

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 USD million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	A	Borrower:	Indonesia Tourism Development Corporation (ITDC)
Implementing Entity:	Indonesia Tourism Development Corporation (ITDC)		
Project Team Leader:	Sangmoo Kim		
Project Team Members:	Aditi Khosla,Project Counsel;Yi Geng,OSD - Financial Management Specialist;Michaela Bergman,OSD - Social Development Specialist;Chongwu Sun,OSD - Environment Specialist;Chitambala Sikazwe,OSD - Procurement Specialist;		
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		
Planned Site Visits by AIIB:	May, 2022 May-June		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2021 Q2		

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:	66.30	Most recent disbursement (amount/date):	35.58/Nov. 26, 2021
Undisbursed:	182.10	Disbursement Ratio (%): ¹	26.70

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 November 26, 2021, the disbursement stands at USD66.3 million (26.7% of the total AIIB loan amount).

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
Component 1: Provision	Civil work	- RAP is being	- Major works	Project FM

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.

of basic services and infrastructure (USD208.3 million)	contracts (Package 1 and 2) started showing reasonable physical progress with adequate quality assurance.	implemented. - A Design and Supervision Consultant procured for sub-component 1.2 is finalizing needs assessment and designs for an infrastructure investment program for nearby villages to be financed under the Project. - Environmental assessment and design optimization for Sea Water Reverse Osmosis plants (associated facility) is under preparation.	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 Q2 2022.	system is in place to produce project financial statements which were submitted to the Bank always in a timely manner. The audit report will be due by end of Q2 2022.
Component 2: Implementation Support and Capacity Building (USD16.7 million)	n/a	- 2020-21 CSR programs for neighboring communities carried out (a large portion of CSR 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.	- Project Management and Construction Management Consultants are on board. - Several TA activities are being implemented or 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.	
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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 December 2021, a total of 86 complaints were received in 2021. Of these 86, 74 related to land matters, 2 to employment, 5 to construction impacts and 6 to other issues have been resolved. 82 of these complaints were resolved as of the end of 2021.

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	40.7	
Jan. 02, 2020	389	40.7	
Jan. 02, 2021	473	-	
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

Indicator 3: 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	-	
Jan. 02, 2020	5.3	-	
Jan. 02, 2021	11	-	
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	-	
Jan. 02, 2019	0	-	
Jan. 02, 2020	0	-	
Jan. 02, 2021	10	-	
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	-	
Jan. 02, 2020	0	-	
Jan. 02, 2021	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	-	
Jan. 02, 2020	0	-	
Jan. 02, 2021	10	-	
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	-	
Jan. 02, 2020	0	-	
Jan. 02, 2021	2.6	-	
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	-	
Jan. 02, 2020	4	-	
Jan. 02, 2021	4	-	
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	-	
Jan. 02, 2020	0	-	
Jan. 02, 2021	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	-	
Jan. 02, 2020	Y	-	
Jan. 02, 2021	Y	-	

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	-	
Jan. 02, 2020	1	-	
Jan. 02, 2021	1	-	
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	-	
Jan. 02, 2020	1	-	
Jan. 02, 2021	1	-	
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	-	
Jan. 02, 2022	Y	-	
Jan. 02, 2023	Y	-	

Remarks:

n/a