

**Indonesia: Mandalika Urban and Tourism Infrastructure Project
Update on Project Monitoring and Oversight
and
Response to 2022 Communication from the
Special Rapporteur on extreme poverty and human rights of the
United Nations Office of the High Commissioner for Human Rights (OHCHR)**

May 3, 2022

EXECUTIVE SUMMARY

- i. The Asian Infrastructure Investment Bank (**AIIB**) takes allegations of human rights violations related to the projects it finances extremely seriously. In this regard, AIIB always remains open to dialogue and to continuous improvement of its operational practices.
- ii. Against this backdrop, concerns have been raised in the March 8, 2022 communication (**2022 Communication**) from the Special Rapporteur on extreme poverty and human rights (**Special Rapporteur**) of the United Nations Office of the High Commissioner for Human Rights (**OHCHR**) to AIIB, about the Mandalika Urban and Tourism Infrastructure Project (**Project**). The 2022 Communication follows up on the concerns raised by the Special Rapporteur in an earlier communication dated March 4, 2021 (**2021 Communication**), to which AIIB issued its response on May 3, 2021 (**2021 Bank Response**). As with the earlier communication, AIIB has sought to give the concerns raised in the 2022 Communication the respect and seriousness they deserve.
- iii. In addition, following receipt of the 2021 Communication, AIIB Management engaged directly with the Special Rapporteur, and stated AIIB's willingness to continue to engage directly with him regarding issues raised under the Project. AIIB Management will again follow up with the Special Rapporteur upon submission of this response (**2022 Bank Response**) to the 2022 Communication. In AIIB's view, an essential precondition to achieving constructive results is creating an environment in which, once an allegation of human rights violations is made, all involved parties are able to be properly heard.
- iv. The 2022 Bank Response provides a comprehensive response to the concerns raised in the 2022 Communication by summarizing the Project, the current status of its implementation and its relationship to the MotoGP Circuit, *which is not part of the AIIB-supported Project*, but which continues to be the main subject of controversy in the Mandalika Special Economic Zone (**SEZ**).
- v. This 2022 Bank Response also clarifies two important inaccuracies in the 2022 Communication. One concerns the legal framework applicable to AIIB. AIIB's investments are guided by its Board-approved Environmental and Social Framework, which is designed to integrate the management of environmental and social risks and

impacts into the decision-making process for AIIB-financed projects, including their preparation and implementation.

- vi. The other inaccuracy concerns the description of the Project itself and AIIB's responsibilities regarding the MotoGP Circuit. The 2022 Communication incorrectly asserts that the Project scope covers the Indonesian Government's broader tourism development plans for the island of Lombok, and therefore the 2022 Communication's concerns cover these broader plans. The 2022 Bank Response clarifies that the scope of the Project and AIIB's rights and responsibilities in relation to the Project are defined in the financing agreement between AIIB and PT Pengembang Pariwisata Indonesia (PERSERO) (referred to in English as Indonesia Tourism Development Corporation (**ITDC**)). Pursuant to this agreement, AIIB does not have legal leverage over ITDC on environmental and social concerns relating to activities beyond the Project's scope, such as to the MotoGP Circuit.
- vii. AIIB cannot be held accountable for what happens outside the boundaries of the projects it finances. Nevertheless, this does not diminish AIIB's interest in facilitating dialogue and resolution of the environmental and social concerns of households affected by the MotoGP Circuit. To this end, AIIB will encourage ITDC and the Government of Indonesia (**GOI**) to engage an experienced facilitator in their efforts to resolve these concerns.
- viii. This 2022 Bank Response clarifies that AIIB has not, to date, found any evidence of coercion or use of force or intimidation relating to land acquisition and resettlement under the Project itself. At the same time, AIIB recognizes the complex nature of the Project and the difficulties that have occurred with respect to other nearby investments undertaken by ITDC, such as the MotoGP Circuit. AIIB also notes the extraordinary challenges posed by the ongoing COVID-19 pandemic, not only with respect to implementation, but also supervision of the Project.
- ix. AIIB acknowledges that there continues to be room for improvement in stakeholder engagement by all parties concerned, but it cannot make a determination that a violation of its own policies has taken place. It should also be noted that to date, Management has received no direct complaints from the local communities. More could be done to better explain how this Project will benefit the local communities in and surrounding the Project area, including providing employment opportunities.
- x. This 2022 Bank Response provides a clear breakdown of how the action plan (**Action Plan**) developed and agreed to by AIIB and ITDC in 2021 to address concerns raised by stakeholders, and updated periodically since then, has been implemented, especially with respect to the improvement of engagement with Project-affected people, Village Heads, local government officials and more widely with the population of neighboring villages in Lombok, so that everyone can participate in and reap the benefits this Project is expected to bring.
- xi. As AIIB takes these stakeholder concerns seriously, it plans to conduct its regular Project monitoring and mid-term review in June 2022, with a visit to the Project site

despite the strict travel restrictions due to the COVID-19 pandemic. The AIIB team is expected to include the Project Team leader, social development specialist, municipal engineer, urban planning expert and national environmental and social expert. At that time, meetings would be organized with Project-affected people to facilitate the review of the Project's progress, articulation of ongoing concerns by stakeholders, and identification of measures to be taken by the Client to address concerns.

INTRODUCTION

1. Introduction. The Special Rapporteur on extreme poverty and human rights (**Special Rapporteur**) of the United Nations Office of the High Commissioner for Human Rights (**OHCHR**) has written a communication dated March 8, 2022 (**2022 Communication**) addressed to the President of the Asian Infrastructure Investment Bank (**AIIB or Bank**), following up on the concerns raised by the Special Rapporteur in an earlier communication dated March 4, 2021 (**2021 Communication**), also addressed to the President of the Bank, on the Mandalika Urban and Tourism Infrastructure Project (**Project**) and to which the Bank provided responses on May 3, 2021 (**2021 Bank Response**).

2. Concerns Expressed. Many of the issues raised in the 2022 Communication are the same as those raised in the 2021 Communication and which were addressed in the 2021 Bank Response. (In view of this overlap, the Table of Specific Responses from the 2021 Bank Response is attached to this response as *Annex 4, 2021 Bank Response (Table of Specific Responses only)*.) In particular, the 2022 Communication reiterates the Special Rapporteur's earlier concerns related to allegations of: (a) forced evictions; (b) use of coercion in land acquisition; (c) violation of the rights of Indigenous Peoples; (d) incomplete livelihood restoration and inadequate compensation related to resettlement; and (e) insufficient public consultations and disclosure of Project-related information. Several of the issues, in particular those raised in the 2022 Communication that are related to compensation and stakeholder engagement, have been addressed as part of the action plan (**Action Plan**) developed by the Indonesian Tourism Development Corporation (**ITDC or Client**), together with the Bank and updated periodically since then (background and details of the Action Plan, as updated, are set out below in paragraphs 31 and 32 and in *Annex 2, ITDC Action Plan*).

3. Bank Response. As a multilateral development bank that has adopted robust policy standards, AIIB takes the allegations in the 2021 and 2022 Communications extremely seriously. Together with ITDC, the Bank has, since receiving the 2021 Communication, taken a number of steps in response to some of these allegations, as explained in this response (**2022 Bank Response**). Management has also reiterated to the Client its serious concerns in relation to these allegations. However, to date, AIIB has received no evidence regarding other allegations (nor any direct complaints from local communities) made in the 2021 or 2022 Communications on the basis of which it could take action.

4. In AIIB's view, an essential precondition to achieving constructive results is creating an environment in which, once an allegation of human rights violations is made, all involved parties are able to be properly heard. It is in this spirit that AIIB communicated directly with the Special Rapporteur in 2021 and confirmed that it remains open to dialogue and to continuous improvement of its operational practices.

5. As regards the MotoGP Circuit concerns raised in the 2022 Communication, AIIB reiterates that the MotoGP Circuit is not part of the Project supported by AIIB, and that it

therefore has no legal basis on which to require ITDC or the Government of Indonesia (GOI) to take actions regarding these concerns.

6. However, AIIB will encourage ITDC and the GOI to engage an experienced facilitator not involved with the Project (or the MotoGP Circuit) or AIIB, who would facilitate a stakeholder workshop to be convened by ITDC and to which a representative of AIIB would be invited to participate. The purpose of the workshop would be to facilitate a dialogue with the affected people, with the objective of identifying outstanding issues relating to the MotoGP. Such a workshop could also help facilitate a better understanding by all concerned parties of the overall Project and its objectives, issues surrounding the Project (and other ITDC investments) and pragmatic and timely ways to address them. Additional specialized workshops could be identified as an outcome of this stakeholder workshop, and used to deepen the discussion and resolution of particular issues raised.

7. This 2022 Bank Response comprises:

- (a) An *overview* of the Project, which provides a summary of the Project located on Lombok Island in Indonesia, including the current status of Project implementation.
- (b) *Annex 1, Table of Specific Responses to Requests for Information Made in the 2022 Communication.*
- (c) *Annex 2, ITDC Action Plan* comprising ITDC's action plan related to the Project as well as the adjacent MotoGP Circuit.
- (d) *Annex 3, Timeline of Events relating to Concerns raised by External Parties in connection with the Project.*
- (e) *Annex 4, 2021 Bank Response (Table of Specific Responses only).*

OVERVIEW OF THE MANDALIKA URBAN AND TOURISM INFRASTRUCTURE PROJECT

8. **Project Financing, Objectives and Components.** The Project, estimated to cost USD316.5 million, is being financed by a sovereign-backed loan of USD248.4 million from AIIB to ITDC, a company wholly owned by the GOI that has a mandate to plan and develop the Mandalika Special Economic Zone (**SEZ**) on Lombok. The remaining Project costs of USD68.1 million will be financed by ITDC and GOI counterpart funds.

9. The Project focuses on implementation of the initial phase of an integrated masterplan prepared by the GOI to guide development of Mandalika as a tourism destination over a 30-year period between 2016 and 2045. The Project aims to provide sustainable core infrastructure for the development of the new tourism destination in the Mandalika SEZ, including infrastructure improvements in surrounding communities. By facilitating private sector investment, the Project is expected to create significant direct, indirect, and induced employment in tourism as well as related businesses, boosting Indonesia's tourism competitiveness and sustainable economic growth. In addition, the Project includes improvements to basic infrastructure and services in adjacent communities that would serve both visitors and residents. It aims to protect and enhance

the unique cultural life and scenic attractions of the Project area, which are its major tourism assets.

10. The Project consists of the following components:

- *Component 1: Provision of Basic Services and Infrastructure*, includes new construction, rehabilitation, and reconstruction of infrastructure in the Mandalika SEZ as well as in selected surrounding communities, as follows:
 - *Sub-component 1.1.* Construction of core infrastructure in the Mandalika SEZ, 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. The infrastructure implementation phases will be based on the location of already leased-out or in-demand lots, thereby facilitating optimal take up by investors, and efficient integration of site infrastructure into the adjacent public utility network. Accommodation, retail, and other tourist facilities will be financed by private investors through long-term lease arrangements.
 - *Sub-component 1.2.* 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. The objective is for an equitable share of the benefits of the Project to reach local communities and mitigate possible negative externalities from an increased volume of tourists and associated businesses.
- *Component 2: Technical Assistance (TA) and Capacity Building*, includes:
 - *Sub-component 2.1.* Project management support, including procurement, financial management, monitoring and evaluation, environmental and social safeguards, and stakeholders' collaboration at the destination level.
 - *Sub-component 2.2.* Construction management support, including final review of engineering drawings, construction oversight, quality assurance and supervision works, contract management, and handover of works from contractors to ITDC.
 - *Sub-component 2.3.* Training and skills development for selected nearby villages to maximize economic and social benefits for local communities.
 - *Sub-component 2.4.* Sustainable tourism destination management and monitoring system, through developing monitoring tools for the Mandalika tourism destination and extended areas, including the coastal environment, and conducting preparatory studies for a second phase of the Mandalika master plan and future tourism destinations.

11. Additional Project Details. These include:

- Development and adoption of sustainable land use planning and building regulations;
- Development and implementation of sustainable infrastructure solutions;
- Development of a destination management system for the extended area of the Mandalika SEZ, including: (a) tools and guidance on how tourism development could optimally benefit local communities; (b) consideration of measures to encourage local employment in the Mandalika SEZ; and (c) measures to sustain and protect the Mandalika SEZ ecosystem and integrate local customs and cultures into Mandalika's development; and
- Development and application of monitoring tools for spatial expansion and land use changes, as well as coastal environments, using drones and innovative analytical tools, and construction supervision using technology.

12. Status of Project Implementation. AIIB's financing was approved on December 7, 2018 and the financing agreement with ITDC became effective on March 22, 2019. Good progress has been made in the implementation of the Project components. As of April 18, 2022, disbursement of AIIB's Loan stands at USD67.0 million (27.0 percent of the total Loan amount).

13. The Project Management and Construction Management consultants have been hired and are on board. Two works contracts for *Sub-component 1.1* were awarded in March 2021. Other contracts for works and consulting services are under preparation. More specifically:

- *Sub-component 1.1.* The major civil works contracts for construction of core infrastructure (i.e., Package 1 (West side) and Package 2 (East side)) were awarded in March 2021 and are under implementation and showing good progress, with quality assurance measures in place. The remaining works contracts, i.e., Package 3 (Wastewater Treatment Plant), Package 4 (Electrical Facilities), Package 5 (Solid Waste Treatment Plant), are expected to be awarded in the second quarter of 2022.
- *Sub-component 1.2.* The infrastructure investment program for nearby villages has been finalized, based on a participatory planning process and a series of consultations with local communities, and is expected to be implemented from the second quarter of 2022.
- *Sub-component 2.1.* As noted above, the Project Management and Construction Management Consultants have been engaged and are on board.
- *Sub-component 2.3.* ITDC is developing an annual community development program for 2022 (including skill development and training for local communities

and small and medium enterprises to help strengthen economic linkages). A consultant hired by ITDC has undertaken socioeconomic mapping and developed strategies to improve economic linkages with local communities. Based on key findings from these exercises, the consultant is conducting a series of consultations with local communities to prioritize their needs and requests and finalize the community development program accordingly.

- *Sub-component 2.4.* ITDC is implementing several activities, including development of a spatial monitoring and reporting tool to be used for spatial expansion and land use changes for the extended area of the Mandalika SEZ, as well as construction supervision; a long-term sustainable tourism destination system; and a longer-term monitoring tool using hydrodynamic/water quality models for ground and surface water (upstream watershed), drainage, and coastal marine areas.

14. Project Monitoring and Supervision. AIIB recognizes the complex nature of the Project and the difficulties that have occurred with respect to other nearby investments undertaken by ITDC, such as the MotoGP Circuit. AIIB also notes the extraordinary challenges posed by the COVID-19 pandemic, with respect not only to implementation, but also to monitoring and oversight of the Project.

15. Given the complex nature of the Project, the AIIB Project team carried out frequent implementation support and monitoring activities prior to the COVID-19 pandemic. Field visits were carried out every quarter, with a focus on the environmental and social aspects of the Project. In addition to these visits, the Project team has conducted more targeted technical visits/meetings (by videoconference since the onset of the pandemic) to review progress and address specific issues, including weekly meetings with the Client targeted to environmental and social aspects of the Project.

16. Once the COVID-19 pandemic began and travel restrictions prevented the AIIB team from undertaking site visits to the Project area, the Bank engaged a national environmental and social expert (**AIIB Consultant**) to monitor the Project's implementation and provide necessary support to ITDC, focusing on stakeholder engagement and resettlement. The AIIB Consultant has traveled several times to Lombok, most recently in April 2022 when he spent over two weeks visiting the Project area and speaking with Project-affected people; local communities and Village Chiefs; representatives from ITDC and local government; and local nongovernmental organizations/civil society organizations (**NGOs/CSOs**). His visits have focused both on a review of progress made in the implementation of the environmental and social aspects of the Project, as well as on the concerns raised by the Special Rapporteur in both the 2021 and 2022 Communications.

17. The Project team is taking action to address several recently identified issues in the Project area involving resettlement of informal settlers not covered by the Resettlement Action Plan (**RAP**), which were not registered with ITDC's Grievance Redress Mechanism (**GRM**) and were identified during the AIIB Consultant's site visit in April 2022. These issues arose during field measurement and construction activities on

land for which ITDC has title. To date, 52 out of 81 claims have been settled satisfactorily, leaving 29 still under review.

18. A process is in place, which involves a review of by ITDC the land location and alignment of the infrastructure, and, if needed, relocation of structures of affected households to nearby areas on land owned by ITDC or back to the households' original villages. Additional support is also to be provided in the form of a relocation allowance, construction of new houses and/or transportation costs. The Project team is consulting with ITDC in order to have these matters promptly and appropriately resolved. The details are addressed in *Annex 1, Table of Specific Responses to Requests for Information Made in the 2022 Communication*.

19. The Bank's social specialist has met with ITDC's environmental and social team on a weekly basis by videoconference to monitor and support the implementation of the Action Plan developed following receipt of the 2021 Communication, and updated since then based on progress achieved in implementing the various actions contained in the plan. During these regular meetings, discussions have centered on: (a) grievance management; (b) resettlement-related issues such as compensation, progress in developing the permanent resettlement site, and conditions of the temporary resettlement site; (c) reports by the AIIB Consultant and ITDC of meetings held with local stakeholders; and (d) employment generation for Project-affected people.

20. The Bank's regular Project monitoring and mid-term review is planned for June 2022, with a visit to the Project site. At that time, meetings would be organized with Project-affected people to facilitate the review of the Project's progress, articulation of ongoing concerns by stakeholders, and identification of measures to be taken by the Client to address concerns.

21. The spatial monitoring and reporting tool, which uses high spatial resolution imagery obtained from drones, being developed under Sub-component 2.4 will further support Project oversight by the Bank and the Client through ongoing remote monitoring of construction progress and implementation of Project activities.

22. The Project team is also in discussion with ITDC on new activities under Sub-components 1.2 and 2.3 that could be financed from uncommitted funds generated by loan savings resulting from tax exemptions. The objective would be to further support the local businesses and communities that have been negatively affected by the COVID-19 pandemic, particularly those relying on tourism activities for their livelihoods.

23. As detailed in *Annex 2, ITDC Action Plan*, the Action Plan has been implemented, with most of the actions now satisfactorily completed. The Project team is continuing to monitor implementation of the Action Plan as part of its enhanced Project monitoring. The Action Plan is a living document, which is updated in consultation between AIIB and ITDC as the Project progresses or new issues are identified. See also paragraph 32 below.

24. The Project team periodically reviews the Project and prepares progress reports (**Project Implementation and Monitoring Report** or **PIMR**), which are disclosed on

AIIB's website. The PIMR includes basic Project information, financial performance, implementation status, including status of ITDC's GRM, key issues and risks (in particular environmental and social), and mitigation measures/actions to be taken by the Client and/or AIIB. The latest PIMR can be found at: https://www.aiib.org/en/projects/details/2018/approved/download/project-implementation-monitoring-report/February-2022/Indonesia_P000069_Mandalika-Urban-and-Tourism-Infrastructure_No.7_February_2022_Public-Version.pdf

25. Further details regarding AIIB's monitoring and oversight of the Project through May 3, 2021 are set out in the 2021 Bank Response (see *Annex 4, 2021 Bank Response (Table of Specific Responses only)*).

26. Bank Engagement with CSOs regarding the Project. On October 13, 2020, AIIB received a letter from a coalition of CSOs raising concerns regarding the Project.¹ Because AIIB takes very seriously concerns raised about the projects it finances, it took a number of steps in response to these concerns. These are listed in *Annex 3, Timeline of Events Relating to Concerns Raised by External Parties in Connection with the Project*. Around the same time, on October 21, 2020, as part of its periodic dialogue with CSOs, Senior Management held a virtual meeting with CSOs, at which the concerns regarding the Project were raised and noted. Since then, AIIB has engaged with the GOI and ITDC, including through letters from Senior Management to Indonesian authorities on the Project, a series of calls to ITDC by AIIB's Director General responsible for the Project, and intensive work and engagement by the AIIB Project team with ITDC to better understand the issues and recommend measures to address them.

27. Relationship of the MotoGP Racetrack Circuit with the Project and Current Status. The 4.3 km MotoGP racetrack circuit (**MotoGP Circuit**) and its related facilities are located in the western part of the Mandalika SEZ, adjacent to the Project area, and used for races during the limited period of the year in which these are held. Plans for its construction were publicly announced by ITDC in early 2019 after the Project was approved for financing. The main track was completed after final quality inspection and testing by the concerned international MotoGP authorities, and racing events were hosted at the MotoGP Circuit in November 2021 and March 2022.

