Table 5, while more detail is given in Appendix 2. It should be noted that all state-level ministries have implementing agencies at provincial and usually kabupaten level with offices usually called ‘dinas’ or ‘balai’, although the names of these vary and sometimes the functions of these are combined in different ways than at national level (for instance culture and tourism).

<table>
<thead>
<tr>
<th>Government Body</th>
<th>Chief functions relevant to tourism</th>
<th>Relevance to ITMP BYP TDAs</th>
<th>Relevant law/ regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Coordinating Ministry for Human Development and Cultural Affairs</td>
<td>Deputy for Cultural Coordination - responsible for policies related to cultural affairs, including human resources Assistant Deputy for Cultural Heritage - responsible for policies related to cultural heritage, museums, history and world heritage</td>
<td>Highly significant because of outstanding cultural attractions in ITMP BYP area and need for upgrading human resources</td>
</tr>
<tr>
<td>b</td>
<td>National Development Planning Agency (and Regional Development Planning Agencies) (Bappenas / Bappeda)</td>
<td>Key agency responsible for development policy, planning and implementation at national, provincial and kabupaten/kota levels. Sub-Directorate of Industry, Tourism &amp; Creative Economy responsible for planning, budgeting and implementing activities in tourism.</td>
<td>The Bappeda offices covering the TDAs are the principal agencies active in ensuring local-level tourism infrastructure.</td>
</tr>
<tr>
<td>c</td>
<td>Ministry of Public Works and Housing</td>
<td>Through its various divisions,</td>
<td>Key management role in</td>
</tr>
<tr>
<td>Government Body</td>
<td>Chief functions relevant to tourism</td>
<td>Relevance to ITMP BYP TDAs</td>
<td>Relevant law/ regulation</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Works and Housing (MWPH / PUPR)</td>
<td>MPWH holds a strategic position in relation to tourism development: water resource management, piped water supply, wastewater management and drainage; road / bridge construction and maintenance; housing and residential areas and housing finance; management of solid waste.</td>
<td>ITMP BYP through Regional Infrastructure Development Agency (RIDA/BPIW), maintains CPIU to cover ITMP BYP process.</td>
<td>MPWH no. 15/2012 on Spatial Plan for National Strategic Areas; Ministry Regulation of MPWH no. 21/2018; Ministry Regulation of the MPWH no. 5/2016; Presidential Decree no. 58/2014; Presidential Decree no. 14/2018</td>
</tr>
<tr>
<td>Ministry of Tourism (MoT)</td>
<td>Development of the tourism industry, destinations, institutions, and marketing. There are 4 Deputies: Industrial and Institutional Development; Destination Development; Marketing Development Zone 1, Marketing Development Zone II. The MoT sets policy and coordinates the Desa/Kampung Wisata programme and the UNWTO Sustainable Tourism Observatories programme.</td>
<td>All 4 MoT Deputies are relevant to the TDAs, covering planning, marketing, destination and product development, and training for tourism as well as vertical and horizontal coordination with other government agencies and the private sector. The Borobudur Management Authority is responsible to the MoT. There is a pilot project of the STO programme in Kab. Sleman and it is being rolled out in the Borobudur TDA.</td>
<td>Ministry Regulation of Ministry of Tourism no. 10/2017; Presidential Decree no. 58/2014; Presidential Decree no. 14/2018; Government Regulation no. 50/2011</td>
</tr>
<tr>
<td>Indonesian Tourism Promotion Agency (BPPI)</td>
<td>Improving the image of Indonesia’s tourism to increase foreign and domestic arrivals, generate more foreign exchange receipts and stimulate domestic tourism spending, identify funding sources from outside government.</td>
<td>The BPPI is one of the agencies responsible for promoting tourism to the TDAs.</td>
<td>Presidential Decision (Keppres) no. 22/2011</td>
</tr>
<tr>
<td>Ministry of Education and Culture (MOEC)</td>
<td>Setting policies and standards in education up to secondary level, including Tourism Vocational Schools, and community education; Cultural heritage management, including performing and visual arts, museums, archaeology, historic buildings, intangible heritage.</td>
<td>In all 3 BYP TDAs the MOEC holds a key role through the Cultural Heritage Conservation Centres and Borobudur Conservation Office, museums, training institutes for performing arts, preservation of the built heritage, and support for cultural festivals. As well as the WHS of Borobudur and Prambanan, there are dozens of smaller</td>
<td>Law no. 11/2010; Presidential Decree no. 58/2014; Presidential Decree no. 14/2018</td>
</tr>
<tr>
<td>Government Body</td>
<td>Chief functions relevant to tourism</td>
<td>Relevance to ITMP BYP TDAs</td>
<td>Relevant law/ regulation</td>
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<tr>
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<tr>
<td>g Ministry of Religious Affairs</td>
<td>This Ministry is responsible for organising and balancing the harmonious development of Indonesia’s permitted religions. It and has a strong interest in religious tourism and pilgrimages and includes the Directorates General of Buddhism and Hinduism.</td>
<td>The Temple of Borobudur is the center for the Buddhist Vesak Day ceremony, while Hindu religious ceremonies take place at Prambanan Temple.</td>
<td>No specific regulation</td>
</tr>
<tr>
<td>h Indonesian Investment Coordinating Board (BKPM)</td>
<td>BKPM is a non-departmental government agency responsible for coordinating investment policy and services and for boosting domestic and foreign direct investment. It not only seeks a greater quantity of domestic and foreign investment but also quality investments to drive the economy and create employment. In 2015 a ‘One-Stop Integrated Service’ (PTSP) was introduced to foster a more conducive investment climate.</td>
<td>This agency and its tools, such as the PTSP ‘One-Stop Shop’ and its online submission portal (introduced in 2018) will be key to the process of preparing an investment portfolio of possible opportunities in the TDAs.</td>
<td>BPKM Regulation no. 7/2018</td>
</tr>
<tr>
<td>i Ministry of Transportation</td>
<td>This Ministry’s primary function is to oversee and plan all transportation matters through the four Directorates General of Land Transportation, Sea Transportation, Rail Transportation and Civil Aviation.</td>
<td>Much of the success of the ITMP BYP programme will depend on successful development of improved transportation infrastructure, including new and improved roads and railway lines, public transportation, and NVIA.</td>
<td>Presidential Decree no. 62/2018; 98/2017; Law no. 22/2009; Government Regulation no. 74/2014; Presidential Decree no. 14/2018; Ministry Regulation no. 118/2018</td>
</tr>
<tr>
<td>j Ministry of Agrarian Affairs and Spatial Planning / National Land Agency (BPN)</td>
<td>The Ministry for Agrarian Affairs and Spatial Planning incorporates the National Land Agency, and is ultimately responsible for planning and coordinating land use across Indonesia.</td>
<td>Its responsibility for enforcement of land-use infringements, for instance illegal construction, makes it of particular importance across the TDAs, where illegal construction has already been noted.</td>
<td>Presidential Decree no. 62/2018; Presidential Decree no. 14/2018</td>
</tr>
<tr>
<td>k Ministry of Environment and Forestry (MOEF)</td>
<td>The 5 Directorates General within MOEF relevant to the ITMP are: DG Natural Resources and Ecosystem Conservation - KSDAE). Under KSDAE, the Directorate of Conservation</td>
<td>The MOEF oversees community forests within the Borobudur and Prambanan TDAs; ecosystem, pollution control and environmental health in</td>
<td>Government Regulation no. 122/2015; Ministry Regulation no. 02/MENLHK/Setjen/KUM.1 /11/2011</td>
</tr>
<tr>
<td>Government Body</td>
<td>Chief functions relevant to tourism</td>
<td>Relevance to ITMP BYP TDAs</td>
<td>Relevant law/ regulation</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----------------------------------</td>
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<td>--------------------------</td>
</tr>
<tr>
<td>Environment Agency (Badan Lingkungan Hidup or Dinas Lingkungan Hidup)</td>
<td>Areas is responsible for managing ecosystems generally and protected areas. DG Social Forestry and Environmental Partnerships is responsible for community-based forestry and small-scale business partnerships with local communities. DG of Watersheds and Protection Forests monitors and manages watersheds and protection forests. DG of Pollution and Environmental Damage Control governs major environmental damage such as pollution of water-courses and assesses water quality. DG of Toxic Waste Materials Management ensures the safety of tourism (and other) installations and services from toxic waste.</td>
<td>all three TDAs; and is relevant to watershed management particularly in Kec. Tempuran, Kec. Mungkid and Kec. Muntilan in the Borobudur TDA and Kec. Prambanan-Klaten in the Prambanan TDA.</td>
<td>Government Regulation no. 27/2012; Government Regulation no. 27/1999; Governor of DIY Regulation no. 40/2017; DIY Province Regulation no. 3/2015; Province of Central Java Regulation no. 5/2012</td>
</tr>
<tr>
<td>Ministry for State-Owned Enterprises (BUMN)</td>
<td>This agency is responsible for regional environmental policies and management, with agencies at provincial and kabupaten level. Amongst its functions are the control of pollution and environmental damage, and restoration and conservation of the natural environment. It has a coordinating role between other ministries and agencies, often through setting up a working group.</td>
<td>The BLH/DLH have an important role in the TDAs in monitoring and controlling pollution, but there are overlaps with the MOEF.</td>
<td>Presidential Decree no. 1/1992; Presidential Decree no. 14/2018</td>
</tr>
<tr>
<td>Ministry of Home Affairs</td>
<td>The company which manages tourism at the Borobudur, Prambanan and Ratu Boko sites (PT TWC) is a state-owned enterprise under BUMN.</td>
<td>The company which manages tourism at the Borobudur, Prambanan and Ratu Boko sites (PT TWC) is a state-owned enterprise under BUMN.</td>
<td>Law no. 6/2014; Presidential Decree no. 58/2017; Presidential Decree no. 14/2018</td>
</tr>
</tbody>
</table>
### Government Body

**Ministry of Villages, Underdeveloped Areas and Transmigration**

- **Chief functions relevant to tourism**: The DG Village Development and Empowerment is responsible for basic social service management, developing village economic enterprises (Badan Usaha Milik Desa – BUMDes), utilizing natural resources and appropriate technology, developing village facilities and infrastructure, and empowering rural communities. Through a partnership with MoT it develops and oversees the Desa/Kampung Wisata programme.

- **Relevance to ITMP BYP TDAs**: In the TDAs there is a significant involvement of this Ministry, especially through the Balkondes programme in Kec. Borobudur (see below), where commercial activities are run by the BUMDes. The BUMDes are also active elsewhere in the TDAs such as in the Desa/Kampung Wisata (Tourism Villages) and in villages in the Prambanan TDA/KTA.

- **Relevant law/regulation**: Law no. 6/2014; Presidential Decree no. 14/2018; Ministry Regulation no. 3/2015

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**Ministry of Cooperatives and Small and Medium-sized Enterprises**

- **Chief functions relevant to tourism**: An important ministry given that over 93% of firms in Indonesia are informal MSMEs, often paying low wages and with low productivity. This also applies to the tourism sector. Many firms operate parallel to the formal economy, serving local markets or working informally in tourism. Through the Deputies for Business Restructuring and Human Resources Development the Ministry tries to raise standards and encourage registration of small enterprises.

- **Relevance to ITMP BYP TDAs**: The Ministry could play a significant role in ensuring the spread of economic benefits of tourism to local level within the TDAs by encouraging formal registration of more businesses.

- **Relevant law/regulation**: Government Regulation no. 17/2013; Presidential Decree no. 98/2014; Ministry Regulation no. 118/2018

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*Source: ITMP BYP Consultants Analysis, 2019*

### 4.2 Civil Society Organisations

Government departments concerned with tourism development are supported by several private, parastatal or community sector groupings or initiatives, of which the most significant affecting the TDAs are:

- a) Tourism Villages (Desa/Kampung Wisata) and Pokdarwis
- b) State-Owned Enterprises
- c) Village Economy Centres (Balkondes)
- d) UNESCO
- e) Gadjah Mada University and other educational institutions
- f) Association of Indonesian Travel Agencies (ASITA)
- g) Indonesian Hotel and Restaurant Association (PHRI)
- h) Indonesian Tour Guides Association (HPI)
- i) Java Promo
j) Local tourism trade associations  
k) Sustainable Tourism Observatory

a) Tourism Villages (Desa Wisata) and Tourism Awareness Groups (Pokdarwis)

The Desa Wisata programme is an initiative of the Ministry of Tourism which started in the late 1990s. The aim is for villages to host tourists and thus receive the benefits of tourism directly. The system is a good example of community-based tourism in that villagers work together to manage their own natural and cultural resources and to achieve certain criteria and standards (e.g. in the areas of service provision, organisation, financial management). The Desa Wisata initiatives are managed by village-level business development units or BUMDes (Badan Usaha Milik Desa). There are thought to be hundreds of Desa Wisata in Indonesia, although there is no central index.

With the Government’s current drive to increase tourism to Indonesia, the Desa Wisata (called Kampung Wisata in cities) are seen as an important way of spreading the benefits of tourism and increasing length of stay.\(^{32}\) The principal market is domestic, which helps to spread wealth from urban to rural areas. In principle the villages are supposed to differentiate themselves from others in the same area, although it is often challenging to find specific characteristics which can be packaged and marketed, particularly when skills in marketing may be lacking. Some villages have succeeded well in developing their status, however: for example the village of Penting Sari, Kab. Sleman, on the slopes of Mt. Merapi, gained Desa Wisata status in 2008 and since then has been very successful in gaining both day-visitors and overnight visitors (see photos). It has created several different packages, from half a day to 2-4 days, and receives around 25,000 visitors per year, generating an average monthly contribution to the village of Rp. 150-200 million. The programme has gained several responsible / sustainable tourism awards.\(^{33}\)

In some cases the villages are supported by outside agencies in the first instance and/or for particular aspects such as capacity building or the creation of new facilities, such as with the support from BCA shown on the Penting Sari Homestay sign (above), which was part of the CSR outreach programme of the bank. In some cases NGOs fulfill this role, as in the case of Desa Wisata Candirejo, Kec. Borobudur, which was initially supported by training programmes run by the Indonesian Ecotourism Network (Indecon). Candirejo in fact was a pioneer in Desa Wisata programme, with the village government setting up a co-operative (Koperasi Desa Wisata) to manage tourism there in 2000; it received support from NGOs in setting up, as explained later in this report.

