

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: 250 USD million	Co-financier(s):	Stand-alone
E&S category:	A	Borrower:	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 Giacomo Ottolini, Procurement Consultant Yi Geng, Sr. Financial Management Specialist Haiyan Wang, Sr. Finance Officer Gregor Herda, Investment Operations Specialist Geoffrey Read, Sr. Urban Development Consultant Antong Hu, 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		
Planned Site Visits by AIB:	Mar, 2021 Mar 8 - 12, 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.
- (ii) Sub-component 1.2. Infrastructure improvements to neighboring communities.

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 (USD million)

a) Committed:	248.4	b) Cancellation (if any):	
c) Disbursed:	4.88	d) Most recent disbursement: (amount / date)	0.34, Aug. 24, 2020
e) Undisbursed:	243.52	f) Disbursement Ratio(%) ¹ :	2

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. 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
Component 1: Provision of basic services and infrastructure (USD208.3 million)	n/a	<ul style="list-style-type: none"> - RAP finalized and disclosed and has begun to be implemented. - 1.37 ha of the required land has been purchased and the remaining 0.2 ha is in the process of being purchased by implementing Law No. 2 and it is expected to be closed in Q1 2021. - Environmental assessment and design optimization for Sea Water Reverse Osmosis plants (associated facility) has completed. Contractual SWRO arrangement between ITDC and operator(s) are being finalized. 	<ul style="list-style-type: none"> - Works contracts for sub-component 1.1 (Package 1 and 2) to be awarded in Q1 2021. - Design and supervision consultant for the sub-component 1.2 procured.
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). 	<ul style="list-style-type: none"> - Project Management Consultant Contract signed on Jun. 2019. - Construction Management Consultant Contract signed in Oct. 2019. - Contract for Contract Management SW signed in Jun. 2019. - Detailed design and programming for sub-component 2.4 to be finalized.

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, 2020, with four consulting contracts signed and 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 2019 was delayed, the final report is expected to be submitted to the Bank within a couple of weeks.

6. Status of the Grievance Redress Mechanism (GRM)

GRM system is in place. The transfer 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 67 complaints by affected households, relating to a number of issues, but mostly related to shortage of water (not Project induced), land prices, 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	Year	Target	Actual	Others, if any
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	Jan. 1, 2019	126	40.7	
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	Jan. 1, 2020	389	N/A	
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	Jan. 1, 2021	473	N/A	
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	Jan. 1, 2022	720	N/A	
Indicator 1: Private capital mobilized for Mandalika tourism development (million USD)	Jan. 1, 2023	787	N/A	
Indicator 2: Number of tourists with overnight stays	Jan. 1, 2021	62,000	N/A	
Indicator 2: Number of tourists with overnight stays	Jan. 1, 2022	120,000	N/A	
Indicator 2: Number of tourists with overnight stays	Jan. 1, 2023	200,000	N/A	
Indicator3: Number of local residents (women and men) employed in tourism	Jan. 1, 2021	959	N/A	
Indicator3: Number of local residents (women and men) employed in tourism	Jan. 1, 2022	1,638	N/A	
Indicator3: Number of local residents (women and men) employed in tourism	Jan. 1, 2023	2,539	N/A	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Indicator 1: Road constructed (including underground utility corridors) (Km)	Jan. 1, 2019	0.7	N/A	
Indicator 1: Road constructed (including underground utility corridors) (Km)	Jan. 1, 2020	5.3	N/A	
Indicator 1: Road constructed (including underground utility corridors) (Km)	Jan. 1, 2021	11	N/A	
Indicator 1: Road constructed (including underground utility corridors) (Km)	Jan. 1, 2022	21.3	N/A	
Indicator 1: Road constructed (including underground utility corridors) (Km)	Jan. 1, 2023	25.95	N/A	
Indicator 2: Piped water supply network completed (Km)	Jan. 1, 2021	10	N/A	
Indicator 2: Piped water supply network completed (Km)	Jan. 1, 2022	22	N/A	
Indicator 2: Piped water supply network	Jan. 1, 2023	24.6	N/A	

completed (Km)				
Indicator 3: Wastewater network completed	Jan. 1, 2023	1	N/A	
Indicator 4: Landscape Watering network completed (Km)	Jan. 1, 2021	10	N/A	
Indicator 4: Landscape Watering network completed (Km)	Jan. 1, 2022	22	N/A	
Indicator 4: Landscape Watering network completed (Km)	Jan. 1, 2023	24.6	N/A	
Indicator 5: Power distribution network completed (Km)	Jan. 1, 2021	2.6	N/A	
Indicator 5: Power distribution network completed (Km)	Jan. 1, 2022	28.6	N/A	
Indicator 5: Power distribution network completed (Km)	Jan. 1, 2023	34.2	N/A	
Indicator 6: Early Warning and Evacuation Facilities completed	Jan. 1, 2020	4	N/A	
Indicator 6: Early Warning and Evacuation Facilities completed	Jan. 1, 2021	4	N/A	
Indicator 6: Early Warning and Evacuation Facilities completed	Jan. 1, 2022	9	N/A	
Indicator 6: Early Warning and Evacuation Facilities completed	Jan. 1, 2023	11	N/A	
Indicator 7: Solid Waste Management facility Completed	Jan. 1, 2022	1	N/A	
Indicator 7: Solid Waste Management facility Completed	Jan. 1, 2023	1	N/A	
Indicator 8: Destination Management Manual completed with responsibilities assigned and funded	Jan. 1, 2020	Y	N/A	
Indicator 8: Destination Management Manual completed with responsibilities assigned and funded	Jan. 1, 2021	Y	N/A	
Indicator 8: Destination Management Manual completed with responsibilities assigned and funded	Jan. 1, 2022	Y	N/A	
Indicator 8: Destination Management Manual completed with responsibilities assigned and funded	Jan. 1, 2023	Y	N/A	
Indicator 9: Monitoring tool for expansion of urban extent developed and results included in progress reports	Jan. 1, 2020	1	N/A	
Indicator 9: Monitoring tool for expansion of urban extent developed and results included in progress reports	Jan. 1, 2021	1	N/A	
Indicator 9: Monitoring tool for expansion of urban extent developed and	Jan. 1, 2022	1	N/A	

results included in progress reports				
Indicator 9: Monitoring tool for expansion of urban extent developed and results included in progress reports	Jan. 1, 2023	1	N/A	
Indicator 10: Water monitoring tool developed and results included in progress reports	Jan. 1, 2020	1	N/A	
Indicator 10: Water monitoring tool developed and results included in progress reports	Jan. 1, 2021	1	N/A	
Indicator 10: Water monitoring tool developed and results included in progress reports	Jan. 1, 2022	1	N/A	
Indicator 10: Water monitoring tool developed and results included in progress reports	Jan. 1, 2023	1	N/A	
Indicator 11: Grievance Redress Mechanism established and functional	Jan. 1, 2019	Y	Y	
Indicator 11: Grievance Redress Mechanism established and functional	Jan. 1, 2020	Y	N/A	
Indicator 11: Grievance Redress Mechanism established and functional	Jan. 1, 2021	Y	N/A	
Indicator 11: Grievance Redress Mechanism established and functional	Jan. 1, 2022	Y	N/A	
Indicator 11: Grievance Redress Mechanism established and functional	Jan. 1, 2023	Y	N/A	

Remarks: n/a