

# **ASIAN INFRASTRUCTURE INVESTMENT BANK'S ROLE IN BUILDING SUSTAINABLE INFRASTRUCTURE IN THE MANDALIKA SPECIAL ECONOMIC ZONE TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS IN CENTRAL LOMBOK, WEST NUSA TENGGARA**

**Sirwan Yazid Bustami<sup>1</sup>, Kurnia Zulhandayani Rizki<sup>2</sup>, Hasbi Asyidiqi<sup>3</sup>, Mega Nisfa Makhroja<sup>4</sup>**

<sup>1,2,3,4</sup> Department of International Relations, University of Mataram, Mataram, Indonesia  
email: [sirwan@unram.ac.id](mailto:sirwan@unram.ac.id)<sup>1</sup>, [kurniazulhandayani@unram.ac.id](mailto:kurniazulhandayani@unram.ac.id)<sup>2</sup>, [hasbiasyidiqi@unram.ac.id](mailto:hasbiasyidiqi@unram.ac.id)<sup>3</sup>,  
[mn.makhroja@unram.ac.id](mailto:mn.makhroja@unram.ac.id)<sup>4</sup>

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## **ABSTRACT**

The research aims to examine the role and contribution of the Asian Infrastructure Investment Bank (AIIB) in building sustainable infrastructure in the Mandalika Special Economic Zone (Mandalika SEZ) to meet sustainable development goals in Central Lombok, West Nusa Tenggara. It uses a qualitative approach with an analytical descriptive method. The research process was carried out through several stages, namely data collection, data reduction, data presentation, and conclusion drawing. Data collection was obtained through interviews and a literature study. Meanwhile, data reduction was conducted by reviewing the data collected to be selected in accordance with the research topic. Furthermore, the data presentation was performed in a narrative form. Finally, conclusion drawing was carried out according to elaboration of the concepts of multilateral development banks (MDBs), sustainable infrastructure, and sustainable development goals (SDGs). Based on the research results, AIIB has a key role in sustainable infrastructure development in Mandalika SEZ in terms of financing infrastructure development, providing technical assistance, and enhancing the management capacity of infrastructure development. Through its roles, AIIB contributes to achievement of a sustainable infrastructure development in the Mandalika SEZ. The achievement of a sustainable infrastructure development is influenced by a number of factors, namely effective public participation and consultation; alignment of project objectives with stakeholder needs; transparency and responsible decision-making mechanisms; adequate compensation and resettlement policies; green technology innovation; and government support, green incentive policies, and training programs. AIIB's role in a sustainable infrastructure development has an impact on achieving the goals of the SDGs development pillars including social development pillar, environmental development pillar, economic development pillar, and law and governance development pillar.

**Keywords:** Asian Infrastructure Investment Bank, Mandalika Special Economic Zone, SDGs Development Pillars, Sustainable Infrastructure, Sustainable Development Goals

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## **1. INTRODUCTION**

One of the main problems in financing infrastructure development is the limited financial resources possessed by the government. Limited financial resources result in limitations in terms of allocating funds for infrastructure development in the Mandalika

Special Economic Zone (SEZ). This financing limitation is further exacerbated by the low realization of investment into Mandalika SEZ due to various problems, especially related to political contestation, land disputes, and governance (Rasyid & Darumurti, 2022). This becomes even more complicated when infrastructure project must meet high sustainability standards, as is expected in infrastructure development in Mandalika SEZ (Caraka et al., 2023).

In addition to limited financial resources, another problem encountered in financing infrastructure development in Mandalika SEZ is the risk associated with this project. Infrastructure projects such as Mandalika SEZ are typically long-term investments with a high level of risk. This can make investors hesitant to invest due to uncertainty regarding the return on their investment, especially in the context of global and national economic uncertainty (Radio Republik Indonesia, 2023).

As a result, the Indonesian government opted to seek alternative sources of financing from overseas by cooperating with the Asian Infrastructure Investment Bank (AIIB) as a multilateral development bank (MDB) as a funder for infrastructure development in Mandalika SEZ through a project called the Mandalika Urban and Tourism Infrastructure Project (MUTIP) to cope with limited domestic financial resources. The total value of infrastructure development projects undertaken by AIIB through the first phase of MUTIP (2019–2023) is worth 248.4 million USD. MUTIP is claimed to be the first standalone financing project disbursed by AIIB in Indonesia and globally is the first of AIIB's financing for infrastructure development in tourism sector (Hidayat & Bustami, 2024).