However, the form of village tourism management, under a cooperative, is generally not replicated in other villages. Instead, the central government has encouraged the BUMDes to manage tourism business at village level. The legal aspect of BUMDes was established in Law No. 32/2004 and their role was strengthened by Law No. 6/2014. In this regulation, the central government acknowledged that village government should retain their rights to manage the village’s assets and that if management of the assets involves a business activity, the village government can set up a BUMDes to take care of it, thus freeing up the village government itself to focus on their priority task of public service provision. The BUMDes may have more than one business unit. In some villages, BUMDes run businesses such as microfinance services and clean water distribution as well as tourism.

\(^{33}\) Interview with coordinator of Penting Sari tourism, 24 November 2018
In some villages, the role of BUMDes in running tourism businesses is either combined with or substituted by Pokdarwis (Kelompok Sadar Wisata).\(^{34}\) The Pokdarwis is actually a non-profit community group that aims to raise awareness of tourism among local communities.\(^{35}\) As delineated in the Buku Pedoman Kelompok Sadar Wisata (2012, p.8),\(^{36}\) Pokdarwis contributes to the creation of a supporting atmosphere for tourism development in local destinations. The business side of tourism at village level should be managed by BUMDes. However, there is a common misperception that Pokdarwis are the same as BUMDes, partly because the people in Pokdarwis also manage tourism business in the village. This practice has emerged in situations where BUMDes management is seen as ineffective (or non-existent) where the management and operation of tourism businesses are concerned. In the interest of practicality, the Village Head may appoint people from the Pokdarwis to fill posts in the BUMDes, particularly those relating to tourism. The Desa Wisata are often grouped in forums, for instance the DI Yogyakarta Tourism Village Forum and the Magelang Enchantment Forum. The first exchanges information about the development of tourism villages, enhances the capacity of the Pokdarwis, and fosters homestay management. The second aims to strengthen the image of Kab. Magelang as a tourism destination through a series of local events. Like many other community organizations, these forums are voluntary and receive irregular financial support from the government.

**b) State-owned Enterprises**

The principal tourism-related SOE in the TDAs is PT Taman Wisata Candi Borobudur, Prambanan and Ratu Boko (PT TWC), which is responsible for managing the tourism aspects of the World Heritage Sites of Borobudur and Prambanan, and also Ratu Boko Palace. The history and functions of this SOE are outlined in Section 4. Of the most popular visitor attractions in Yogyakarta City, second most popular – Taman Pintar, a children’s science park – is owned and managed by the Dinas Pendidikan (Educational Agency) of the City of Yogyakarta, the Museum Sonobudoyo is managed by the Dinas Kebudayaan (Cultural Agency) of the City of Yogyakarta, and Fort Vredeburg is owned and managed by the Department of Education and Culture of the Province of DI Yogyakarta. All three are therefore effectively SOEs, although they do not fall under the jurisdiction of the Ministry of State-owned Enterprises (BUMN) as with PT TWC. The other most popular visitor attractions in Yogyakarta (Gembira Loka Zoo, the Kraton, Water Palace and associated attractions) are owned by the Sultanate, and it is unclear whether the income derived from these accrues to the public domain or not.

**c) Balkondes**

As an initiative to spread the benefits of tourism to the Borobudur WHS more widely throughout the area, in 2016/17 PT TWC initiated a programme of ‘Village Economy Centres’, or Balai Ekonomi Desa (Balkondes) in each of the 20 villages of Kec. Borobudur. The first Balkondes was established in Desa Borobudur and by the end of 2018 all but one had been constructed.\(^{37}\) The Balkondes development in all villages follows the same pattern, consisting of a café, a multi-function hall with Joglo (Javanese) style of architecture, several pendopo (open-walled sitting areas), and several rooms that are named ‘homestay’, although this is misleading since they are nowhere near people’s homes – in fact they are guesthouses.

\(^{34}\) As mentioned in the FGD in Paseban Candi Kembar, Bugisan Village, on 28/11/2018.

\(^{35}\) Pokdarwis was introduced under a national programme on community empowerment, 2009-14, under the Ministry of Tourism. It aimed to alleviate poverty through tourism and targeted 2,000 villages with a budget of Rp. 406,100 million (around USD 31.2 million). http://www.kemenpar.go.id/asp/detil.asp?c=21&id=2504.


\(^{37}\) In the remaining village no suitable land could be found.
The Balkondes initiative involves not only PT TWC but a range of other major SOEs such as banks, with each village being supported by one major SOE. Each enterprise granted a sum of money ranging from Rp. 750 million to 2 billion to construct each Balkondes.

The support from the major SOEs ended after the construction period and, not surprisingly, it was found that simply building and equipping the Balkondes was not sufficient in itself to draw tourists to the area. Other than in a small number of villages closest to Borobudur with a history of spontaneous tourism development stimulated by visits to the temple, few of the villagers had any experience of offering hospitality and were unfamiliar with the techniques of running and marketing a tourism enterprise.

The SOE Patra Jasa therefore became involved in order to help train the villagers in appropriate hospitality skills and run a website for all the Balkondes together (rather than individual ones, as seemed to be the case previously).

Some of the Balkondes have now become accredited as Desa Wisata, or are working towards accreditation. As with the Desa Wisata, each Balkondes is expected to promote itself on the basis of different local specialities (batik-making, pottery, gastronomy) and although this is being achieved to some extent, in practice there is little differentiation between what the villages offer unless local (or external) entrepreneurs take a strong lead in developing a different focus. Also, although some of the villages are successful in attracting day visitors, it is more challenging to attract overnight visitors.  

### d) Gadjah Mada University, Yogyakarta, and other educational institutes

The Center for Tourism Studies (Pusat Penelitian Pariwisata) at Gadjah Mada University is involved in tourism in the TDAs and surrounding regions in a number of ways. It delivers academic programmes at undergraduate and Masters level, and often uses sites within the TDAs as case studies or for student field trips. It has conducted a number of studies on tourism development in Kab. Magelang, Magelang City and Borobudur Temple, including on the development of Strategic Tourism Areas, the detailed design for tourism at Gunung Gono (Kab. Magelang) and strategies for enhancing visits by foreign tourists to Borobudur, strengthening tourism institutions in the Borobudur area, and developing the creative economy of Magelang City. In 2015-2018 the Center also collaborated with Yogyakarta City to carry out a tourist satisfaction survey; with the Kab. Sleman Tourism Office to review the tourism potential of the Pillow Lava fields on Mt. Merapi; with DI Yogyakarta to select the best tourist villages in the province; and with the Center for Preservation of Cultural Heritage of DI Yogyakarta to study the empowerment of residents in cultural heritage areas.

Other tourism educational institutions have a significant role in training staff in tourism and hospitality to provide sufficient staff for the tourism sector, from senior high school level upwards. As mentioned in the introduction, one of the challenges in information gathering for the baseline report is that data concerning tourism and hospitality employment in the TDAs and surrounding areas is lacking in granularity, added to which many tourism enterprises are informal and therefore unregistered (as outlined in Section 3.1 and discussed in more detail in Appendix 2). Although so
many employees are in unregistered businesses, they require training in service skills, and some of the tourism and hospitality institutions are well-placed to provide this.

e) UNESCO

UNESCO is the principal international agency with an interest in the TDAs, especially the WHS of Borobudur and Prambanan. In addition to an office in Jakarta they maintain a presence in Yogyakarta covering both WHS. Monitoring missions are carried out every few years to assess the state of the WHS and make recommendations to the ‘State Party’ (i.e. Indonesia), some of which have been implemented. Every 5 years an Experts Meeting on Borobudur Temple Compounds WHS is held. The last was in August 2018. UNESCO works closely with the Borobudur Conservation Office in supporting them with maintenance and monitoring of the physical fabric of the monument.

f) Association of Indonesian Travel Agencies (ASITA)

ASITA groups tour operators and travel agencies in Indonesia with branches at central, regional and destination level. It aims to improve the image of Indonesian tourism and the role of its members as the main players in national tourism with global competitiveness. Its functions are to:

- represent the interests of members, accommodate suggestions and fight for their aspirations;
- develop the capabilities and skills of members in order to achieve better performance;
- collect and disseminate to members information on government policies and other provisions in the travel sector;
- maintain business ethics, prevent unfair competition, mediate and foster cooperation in the interests of members and the tourism industry.

ASITA has 21 divisions led by a President with 4 Vice Chairs, a Secretary General, and a General Treasury.\(^39\) The TDAs are covered by ASITA branches in Central Java and Yogyakarta.\(^40\)

g) Indonesian Hotel and Restaurant Association (PHRI)

The Indonesian Hotel and Restaurant Association is a unifying forum in creating a supportive business climate involving entrepreneurs engaged in tourism / hotel accommodation services, food and beverage / restaurant services, and tourism education institutions. Its vision and mission are to:

- foster and develop business entities engaged in accommodation/hospitality, food/restaurant services, and tourism education and cooperation and solidarity between them;
- carry out business research, planning and development;
- participate in developing national tourism in a harmonious and balanced manner between the community, government and the private sector;
- provide protection, guidance and consultation and improve the quality of education and training for members;
- play an active role in marketing and promotion at home and abroad;
- coordinate and cooperate with other tourism service organizations and professional associations.

\(^40\) https://www.asitajateng.org/, http://asitajogja.org/
In addition to accommodation and catering businesses, there are educational members including tourism higher education institutions, vocational tourism secondary schools, and other registered tourism education institutions, and members from affiliated unions and sectors including catering businesses, hotel management and restaurant management businesses, tourism consultancies, and other registered relevant businesses. The PHRI does not have separate regional branches, but there is a secretariat in Yogyakarta run on a voluntary basis by a hotel manager.

h) Indonesian Tour Guide Association (Himpunan Pramuwisata Indonesia - HPI)
The Indonesian Tour Guide Association HPI groups professional guides in each area and acts as a channel for communicating and cooperating with the government and with other associations in regard to tourism. HPI has around 8,000 members nationally and contributes to interpretation services at visitor attractions, although it constantly struggles to maintain its position against guides who are not members. Local tour guides at the Yogyakarta Kraton and Water Palace are mostly members of HPI. In principle each kabupaten has an HPI representative, but details of local contacts are not given on the website, and there are some odd gaps: for instance no guides at all are listed for Kab. Magelang, yet this is where the Borobudur Temple is located.

i) Java Promo
Java Promo is a cross-district/city institution covering the Kabupaten of Banjarnegara, Klaten, Temanggung, Magelang, Semarang, Wonosobo, Purworejo, Karanganyar, Boyolali, Kebumen, and Magelang City in Central Java, and Sleman, Gunungkidul, Bantul and Yogyakarta City in DI Yogyakarta. Java Promo aims to promote tourism in the area under a single umbrella, extend its collaborative networks, and improve the institutional capacity in tourism. Each member provides an annual contribution of Rp. 75 million to finance promotional activities.

j) Tourism trade associations
Individual microentrepreneurs providing tourism-related services throughout the TDAs participate in trade associations according to their sector or specialty. For example, in Yogyakarta there are associations of andong (horse-cart) drivers, becaks, vendors in different sections of Jl. Malioboro, and a small-scale transport association called Si Thole; amongst other services, this transfers visitors between coach parking areas and the main attractions. The souvenir vendors at Prambanan and Borobudur are in principle grouped into associations. In Borobudur community-level stakeholders involved in tourism are also grouped into the Forum Rembug Klaster Pariwisata Borobodur, which is the largest representative body of community stakeholders in the area.

k) Sustainable Tourism Observatory
In 2016, Indonesia joined the UNWTO’s system of Sustainable Tourism Observatories (STO), with 5 STOs across the country. The Ministry of Tourism oversees the STOs through the Deputy for Ecosystems and Infrastructure. One of the STOs is hosted by Gadjah Mada University. After a pilot project in the Desa Wisata of Pulesari and Pancoh, in north-west Sleman, working with the Kab. Sleman Tourism Office, the scheme is now being rolled out to the Desa Wisata and Balkondes in Kec. Borobudur. Much of the work so far has focused on developing sustainable tourism indicators, based on the ones produced for the Global Sustainable Tourism Council (GSTC) and translated into

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41 http://www.phrionline.com/
42 HPI Regulation, Article 7.
43 https://java-promo.com/tentang-java-promo/
Indonesian in 2013. The system is designed to create more sustainable destinations, measured according to the indicators and using smart-phones to record performance and progress.

5. Key Influencers and Analysis of Responsibilities

An analysis of the key influences on policy in the TDAs in terms of international, national and local legislation and conventions has been carried out, along with an analysis of the responsibilities exercised by planning authorities at different levels affecting the TDAs. A diagram of the key influencers is given in Figure 3, while the responsibilities of the planning authorities are shown in Table 6. Civil society organisations have been included where relevant.