28. The detailed Masterplan prepared by ITDC for the development of the Mandalika SEZ, on the basis of which the Project was developed and AIIB's due diligence assessment was conducted, did not include the MotoGP Circuit. Consequently, the MotoGP Circuit was never included as a part of the Project or its costs or financing plan. The Project was assessed without reference to a MotoGP Circuit, and neither the environmental and social assessment nor the resulting instruments (including Resettlement Planning Framework (RPF) and Resettlement Action Plan (**RAP**)) addressed any such circuit. For the same reasons, the viability of the MotoGP Circuit is not relevant to the Project. Lastly, AIIB is not involved in the MotoGP Circuit's financing.

¹ The AIIB Project team received an earlier communication from CSOs in 2019 raising concerns about the Project; in that case, several AIIB Project team members, including environmental and social specialists, visited the Project site to better understand the situation. They were unable to confirm the concerns raised.

29. Although the MotoGP Circuit was never included in the Project, once AIIB became aware of the plan for the circuit in mid-2019, it held a series of meetings with ITDC and private investors/operators to better understand the designs and arrangements for construction, operation and maintenance of the MotoGP Circuit, responsibilities of relevant parties, the process of land acquisition and the impact of the MotoGP Circuit on the Project, including on public access for both tourists and local people to the hotels, tourism facilities and public areas.

30. Measures to address the land acquisition process in the MotoGP Circuit area in a manner broadly consistent with the approach outlined in the RPF and RAP for the Project were worked out with ITDC for inclusion in the Action Plan (see *Annex 2, ITDC Action Plan*).

31. Background and Content of ITDC's Action Plan. Following its receipt of the October 2020 CSO letter raising concerns about intimidation related to land acquisition and resettlement in the Mandalika SEZ, AIIB engaged an Indonesian social development specialist (the AIIB Consultant) with many years of experience working on projects supported by Multilateral Development Banks (**MDBs**), to visit Lombok and investigate these allegations of intimidation. Use of a local consultant was necessary due to the inability of AIIB staff to travel to the site during the COVID-19 pandemic. The AIIB Consultant has traveled to Lombok several times since November 2020; his most recent was in April 2022 to follow up on the concerns raised by the 2022 Communication.

32. On the basis of the AIIB Consultant's findings and following subsequent discussions with ITDC, an Action Plan setting out measures to be taken by ITDC was developed and is currently under implementation. The Action Plan developed following the 2021 Communication and updated since then covers the following matters, which are elaborated in more detail in *Annex 2, ITDC Action Plan*:

- (a) **Stakeholder Engagement.** To improve stakeholder engagement, ITDC, with support from AIIB, has developed an Implementation Strategy for Communication, which outlines: (i) how often ITDC and its contractors should hold meetings with Village Chiefs, Sub-Village Chiefs, Project-affected people, and other stakeholders; and (ii) how ITDC will disseminate information about the progress of the Project and employment opportunities. There has been continued engagement; however, the COVID-19 pandemic has necessitated some restrictions on in-person engagement.
- (b) **Security Personnel.** With respect to the use of security personnel, ITDC has developed a Standard Operating Procedure (**SOP**) for the use of security personnel by either ITDC or its contractors. The SOP outlines the process and information required to be provided to the Managing Director of ITDC (or other designated individual) who may then approve (or not) the use of police and/or security personnel based on the circumstances and potential risks.
- (c) **Land Acquisition and Involuntary Resettlement.** A third area of the Action Plan relates to land acquisition. This outlines the process whereby Village

Chiefs and local government mediate contentious issues, including whether and to what extent affected people need non-financial assistance. With support from the AIIB Project team, ITDC, working with the GOI, has provided compensation, in accordance with the RAP, to all Project-affected families who lost their source of income derived from farming. In addition to compensation under the RAP, ITDC plans to provide a member from each Project-affected family with a job related to tourism; this plan is to be implemented when Mandalika is open for tourism.

- (d) **Grievance Redress Mechanism (GRM).** The existing GRM addresses grievances relating not only to the Project, but more generally, to any concern in any area in Mandalika under ITDC's jurisdiction, including the MotoGP Circuit. A series of actions has been taken or initiated to improve the functioning of the GRM and to clarify concerns related to the Project as well as those related to other areas. These actions include more effective dissemination of information about the Project and the GRM (through, e.g., leaflets, banners, suggestion boxes, etc.), as well as AIIB's Project-affected People's Mechanism, and increased interaction at the local level, through regular field visits and monitoring of the GRM logs. In 2021 and 2022, a total of 95 grievances were received (for AIIB related activities) and all but one have been satisfactorily resolved. The remaining grievance involves access to the construction site for the groundwater tank, which is expected to be resolved in May 2022. (see above, paragraphs 17 and 18 for complaints not registered with the GRM).

33. Bank's Specific Responses. The Bank's specific responses to the requests for information and comments made in the 2022 Communication are set out in *Annex 1, Table of Specific Responses to Requests for Information Made in the 2022 Communication*, and focus on the application of the policies that govern AIIB and against which AIIB's actions must be measured.

34. AIIB – A Multilateral Development Bank Governed by its ESP. AIIB, like other MDBs, is governed by its charter, the Articles of Agreement, and the policies adopted by its Board of Directors, such as the Environmental and Social Policy (**ESP**) and related Environmental and Social Standards (**ESSs**) and Environmental and Social Exclusion List (**ESEL**), all of which are included in AIIB's Environmental and Social Framework (**ESF**).

35. As an MDB and Permanent Observer of the UN, AIIB is, of course, cognizant of the various UN Declarations, International Covenants, UN Basic Principles and UN Guiding Principles mentioned in the 2022 Communication. Indeed, AIIB's policies, such as those included in the ESF, share many of the same objectives as those mentioned in these documents.

ANNEX 1
TABLE OF SPECIFIC RESPONSES
TO REQUESTS FOR INFORMATION MADE IN THE 2022 COMMUNICATION*

*Since many of the concerns raised in the 2022 Communication were already raised by the Special Rapporteur of the OHCHR in the 2021 Communication, the responses below reproduce or refer where still relevant to the responses provided in the 2021 Bank Response. Additional details that address some of the concerns raised in the 2022 Communication, are provided in *Annex 2, ITDC Action Plan*.

No.	Comments/Request for information	Response
		Scope of the Project
1.	The construction of the MotoGP Circuit and the “Mandalika Urban and Tourism Infrastructure Project” financed by the Asian Infrastructure Investment Bank (AIIB) are both considered integral elements of the Mandalika project pursued by the Government of Indonesia through the Indonesian Tourism Development Corporation (ITDC).	<p>From the perspective of the actions that the Bank can take in regard to the MotoGP Circuit activities, it is necessary to distinguish between the detailed Masterplan prepared by ITDC for the development of the Mandalika SEZ (which did not include the MotoGP Circuit), on the basis of which the Bank-financed Project was developed, and the GOI’s much broader 30-year plan (30-year Plan) for development of the island. Management understands the Special Rapporteur’s reference to the “Mandalika Project pursued by the Government of Indonesia” to refer to the 30-year Plan.</p> <p>Because the Project was designed on the basis of ITDC’s Masterplan, the Project itself does not include the planning or construction of the MotoGP Circuit, and AIIB’s financing therefore does not extend to the MotoGP Circuit.</p> <p>The distinction between the Project and the MotoGP Circuit is important, because the Bank’s rights and responsibilities as set out in its loan agreement with ITDC are limited to the Project as defined in the loan agreement, which does not include the MotoGP Circuit.</p> <p>Specifically, the Bank’s due diligence assessment and oversight responsibilities are limited to the Project and do not include the MotoGP Circuit. Notwithstanding this limitation, the Bank has used its good offices to facilitate addressing issues that have been generated by the construction of the MotoGP Circuit.</p> <p>This distinction also means that while the 2022 Communication requests information regarding both the Project and the MotoGP Circuit, the Bank does not have complete information regarding the MotoGP Circuit and its responses to the comments made in the 2022 Communication are therefore limited to the facts of the Project, unless otherwise specifically noted.</p> <p>This distinction between the Project and the MotoGP Circuit was already noted in the 2021 Bank Response as follows:</p>

No.	Comments/Request for information	Response
		<p><i>The detailed Masterplan prepared by ITDC for the development of the Mandalika SEZ, on the basis of which the Project was developed and AIIB's due diligence assessment was conducted, did not include the MotoGP Circuit. Consequently, the MotoGP Circuit was never included as a part of the Project or its costs or financing plan; the Project was assessed without reference to a MotoGP Circuit, and neither the environmental and social assessment nor the resulting instruments (including Resettlement Planning Framework (RPF) and Resettlement Action Plan (RAP)) addressed any such circuit. For the same reasons, the viability of the MotoGP is not relevant to the Project. Lastly, AIIB is not involved in the MotoGP Circuit's financing.</i></p> <p><i>Although the MotoGP Circuit was never included in the Project, once AIIB became aware of the plan for the MotoGP Circuit in mid-2019, it held a series of meetings with ITDC and private investors/operators to better understand the designs and arrangements for construction, operation and maintenance of the MotoGP Circuit, responsibilities of relevant parties, the process of land acquisition and the impact of the MotoGP Circuit on the Project, including on public access for both tourists and local people to the hotels, tourism facilities and public areas.</i></p>
Alleged forced evictions		
2.	Under international human rights law, evictions are justified only in the most exceptional circumstances and should be "carried out in strict compliance with the relevant provisions of international human rights law and in accordance with general principles of reasonableness and proportionality."	<p>The Project is governed by the relevant provisions of AIIB's ESF, which includes the ESP, three ESSs and the ESEL. The Bank regularly reviews ITDC's compliance with the applicable provisions of the ESF through its ongoing monitoring and oversight of the Project.</p> <p>The ESF, including its Vision Statement, shares many of the same objectives as the UN documents to which the 2022 Communication refers. This point was made in the 2021 Bank Response, as follows:</p> <p><i>AIIB, like other MDBs, is governed by its charter, the Articles of Agreement and the policies adopted by its Board of Directors, such as the Environmental and Social Policy (ESP) and related Environmental and Social Standards (ESSs) and Environmental and Social Exclusion List (ESEL), all of which are included in AIIB's Environmental and Social Framework (ESF). [...The project applies these] policies that govern AIIB and against which AIIB's actions must be measured. [...] As an MDB and Permanent Observer of the UN, AIIB is, of course, cognizant of the various UN Declarations, International Covenants, UN Basic Principles and UN Guiding Principles mentioned in the Joint Communication. Indeed, AIIB's policies, such as those included in the ESF, share many of the same objectives as those mentioned in these documents.</i></p>
3.	As far as "Enclave Land" legally owned by the local community is	For a detailed history of ITDC's acquisition of land required for the Project, and the process followed by AIIB in its due diligence assessment of the consultations conducted under the Project, as well

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	<p>concerned, the land acquisition processes were reportedly carried out in accordance with Law No. 2/2012. As indicated in the original communication, however, the land acquisition processes under Law No. 2/2012 do not provide the same level of procedural protections as international human rights law. The repl[y to the 2021 Communication] of the AIIB, [also does] not provide details as to how the land acquisition processes were actually carried out and what compensation was provided to the owners of Enclave Land.</p>	<p>as its ongoing monitoring through May 3, 2021, please refer below to <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], responses to Requests for Information Nos. 3, 4 and 5.</i></p> <p>All land plots required for the Project have been acquired in accordance with the provisions of AIIB's ESS 2, Involuntary Resettlement (ESS2). All payments for land acquired under the Project have been made to the owners.</p> <p>For acquisition of Enclave Land required for the Project, the process was as follows:</p> <ul style="list-style-type: none"> (i) Submission of the proposed land requirement plan by ITDC to the Central Lombok Regional Government (ii) Determination of the location of the land by the Central Lombok Regional Government in the form of a decree from the Central Lombok Regent (iii) Announcement of the required land through the media (iv) Socialization of landowners (v) Calculation of land prices by an independent assessor² (vi) Dissemination of the results of the assessor's calculation (vii) Deliberation on price agreement (viii) Payment. <p>Specifically, the independent assessor assessed the market value of the land and any assets; then legal and moving costs were added; and finally, the proposed compensation was presented to the seller for agreement or negotiation. The compensation was intended to cover acquisition of physical assets (land, building, plants/crops, and all properties above the land) as well as economic losses (livelihood/business loss and idle time), relocation, and administrative costs and taxes.</p> <p>Any disputes relating to the compensation can be brought to the Task Force for the Acceleration of Settlement of Land Disputes (known as the SATGAS), a task force established by the Regional Government of West Nusa Tenggara to address concerns and/or disputes between local communities and ITDC with a view to identifying mutually agreeable solutions related to grievances about Enclave Land and claimed land, and grievances of informal settlers.³ The SATGAS assisted in mediating disputes under the Project, all of which have been settled.</p>

² Independent assessor (KJPP) of the Indonesian Society of Appraisal (<https://mappi.or.id/>) who has a license issued by the Ministry of Finance and is registered as Indonesia Appraiser Communities.

³ The SATGAS was established in accordance with the West Nusa Tenggara (NTB) Governor Decree number 050.13-27 in 2022 in the Mandalika SEZ.

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		<p>With regard to the MotoGP Circuit, some land acquisition claims are still being disputed in the courts. ITDC and local government maintain a supporting team that regularly conducts mediation in the field between the communities and the SATGAS in an effort to resolve these disputes. Updates on the issues raised are regularly made to the SATGAS.</p>
4.	<p>There are legal cases before the Supreme Court of the Republic of Indonesia, in which the legal ownership of certain plots by local residents has been confirmed and the concerned residents have consistently claimed that they have not been paid any compensation for the land acquisition.</p>	<p>The Project team is aware of two legal cases against ITDC involving land rights under the Project that have been filed with the courts.</p> <p>In response to the complaints made last year to the Human Rights Commission of Indonesia (referred to in Indonesia as Komnas HAM) (HRCI), the HRCI advised that if no amicable settlement could be reached between ITDC and the claimants, settlement should be reached via the judicial system. For a detailed history of the complaints made to the HRCI, please refer below to <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], response to Request for Information No 10(c)</i>.</p> <p>Of the two cases related to the Project filed with the courts, the status is as follows: in the first case, the Supreme Court ruled in favor of ITDC's legal ownership claims; in the second case, the District Court ruled in favor of ITDC's legal ownership claims. To the Bank's knowledge, this ruling has not been appealed to the High Court.</p>
5.	<p>In most cases, the concerned indigenous peoples and communities did not have a legal title, but occupied or used the land for many years. Notwithstanding the absence of legal title, they should have been provided with due process protections and effective remedies for their loss and damage. [...] However, it is unclear whether all the affected peoples and communities have been afforded full procedural protections and effective remedies.</p>	<p>For many years there have been people who, without title or recognized land rights, occupied and used ITDC land. For a detailed history of the use of this land and its acquisition by ITDC, please refer below to the <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], response to Request for Information No 3</i>.</p> <p>In accordance with AIIB's ESS2, these people are eligible for resettlement assistance and for compensation for loss of non-land assets. In the area where people did not have title, a census was therefore first carried out in 2019 and consultations were held in order to develop the Project's RAP, in accordance with ESS2. The census identified 120 families who were eligible for compensation in accordance with the RAP, i.e., for any loss in livelihood, the cost of materials for their houses and any other assets. During this process, affected households were asked about their needs (for their temporary relocation site) and assistance required. The RAP identified the compensation to be provided. For a detailed explanation of the process of development of the RAP, as well as its monitoring by AIIB through April 2021, please refer below to the <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], responses to Requests for Information Nos. 2, 5, 9 and 10(f)</i>.</p> <p>Information about the GRM was more widely disseminated so that these people could raise concerns they might have in receiving this compensation. Grievances are monitored by AIIB and ITDC on a weekly basis with a view to their resolution in accordance with the RAP. For a</p>

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		<p>more detailed discussion of the GRM, please refer below to <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], response to Request for Information No 7.</i></p> <p>The GRM appears to be working reasonably well, with ITDC addressing complaints as they are registered. In 2021 and to date in 2022, 95 complaints have been registered in connection with the Project. A majority of complaints involved land matters; other complaints involved lack of employment, inconveniences such as dust, noise, vibrations and speed of vehicles and problems with water quality. All but one of these complaints have been resolved satisfactorily. The unresolved complaint relates to access to a groundwater tank, which is expected to be resolved in May 2022.</p> <p>As noted below in the response to Comment No 7, there are also 29 outstanding complaints on land matters involving informal settlers not covered by the RAP, which were not registered with the GRM and are being addressed separately. During the AIIB Consultant's recent site visit, he noted that the condition of the banners with information about the GRM had deteriorated and some were broken or not as visible as before. These banners are being mended and reinstalled by ITDC. This may have contributed to a decline in complaints being registered with the GRM.</p> <p>Information regarding ongoing AIIB monitoring of the RAP's implementation can also be found in the AIIB Project Team's PIMRs; actions taken by ITDC can be found below in the responses to Comments Nos. 11, 12 and 13, as well as in the <i>Action Plan</i>.</p>
6.	<p>[T]here is still a troubling lack of clarity about exactly how many households are and have been affected by land acquisition and evictions. Discrepancy between the number of families initially covered by the RAP and the actual number of families affected.</p>	<p>The difference between the number of families noted in the RAP and the number of families reflected in the Regent's Decree is due to the fact that the local farmers and herders frequently changed their places of residence. Each document could only reflect the status of residences at the time of its preparation, in what was a dynamic and changing situation. This explains the fluctuation in the number of families mentioned in the RAP (137 families) and the Regent's Decree (120 families).</p> <p>To address the discrepancies, ITDC has completed a separate census to validate the RAP as of March 2021. This effort, which involved extensive consultations with the affected families, resulted in a final determination of the number of affected families covered under the RAP to be 120. This number was therefore fixed and publicly notified as the final number of families covered by the RAP.</p> <p>Between the time the RAP was initially prepared and the time the Regent's Decree was issued, more people have moved into the Project area, resulting in a total number of 190 families currently living there.</p>

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		ITDC agreed to provide non-financial relocation assistance to these additional 70 informal settlers who moved onto the land and are not covered by the RAP. ITDC has also been working with the Government to address the issue of housing for those not included in the RAP, so that no Project-affected families become homeless.
7.	Credible sources also suggest that many more families have been recently evicted from their land over the last few months.	<p>To the Bank's knowledge, no Project-affected people have been evicted in the last few months. The Bank would welcome any specific information regarding any such evictions so that if they are covered under the Project, the matter can be promptly addressed with ITDC.</p> <p>The AIIB Project team is taking action to address 29 recently identified land-related complaints under the Project involving informal settlers not covered by the RAP, that were not registered with ITDC's GRM and were identified during the AIIB Consultant's site visit in April 2022. Specifically, out of 81 complaints, 52 have been resolved and the remaining 29 are in the process of being resolved. These involve claims by these informal settlers to land previously acquired by ITDC.</p> <p>A process is in place, which involves a review by ITDC of the land location and alignment of the infrastructure and, if needed, relocation of structures of affected households to nearby areas on land owned by ITDC or back to the households' original villages. Additional support is also to be provided in the form of a relocation allowance, construction of new houses and/or transportation costs. The AIIB Consultant has confirmed that ITDC is working on resolving the issues with the claimants. ITDC has already held several consultations with these claimants, accompanied by the Village Head/Sub-Village Head, representatives of the Land Agency and Head of the Sub-District. The Project team is following up with ITDC in order to have these matters promptly and appropriately resolved.</p>
Consent of the affected households and communities		
8.	As the affected peoples and communities are indigenous Sasak peoples, it is incumbent on the Government and ITDC to obtain their free, prior and informed consent to land acquisition before it is executed [in accordance with the UN Declaration on the	<p>AIIB's ESS 3, Indigenous Peoples (ESS3) applies to this Project. ESS3 applies when Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the Project, and are likely to be affected by the Project. ESS3 sets out specific requirements regarding consultations with these affected people.</p> <p>While there are Indigenous Peoples living in the Project area in what are known as "buffer" communities and villages, to AIIB's knowledge, there has been no land acquisition involving them.</p> <p>Specifically, the population of the buffer villages of Kuta, Mertak, Prabu, Sengkol, and Sukadana is 90 percent Sasak, a group of Indigenous Peoples (locally known as "<i>local community</i>" or "<i>customary law community</i>").</p>

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	Rights of Indigenous Peoples].	<p>While there has been no land acquisition involving these communities, they would likely be affected by the Project. Consequently, in accordance with ESS3, an Indigenous Peoples Development Plan (IPDP) was developed for the Project to provide support to these local communities through improvements in basic infrastructure and services, as well as skills development and training, in order to help improve the lives of the community members and provide them with the economic and social benefits of the Project. The community development programs have been prepared based on a participatory planning process and a series of consultations with local communities, including the Indigenous Peoples communities.</p> <p>The implementation of these community development programs is being monitored as part of the Project's results framework, with indicators such as number of jobs created and provision of infrastructure. A local consulting firm engaged under the Project has been providing support to ITDC in the design and supervision of infrastructure improvements for the local communities; ITDC has engaged Mataram University for its support in the skill development and training program.⁴</p> <p>More generally, the ITDC Action Plan (see <i>Annex 2, ITDC Action Plan</i>) includes measures to improve stakeholder engagement. Specifically, an ITDC Implementation Strategy for Communication has been developed, which specifies: (i) that ITDC and its contractors should hold meetings with Village Chiefs, Sub-Village Chiefs, Project-affected people, and other stakeholders once a fortnight; and (ii) how ITDC will disseminate information about the progress of the Project and employment opportunities. Information on the Implementation Strategy for Communication was disseminated both during meetings and via the Mandalika Post, a local newspaper.</p> <p>Finally, it should be noted that this consultation process built upon years of consultations conducted by ITDC. As noted in the Environmental and Social Impact Assessment prepared for the Project (ESIA), before AIIB became involved in the Project, ITDC sought the broad support of the affected local communities through a series of consultations with Project beneficiary communities, including Indigenous Peoples, as follows:</p> <ul style="list-style-type: none"> • As part of the legally mandated environmental impact assessment (known locally as AMDAL) process, ITDC hosted a public consultation meeting on January 12, 2012, at the Tatsura Hotel in Kuta, Lombok. Numerous other public consultations were also held in Kuta, Mertak, Sengkol, and Sukadana-Teruwei Villages between 2016 and 2018.