Mandalika SEZ is one of the projects that received attention from AIIB. With its huge tourism potential, it is designated as one of the priority areas for infrastructure development that can support the growth of tourism sector and economy as a whole. However, in order to realize this potential, it requires financing and technical expertise that is not always available locally. This is where AIIB emerges as an indispensable partner to support the development of sustainable infrastructure in Mandalika SEZ. Through its integrated and sustainability-focused approach, it seeks to ensure that the infrastructure projects it undertakes not only provide short-term economic benefits, but also create a positive legacy for the environment and local communities. As such, AIIB has the potential to be an important partner to actualize the vision of sustainable and inclusive infrastructure development in Mandalika SEZ (The Asia Foundation, 2016).

According to the explanation of the previous problems, the research formulates a main problem, namely how does the role and contribution of the Asian Infrastructure Investment Bank to build sustainable infrastructure in the Mandalika Special Economic Zone to meet sustainable development goals in Central Lombok?. Therefore, it is aimed at examining the role and contribution of AIIB in building sustainable infrastructure in Mandalika SEZ to meet sustainable development goals in Central Lombok, West Nusa Tenggara.

## **2. RESEARCH METHODOLOGY**

The research was conducted in a qualitative approach with an analytical descriptive method aimed at examining the role and contribution of the Asian Infrastructure Investment Bank (AIIB) to build sustainable infrastructure in the Mandalika Special Economic Zone to meet sustainable development goals in Central Lombok (Creswell & Creswell, 2023). The research process was carried out through several stages, namely data collection, data reduction, data presentation, and conclusion drawing (Miles et al., 2014).

Data collection was obtained from primary and secondary sources. Primary data was collected through interviews with relevant stakeholders. On the other hand, secondary

data was sourced from journal articles, reports, official websites, and other internet sources. Meanwhile, data reduction was completed by reviewing the data collected and selecting them according to the topic of this research. Furthermore, the data presentation stage was performed in a narrative form. Finally, conclusions were drawn in accordance with elaboration of the concepts of multilateral development banks (MDBs), sustainable infrastructure, and sustainable development goals (SDGs).

### **3. RESULTS AND ANALYSIS**

Infrastructure development in Mandalika SEZ is organized over eleven years, which is divided into two phases, namely Phase I (2016–23) and Phase II (2024–26). The project, known as the Mandalika Urban and Tourism Infrastructure Project (MUTIP), is fully funded by the Asian Infrastructure Investment Bank (AIIB). The financing provided by AIIB covers the provision of basic infrastructure consisting of the construction of critical infrastructure and infrastructure improvements for surrounding communities (Asian Infrastructure Investment Bank, 2023a).

#### **Asian Infrastructure Investment Bank's Role to Build Sustainable Infrastructure in the Mandalika Special Economic Zone**

Infrastructure development in Mandalika SEZ financed by AIIB adopts a sustainable infrastructure development model based on a policy framework called Environmental and Social Policy (ESP). ESP is a set of policy framework that contains three social and environmental standards called Environment and Social Standards (ESSs). The ESSs framework consists of three policies, namely Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP); Resettlement Planning Framework (RPF); and Indigenous Peoples Development Plan (IPDP). The ESP is a manifestation of AIIB's commitment to actualize the sustainable development agenda in infrastructure development projects in Mandalika SEZ by taking into account both social and environmental sustainability aspects as stipulated by the United Nations (UN) within the framework of the global SDGs (Apolinário Júnior & Jukemura, 2022; Creutz, 2023).

The ESP policy framework is integrated by AIIB in Mandalika SEZ's infrastructure project through a number of roles that are carried out collaboratively with all stakeholders, especially ITDC (InJourney Tourism Development Corporation) as the main client of AIIB. Therefore, AIIB has a major role in the infrastructure development of Mandalika SEZ through a number of aspects, namely financing infrastructure development, providing technical assistance, and enhancing the management capacity of infrastructure development.