Figure 3: Key Influences on Tourism-related Policy in the TDAs

BYP ITMP – Analysis of the Institutional and Legal, Regulatory and Policy Framework for Tourism

Source: ITMP BYP Consultants
<table>
<thead>
<tr>
<th>Components, Areas</th>
<th>National</th>
<th>Provincial Level</th>
<th>Kabupaten / Kota level</th>
<th>Kecamatan / Kelurahan / Desa level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development plans - Annual plan (Renta, RKP, RKPD) - 5-year plan (RPJMN, RPJMD)</td>
<td>Bappenas</td>
<td>Bappeda Central Java, Bappeda DI Yogyakarta</td>
<td>Bappeda offices in Kab. Magelang, Kab. Klaten, Kab. Sleman, Kota Yogyakarta</td>
<td>n.a. local consultations</td>
</tr>
<tr>
<td>Investment Planning</td>
<td>BKPM</td>
<td>BKPM</td>
<td>BKPM</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sectoral planning: Railways</td>
<td>Ministry of Transportation DG Railways PT Kereta Api Indonesia (KAI)</td>
<td>KAI DAOP4 Semarang KAI DAOP5 Purwokerto KAI DAOP6 Yogyakarta</td>
<td>Managed by operational area DAOP</td>
<td>Managed by operational area DAOP</td>
</tr>
</tbody>
</table>
## Components, Areas

<table>
<thead>
<tr>
<th>Components, Areas</th>
<th>National</th>
<th>Provincial Level</th>
<th>Kabupaten / Kota level</th>
<th>Kecamatan / Kelurahan / Desa level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sectoral planning: Airports</strong></td>
<td>Ministry of Transportation DG Civil Aviation</td>
<td>Angkasapura 1, Yogyakarta Airport and future NYIA</td>
<td>Managed from provincial level</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Sectoral planning: Non-motorised transport</strong></td>
<td>Ministry of Public Works and Housing, Bina Marga (Directorate General)</td>
<td>Bina Marga Central Java Bina Marga DI Yogyakarta</td>
<td>DPU Bina Marga Magelang DPU Bina Marga Kota Yogyakarta DPU Bina Marga Sleman DPU Bina Marga Klaten</td>
<td>Managed from Kabupaten</td>
</tr>
<tr>
<td><strong>Sectoral planning: Public Transportation</strong></td>
<td>Ministry of Transportation</td>
<td>Transportation Agency Central Java Transportation Agency DI Yogyakarta</td>
<td>Dinas Yogyakarta Transjogja</td>
<td>Managed from Kabupaten level</td>
</tr>
<tr>
<td><strong>Services: Water supply</strong></td>
<td>Ministry of Public Works and Housing Cipta Karya (Directorate General)</td>
<td>Cipta Karya, Central Java Cipta Karya, DI Yogyakarta</td>
<td>Cipta Karya, Magelang Cipta Karya, Kota Yogyakarta Cipta Karya Sleman Cipta Karya Klaten</td>
<td>Managed from Kabupaten level</td>
</tr>
<tr>
<td><strong>Services: Sanitation</strong></td>
<td>Ministry of Public Works and Housing Cipta Karya (Directorate General)</td>
<td>Cipta Karya, Central Java Cipta Karya, DI Yogyakarta</td>
<td>Cipta Karya, Magelang Cipta Karya, Kota Yogyakarta Cipta Karya Sleman Cipta Karya Klaten</td>
<td>Managed from Kabupaten level</td>
</tr>
<tr>
<td><strong>Services: Electricity</strong></td>
<td>PLN</td>
<td>PLN Java Bali</td>
<td>PLN Java Bali</td>
<td>PLN Java Bali</td>
</tr>
<tr>
<td><strong>Services: ICT</strong></td>
<td>Ministry of Communication and Information Technology</td>
<td>Internet service providers</td>
<td>Internet service providers</td>
<td>Internet service providers</td>
</tr>
<tr>
<td><strong>Socio-cultural planning &amp; safeguards</strong></td>
<td>Ministry of Education &amp; Culture DG of Culture</td>
<td>Cultural Agency, Central Java Cultural Agency, DI Yogyakarta Cultural &amp; Arts</td>
<td>Office of Tourism, Culture &amp; Sport, Kab. Magelang Office of Tourism, Culture &amp; Sport,</td>
<td>Managed from Kabupaten level + Village Councils Pokdarwis</td>
</tr>
</tbody>
</table>
5.1 Overlap and Conflicts of Responsibility

From the above analysis of institutions with responsibility for aspects of tourism to the TDAs, it is clear that there is significant potential for overlap and confusion. Unfortunately, conflicting bureaucracies and overlapping roles in resource management – as seen at Borobudur – are common issues found throughout the government sector in Indonesia, with confusion between different levels of regulations and where national and kabupaten-level agencies often appear to have responsibility for managing the same resources. A 2015 study of forest resources found that different government bodies in Indonesia were often in competition with each other over managing the same resources because of complex and confusing legislation, which appeared to allocate responsibility for the same resource to different government departments and levels of administration, with claims to land described as ‘overlapping and opaque’. For instance, in the context of Sebangau National Park in Kalimantan, areas of conservation and exploitation “tend to compete with each other owing to a lack of clarity with regards to permits, as well as varying definitions of forest and overlapping authority”.

This circumstance has arisen partly because of the shift since around 2000 to decentralisation in the Indonesian government system, and a similar situation was also found in a study of arrangements for conservation and tourism at the Komodo WHS. Here, a collaborative management system between private and public sector agencies was established, but ultimately “a system which offered a real prospect for managing Indonesia’s natural resources for the long-term economic benefit of its population and the conservation of biodiversity failed” in part due to the unwillingness of kabupaten-level officials to see the wealth generated by tourism leaving the area – even though it was placed in a national fund earmarked for conservation of the Komodo National Park.

Furthermore, the Consultant has found that in some cases there appears to be a reluctance within government offices to work across administrative boundaries, either geographically or sectorally. It should be pointed out that coordination between (and even within) sectors and government departments in Indonesia is recognised as weak. For instance, “coordination failures including weak coordination at all tiers of Indonesia’s government” were cited as a constraint on the growth of the Indonesia-Malaysia-Thailand growth triangle. The issues of poor coordination are recognised by the government and the presence of four coordinating ministries is intended to

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overcome this, but despite – or perhaps because of - a heavy bureaucracy there is still a lack of effective communication and clear division of responsibilities between relevant stakeholders.

In the case of the Prambanan TDA, for example, there is poor coordination between the two kabupaten / provinces which manage the WHS of Prambanan, where the provincial boundary runs right through the site. It appears that the two authorities are unable to agree even on ground-cleaning arrangements within the site, with each province maintaining a separate cohort of on-site maintenance workers, while guides licensed by Kab. Sleman / DI Yogyakarta are unable to accompany visitors into the Kab. Klaten / Central Java section. The Consultant was informed anecdotally that at one stage the two provincial governments attempted to establish a single entity for managing and promoting the site, named ‘Prambanan Raya’.

However this collapsed in the face of budgetary challenges, notably because Central Java / Kab. Klaten were reluctant to contribute as much to the arrangement as DI Yogyakarta / Kab. Sleman, given that the latter benefit far more in economic terms from the WHS than the former because most overnight visitors stay in hotels in the City of Yogyakarta / Kab. Sleman. There are precedents in other parts of the world for sharing resources and responsibility in such cases, and an opportunity will be proposed for Prambanan at a later stage of the ITMP.

The confusion arising from overlapping responsibilities is further discussed below in the case of the WHS of Borobudur, while other specific issues this situation gives rise to in the TDAs are discussed at relevant points throughout this report.

5.2 Competence of Government Departments and Illicit practices

It is not possible to comment on the competence of specific government departments, but there are systemic issues within the Indonesian bureaucracy which frequently lead to a lack of competence, closely linked to an embedded system of illicit practices.

In the first place - as discussed elsewhere in this report, for instance in relation to investment procedures - Indonesia still suffers from over-bureaucracy in much of its administration. This has impeded the collection of data for the Baseline Analysis Report and also stakeholder engagement. For example, in order to have a meeting with the staff of a government office, letters of introduction and request have to be lodged with the institution well in advance of the proposed meeting, ideally with the members of staff named. This letter may or may not be approved in time for the meeting; if it is not, then a further request has to be lodged. It has frequently happened that members of the ITMP team attended government offices for an agreed meeting, only to find that the person to be met had been called away at short notice to a different (and presumably more important meeting). A further challenge is that civil servants frequently change their role under a system known as ‘mutasi’, leading to a lack of continuity in programme delivery. While members of the ITMP team understand that this is how things are done in Indonesia, it leads to poor communications, ineffective use of resources, and poor programme success.

A second fundamental issue of competence in the Indonesian bureaucracy is that the entire mechanism of government is a strongly leader-orientated system. Decisions are made by people at the apexes of different parts of the hierarchy, with the President at the very summit, Governors at the head of each province, and other leaders of smaller administrative divisions. People in positions of power are often reluctant to share decision-making powers49, and decisions are invariably accepted without question by those lower down in the hierarchy, both because of the respect accorded to leaders and because of an emphasis on consensus and calmness50. Anything which might lead to disharmony - such as criticism of

government policy – tends to be suppressed. This gives rise to unwillingness on the part of civil servants to take initiatives in case they are different to the wishes of their superiors, since differences of opinion might be interpreted as rebellion or an insult and might have harmful effects on their career. For example, no-one dares to challenge an unrealistic statement or target by a more senior official, irrespective of the circumstances which may make the target unachievable.

Thirdly, the mode of recruitment of government personnel also undermines capacity to facilitate tourism development, as it is partly political and partly comes about through payment of a ‘fee’ to gain a place (that is to say it does not follow a merit system). Becoming a civil servant is a highly sought-after role, and as such corrupt and nepotistic practices were identified as recently as 2017. The ‘mutasi’ system is also riddled with corruption and lacking a meritocratic basis.

Fourth, there is a tendency to emphasise the external form or appearance of programmes or activities rather than their actual substance, and to maintain the status quo at all costs. Often, an elaborate pretense of well-being is maintained, even though beneath the surface there may be disorder or completely different circumstances than are apparent. Thus, graphs, maps and statistics produced by government officials may purport to show projects carried out, and yet when the site is visited there is little to see.

A further problem is that there remains significant room for manoeuvre within the system, especially by parties determined to subvert the system for their own personal or group aims. In other words, a key issue which any development programme in Indonesia may encounter is corruption. It is common practice for individuals to make private profits from what should be state assets, the patronage opportunities associated with government office are considered perfectly natural, and the dereliction of public duty in favour of the pursuit of individual attainment is common at all levels of the bureaucracy; it has long been accepted that “corruption is the prerogative of the élite”.

An example of how this occurs is detailed in a recent study, which found that in a political situation where decisions are based on coalitions between different parties (some of which are very small) budget fraud starts to occur in the last two years of a coalition’s existence as the run-up to the next set of five-yearly elections takes place. At this stage, there is increased expenditure on developing infrastructure, since this is where the greatest opportunities for embezzlement and fraudulent activities take place. Furthermore, some commentators have said that the process of decentralization since 2001 meant that “the old central government kleptocracy has been replaced by a plethora of district-level kleptocracies”, with conflicts between individuals and commercial and public interests over resource use becoming more marked than previously.

54 During previous tourism consultancy work in Indonesia, members of the Consultant team have found that government officials admit to fabricating statistics in order to obtain a greater slice of available budgets.
Bureaucratic reform in Indonesia has remained unresolved for many years, despite Law no. 5/2014 on the Indonesian Civil Service coming into force. This has gone some way towards creating a more transparent system, partly through higher salaries for civil servants and better supervision systems, but there remain in place hundreds of thousands of incompetent and unaccountable civil servants whose inability to implement important programmes is a hindrance to development in the country.58

Although it is encouraging that the country is making progress in resolving long-standing issues of corruption and in 2018 ranked at 89th place (out of 175 countries) in the Corruption Perceptions Index, an improvement from a high over the last decade of 118th place in 2012,59 studies into the factors giving rise to corrupt practices have focused on weaknesses in the government’s internal control systems such as accounting and reporting controls in budgetary implementation.60 Other studies have found that despite the power given to the Corruption Eradication Commission to root out graft, resulting in some high-level imprisonments, the overall political, economic and social structures which underpin corrupt practices have been left largely intact, with some of the proceeds of illicit practices serving to finance the political advancement of individuals or groups.61,62

Although things are changing because of the clamp-down on corrupt practices and through increased exposure to higher standards in education, particularly with the government’s laudable programme of funding overseas study for civil servants, there is still a reluctance to apply critical thinking to matters of tourism and other policy. A minor example of this is the recent publication by the Kab. Sleman tourism department of a guidebook to the temples of Kab. Sleman, DI Yogyakarta – which simply stops at the border with Kab. Klaten, Central Java, showing nothing but white space on the other side, despite the presence of a wealth of temples right across this area. A rational move would have been for both local governments to pool their resources and work together to produce a genuinely useful guidebook. This unwillingness to work across provincial boundaries is further evidenced in the case of the Prambanan World Heritage Site, as discussed further below.

Sadly, this is typical of a general "acceptance of shoddiness" within the Indonesian government system63 which is damaging for both the tourism industry itself and the possibility of creating a sustainable tourism system, since policy failings are rarely identified. Without this review process, no adjustments or remedies can be made. The socio-political characteristics of Java were recognised as a barrier to sustainable practices as long ago as 1998 in a study of the lack of co-operative planning in the tourism sector in Yogyakarta, in that reliance on a traditional hierarchical model of power structures and a lack of cross-sectoral links resulted in a piecemeal and uncoordinated approach to tourism development.64

58 The Straits Times (2016) Indonesia’s bureaucratic dead wood, 7 June
59 https://www.transparency.org/
63 The Economist (1997) The Extended Family: A Survey of Indonesia, 15 August
64 Timothy, D. J. (1998) Cooperative Tourism Planning in a Developing Destination, in Journal of Sustainable Tourism 6 (1), pp. 52-68
These issues are unfortunately likely to undermine the successful implementation of the ITMP. Any capacity-building should focus on general training in rational planning practices, in particularly by instituting clear goal-setting, planning and review processes, under which meetings are scheduled well in advance, a consensus of targets and processes is reached between all stakeholders at an early stage and not altered arbitrarily at a late stage, and project managers are appointed who are in a position to see programmes through to completion.