⁴ <https://itdc.co.id/corporate-social-responsibility/csr-environment-development-program>

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		<ul style="list-style-type: none"> ITDC also engaged with stakeholders under its Corporate Social Responsibility Program. It conducted consultations to help develop specific skill development and training programs for local communities, including a large consultation meeting on February 22, 2017, at Tatsura Hotel, targeting local Village Heads and other government representatives. Another meeting related to social investment was held on March 8, 2017 at the Segara Anak Hotel in Kuta, and targeted local business leaders. Consultations on Outdoor Hygiene and Cleanliness in the communities that participate in the Madak Tradition were also carried out on Kuta Beach on September 6, 2017. ITDC representatives also joined consultations organized by the West Nusa Tenggara Government “Acceleration Team,” to settle land claims within the Project Area, which took place on December 7, 2016 and March 17, 2017. Land surveys were conducted in consultation with village elders and leaders between July 2 and 4, 2017 and again between July 25 and 28, 2018. <p>For a more detailed discussion of the process of development of the IPDP, please refer below to the <i>Annex 4, 2021 Bank Response [Table of Specific Responses only]</i>, response to Request No 2.</p>
9.	<p>AIIB has the due diligence responsibility to ensure that the ITDC carries out meaningful consultations with the affected people and communities about the Project’s design, impact and mitigation and monitoring measures.</p> <p>The Indonesian Government assured [...] that the Majelis Adat Suku Sasak/Sasak Tribe Customary Council affirmed that “the process of development and land acquisition related to Mandalika has been carried out humanely” and that there were not forced land grabbing</p>	<p>See response to Comment No 8 above regarding consultations held under the Project.</p> <p>The Project activities targeted to the Indigenous Peoples communities were developed through direct consultations with these communities as well as the Sasak Tribe Customary Council (STCC), and are reflected in the IPDP prepared for the Project.</p> <p>Regarding consultations during the implementation of the IPDP, AIIB has been unable to participate in field-based consultations and engagement with communities since the COVID-19 pandemic. However, through the weekly meetings held between the Project team and the ITDC environmental and social team, together with the reports from the AIIB Consultant, the AIIB Project team has been kept informed of issues raised in connection with the IPDP’s implementation, so that these might be addressed.</p> <p>Community development programs under IPDP have been prepared in close consultation with surrounding local villages, in terms of investment in infrastructure and skill development, based on specific needs and requests of the communities, and related implementation arrangements. ITDC is supporting implementation of the IPDP’s community development programs, which the local communities have welcomed and in which they have participated.</p>

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	<p>and evictions... The free, prior and informed consent to land acquisition and agreement on compensation should be sought from the affected Indigenous Peoples, through procedures and institutions determined by themselves. In the consent process, they should specify which representative institutions are entitled to express consent on their behalf. However, [no information was] received or found confirming that the affected Sasak indigenous peoples in Mandalika have explicitly identified the Sasak Tribe Customary Council as such a representative institution.</p>	<p>The Project team notes that the STCC was established at the Provincial level pursuant to the Central Lombok Regent Regulation No. 23 of 2014, Guidelines for the Establishment and Strengthening of Traditional Village Institutions. At the Regency (Kabupaten) level, Village Customary Institutions or "Village Krame" were formed, and hold regular stakeholder meetings. The Krame's duties include solving community problems through deliberation and consensus by prioritizing the principles of customary law. The relationship between the Krame and STCC is mainly one of coordination. In this context, ITDC has engaged with the STCC for the purposes of coordination with beneficiaries in 6 villages (Kuta, Mertak, Prabu, Rambitan, Sengkol, and Sukadana). These consultations have been conducted with Village and Sub-Village Chiefs (as representatives of Krame) and community representatives.</p>
10.	<p>While appreciating information provided by [...] the AIIB that numerous consultations with the local communities were carried out, the consultations appear to have largely targeted local village chiefs, local government officials or the broader public. It reveals very little evidence that affected landowners and users were meaningfully consulted and that their free and informed consent was sought and obtained</p>	<p>The consultative process to acquire the Enclave Land has been described above in the response to Comment No 3 above. As regards other land users, the consultation process is described throughout this Table and in the RAP.</p> <p>The role of the SATGAS is to resolve disputes between local communities and ITDC by finding mutually agreed solutions regarding Enclave Land and claimed land as well as to address any complaints from informal settlers.</p> <p>Its functions are as follows:</p> <ul style="list-style-type: none"> (i) Identify land problems in the area of the Mandalika SEZ (ii) Collect data and/or documents and information related to land issues in the Mandalika SEZ (iii) Analyze the data and information obtained related to land problems in the Mandalika SEZ (iv) Conduct field reviews (v) Coordinate with related parties in order to accelerate the resolution of land problems in the Mandalika SEZ

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	<p>prior to land acquisition. While [...] the Government has recently established the Land Dispute Resolution Task Force (SATGAS) to settle land disputes, it is largely composed of policy and military forces, which... runs counter to the requirement under international human rights law that the prior and informed consent should be sought under conditions free of coercion, intimidation or manipulation.</p>	<p>(vi) Provide suggestions and recommendations to the Governor (vii) Report the results of the implementation of tasks to the Governor.</p> <p>AIIB recognizes that the composition of SATGAS includes representatives of: Mataram University; Provincial offices responsible for: police, social services, legal aid, public relations, and law; the Land Office; the Provincial High Court; and the Provincial army.</p> <p>The presence of the security forces was already explained in the 2021 Bank Response as follows:</p> <p><i>In the Consultant's view, the allegations of intimidation may have resulted from the establishment of a task force (known as SATGAS) by the Government of West Nusa Tenggara (NTB) Province (Task Force). Members of the Task Force were accompanied by armed police, because the Task Force was carrying cash to pay compensation to the affected people. Following the Consultant's report, AIIB and ITDC agreed on measures to address the Consultant's findings. This included development of a standard operating procedure (SOP) on the use of police and security personnel by ITDC, its contractors and sub-contractors. The SOP outlines a process for the approval of the use of police and/or the army based on risk, which requires approval by the Managing Director of ITDC.</i></p> <p>For a more detailed discussion of the process of development of the IPDP, please refer below to the <i>Annex 4, 2021 Bank Response [Table of Specific Responses only]</i>, response to Request for Information No 2.</p>
Compensation for the loss of land, priorities, and livelihoods		
11.	<p>One of the recurring allegations [...] is that the affected peoples received either no or woefully inadequate amounts of compensation as a remedy for forced evictions and other violations of their human rights.</p> <p>[...] 121 families occupying land were given access to a temporary relocation site, and a payment of IDR 10 million (approximately USD695) per</p>	<p>In accordance with ESS2, a Project RAP, based on the principles set out in the RPF, was prepared by ITDC, and approved by AIIB and is currently being implemented. The RAP provides a comprehensive set of compensation measures for families informally occupying ITDC's land, including provision of land and permanent housing (after an interim period of temporary housing until the permanent site is prepared), relocation assistance, cash compensation, provision of training and jobs to address any loss of income, and other support for livelihood restoration.</p> <p>120 households are covered by the RAP. For the final number of families covered by the RAP, please refer to the response to Comment No 6, above.</p> <p>According to the entitlements of the RAP, each household has been allocated a 100 m2 plot in a tourism village, to be partly paid for by the affected households from the IDR 10 million in relocation funds, which was to be provided by the Central Lombok Government. Almost all of the 120 households have received this amount in their specially designated bank account; only seven have not yet received it, either</p>

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	<p>household to eventually purchase land at a permanent resettlement location in Dusun Ngolang; 96 residents who used and cultivated the land were reportedly provided one-off compensation of IDR 4.5 million (approximately USD313) per 100m². On the face of it, these amounts appear inadequate and disproportionate to damage that the affected residents have suffered.</p>	<p>because they have not presented themselves, or are refusing to collect the payment. The funds allocated to them are therefore being held in an escrow account.</p> <p>The IDR 4.5 million fund had another purpose; it was not for compensation for acquisition of residences or cultivated land. Instead, it was intended to cover the relocation of graves, with this amount allotted per grave.</p> <p>As part of ITDC's Action Plan, a RAP compensation tracking system has been developed to record contentious issues, including whether and to what extent affected people need non-financial assistance and how the issues are resolved. To confirm the adequacy of compensation for informal settlers occupying ITDC land, ITDC has: (i) conducted field verification to record name, employment and livelihoods details, and number of family members; and obtain a copy of identification and a facial photograph; (ii) crosschecked the result of verification data with previous data, working with Village Chiefs; (iii) reviewed the list so as to compare the complaints received and determine the number of informal settlers who are still living in the ITDC area; and (vi) shared this data with Heads of Villages/Sub-Villages, Sub-District of Pujut, and Central Lombok District.</p>
12.	<p>The latest information received also suggests that some residents have not yet received compensation to date and refused to relocate on that basis. Consistently with this information, the AIIB's reply showed that the payment of compensation was delayed for many households. The payment of IDR10 million was reportedly not made to 54 households who occupied land, while 31 primary farmers and 10 secondary farmers were not paid their compensation. [U]pdates as to whether the outstanding payments</p>	<p>As a consequence of the COVID-19 pandemic and the need to maintain health and distance protocols, the payments for loss of livelihood were delayed. Compensation has been provided as follows: (i) 31 primary farmers and 10 secondary farmers identified in the RAP were compensated in July and August 2021, except for one who had passed away (efforts are being made to locate heirs); (ii) outstanding compensation for loss of land has been paid to 36 of 42 affected households; of the remaining 6, 4 have to date refused the compensation and 2 have not presented themselves. Compensation for these 6 households has been put in an escrow account and will be held there until close of the AIIB loan. Three of the four households who have to date refused compensation, have acknowledged the offer and the fact that the money is being kept for them. One refuses to sign an acknowledgement. ITDC will continue to make efforts to either find the missing persons and/or provide the outstanding compensation.</p>

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	to these households have been paid to date, in accordance with the ITDC's Action Plan [...would be welcome].	
13.	People who still live in the Mandalika project area but were never formally included in the verification process by the [...] SATGAS will be offered compensation of [a] mere IDR 3 million (approximately USD209) for the loss of their house. This compensation does not take into account the loss of land, crops or livelihoods, which clearly falls short of human rights standards.	The IDR 3 million was not intended to compensate for loss of livelihood and land. Instead, it was intended to cover moving expenses for the people of the Sub-Village of Ebunut and Ujung Lauq who confirmed that they were occupying land subject to ITDC's right to manage (known as Hak Pengelolaan or HPL). The money was used to facilitate a move from their house to a temporary relocation site (HPL 94) or to their respective hometowns/villages. Compensation for livelihood and land has been provided separately. See responses to the above Comments.
14.	The lack of compensation for loss of livelihoods has been echoed by fisherfolk in the Batu Kotak Bay area [...] whose access to the shore has been reportedly restricted due to the Mandalika project and hence they have effectively lost their livelihoods. [While note is taken] of AIIB's claims that access to the sea/beach is not hindered and that [AIIB] did not find evidence of the alleged loss of livelihood by fisherfolk during its mission in July and August 2019,	<p>The AIIB Consultant has completed his field visit and has reconfirmed that access to the shore and sea is not blocked for either fisherfolk or small traders and hawkers.</p> <p>To AIIB's knowledge, tidal fisherfolk are not prohibited from accessing the sea. Land cultivation in the Project area is prohibited. ITDC has placed over 250 signs in the area to secure the land.</p> <p>The alleged loss of fisherfolks' livelihood was explained in the 2021 Bank Response as follows:</p> <p><i>During its missions, the AIIB Project team consulted with surrounding local communities including fishing villages to understand and take account of their needs and expectations in the Project interventions to benefit the surrounding communities. In general, AIIB has received positive feedback from local communities with regard to the Project. For example, higher demand has raised the price of fish, allowing some fishermen to spend less time fishing and increase their income through other pursuits, such as driving taxis.</i></p> <p>With regard to compensation for loss of livelihood on the part of small traders and hawkers, they are being provided with an alternative</p>

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	<p>information to the contrary [continues to be received], as well as reports that the fisherfolk have not been given compensation or provided with any support to compensate for their loss of livelihood. The area is subject to further development and the fisherfolk and their families will be required to vacate the area in due course. However, as they have no formal land ownership, they will only be offered IDR 3 million [...] for the loss of their house and compensation for 0.1 ha of land.</p> <p>The Mandalika project has also negatively affected the livelihood of smaller traders and hawkers who used to sell goods in the beach areas. It has been reported that the entire beach areas are no longer freely accessible and they are unable to [...] continue their business [...]. However, no compensation has been offered to [them], and employment options for the local population are reportedly extremely limited, contrary to the promise that the Mandalika project would generate</p>	<p>location to conduct their business. The key issue is that due to the COVID-19 pandemic the number of tourists has vastly declined, so that the income of these traders and hawkers has been significantly reduced; however, this is not necessarily due to the Project.</p> <p>ITDC aims to build on its experience of developing Bali's Nusa Dua – a successful intervention financed by the World Bank in 1974 – and to focus on how tourism development could optimally benefit local communities. According to a study by the GOI, 80 percent of tourist spending remains in the Indonesian economy, and generates strong subsequent multiplier impacts through direct, indirect, and induced effects. Learning from the Nusa Dua experience, the Project includes dedicated components for surrounding local communities. These include: (i) investments for infrastructure and basic services, including water supply and sanitation, drainage, waste management, disaster risk reduction, protection of natural and marine assets, and community facilities. This will enable an equitable share of the benefits of the Project to reach local communities, while helping to mitigate possible negative externalities from an increased volume of tourists and associated businesses; and (ii) skill development and training for selected nearby villages to maximize social benefits for local communities and strengthen economic linkages of the Project with the local economy. The Project also provides 305 market lots for local commercial enterprises, including small traders and hawkers and community facilities within the Mandalika SEZ.</p> <p>The main benefit of the Project, i.e., the impact of tourist spending on the local economy is yet to materialize. Also, cognizant of the negative COVID-19 impacts on overall development and tourism activities, ITDC and the Bank have been working on options to help local businesses and communities affected by COVID-19, particularly those who lost jobs or experienced economic hardships as a result of the pandemic. This might include reallocating uncommitted funds, generated by loan savings resulting from tax exemptions.</p>

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	employment. [...] It is alleged that the Mandalika project has not provided any support to the local indigenous peoples in developing capacity and skills to find employment in new sectors, that it brings, thereby failing to compensate for their loss of livelihood and exacerbating their already vulnerable economic situation.	
15.	While some members of the communities have found odd jobs as construction workers or cleaners, their wages are extremely low in the range of IDR50,000 (approximately USD3.5 per day), which is clearly unlivable in itself.	<p>The Bank understands that, in Indonesia, the Provincial governments set the minimum monthly wage for both Provincial and District levels. According to the West Nusa Tenggara Governor's Decree, the 2022 minimum wage for the Central Lombok Regency where the Project is located is IDR2,207,212 per month (approximately USD150 per month).</p> <p>However, the Project area is one of the poorest parts of the country, and AIIB's Consultant has confirmed that the actual average income in this area is currently less than USD1.5 per day.</p> <p>Compared to this, a local construction worker for the Project receives USD7 per day on average.</p> <p>The Bank will continue as part of its Project monitoring to focus on employment status and income levels of local people involved in the Project.</p> <p>The Project is expected to result in job creation of a significant number of jobs in direct hotel employment and also in indirect and induced employment in related businesses, such as food and beverages, agriculture, wholesale and retail, and transport.</p>
Conditions of resettlement		
16.	[E]vidence confirming that the affected peoples were consulted in advance and participating in developing relocation plans [has not been presented.] As planned	The people to be resettled under the Project were consulted early on and participated in the development of the RAP. During the process of preparation of the RAP, numerous consultations were held with affected households, during which it was explained to them that the resettlement would occur in two phases, first to a temporary site, and subsequently to a permanent site. In 2019, there were door-to-door interviews with each affected household and there was a socialization meeting held in July 2019. For a more detailed discussion of the process of development

No.	Comments/Request for information	Response
	<p>residences in Dusun Ngolang are 2 km from Mandalika and on a hilltop without direct access to the sea, the permanent relocation is likely to profoundly change the affected peoples' lives and livelihoods [...] The relocation plans seem to pay little regard to how the affected people may be able to continue accessing the sea, which is an integral element of their traditional way of life and an importance source of livelihood. It is critical that the affected peoples are informed, consulted, and enabled to participate in decision-making about relocation plans, so that relocation sites are appropriate and comply with human rights standards.</p>	<p>of the RAP, please refer below to the <i>Annex 4, 2021 Bank Response [Table of Specific Responses only], response to Request for Information No 2.</i></p> <p>These consultations included discussions regarding the proposed permanent relocation site. They were attended by affected families from the Sub-Villages of Ebunut and Ujung Lauq, totaling around 160 people. Also in attendance were representatives of the Central Lombok Regional Government (Regional Secretary, Assistant 2, Head of the Perkim Service), National Land office (known as BPN), ITDC, Sub-District Head, Head of Kuta village, Sub-Village Heads of Ebunut and Ujung Lauq, as well as several religious leaders.</p> <p>Before the Dusun Ngolang location was finally designated as a permanent relocation site for the affected families, a meeting was conducted by District officials and the Village Head of Kuta and the Heads of the Sub-Villages of Ebunut and Ujung Lauq in order to review the proposed location and seek their consensus on this location.</p> <p>In addition, consultations regarding the plan for the construction of permanent relocation houses were held April 13, 2021 and November 3, 2021. There was also a site visit in 2021 for the families living at the temporary relocation site (HPL 94). It was attended by prospective residents who will be relocated.</p> <p>Once the affected families had moved to housing in a temporary site, regular discussions were held with them as to their needs for assistance. This led to the provision of a community hall, as well as cattle pens, and additional washrooms. Such discussions continue to be held, and the most recent meeting with the affected families was held in April 2022, at which ITDC confirmed that construction of the houses on the permanent site is anticipated to be completed in May 2022, and that completion of the clean water supply, electricity, access road, and other utilities is expected in the third quarter of 2022. It also reconfirmed the process to be used for the move to the permanent site.</p>
Proposed ways forward		
17.	<p>[S]upport for a process of appointing an independent mediator not affiliated with or engaged by any of the concerned parties [is strongly encouraged]. Such an independent mediator could be empowered to facilitate mediation among</p>	<p>The Bank recognizes the importance of reconciling conflicting claims and finding mutually agreeable solutions. As regards the MotoGP Circuit concerns raised in the 2022 Communication, AIIB will encourage ITDC and the GOI to engage an experienced facilitator not involved with the Project (or the MotoGP Circuit) or the Bank, who would facilitate a workshop to be convened by ITDC and to which a representative from AIIB would be invited to participate. The workshop would involve stakeholders concerned, and its purpose would be to facilitate a dialogue with the objective of clarifying their concerns. This could also help facilitate a better understanding by all concerned parties of the overall Project and its objectives, issues surrounding the Project and</p>

