

## **Third Party Evaluator's Opinion on Bali International Airport Development Project (II)**

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### **Relevance**

Tourism industry was one of key sectors in the sixth five-year national development plan (REPELITA VI 1994-1998) and Bali is the most popular destination for tourism sector in Indonesia. The main gate to access Bali is the airport which is accounted for as many as 95% of total visitors. The project was intended to respond to rapidly increasing demand and to improve safety. Considering the situation when the plan of project was made in 1994, demand for air traffic to and from Bali had doubled during the two previous years; the project was expected to answer urgent need of improving the airport. Evaluator agrees that regarding to future demand in tourism sector, the response done is correct.

On the other hand, there were significant deviations from the projected air passenger demand due to Asian economic crisis, SARS epidemic, and terrorist bomb in Bali. Those circumstances had strong impact in plunged number of actual visitors. However, nobody was expecting or could forecast that beforehand. Furthermore compare to how other regions in Indonesia recovered from the first two circumstances mentioned above, Bali's response was among the best: since 1998 the number of passengers through Bali airport has been achieving the highest number. For these reasons, Evaluator believes that the project has high degree of relevance.

Related to previous project, i.e. Phase I airport development project which was completed in 1992, Phase 2 also addresses the problem of significantly increasing demand of air passengers exceeding what had been forecasted in planning of Phase 1. By completing Phase 2, the unsolved problems of Phase 1 can be addressed. This puts the realization of Phase 2 project necessary.

### **Impact and Sustainability**

Impact on general economic development of Bali can be seen in increasing number of foreign tourists visiting Bali post-project implementation. Even though the report does not show the amount of benefit in terms of percentage of GDRP, we know that aside of direct effect, such as airlines, hotel, and restaurant's profits, the sector also generates indirect effects, backward and forward linkages, such as for industries which support or are influenced by these trade and services sectors. The evaluation report quotes that GDRP of Bali increased 6.1 percent as compared to Indonesian GDP which fell 1.5 percent during the span of 1997 to 2000; however we cannot say that it was affected solely by this project, there were certainly other factors inducing the performance.

The sustainability of project seems to be financially secured and no major problems in on-going management of executing agency. The issue of land acquisition which was involving burial ground belonging to a Hindu temple carried from Phase I, finally could be addressed in this Phase, giving the lesson that consideration about schedule time should be carefully given to the case of sensitive land acquisition. Even though the report does not clearly explain the types of airport job provision for more than 200 residents in the community whether it is permanent or temporary job, it also could be considered positive impact.