Further comments on the competence of government bodies to implement the ITMP are given in Section 5.2.

5.3 Cooperation and Coordination arrangements

To address the challenges of coordination and overlapping responsibilities generally in Indonesia a number of national-level coordinating ministries have been established, while other arrangements exist at local level. At local level specific cooperative arrangements are sometimes put in place. In the area which covers the Yogyakarta and Pramanan TDAs, for instance, a Joint Agreement was put in place in 2015 between the Directorate General of Water Resources, the Directorate General of Human Settlements of MPWH and the governments of DI Yogyakarta, Yogyakarta City, Kab. Sleman and Kab. Bantul to organize the Regional Drinking Water Supply System. The arrangement is known as Kartamantul after the areas it covers. It is planned that the project will provide the water supply for Yogyakarta City and its surroundings - this will also ensure that the water supply has the capacity to cater for the projected increase in the number of tourists visiting the city. The Kartamantul Association has also built a waste treatment facility in Piyungan, Kab. Bantul, as part of the attempt to address the common concern within the three regions regarding the serious waste problem.

The Kartamantul Association represents a useful model for cooperation across sectors and boundaries which can perhaps be replicated for other aspects of managing tourism in the TDAs.

It is well known that tourism is a complex industry with fragmented management, making it particularly important that tourism initiatives and activities are coordinated. Another example of cooperation is the 2017 MoU between the MOEC and the MoT regarding Education and Culture-based Tourism Development. The objective is to develop world-class, competitive, sustainable education and culture-based tourism, capable of encouraging regional development and people's welfare in accordance with the vision of national tourism development.

The two most important points in the collaboration are:

- providing Tourism Vocational Schools graduates with an MRA (Mutual Recognition Arrangement) standard;
- facilitating the preservation and utilization of cultural heritage for the purposes of tourism.

It is hoped that this MoU will provide a useful basis for the building further cooperation under the ITMP.

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65 The Kartamantul association is based on DI Yogyakarta Governor Decree no. 200/KPTS/1997.
67 MoU No. NK.1/KS.001/MP/2017 and/or No. 03/I/NK/2017
The coordination for tourism development nationally is regulated by Presidential Decree no. 14/2018, with coordination carried out by a Tourism Cross-Sectoral Coordination Team responsible to the President. The aim is to achieve the aligned and harmonious integration of planning and implementation of tasks and activities in tourism policies, programmes and activities. The Coordination Team is led by the Vice President as Chairman with the Ministers of the four Indonesian Coordinating Ministries as the Vice Chairs. To achieve smooth implementation of activities, the Minister of Tourism takes a lead role with members consisting of ministries, agencies and law enforcement institutions. The Coordination Team is assisted by an Implementation Team established by the Minister of Tourism, consisting of Echelon I (Director-General) or other senior officials appointed to represent the Ministers.

The Implementation Team holds four meetings per year, with the proceedings submitted to the Coordination Team. The Coordination Team holds meetings twice per year, with the proceedings reported directly to the President. Implementation of decisions is delegated to the Deputy from each ministry or institution that forms part of the Coordination Team. The Coordination Team also oversees the development of the Integrated Tourism Master Plans, which is coordinated by the Implementation Team and may be assisted by experts.

The following organigram (Figure 4) sets out an overview of the organisation and management of tourism in Borobudur-Prambanan-Yogyakarta.

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68 This Presidential Decree is a revision from the previous Presidential Decrees no. 64 /2014 and no. 40/2017
69 Presidential Decree No. 14/2018 on Second Revision of Presidential Decree No. 64/2014 on Tourism Cross-Sectoral Strategic Coordination
70 Presidential Decree No. 14/2018 on the List of Members of Tourism Cross-Sectoral Strategic Coordination
Figure 4: Overview of the Organisation and Management of Tourism in Borobudur-Prambanan-Yogyakarta
### Legend: Coordinating and Command Lines in Management of Borobudur Area

<table>
<thead>
<tr>
<th>Codes</th>
<th>Institutions</th>
<th>Note</th>
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</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Ministry of Public Works and Housing – Government of Central Java (MPWH Regulation Nomor: 15/Prt/M/2015 on Organization and Working Procedure)</td>
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<td>1.2</td>
<td>Ministry of Public Works and Housing – Government of DI Yogyakarta (MPWH Regulation No. 15/Prt/M/2015 on Organization and Working Procedure)</td>
<td>Coordination Line</td>
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<tr>
<td>1.3</td>
<td>Regional Infrastructure Development Agency – Local Development Planning Agency; Public Works Office, Tourism Office in Magelang, Klaten, Sleman, Kulon Progo, Purworejo Regencies (MPWH Regulation No. 15/Prt/M/2015 on Organization and Working Procedure)</td>
<td>Coordination Line</td>
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<tr>
<td>2.2</td>
<td>Deputy of Cultural Coordinator/Coordinating Ministry for Human Development and Culture (Coordinating Minister for Human &amp; Culture Development Regulation No. 1/2015 on CMCH Organization and Working Procedure) – Government of DI Yogyakarta</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>2.3</td>
<td>Deputy of Cultural Coordinator/Coordinating Ministry for Human Development and Culture (Coordinating Minister for Human &amp; Culture Development Regulation No. 1/2015 on CMCH Organization and Working Procedure) – Conservation Center of DI Yogyakarta</td>
<td>Coordination Line</td>
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<td>2.4</td>
<td>Deputy of Cultural Coordinator/Coordinating Ministry for Human Development and Culture (Coordinating Minister for Human &amp; Culture Development Regulation No. 1/2015 on CMCH Organization and Working Procedure) – Borobudur Conservation Center</td>
<td>Coordination Line</td>
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<td>3.1</td>
<td>Ministry of Environment and Forestry (Ministerial Regulation, Ministry of Environment &amp; Forestry No P.18/201, on MEF Organization and Working Procedure) – Borobudur Management Authority (Presidential Decree No. 46/2017 on Management Authority)</td>
<td>Coordination Line</td>
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<td>4.1</td>
<td>State-Owned Enterprise – PT. TWC (State-Owned Enterprise Regulation No. SK-36/Mbu/02/2018 on Distribution of State-Owned Enterprises Become A Deputy Development Assignment)</td>
<td>Instruction Line</td>
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<tr>
<td>4.2</td>
<td>State-Owned Enterprise – Village Economic Unit (Balkones)</td>
<td>Instruction Line</td>
</tr>
<tr>
<td>5.1</td>
<td>Ministry of Tourism (Ministry of Tourism Regulation No 11/2017 on Organization and Work Procedure) – Government of Central Java</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>5.2</td>
<td>Ministry of Tourism (Ministry of Tourism Regulation No 11/2017 On Organization and Working Procedure) – Government of DI Yogyakarta</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>5.3</td>
<td>Ministry of Tourism – Indonesian Charm Generation (Generasi Pesona Indonesia) and BPPI (Presidential Decree No. 22/2011 on Indonesia Tourism Promotion Board, Ministry of Tourism Regulation No. 2/2016 on Indonesia Tourism Promotion Board Organization and Working Procedure)</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>Codes</td>
<td>Institutions</td>
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<tr>
<td>5.E4</td>
<td>Ministry of Tourism – Borobudur Tourism Authority (Presidential Decree No. 46/2017 on Borobudur Tourism Authority)</td>
<td>Instruction Line</td>
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<tr>
<td>5.E5</td>
<td>Deputy Assistant for Cultural Tourism Development (Ministry of Tourism Regulation No. 11/2017 on Organization and Work Procedure) – Borobudur Conservation Center</td>
<td>Coordination Line</td>
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<tr>
<td>5.E6</td>
<td>Ministry of Tourism (Deputy for Institutional Affairs) (Ministry of Tourism Regulation No. 11/2017 on Organization and Working Procedure) with Private Sector Organisations</td>
<td>Coordination Line</td>
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<td>6.F2</td>
<td>Directorate General of Buddhism (Presidential Decree No. 83/2015 on Ministry of Religious Affair) – Deputy for Industry and Institutions/Ministry of Tourism – Borobudur Conservation Center</td>
<td>Coordination Line</td>
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<tr>
<td>7.G1</td>
<td>Directorate for Culture (Min. of Edu. &amp; Culture) – Borobudur Conservation Center Ministry of Education and Culture Regulation No. 29/2015 on Borobudur Conservation Center Organization and Working Procedure</td>
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<td>8.H1</td>
<td>Borobudur Management Authority (Presidential Decree No. 46/2017 on Borobudur Management Authority) – Government of Regencies</td>
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<td>8.H2</td>
<td>Borobudur Management Authority (Presidential Decree No. 46/2017 on Borobudur Management Authority) – Government of Central Java</td>
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<tr>
<td>8.H3</td>
<td>Borobudur Management Authority (Presidential Decree No. 46/2017 on Borobudur Management Authority) – Government of DI Yogyakarta</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>10.J1</td>
<td>Coaching &amp; Training Program by Kabupaten Tourism Offices in Tourist Villages (Regulation of Magelang Reg. No. 4/2015 on Tourism Masterplan, Regulation of Sleman No.11/2015 on Tourism Masterplan, Regulation of Klaten No.3/2014 on Tourism Masterplan)</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>A.A</td>
<td>Central and Local Government Bodies</td>
<td>Coordination Line</td>
</tr>
<tr>
<td>B.B</td>
<td>Village Economic Unit – Tourist Village</td>
<td>Coordination Line</td>
</tr>
</tbody>
</table>

Source: BYP ITMP Consultants

List of Abbreviations (Indonesian acronym to right, where different):
- ASITA: Association of Indonesian Tours and Travel Agencies
- IHRA: Indonesian Hotel and Restaurants Association
- ITGA: Indonesian Tourist Guide Association
- ICG: Indonesia Charm Generation (Generasi Pesona Indonesia)
- CHPA: Cultural Heritage Preservation Agency
- BAPPEDA: Local Development Planning Agency
- PW: Public Works & Housing
- PT.TWC: PT. Taman Wisata Candi Borobudur, Prambanan Dan Ratu Boko
- PHRI: PHRI
- HPI: HPI
- GENPI: GENPI
- BPCB: BPCB
- PU: PU
As shown in the Organigram, there is a line of coordination with the Ministry of Education and Culture (MOEC) through the Coordinating Deputy of Culture and Directorate General of Culture. There is also coordination between the Ministry of Tourism and the Central Java and DI Yogyakarta Provincial Governments regarding the synchronization of the national tourism master plan and the establishment of Borobudur and its surroundings as a National Tourism Destination as well as a National Tourism Strategic Area.

There are collaboration opportunities between the Coordinating Ministry for Human Development and Cultural Affairs (through the Assistant Deputy for Cultural Heritage), the MOEC, and the Ministry of Tourism especially on aspects of cultural issues ranging from policy and implementation to monitoring. As outlined above, the Ministry of Tourism itself has an Assistant Deputy for Cultural Tourism Development who manages the implementation of cultural tourism policies. A similar but more technical operational role is held by MOEC in the management of culture through the technical implementation units such as the Cultural Heritage Conservation Centres in the regions. The similarity of roles has encouraged the Ministry of Tourism and the MOEC to establish cooperation with the Borobudur Management Authority (see Section 6 below).

Regarding tourism promotion, the Ministry of Tourism is the most active institution, through the Deputies for Marketing Development (Zone I and Zone II) and the Indonesian Tourism Promotion Board. It often cooperates with the private sector (especially PHRI and ASITA). For example, in attending ITB Berlin in 2018, the Ministry of Tourism invited at least 169 business partners from hotels, resorts, travel agents and tour operators, airlines, and local governments.

Cooperation with the regions in enhancing the competitiveness of thematic destinations is carried out primarily with regions with a relatively advanced tourism sector, such as DI Yogyakarta and Central Java. These initiatives are based on MoUs between the Deputy for Destination Development and the Mayors of Yogyakarta and other cities such as Surakarta and Semarang, for instance to enhance the MICE sector in those areas.

The government also collaborates with the community to receive inputs for tourism programmes through workshops and focus group discussions, such as through low-level industry groupings (street vendors, becak and horse-cart drivers) and Pokdarwis groups. Regional tourism offices are active in working with the community and cultural groups to organize and promote cultural festivals, for example the ‘Twin Temples’ festival which now takes place annually around the Plaosan temples in the Prambanan TDA.

An outline of the key collaborative arrangements is shown in Table 7 below.