#### **Financing Infrastructure Development in Mandalika SEZ**

Infrastructure development of Mandalika SEZ requires a total investment of around USD 458 million, of which USD 341 million is funded by a state-guaranteed loan from the Asian Infrastructure Investment Bank (AIIB). This loan is categorized as a soft loan with a 35-year tenor and a 10-year grace period with an interest rate of 6% or in accordance with the London Interbank Offered Rate (LIBOR) plus 1.4% per year (CNN Indonesia, 2019). The financing provided by AIIB includes the provision of basic infrastructure consisting of the construction of critical infrastructure and infrastructure improvements for surrounding communities and is provided to the InJourney Tourism Development Corporation (ITDC) as representative of the Indonesian Government as well as the manager of The Mandalika. This loan disbursement was channeled by AIIB through a project called the Mandalika Urban & Tourism Infrastructure Project (MUTIP) worth USD 248.4 million or equivalent

to IDR 3.6 trillion. The realization of financing was carried out in two stages, namely MUTIP I worth IDR 1.7 trillion and the remaining IDR 1.9 trillion through MUTIP II (Bisnis.com, 2021; Indonesia Tourism Development Corporation, 2019b).

The loan granted by AIIB is the largest financing portion of the total required funding of IDR 4.5 trillion. In other words, 84% of the financing of infrastructure development and basic facilities in Mandalika SEZ is provided through a loan scheme from AIIB. It is not disbursed in its entirety, but in stages according to the priority scale of development needs in Mandalika SEZ (CNN Indonesia, 2018; Indonesia Tourism Development Corporation, 2019b). Loan disbursement is carried out through a direct loan scheme (direct landing) to ITDC so as to help accelerate the funding process to ITDC compared to the loan forwarding scheme through the government which requires it to be included in the state budget first before disbursing it for financing (Bisnis.com, 2016).

MUTIP is the first standalone project financed by AIIB in Indonesia. On a global scale, this project is the first AIIB financing for tourism infrastructure development. This financing is intended for the development of basic infrastructure and facilities in Mandalika SEZ. It is channeled through a business to business (B-to-B) loan scheme instead of government to government (G-to-G). Practically, the loan assistance granted to ITDC falls into the category of private sector loans so that it does not burden state finances (Hidayat & Bustami, 2024; Kyoto Review of Southeast Asia, 2022).

The financing granted by AIIB is categorized as a soft loan. As a consequence, loan repayment can be made after 10 years of success from the development of Mandalika SEZ. In addition, AIIB is considered as a MDB (Multilateral Development Bank) which is highly concerned about environmental aspects, so it is not surprising that AIIB often asks about the comfort of the surrounding community for the development of Mandalika SEZ's infrastructure (D. Rosmawati, personal communication, 2022).

Mandalika SEZ's success to secure AIIB financing for the MUTIP project represents 78.5% of the basic infrastructure financing needs. The loan from the state-guaranteed Multilateral Development Bank is a long-term debt that has a tenor of 35 years and a grace period of 10 years with an interest rate of 6% or according to the London Interbank Offered Rate (LIBOR) plus 1.4% per year (CNN Indonesia, 2019).

Loans offered by the AIIB are not without conditions. AIIB requires that infrastructure development work in compliance with the provisions of a policy framework called the Environmental and Social Policy (ESP). This is inseparable from AIIB's commitment to realize sustainable infrastructure development as part of the succession of the global SDGs agenda (Asian Infrastructure Investment Bank, 2023c). ITDC as the implementing agency is required to meet the three standard ESP criteria, including the Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP); Resettlement Planning Framework (RPF); and Indigenous Peoples Development Plan (IPDP). These three policies are regularly monitored and evaluated by the AIIB as the financing source (Apolinário Júnior & Jukemura, 2022; Creutz, 2023).

### **Technical Assistance for Infrastructure Development in Mandalika SEZ**

Infrastructure development of Mandalika SEZ is required to meet the ESP policy standards as mandated by AIIB. Therefore, AIIB provides technical assistance to guarantee the operational implementation of Mandalika SEZ infrastructure project is completed objectively and in compliance with the loan agreement and sustainable destination management.