No.	Comments/Request for information	Response
	different parties, with a view to reconciling conflicting claims and finding mutually agreeable solutions.	<p>other ITDC investments, including the MotoGP Circuit, and pragmatic and timely ways to address them. Additional specialized workshops could be identified as an outcome of this stakeholder workshop and used to deepen the discussion and resolution of particular issues raised.</p> <p>In the meantime, as part of its enhanced approach to Project monitoring, the Project team continues to monitor implementation of the Action Plan, which is regularly updated based on progress achieved in carrying out the measures specified, and will continue to be updated to cover any new issues that may be identified. The Project team also conducts weekly Project-level environmental and social meetings with the Client. The AIIB Consultant visited the Project site most recently in April 2022. The Bank's Project team also plans to carry out a mid-term review in June 2022, which would include site visits.</p>

ANNEX 2
ITDC ACTION PLAN
(December 8, 2020 – Updated April 2022)

Issue	Recommendations	Agreed Actions in 2021	Status
1. Allegation of Coercion, Use of Force and Intimidation	a. Contractors should not be accompanied by police or security forces unless agreed to by ITDC in advance and well justified	ITDC developed, implemented, and communicated the procedure for the Use of External Security services. Permission can only be granted by ITDC Managing Director. Currently no applications have been made. Supporting Evidence <ul style="list-style-type: none"> - Use of External Security Devices - B1-GENE-PMD-3100-8054–A. - ESHS Contractor Meeting 08/04/21 - ESHS Contractor Meeting 25/03/21 	Completed
	b. Contractor / ITDC to prioritize meaningful consultation accompanied by government and / or village representatives to address social issues	ITDC developed, implemented, and communicated the Communication Strategy to “5 Village Chiefs”, “13 Sub-Village Chiefs”, Contractor and Government Departments. System fully functional. Supporting Evidence: <ul style="list-style-type: none"> - Communication Strategy. B1-GENE-PMD-3100-8055–A. - ESHS Contractor Meeting 08/04/21 - ESHS Contractor Meeting 25/03/21 - PP WIKA BRL Contractor Presentation - HK Adhi Contractor Presentation 	Completed
2. Allegation that land has been ‘grabbed’ illegally	a. AIIB-financed Project	a. All land related to the Project supported by AIIB has been acquired.	Completed
	b. Enclave Land under AIIB-financed Project and MotoGP Circuit project: ITDC to work with SATGAS to identify mutually agreeable solutions, including change of design to reduce land take and/or a Land Swap with ITDC swapping some of its land with that of the Enclave Land owners	b. ITDC developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A ITDC and local government are together maintaining a supporting team who will regularly conduct mediation in the field between communities and SATGAS. Updates on the issues found will be regularly provided to SATGAS and so the SATGAS	On-going All land in PENLOK 1 has been fully acquired. PENLOK 2): 1 pending related to the relocation of a mosque (not related to AIIB supported Project)

Issue	Recommendations	Agreed Actions in 2021	Status
		<p>can identify mutually agreeable solutions including regarding grievances, Enclave Land, claimed land, and informal settlers.</p> <p>The lands required for the MotoGP Circuit consist of 50 plots divided into 2 phases that are PENLOK 1 and PENLOK 2. There are 21 plots in PENLOK 1 and 29 plots in PENLOK 2. The progress in PENLOK 1 is: 20 plots already finished and the remaining 1 plot is still in progress for payment.</p> <p>The amount of compensation is independently appraised by an independent assessor (KJPP) of the Indonesian Society of Appraisal (https://mappi.or.id/) who has a license issued by the Ministry of Finance and is registered as Indonesia Appraiser Communities. Compensation was calculated as follows: Independent assessor assessed market value of land and any assets; then legal and moving costs were added; and finally the compensation was presented to the seller for agreement or negotiation.</p> <p>Supporting Evidence:</p> <p>Land overview and hard files of land certificate.</p>	
	c. Claimed Land (involving AIIB-financed Project and MotoGP Circuit project): If the courts find that the claimed titles are invalid, Project-affected persons are covered by the RAP	c. The compensation would include physical (land, building, plants, and all properties above the land) and non-physical (livelihood/business loss, compensation for occupying more than 30 years, relocation cost, administrative cost, tax, and idle time).	Completed
	d. Claimed and Enclave Land (involving both AIIB-financed Project and MotoGP Circuit project): Engagement should take place with the group as a whole to find a solution, possibly convened by a neutral and respected leader		Completed

Issue	Recommendations	Agreed Actions in 2021	Status
	<p>e. Claimed and Enclave Land (involving both AIIB-financed Project and MotoGP Circuit project): Consideration for providing alternative forms of compensation with support of local authorities such as:</p> <ol style="list-style-type: none"> 1) Land Swap. ITDC might propose to those claiming land to change with ITDC land; 2) Buy New Land. ITDC may facilitate purchase of land surrounding ITDC through cash compensation deposited in the Court; 3) ITDC might want to consider reassessing the land it needs to avoid land whose title is unclear 		<p>Completed/ Validated by AIIB Consultant during site visit on 18-27 May 2021</p>
<p>3. Complaint to the Indonesian Commission on Human Rights</p>	<p>The Commission has recommended that the issue be solved either by litigation or non-litigation processes</p>	<p>Complaints from the Human Rights Commission are cleared. The West Nusa Tenggara Governor issued the Decree No. 050.13-542 year 2020 and No. 050.13-565 year 2020 that included the Human Rights Commission as part of the Technical Team for Acceleration of Settlement of Land Disputes. The Technical Team issued a report and verification document which has been officially addressed by ITDC in a Response and Recommendation letter.</p> <p>The Human Rights Commission had issued an official letter No. 1132/R-PMT/X/2020 to the Governor of West Nusa Tenggara and the ranks, ITDC, and the claimants, as suggestions to follow up for resolving the claimed lands.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Report and verification by Technical Team (in Bahasa) - ITDC Response and Recommendation to Komnas HAM (in Bahasa) 	<p>Closed</p>
<p>4. Inadequacy of Compensation</p>	<p>a. Payment of the remaining 2 million Rp. that is due to those Project-</p>	<p>As of April 16, 2021, the compensation which has been provided is as follows:</p>	<p>Ongoing</p>

Issue	Recommendations	Agreed Actions in 2021	Status
and Livelihood Restoration under RAP	affected People covered by the Resettlement Action Plan by an agreed date.	<p>1. IDR 5 mil from Central Lombok Government (part of the IDR 10mil RAP commitment). These sums were given to 120 persons in 120 separate bank accounts (under the name of the recipient – see evidence 1). This fund will be used as down-payment for the land in Ngolang. 83 out of 120 names are listed in RAP Project-affected Households (PAHs).</p> <p>The remaining IDR 5 mil will be provided by the Government in 2021 (according to the Vice Bupati presentation during AIB Mission on April15, 2021)</p> <p>Recent discussions with ITDC have revealed that not all compensation due to the Project-affected people covered under the RAP may in fact have been paid. Based on the latest information available to the Project team, it appears that the Government allocation of 10 million IDR per eligible household for the purpose of enabling the household to obtain title to their permanent resettlement land and housing has been paid to 83 households, but remains to be paid to the other 54 households identified in the RAP.</p> <p>The discrepancies are due to the difference between the RAP census and a subsequent government one. A new census has just been carried out now so as to cross reference. ITDC and Government are still investigating and consolidating this data discrepancy. Data revalidation of RAP census, Government census, and the latest March 2021 census was carried out. The revalidation was done by cross checking data to data and partial field validation. Further field validation will be conducted by Government specifically as regards the remaining 54 PAHs.</p> <p>2. IDR 3 million was given by the Central Lombok Government as social assistance to 85 households. The Government confirmed that this fund is not part of the RAP commitment (see evidence 2).</p> <p>3. Updated on 24-Feb-22:</p> <p>15-Jul-21 – verification and validation were conducted by the Local Govt., Sub-Village Chief, and ITDC to follow-up the compensation to remaining 54 PAPs. The results are as follows:</p>	<p>ITDC is developing RAP compensation tracking and validating the data. This is to ensure that entitled PAHs receive the proper compensation as per RAP.</p> <p>ITDC has addressed and the Government is aware of discrepancies between the list of 120 vs the RAP. Although the current priority is to build the 120 houses in the permanent relocation area, the Government will seek an option so that no PAHs will be homeless.</p> <p>Based on the Government Letter dated 28 May 2021, the due date for official budget allocation for the remaining 54 PAP was 29 October 2021. Field validation has been conducted specifically by the Government to locate these people.</p> <p>Update 24-Feb-22:</p> <p>ITDC sent a series of invitations to 42 PAPs to receive compensation on the 14, 17, 18, 26 Jan and 24</p>

Issue	Recommendations	Agreed Actions in 2021	Status
		<ul style="list-style-type: none"> a. 6 PAPs were verified as Enclave Land owners and have been compensated accordingly under PENLOK 1 and PENLOK 2 scheme. b. 4 PAPs were verified to be registered under different names (nickname or under their partner's name) – and have been compensated. c. 2 PAPs were verified as having passed away without immediate family registered in the RAP. d. 42 PAPs were verified and validated to receive the compensation. <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Transfer evidence (IDR 5 million for land purchase) - Social assistance recipient lists (Government social assistance – non-RAP) - Vice Bupati Presentation in AIIB Mission April 15, 2021 	<p>Feb 22 at ITDC office, with results as follows:</p> <ul style="list-style-type: none"> a. 36 PAPs attended one of the meetings and received the compensation. b. 4 PAPs refused the compensation due to land claim. c. 2 PAPs failed to attend any meeting. <p>The meeting was attended by Local Government, Bank NTB (local), and ITDC.</p> <p>The PAPs were issued bank account (by Bank NTB), the funds were transferred to the bank account and can only be used for land payment.</p> <p>ITDC has agreed to hold the compensation money for the 4 PAPs who refused and the 2 PAPs who were nonattendant for the period of 1-Feb-22 to 30-Sept-24 (closing date of AIIB loan).</p> <p>ITDC has engaged with the 6 PAPs and will continue to do so.</p> <p>Should the PAPs decide to access and receive compensation within the agreed period, the money will be disbursed to the entitled PAPs.</p>

Issue	Recommendations	Agreed Actions in 2021	Status
	b. Provision of water of adequate quality to temporary resettlement site by an agreed date	<p>ITDC developed a schedule for the supply of water. Monitoring of water samples is completed on a weekly basis.</p> <p>All water samples complied with international standard. In the last 4 months there were no non-compliant samples. System is fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Mandalika Post Edition 5 & 6 - ESHS-ENV Monitoring 01/02/21 (Noise, Vibration, Air Quality & Water Quality) - ESHS-ENV Monitoring 05/01/21 (Noise, Vibration, Air Quality & Water Quality) - ESHS-ENV Monitoring 13/01/21 (Noise, Vibration, Air Quality & Water Quality) 	Continuous implementation.
	c. Improvement to access road by an agreed date	<p>ITDC has re-graded the access road to HPL 94 (Temporary Resettlement Village). During the next wet season this will require further attention. Internal streets within HPL 94 have also been upgraded with concrete guttering.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Site pictures 	Completed
	d. Consider the possibility of Petani Penggarap/Informal Farmers/tidal fishermen being able to access ITDC land	<ol style="list-style-type: none"> 1. Access to the sea is not blocked. Tidal fisherfolk are not prohibited from accessing the sea. 2. Land cultivation in ITDC area is prohibited. ITDC put over 250 signs in the area to secure the land. <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Photo of fishing boat in Kuta Beach (taken 13 April 2021) - Photo of ITDC signage 	Outside of the Project and the scope of the RAP, ITDC is proposing a "Fisherfolk Village" for a new relocation area for local fisherfolk. The village will be integrated with the Mandalika masterplan and tourism concept. Based on ITDC consultation with the fisherfolk mentioned, they are willing to relocate to the new location
	<p>e. To ensure adequacy of compensation for informal settlers still occupying ITDC land</p> <ol style="list-style-type: none"> 1) conduct field verification to record name, employment and livelihoods details, 	<p>ITDC has completed a separate Census to validate the RAP as of March 2021 (CE 321).</p> <p>Various specific groups have been identified, namely, OCC001, OCC002, and OCC003 that will require specific actions to ensure compliance with the RAP. This refers to the validation procedure.</p>	<p>Ongoing</p> <p>Agreed to follow the RAP document as the basis of eligibility.</p>

Issue	Recommendations	Agreed Actions in 2021	Status
	<p>number of family members, ID copy, facial photograph;</p> <p>2) crosscheck the result of verification data with previous data, working with Village Heads;</p> <p>3) review the list so as to compare the complaints received and determine the number of informal settlers who are still living in the ITDC area;</p> <p>4) share this data with Heads of Villages/Sub-Village, Sub District of Pujut, and Central Lombok District</p> <p>5) ITDC could collaborate with Government in livelihood programs such as Dana Desa, Kotaku, etc.</p>	<p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Draft Validation of Master List Resettlement Action Plan <p>ITDC is collaborating with the Government of Central Lombok regarding Livelihood Programs. The permanent relocation area (Ngolang) is in fact a Government collaboration program, which is a tourism village project (SARHUNTA).</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - 4.e.5 Minutes of Meeting (MOM) with Central Lombok Government Bupati - 4.e.5 Vice Bupati Presentation in AIIB Mission April 15, 2021 	<p>ITDC has a program for skills development and training for selected nearby villages to maximize social benefits for local communities and strengthen economic linkages of the project with the local economy. The Project will also provide 305 market lots for locals and medium and small to medium enterprises and community facilities within the Mandalika SEZ.</p>
5. Effectiveness of GRM	a. Mandalika Post, which contains project information, public opinion, and updates on GRM progress	<p>ITDC developed, implemented, and communicated the Communication Strategy which includes the Mandalika Post. System fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy. B1-GENE-PMD-3100-8055-A. - Mandalika Post Edition 4 - Mandalika Post Edition 5 	Completed

Issue	Recommendations	Agreed Actions in 2021	Status
	b. ITDC to continue to hold regular (every two weeks) meetings with Village Heads	<p>ITDC developed, implemented, and communicated the Communication Strategy. System fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy. B1-GENE-PMD-3100-8055–A - ESHS Contractor Meeting 08/04/21 - ESHS Contractor Meeting 25/03/21 	<p>Continuous implementation. System Developed</p> <p>Due to Covid-19 and government-imposed public restriction (PPKM), regular meeting has been on hold and replaced with smaller group meeting.</p>
	c. GRM should also provide information about AIIB's Project-affected People's Mechanism	<p>ITDC's Project-related advertising and education system covers the Project GRM and AIIB's PPM. System is fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy. B1-GENE-PMD-3100-8055–A - Banner Recruitment - GRM Complaint Banner - AIIB's PPM Banner - ITDC Webpage (for both GRM and PPM) 	Completed
	d. Complaints regarding long-standing land issues should be addressed with the Head of the District of Central Lombok. ITDC to facilitate where needed	<p>ITDC had developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A.</p> <p>The implementation strategy for communication, document number: B1 - GENE - PMD - 3100 - 8055 – A.</p> <p>ITDC conducted meeting with Head of District of Central Lombok to discuss land issues (see evidence 3). Head of Central Lombok has been involved throughout the process of addressing land-related issues, with the PENLOK 1&2 payment meetings always being conducted in the Head of District office (see evidence 4).</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Land acquisition document B1 - GENE - PMD - 3100 - 8053 – A. - Communication document B1 - GENE - PMD - 3100 - 8055 – A - MOM with Head of District - PENLOK 2 Payment Meeting in Head of District office pictures 	Completed

Issue	Recommendations	Agreed Actions in 2021	Status
	e. It should be made clear to complainants when Grievances are not related to ITDC activities. Where feasible, support to be provided to identify responsible organization to address issue	<p>Review current GRM procedure and process to include complaints that are NOT ITDC responsibility.</p> <p>GRM procedures are being re-socialized in the community and for contractors during the Village and Sub-Village Chiefs' meeting (see evidence 2).</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - MOM contractors and Village and Sub-Village Chiefs' meeting 	<p>Continuous GRM implementation. 170 grievances have been received for both AIIB financed project and MotoGP circuit</p> <p>As of 4 April 22, there are two unresolved grievances: one involving access to a groundwater tank, which is related to the AIIB-supported Project and the relocation of a mosque, which is unrelated to the AIIB supported Project. These are expected to be resolved in the near future.</p>
	f. The language of leaflets publicizing the GRM should be made simpler/easier to read and permanent notice boards installed	<p>ITDC re-designed Banners and re-installed.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Banner Recruitment - GRM Complaint Banner 	Completed
	g. The contact number given in the leaflet should be that of the Team Leaders/PMO leader (for example)	It was decided to provide general contact details rather than individual phone numbers.	Alternative measure taken
	h. Placement of suggestion boxes in the Sub-Village/Village offices (including pen and forms)	<p>ITDC installed suggestion boxes in public areas and communicated the process to 5 Village Chiefs and 13 Sub Village Chiefs.</p> <p>However, after four weeks it was found that these boxes were not used, and they were removed. Suggestions are gathered through community meetings, and communications with Village and Sub-Village Chiefs.</p>	Alternative approach adopted
	i. Regular field visits carried out in co-ordination with Heads of Village/Sub-Village which would help in monitoring GRM implementation	<p>ITDC implemented the Communication Strategy.</p> <p>PMC ESHS personnel visit every Chief at a minimum of 2 weekly. PMC have monitoring report.</p> <p>Supporting Evidence:</p>	Completed

Issue	Recommendations	Agreed Actions in 2021	Status
		<ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055–A - Village Communication Record 	
6. Strengthening of Stakeholder Engagement	a. ITDC to require its contractors (ESHS managers) to engage with local communities and CSOs and Village Heads.	<p>ITDC implemented the Communication Strategy including communicating the requirements to the 5 Village Chiefs, 13 Sub-Village Chiefs and contractors. System fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055–A. - Village Communication Record - ESHS Contractor Meeting Minutes - ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes - Contractor Presentations 	Completed
	b. ITDC to continue to provide information on project activities in the ITDC area such as job opportunity/vacancies information – in terms of both skilled and unskilled job vacancies	<p>ITDC implemented the Communication Strategy including communicating the requirements to the 5 Village Chiefs, 13 Sub-Village Chiefs and contractors. System fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055–A. - Village Communication Record - ESHS Contractor Meeting Minutes - ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes - Contractor Presentations 	<p>Continuous implementation.</p> <p>Due to Covid-19 and government imposed public restriction (PPKM), regular meetings have been on hold and are replaced with smaller group meetings</p>
	c. ITDC Vacancies to be regularly advertised in local information media and information distributed to Village Heads	<p>ITDC implemented the Communication Strategy including communicating the requirements to the 5 Village Chiefs, 13 Sub-Village Chiefs and contractors. System fully functional.</p> <p>On 19 June 2021, ITDC recruited 18 people from the 6 buffer villages to be trained as mechanics. The recruitment involved the Village Chiefs and youth organization. The training will be conducted on 23-30 June 2021.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055–A. - Village Communication Record - ESHS Contractor Meeting Minutes - ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes - Contractor Presentations 	<p>Continuous implementation.</p> <p>Currently no contractors engaged. This will change when packages 3 and 7 (utilities for permanent resettlement site) are contracted.</p>

Issue	Recommendations	Agreed Actions in 2021	Status
	d. ITDC to hold regular (monthly) meetings with Village Heads, Sub Village Heads and village youth groups and the PKK (Women's organizations)	ITDC implemented the Communication Strategy including communicating the requirements to the 5 Village Chiefs, 13 Sub-Village Chiefs and contractors. System fully functional. Supporting Evidence: <ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055--A - Village Communication Record - ESHS Contractor Meeting Minutes - ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes - Contractor Presentations 	Continuous implementation
	e. ITDC to conduct consultations/ workshop on trending and current issues and topics in Mandalika/Central Lombok. The participants could include NGOs, Karang Taruna/Village youth group/observers/academia/local media	ITDC implemented the Communication Strategy including communicating the requirements to the 5 Village Chiefs, 13 Sub-Village Chiefs and contractors. System fully functional. Supporting Evidence: <ul style="list-style-type: none"> - Communication Strategy B1-GENE-PMD-3100-8055--A. - Village Communication Record - ESHS Contractor Meeting Minutes - ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes - Contractor Presentations 	Completed