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71 Minister of Education and Culture Decree No. 11/2018
72 MOU No. NK.1/KS.001/MP/2017 and/or No. 03/I/NK/2017 on education and culture-based tourism
73 https://www.republika.co.id/berita/gaya-hidup/travelling/18/03/08/p5a06w280-169-pelaku-pariwisata-promosi-indonesia-di-itb-berlin
#### Table 7: Collaboration Arrangements

<table>
<thead>
<tr>
<th>National</th>
<th>Provincial/Destination level</th>
<th>Kabupaten/Kota level</th>
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<tr>
<td><strong>Horizontal</strong></td>
<td></td>
<td></td>
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<tr>
<td>Organised by <strong>Bappenas</strong>, a yearly National Meeting for Development Planning – <em>Musrenbangnas</em> - involves all governmental bodies across the country in discussing and establishing development plan priorities, including tourism, in all regions.</td>
<td>Central Java and DIY undertake Development Planning Forum (<em>Musrenbang</em>) to raise awareness and discuss all development programme in the Kabupaten and cities. <em>Musrenbang</em> is used to progress and finalize province-wide plans, decide tourism strategic areas and propose budgets for all sectors.</td>
<td>Development Planning Forum (<em>Musrenbang</em>) at kabupaten / city level takes place to discuss all development programmes at this level.</td>
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<tr>
<td>After <em>Musrenbangnas</em> all related ministries (of Tourism, MPWH, Cooperatives and SMEs, etc.) hold national meetings to coordinate and integrate their specific development programmes.</td>
<td><strong>Provincial Task Forces:</strong></td>
<td></td>
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<tr>
<td>National Task Force: The Indonesian National Board for Disaster Management establishes standardization and needs for disaster management.</td>
<td>• DIY’s Cultural Council is a partner of provincial government which is responsible for arts and cultural research, maintenance of cultural /arts values, art-cultural coaching, etc.</td>
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<tr>
<td></td>
<td>• C Java Arts Council facilitates regional artists to promote regional art and cultural activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Housing, Settlements, water, and sanitation.</td>
<td></td>
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<tr>
<td><strong>Across levels, across sectors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ministry of Tourism</strong>, National Meeting for Development Coordination (Rakorbang) discusses tourism development across the country and the integration of tourism development at local level and across sector level.</td>
<td><strong>Ministry of Tourism</strong>, Technical Coordination Meeting, attended by heads of Kabupaten Tourism Offices and other stakeholders to foster local tourism development and share experiences across sectors (ad hoc).</td>
<td><strong>Ministry of Tourism</strong>, Congress of Indonesian Culture 2018 was prepared by the Cultural Affairs Office of DIY.</td>
</tr>
<tr>
<td>Ministry of Tourism, discussed tourism development across the country and the integration of tourism development at local level and across sector level.</td>
<td><strong>Ministry of Tourism</strong>, Jogja City Festival (2018) features local art and music performed by local and national artists</td>
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<tr>
<td><strong>Ministry of Tourism</strong>, Technical Coordination Meeting, attended by heads of Kabupaten Tourism Offices and other stakeholders to foster local tourism development and share experiences across sectors (ad hoc).</td>
<td><strong>Central Java Traditional Art Festival</strong> (2018) included performances by artists from 12 Kabupaten</td>
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<td></td>
<td><strong>Musrenbang Kab. Sleman</strong> (2018) discussed the government work plan for 2019. It emphasized the important position of Kec. Prambanan as a Sleman tourism destination.</td>
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<td></td>
<td>At Winirawan Village, Prambanan, the <em>Musrenbangdes</em> discussed and agreed on the draft of the Village-level government plan. It was attended by all village officials, representative of Kec. Prambanan, village institutions, amongst others.</td>
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6. Regulatory and Institutional Arrangements at Borobudur

Given the importance of the Borobudur Temple Compounds WHS as a flagship attraction in the area covered by the ITMP, the legal, regulatory and institutional arrangements will be given particular attention here.

6.1 Legislative review

The management of the Borobudur Temple Compounds WHS and the surrounding area is carried out under various legislation at national and regional level, i.e. Presidential Decrees, Ministerial regulations, Central Java Provincial regulations, and Kab. Magelang regulations. The regulations aim to direct all management, development, maintenance, conservation and utilization activities of Borobudur and its surroundings and act as a reference for all stakeholders to carry out their own tasks and functions, but in practice there is overlap and confusion between them.

Regulation of the management of Borobudur Temple was first formally carried out based on a 1979 study by the Japan International Cooperation Agency (JICA). One of the important stipulations in the master plan was the area zoning, with the creation of 5 zones. This zoning system was designed before the inscription of Borobudur as a UNESCO World Heritage Site in 1991. When Borobudur was proposed as a WHS, the JICA zoning plan was used as an appendix in the proposal. Because of this, UNESCO continues to consider those five zones as the layout of Borobudur Temple Compounds WHS and its surroundings, as it was submitted in 2012 as the retrospective map – although as will be seen below, in practice this zoning system has never been respected.

In 1980 the state-owned enterprise PT Taman Wisata Candi Borobudur and Prambanan was set up, although it was not until 1992 that the company was given authority to manage the ‘Tourism Parks’ around the two sites, under Presidential Decree no. 1/1992. The areas permitted for management are based on a hand-drawn sketch-map at the end of the legislation, discovered on a copy certified by Bappenas of the original legislation. If there were any better quality maps, these are no longer available in the public domain (see Figure 5. However, on the ground the boundaries for Zone 1 and Zone 2 are reasonably clear.

74 Interview with Head of UNESCO Indonesia office
75 Government Regulation no. 7/1980 regarding the use of state funds for establishing the limited company (PERSERO) PT. Taman Wisata Candi Borobudur dan Prambanan
76 Presidential Decree No. 1/1992 on the Management of Borobudur and Prambanan Temple Tourism Parks
77 Responsibility for Ratu Boko Palace was added in 1994, when the company’s name was changed to its current form of PT. Taman Wisata Candi Borobudur, Prambanan and Ratu Boko (PT TWC). According to the legislation, the company could potentially take responsibility for managing other areas too.
Subsequently, the most significant piece of legislation affecting Borobudur was Presidential Decree no. 58/2014, which effectively used the original JICA zones in a simplified version, with two zones: SP-1, which is the core zone covering the 1992 Zones 1-3 and part of the JICA Zone 4, and SP-2, which covers most of the JICA Zone 4 and all of Zone 5, and extends for a radius of 5 kms from the temple, and a further corridor extension protecting the view from the temple towards Merapi. The change in legislation was in response to repeated requests from the UNESCO World Heritage Centre to reform Decree no. 1/1992. Its aim was to provide protection for the core conservation area, consisting of:

- Borobudur, Pawon, and Mendut Temples;
- Unexcavated historical and archaeological sites; and
- The perspective (view) from Borobudur Temple

The decree stated the land area to be included in the conservation zones SP-1 and SP-2 and gave general indications of the style of development permitted to take place within the zones, namely that it should be low-rise development of a ‘village character’. However, the way the regulation is worded is vague in places, allowing the opportunity for a broad interpretation of what is permitted or not. It does not create or designate any implementation body covering the area by name, merely stating that:

“All laws and regulations related to the spatial planning of the Borobudur Area are declared to remain valid as long as there is no conflict with this Presidential Decree and as long as the Presidential Decree has not been replaced.”

Thus, the arrangements for tripartite management of the area, using the zoning system of 1992, remain in place. As Zones 1, 2 and 3 are effectively now covered by SP-1, there is a lack of clarity as to who is responsible for which zones unless the previous legislation is also referred to. Presidential Decree no. 58/2014 is intended to be valid for 20 years, and includes the provision for reviewing its spatial arrangements every 5 years; this means that it should be reviewed in 2019.

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79 Presidential Decree no. 58/2014 on spatial arrangements at Borobudur, Article 49
80 Ibid, Article 47
6.2 Institutional arrangements

The 1992 legislation also established the management authority for each of the zones. The management of Zone 1 (the Temple itself) is carried out by the Borobudur Conservation Office, Zone 2 (the supporting zone, allowing limited commercial activities) by PT TWC, and the 1992 designated Zone 3 and Zones 4 and 5 (designated earlier under the JICA plan and formalised under Presidential Decree no. 58/2014 as SP-2) by the government of Kab. Magelang. SP-2 is intended for limited settlements, agricultural areas, green corridors and other facilities designed to ensure the harmony and balance of SP-1, and to support the preservation of the temple and the function of the tourism park.

The three principal organisations with management authority are described below.

a) Borobudur Conservation Office

The Borobudur Conservation Office (BCO) is a technical unit within the Directorate General of Culture, Ministry of Education and Culture, tasked with the conservation of Borobudur Temple and the Borobudur cultural heritage area. Its functions are:

- implementation of conservation studies on civil engineering, architecture, geology, biology, chemistry, and archaeology of Borobudur Temple and other cultural reserves;
- security, maintenance, restoration, development, and utilisation of Borobudur, Mendut, Pawon Temples and Borobudur cultural heritage area;
- production of documentation and publications on the Temples and cultural heritage area;
- creation of partnerships in the conservation of the temples and cultural heritage area;
- development of methods and techniques for conservation of cultural heritage.

In effect, it manages the physical fabric of Borobudur Temple, including masonry repairs and strengthening the structure against earthquakes. It provides guards whose function in principle is to prevent mis-use of the temple by poor visitor behaviour. There are around 50 of these guards, of whom around 20 are on duty at any one time. In practice however there are too few guards to cope with the number of visitors.

In 2018 the BCO organised a series of seminars to develop a Site Management Plan for the Borobudur Temple Compound, which has been requested by UNESCO. The process did not involve PT TWC. The Site Management Plan became available late in 2019 and will be reviewed in the Borobudur Visitor Management Plan.

Management of tourism to Borobudur requires comprehensive handling. For instance, amongst the rapid developments that have taken place is land use change that is not in accordance with designation of the area. The physical condition of the temple which experiences damage caused by the number of visitors that exceeds carrying capacity, and coordination of all stakeholders involved in managing the Borobudur tourism area has not been running well. These aspects will be further discussed in later sections of this report.

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82 Ibid.
83 Interview with staff of BCO, 12 November 2018
b) PT. Taman Wisata Candi Borobudur, Prambanan and Ratu Boko

The objective of PT. TWC is to manage Borobudur Temple, Prambanan Temple, and Ratu Boko Palace and other historical and ancient relics as tourism parks and other tourism businesses in the field of cultural, educational and recreational tourism, including planning and implementation of appropriate activities, and management of the surroundings. The company is charged with generating profits, according to the principles of Limited Liability Companies.\(^8^4\)

Its activities include:
- providing and operating all facilities to support business activities;
- granting and revoking placement permits;
- determining and levying taxes on all businesses within the tourism park;
- determining and collecting entrance fees for the tourism parks including the temples, and other fees for the utilization of facilities in the parks.

PT TWC is in charge of managing Zone 2, and also utilizes and maintains order and cleanliness of Zone 1 at the Borobudur and Prambanan Temples as tourism attractions, based on technical guidelines from the Directorate General of Culture (MOEC) as the agency that controls, manages and is responsible for the Temples in accordance with applicable laws and regulations.

This means that PT TWC collects visitor fees for entry to the temple and organises parking, catering, and other arrangements in Zone 2 such as recreational amenities. Because of this, it is in their interests to allow as many visitors as possible into the complex, regardless of impact – since the company itself does not have to pay for repairing any damage caused to the facility it is using. Planning permission is required for major developments but appears not to be needed for minor ones. The BCO has the power to prevent developments it considers unsuitable: for instance it blocked expansion of the former Manohara Hotel site in 2018 on the grounds that it could affect archaeological remains and because of the increased footprint requested.\(^8^5\) It is also within the power of the MOEC to issue a decree limiting numbers to the temple site, since it is governed by BCO, but they feel unable to challenge the strength of PT TWC.\(^8^6\)

c) Local Government

The Kab. Magelang Government is one of the most important stakeholders in arrangements at and around Borobudur.

The Kab. Magelang Government is one of the most important stakeholders in arrangements at and around Borobudur, since it has authority over Zones 3 to 5 (replaced in 2014 by part of SP-1 and SP-2). As stated by the Head of the Tourism Office for Kab. Magelang, “although the zoning and spatial plan of the Borobudur WHS is relatively small, tourism is still a significant opportunity for developing the local economy”\(^8^7\). The government has drafted legislation to allow for the production of a tourism masterplan covering the area,\(^8^8\) but also a master plan for the tourism strategic area which covers Borobudur.\(^8^9\)

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\(^8^4\) As specified in akta No. AHU-93294.AH.01.02. tahun 2008
\(^8^5\) Interview with staff of BCO, 12 November 2018
\(^8^6\) Ibid.
\(^8^7\) Interview with the Head of Tourism Department, Kab. Magelang, 20 August, 2018
\(^8^8\) Regional Regulation, Kab. Magelang No.4/2015 on Tourism Master Plan, Kab. Magelang 2014-2034
\(^8^9\) Department of Tourism and Culture, Kab. Magelang, 2017. National Tourism Strategic Areas (KSP) Master Plan, Kab. Magelang. Magelang divides the KSP into 4 clusters (A, B,C, and D), each with its own master plan
In recognition of the site’s importance, a number of regional-level regulations have been issued. For instance, Regional Regulation No. 2/2013 established the Borobudur Sub-District as a natural and cultural reserve, agricultural area and tourism area, while Regional Regulation no. 4/2015 allowed for the tourism master plan for Kab. Magelang 2014-2034 and stipulated the development of Borobudur as a cultural tourism attraction and a local tourism area (although as stated earlier, the regulations are being adopted in lieu of the masterplan, rather than a masterplan per se being created). The local government has tried to exploit the high number of visitors to Borobudur by encouraging them to visit the Desa Wisata and Balkondes in order to make use of the homestay services and extend visitors’ length of stay.

**d) Local Agencies**

There are many more agencies which have an indirect but significant interest in the management of Borobudur and its surroundings. These include UNESCO, the Ministry of Tourism, the tourism offices of Central Java, DI Yogyakarta and Kab. Magelang, the Ministry of Religion, and private companies such as tour operators and hotels which rely on tourism to Borobudur as one of the flagship attractions of the area. Authorities with responsibilities related to the management of Borobudur are outlined in Table 8.