Technical assistance is provided by offering assistance for management of the construction of the development. Considering the complexity of the works and the quality

requirements demanded by the land tenants, the availability of sufficient personnel for contract management and construction supervision will be prioritized. Therefore, AIIB is employing consultants to assist ITDC (Project Management Unit, PMU) in reviewing and refining the detailed engineering design and contract documentation for the works assigned to the project and supervising the construction of the building (Indonesia Tourism Development Corporation, 2018a, 2018b).

In addition, AIIB also provided technical assistance in the context of establishing economic linkages between The Mandalika and the local economy. This is conducted by developing CSR (Corporate Social Responsibility) activities and targeting direct interventions to strengthen the economic linkages of the Mandalika with the local economy in the following ways: *first*, providing assistance to connect the hotel with local suppliers of goods and services; and training the local population in entrepreneurship development, language, and *horeka* (hotel, restaurant, and catering) skills, so that these opportunities are accessible to different levels of education. It also aims to familiarize suppliers with the quantity, quality, and reliability required by large hotel chains, and strategies to achieve it in order to convince them of the benefits of utilizing local goods/services/human resources for branding and business sustainability. *Second*, business and hospitality skills development for semi-skilled and unskilled human resources (HR); micro, small and medium enterprises (MSMEs); and artisans in Mandalika and its surroundings; while coping with funding inadequacy. *Third*, training and organizing local guides as skilled intermediaries between tourists and local cultural and natural assets (Indonesia Tourism Development Corporation, 2018b).

Finally, technical assistance is provided by AIIB in assisting the establishment of a destination management office in Mandalika to administer sustainable destination management and engage all stakeholders. AIIB also called for ITDC to seek, in addition to the twice-yearly requirement to issue a Site Management Plan-Environmental Monitoring Plan, certification according to recognized standards for sustainable tourism destinations (Indonesia Tourism Development Corporation, 2018a).

In addition, along with significant urban sprawl in remote and often uncontrolled areas, AIIB assisted to provide technical assistance on establishing baseline comparison points for urban sprawl around Mandalika using established methodologies for satellite image analysis to verify comparability of results after project completion. This also facilitated government policy-making on improved sectoral and spatial plans, and future development priorities (Indonesia Tourism Development Corporation, 2018a).

Furthermore, AIIB assisted in conducting preparatory studies and planning for future tourism destinations. It also provided technical assistance to strengthen ITDC's capacity to undertake project activities to guarantee a consistent and objective project implementation in compliance with the loan agreement and the long-term sustainable management of the destination (Indonesia Tourism Development Corporation, 2018a, 2018b).

### **Capacity Building for Infrastructure Development Management in Mandalika SEZ**

In addition to providing technical assistance, AIIB also provided project management support by strengthening the capacity of stakeholders, especially ITDC (Project Management Unit, PMU) as the project manager. The capacity building was accomplished by hiring a consultant separate from, and in addition to, the supervision consultant to assist ITDC in a number of tasks including procurement, financial management, monitoring and evaluation, coordination of all stakeholders, compliance with environmental and social safeguards, stakeholder engagement, and communications (Indonesia Tourism Development Corporation, 2018a).

Moreover, the engagement of consultants also helped organize project-related matters such as professional training, workshops and public information for ITDC staff and concerned stakeholders on task-related topics, along with ascertaining that project implementation is of maximum benefit to project-affected communities. Furthermore, AIIB also funds consultancy services to carry out feasibility studies, detailed design studies, and environmental and social impact assessments to support the development of supporting infrastructure for project-affected communities (Indonesia Tourism Development Corporation, 2018b).

### **Factors Driving Sustainable Infrastructure Development in Mandalika SEZ**

The success of sustainable infrastructure development in Mandalika SEZ has a positive impact both socially and environmentally. This is inseparable from the integration of infrastructure development based on the ESP policy promoted by AIIB. ESP is consistently carried out in project development supported by a number of factors, namely effective public participation and consultation; compatibility of project objectives with stakeholder needs; transparency and responsible decision-making mechanisms; adequate compensation and adequate resettlement policies; green technology innovation; and government support, green incentive policies, and training programs (Thounaojam & Laishram, 2022).

