

**Indonesia: Mandalika Urban and Tourism Infrastructure Project  
Update on Project Monitoring and Oversight  
and  
Response to 2023 Joint Communication from the Special Procedures Branch of  
the United Nations Office of the High Commissioner for Human Rights**

**April 14, 2023**

1. This letter is in response to a communication received on February 14, 2023 (referred to as the **2023 Communication**) from the Special Rapporteurs (**Special Rapporteurs**) of the United Nations Office of the High Commissioner for Human Rights (**OHCHR**) and addressed to the Asian Infrastructure Investment Bank (**AIIB**). The 2023 Communication concerns allegations of human rights violations related to the Mandalika Urban and Tourism Infrastructure Project (**Project**).
2. AIIB wishes to reiterate that it takes allegations of human rights violations related to AIIB's operations extremely seriously. In this regard, AIIB always remains open to constructive dialogue and continuous improvement of its operational practices.
3. The 2023 Communication follows up on the concerns raised by the Special Rapporteur on extreme poverty and human rights in an earlier communication dated March 8, 2022, to which AIIB issued its response on May 3, 2022. The 2023 Communication puts a special emphasis on the allegation of human rights violations relating to the MotoGP Circuit, which is located near to but outside the scope of the AIIB-financed Project as defined in the relevant legal documents, as well as at the G20 Summit held in October of 2022. As with the earlier communication, AIIB has sought to give the concerns raised in the 2023 Communication serious consideration.
4. In AIIB's view, an essential precondition to achieving constructive results when allegations of human rights violations have been made is creating an environment in which all involved parties are able to be properly heard. Consequently, AIIB Management has been engaging with the Special Rapporteur on extreme poverty and human rights for this matter and will follow up with further discussion with him and the other Special Rapporteurs listed in the 2023 Communication upon submission of this response (referred to as the **2023 Bank Response**) to the 2023 Communication.
5. From the outset, AIIB wishes to state that it welcomes a direct dialogue with those raising concerns about the Project as a constructive and pragmatic form to solve grievances, and it is prepared to take measures to protect their identities.
6. The 2023 Bank Response replies comprehensively to the concerns raised in the 2023 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**). The subsequent paragraphs summarize the Project, its issues and how they have been addressed; more detailed responses to the 2023 Communication are set out in the **Annex** to this 2023 Bank Response.

**7. Project Overview.** Indonesia has a strong comparative advantage in tourism given its rich cultural and natural resources. Its tourism sector, however, is not living up to its full potential – in 2019, the sector contributed 6.2 percent of Indonesia’s GDP, compared to the global average of over 10 percent. Tourism growth has also been spatially uneven and is heavily concentrated in Bali. The Government of Indonesia (**Gol**) launched a national program, known as the Indonesia Tourism Development Priority Program (Program Prioritas Nasional Pembangunan Pariwisata Indonesia), which aims to develop 10 priority tourism destinations, including Mandalika. The Project is part of the Gol’s national program to generate numerous benefits, including increased tourist spending, local employment, government tax revenues, foreign exchange earnings, and improved quality of life for local communities.

**8.** The Project, estimated to cost USD316.5 million, is being financed by a sovereign-backed loan of USD248.4 million from AIIB to PT Pengembangan Pariwisata Indonesia (PERSERO), referred to in English as Indonesia Tourism Development Corporation (**ITDC**), a company wholly owned by the Gol that has a mandate to plan and develop the Mandalika SEZ. The remaining Project costs of USD68.1 million are being financed by ITDC and Gol counterpart funds. The Project focuses on implementation of the initial phase of an integrated masterplan prepared by the Gol to guide development of Mandalika as a new tourism destination over a 30-year period between 2016 and 2045. The Project aims to provide sustainable core infrastructure for this development in the Mandalika SEZ, including infrastructure improvements in surrounding communities. The core infrastructure financed by the Project includes internal roads, streets, landscaping, and drainage; water supply, sewerage, and wastewater treatment; solid waste management; electricity distribution; disaster risk management facilities; public facilities and public open space.

**9.** The Project is expected to enable mobilization of some USD2.8 billion of private capital over the coming three decades. 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 local 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. Project Implementation Status and Expected Benefits.** 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 March 31, 2023, the disbursement stands at USD107 million (43 percent of the total AIIB loan amount). The Project Management and Construction Management consultants have been hired and are on board. Two works contracts for essential infrastructure (including internal roads, streets, landscaping, and drainage; electricity distribution; disaster risk management facilities; public facilities and public open space) were awarded in March 2021 and are under implementation and showing good progress, with quality assurance measures in place. Other contracts for civil works (i.e., solid waste and wastewater treatment plants) are under preparation.

**11.** Community development programs are being carried out, including provision of training and skills development for selected nearby communities. In addition, technical assistance is being provided, such as development of 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, for example, spatial expansion and land use changes, surface and ground water and the surrounding coastal environment.

**12.** The GOI's integrated masterplan, when fully operational by 2045, is expected to generate an estimated 30,000 jobs in direct hotel employment and 60,000 jobs in indirect and induced employment in related businesses such as food and beverages, agriculture, wholesale and retail, and transport. The economic benefits of the Project focus on the contribution to the local economy from tourism development through tourist spending. The main Project benefits are yet to materialize at this early stage of foundational infrastructure construction. The COVID-19 pandemic also slowed the Project's overall implementation as well as the development of tourism activities in Mandalika.