Issues Recently Identified (related to both MotoGP resettlement and Project resettlement) and Recommendations
(January 25, 2021 – Updated April 2022)

Issues	Recommendations	Agreed Action	Completion Status
Moto GP - Land Acquisition			
Enclave Land (PENLOK 1 and PENLOK 2)			
1. Internal conflict among the owners of 1 plot of land regarding provision of non-monetary compensation (i.e., moving, and other non-monetary assistance). There are approximately 3-6 households (HHs) in 1 plot of land.	Inform landowners about their rights regarding compensation, including non-monetary compensation.	ITDC had developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A. PMO/PMC and Head of Village/ Sub-village/SATGAS held a meeting to discuss this issue.	Completed. According to ITDC's Land Team, the payment has been deposited under the court consignment, meaning ITDC has fulfilled its responsibility in the Land Acquisition process

Issues	Recommendations	Agreed Action	Completion Status
		ITDC/PMO/PMC together with Heads of Villages/Sub-villages/SATGAS to get in touch with HHs to mediate the matter.	
2. Landowners' understanding of compensation, especially non-physical.	<ol style="list-style-type: none"> 1. Conduct detailed explanation of non-monetary compensation for the landowners in PENLOK 2, 2. Monitor landowners in PENLOK 1 to understand utilization of compensation, including non-monetary compensation. 	<p>ITDC had developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A.</p> <p>ITDC/PMC knocked on doors and individually contacted the landowners in PENLOK 1 and PENLOK 2 to offer non-monetary assistance in case of need.</p> <p>The compensation includes physical (land, building and plants on the land) and non-physical (livelihood/business loss, compensation for occupying more than 30 years, relocation cost, administrative cost, tax, and idle time).</p> <p>The amount of compensation is independently and fairly appraised by independent assessor (KJPP) who is licensed under the Ministry of Finance and registered as an appraiser under the Indonesian Society of Appraisal.</p> <p>Supporting Evidence:</p> <p>Appraisal documents were shown to AIIB's Consultant during the site visits on 25 January and 4 February 2021.</p>	<p>Ongoing</p> <p>All land in PENLOK 1 has been fully acquired.</p> <p>PENLOK 2 pending relocating and constructing of mosque 1 out of 29 (non-AIIB related).</p>
3. The order of execution to vacate the houses was given too quickly after receipt of compensation, and the persons using the land did not have enough time to prepare a new house or find	The SATGAS to provide sufficient time for land users to resettle before demolishing the structure.	ITDC/PMC individually contacted the land users in PENLOK 1 and PENLOK 2 to offer them non-monetary assistance as a form of non-physical compensation in case of need.	Completed

Issues	Recommendations	Agreed Action	Completion Status
rental accommodation.			
4. Several land users feel that they still own remaining land because there was a difference in measurement of the land as they understood it written in the "Sporadik" letter) and the result of field measurement by SATGAS.	The SATGAS to show the plot/map, and explain the process of measurement.	<p>ITDC had developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A.</p> <p>The amount of compensation is independently appraised by independent assessor (KJPP) who is licensed under the MoF and registered as an appraiser Indonesian Society of Appraisal.</p> <p>Supporting Evidence:</p> <p>Appraisal documents were shown to AIIB's Consultant during the site visits on 25 Jan and 4 Feb 21.</p>	Completed
Project RAP Progress (Informal Settlers in Project area)			
Temporary Settlement HPL 94			
<p>1. Based on the RAP, the number of PAHs: included 137 Identified PAHs, and 13 Unidentified PAHs. 43 PAHs are living in Temporary Settlements, the remaining live elsewhere in random areas, either having gone back to their original villages or to locations that cannot be identified at this time (unclear addresses),</p> <p>NB: Unidentified means the names of the PAHs are not on original RAP list. The 43 PAHs are part of the 137 Identified PAHs, and are living in the Temporary settlement provided by ITDC until they can move to permanent housing. Random areas refer to the areas from which people were resettled but to which some</p>	Verify/Update data on Informal settlers and prepare cut-off date	<p>ITDC and local government worked together to re-census the number of informal settlers still occupying ITDC land.</p> <p>The census validation result (March 2021) found that 32 RAP PAHs are living in HPL94, 23 PAHs have not moved from their original location, and 78 PAHs were not identified during the census (location unknown).</p> <ul style="list-style-type: none"> 83 RAP PAHs have each received the 10 million from the Government in the form of deposits in secured bank accounts under their names. 54 PAHs have not received payment. Of these, 13 currently cannot be identified; the 	<p>On-going</p> <p>ITDC is developing RAP compensation tracking and validating the data. Eligible PAHs will receive the proper compensation as per RAP.</p> <p>AIIB Project team has requested ITDC to confirm by 6 May 2021 an acceptable timeline for completion of the payment of the 10 million per eligible PAH. Based on the Government letter dated 28 May 2021, the outstanding permanent housing assistance by Central Lombok Government will be officially budgeted by 29 Oct 21 (the 54 PAPs will be validated prior to payment).</p>

Issues	Recommendations	Agreed Action	Completion Status
<p>people have returned as the land had not been secured by ITDC.</p>		<p>remaining 41 cannot be located at this time.</p> <ul style="list-style-type: none"> • None of the 31 primary farmers listed in the RAP have received the compensation for restoration of income. To be completed by July 31, 2021. • None of the 10 secondary farmers listed in the RAP have received the compensation for restoration of income. To be completed by July 31, 2021. • Process to address this is being undertaken with ITDC senior management involvement. <p>ITDC is conducting the validation process with the Sub-Village Chiefs to locate the PAHs who are not currently present at the temporary site. The validation procedure document will be used as guideline for this case.</p> <p>Supporting evidence (HPL94 1 folder):</p> <ol style="list-style-type: none"> 1. Draft Validation of Master List Resettlement Action Plan 2. RAP and other census cross reference sheet 3. Discussion with government if needed to arrange the down payments to those entitled under the RAP who have not hitherto received it 4. Payment of land down payments to PAPs' accounts (83 PAPs have received as per Apr-2021) 	<p>The restoration of income to 41 primary and secondary farmers has been completed on 26 Aug 2021.</p> <p>40 famers have received the compensation.</p> <p>1 farmer has passed away and no heir is registered to receive the compensation. The money will be set aside for a year while further investigation on finding the family will be conducted. The result of investigation will be reported.</p> <p>Update 24 Feb 22:</p> <p>ITDC sent a series of invitation to 42 PAPs to receive the compensation on 14, 17, 18, 26 Jan and 24 Feb 22 at ITDC office, with results as follows:</p> <ul style="list-style-type: none"> • 36 PAPs attended one of the meetings and received the compensation. • 4 PAPs refused the compensation due to land claim. • 2 PAPs failed to attend any meetings. <p>The meeting was attended by Local Government, Bank NTB (local), and ITDC.</p> <p>The PAPs were issued bank account (by Bank NTB), the fund was transferred to the bank account and can only be used for land payment.</p> <p>ITDC has agreed to hold the compensation money for the 4 PAPs who refused and the 2 PAP who were nonattendant for the period of 1 Feb 22 to 30 Sept 24 (closing date of AIIB loan).</p>

Issues	Recommendations	Agreed Action	Completion Status
		<p>5. Payment of restoration of income to those who are entitled (ITDC)</p> <p>See RAP Implementation Immediate Action below for detailed action and timeline, Update 24 Feb 22:</p> <p>4. Updated on 24 Feb 22:</p> <p>15 Jul 21 – verification and validation were conducted by the Local Govt., Sub-Village Chief, and ITDC to follow-up the compensation to remaining 54 PAPs. The results as follows:</p> <ul style="list-style-type: none"> a. 6 PAPs were verified as Enclave Landowners and have been compensated accordingly under PENLOK 1 and PENLOK 2 scheme. b. 4 PAPs were verified to be registered under different name (nickname or under their partner's name) – have been compensated. c. 2 PAPs who were verified have passed away without immediate family registered in the RAP. d. 42 PAPs were verified and validated to receive the compensation. 	<p>Should the PAPs decide to access and receive compensation within the agreed period, the money will be disbursed to the entitled PAPs</p>
<p>2. The previous location of Mother and Children Health Center "Posyandu" is far away.</p>	<p>Proposal to relocate service of Posyandu to Temporary Settlement.</p>	<p>This is a GRM complaint.</p> <p>ITDC has discussed this issue with residents and offered travel assistance. Residents have used this option a few times, however not regularly.</p> <p>ITDC has consulted with the Central Lombok Government Health</p>	<p>Completed</p>

Issues	Recommendations	Agreed Action	Completion Status
		Department and proposed to have the temporary settlement on HPL94.	
3. Muddy street access due to flooding on January 31, 2021	Street improvement	<p>This is a GRM complaint.</p> <p>ITDC instructed Contractors to assist in the cleanup to ensure the road is safe. This was completed; however, the situation is expected to reoccur during wet seasons.</p> <p>Supporting Evidence (HPL94 3 folder):</p> <p>Pictures will be supplied.</p>	Completed
Project RAP - Permanent Settlement Progress			
1. Unclear information on progress in planning, budgeting, and construction	ITDC to monitor progress by NTB Provincial Government and its Ministry of Public Works and Housing (MPWH)	<p>ITDC/PMC and the Department of Housing began conducting monthly meetings since the beginning of the Project in December 2019, and are now conducting regular bi-weekly meetings since 13 April 2021. The bi-weekly meeting is specifically with the Housing Department of Central Lombok Local Government is focusing the resettlement issues (especially as they relate to the permanent housing). The meetings cover the construction timeline and progress of the permanent housing in Ngolang.</p> <p>Supporting evidence (Permanent 1 folder):</p> <p>MOM with Department of Housing Detailed Engineering Design Ngolang (in Bahasa Indonesia)</p>	Clarification completed; meetings ongoing.
2. Unclear information on budget resources for constructing road access to permanent settlement.	ITDC to monitor progress by NTB Provincial Government in building the road access.	The road access construction is included in sub-component 1.2, Infrastructure improvements for neighboring communities. ITDC/PMC submitted the Concept Planning and	Clarification completed; construction ongoing.

Issues	Recommendations	Agreed Action	Completion Status
		Needs Assessment Report by the Design and Supervision Consultant following the AIIB Mission in March 2021. Supporting evidence (Permanent 2 folder): 1. Concept Planning and Needs Assessment Report	
3. Potential increasing number of informal settlers on ITDC land, who may need to be accommodated in permanent settlement	Verify/Update data and prepare cut-off date.	The RPF document states that after the cut-off date (September 2019), "no new cases of affected people will be considered (this applies in particular to persons informally/illegally occupying land)." ITDC is willing to provide non-financial relocation assistance to the informal settlers who are not covered by the RAP. ITDC/PMC raised the issue of these new informal settlers to the local government during the bi-weekly meeting. The validated data of the new settlers will be shared with the government as well. Supporting Evidence (Permanent 3 folder): 1. MOM with Department of Housing 2. RAP and other census cross reference sheet.	In progress Outside of the Project and the scope of the RAP, ITDC is proposing a "Fisherfolk Village" for a new relocation area for local fisherfolk. The village will be integrated with Mandalika masterplan and tourism concept. Based on ITDC Operation consultation with the fisherfolk mentioned, they are willing to relocate to the new location.
Project - Stakeholder engagement			
Complaint about transportation cost to travel to the meeting venue.	Possibility to provide transportation cost to the meeting for the Head of Village/Sub-Village.	ITDC/PMC already provides venue and food to Head of Village/Sub Village when conducting a meeting. Supporting Evidence:	Completed

Issues	Recommendations	Agreed Action	Completion Status
		1. MOM with Chief and Sub-Village Chief, 10 April 2021	
Complaints from fisherfolk relating to MotoGP			
1. AIIB's Consultant received a complaint from the fisherfolk regarding the "the cut-off of tidal function due to elevated land in the MotoGP construction area."	<ol style="list-style-type: none"> 1. ITDC to visit site to attempt to understand the issues. Photos taken between MotoGP Circuit and foreshore. 2. ITDC to communicate with consultant to clarify issue. 3. Consultant to give ITDC contact details for specific fisherfolk. 4. ITDC to visit area between the MotoGP Circuit and the foreshore to attempt to identify issues. 5. ITDC to follow up with AIIB Consultant for further clarification. 6. Photos and/or drone video to be taken of area between MotoGP Circuit and foreshore. 7. After evidence/facts gathered an investigation to be completed. 8. GRM process to be followed. 	<ol style="list-style-type: none"> 1. ITDC confirmed that the complaint came from tidal fisherfolk, who complained about having less fishing area (along the coastline) due to MotoGP land filling (point no 2 & 4). 2. ITDC conducted investigation to ascertain the status of construction with its sister company that is responsible for MotoGP Circuit's construction and operation (i.e., Mandalika Grand Prix Association (MGPA)). MGPA confirmed that there is no coastal filling related to the on-going construction. 3. ITDC then gathered evidence to support the investigation result by taking drone video along the relevant shoreline. 4. ITDC held meetings with the fisherfolk to further assess the issue. 5. The investigation revealed: <ul style="list-style-type: none"> • One complainant lives in the Sub-Village; however, he is not a fisherman; he has no issues or complaints with the MotoGP Circuit. • A Sub-Village Chief canvassed fisherfolk within his village regarding any access issues. None were identified, and the Sub- 	Completed

Issues	Recommendations	Agreed Action	Completion Status
		<p>Village Chief has no knowledge of any issues from fisherfolk.</p> <ul style="list-style-type: none"> On this basis, ITDC concluded the investigation and closed out the GRM with no further action to be taken. <p>6. During his April 2022 visit the AIIB Consultant held discussions with villagers, who indicated that they have been able to access the beach. They wondered whether any access issues were caused by the MotoGP Circuit, when the area was closed for 3 days in March 2022, and when contractors were transporting materials, limiting access to the area surrounding the construction site.</p> <p>Supporting evidence:</p> <ol style="list-style-type: none"> Drone video by MGPA and drone video in Tana Beaq Beach Consultant report 	
Project RAP Implementation Immediate Action			
Proposed immediate action plan related to the data discrepancy and RAP implementation	ITDC to propose immediate action plan and timeline related to the data discrepancy and RAP implementation.	<ol style="list-style-type: none"> RAP data validation: <ol style="list-style-type: none"> Continue the RAP census validation and cross reference with Government compensation (IDR 10 million) recipient list and 	1.(a) On-going

Issues	Recommendations	Agreed Action	Completion Status
		<p>March 2021 census. (see point 4)</p> <p>b. Confirm and validate the current location (residence) of RAP PAHs to the Sub-Village Chief. The PAHs who are identified in the RAP but are not validated by the Sub-Village Chief are to be clarified and validated by ITDC's consultant that prepared the RAP.</p> <p>2. ITDC RAP commitment:</p> <p>a. Livelihood Restoration (compensation) ITDC to expedite the payment of livelihood restoration to 31 primary farmers and 10 secondary farmers. ITDC staff to present the RAP implementation cost to ITDC management for budget approval. ITDC to keep AIIB posted on the progress of this implementation.</p> <p>b. Additional Livelihood Restoration measures (training and 1 job per HH) ITDC is working on the implementation program, and will prioritize inclusion of RAP PAHs in the program.</p> <p>3. Central Lombok Govt. RAP commitment:</p> <p>a. See above: IDR 10 million as down payment for land in permanent relocation</p>	<p>(b) Ongoing</p> <p>The restoration of income to 41 primary and secondary farmers has been completed on 26 Aug 2021.</p> <p>40 famers have received the compensation.</p> <p>1 farmer has passed away and no heir is registered to receive the compensation. The money will be set aside for 1 year while further investigation on finding the family will be conducted. The result of investigation will be reported.</p>

Issues	Recommendations	Agreed Action	Completion Status
		<p>ITDC to present the findings on census validation and cross reference to the Government. ITDC to consult with the Government on how to address the RAP PAHs who have not received the down payment assistance.</p> <p>4. Updated on 24-Feb-22: 15-Jul-21 – verification and validation were conducted by the Local Govt., Sub-Village Chief, and ITDC to follow up on the compensation to remaining 54 PAPs. The results as follows:</p> <ul style="list-style-type: none"> a. 6 PAPs were verified as Enclave Landowners and have been compensated accordingly under PENLOK 1 and PENLOK 2 scheme. b. 4 PAPs were verified to be registered under different name (nickname or under their partner's name) – and have been compensated. c. 2 PAPs were verified as having passed away without immediate family registered in the RAP. d. 42 PAPs were verified and validated to receive the compensation. <p>Supporting evidence:</p> <p>RAP Implementation Timeline</p>	<p>ITDC sent series of invitation to 42 PAP to receive the compensation on 14, 17, 18, 26 Jan and 24 Feb 22 at ITDC office, with results as follows:</p> <ul style="list-style-type: none"> a. 36 PAPs attended one of the meetings and received the compensation. b. 4 PAPs refused the compensation due to land claim. c. 2 PAPs failed to attend any meetings. <p>The meeting was attended by Local Government, Bank NTB (local), and ITDC.</p> <p>The PAPs were issued bank accounts (by Bank NTB), the funds were transferred to the bank accounts and can only be used for land payment.</p> <p>ITDC has agreed to hold the compensation money for the 4 PAPs who refused and the 2 PAPs who were nonattendant for the period of 1 Feb 22 to 30 Sept 24 (closing date of AIIB loan).</p> <p>Should the PAPs decide to access and receive compensation within the agreed period, the money will be disbursed to the entitled PAPs.</p>

ANNEX 3
TIMELINE OF EVENTS RELATING TO CONCERNS
RAISED BY EXTERNAL PARTIES IN CONNECTION WITH THE PROJECT

- In 2019, the AIIB Project team received a communication from civil society organizations (CSOs) raising concerns about the Project. In response, several AIIB Project team members, including environmental and social specialists, visited the Project site to better understand the situation. They were unable to confirm the concerns raised.
- On October 13, 2020, the Civil Society Coalition for Infrastructure Development (CSCID) sent a letter to AIIB, raising concerns in relation to tourism development activities in Lombok, in particular, the MotoGP Circuit.
- On October 21, 2020, the Bank's Senior Management held a dialogue with CSOs, at which CSCID raised concerns about the Project.
- On October 31, 2020, the Bank's Senior Management sent an acknowledgment of receipt of the October 13, 2020 letter to the CSCID.
- On November 2, 2020, the Bank initiated discussions with the Client requesting the Client to develop an action plan (Action Plan) to address issues raised.
- On November 10, 2020, the Bank's Senior Management sent a letter to the Government of Indonesia requesting its special attention to the ongoing land acquisition and resettlement process.
- Between November 22 and 29, 2020, an independent consultant engaged by AIIB (AIIB Consultant) visited the island of Lombok and the Project site and met with a broad range of stakeholders, including the Client, representatives from the local government, the contractor for the MotoGP Circuit under construction in proximity to the Project site, Village Heads, affected people and representatives from civil society.
- On November 25, 2020, during a Board briefing on the status of the Project, the Bank's Senior Management reported that allegations had been made by CSCID regarding the Project and undertook to inform the Board of its findings once its review of these allegations was complete.
- In December 2020, based on the key findings by the AIIB Consultant, AIIB's Project team initiated work with the Client on the detailed Action Plan, with actions to be undertaken by the Client to address any relevant risks related to the findings.
- On January 20, 2021, Management communicated to the Board its key findings relating to the allegations and next steps, including the Action Plan.
- From January 25 to February 4, 2021, the AIIB Consultant made a field visit to the Project area to review progress under the Project and to follow up on the Action Plan.

- On February 10, 2021, the Bank communicated to CSCID the Bank's key findings related to the allegations.
- On March 4, 2021, the Bank received a Communication from the Special Rapporteur on extreme poverty and human rights (Special Rapporteur) of the United Nations Office of the High Commissioner for Human Rights (OHCHR), raising concerns relating to the Project (2021 Communication).
- On March 9, 2021, the Bank sent an acknowledgment of receipt of the 2021 Communication in an email to the Special Rapporteur.
- On March 30, 2021, the Bank received a letter from the Special Rapporteur with a copy of the news release that was to be issued on March 31, 2021.
- On March 31, 2021, the OHCHR issued the news release.
- On April 1, 2021, the Bank published its statement in reference to the OHCHR news release about the Bank's record on the Project.
- On April 5, 2021, AIIB's Senior Management sent a letter to the Government of Indonesia to request its attention to the OHCHR news release.
- On April 7, 2021, AIIB's Senior Management was interviewed by major media in Indonesia.
- Between April 16 and 18, 2021, representatives of the Indonesian Government, including of its Ministry of Foreign Affairs, Coordinating Ministry of Politics, Justice, and Security, and Ministry of Justice and Human Rights, among others, visited the Project site to better understand the situation.
- On May 3, 2021, the Bank sent a letter (2021 Bank Response) to the OHCHR responding to the 2021 Communication and disclosed the 2021 Bank Response on its official website.
- On May 6, 2021, Bank Management held a Board Briefing on the Project and the matters addressed in the 2021 Bank Response.
- Management engaged with the Special Rapporteur and his Office on matters raised in the 2021 Communication by videoconference and through written communications; and the Project team continued to work with the Client on implementation and update of the Action Plan.
- On July 23, 2021, the Bank disclosed the Action Plan on its website.
- On March 8, 2022, the Bank received a second Communication from the Special Rapporteur (2022 Communication).
- On March 9, 2022, the Bank sent an acknowledgement of receipt of the 2022 Communication by email to the Special Rapporteur. Through a separate communication on the same day, the Bank indicated its availability and willingness

clarify any issues in connection with the allegations presented in the Second Communication.