<table>
<thead>
<tr>
<th>Table 8: Stakeholders’ Tasks and Authorities in Management of Borobudur</th>
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</thead>
<tbody>
<tr>
<td><strong>Land Use</strong></td>
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<tr>
<td>Land consolidation for Borobudur Settlement Arrangement in the SP-1</td>
</tr>
<tr>
<td><strong>Commercial and Services Settlements</strong></td>
</tr>
<tr>
<td>Borobudur Market revitalization in Borobudur Village</td>
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<tr>
<td>Drafting construction and environmental plan in road corridor Brojonalan-Kaliabon-Bogowanti Kidul-Kujon and Janan-Kaliabon in Borobudur village</td>
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<tr>
<td>Souvenir stalls relocation in Borobudur village to Borobudur Market (Kujon)</td>
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<tr>
<td><strong>Marketing/Promotion Activities</strong></td>
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<tr>
<td>Marketing WHS as tourist destination in international events</td>
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<tr>
<td>Promoting Borobudur by permitting cultural events</td>
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<tr>
<td><strong>Conservation Activities</strong></td>
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<tr>
<td>Preservation of Borobudur Temple and cultural heritage area</td>
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<tr>
<td>Research and education on conservation and preservation</td>
</tr>
<tr>
<td>Testing environmental quality standards Issuing environmental permits for the utilization of natural resources</td>
</tr>
</tbody>
</table>

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90 Kab. Magelang Spatial Plan.
6.3 Overlapping Roles and Conflicts at Borobudur

It is clear from the above that arrangements for management of the Borobudur WHS under the 1992 legislation left considerable room for confusion, which subsequent developments have done nothing to resolve. The UNESCO World Heritage Centre commented in 2006 that “The division of the responsibility for zones 1, 2 and 3 among three separate institutions with different mandates and objectives is at the root of most of the problems at Borobudur.”91 However, although Presidential Decree 58/2014 was supposed to address this, in effect it created further confusion. It made no specific mention of agencies responsible for managing SP-1 and SP-2, other than stating that existing permissions would remain in place (in other words the tripartite arrangement for Zones 1, 2 and 3 already described). The main issue is that the enforcement authority for the area now covered by SP-2 has not been stated, which means that development constraints stated in the legislation are not enforced. It is observable that creeping development is taking place around Borobudur, including along the roads leading to it, where several restaurants and other buildings are obviously of very recent (or ongoing) construction.

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In principle, the local government agencies BPN (National Land Agency) and the Agency for Investment and One-Stop Integrated Service issue and control permits for use and function of land and building permits. In the meantime, the local government is taking an ‘awareness-raising approach’ with stakeholders to Presidential Decree no. 58/2014 to encourage them to complete buildings which already have permits and avoid erecting new buildings. However, this approach is of limited effectiveness: an intensive change of land use is taking place in SP-1 of Borobudur, especially in the Palbapang Corridor, with the change typified by “construction of houses, expansion of building houses and buildings, and expansion of industry and trade in services” which do not have building permits (IMB). The situation is exacerbated by the sale of land to outside interests.

The rapid conversion of land around Borobudur from agricultural to residential purposes has been criticized as being incompatible with the principles of cultural regulations; for instance a hotel “popped up” more-or-less overnight - and without permission - on the site of an ancient lake. The high number of communication towers and other buildings that impact on the perspective from Borobudur is also clearly in contravention of Presidential Decree no. 58/2014. Again, there has been no apparent attempt to prevent or camouflage the towers. There are numerous other examples of regulations being flouted. It appears that staff of the Kab. Magelang Bappeda occasionally report on the illegal buildings to the Ministry of Land and Spatial Planning, which should take action to enforce regulations on building permits, but so far no action has been taken.

There is a real concern that the sawah landscape which is immensely valued as part of the setting of Borobudur will become obscured by a ribbon of tourism-related buildings. This process occurred in Bali as the island attracted more and more tourists from the early 1980s onwards: the sawah landscape which provided the setting for an attractive drive from the coastal resorts to central villages, especially Ubud, was gradually (and completely) obscured by a ribbon development of cafes and art-shops built all along the roadsides.

Government regulation states that SP-1 is a national Cultural Heritage Zone and world cultural heritage. The regulation aims to control the growth of the built area in order to preserve Borobudur
and its surroundings. The regulation thus provides a legal basis for implementation of actions aimed at controlling inappropriate development and curbing changes in land use. However, many of the plans envisaged for this important area under Presidential Decree 58/2014 have not been prepared, for example the detailed spatial plan and engineering design, master plans for revitalizing the tourism villages, or rehabilitation of houses with Javanese architectural styles.

As mentioned above, in 2018-19 the BCO, on behalf of MOEC, is drafting a Management Plan (including visitor management aspects) for SP-1, although without the involvement of PT TWC.

In practice, the relatively controllable area is only SP-1 (roughly equivalent to the former Zones 1 and 2). Zones 3 to 5 (now covered by SP-2) have been developed and changed drastically in both land use and spatial arrangements, with new residential and commercial areas predominating. The building density is increasing due to the new accommodation buildings that are “mostly illegal or against the land use function”. Overriding the original zoning function has occurred due to inconsistent law enforcement and poor governance, in particular the absence of committed management agencies with full authority in law enforcement.

Discussion with officials has revealed that some attribute this lack of action to uncertainty over the geographical and administrative scope of responsibilities for managing the Borobudur WHS and its surroundings, but in fact the legal position is perfectly clear: Presidential Decree no. 50/2014 did not override the pre-existing 1992 legislation, but simply established a zoning system closer to the original JICA plan design. Enforcement powers remain with the Kabupaten and it is unacceptable that poor administration of spatial, environmental and building regulations should degrade the setting of this unique manifestation of global heritage and undermine the opportunity for the monument to provide a sustainable income stream for national and provincial resources and local communities into the future.

The principal cause of conflict at the Borobudur Temple site itself derives from the drive to increase income via visitor fees. However, the division of responsibilities means in practice that the BCO has responsibility for managing the physical fabric of the temple, yet has no control over the numbers of people entering it and little control over visitor behaviour, while PT TWC has no official responsibility for ensuring that the economic benefits of tourism accrue to communities in the surrounding district or the local government.

Therefore, the current respective duties and functions of BCO and PT TWC are conflicting, and the situation has given rise to considerable tension. For instance, given that damage, littering and disruptive behaviour is caused by the visitors from whom PT TWC is receiving the financial benefit, it seems ironic that it should be the BCO which has to pay for the guards who are trying to prevent the damage. Even though the profits of PT TWC are remitted to the state and the BCO receives funds

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100 Presidential Decree no. no. 58/2014
101 Analysis of Data from Borobudur Stakeholders’ FGD in Borobudur, 21 August 2018
102 Interview with BCO, 12 November 2018
from the state, it would seem to make more business sense for the cost of the guards (at the very least) to be borne by the enterprise.

In principle, PT. TWC should coordinate with the BCO in Zone 1 and the Kab. Magelang Government in Zone 3, as well as cooperating with local communities. Even though it has jurisdiction over Zone 2 to develop tourism activities, it still has to respect applicable planning permissions so it also has to work with the local government for this area. However, the company’s core activities at Borobudur – generating income for the national Treasury – have resulted in distortions such as:

- the change of function of the Borobudur Study Center into the Manohara Hotel and subsequent planning application to redevelop the hotel site as a Meditation and Yoga Centre;
- the construction of Museum MURI (Museum of Indonesian Records) which does not reflect the status of Borobudur Temple as a WHS;
- the construction of a stage in the Aksobya ground (Zone 1), the parking lot, and pedestrian stalls where there should be a rest area;
- the installation of spotlights and billboards on the gate of Zone 2.

Generally, coordination between BCO and PT TWC is weak and only at the level of formality, while the efforts of Kab. Magelang government to gain benefit for local communities from Borobudur have been frustrated to some extent by the apparent reluctance of PT. TWC to encourage visitors to explore the local area.

Having said that, there has been an increased amount of cooperation with local communities in recent years: for instance, PT TWC providing the secretariat of the Magelang branch of the Indonesian Guides Association (HPI) with an office in Zone 2, and since 2016 the company has established and fostered the Balkondes programme. Social media tools are facilitating better cooperation: for instance, a WhatsApp group called ‘Pesona Magelang’ links tour providers, hotels, performers, the local government, BCO and PT TWC, amongst others, and is a way of exchanging information on local events and carrying out shared marketing.

6.4 The Borobudur Management Authority

A further layer of complexity has been added to the institutional landscape of Borobudur with the 2017 establishment by Presidential Decree of the Borobudur Management Authority (BOB), which is responsible to the Ministry of Tourism. The intention is to accelerate the development of an area

Using ‘Borobudur’ for the Borobudur Management Authority has created misunderstanding as to the purposes and jurisdiction of this agency.
termed ‘Kawasan Pariwisata Borobudur’, i.e. ‘Borobudur Tourism Area’. Because of this, the agency is sometimes known as the ‘Borobudur Tourism Authority’. Use of the name ‘Borobudur’ in the Authority’s title has given rise to a significant degree of misunderstanding as to the purposes and and jurisdiction of this agency. It is clear in the Decree governing their formulation that ‘Kawasan Pariwisata Borobudur’ covers most of the National Strategic Tourism Destinations in Central Java / DI Yogyakarta, as established in Decree 50/2011 on national tourism planning (Figure 6).

The BOB has direct jurisdiction over 309 ha. of land in the Menoreh Hills in Purworejo, which is leased from the state-owned Forestry Corporation Perum Perhutani and is being developed for tourism activities based on the natural environment such as glamping. The first phase was opened for business in February 2019, and the site has been given the name ‘Borobudur Highlands’ to create a link with the principal attraction of the region. The map in Figure 7 shows the Purworejo site (to the left) in relation to Borobudur: it is around 15 kms. by road from the temple.
The BOB is also intended to play a coordinating role in drawing together tourism developments and promotion in other areas of Central Java/DI Yogyakarta such as Borobudur, Prambanan, Yogyakarta, Sangiran-Solo, Semarang and Karimun Jawa. It is expected to cooperate with stakeholders, within the public and private sector at national or local level and with local communities, and to bridge the cross-sectoral and cross-kabupaten partnerships in tourism development. Currently, it focuses on tangible developments, especially in its leased territory in Kab. Purworejo, which is expected to add to the diversity of tourism products and attractions in that area and act as a pole of attraction complementary to the Borobudur WHS, helping to increase tourists’ length of stay in Central Java.

However, the extremely steep terrain, geological instability, difficult access and lack of options for developing attractions at the BOB area makes their ambitions more challenging than they appear on paper.

A possible area of overlap or conflict is the possibility of drafting further master plans for the area by the BOB which may have similar, overlapping or conflicting tasks with the RIPPDA and RTRW regulations. However, as the BOB currently has no jurisdiction as an implementing agency (other than in the Purworejo site).

The BOB has excellent resources from the Ministry of Tourism and is staffed by competent people. It is likely that they could play a more significant role in the coordination and marketing of tourism in Joglosemar.

### 7. Key issues

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107 Presidential Decree no. 46/2017 on Borobudur Management Authority

108 Interview with BOB on July 7, 2018 and 13 and 22 November, 2018
• The legislative landscape in Indonesia is highly complex, with different levels of government able to issue decrees which sometimes appear to have little regard for pre-existing ones. Although often containing coherent policies and concepts, the legislation is often weak with regard to implementation and enforcement. This is partly because institutional jurisdiction over specific fields of activity in specific geographical areas is often not clear, leading to a situation where more than one entity at national, provincial and kabupaten level in principle has responsibility for particular areas or aspects of development, yet in practice the lines of authority are woolly.

• There are at least 16 government bodies with responsibility for implementing different aspects of tourism development, and around a dozen principal commercial, NGO and civil society groupings with an interest in the sector.

• Tourism Masterplans for areas affected by the TDAs are often conceptual and imprecise, in particular lacking maps and precise details of development intentions. The regulations covering masterplans are often adopted in lieu of the masterplans themselves.

• There are no robust institutional schemes for monitoring or controlling Master Plan implementation.

• Regulations designed to maintain good governance and avoid abuses of environmental integrity are often poorly designed and enforced, partly because the responsibilities of implementing agencies are unclear and often overlapping. The high number of regulations which are difficult to interpret into on-the-ground action plans and may even result in conflictual situations. As environmental legislation and management is sector-based, coordination between sector agencies is poor often resulting in conflict, while attempts to prevent or mitigate negative environmental impacts are undermined by construction commencing before Environmental impact Assessments are completed or approved.

• This is evidenced clearly at the Borobudur WHS and surrounding TDA, where several agencies are involved yet action to control undesirable development is not being taken. As a result, creeping development around Borobudur is evident as planning regulations are not enforced.

• The large number of institutions involved indicates the Government’s commitment but there are several weaknesses arising from current arrangements, including a lack of technical guidance that gathers all stakeholders to carry out programme coordination and implementation, as stated in Presidential Decree no. 58/2014; no monitoring and controlling of the functions implemented by each institution; no leading actor with overall authority to provide direction for all stakeholders to respect and align their work programme with the Presidential Decree.

• The drive to increase visitor fee income is the principal cause of conflict and damage at Borobudur Temple itself.

• Overall, the uncontrolled and illegal development, weak governance and conflicting roles, resulting from unclear and overlapping legislation and poor coordination between interested

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109 Based on interviews with staff members at Kab. Magelang Bappeda and BCO, 20/21 August 2018
parties, has left gaps in management at Borobudur and is a threat to the sustainability of this unique site, and if the situation is allowed to continue the status of Borobudur as a World Heritage Site could be threatened.

- The Government of Indonesia has taken steps to improve the investment climate by reducing bureaucracy, but there remain challenges.
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MOU No. NK.1/KS.001/MP/2017 and/or No. 03/l/NK/2017 on education and culture-based tourism
Presidential Decree No. 1/1992 on the Management of Borobudur and Prambanan Temple Tourism Parks
Presidential Decree No. 14/2018 on Second Revision of Presidential Decree No. 64/2014 on Tourism Cross-Sectoral Strategic Coordination
Presidential Decree No. 14/2018 on the List of Members of Tourism Cross-Sectoral Strategic Coordination
Presidential Decree no. 46/2017 on Borobudur Management Authority
Presidential Decree no. 58/2014 on spatial arrangements at Borobudur, Article 49
Presidential Decrees no. 64/2014 and no. 40/2017
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Appendix 1 - Investment Regulations - Detail

To apply for a business licence, intending investors should prepare the following documents:

a. Deed of Establishment of Business Entity and Approval from the Ministry of Law and Human Rights
   This document is issued by a notary and legalized by the Ministry of Law and Human Rights. The deed of establishment comprises, besides the articles of association, the following additional information (Law No. 40/2007 and Government Regulation No. 43/2011):

   1. Pertaining to the founder(s):
      • In cases where a shareholder is an individual, the deed should show his or her name, date of birth, place of birth, current residence information, and citizenship.
      • In cases where a shareholder is a legal entity, the deed should provide information on the domicile of the legal entity, including its full address and the date and number of legalization by the Ministry.

