

Indonesia: Mandalika Urban and Tourism Infrastructure

1. Project Information

Project ID:	P000069	Instrument ID:	L0069A
Member:	Indonesia	Region:	South-Eastern Asia
Sector:	Urban	Sub-sector:	Urban tourism
Instrument type:	<input checked="" type="checkbox"/> Loan:248.40 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	A	Borrowing Entity:	PT Pengembangan Pariwisata Indonesia (Persero)
Implementing Entity:	Indonesia Tourism Development Corporation (ITDC)		
Project Team Leader:	Sangmoo Kim		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Aditi Khosla, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Michaela Bergman, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Odil Akbarov, OSD - Social Development Specialist; Kezia Paladina, Alternate Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Mar, 2019 Mar 18 – 22, 2019 Oct, 2019 Oct 7 – 11, 2019 Jul, 2020 Jul 29 – Aug 2, 2019 Mar, 2020 Mar. 10 – 13, 2020 (virtual) Nov, 2020 Nov. 22 - 28, 2020 Jan, 2021 Jan. 25 - Feb. 4, 2021 May, 2021 May 18 – 27, 2021 Nov, 2021 Jun, 2022 Jun 2 – 18, 2022		
Planned Site Visits by AIIB:	Sep, 2022 4-9		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags	2021/12		

Assigned Date:	
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2. Project Summary and Objectives

The Project aims to provide sustainable core infrastructure for the development of a new tourism destination in the Mandalika region of Lombok, including infrastructure improvements in surrounding communities. By facilitating private sector investment, the Project is expected to create a significant amount of direct, indirect and induced employment in tourism as well as related businesses, boosting Indonesia's tourism competitiveness and sustainable economic growth.

According to the Mandalika Masterplan, serviced land lots are to be leased to private investors to construct and manage retail facilities, accommodation, and other tourist facilities to an internationally acceptable standard. In addition, the project includes improvements to basic infrastructure and services in adjacent communities that would serve both visitors and residents. It will aim to protect and enhance the unique cultural life and scenic attractions of the project area which are its major tourism assets. Key infrastructure for the Mandalika tourism destination will be developed in two phases: Phase-I (2019-23) and Phase-II (2024-26). The Project will be focused on Phase-I.

Component 1: Provision of basic services and infrastructure.

(i) Sub-component 1.1. Construction of core infrastructure in Mandalika. This would provide essential infrastructure in the Mandalika SEZ for Phase-I, including internal roads, streets, landscaping, and drainage; water supply, sanitation, sewerage and wastewater treatment; solid waste management; electricity distribution; disaster risk management facilities; public facilities and public open space.

(ii) Sub-component 1.2. Infrastructure improvements to neighboring communities. This would support infrastructure improvements for adjacent villages, including water supply and sanitation, drainage, solid waste management, transport, disaster risk reduction facilities, protection of natural and marine assets, and community facilities. This would ensure that an equitable share of the benefits of the Project reaches local communities, while helping to mitigate likely negative externalities from an increased volume of tourists and associated businesses.

Component 2: Technical Assistance and Capacity Building.

(i) Sub-component 2.1. Project management support

(ii) Sub-component 2.2. Construction management support

(iii) Sub-component 2.3. Training and skills development for selected near-by villages

(iv) Sub-component 2.4. Sustainable tourism destination management and monitoring system

3. Key Dates

Approval:	Dec. 07, 2018	Signing:	Dec. 31, 2018
Effective:	Mar. 22, 2019	Restructured (if any):	
Orig. Closing:	Sep. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	66.97	Most recent disbursement	0.70/May. 10, 2022

		(amount/date):	
Undisbursed:	181.43	Disbursement Ratio (%) ¹ :	26.96

5. Project Implementation Update

Since becoming effective, there has been good progress made for implementation of the Project components and the disbursement conditions for sub-component 1.1 have been met. As of June 27, 2022, the disbursement stands at USD67.0 million (27.0% of the total AIIB loan amount).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Provision of basic services and infrastructure (USD208.3 million)	Civil work contracts (Package 1 and 2) started showing reasonable physical progress with adequate quality assurance.	<ul style="list-style-type: none"> - Resettlement Action Plan (RAP) is being implemented. - A Design and Supervision Consultant procured for sub-component 1.2 finalized needs assessment and designs for an infrastructure investment program for nearby villages to be financed under the Project. - The Terms of Reference (TOR) for Environmental assessment and design optimization for Sea Water Reverse Osmosis (SWRO) plants (associated facility) is being finalized, for which Bank's loan may be utilized for seawater intake and brine discharge pipes. 	<ul style="list-style-type: none"> - Major works contracts for sub-component 1.1 (Package 1 and 2) awarded in Q1 2021. - Package 4- (Electrical Works) continues to experience significant delays due to proposed provisions related to eligibility. Package 7- (Infrastructure provision to neighboring communities) is being reviewed by the Bank.
Component 2: Implementation Support and Capacity Building (USD16.7 million)	n/a	<ul style="list-style-type: none"> - 2020-21 programs for neighboring communities (Sub-component 2.3) carried out (a large portion of resources has been used for COVID-19 response programs for surrounding communities and also support for recent flooding). - Community development program for 2022 is under finalization. 	<ul style="list-style-type: none"> - Project Management and Construction Management Consultants are on board. - Expressions of Interest for Consulting services for packages for: (i) Solid Waste Treatment Plant (SWTP) and Destination Management Manual (DMM) advertised and contracts to be signed by Q4 2022; (ii) Wastewater Treatment Plant (WWTP) and Water Modelling (WM) to be advertised and contracts to signed by Q4 2022. WWTP and SWTP consulting packages lie on the critical path for the associated civil works activities.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

