

Project Implementation Monitoring Report (#11)

Reporting Period From 2023/07 To 2023/12

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; Nurul Mutmainnah, OSD - Financial Management 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 May, 2023 May 29 – June 17 Nov, 2023 November 29 - December 14		
Planned Site Visits by AIIB:	May, 2024 -		
Current Red Flags	1		

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Assigned:	
Current Monitoring Regime:	Regular Monitoring
Previous Red Flags Assigned:	1
Previous Red Flags Assigned Date:	2023/06

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
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Disbursed:	113.80	Latest disbursement (amount/date):	38.90/Aug. 30, 2022
Undisbursed:	134.60	Disbursement Ratio (%) ¹ :	45.81

5. Project Implementation Update

Since becoming effective, there has been good progress made for implementation of the Project components. Two major works contracts for essential infrastructure (including internal roads, streets, landscaping, and drainage; electricity distribution; disaster risk management facilities; public facilities and public open space) are under implementation and showing good progress, with quality assurance measures in place. As of January, 2024, the disbursement stands at USD113.8 million (45.81% of the total AIIB loan amount).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Provision of basic services and infrastructure (USD208.3 million)	<p>Package 1 & 2: Civil work contracts including major works for roads, utility ducts, pipes, water towers with pumping stations, temporary evacuation shelters, gates are coming to closure with adequate quality assurance.</p> <p>Package 3: Construction of Waste Water Treatment Plant – West is pending for the finalization of DED.</p> <p>Package 4: Electricity and supporting facilities - specialized works is pending for negotiations between ITDC and the State Electricity Company.</p> <p>Package 5: Construction of Solid Waste Treatment Plant and Solid Waste Management is pending for the finalization of DED.</p>	<p>- Social screening is conducted for all proposed subprojects to see whether potential land acquisition and resettlement might be involved for each subproject. Identified obstacles are being resolved through negotiation, land use agreement or design change e.g. realignment of roads.</p> <p>- A Design and Supervision Consultant has completed the needs assessment that include a list of infrastructure investments based on participatory planning process and a series of consultations with local communities.</p> <p>- The ESIA for the proposed Sea Water Reverse Osmosis (SWRO) Plant is under preparation with draft TOR revised.</p>	<p>- Major works contracts for sub-component 1.1 Package 1 and 2 contracts are coming to closure. Tender documents for civil works contracts for Package 3 (WWTP) and Package 5 (SWTP) awaited completion of the designs and would be submitted to AIIB by February 2024.</p> <p>- Package 4 (Electrical Works), Package 7 (neighboring community works) needs to be expedited.</p>

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.

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	<p>Package 6: Integrated Project Management Solution is an ongoing contract.</p> <p>Package 7: Infrastructure improvements to neighboring communities' procurement is under preparation.</p>		
<p>Component 2: Implementation Support and Capacity Building (USD16.7 million)</p>	n/a	<ul style="list-style-type: none"> - Destination Management Manual, Water Modelling, Development of Spatial Monitoring Reporting Tools, Mandalika Masterplan update are under preparation. - Design and advisory services for supporting Wastewater Treatment Plant and Solid Waste Treatment Plant are underway. - 2022-23 programs for neighboring communities have been completed (a large portion of resources has been used for skill development and training programs for surrounding communities). - Community development programs for 2024 are being planned in consultations with relevant stakeholders including local communities. 	<ul style="list-style-type: none"> - Project Management and Construction Management Consultants are on board. Other consultants on board include preparation of Package 3 (Wastewater Treatment Plant), and Package 5 (Solid Waste Treatment Plant), development of Destination Management Manual; Water Modelling, Mandalika masterplan update, Independent Stakeholder facilitation. Package 3 and 5 assignments need expediting to meet the current loan closing dates.

Financial Management:

The overall Project FM is maintained at satisfactory as the FM system timely reflects the sources and usage of project funds. As of October 31, 2023, the current disbursement progress of the Project is at 45.8 percent, a slight increase from the progress in December 2022 which comes from capitalized interest and commitment fee.

The ITDC, with support from PMC, will finalize the disbursement plan for 2024 based on the final master plan once the decision on project change is agreed and finalized between ITDC and AIIB. The 2023 audit report will be due on June 30, 2024, and some improvements are expected in this audit report, such as on presentation of cumulative balances for disbursement and expenditures and opinion on the counterpart funds.

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.

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

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N/A

Remarks:

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	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	487.24		787		Annually	ITDC	
Number of tourists with overnight stays	Project	Number	2018	-	-	-	-	-	-	-	62000	0	120000	13903	200000	40869		200000		Annually	ITDC	
Number of local residents (women and men) employed in tourism	Project	Number	2018	-	-	-	-	-	-	-	959	0	1638	239	2539	440		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	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	18.52		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	3.61		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	0	1	0		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	3		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	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	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	