*First*, effective public participation and consultation. The AIIB Project Team conducted regular field-based monitoring and supervision of the project, including following up on the work of the independent facilitator. It also assigned ITDC to conduct stakeholder workshops facilitated by the independent facilitator during the field visits and follow up with ITDC on the results of the workshops (Asian Infrastructure Investment Bank, 2023c). *Second*, the alignment of project objectives with stakeholder needs. ITDC engaged two independent facilitators for stakeholders to disseminate a better understanding of their expectations and concerns including those of local communities with regard to projects and investments such as the MotoGP Circuit. This is aimed at finding common ground and building mutual understanding so as to enable the resolution of outstanding issues. The involvement of this independent facilitator allows the adjustment of the project objectives to the needs of stakeholders (Asian Infrastructure Investment Bank, 2023c).

*Third*, transparency and responsible decision-making mechanisms. The AIIB Project Team provides support and monitoring related to project implementation on a regular basis given the complexity and difficulties faced in the infrastructure development of Mandalika SEZ. In addition, they conducted more focused technical meetings to review progress and address specific issues. The team also engaged AIIB national consultants comprising environmental and social experts to monitor project implementation and provide necessary support to ITDC with a focus on stakeholder engagement and resettlement policies. They regularly visit the project area and engage in dialog with project-affected people (PAPs); neighboring communities and village heads; ITDC and local government representatives; and local NGO groups (Asian Infrastructure Investment Bank, 2023c).

*Fourth*, adequate compensation and resettlement policies. AIIB regularly coordinates with ITDC and the Indonesian government to facilitate dispute resolution through ITDC's action plan which is directly supervised by AIIB. The AIIB Project Team required ITDC to engage consultants for land studies to prepare the ESIA & ESMP and the RPF & RAP for the project. The study included a legal analysis of the land acquisition process under Indonesian law and confirmed the validity of ITDC's stronger legal rights over the acquired land compared to the conflicting claims over some of the disputed land. It is recognized that there are a number of households occupying the project area without

legal property rights and the RPF & RAP is designed to address the needs of these households, including the provision of alternative housing with property rights and livelihood restoration. As ITDC is acquiring land throughout Mandalika SEZ, the ESIA & ESMP and RPF & RAP studies are extended not only to project land but to all land acquired by ITDC (Asian Infrastructure Investment Bank, 2023b).

*Fifth*, green technology innovation. Green technology adoption is carried out through the construction of flood prevention retention ponds and the usage of water management technology called Mandalika Eco Water by utilizing Sea Water Reverse Osmosis (SWRO) technology (Hijah et al., 2023; Pemerintah Provinsi Nusa Tenggara Barat, 2019; Satrio, 2021). *Sixth*, government support, green incentive policies, and training programs. A number of incentives are provided by the government, both fiscal and non-fiscal, for investors who invest in Mandalika SEZ. Facilities in Special Economic Zones (SEZs) based on Law Number 39 of 2009 concerning Special Economic Zones are given with a certain time limit, including incentives such as Income Tax (PPH), Land and Building Tax (PBB), Customs and Excise, Regional Tax and Regional Retribution. In addition, there are other facilities for investing in SEZs, including in the fields of land (land rights), immigration, and licensing (Satrio, 2021).

In addition to fiscal and non-fiscal incentives, another factor that supports the sustainability of infrastructure development in Mandalika SEZ is the support of training programs in the form of capacity building programs through empowerment efforts carried out by ITDC for project-affected communities and surrounding communities in Mandalika SEZ. AIIB also assisted ITDC in the context of establishing economic relationships between The Mandalika and the local economy through the development of corporate social responsibility (CSR) activities and targeted direct interventions to strengthen the economic relationships of The Mandalika with the local economy by providing technical assistance in the preparation of work programs and technical implementation through the Social and Environmental Responsibility Program (SERP) (Indonesia Tourism Development Corporation, 2018a, 2018b).