   2. Regarding the board of management and the board of commissioners:
      The deed shows the names, date of birth, place of birth, current residence and citizenship of the members of the board of management and the board of commissioners, who are firstly appointed through the deed of establishment.

   3. Regarding the shareholders (other than the founders):
      a. The deed shall contain their names, numbers of shares, and issued and paid-up nominal values.
      b. Taxpayer Identification Number (Nomor Pokok Wajib Pajak, NPWP);
      c. Certificate of Company Registration (Tanda Daftar Perusahaan, TDP);
      d. Foreign Workers Employment Plan (Rencana Penggunaan Tenaga Kerja Asing, RPTKA);
      e. Permit to Hire Foreign Workers (Izin Menggunakan Tenaga Keja Asing, IMTA);
      f. Importer Identification Number (Angka Pengenal Impor, API);
      g. Customs Access.

   The rest of the dossiers, in addition to the Deed of Establishment, can be requested and obtained through an Online Single Submission (OSS).

Import duty: According to the Ministry of Finance Decree No. 176/PMK.011/2009 jo. No. 76/PMK/011/2012 jo. No. 188/PMK.010/2015, industries eligible to receive duty exemption are:

   a. An industrial company or firm that has a business license for the processing of raw materials, semi-finished, and/or finished goods into higher valued goods.
   b. Service industries that get exemption from import duty are primary and tertiary sectors: tourism and culture, transportation and communications (for public transport services), public health services, mining, construction, telecommunication industry, and harbors.

   1. On import of capital goods, i.e., machinery, equipment, spare parts, and auxiliary equipment for an import period of two years, starting from the enactment of assistance for customs duties.

   2. On import of goods and materials or raw materials regardless of their types and composition, which are used as ingredients or components to produce finished goods or services for the purpose of two-year full production (an accumulated production time). Machinery, goods, and materials import duties are exempted if:
      a. They have not been produced locally,
      b. They have been produced locally but have not met the required specifications,
      c. They have been produced locally but the amount is not sufficient for the industry.
3. However, the above statements do not apply to cars and motorcycle assemblies, except for industrial components.

Appendix 2 - Government Agencies with a Role in Tourism

a) Coordinating Ministry for Human Development and Cultural Affairs (Kementerian Koordinator Bidang Pembangunan Manusia dan Kebudayaan)

The Coordinating Ministry for Human Development and Cultural Affairs has two Deputy Ministries of particular relevance to tourism development:

- The **Deputy for Cultural Coordination** is responsible for policies related to cultural affairs, in the youth sector, in cultural values and creativity, in cultural heritage, and in sports, as well as monitoring, evaluating, and reporting in the field of culture.
- The **Assistant Deputy for Cultural Heritage** (with assistance of the Museums Sub-Division) is responsible for policies, monitoring, analysis and reporting related to cultural heritage, museums, history and world heritage.

b) National Development Planning Agency (Badan Perencanaan Pembangunan Nasional - BAPPENAS) and Regional Development Planning Agencies (BAPPEDA)

The National Development Planning Agency/BAPPENAS is the principal agency responsible for:

- coordination and formulation of policies in development planning, national development strategies, sectoral, cross-sectoral and cross-regional policy directions, national and regional macroeconomic frameworks, design of facilities and infrastructure, framework regulation, institutions and funding, as well as monitoring, evaluating and controlling the implementation of national development;
- coordinating the search for domestic and foreign financing sources, as well as allocating funds;
- coordinating and synchronizing the implementation of national development planning and budgeting policies and preparing the design of facilities and infrastructure;
- coordination of strategic activities for handling urgent and large-scale problems, according to particular cases.

In relation to tourism development, BAPPENAS has a Sub-Directorate of Industrial, Tourism and Creative Economy whose functions include:

- preparation of materials for assessment, coordination and formulation of policies in the field of national development planning, national development strategies, policy directions, and development of regulatory, institutional and funding frameworks in tourism;
- preparing coordinating materials and synchronizing the implementation of national development planning and budgeting policies in tourism;
- preparing materials for drafting a national development plan in tourism through determining the programmes and activities of Ministries/ Institutions/ Regions;
- preparing coordinating materials and controlling national development plans between the Government Work Plan and the Country’s Budget Draft in tourism;
- preparation of coordinating materials for the implementation and acceleration of programmes and development in tourism;

110 [https://www.kemenkopmk.go.id/](https://www.kemenkopmk.go.id/)
111 [https://www.bappenas.go.id/id/](https://www.bappenas.go.id/id/)
112 Presidential Decree No. 2/2016 on the revision of Presidential Decree No. 66 / 2015 on BAPPENAS
monitoring, evaluating and controlling the implementation of programmes and development activities in tourism. At Provincial and Kabupaten level, the functions of coordinating development planning across a range of fields, including tourism, is carried out by the Regional Development Planning Agencies (Badan Perencanaan Pembangunan Daerah, or BAPPEDA).

c) Ministry of Public Works and Housing (Kementerian Pekerjaan Umum dan Perumahan Rakyat)

The Ministry of Public Works and Housing (MPWH) occupies a strategic position in relation to tourism development, particularly in relation to water resource management and piped water supply, road and bridge construction and maintenance, housing provision and development of residential areas, housing finance, building arrangements, wastewater management systems and drainage as well as management of solid waste, and construction services. The Regional Infrastructure Development Agency (RIDA/BPIW) is an agency within MWPH which ensures integration between regional development initiatives and infrastructure. MPWH support for destination development is crucial because it directly affects the attractiveness and quality of services in them: for instance is currently finalising construction of the Semarang-Solo Toll Road (part of the Trans-Jawa Highway) at 72.64 km, which will improve the accessibility and movement of goods and people in the Borobudur National Tourism Priority Area.

BPIW has a management role in the ITMP BYP process and maintains a Central Project Implementation Unit to cover the ITMP.

d) Ministry of Tourism (Kementerian Pariwisata)

The Ministry of Tourism’s functions are to:

- Formulate, coordinate and implement policies for developing the tourism industry, institutions and destinations, and marketing;
- implement policies in the field of pioneering tourist attractions in the context of increasing national tourism destinations and regional development, as well as improving the quality and competitiveness of tourism;
- provide technical guidance and supervision of government affairs in tourism and institutional development, destination development and marketing;
- manage state property and other assets assigned to the Ministry of Tourism.

The Ministry of Tourism is led by the Minister and supported by four Deputy Ministers:

- Deputy Minister for Industrial and Institutional Development
- Deputy Minister for Destination Development
- Deputy Minister for Marketing Development – Zone I
- Deputy Minister for Marketing Development – Zone II

Here, only the functions of the first two will be outlined.

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113 Peraturan Menteri Bappenas No. 4/2016 on Organisation of Bappenas, Pasal 141 dan 142.
114 https://www.pu.go.id/
115 Presidential Decree No. 15/2015 on Ministry of Public Works and Housing
116 Ministerial Regulation, MPWH No. 15/2015 on MPWH Organization and Work Procedure.
117 http://www.kemenpar.go.id/
Deputy for Industrial and Institutional Development

The main functions of this include:

- provision of technical guidance and supervision in the strategic management of development programmes, tourism industry and regulations;
- the development of cultural, natural and artificial tourism;
- development of human resources and inter-institutional cooperation;
- conducting tourism research;
- preparation of norms, standards, procedures, criteria;
- monitoring and evaluation to support the above functions.

One of the divisions relevant to the Borobudur-Yogyakarta-Prambanan ITMP preparation is the Assistant Deputy for Cultural Tourism Development, which covers culinary and shopping tourism, historical and cultural heritage tourism, village and city tourism, and thematic Tourism. Coordination is also carried out with a number of regions to pilot the development of thematic tourism in Sumatra, Riau, Java, Kalimantan, Bali, Nusa Tenggara, Sulawesi, Maluku and Papua.

A further division of this Deputy Ministry is the Assistant Deputy for Natural and Artificial Tourism Development, which covers marine tourism, ecotourism, adventure tourism and artificial tourism. It coordinates with related institutions in developing policies in marine tourism, seascape and underwater tourism, forest ecotourism, geopark ecotourism, and adventure tourism.

Also within this Deputy Ministry is the Assistant Deputy for Tourism Human Resources and Inter-Institutions Partnership Development, which plays a strategic role in tourism-related human resource development. This division coordinates with related institutions in leadership education and training, as well as organizational transformation, tourism competency standards development, facilitation of Competency certification for tourism human resources and businesses, and policy implementation of tourism awareness affairs, as well as creation of tourism education partnerships.

The Deputy for Destination Development is responsible for policy formulation, coordination, and implementation in the development of tourism destinations. It coordinates with provincial governments and most of the kabupaten and city-level local governments in implementing infrastructure development, also covering sustainable tourism, inclusive tourism, and tourism destination governance.

The Ministry of Tourism has a clear interest and involvement in regional tourism by setting regulations, including publishing guidelines for preparing tourism master plans for provinces, districts and cities. These Ministerial Decrees also state the parties exactly.

- Minister of Tourism Decree No. 11/2017 on Organisation and Working Regulation of the Ministry of Tourism, Article 175.
- Minister of Tourism Regulation No. 10/2016 on Guidelines for Preparing Master Plans for the Development of Provincial and District / City Tourism.
Regulations\textsuperscript{121} cover drafting master plans and regional plans, technical assistance, increasing community participation, regional participation in international tourism events, raising awareness of tourism branding, advertising and promotion, and other marketing tools such as familiarization tours and participation in festivals and organizing events.\textsuperscript{122} Also, the Ministry often has some involvement in the preparation of master plans prepared by the provincial or kabupaten/kota governments through the Dinas Pariwisata, although in practice, it rarely executes tourism planning products produced at that level: this tends to be the responsibility of the BAPPEDA offices.\textsuperscript{123} The Ministry supports regional tourism through marketing.

Conversely, local governments generally pay only minor attention to the national tourism master plan (even though this is supposed to set the framework for the local plans). The focus of provincial and kabupaten/city governments is their own tourism master plan, used as the principal framework for tourism in their own area. Local governments formulate regional tourism master plans by considering the potential attractions which are expected to form the levers of regional economic growth. The design and implementation of these master plans is carried out by provincial or kabupaten level Tourism Office.\textsuperscript{124}

\begin{quote}
The vision of the Central Java Government is “the realization of Central Java as a major tourism destination”.
\end{quote}

The Central Java government regulation on tourism master planning in the province\textsuperscript{125} states its vision as: “the realization of Central Java as a major tourism destination”, with an emphasis on the Borobudur-Dieng, Solo-Sangiran and Semarang-Karimunjawa areas. To realize its plans, the government is drafting detailed development plans for the Provinical Tourism Strategic Areas (\textit{Kawasan Strategis Pariwisata Provinsi} - \textit{KSPP}), including developing building and environmental regulations.

The Ministry of Tourism is also responsible for coordinating and setting policy on the Desa/Kampung Wisata (Tourism Villages) programme and the UNWTO’s Sustainable Tourism Observatories programme, where the DI Yogyakarta Kabupaten of Sleman is being used for a pilot project, with the initiative further rolled out in the villages of Kec. Borobudur, in the Borobudur KTA. See also section on Civil Society rganisations.

e) Indonesian Tourism Promotion Agency (Badan Promosi Pariwisata Indonesia)

Tourism promotion organizations are one of the institutions mandated in Government Regulation no. 50/2011. Based on this, the government established the Indonesian Tourism Promotion Agency (BPPI) which is tasked with improving the image of Indonesia’s tourism, increasing foreign tourist arrivals and foreign exchange receipts, increasing domestic tourist visits and spending, raising funding from sources other than the national and provincial Revenue and Expenditure Budget, and conducting research in the context of developing tourism businesses.\textsuperscript{126} It has a role at both national and provincial levels.

\begin{flushend}
\textsuperscript{121} Minister of Tourism Regulations No. 20/2016 on Implementation of Deconcentration of the Ministry of Tourism and Regulation No. 22/2015 on Changes in the Implementation of Deconcentration Activities of the Ministry of Tourism

\textsuperscript{122} Ibid, Article 5, Article 6, dan Article 7.

\textsuperscript{123} Interview with staff at the Department of Tourism, Kab. Magelang


\textsuperscript{125} Regional Regulation of Central Java No.10/2012 on Central Java Tourism Development Master Plan 2012-2027

\textsuperscript{126} Presidential Decree No. 22/2011 on Indonesian Tourism Promotion Board.
\end{flushend}
BPPI has two organizational elements, namely policy and implementation. It groups representatives of tourism associations, professional associations, aviation associations, and academics proposed by the Minister of Tourism and appointed by the President. The implementation element is determined by a policy-making body. In carrying out its duties, BPPI must coordinate with ministries with duties and responsibilities in the tourism sector, central and regional government agencies, and Regional Tourism Promotion Agencies.

The Ministry of Tourism monitors and evaluates BPPI’s activities, while BPPI reports on the implementation of its tasks related to performance and financial audit to the President via the Minister of Tourism.

f) Ministry of Education and Culture (Kementerian Pendidikan dan Kebudayaan)\textsuperscript{127}

The Ministry of Education and Culture (MOEC) is divided into two Directorates General: the Directorate General of Education and the Directorate General of Culture.

