

SBF Project Implementation Monitoring Report

Indonesia: Mandalika Urban and Tourism Infrastructure Project

1. Project Information

Project ID:	000069	Investment Number:	L0069A
Member:	Indonesia	Region:	Southeast Asia
Sector:	Urban	Sub-sector:	Infrastructure
Financing Type:	<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Guarantee	Co-financier(s):	n/a
Borrower:	Indonesia Tourism Development Corporation (ITDC)		
Guarantor:	The Republic of Indonesia		
Implementing Agency:	ITDC		
Project Team Leader:	Sangmoo Kim		
Site Visits:	Mar 18 – 22, 2019 Jul 29 – Aug 2, 2019 Oct 7 – 11, 2019 Dec 16 – 21, 2019 (planned)		

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. The Project is aligned with the Government of Indonesia's mid-term development plan and the Indonesia Tourism Development Priority Program. AIIB's participation will help optimize project design and implementation, thereby maximizing economic and social interlinkages and promoting sustainable development.

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

Approved:	Dec. 7, 2019	Signed:	Dec. 31, 2019
Effective:	Mar. 22, 2019	Restructured (if any):	n/a
Orig. Closing:	Sep. 30, 2024	Rev. Closing (if any):	n/a

4. Disbursement Summary (USD million)

a) Committed:	USD248.4 M	b) Cancelled (if any):	n/a
c) Disbursed:	USD2.57 M	d) Most recent disbursement: (amount /date)	USD1.6 M / Aug. 1, 2019
d) Undisbursed:	USD245.8 M	e) Disbursement Ratio (%):	1.04 %

5. Project Implementation Update

The Project is at the early stage of its implementation. The project loan became effective on Mar. 22, 2019 fulfilling the effectiveness conditions. Since becoming effective, there has been good progress made for implementation of the project components. Disbursements are likely to be made as projected. The client is in the process of finalizing the fulfillment of disbursement conditions, most notably the completion of land purchase and resettlement of PAHs and the finalization of a contractual agreement between operator(s) and the client for the site's water supply.

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
Component 1: Provision of basic services and infrastructure (USD208.3 million)	n/a	<ul style="list-style-type: none"> - Remaining 0.92 ha of enclaved land is being obtained for infrastructure construction. - Assessment and contract arrangement for Sea Water Reverse Osmosis plants (associated facility) 	<ul style="list-style-type: none"> - Works contracts for sub-component 1.1 (Package 1 and 2) to be awarded in Q1 2020. - A design consultant for the sub-component 1.2 to be procured by Q4 2019 	
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 to be finalized. 	<ul style="list-style-type: none"> - Project Management Consultant Contract signed on Jun. 2019. - Construction Management Consultant Contract to be signed in Oct. 2019 before construction starts. - Contract for Contract Management SW signed in Jun. 2019. - Detailed design and programming for sub-component 2.4 to be finalized. 	<ul style="list-style-type: none"> - The Interim Financial Report (IFR) for the last quarter has been timely received.

* Note: Interest and commitment fee on the proceeds of the bank loan, accruing during the construction will be capitalized.

6. Status of the Grievance Redress Mechanism (GRM)

GRM in place. Will be verified in the next mission scheduled in December 2019.

7. Results Monitoring

Project Objective Indicators	Baseline (2018)	2019		2020		2021		2022		2023 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	0	126		389		473		720		787	
Indicator 2: Number of tourists with overnight stays	-	-		-		62,000		120,000		200,000	
Indicator 3: Number of local residents (women and men) employed in tourism	-	-		-		959		1,638		2,539	
Intermediate Result Indicators	Baseline (2018)	2019		2020		2021		2022		2023 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Indicator 1: Road constructed (including underground utility corridors) (Km)	0	0.7		5.3		11		21.3		25.95	
Indicator 2: Piped water supply network completed (Km)	0	0		0		10		22		24.6	
Indicator 3: Wastewater network completed	0	0		0		0		0		1	
Indicator 4: Landscape Watering network completed (Km)	0	0		0		10		22		24.6	
Indicator 5: Power distribution network completed (Km)	0	0		0		2.6		28.6		34.2	
Indicator 6: Early Warning and Evacuation Facilities completed	0	0		4		4		9		11	
Indicator 7: Solid Waste Management facility Completed	0	0		0		0		1		1	
Indicator 8: Destination Management Manual completed with responsibilities assigned and funded	N	N		Y		Y		Y		Y	
Indicator 9: Monitoring tool for expansion of urban extent developed and results included in progress reports	0	0		1		1		1		1	
Indicator 10: Water monitoring tool developed and results included in progress reports	0	0		1		1		1		1	
Indicator 11: Grievance Redress Mechanism established and functional	N	Y		Y		Y		Y		Y	

Remarks:

2019 actual indicator performance will be available in Q1 2019 and will be reported in the next PIMR.