### **Effectiveness of Asian Infrastructure Investment Bank's Role in Achieving Sustainable Development Goals in Mandalika SEZ**

Infrastructure development of Mandalika SEZ has an effective impact on the achievement of the SDGs development pillars. Realization of the SDGs development pillars is inseparable from the contribution of AIIB's role in actualizing sustainable infrastructure development based on AIIB's ESP policy framework consisting of the Resettlement Policy Framework, Indigenous People Planning Framework, and Environmental and Social Management Planning Framework. Through its roles, including financing infrastructure development, providing technical assistance, and improving infrastructure development management capacity, AIIB is able to contribute to the achievement of the SDGs development pillars including the social development pillar, the environmental development pillar, the economic development pillar, and the law and governance development pillar (Indonesia Tourism Development Corporation, 2018a, 2018b).

Economic development pillar of the SDGs is manifested by the utilization of renewable energy to reduce the use of carbon and greenhouse gas emissions in the development of Mandalika SEZ. In fulfilling the energy needs of Mandalika SEZ, ITDC cooperates with the State Electricity Company (PLN) in assuring that electricity supply is fulfilled as needed. ITDC also strives for a gradual energy transition in Mandalika SEZ facilities through the utilization of renewable energy for public street lighting, public

electric vehicle charging stations, land use for solar farms, and events such as MotoGP and World Super Bike (PLN, 2023).

Furthermore, ITDC also collaborates with the Office of Industry and Trade of Central Lombok Regency (Disperindag) to carry out training and monitoring programs to create an orderly management of street vendors. It also organizes capacity building training for local communities, especially project-affected communities, to benefit from the development of world-class tourist destinations that have specific needs related to the quality of human resources (HR) through hospitality training activities. Through this activity, ITDC seeks to encourage the improvement of the quality and competence of human resources for tourism actors and communities in five super priority tourism destinations directly and sustainably (L. Mahrup, personal communication, 2024).

Meanwhile, the environmental development pillar of the SDGs is manifested by building a drinking water supply system (SPAM). Additionally, one of the clean water sources for Mandalika SEZ needs comes from seawater management facilities using Sea Water Reverse Osmosis (SWRO) technology. ITDC as the company authorized for the development of Mandalika SEZ provides clean water facilities in the form of boreholes for project-affected communities in temporary and permanent resettlement areas. It also collaborates with the Ministry of Public Works and Public Housing (PUPR) through the Directorate General of Housing in facilitating the establishment of temporary resettlement and permanent resettlement facilities. Furthermore, it is also extending cooperation with the Ministry of Public Works and Public Housing (PUPR) and PLN to provide electricity facilities for a number of newly established settlements (L. Alamin, personal communication, 2024; A. S. Mujahid, personal communication, 2024).

For disaster mitigation purposes, disaster management socialization and simulations were carried out in Kuta Village and a number of villages supporting Mandalika SEZ by the Regional Disaster Management Agency (BPBD) of West Lombok Regency, the Meteorology, Climatology and Geophysics Agency (BMKG), and the Muhammadiyah Disaster Management Center (MDMC). On the other hand, ITDC in collaboration with the Regional Disaster Management Agency (BPBD) of Central Lombok Regency built a Tsunami Early Warning System (TEWS) at Bukit Rangkep, Kuta Village, Central Lombok. Furthermore, it is also preparing a wastewater treatment system. This system works by channeling wastewater through closed pipelines that are flowed by utilizing gravity power and pumping to wastewater treatment plants (IPAL) located in the east and west zones of Mandalika SEZ (H. Harjono, personal communication, 2024; M. Munawir & P. Putri, personal communication, 2024).

On the other hand, the social development pillar of SDGs is realized by empowering project-affected communities and communities around Mandalika SEZ. Through the implementation of the Social and Environmental Responsibility Program (SERP), InJourney Tourism Development Corporation (ITDC) seeks to empower project-affected communities through the optimization of digital marketing. This activity aims to increase sales and marketing of handicraft products of small business groups in Mandalika SEZ. In addition, there were also entrepreneurial training activities in the fields of makeup and hair as well as knitting and oyster mushroom cultivation for the community of buffer villages in Mandalika SEZ. This training was carried out in order to develop the spirit of entrepreneurship for business improvement so as to create job expansion (Indonesia Tourism Development Corporation, 2020, 2023).