- On March 10, 2022, the Bank initiated discussions with the Client requesting the Client to further update the Action Plan to address any new issues raised.
- Between April 18 and 30, 2022, the AIIB Consultant visited the island of Lombok and the Project site and met with a broad range of stakeholders including the Client, representatives from the local government, the contractors, Project-affected people, and representatives from civil society to assess Project progress as well as the latest concerns of the Special Rapporteur. The conclusions of the AIIB Consultant are reflected in Annex 1, *Table of Specific Responses to Requests for Information Made in the 2022 Communication*.
- Throughout the period since early 2021, following the development of the Action Plan, the Bank has continued to monitor implementation of the Action Plan as part of its Project implementation monitoring. In this connection, the Project team has held weekly Project E&S meetings with the Client with a particular focus on progress in implementing the resettlement under the Project, continued and regular stakeholder engagement and communication, and use of security personnel. The Action Plan has been regularly updated to reflect the outcome of these discussions.

ANNEX 4
2021 BANK RESPONSE
[Table of Specific Responses only]

Request for Information	Response
<p>1. Please provide any additional information and any comments that you may have on the allegations [on pages 3-11 of the Joint Communication]:</p>	<p>1.1. As a multilateral development bank (MDB), AIIB, like other MDBs, is governed by its charter, the Articles of Agreement, and the policies adopted by its Board of Directors, such as the Environmental and Social Policy (ESP) and related Environmental and Social Standards (ESSs) and Environmental and Social Exclusion List (ESEL), all of which are included in AIIB's Environmental and Social Framework (ESF).</p> <p>1.2. The following responses to the requests for information focus on the application of those policies that govern AIIB and against which AIIB's actions must be measured. Specifically, these responses address how AIIB has applied the ESP and ESSs in conducting its due diligence assessment of the Project and monitoring of Project implementation.</p> <p>1.3. As an MDB and Permanent Observer of the UN, AIIB is, of course, cognizant of the various UN Declarations, International Covenants, UN Basic Principles, and UN Guiding Principles mentioned in your Joint Communication. Indeed, AIIB's policies, such as those included in the ESF, share many of the same objectives as those mentioned in these documents.</p> <p>1.4. Most of the information requested and comments by AIIB are provided below in response to Request Nos. 2-9. Further information is provided below under Request No. 10, which essentially repeats this Request.</p>
<p>2. Please provide the AIIB's assessments of the ESIA/ESMP, RAP and IPDP and the basis on which the Mandalika project was assessed to have appropriate measures in place to mitigate and compensate for any adverse environmental and social risks. (p.11)</p>	<p>2.1. As noted above in paragraph 31 of the Overview, although AIIB carefully reviewed the environmental and social documentation developed by the Indonesian authorities, it did not apply the country systems provisions of the ESP.</p> <p>2.2. As part of the Bank's due diligence assessment during Project preparation, the AIIB team made a series of field visits to the proposed Project area, including an initial environmental and social (ES) scoping visit (for specific dates, see below the response to Request No 5). The team also collected and reviewed relevant documents related to pertinent Indonesian laws and regulations and any available environmental impact assessment (EIA, referred to as AMDAL locally) and social documentation. A gap analysis of the AMDAL was conducted in line with AIIB's ESP by ITDC's consultant.</p> <p>2.3. AIIB determined that all three ESSs were applicable. The Project was assigned Category A, and an Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Resettlement Planning Framework (RPF), Resettlement Action Plan (RAP), and Indigenous Peoples Development Plan (IPDP) were required to be prepared by the Client, in accordance with AIIB's ESP.</p> <p>2.4. During its due diligence AIIB staff became aware that the process for acquiring the land to be used under the Project had been ongoing for many years, involving</p>

Request for Information	Response
	<p>different entities, even prior to ITDC's creation. Therefore, AIIB requested the Client to conduct a land study to understand the process that had been undertaken to acquire the land. ITDC engaged a consultant for the purpose, who reviewed the land records and conducted interviews with villagers. More details on the land study may be found below in the response to Request No. 3.</p> <p>2.5. AIIB reviewed the required environmental and social instruments for the Project and cleared them following an iterative process in which AIIB staff made recommendations for enhancements to the documents, and the Client revised them accordingly prior to AIIB's clearance. The ESIA/ESMP identified and assessed environmental and social risks and impacts. Environmental risks identified included air pollution and dust control during construction, noise control during construction and operation, etc. Mitigation measures to address them were included. The relevant mitigation measures and environmental management requirements will be included in the bidding documents, requiring the contractors to reflect them in their proposals.</p> <p>2.6. The principal social impacts identified in the ESIA were those resulting from an influx of migrant workers and changes to the local social fabric, involuntary resettlement, community health and safety and impacts on Indigenous Peoples. The Environmental and Social Management Framework (ESMF) provides for the management of these impacts. The ESMF also includes provisions for management of cultural heritage in line with the ESP and ESS1.</p> <p>2.7. ITDC committed to promote equality of opportunity and non-discrimination by improving employment opportunities to poor, disadvantaged, and disabled people in the affected communities. Employment opportunities will be preferentially provided to local residents, to the extent possible. Project-related employment agreements and situations will be consistent with the Indonesian Labor Code, and with the ITDC Company Regulation/Collective Labor Agreement, and all Project workers will be provided with clear and understandable written terms of employment made available in an accessible manner. Integrated health management services for workers and local communities are to be provided, specifically to mothers and toddlers, through implementation of health services posts for maternal and child health (known as posyandu) and related services, in cooperation with local and regional public health agencies.</p> <p>2.8. A Resettlement Planning Framework (RPF) and the Indigenous Peoples Development Plan (IPDP) were developed, setting out the principles to mitigate specific risks related to Involuntary Resettlement and impacts on Indigenous Peoples.</p> <p>2.9. During its preparation of the IPDP, ITDC collected opinions, perceptions and views on benefits, impacts and proposed development programs as part of its consultations with affected communities. These consultations included Focus Group Discussions (FGDs) with village leaders, women, older people, youth, customary (adat) representatives, and disabled groups. They were supplemented by interviews by ITDC and its consultant with key informants in August–September 2018. Broad support from affected communities was evidenced for the Project during the FGDs, on the basis of anticipated benefits from the Project. The affected communities involved in the FGDs included those from Kuta, Mertak, Sengkol and Sukadana.</p>

Request for Information	Response
	<p>2.10. A range of culturally appropriate activities and programs were included in IPDP in the sectors of infrastructure, agriculture, livestock, fisheries, education, health, and economic and business development. Social and cultural programs were also included. These activities and programs aim at empowering the local community, reducing poverty, improving skills in the local community, and improving incomes of local inhabitants. The identification of these programs was based on participatory consultation with the community, through FGDs, consultations with key informant individuals and community groups.</p> <p>2.11. The IPDP's proposed activities and programs have been incorporated into the Project's <i>Sub-components 1.2</i> and <i>2.3</i>, and will be implemented by ITDC in conjunction with local communities. During the current ongoing early phase of Project implementation, ITDC's consultant has been further planning these <i>Sub-components</i>. Based on these proposed programs and activities, an annual investment program will be developed, covering both physical improvement of local communities and various training and capacity building activities as identified under the IPDP.</p> <p>2.12. During Project preparation, the Client conducted public consultations with concerned stakeholders. More details on the consultation process may be found below in the response to Request No. 4.</p> <p>2.13. The final draft versions of the ESIA/ESMP, RPF/RAP, and IPDP were disclosed by the Client and through AIIB's website in both English and Bahasa prior to Project appraisal.</p> <p>2.14. In addition, the Project's <i>Sub-component 2.4</i> is designed to develop sustainable tourism destination management systems, with a particular focus on long-term environmental and social performance, including monitoring tools for induced impacts on the surrounding areas, such as spatial expansion/land use changes, surface and ground water and the surrounding costal environment, in particular coral reef habitats.</p> <p>2.15. The Client prepared the RAP in February 2020, based on the RPF. AIIB reviewed the draft RAP and cleared it following an iterative process, with the Client incorporating AIIB's comments and requests for clarifications and enhancements before AIIB's clearance. The involuntary resettlement was designed to take place in two phases, with temporary resettlement to take place prior to completion of the permanent resettlement village. During the process of the preparation of the RAP, numerous consultations were held with affected households, during which it was explained to them that the resettlement would occur in these two phases. The completion date of the final resettlement village has not been determined, as this is subject to the decision of the local government, but it is expected that people will be able to start moving at the end of 2021 or early 2022.</p> <p>2.16. The RAP commits ITDC to restoring and/or improving the livelihoods of those who were/are living informally on land owned by ITDC and who have been resettled in temporary housing while permanent housing is constructed. The permanent housing will be an improvement over the previous housing of those being resettled. Affected persons are to be provided with the opportunity to own the land as well. Each household is to be provided with Rs.10 million as a mortgage down-payment as well as employment for at least one household member, which will more than enable</p>

Request for Information	Response
	<p>monthly mortgage instalment payments to be made. The housing is being built in compliance with national regulations and will also enable the affected households to set up holiday homestays so as to take advantage of the expected tourism. The compensation under the Project is designed to meet the requirements of ESS 2.</p> <p>2.17. The RAP is currently under implementation and is being actively monitored by AIIB via weekly phone calls to the Client. Issues that have arisen include the arrival of additional people in the Project area; a census is being conducted to determine the status of the new arrivals under the RAP and how future housing arrangements will be addressed.</p> <p>2.18. During Project implementation, environmental management and monitoring will be conducted by the Client and its Project Management Consultant (PMC), with appropriate reporting arrangements. If there are Project changes, the ESMP will be updated, as needed.</p> <p>2.19. As indicated above, the AIIB Project team was involved in the preparation by ITDC's consultant of the environmental and social documents (gap analysis, land study, RPF, RAP, ESMP, IPDP). The team worked closely with ITDC on developing terms of reference, reviewing interim reports, including consultation outcomes/survey results/interview records, and participating in many meetings with ITDC and its consultant, local communities and local government authorities. During Project preparation, the team made site visits every other month, during which it met with the local communities, including Project-affected people.</p> <p>2.20. In general, the AIIB Project team's meetings with local communities revealed that they welcomed the Project, given the associated benefits, including job opportunities, that could be anticipated from the Project's tourism development.</p> <p>2.21. For more details on ongoing monitoring of the RAP and actions being taken in regards to resettlement under the Project, please see the responses to Request Nos. 5, 9 and 10.f as well as the Action Plan attached as Annex 2 to this Note.</p> <p>2.22. With respect to land acquisition concerns raised in connection with the MotoGP, please see paragraphs 17-20 of the Project Overview above. For more details on actions being taken by ITDC and Provincial authorities, please see the Action Plan attached as Annex 2 to this Note.</p>
<p>3. Please provide a copy of the AIIB's audit of the ITDC's land survey and any other independent assessments carried out by the AIIB in relation to environmental and social risks involved in the</p>	<p>3.1. In 2018 when AIIB's Project team first became involved in the Project, it recognized that there had been long and complex history of land acquisition in the Project area. The Project team therefore asked ITDC to engage a consultant to conduct a land study so as to inform the preparation of the ESIA/ESMP and RPF/RAP for the Project. The study consisted of a legal analysis of the land acquisition process under Indonesian law and confirmed the stronger validity of ITDC's legal rights to the land it had acquired relative to the conflicting claims to some of this land. Nevertheless, recognizing that some households were occupying this land despite lack of legal title, the RPF and RAP were designed to address the needs of these households, including providing alternative housing with title and livelihood restoration.</p>

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Mandalika project. (p.11)	<p>3.2. Because ITDC acquired land throughout the Mandalika SEZ, the study covered the broader area acquired by ITDC and was not limited to the Project area.</p> <p>3.3. The consultant reviewed the land acquisition process, which involved acquisition first by Lombok Tourism Development Corporation (LTDC), then by Bali Tourism Development Corporation BTDC and finally by ITDC (AIIB's Client), sequentially between 1989 and 2018. The report's findings follow.</p> <p>3.4. LTDC was established in 1989 to run a tourism business in West Nusa Tenggara (WNT) Province, as stipulated in a Cooperation Agreement No.50 of 1989 between the WNT Provincial Government and PT Rajawali. The report found that LTDC acquired the land in accordance with relevant laws and regulations in effect at the time of acquisition, through purchase, land swaps and payment of compensation to the State. The report noted that in some cases there were negotiations, mediation over land disputed among local families, but all acquisitions were reflected in a documented consent between LTDC and land owners on price and the release of land rights, as evidenced by a Deed of Land Title Relinquishment (known as an APHAT).</p> <p>3.5. After a process of debt restructuring, BTDC obtained a capital injection from the state in the form of shares in what had been LTDC's plots of land under Indonesian law. BTDC then submitted an application for certificates granting it the right to develop and manage the land (known as HPL certificates). BTDC later became ITDC.</p> <p>3.6. On October 24, 2016, the WNT Provincial Government established a team to accelerate the settlement of continuing land claims in the Mandalika SEZ, pursuant to a Decree of the Provincial Governor. The acceleration team undertook the process required for ITDC to obtain HPL certificates in respect of 1,095,900 m2 of State-owned land that had been assigned to it as part of the Mandalika SEZ.</p> <p>3.7. The process involved the verification of documents, site visits, and coordination, following which a report was prepared proposing necessary next steps. Based on the acceleration team's assessment, it appeared that legal ownership of 938,022 m2 of the land provided to ITDC was subject to conflicting claims. Many of the claims were based on an "acknowledgement letter" issued by the Village Head, confirming that the individual concerned was cultivating and owned the plot of land (referred to as a Statement Letter of Land Ownership). Under the land law concerned, such letters are apparently not recognized as sufficient evidentiary proof of ownership of a plot of land.</p> <p>3.8. In order to accelerate the settlement of the claims so that ITDC could obtain HPL certificates and start developing the 938,022 m2 plots of land over which claims were ongoing, the Provincial Governor instructed ITDC to give the claimants "handshake money" (Uang Kerohiman) in the amount of Rp45,000/m2 (approximately, USD3.21 per square meter). The Uang Kerohiman was paid to the local inhabitants. However, this did not mean that the Provincial Government recognized that their ownership of the land. The consultant's analysis noted that provision of Uang Kerohiman is a "social communal" matter rather than one that is legally recognized. The payment was made in 3 phases.</p>

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	<p>3.9. The main conclusions of the legal analysis, based on the above findings, were summarized as follows:</p> <ul style="list-style-type: none"> (i) There were some administrative errors (lack of spousal consent, inconsistency of values recorded) in the land acquisition process. However, given the statute of limitations, these errors could no longer be contested. (ii) Village Heads issued Statement Letters of Land Ownership, which serve as initial evidence of ownership of land and are required by the land office for registration and issuance of a land title certificate. In some cases, the Statement Letters of Land Ownership in the Project Area were issued after the land in the Mandalika SEZ had already been certified and registered under the name of ITDC, and were therefore not valid. In other cases, at the time of registration under ITDC's name, the original land owners of the plots within the Mandalika SEZ had not registered and certified their plots of land. As proof of ownership over the land, they relied on the Statement Letter of Land Ownership issued by the respective Village Head, despite the issuance by the Ministry of Home Affairs of a 1986 regulation to the effect that such letters have no legal validity. (iii) At the time of the legal analysis, 19 HPL certificates held by ITDC covered land claimed by several local inhabitants. Indonesian Courts consider such HPLs as sufficient evidence of land ownership. Consequently, as the legal holder of these 19 HPL certificates, ITDC had no legal obligation to resolve disputes with the claimants. (iv) Several local inhabitants claimed that they never sold their plots of land, that they had not yet received compensation for the plots concerned and/or that parts of their plots were not paid for in full during the land purchase process. While ITDC could face litigation initiated by claimants, it is unlikely that the claims would be supported by sufficient legal evidence for the case to be decided in claimants' favor, given that the HPL certificates confirm ITDC as the lawful holder of rights to develop the land and Indonesian legal practice to the effect that any claim over a plot of certified land that is not supported by sufficient legal evidence will not be accepted by the court. <p>3.10. The AIIB Project team is working with ITDC to review the land study conducted by ITDC's consultant, in order to make it available to interested parties in due course in a manner that does not compromise the confidentiality of information in the report, such as names of individuals mentioned.</p>
<p>4. Please provide information on any steps taken by the AIIB to verify that the ITDC has engaged in genuine, meaningful and inclusive</p>	<p>4.1. ITDC's consultations with the public and local residents about its Masterplan for the Mandalika SEZ, including the Project, were initiated long before AIIB's involvement in the Project, were extensive and included the following activities.</p> <p>4.2. As part of the AMDAL process, ITDC hosted a public consultation meeting on 12 January 2012, at the Tatsura Hotel in Kuta, Lombok. Numerous other public consultations were also held in Kuta, Mertak, Sengkol, and Sukadana-Teruwai Villages throughout the period from 2016 to 2018. Details on the dates, participants and key issues are compiled in Chapter 7: Public Consultation and Information</p>

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<p>consultations with the affected peoples and communities to obtain their free, prior and informed consent, and obtained such consent where their relocation was involved. (p.11)</p>	<p>Disclosure of the AMDAL. An Addendum to the AMDAL was subsequently prepared in 2018 in order to take into account (i) changes to ITDC's Masterplan and (ii) updates of baseline information. As part of the Addendum process, another public consultation was conducted on 24 April 2018.</p> <p>4.3. In addition, ITDC engaged with stakeholders under its Corporate Social Responsibility (CSR) programs, including a large consultation meeting on 22 February 2017, at Tatsura Hotel, targeting local village heads and other government representatives. Another meeting related to social investment was held on 8 March 2017 at the Segara Anak Hotel in Kuta, and targeted local business leaders. Consultations on Outdoor Hygiene and Cleanliness in the Mandalika SEZ, targeting communities who participate in the Madak Tradition, were also carried out at Kuta Beach on 6 September 2017.</p> <p>4.4. ITDC representatives also joined consultations organized by the Provincial Government "Acceleration Team," to settle land claims within the Mandalika SEZ, which took place on 7 December 2016 and 17 March 2017. Land surveys were conducted in consultation with Village elders and leaders between 2 and 4 July 2017 and again between 25 and 28 July 2018.</p> <p>4.5. Other public consultations organized by ITDC included:</p> <ul style="list-style-type: none"> • 22 February 2017 and 8 March 2017, relating to the Kuta Mandalika beach layout; • 24 April 2018 to disclose Project changes and potential impacts to Villages; • 31 October 2017 and 20-21 June 2018, consultations/stakeholder engagement (locally referred to as socialization) regarding the beach layout with bungalow owners; and • 16 July 2018, stakeholder workshop at the ITDC offices. <p>4.6. Once AIIB became involved with the Project, ITDC conducted a series of intensive consultations in August and September 2018, as part of the ESIA process. They included meetings with community members, including Heads of Ebunot Sub-village and Kuta Village, Heads of PKK (Pembinaan Kesejahteraan Keluarga or Family Welfare Development Organization) and LPM (Lembaga Pemberdayaan Masyarakat or Community Empowerment Organization) of Kuta Village; Head of Kuta Sub-village II; Heads of Petiuw Sub-village and Sukadana Village and the Sub-village Secretary. Consultations were also undertaken with women, the elderly, disabled and youth from Kuta, Sengkol, Sukadana, and Mertak Villages; owners of enclave land (refers to landowners with clear title) in Ebunot Sub-village; and Heads of Batu Guling Sub-village and Mertak Village.</p> <p>4.7. During Project preparation, AIIB's Project team met the environmental authority of the local administrative body (known as the Central Lombok Regency) to review the relevant national environmental and social requirements and participated as an observer in the meetings conducted by the ITDC's consultant with local communities and Project-affected people.</p> <p>4.8. The population of the Villages surrounding the proposed tourist area, i.e., Kuta Village, Mertak, Sengkol, Sukadana, and Prabu (often referred to as buffer communities and villages) is 90 percent Sasak, an Indigenous Peoples group. During</p>