The Directorate General of Education has two functions related to tourism:

- policies in the field of early childhood education, elementary education, secondary education, and community education, as well as cultural management;
- implementation of early childhood education, elementary education, secondary education, and community education, as well as cultural management. In the field of tourism, this function covers the preparation of human resources through Tourism Vocational Schools, which are expected to provide well-qualified human resources for tourism.\textsuperscript{128}

The Directorate General of Culture is responsible for managing state property and other assets related to culture, such as the arts and cultural heritage properties. For this purpose, several Technical Implementation Units (\textit{UPT}) have been established, including:

- Cultural Heritage Conservation Centers (\textit{Balai Pelestarian Cagar Budaya} - \textit{BPCB})
- The Borobudur Conservation Office (BCO) (\textit{Balai Konservasi Borobudur} - BKB)
- Museums.

There are two Cultural Heritage Conservation Centres relevant to the Tourism Destination Area: one in DI Yogyakarta and one in Central Java (located near Prambanan), both of which are responsible for the conservation of cultural heritage assets in the provinces they cover, with the exception of Borobudur, which is the sole responsibility of the BCO.\textsuperscript{129} The Cultural Heritage Conservation Centres are responsible for the management of the many historical sites across Central Java and DI Yogyakarta, such as the temple of Plaosan (see photo), which are popular with both foreign and domestic visitors. The Directorate General of Culture also maintains a list of cultural heritage sites other than temples, for instance historic buildings, sacred sites, and important historical structures.\textsuperscript{130} Many of the buildings in the historic centre of Yogyakarta are inscribed on this list.

\textsuperscript{127} https://www.kemdikbud.go.id/
\textsuperscript{128} Regulation of the Ministry of Education and Culture No. 11/2018, Article 3
\textsuperscript{129} Coordination meeting on documentation for World Heritage Site management (https://kebuyaan.kemendikbud.go.id/bkkborobudur/rapat-koordinasi-penyusunandokumen-rencanan-pengelolaan-warisan-dunia)
\textsuperscript{130} https://cagarbudaya.kemdikbud.go.id/
The MOEC also cooperates with the Ministry of Tourism and the Borobudur Management Authority.

**g) Ministry of Religious Affairs (Kementerian Agama)**
The Ministry of Religious Affairs, which governs the Directorate General of Buddhism and the Directorate General of Hinduism, has a close interest in the management of Borobudur and Prambanan regarding religious tourism. Borobudur is the center for the Buddhist Vesak Day ceremony, which is included in the BCO authority area, while Hindu religious ceremonies take place at Prambanan Temple.

**h) Indonesian Investment Coordinating Board (Badan Koordinasi Penanaman Modal – BKPM)**
The Indonesian Investment Coordinating Board is a Non-Ministerial Government Agency responsible for coordinating investment policy and services. As the primary interface between business and government, BKPM is mandated to boost domestic and foreign direct investment. The agency’s goal is not only to seek more domestic and foreign investment but also seek quality investments that may drive the Indonesian economy and create employment.\(^{131}\)

**i) Ministry of Transportation (Kementerian Transportasi)**
The Ministry of Transportation’s primary functions are to oversee and plan all transportation matters in Indonesia, including providing technical support at national and regional level. It has clear relevance for tourism in the areas of transportation regulations and safety, and through the four Directorates General of Land Transportation, Sea Transportation, Rail Transportation and Civil Aviation.

For the TDAs covered by the ITMP, the Yogyakarta International Airport (NYIA) at Kulon Progo is of particular interest as it is expected to reduce the dependency of DI Yogyakarta on receiving tourists via Bali or Jakarta, partly through increasing passenger capacity to 15 million people per year.\(^{132}\)

The plan to reactivate the railway from Yogyakarta to Magelang is also the concern of the Ministry of Transportation, which has stated that the railway will be continued to Borobudur to accelerate and ease the access of tourists visiting the area.\(^{133}\) Therefore, land acquisition and reassignment of the area along the railway towards Borobudur requires integration with the ITMP. In addition, the Ministry is in the process of designing railway transportation access from NYIA to Yogyakarta City to be able provide quick and effective services for passengers into and out of the airport.\(^{134}\)

**j) Ministry for Agrarian Affairs and Spatial Planning (Kementerian Agraria dan Tata Ruang)**
The Ministry for Agrarian Affairs and Spatial Planning incorporates the National Land Agency (BPN), and is ultimately responsible for planning and coordinating land use across Indonesia, including enforcement of planning regulations.\(^{135}\)

The National Land Agency has a major role in the control of land use, as it is responsible for issuing land use and ownership certificates. One of its main functions at kabupaten level is the formulation

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\(^{131}\) https://www.bkpm.go.id/


\(^{135}\) https://www.atrbpn.go.id/
of technical policies on land affairs and spatial planning.\textsuperscript{136} At the provincial level, BPN conducts land stewardship, agrarian reform and arrangement of special territories, preparation of land administration controlled by and/or state/regional property, and supervision and control of land ownership.\textsuperscript{137} It is responsible for enforcement of land-use infringements, for instance illegal construction. This makes it of particular importance for development across the TDAs.

k) Ministry of Environment and Forestry (Kementerian Lingkungan Hidup dan Kehutanan)

The Ministry of Environment and Forestry (MOEF) is responsible for managing and governing Indonesia’s environment and forests. It has 13 divisions at Directorate General level. The four Directorates General with relevance to tourism are:

- The Directorate General of Natural Resources and Ecosystem Conservation (Direktorat Jenderal Konservasi Sumber Daya Alam dan Ekosistem - KSDAE).\textsuperscript{138} Under KSDAE, the Directorate of Conservation Areas is responsible for formulating and implementing technical guidance policies and for evaluating technical guidance in the management of conservation areas. The Directorate of Conservation Areas is responsible for policy and management of nature reserves, wildlife reserves, national parks, natural tourist parks, forest parks and hunting parks and buffer zones. While there are none of these at present in the TDAs, it is also responsible for ecosystems generally.

- The Directorate General of Watersheds and Protection Forests, which tries to maintain the ecological health of the watercourses flowing from the mountain-slopes. In the TDA, this affects particularly Kec. Tempuran, Kec. Mungkid and Kec. Muntilan in the Borobudur TDA and Kec. Prambanan-Klaten in the Prambanan TDA, as important rivers flow through these.

- The Directorate General of Social Forestry and Environmental Partnerships, under which community-based forestry and small-scale business partnerships between the state-owned Forestry company Perhutani and local communities can take place. This is relevant for some areas of the Borobudur TDA, especially parts of Kec. Borobudur along the Menoreh Hills.

- The Directorate General of Pollution and Environmental Damage Control, which governs major environmental damage such as pollution of water-courses.

- The Directorate General of Toxic Waste Materials Management, which ensures the safety of tourism installations and services (and other sectors) from toxic waste.

p) Environment Agency (Badan Lingkungan Hidup)

The Environment Agency (BLH) has the task of compiling and implementing regional policies in the environmental field. There are BLH at provincial and kabupaten level. Amongst its functions are the control of pollution and environmental damage, and the restoration and conservation of the natural environment. The agency also coordinates with the local offices of the Ministry of Environment and Forestry and other institutions in issuing and supervising permits for the utilization of the physical environment.

BLH conducts environmental impact assessments (AMDAL) for 10 economic sub-sectors, namely agriculture, fisheries and maritime affairs, forestry, land, transportation, public works, industry, housing and settlements, satellite technology, and multisector. For instance, the DI Yogyakarta BLH carried out the AMDAL for the construction and operation of the Drinking Water Supply System submitted by the DI Yogyakarta Public Works and Settlement Agency on behalf of Kartamantul Cooperation. The BLH compile strategic programmes: for instance, the BLH of Yogyakarta City compiled a Strategic Plan for 2017-2022 containing 8 main programmes including: administrative

\textsuperscript{136}https://pertaru.slemankab.go.id
\textsuperscript{137}http://diy.atrbpn.go.id/Tentang-Kami/Kontak-dan-Peta-Lokasi.aspx
\textsuperscript{138}Regulation of the Ministry of Environment and Forestry 18/2015 on organization and working procedures
services, improvement of apparatus facilities, human resources capacity building, improvement of performance report system, environmental impact control, environmental capacity building, green open space management, and waste management. It is notable that the total budget for the last four technical programmes amounts to Rp. 190.6 billion, with most of this budget allocation intended for waste processing.\(^\text{139}\)

The individual BLH offices often fulfil a coordinating role between different government agencies through a working group, and have autonomy to develop locally important regulations and initiatives. For instance, Kab. Sleman has developed a system of waste disposal permits. Through this initiative, local government monitors, and has the power to sanction, every person and body that disposes of waste without permission.\(^\text{140}\)

m) Ministry of State-Owned Enterprises (Badan Usaha Milik Negara - BUMN)\(^\text{141}\)
This ministry runs commercial enterprises on behalf of the government, in particular where important strategic assets such as transport infrastructure, natural resources, and strategic goods and services are concerned.\(^\text{142}\) The state-owned enterprises (SOEs) concerned often play an important role in implementing state policies. The significance of BUMN in the case of the ITMP area is principally that the company in charge of running commercial tourism operations at the WHS of Borobudur and Prambanan and at Ratu Boko is PT Taman Wisata Candi Borobudur, Prambanan and Ratu Boko, which is a state-owned enterprise.\(^\text{143}\)

n) Ministry of Home Affairs (Kementerian Dalam Negeri)
The Ministry of Home Affairs is broadly responsible for policies and governance of state administration at all levels, including regional autonomy and the Civil Service. It is ultimately responsible for the Village Councils which govern village-level affairs.

o) Ministry of Villages, Underdeveloped Areas and Transmigration (Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi)
The Directorate General of Village Development and Empowerment formulates and implements policies in the field of fostering basic social service management, developing village economic enterprises, utilizing natural resources and appropriate technology, developing village facilities and infrastructure, and empowering rural communities.\(^\text{144}\) As part of the drive to empower rural communities, this Directorate General has put in place partnership agreements with the Ministry of Tourism to facilitate the development of tourism villages (Desa Wisata) \(^\text{145}\). From the Ministry of Tourism’s side, the agreements are overseen by the Deputy of Destination and Tourism Industry Development.\(^\text{145}\) The aim of the collaboration is to increase the level of tourist visits and strengthen the economies of rural communities. The scope of cooperation includes:

- Policy drafting on the creation of Desa Wisata
- Raising awareness amongst villages of Desa Wisata programmes and policies
- Coordinating with government and other tourism stakeholders
- Encouraging the establishment and development of BUMDes to manage and develop the Desa Wisata.

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\(^\text{139}\) Rencana Strategis Dinas Lingkungan Hidup Kota Yogyakarta, 2017-2022
\(^\text{140}\) Government Regulation (PERDA) of Sleman Government no. 4/2007 on Waste Disposal Permit
\(^\text{141}\) http://www.bumn.go.id/
\(^\text{142}\) Presidential Decree No 41/2015 regarding the State-owned Enterprises Agency (BUMN)
\(^\text{143}\) Ministerial Decree of BUMN no. SK-36/MBU/02/2018 on the duties of Deputy Ministers
\(^\text{144}\) Regulation of Ministry of Villages, Underdeveloped Regions and Transmigration No. 6/2015
\(^\text{145}\) Joint Agreement between Ministry of Tourism and Ministry of Villages, Underdeveloped Regions and Transmigration Nos. PK.87/KS.001/DPDIP/KEMPAR/2017 and 009/DPPMD/PKS/IV/2017 on the Development of Tourism Villages

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• Preparation of data and information needs related to the Village-owned enterprises (BUMDes) and Desa Wisata
• Capacity building for tourism human resources, village assistants and the staff of BUMDes
• Promotion and marketing of Desa Wisata

In addition, the Ministry of Villages, Underdeveloped Areas and Transmigration has put in place technical directives to encourage the development of supporting facilities and infrastructure in Desa Wisata. The aims are to:
• create local employment and entrepreneurship in the village
• enhance the culture, uniqueness, authenticity and unique characteristics of the villages
• to foster community involvement in the management of tourist villages
• increase the capacity of village communities
• improve the village economy

The scope of work is designed to improve the welfare and employment opportunities of rural communities through community participation, particularly local communities and those who live around tourist sites; empower community institutions and village governments (BUMDes, Pokdarwis, and other village institutions), and foster community social capital, innovation and utilization of natural resources.

Many tourism and other commercial activities are run by village-level enterprises known as BUMDes (Badan Umum Milik Desa), for which this Ministry is responsible. The Ministry can also channel funds to the village through the Village Council. Activities might include setting up small cooperative-style businesses, improving local-level infrastructure, or training young people in the villages in digital marketing. In some cases the enterprises can become fairly large: as will be discussed in Chapter 10, the fast-growing destination of Breksi Cliff, in the Prambanan TDA, is managed by a BUMDes.

In 2017–18 tourism-oriented SOEs called Village Economy Centres (Balai Ekonomi Desa, or Baklondes) were set up in all 20 of the villages in the Borobudur kecamatan, and these are run by the BUMDes (see also section on Civil Society Organisations).

p) Ministry of Cooperatives and Small and Medium-sized Enterprises (Kementerian Koperasi dan Usaha Kecil dan Menengah)
This is an important ministry given that most firms in Indonesia (over 93%) are informal MSMEs that represent a considerable portion of Indonesia’s economy and employment. These informal firms tend to pay low wages and have low productivity, while managers often have low educational attainment. Many of these firms operate within an economy running parallel to the formal economy, serving very local markets.

Within this Ministry there are two relevant divisions:

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146 http://www.berdesa.com/
147 Rothenburg et al (2016) op. cit.
• The Deputy for Business Restructuring has responsibility for the formulation of business development strategies, mapping of conditions and business opportunities, business assistance, business development and strengthening, business protection and investment into new businesses, cooperatives and SMSEs.

• The Deputy for Human Resources Development\(^{148}\) is responsible for formulating and coordinating policy in human resource development for cooperatives and MSMEs; empowering cooperatives and MSMEs; and monitoring, analysis, evaluation and reporting in the field of cooperative and MSME HR development.

\(^{148}\) Ministerial Regulation of Ministry of Cooperative and MSMEs No. 37PER/M.KUMKM/XI/2007
In association with