

## 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	Lead 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:	Xiang Xu, Team Member; Yi Geng, OSD - Financial Management Specialist; Chongwu Sun, OSD - Environment Specialist; Odil Akbarov, OSD - Social Development Specialist; Kezia Paladina, Alternate Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Xiang Xu, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Mar, 2019 Mar 18 – 22, 2019 Oct, 2019 Oct 7 – 11, 2019 Mar, 2020 Mar. 10 – 13, 2020 (virtual) Jul, 2020 Jul 29 – Aug 2, 2019 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 Nov, 2022 Nov 17 - Dec 7, 2022		
Planned Site Visits by AIIB:	Jun, 2023 4 - 17		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		

Previous Red Flags Assigned Date:	2022/05
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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:	107.00	Most recent disbursement (amount/date):	38.90/Aug. 30, 2022
Undisbursed:	141.40	Disbursement Ratio	43.08

		(%) <sup>1</sup> :	
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### 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 December 31, 2022, the disbursement stands at USD107.0 million (43.1% 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) underway showing reasonable physical progress with adequate quality assurance.	<ul style="list-style-type: none"> <li>- Resettlement Action Plan (RAP) is being implemented.</li> <li>- 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.</li> <li>- 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.</li> </ul>	<ul style="list-style-type: none"> <li>- Major works contracts for sub-component 1.1 (Package 1 and 2) awarded in Q1 2021.</li> <li>- Package 4 (Electrical Works) continues to experience significant delays and ITDC is yet to revert with its proposal.</li> <li>Package 7- (Infrastructure provision to neighboring communities) is being reviewed by the Bank following a special field mission to better understand ITDC's proposal.</li> </ul>
Component 2: Implementation Support and Capacity Building (USD16.7 million)	n/a	<ul style="list-style-type: none"> <li>- 2021-22 programs for neighboring communities carried out (a large portion of resources has been used for COVID-19 response programs for surrounding communities and also support for local flooding).</li> <li>- Community development program for 2023 is under finalization.</li> </ul>	<ul style="list-style-type: none"> <li>- Project Management and Construction Management Consultants are on board.</li> <li>- Updates are as follows: (i) Solid Waste Treatment Plant (package 5); (ii) Wastewater Treatment Plant (package 3): No Objections to draft contracts and negotiation minutes issued on December 2, 2022; (iii) Destination Management Manual: contract signed on October 26, 2022; and (iv) Water Modelling: contract signed on December 2, 2022.</li> </ul>

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

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**Financial Management:**

The overall Project FM system is continuously well maintained to timely reflect the sources and usage of project funds. The Project maintains the same institutional arrangement of finance team in PMO and PMC and continues to submit the quarterly financial report on time. The 2022 audit report will be due on June 30, 2023, new auditors accepted by the Bank will mobilize in Jan 2023 and conduct audit in accordance with Bank's requirement. The cumulative disbursement is USD107 million (including advance in designated account), with the most withdrawal of USD38.9 million made in August 2022. As of latest mission date of October 31, 2022, cumulative contract signing amount is USD128 million, of which cumulative payments were USD67.3 million. ITDC plans to submit another USD31 million withdrawal application in March 2023 based on project implementation progress and due contract payment. This FY2023 budget has also been secured under Ministry of SOE.

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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 November 30, 2022, a total of 208 complaints have been received. Of these 180 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.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

N/A

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**Remarks:**

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

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Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments		
			Baseline		2018		2019		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual
Private capital mobilized for Mandalika tourism development	Project	USD	2018	0	0	0	126	25.1	389	25.9	473	153.6	720	215.9	787			787		Annually	ITDC	
Number of tourists with overnight stays	Project	Number	2018	-	-	-	-	-	-	-	62000	0	120000	13903	200000			200000		Annually	ITDC	
Number of local residents (women and men) employed in tourism	Project	Number	2018	-	-	-	-	-	-	-	959	0	1638	239	2539	239		2539		Annually	ITDC	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments		
			Baseline		2018		2019		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual
Roads constructed (including underground utility corridors)	Project	Km	2018	0	0	0	0.7	0	5.3	0	11	0	21.3	5.9	25.95	17.99		25.95		Quarterly	ITDC	
Piped water supply network completed	Project	Km	2018	0	0	0	0	0	6	0	10	0	22	0	24.6	2.94		24.6		Quarterly	ITDC	
Waste water network completed	Project	Km	2018	0	0	0	0	0	6	0	10	0	22	0	24.6	0		24.6		Quarterly	ITDC	
Waste Water Treatment Plant completed	Project	Number	2018	0	0		0		0		0		0		1			1		Annually	ITDC	
Landscape Watering network completed	Project	Km	2018	0	0	0	0	0	6	0	10	0	22	0	24.6	0		24.6		Quarterly	ITDC	
Power distribution network completed	Project	Km	2018	0	0	0	0	0	0	0	2.6	0	28.6	0	34.2	0		34.2		Quarterly	ITDC	

Early Warning and Evacuation Facilities completed	Project	Number	2018	0	0	0	0	0	4	0	4	0	9	0	11	2		11		Annually	ITDC	
Solid Waste Management facility completed	Project	Number	2018	0	0	0	0	0	0	0	0	0	1	0	1	0		1		Annually	ITDC	
Destination Management Manual completed with responsibilities assigned and funded	Project	Y/N	2018	N	N	N	N	N	Y	N	Y	N	Y	N	Y	N		Y		Annually	ITDC	
Monitoring tool for expansion of urban extent developed and results included in progress reports	Project	Number	2018	0	0	0	0	0	1	0	1	0	1	0	1	0		1		Annually	ITDC	
Water monitoring tool developed and results included in progress reports	Project	Number	2018	0	0	0	0	0	1	0	1	0	1	-	1	-		1		Annually	ITDC	
Grievance Redress Mechanism established and functional	Project	Y/N	2018	N	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y		Annually	ITDC	