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	<p>Project preparation and the pre-construction phase of implementation, the AIIB Project team communicated with the local communities (Project beneficiary communities as well as Indigenous Peoples) each time it visited Lombok. This enabled the team to learn about their concerns, needs and expectations and to incorporate them into the Project's design. (For details on the concerns and how they were addressed, see above the response to Request No. 2).</p> <p>4.9. ITDC also held consultations and communicated with local communities when its Masterplan for the Mandalika SEZ was being developed and approved. One of the outcomes of these consultations was that ITDC decided to build public and community facilities, including a mosque, local market, public beach, etc., before commencing any major construction.</p> <p>4.10. The standard of the infrastructure in villages in the Project area is poor. In one village, for example, only 10 percent of the inhabitants are connected to the water supply, with the others relying on wells (which apparently have better quality water), and 25 percent of the households do not have their own toilets. All households are connected to the national power grid. Waste management is poor.</p> <p>4.11. During the AIIB Project team's first scoping visit, meetings were held with representatives of surrounding villages. The men with whom the AIIB Project team spoke were of the view that water supply would probably be the women's priority and that toilets were less of a priority. They were not averse to the idea of tourism and wanted to benefit from economic opportunities/grow their businesses. The condition of the health facilities was identified as a problem.</p> <p>4.12. According to a study conducted by Mataram University for the preparation of the AMDAL, a key priority for the local communities was to maintain access to beaches. AIIB also reviewed the Masterplan to confirm that public access to Mandalika's beachfront for both tourists and residents would be provided.</p> <p>4.13. Infrastructure improvements for nearby communities (Sub-component 1.2 of the Project) and skills development and training (Sub-component 2.3 of the Project) are an integral part of the IPDP. Terms of Reference for these activities have been developed based on the communities' needs/expectations, such as clean and accessible potable water supply and training/employment opportunities. ITDC's consultant has been engaging with the local communities to identify and prioritize key activities for them. The Project also includes Technical Assistance support for the buffer villages to monitor and control induced development (e.g., unplanned/illegal property development, which was raised by local people as a concern). The consultant is conducting detailed needs assessments and developing a program for skills development training for buffer communities, based on a participatory planning process and community consultations.</p>
<p>5. Please indicate what steps the AIIB has taken to regularly monitor and supervise the ITDC's compliance with the ESF, in</p>	<p>5.1. The AIIB Project team has conducted the following missions:</p> <ul style="list-style-type: none"> • Pre-scoping mission (November 11-12, 2017) • Scoping mission (February 4-8, 2018) • Identification Mission (April 2-6, 2018) • Preparation Mission (June 4-8, 2018) • Preparation Mission (July 16-20, 2018)

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<p>view of the publicly reported allegations of land grabbing and forced evictions in the Mandalika region. (p.11-12)</p>	<ul style="list-style-type: none"> • Pre-appraisal Mission (August 23-31, 2018) • Appraisal Mission (October 10-12, 2018) • Loan negotiation (November 2018) • Implementation support and monitoring Mission - Project Launch (March 18-22, 2019) • Implementation support and monitoring Mission – E&S (July 29-August 2, 2019) • Implementation support and monitoring Mission (October 7-11, 2019) • Virtual Implementation support and monitoring Mission (March 10-13, 2020) • Implementation support and monitoring Mission - Social (November 22 – 29, 2020) • Implementation support and monitoring Mission - Social (January 25 – February 4, 2021) • Virtual Implementation support and monitoring Mission (March 9 - 16, 2021) <p>5.2. The AIIB Project team’s field visits during the early implementation period (March 18 – 22, 2019; July 29 – August 2, 2019; October 7 – 11, 2019) focused on the environmental and social aspects of the Project, including land/resettlement issues. The team has also directly communicated with the Project-affected people during these visits and included meetings with local communities.</p> <p>5.3. In 2019, following approval of the Project for financing, AIIB received allegations relating to the Project from a group of CSOs about forced evictions, intimidation and threats against those opposing land acquisition, loss of cultural and religious sites, and a lack of access to a decent livelihood, particularly for fisherfolk. AIIB Project team members visited the Project area during the July-August 2019 Mission, including several fishing villages and held consultations with communities in these villages to better understand the issues. The AIIB Project team was unable to confirm these allegations in the Project area.</p> <p>5.4. Due to the COVID pandemic and travel restrictions, AIIB staff have been unable to visit the site in person since October 2019. Therefore, since March 2020, in addition to the official missions noted above, the AIIB Project team has held numerous interim virtual missions/meetings, including: March 30, 31, April 10, 30, May 8, 18, June 2, 18, 25, 30, July 6, 9, 17, 20, 24, 31, August 21, September 7, 25, 28, October 9, 12, 15, 21, 23, etc. Each of the AIIB Project team members have also had separate technical meetings with ITDC since the beginning of 2020.</p> <p>5.5. In October 2020, a coalition of CSOs sent AIIB a letter raising concerns about intimidation related to land acquisition and resettlement in the Mandalika SEZ. As this letter was received during a time when AIIB staff were unable to travel due to COVID-19 restrictions, AIIB engaged an Indonesian social development specialist with many years of experience working on MDB-supported projects, to visit Lombok to investigate these allegations. He traveled to Lombok in November 2020 and spent over a week on the island visiting the Project area and speaking extensively with affected people, local communities and Village Chiefs as well as representatives from ITDC and local government. From his discussions, he was unable to identify any evidence of intimidation or use of excessive force by security forces against local residents or human rights defenders.</p>

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	<p>5.6. In the Consultant's view, the allegations of intimidation may have resulted from the establishment of a task force (known as SATGAS) by the Government of West Nusa Tenggara (NTB) Province (Task Force). Members of the Task Force were accompanied by armed police, because the Task Force was carrying cash to pay compensation to the affected people. Following the Consultant's report, AIIB and ITDC agreed on measures to address the Consultant's findings. This included development of a standard operating procedure (SOP) on the use of police and security personnel by ITDC, its contractors and sub-contractors. The SOP outlines a process for the approval of the use of police and/or the army based on risk, which requires approval by the Managing Director of ITDC. This measure is included in the detailed Action Plan (see Annex 2).</p> <p>5.7. While the Consultant found no evidence of coercion, direct use of force or intimidation relating to land acquisition and resettlement, AIIB recognizes that the presence of armed police could have created fears among the affect people. AIIB is continuing to engage with the Client to confirm that any land still to be acquired is done in accordance with the SOP and RAP and without any intimidation or use of force. It has reiterated to the Client most recently via email/letter that in line with its ESP, AIIB does not tolerate the use of force to intimidate or harm Project-affected people.</p> <p>5.8. AIIB believes that underlying many of these concerns may have been the limited nature of the stakeholder engagement with Village Chiefs and other key members of the local communities during the COVID-19 pandemic. As part of the detailed Action Plan (see Annex 2), ITDC, with support from AIIB, has committed to enhanced stakeholder engagement through, for example, more frequent meetings with Village Chiefs, Sub-village Chiefs, members of civil society and Project-affected people. Information about the Grievance Redress Mechanism (GRM) has also been made more widely available with the use of banners and the placement of more suggestion boxes.</p> <p>5.9. In addition to a visit in November 2020, AIIB's locally-based social Consultant made a field visit from January 25 to February 4, 2021 to the Project area to review progress under the Project. The consultant visited both temporary and permanent resettlement sites, and met with ITDC, local government officials, Village Chiefs and Sub-village Chiefs and Project-affected people. He also visited the MotoGP Circuit site and held meetings with relevant stakeholders, including ITDC, Central Lombok Regency Government, Heads of Villages and Sub-villages, Project-affected people and NGOs. In addition, meetings were held with the contractors for the construction of the MotoGP Circuit. Concerns raised during these visits included quality of water and muddy streets at the temporary resettlement site, the distance to the mother and child health center, land issues, payment of assistance and livelihood concerns.</p> <p>5.10. AIIB has worked with the Client to develop specific actions under the Action Plan for all of the above issues (see Annex 2). As a result, weekly water testing is now taking place, the road was repaired, the mother and child health center was relocated, outstanding assistance was paid and a process for dealing with outstanding land issues was developed. As noted above, a SOP for the use of Security Forces has</p>

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	<p>been developed and an enhanced Stakeholder Engagement Plan has also been developed and is under implementation.</p> <p>5.11. Given the continuing travel restrictions related to the pandemic, AIIB is continuing to engage with the community through its locally based social Consultant. The AIIB Project team holds weekly virtual meetings with ITDC for Project implementation support and monitoring, with a particular focus on land/social aspects of the Project. The Spatial Monitoring and Reporting Tool (under procurement) using drone cameras with very high spatial resolution imagery, will help to remotely monitor construction progress and performance of contractors/sub-contractors' activities on the ground.</p> <p>5.12. During recent discussions with the Client, the AIIB Project Team has become aware of delays in the payment by ITDC of compensation due to the Project-affected people covered under the RAP. Based on the most current information available, the Project team has been able to confirm that the Government allocation of 10 million Rupees per eligible household for the purpose of enabling the household to obtain title to their permanent resettlement land and housing, has been paid in respect of 83 households, but remains to be paid in respect of the other 54 households. Of these 54 households, 13 currently cannot be identified; the remaining 41 cannot be located at this time. The inability to identify some households is due to the fact that national identification card numbers for some of the affected people in the original RAP were not recorded. ITDC is undertaking, with AIIB's support, a reconciliation exercise to identify these eligible persons, and to locate the other eligible households so that they can be compensated. It is also discussing the payment arrangements with the Government agencies concerned. To date, these delays have not had a material impact on the households concerned, as many of them have not yet moved. The amounts will be used to enable them to obtain title to their new land and housing, and the amounts will only be used towards payment of land and housing, once the permanent settlement sites are established. AIIB's Project team has requested ITDC to confirm by May 6, 2021, an appropriate timeline for completion of this exercise and payment of the compensation for the 54 households.</p> <p>5.13. In addition, delays have also been identified in the payment by ITDC of livelihood compensation owed to 31 primary farmers and ten people whose secondary source of livelihood was farming. However, these delays have not had a material impact on the affected people given that the majority of these persons have remained in their original location. The current situation can be described as follows: (a) of the 31 primary farmers, 17 have not yet moved and therefore have not experienced any change to their livelihoods, and 7 have moved to the temporary resettlement site where they can grow some crops; and (b) of the ten people whose secondary occupation was farming, 6 are still living in their previous location and 1 has moved to the temporary resettlement site. ITDC has committed to fully providing the livelihood compensation due to the 31 primary farmers and 10 secondary farmers by July 31, 2021. These actions and commitments are reflected in the Action Plan (Annex 2).</p>
6. Please provide information about	6.1. As a multilateral development bank (MDB), AIIB, like other MDBs, is governed by its charter, the Articles of Agreement and by the policies adopted by its Board of

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<p>the human rights due diligence policies and processes put in place by the AIIB to identify, prevent, mitigate and remedy adverse human rights impacts of the Mandalika project, in line with the UN Guiding Principles on Business and Human Rights. In particular, please provide information about specific due diligence measures taken by your bank before deciding to finance the Mandalika project and, please highlight how your bank conducted meaningful consultation with affected stakeholders. (p.12)</p>	<p>Directors, such as the Environmental and Social Policy (ESP) and related Environmental and Social Standards (ESSs) and Environmental and Social Exclusion List (ESEL), all of which are included in the AIIB's Environmental and Social Framework (ESF).</p> <p>6.2. The responses in this Table focus on the application of those policies which govern AIIB and against which AIIB's actions must be measured. Specifically, these responses address how AIIB has applied the ESP and ESSs in conducting its due diligence assessment of the Project and monitoring of Project implementation.</p> <p>6.3. As an MDB and Permanent Observer of the UN, AIIB is, of course, cognizant of the various UN Declarations, International Covenants, UN Basic Principles, UN Guiding Principles mentioned in the Joint Communication. Indeed, AIIB's policies, such as those included in the ESF, share many of the same objectives as those mentioned in these documents.</p>
<p>7. Please provide information as to how the AIIB has assessed and reached a conclusion that the ITDC's GRM is a suitable and appropriate grievance mechanism. Please also provide detailed</p>	<p>7.1. The Project's GRM has been fully functional since 2020. There was an earlier GRM but it had no formal complaint logging system. Complaints were handled orally but without written records it was difficult to assess the functionality of the GRM. Significant progress was made in 2020 when a proper complaint logging system was developed, though not all of the previously logged complaints could be carried over to the new system due to administrative challenges. It should be emphasized that the GRM covers complaints from all of ITDC's activities, not only those involving the Project. Thus, the complaints may relate to the Project or to the MotoGP Circuit, currently under construction. The GRM has therefore been further updated to clarify whether the complaint relates to the Project or the MotoGP Circuit.</p> <p>7.2. AIIB now receives fortnightly updates of the grievances logged and measures taken to address the complaints. A GRM manual of operations is available in Bahasa</p>

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information as to what complaints have been received by the GRM so far and how they have been addressed. (p.12)	<p>and can be downloaded via the ITDC website. The manual is also available in the Project area at ITDC’s office, the offices of the PMC and the Construction Management Consultants, as well as the offices of sub-contractors. The GRM manual outlines the procedures that ITDC uses to manage complaints from any Project stakeholder and provides guidance for those who wish to make a complaint on how to do so and what to expect from the process.</p> <p>7.3. ITDC and the PMC have carried out a program to increase the public’s awareness of the GRM. ITDC, supported by the PMC team, has held regular meetings with the respective Village Heads to inform them how communities can lodge complaints related to the implementation of ITDC’s projects in Mandalika including the Project. This has included several meetings with Sub-villages (referred to as Pujut) and the Village Chiefs of the five buffer villages (Kuta Village, Mertak, Sengkol, Sukadana, and Prabu). Posters about the GRM have been put up in Sub-district offices, buffer Village offices, and in several public facilities. Printed copies of the complaint forms are also provided in these locations. The public can lodge complaints using these forms or meet the Complaint Handling Officer of ITDC to submit their complaints in person (COVID-19 pandemic restrictions permitting).</p> <p>7.4. As of April 30, 2021, a total of 65 complaints have been received, 53 regarding the MotoGP Circuit and 12 regarding the AIIB financed Project. Of these 62 have been resolved.</p> <table><tr><th>Category</th><th>MotoGP Circuit</th><th>AIIB financed Project</th><th>Total</th><th>Resolved</th><th>Outstanding</th></tr><tr><td>Insecurity</td><td>6</td><td>0</td><td>6</td><td>5</td><td>1</td></tr><tr><td>Water Quality</td><td>7</td><td>0</td><td>7</td><td>7</td><td></td></tr><tr><td>Dust</td><td>5</td><td>0</td><td>5</td><td>4</td><td>1</td></tr><tr><td>Noise</td><td>3</td><td>0</td><td>3</td><td>3</td><td></td></tr><tr><td>Vehicle Speed</td><td>1</td><td>0</td><td>1</td><td>1</td><td></td></tr><tr><td>Vibration</td><td>1</td><td>0</td><td>1</td><td>1</td><td></td></tr><tr><td>Public Facility</td><td>3</td><td>0</td><td>3</td><td>3</td><td></td></tr><tr><td>Employment</td><td>7</td><td>3</td><td>10</td><td>9</td><td>1</td></tr><tr><td>Land Issues</td><td>19</td><td>10</td><td>29</td><td>28</td><td>1</td></tr><tr><td>Fisherfolk</td><td>1</td><td></td><td></td><td>1</td><td></td></tr><tr><td>Total</td><td>53</td><td>12</td><td>65</td><td>62</td><td>3</td></tr></table> <p>7.5. Once a complaint is received, the following process is followed: the complaint is logged, an investigation is undertaken, corrective actions are taken and monitoring mechanisms are put in place, as warranted, and finally feedback is provided to the complainants prior to marking the complaint as resolved in the log.</p> <p>7.6. Environmental complaints are addressed as follows: noise and dust are investigated and quantified by actual measurement using noise meters, vibration</p>	Category	MotoGP Circuit	AIIB financed Project	Total	Resolved	Outstanding	Insecurity	6	0	6	5	1	Water Quality	7	0	7	7		Dust	5	0	5	4	1	Noise	3	0	3	3		Vehicle Speed	1	0	1	1		Vibration	1	0	1	1		Public Facility	3	0	3	3		Employment	7	3	10	9	1	Land Issues	19	10	29	28	1	Fisherfolk	1			1		Total	53	12	65	62	3
Category	MotoGP Circuit	AIIB financed Project	Total	Resolved	Outstanding																																																																				
Insecurity	6	0	6	5	1																																																																				
Water Quality	7	0	7	7																																																																					
Dust	5	0	5	4	1																																																																				
Noise	3	0	3	3																																																																					
Vehicle Speed	1	0	1	1																																																																					
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Total	53	12	65	62	3																																																																				

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	<p>meters, air quality meters and water quality meters. A request to order the vehicle speed monitor has been made. An environmental monitoring program has been developed to sample some 30 points on a weekly basis.</p> <p>7.7. Complaints received to date relating to public facilities were associated with the building of a new mosque. The current mosque was directly adjacent to the MotoGP Circuit. The concerns had to do with the impact of the construction on the mosque both short term and in the long term once the races start. An investigation and negotiation were carried out involving the Provincial Government, Village Heads and ITDC. ITDC agreed to build a new mosque to replace the smaller, old original mosque. ITDC engaged a local contractor to construct the new mosque, which has since been built and the matter is now resolved.</p> <p>7.8. Employment-related complaints involved requests for employment opportunities. These have been addressed as follows: an employment / recruitment system has been set up in the five buffer villages. Currently 1,450 people have been registered in the recruitment / employment data base. The data base will be submitted to all contractors for priority employment. After feedback to the five Village Chiefs and the 13 Sub-village Chiefs, all but one of the complaints have been closed.</p> <p>7.9. Land-related grievances: To address these, ITDC has increased communication with all stakeholders and implemented a more detailed tracking system for all land that has been or remains to be acquired. All grievances associated with land under the MotoGP Circuit land tract known as PENLOK 1 were resolved, either because the transfer of land was finalized or, in four cases, the landowner has accepted the offer, although the formal transfer has not yet occurred. The grievances associated with the MotoGP Circuit land tract known as PENLOK 2 have been addressed as follows: a formal meeting was held between all land owners and ITDC on February 23, 2021. At the meeting, ITDC again explained the land acquisition process to all landowners. Many of the complaints had to do with the fact that people had not been made aware previously of the process and they wanted to know what price they were going to be offered. The improved communication by ITDC with stakeholders should facilitate resolution of this issue. A new complaint has just been logged as of the end of April 2021 regarding land. It is under review.</p>
<p>8. Please provide information on any complaints received by the AIIB's Project-affected People's Mechanism in relation to the Mandalika project. (p.12)</p>	<p>8.1. No complaints have been received to date.</p>
<p>9. Please describe the measures that your bank has taken, or plans to</p>	<p>9.1. The responses to the above Requests describe measures taken by AIIB to address concerns raised in connection with the Project. To summarize, ITDC, with</p>

