

SBF Project Implementation Monitoring Report

Indonesia: Mandalika Urban and Tourism Infrastructure Project

1. Project Information

Project ID:	000069	Investment Number:	L0069A
Member:	Indonesia	Region:	South-Eastern asia
Sector:	Urban	Sub-sector:	Urban Infrastructure
AIB Financing Type:	Loan: 248.2 USD million	Co-financier(s):	Stand-alone
E&S category:	A	Borrower:	Indonesia Tourism Development Corporation (ITDC) / The Republic of Indonesia
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Indonesia Tourism Development Corporation (ITDC)		
Project Team Leader:	Sangmoo Kim		
Project Team Members:	Michaela Sara Bergman, Principal Social Development Specialist Chongwu Sun, Sr. Environmental Specialist Chitambala John Sikazwe, Procurement Consultant Giacomo Ottolini, Procurement Consultant Yi Geng, Sr. Financial Management Specialist Nurul Mutmainnah, Financial Management Consultant Haiyan Wang, Sr. Finance Officer Geoffrey Read, Sr. Urban Development Consultant Rambat Sakwan, Social Development Consultant Jinghui Li, Project Assistant		
Completed Site Visits by AIB:	Mar, 2019 Mar 18 – 22, 2019 Jul, 2020 Jul 29 – Aug 2, 2019 Oct, 2019 Oct 7 – 11, 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		
Planned Site Visits by AIB:	Sep, 2021 Sep, 2021		

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. 7, 2018	Signing:	Dec. 31, 2018
Effective:	Mar. 22, 2019	Restructured (if any):	
Orig. Closing:	Sep. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	248.4	b) Cancellation (if any):	
c) Disbursed:	30.1	d) Most recent disbursement: (amount / date)	24.9, Jun. 11, 2021
e) Undisbursed:	218.3	f) Disbursement Ratio(%) ¹ :	12.1

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

Since becoming effective, there has been good progress made for implementation of the project components. Since loan effectiveness on Mar 22, 2019, ITDC has initiated preparatory activities and met the disbursement conditions. The disbursement stands at USD30.1 million (12.1% of the total loan amount).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Provision of basic services and infrastructure (USD208.3 million)	n/a	<ul style="list-style-type: none"> - RAP is being implemented. - A Design and Supervision Consultant procured for sub-component 1.2 is, based on the needs assessment, developing an infrastructure investment program for nearby villages to be financed under the Project. - Environmental assessment and design optimization for the Sea Water Reverse Osmosis plant (associated facility) is under final preparation. 	<ul style="list-style-type: none"> - Major works contracts for sub-component 1.1 (Package 1 and 2) awarded in Q1 2021. - The remaining works contracts, i.e., Package 3 (Wastewater Treatment Plant), Package 4 (Electrical Facilities), Package 5 (Solid Waste Treatment Plant) are expected to be awarded by Q4 2021.
Component 2: Implementation Support and Capacity Building (USD16.7 million)	n/a	<ul style="list-style-type: none"> - 2020 annual CSR program for neighboring communities (a large portion of CSR resources has been used for COVID-19 response programs for surrounding communities). - Community development program for 2021 is under finalization. 	<ul style="list-style-type: none"> - Project Management and Construction Management Consultants are on board. - Several TA activities are being prepared 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; a long-term sustainable tourism destination system; and a longer-term monitoring tool using hydrodynamic/water quality models for ground and surface water, drainage and coastal marine areas.

Financial Management:

Project FM system is in place to produce project financial statements which were submitted to the Bank always in a timely manner. As at June 30, 2021, with four

consulting contracts and two construction packages signed and being implemented, related payment/disbursement are consistent with overall implementation progress. Additionally, USD48 million counterpart funds have been paid for land acquisition, which accounted 72% of budgeted land acquisition cost. Due to COVID-19 impact, the project audit for year 2020 was slightly delayed, the final report is expected to be submitted to the Bank by mid-July 2021.

6. Status of the Grievance Redress Mechanism (GRM)

The functional GRM system is in place. The transferal of the old log of grievances (from 2019) to the new system took some time but has now been completed. To date there have been 71 complaints by affected households, of which 67 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. The issue related to water shortages has been resolved by supplying water to communities.

7. Results Monitoring

N/A

Baseline Year: Jan. 1, 2018 End Target Year: Jan. 1, 2023

Project Objective Indicators #1

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

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	126	40.7	
Jan. 1, 2020	389	40.7	
Jan. 1, 2021	473	0	
Jan. 1, 2022	720	-	
Jan. 1, 2023	787	-	

Project Objective Indicators #2

Indicator 2: Number of tourists with overnight stays

Year	Target	Actual	Others, if any
Jan. 1, 2021	62,000	0	
Jan. 1, 2022	120,000	-	
Jan. 1, 2023	200,000	-	

Project Objective Indicators #3

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

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

Intermediate Result Indicators #1

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

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	

Jan. 1, 2019	0.7	0	
Jan. 1, 2020	5.3	-	
Jan. 1, 2021	11	-	
Jan. 1, 2022	21.3	-	
Jan. 1, 2023	25.95	-	

Intermediate Result Indicators #2

Indicator 2: Piped water supply network completed (Km)

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	0	0	
Jan. 1, 2020	0	0	
Jan. 1, 2021	10	-	
Jan. 1, 2022	22	-	
Jan. 1, 2023	24.6	-	

Intermediate Result Indicators #3

Indicator 3: Wastewater network completed

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

Intermediate Result Indicators #4

Indicator 4: Landscape Watering network completed (Km)

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	0	0	
Jan. 1, 2020	0	0	
Jan. 1, 2021	10	-	
Jan. 1, 2022	22	-	
Jan. 1, 2023	24.6	-	

Intermediate Result Indicators #5

Indicator 5: Power distribution network completed (Km)

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	0	0	
Jan. 1, 2020	0	0	

Jan. 1, 2021	2.6	-	
Jan. 1, 2022	28.6	-	
Jan. 1, 2023	34.2	-	

Intermediate Result Indicators #6

Indicator 6: Early Warning and Evacuation Facilities completed

Year	Target	Actual	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	0	0	
Jan. 1, 2020	4	0	
Jan. 1, 2021	4	-	
Jan. 1, 2022	9	-	
Jan. 1, 2023	11	-	

Intermediate Result Indicators #7

Indicator 7: Solid Waste Management facility Completed

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

Intermediate Result Indicators #8

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

Year	Target	Actual	Others, if any
Jan. 1, 2018	N	N	
Jan. 1, 2019	N	N	
Jan. 1, 2020	Y	N	
Jan. 1, 2021	Y	-	
Jan. 1, 2022	Y	-	
Jan. 1, 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	Others, if any
Jan. 1, 2018	0	0	
Jan. 1, 2019	0	0	
Jan. 1, 2020	1	0	
Jan. 1, 2021	1	-	
Jan. 1, 2022	1	-	

Jan. 1, 2023	1	-	
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Intermediate Result Indicators #10

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

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

Intermediate Result Indicators #11

Indicator 11: Grievance Redress Mechanism established and functional

Year	Target	Actual	Others, if any
Jan. 1, 2018	N	N	
Jan. 1, 2019	Y	Y	
Jan. 1, 2020	Y	Y	
Jan. 1, 2021	Y	-	
Jan. 1, 2022	Y	-	
Jan. 1, 2023	Y	-	

Remarks: n/a