Furthermore, ITDC also empowers the community through training and mentoring activities on integrated farming systems (IFS) for buffer village communities. This activity aims to empower the community through optimizing the potential of natural resources, human resources, and local village culture by involving relevant stakeholders. It also held

stunting prevention activities through the program “Dapur Sehat Atasi Stunting” (Healthy Kitchen Overcoming Stunting, DASHAT). DASHAT is one of ITDC’s Social and Environmental Responsibility (CSR) programs that focuses on community empowerment activities in an effort to fulfill balanced nutrition for families at risk of stunting in the Mandalika Buffer Villages, Sunggung Hamlet, Mertak Village, Pujut District, Central Lombok Regency (Indonesia Tourism Development Corporation, 2019a, 2023).

Efforts to improve the welfare of the Mandalika buffer village community are also carried out by ITDC through community empowerment activities in collaboration with the Matching Fund Team of the University of Mataram (UNRAM) in providing training on processing and packaging of garden products to the community in Ngolang Hamlet, which in fact is a relocation community in HPL 94 owned by ITDC which has moved to Ngolang Hamlet, Kuta Village, Central Lombok. In addition, ITDC also organizes community empowerment activities through training in oyster mushroom cultivation and processing for the Mandalika SEZ buffer village community. This is expected to be an attraction for the mushroom cultivation business run by each village (Indonesia Tourism Development Corporation, 2019a, 2020).

ITDC also seeks to improve the quality of life of project-affected communities by providing clean water facilities. This assistance is provided to a number of villages that are classified as dry around Mandalika SEZ. It is intended to fulfill the basic needs of the community, especially clean water in household activities and farming. Furthermore, ITDC seeks to improve access to education for the surrounding community in Mandalika SEZ. It established the Mandalika Child Learning Center (MCLC) program, which is an initiative of the Gugah Nurani Indonesia Foundation as a non-governmental development organization that focuses on sustainable development goals (SDGs), especially in fulfilling children’s rights in the form of child-friendly learning facilities in Mandalika SEZ (Indonesia Tourism Development Corporation, 2024).

On the one hand, the legal development and governance pillars of the SDGs are manifested by creating legal compliance and realizing good governance of the project. Mandalika SEZ infrastructure development complies with various applicable environmental regulations in Indonesia. ITDC as the authority of The Mandalika consistently implements the mandate of Law No. 32 of 2009 concerning environmental protection and management. The development of supporting infrastructure around Mandalika SEZ is designed with an emphasis on environmental aspects through a comprehensive planning document. The Office of Public Works and Public Housing (PUPR) of Central Lombok Regency coordinates with ITDC to synergize development plans in accordance with the detailed spatial plan (RDTR) which is already drawn up (M. Sarjan, personal communication, 2024).

On the other hand, the governance of Mandalika SEZ development also involves the participation of local communities in the development process. The Office of Public Works and Public Housing (PUPR) of Central Lombok Regency ensures transparency and community involvement, including the Head of Villages and Customary Leaders in project planning. This is aligning with the SDGs goal of promoting inclusive and participatory development, and ensuring communities directly benefit from development (Asian Infrastructure Investment Bank, 2023b, 2023c).

#### **4. CONCLUSION**

Asian Infrastructure Investment Bank’s Role in building sustainable infrastructure project in Mandalika SEZ contributes significantly to the achievement of sustainable development goals in Mandalika SEZ, Central Lombok, West Nusa Tenggara (NTB). Through its roles such as financing infrastructure development, providing technical

assistance, and strengthening infrastructure development management capacity, AIIB has proven to be able to contribute to the achievement of SDGs development pillars including social development pillars, environmental development pillars, economic development pillars, and legal and governance development pillars.

Achievement of the SDGs development pillars is inseparable from AIIB's success in realizing the development of sustainable infrastructure in Mandalika SEZ based on the environmental and social policy (ESP) framework supported by a number of factors, namely effective public participation and consultation; compatibility of project objectives with stakeholder needs; transparency and responsible decision-making mechanisms; adequate compensation and adequate resettlement policies; green technology innovation; and government support, green incentive policies, and training programs.

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