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<p>take, to prevent recurrence of such situations in the future. (p.12)</p>	<p>AIIB support, has adopted, as part of the detailed Action Plan (see Annex 2), measures covering the following:</p> <ul style="list-style-type: none"> (i) A SOP regarding the use of police and security personnel by ITDC, its contractors and sub-contractors has been adopted. (ii) A communications strategy has been adopted for enhanced stakeholder engagement, with, for example, more frequent meetings with Village Heads, members of civil society and Project-affected people. Information about the GRM has also been made more widely available with the use of banners and the placement of more suggestion boxes in the Project area. (iii) Land acquisition involving willing buyers / willing sellers is being addressed through collaboration with the Task Force (SATGAS), which mediates between communities and ITDC. The amount of compensation is appraised by an independent assessor, who holds a license accorded by the Ministry of Finance and is registered according to Indonesian regulations. Compensation is determined in accordance with the RAP and includes compensation for land, assets, loss of income, relocation costs and tax/transfer costs. (iv) The reconciliation exercise to identify and locate all persons eligible for compensation under the RAP and careful monitoring of compensation paid/to be paid under the RAP are ongoing. (v) Weekly water testing is now taking place, the road was repaired, the mother and child health center was relocated, outstanding assistance has since been paid. The SATGAS has helped identify mutually agreeable solutions to grievances, including those regarding enclave land, claimed land (i.e., land for which ITDC has the HPL Certificate but which is contested), and informal settlers.
<p>10. Please provide any additional information and any comments that you may have on the allegations [on pages 3-11 of the Joint Communication]:</p> <p>(a) Environmental and Social Framework (documented human rights violations and</p>	<p>10.a.1. Allegations have been made by various representatives of civil society to AIIB that certain actions have been taken in the Mandalika SEZ, including forced evictions and involuntary resettlement, intimidation and threats against those opposing land acquisition, loss of cultural and religious sites, and a lack of access to decent livelihood. AIIB takes such allegations seriously, and upon being alerted to them, has visited the Project area in order to understand the issues better at the field level. However, to date it has been unable to verify these allegations in connection with the Project. It should be noted that construction under the Project has yet to begin.</p> <p>10.a.2. At the same time, AIIB notes that the issue of forced evictions from the MotoGP Circuit area has been raised by the National Human Rights Commission (Komnas HAM) as noted below in the response to Request No. 10.c. Despite AIIB's Project team's efforts, as elaborated throughout this Note, AIIB has been unable to determine that similar situations have occurred in connection with the Project. However, AIIB's Project team is continuing to work with ITDC to address all ongoing claims under the Project in an appropriate manner.</p>

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<p><i>abuses in implementation of Mandalika Project) (p.3)</i></p>	<p>10.a.3. Many of the issues raised in these allegations have been addressed in the responses to the above Requests and the Action Plan (Annex 2). To summarize the measures taken under the Project:</p> <p>10.a.4. Regarding evictions, given that the Project involves involuntary resettlement of people informally living on land owned by ITDC, this issue was addressed from the outset of AIIB's involvement; the Client prepared during Project preparation an RPF and a RAP in accordance with AIIB's ESP and ESS 2. These instruments provide for a process whereby affected people are compensated for their assets and provided initially with temporary housing and then permanent housing as well as livelihood compensation. In addition, a SOP regarding the use of police and security personnel by ITDC, its contractors and sub-contractors has been adopted.</p> <p>10.a.5. Regarding loss of livelihood, in 2019, following approval of the Project for financing, AIIB received allegations from a group of CSOs about loss of livelihood of fisherfolk. AIIB Project team members visited several fishing villages and held consultations with communities in these villages to better understand the issue. The AIIB Project team was unable to find evidence of loss of livelihood.</p> <p>10.a.6. Regarding cultural and religious heritage, in addition to the RPF and RAP, the Client also prepared an ESMF, which includes provisions for management of cultural heritage in line with the ESP and ESS1.</p> <p>10.a.7. As the Project construction begins, AIIB will remain alert to these issues.</p>
<p><i>(b) Lack of due diligence (p.4)</i></p>	<p>10.b.1. See Responses to Requests No. 2, 3, 4 and 5.</p>
<p><i>(c) Involuntary resettlement and forced evictions in the implementation of the Mandalika project (p.6 et seq) [NOTE: The majority of the cases reviewed by Komnas HAM relate to the MotoGP Circuit Project and NOT the AIIB-financed Project]</i></p>	<p>10.c.1. Background. The Joint Communication refers to a complaint made to the National Human Rights Commission (Komnas HAM) in August 2020. AIIB is aware of this complaint. It should be noted that most of the claims brought under this complaint relate to land rights claimed to have been affected by the MotoGP Circuit rather than land rights under the Project, which are covered by the RPF and RAP.</p> <p>10.c.2. The following sets out the findings and recommendations of Komnas HAM and subsequent measures undertaken in light of those recommendations.</p> <p>10.c.3. The complaint was brought by a lawyer representing 15 people concerning 17 plots of land required for the MotoGP Circuit for which ITDC has the land certificates. Of the 17 plots, 4 concerned plots in the AIIB-financed Project, all of which have been resolved in ITDC's favor.</p> <p>10.c.4. Komnas HAM conducted monitoring missions from September 28 to October 1 and from October 12 to 15, 2020. Based on these missions, Komnas HAM issued the following findings and recommendations.</p> <p><i>Komnas HAM's Findings:</i></p> <p><i>1. The complainants comprise 15 residents involving 17 plots, and both complainants and ITDC claim to have proof of tenure and / or ownership of the land.</i></p>

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	<p><i>2. The residents have cleared or controlled the land either from generation to generation or based on obtaining legal rights through buying and selling. The residents controlling the land have never relinquished or transferred their rights to anyone (including ITDC and its predecessor). Any release / transfer of rights, is suspected to have involved errors in the object or subject. On the other hand, ITDC obtained management rights (known as HPL) in 2010 (covering an area of 1,034.8 Ha) as the basis for its land ownership. These HPL were obtained based on a clear history of ownership and through a process of acquisition.</i></p> <p><i>3. In order to accelerate the resolution of land problems in the Mandalika SEZ, the Governor of West Nusa Tenggara (NTB) Province issued a decree establishing a Technical Team (Technical Team) for the Acceleration of Settlement of Land Problems in the Mandalika SEZ in 2020 (Decree No. 050 - 13-565 Year 2020, dated July 6, 2020). The budget allocation for the Technical Team is to be borne by ITDC.</i></p> <p><i>4. Based on an identification and verification, the Technical Team concluded as follows:</i></p> <p><i>a) Land claimed by residents. Of the 15 complainants, 5 residents fell into this category. ITDC obtained the land from a clear history of ownership. However, buildings constructed and planting undertaken on the land belong to the community so that its social value was evaluated.</i></p> <p><i>b) Enclave land (i.e., land for which there is clear legal title) was included within PENLOK 1 and PENLOK 2 by the Regent of Central Lombok, comprising 42 plots for a total of 13.2 ha. This land will be paid for by ITDC. 2 of the 15 complainants had plots included in the markers of the enclave land.</i></p> <p><i>c) Land controlled by residents (to be resolved by relocating 108KK). None of 15 complainants fell into this category.</i></p> <p><i>5. ITDC reported several residents who controlled the land included in its HPL to the authorities on charges of raiding, but the court found no proof of evidence. No complainant has filed suit in court over the land issues reported to Komnas HAM.</i></p> <p><i>6. ITDC cleared land and persons were evacuated from the 17 plots without ITDC going through a judicial or agreed settlement process of accounting for the legality of land rights / ownership. Of the 17 plots, 3 have been vacated. The remaining plots are scheduled to be vacated or subject to eviction.</i></p> <p><i>7. ITDC used security forces to conduct its evacuation. Excessive force occurred on September 11-12, 2020.</i></p> <p><i>8. The residents do not object to letting the land they claim be used to build the MotoGP Circuit as long as ITDC pays for the land.</i></p> <p><i>Komnas HAM then summarized the human rights principles to be taken into account if eviction is unavoidable, as follows:</i></p>

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	<p><i>1. Everyone must be protected by law from forced eviction from their home or land and Government shall protect all people from forced evictions that are contrary to the law, and provide them with protection and restoration in accordance with the law, taking human rights considerations into account.</i></p> <p><i>2. If eviction is unavoidable, suitable alternative solutions must be found. In the context of evictions for the MotoGP Circuit, not only do residents lose the land as a place to live and their source of livelihood, but their survival is threatened in the absence of compensation for the land or buildings and plants grown on the land. In addition, eviction and land clearing have the potential to adversely affect the socio-cultural structures that have developed over time. Residents who are evicted may not necessarily enjoy the same quality of life they had before (e.g., relating to livelihoods or expertise, attachment to certain places of worship, habits learned from a long learning process).</i></p> <p>Komnas HAM's Recommendations.</p> <p><i>On the basis of these findings, Komnas HAM made the following recommendations:</i></p> <p><i>1. Addressing the complaints from complainants:</i></p> <p><i>a) The parties shall conduct the process of handling and / or resolving the complaints in accordance with human rights principles.</i></p> <p><i>b) The parties shall follow up on Komnas HAM's recommendations below. Citizens or their attorneys, who are not satisfied with these recommendations, are advised to make more effective efforts to resolve the land issues by legal means, either through litigation or non-litigation processes.</i></p> <p><i>c) ITDC and the Governor of NTB Province are to carry out restoration and rehabilitation of residents affected by the construction of the MotoGP Circuit, with particular focus on those who have been evicted.</i></p> <p><i>2. Addressing land issues in the area that will be used for the construction of the MotoGP Circuit:</i></p> <p><i>a) Governor of NTB Province shall:</i></p> <p><i>(i) Ensure the protection of the rights of residents affected by the construction of the MotoGP Circuit;</i></p> <p><i>(ii) Ensure that the Technical Team works more objectively;</i></p> <p><i>(iii) Order the Technical Team to verify the data / facts in the field, considering that the number of residents who have complaints continues to increase;</i></p> <p><i>(iv) Encourage dialogue / communication space and / or complaint channels at ITDC, especially for residents affected by the construction of the MotoGP Circuit, given their growing number;</i></p>

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	<p>(v) <i>Encourage the central government to issue policies related to alternative solutions in resolving residents' concerns relating to the land to be used for the construction of the MotoGP Circuit;</i></p> <p>(vi) <i>Ensure that the land handling and / or settlement processes in the Mandalika SEZ are conducted in accordance with human rights principles.</i></p> <p><i>b) ITDC President Director shall:</i></p> <p>(i) <i>Find alternative solutions that are suitable for residents who have / are about to lose their land so that their survival is not disturbed and they have a life that is the same / better than before;</i></p> <p>(ii) <i>Immediately complete the payment of compensation for the buildings belonging to the residents and plants they have grown, which are on the plots claimed by both the residents and ITDC;</i></p> <p>(iii) <i>Create space for dialogue / communication and / or complaint channels for residents who object to their land being used for the construction of the MotoGP Circuit;</i></p> <p>(iv) <i>Promote and apply business principles and human rights in developing the Mandalika SEZ;</i></p> <p>(v) <i>Respect the rights of citizens and avoid the use / involvement of security forces in the handling and / or settlement of land claimed by residents.</i></p> <p><i>c) Head of the Indonesian Ombudsman Representative for the Province of NTB (Ombudsman) shall:</i></p> <p>(i) <i>Follow up on complaints submitted by residents regarding the land used for the construction of the MotoGP Circuit in accordance with their authority.</i></p> <p><i>d) Citizens and their Attorneys:</i></p> <p>(i) <i>If there is a land claim, please submit a complaint to the Technical Team / ITDC by including relevant evidence so that verification can be carried out immediately;</i></p> <p>(ii) <i>In the event of any suspicion of inappropriate administration by ITDC either in the process of releasing / acquiring land rights, please submit a complaint to the Ombudsman.</i></p> <p>10.c.5. Verification by the Technical Team. After a series of investigations, review and verification of records and site visits, the Technical Team, which includes representatives of Komnas HAM, reached the following conclusions and made the following suggestions:</p> <p>Technical Team's Conclusions:</p> <p><i>With respect to the land plots for which claims were filed by the 15 residents with Komnas HAM, ITDC's rights have greater validity than those claimed by these residents.</i></p> <p>(a) <i>Land clearing has been conducted in 3 plots.</i></p> <p>(b) <i>4 claimed plots are estuaries.</i></p> <p>(c) <i>4 claimed plots are overlapping land.</i></p>

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	<p>(d) 2 claimed plots have area discrepancies according to a civil judgment. (e) 2 claimed plots lack any valid documentation in favor of the residents. (f) The land rights of 3 claimed plots have been waived by their relatives.</p> <p>Technical Team's Recommendations:</p> <p>(a) Conduct socialization with the people within the area subject to land clearing. (b) Disseminate information through the medias regarding the temporary relocation area of HPL94. (c) Solve the issues in the temporary relocation area of HPL94 (4 in progress) (d) Provide a token of appreciation to the claimants whose lands have been subject to land clearing.</p> <p>10.c.6. ITDC has confirmed that the following measures have been taken.</p> <p>(i) Re-assessment of land ownership documents, together with the Technical Team; (ii) Meetings with the 15 residents to inform them of the results of the re-assessment; (iii) Re-measurement by the Technical Team of certain plots of land claimed by a particular claimant; (iv) Letters sent to the Praya District Court, seeking confirmation of the status of the land claimed by the particular claimant, along with any land certificates to prove the claim; (v) Meetings with the Head of Praya District Court, seeking final confirmation of status the land claimed by the particular claimant, together with the claimant's legal counsel. Based on documentary evidence, ITDC has a valid HPL, and if objections by the claimant remain, they must be resolved through a civil suit.</p> <p>10.c.7. Latest Developments. Of the 15 cases filed with Komnas HAM, ITDC has confirmed that all except one have now been settled. The remaining claimant, which concerns land in the MotoGP Circuit, claims the land is his, although ITDC made the payment for the land to his parents and now holds the Land certificate. A lawsuit has been filed to confirm the legal ownership of the claimed land. While the legal process takes its course, the occupier has agreed to vacate the land voluntarily.</p> <p>10.c.8. In addition, representatives of the Indonesian Ministry of Foreign Affairs, Coordinating Ministry of Politics, Justice and Security and the Ministry of Justice and Human Rights, among others visited Mandalika in April 2021.</p>
(d) Meaningful Consultations and disclosure (p.8)	10.d.1. See the response to Request No 4 above.
(e) Threats and intimidations	10.e.1. See the response to Request Nos. 5 and 10.a above.

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<i>against human rights defenders and the local residents (p.8)</i>	
(f) Project's benefits to communities and a lack of remedies (p.9)	<p>10.f.1. Please see the response to Request No. 2 regarding the RPF and RAP for this Project, and AIIB's due diligence in regard to the RAP. As noted there, the RAP was prepared in February 2020, based on the RPF. The involuntary resettlement was designed to take place in two phases, with temporary resettlement to take place prior to completion of the permanent resettlement village. During the process of the preparation of the RAP, numerous consultations were held with affected households, during which it was explained to them that the resettlement would take place in two phases. The completion date of the final resettlement village has not been determined, as this is subject to the decision of the local government, but it is expected that people will be able to start moving at the end of 2021 or early 2022.</p> <p>10.f.2. Those who are to be involuntarily resettled are to gain title to both the house and the land on which it is to be located. This will considerably improve the socio-economic status of the Project-affected households who were previously informally living on land to which they did not have title. Furthermore, the houses are to be designed so that they can also be used for home stays for tourists and other visitors which could generate an additional source of income. Also, Project-affected people were or will be provided with cash assistance of 10 million rupees.</p> <p>10.f.3. The movement to the temporary resettlement site was hampered, as it took place at the outbreak of the COVID-19 pandemic and it took a while for all the services to be fully functional. Currently 56 units are constructed (planned 136 units), of which 48 units are occupied and 8 are empty. The temporary houses are ± 30-40 m²/unit, with simple construction, roof and fence from zinc, and basic utilities including clean water, toilets, mushala (small mosque), streetlighting and community library. The well water is sampled in 25 locations once a week. A teacher comes once a week to provide extra-curricular activities for children.</p> <p>10.f.4. As noted above in the response to Request No. 5, during recent discussions with the Client, the AIIB Project Team has become aware of substantial delays in the payment by ITDC of compensation due to the Project-affected people covered under the RAP. Based on the most current information available, the Project team has been able to confirm that the Government allocation of 10 million Rupees per eligible household for the purpose of enabling the household to obtain title to their permanent resettlement land and housing has been paid in respect of 83 households, but remains to be paid for the other 54 households. Of these 54 households, 13 currently cannot be identified; the remaining 41 cannot be located at this time.</p> <p>10.f.5. The inability to identify some households is due to the fact that national identification card numbers for some of the affected people in the original RAP were not recorded. ITDC is undertaking, with AIIB's support, a reconciliation exercise to identify these eligible persons, and to locate the other eligible households so that they can be compensated. To date, these delays have not had a material impact on the households concerned, as many of them have not yet moved. The amounts will be</p>

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	<p>used to enable them to obtain title to their new land and housing, and the amounts will only be used towards payment of land and housing, once the permanent settlement sites are established. AIIB's Project team has requested ITDC to confirm by May 6, 2021, a timeline for completion of this exercise and payment of the compensation for the 54 households.</p> <p>10.f.6. In addition, delays have also been identified in the payment by ITDC of livelihood compensation owed to 31 primary farmers and ten people whose secondary source of livelihood was farming. However, these delays have not had a material impact on the affected people given that the majority of these persons have remained in their original location. The current situation can be described as follows: (a) of the 31 primary farmers, 17 have not yet moved and therefore have not experienced any change to their livelihoods, and 7 have moved to the temporary resettlement site where they can grow some crops; and (b) of the ten people whose secondary occupation was farming, 6 are still living in their previous location and 1 has moved to the temporary resettlement site. ITDC has committed to fully providing the livelihood compensation due to the 31 primary farmers and 10 secondary farmers by July 31, 2021. These actions and commitments are included in the Action Plan (Annex 2).</p> <p>10.f.7. The GRM showed complaints about the quality of water, the flooding of the access road, and these were both addressed with the testing process as described above. For further information regarding the GRM and its operation, please refer to the response to Request No. 7 above.</p> <p>10.f.8. The Project is complex in nature as it involves multisectoral investments, ongoing social/land issues, remote location, seismic vulnerability, potential impact on surrounding environment, etc. If successfully implemented, however, the Project will bring significant benefits to the people and economy of one of the poorest parts of Indonesia. The development and management of the Nusa Dua tourism destination in Bali, which in the 1980s was similar to the current situation in Mandalika, has shown that tourism development can lead to transformation in the livelihoods of local communities. The government estimates that 80 percent of tourist spending stays in the Indonesian economy, and generates strong subsequent multiplier impacts through direct, indirect, and induced effects.</p> <p>10.f.9. That said, given the targeting of the Mandalika SEZ to, among others, high-end tourists with preferences for imported goods, there is a risk that a disproportionate amount of Project benefits would not benefit the local or regional economy. The Mandalika Masterplan reviewed by the AIIB Project team shows that it will be mixed-use development, including resorts and hotels (with three to five stars), leisure areas, markets and commercial areas, public spaces and green spaces. (The MotoGP Circuit represents less than 10 percent of the Mandalika SEZ area, although its economic impact can be anticipated to be significantly higher relative to the overall Mandalika SEZ area.)</p> <p>10.f.10. The Project includes dedicated components to benefit the surrounding local communities, including investments in infrastructure and basic services, and skills development. Investments in water supply and sanitation, drainage, waste management, disaster risk reduction, protection of natural and marine assets, and community facilities will help to promote an equitable share in the Project benefits by</p>

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	<p>the local communities, while also helping to mitigate possible adverse impacts from the increased volume of tourists and associated businesses. Skills development and training for selected nearby villages will provide social benefits and strengthen economic linkages of the Project with the local economy.</p> <p>10.f.11. These economic linkages will be achieved, for example, by: (i) providing both assistance in linking hotels with local suppliers of goods and services as well as training for business/enterprise development, language and hospitality skills for local populations; (ii) developing business and hospitality skills for the semi-skilled and unskilled, micro and small enterprises as well as craft makers in and around the Mandalika SEZ; and (iii) training and organizing of local guides as skilled mediators between tourists on the one hand and local culture/natural assets on the other.</p> <p>10.f.12. The Project will provide market lots for local vendors and micro, small and medium enterprises and community facilities within the Mandalika SEZ, including community and cultural centers, training centers, a mosque, public spaces. In addition to infrastructure improvements for local communities, basic infrastructure/services within the Mandalika SEZ will also serve local communities; these include local roads, water supply, evacuation shelters, etc.</p> <p>10.f.13. Foreign visitor arrivals to Lombok have more than doubled since 2010, whereas there are only 361 rooms available in Central Lombok. The Mandalika SEZ is likely to absorb a large share of the tourism demand in Lombok for decades to come. Concentrating facilities to accommodate this demand in a contained environment could preempt haphazard tourism development and impacts on the natural environment, provided that development is well regulated and competently managed, especially in the immediate vicinity of Mandalika. As part of such efforts, the Project has adopted sustainable infrastructure solutions (sustainable drainage system, renewable energy, re-use of treated wastewater for landscaping purposes, integrated disaster risk management system, etc.)</p> <p>10.f.14. During its missions, the AIIB Project team consulted with surrounding local communities including fishing villages to understand and take account of their needs and expectations in the Project interventions to benefit the surrounding communities. In general, AIIB has received positive feedback from local communities with regard to the Project. For example, higher demand has raised the price of fish, allowing some fishermen to spend less time fishing and increase their income through other pursuits, such as driving taxis.</p>