

Project Summary Information (PSI)

Project No: 000069

Project Name	Indonesia: Mandalika Urban and Tourism Infrastructure Project
Country	The Republic of Indonesia
Sector	Multi-sectoral infrastructure
Project No.	000069
Borrower	Indonesia Tourism Development Corporation (ITDC)
Implementation Agency	ITDC
Environmental and Social Category	A
Date of PSI prepared or updated	March 16, 2018
Estimated Date of Board Consideration	September 2018
Concept Decision	Approved on March 15, 2018

I. Introduction

As the largest economy in Southeast Asia, Indonesia has achieved impressive economic growth during the last decade. While the commodity-driven economy is slowing down, the tourism industry has potential to serve as a major contributor to GDP, job creation, tax revenues, and an important source of foreign exchange earnings. However, poor access and quality of infrastructure and services prevent Indonesia from realizing its full tourism potential.

The Government of Indonesia (GoI) has prioritized tourism as an important growth sector. The GoI's National Medium-term Development Plan (RPJMN) has placed tourism as one of four sectoral development priorities. Along with RRJMN, the GoI launched the Indonesia Tourism Development Priority Program (PPNPPI) to accelerate the development of ten priority tourism destinations, including Mandalika.

The Mandalika project site is strategically located on the south coast of Lombok island in Central Lombok Regency with good access from Lombok International Airport. Given the rich tourism endowments, the GoI has selected Mandalika as a priority tourism destination and has laid the initial groundwork for its development. The proposed project would finance the construction of essential basic infrastructure for a new tourism destination in Mandalika and its surrounding communities. With the investments in the tourism-related infrastructure, the proposed project will promote sustainable development in Mandalika and in Lombok more generally, and contribute to poverty reduction throughout the island.

This is fully consistent with the GoI's national tourism development priorities as defined in the RPJMN and PPNPPI. The proposed project is also aligned with the Bank's goal of "*fostering sustainable economic development by investing in infrastructure*" and "*mobilizing private capital*".

II. Project Objectives and Expected Results

The objective of the proposed project is to provide sustainable basic infrastructure for the development of a new tourism destination in the Mandalika region of Lombok. According to the Mandalika Masterplan, serviced land lots are to be leased to private investors to construct retail, accommodation and other tourist facilities according to internationally acceptable standards. In addition, the project includes improvements to basic infrastructure and services in at least two adjacent villages 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.

III. Project Description

The infrastructure development of the Mandalika tourism destination is expected to complete over a nine-year period between 2018-26, including two phases: Phase-I (2018-22) and Phase-II (2023-26). The proposed project will be focused on the Phase-I.

The Project consists of two components.

Component 1: Provision of basic services and infrastructure. This component supports construction of road infrastructure and drainage, water supply, solid waste management, waste water management and sanitation, irrigation, electricity distribution, ICT and early warning systems, landscaping, and community facilities.

Component 2: Technical Assistance and Capacity Building. This component provides support to project management, institutional development, trainings, and studies, and implementation of a long-term Environmental and Social Management Plan.

IV. Environmental and Social Category

The Bank’s Environmental and Social Framework (ESF) will be applicable to the proposed project, and the Environment and Social Standards will be applicable for screening, categorization and due diligence with respect to specific contexts of the subprojects. As per the Bank’s ESF, the project is proposed to be Category A, considering the nature of the project activities and local environmental and social contexts. Categorization for the project will be further reviewed and finalized based on the environmental and social impact assessments, as well as the Bank team’s site visits prior to appraisal. Public consultation will be carried out during project preparation. All applicable environmental and social safeguard documents as required by the ESF will be prepared and disclosed to the public prior to Appraisal.

V. Estimated Project Cost and Financing Source

The total cost of the proposed project is estimated to be US\$300 million, which is expected to be funded by a sovereign backed loan from the Bank and counterpart funds provided by GoI/ITDC. A preliminary financing plan for the proposed project, excluding interest during construction and working capital, is summarized in the Table below, which will be further developed during project preparation.

Indicative Project Cost and Financing Plan – Phase I (2018-22) (in USD million)

Component	Cost Amount	Financing Source	
		AiIB	GoI/ITDC
Component 1: Basic Services and Infrastructure (including neighboring villages)	285	250	35
Component 2: Implementation Support and Capacity Building	15	10	5
Total:	300	260	40
Percentage:	100%	87.0%	13.0%

VI. Implementation

The Borrower, Indonesia Tourism Development Corporation (ITDC), will be responsible for implementation of the proposed project. Under ITDC, a Project Management Unit (PMU), headed by a Project Director, has been established in Mandalika. The PMU would be responsible for overall project preparation and implementation. It will also be in charge of overall project M&E including compliance with the environmental and social safeguards. Consultants will be engaged, as and when necessary, to complement the PMU staff in certain areas of expertise.

Procurement for all contracts funded by the Loan proceeds will be carried out in accordance with the Bank’s Procurement Policy and its associated Interim Operational Directive: Procurement Instructions for Recipients. The proposed project is planned to be implemented between fourth quarter 2018 and fourth quarter 2022.

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