			- Several TA activities are being implemented for developments of spatial monitoring tool for spatial expansion and land use changes for the extended area of Mandalika SEZ as well as construction supervision.
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Financial Management:

Project FM system is in place to produce project financial statements which were submitted to the Bank always in a timely manner. The final FY21 audit report has been submitted to Bank on time. A withdrawal application of USD37.5 million will be submitted soon based on implementation progress and expected due payments to contractors/service providers.

6. Status of the Grievance Redress Mechanism (GRM)

The Project's GRM is fully functional. AIIB receives weekly updates of the grievances logged and measures taken to address the complaints. As of June 27, 2022, a total of 181 complaints have been received. Of these 160 have been resolved. The complaints related to a number of issues, but mostly related to shortage of water (not Project induced), land prices, construction impacts and employment opportunities.

7. Results Monitoring

N/A

Project Objective Indicators #1

Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	126	25.1	
Jan. 02, 2020	389	25.9	
Jan. 02, 2021	473	153.6	
Jan. 02, 2022	720	-	
Jan. 02, 2023	787	-	

Project Objective Indicators #2

Indicator 2: Number of tourists with overnight stays

Year	Target	Actual	Comments, if any
Jan. 02, 2021	62,000	0	
Jan. 02, 2022	120,000	-	
Jan. 02, 2023	200,000	-	

Project Objective Indicators #3

Indicator3: Number of local residents (women and men) employed in tourism

Year	Target	Actual	Comments, if any
Jan. 02, 2021	959	0	
Jan. 02, 2022	1,638	-	
Jan. 02, 2023	2,539	-	

Intermediate Result Indicators #1

Indicator 1: Road constructed (including underground utility corridors) (Km)

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0.7	0	
Jan. 02, 2020	5.3	0	
Jan. 02, 2021	11	2.4	
Jan. 02, 2022	21.3	-	
Jan. 02, 2023	25.95	-	

Intermediate Result Indicators #2

Indicator 2: Piped water supply network completed (Km)

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	0	0	
Jan. 02, 2021	10	0	
Jan. 02, 2022	22	-	
Jan. 02, 2023	24.6	-	

Intermediate Result Indicators #3

Indicator 3: Wastewater network completed

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	0	0	
Jan. 02, 2021	0	0	
Jan. 02, 2022	0	-	
Jan. 02, 2023	1	-	

Intermediate Result Indicators #4

Indicator 4: Landscape Watering network completed (Km)

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	0	0	
Jan. 02, 2021	10	0	
Jan. 02, 2022	22	-	
Jan. 02, 2023	24.6	-	

Intermediate Result Indicators #5

Indicator 5: Power distribution network completed (Km)

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	0	0	
Jan. 02, 2021	2.6	0	
Jan. 02, 2022	28.6	-	
Jan. 02, 2023	34.2	-	

Intermediate Result Indicators #6

Indicator 6: Early Warning and Evacuation Facilities completed

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	4	0	
Jan. 02, 2021	4	0	
Jan. 02, 2022	9	-	
Jan. 02, 2023	11	-	

Intermediate Result Indicators #7

Indicator 7: Solid Waste Management facility Completed

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	0	0	
Jan. 02, 2021	0	0	
Jan. 02, 2022	1	-	
Jan. 02, 2023	1	-	

Intermediate Result Indicators #8

Indicator 8: Destination Management Manual completed with responsibilities assigned and funded

Year	Target	Actual	Comments, if any
Jan. 02, 2018	N	N	
Jan. 02, 2019	N	N	
Jan. 02, 2020	Y	N	
Jan. 02, 2021	Y	N	
Jan. 02, 2022	Y	-	
Jan. 02, 2023	Y	-	

Intermediate Result Indicators #9

Indicator 9: Monitoring tool for expansion of urban extent developed and results included in progress reports

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	1	0	
Jan. 02, 2021	1	0	
Jan. 02, 2022	1	-	
Jan. 02, 2023	1	-	

Intermediate Result Indicators #10

Indicator 10: Water monitoring tool developed and results included in progress reports

Year	Target	Actual	Comments, if any
Jan. 02, 2018	0	0	
Jan. 02, 2019	0	0	
Jan. 02, 2020	1	0	
Jan. 02, 2021	1	0	
Jan. 02, 2022	1	-	
Jan. 02, 2023	1	-	

Intermediate Result Indicators #11

Indicator 11: Grievance Redress Mechanism established and functional

Year	Target	Actual	Comments, if any
Jan. 02, 2018	N	N	
Jan. 02, 2019	Y	Y	
Jan. 02, 2020	Y	Y	
Jan. 02, 2021	Y	Y	

Jan. 02, 2022	Y	-	
Jan. 02, 2023	Y	-	

Remarks:

Monitoring tool for expansion of urban extent developed and results included in progress reports is currently being developed by the consultant.