**13.** The Province of West Nusa Tenggara (or Nusa Tenggara Barat, **NTB**), where the Mandalika SEZ is located, suffers from more severe poverty compared to other provinces in Indonesia. The Mandalika SEZ development and nearby investments are deemed to be a major contributor to recent economic and social progress, including: (a) NTB ranked fourth (7 percent) among all 34 provinces in terms of economic growth in 2022; (b) poverty incidence dropped from 22.8 percent in 2009 to 13.8 percent in 2022; and (c) NTB's unemployment rate decreased from 6.1 percent in 2008 to 2.9 percent in 2022 according to the National Census Bureau of Indonesia.

**14.** Since the lifting of COVID-19 restrictions on travel to the area, there has been a rapid increase in local government revenues at both provincial and regency levels – NTB government revenue has more than tripled since 2009 (from 1.2 in 2009 to 4.0 in 2022, in trillion rupiahs).

**15.** During the site visits of AIIB's Project team in June 2022 and November-December 2022, AIIB received generally positive feedback from Project stakeholders, including local communities, with regard to the Project's benefits and anticipated positive impacts (for example, local street vendors noted increased income from growing local tourism and the presence of Project contractors/workers, particularly during the COVID-19 pandemic; the local community observed that there was better general access, including to the markets, due to paving of roads, and increased safety at night due to provision of street lighting under the Project). In addition, a first hotel in Mandalika, which started operation in August 2022, has generated 240 jobs, over 70 percent of which have been filled by local inhabitants.

**16. AIIB – A Multilateral Development Bank Governed by its ESP.** AIIB, like other Multilateral Development Banks (**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.

**17.** As an MDB and Permanent Observer of the UN, AIIB is cognizant of the various UN Declarations, International Covenants, UN Basic Principles and Guiding Principles mentioned in the 2023 Communication. Indeed, AIIB's policies, such as those included in the ESF, share many of the same objectives as those mentioned in these documents. The Project is governed by the relevant provisions of AIIB's ESF, 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. The AIIB regularly reviews the Project's compliance with the applicable provisions of the ESF through its ongoing monitoring and oversight of the Project.

**18. The Project itself and AIIB's Responsibilities Regarding the MotoGP Circuit.** The 2023 Bank Response reiterates 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 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 the MotoGP Circuit.

**19.** As noted below, this does not diminish AIIB's interest, to the extent reasonable and feasible, in using its good offices to facilitate dialogue and resolution of the environmental and social concerns of households affected by the MotoGP Circuit. To this end, AIIB has already been working with ITDC and the GoI to resolve these concerns through ITDC's Action Plan (**Action Plan**), see paragraph 44 below), which ITDC is implementing and AIIB is monitoring, as well as through ITDC's appointment of independent stakeholder facilitators (see paragraph 50 below).

**20. Allegation of Use of Security Personnel, Military and Police.** The AIIB Project team takes note of the increased presence of police and security personnel during the World Superbike (**WSBK**) and Motorcycle Grand Prix (**MotoGP**) events, which are international events and customarily attended by high-level government officials, including the President of Indonesia. The GoI, not ITDC, follows certain protocols, including a high level of security, during such events.<sup>1</sup> ITDC has reiterated that the intention is not to intimidate people in local communities near the MotoGP Circuit, but to control traffic and manage the crowds. Each event attracts around 200,000 spectators in total during their three-day duration. Recently, the Indonesian authorities became more cautious in managing the crowds in light of the stadium stampede in Malang in 2022, as well as petty crime that has been reported during previous MotoGP Circuit events.

**21.** It is the AIIB Project team's understanding, based on the feedback from local communities and local nongovernmental organizations (**NGOs**) obtained during the previous site visits, that local people were aware that the presence of police and military personnel during the WSBK and MotoGP events was for security purposes. The Project team did not hear of or receive any information regarding intimidation or threat of force

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<sup>1</sup> Reported as Regulation of National Police of the Republic of Indonesia No 24 of 2007.

during these events. During its November-December 2022 site visit, the Project team met with adjacent local communities and raised this specific concern. Local people shared with the AIIB Project team that they had no serious concern over the presence of police and security forces during such events. To date, no further reports on this matter have been received by the Project Team.

**22.** During the AIIB Project team's June 2022 site visit, some local people complained about the exclusive nature of, and limited local participation in the events, which is not related to security or intimidation issues. During the November-December 2022 site visit, the local people reiterated their wish to be more involved in the events and be informed of job opportunities. Local NGO representatives have also expressed their concerns about local businesses not benefiting enough from the events.

**23.** In light of these concerns, which have been raised by the AIIB Project team, ITDC invited local communities to the most recent event at the MotoGP Circuit and has been working to provide business opportunities before and during such events. In addition to increasing local involvement, ITDC is also planning to gradually open the MotoGP Circuit to the public, starting with recreational use on a weekly basis.

**24.** Regarding the security presence on the task force for the settlement of land disputes in the Mandalika area, its composition follows the Provincial Government's governance system and includes representatives of: Mataram University (as an independent institution); Provincial offices responsible for social, land, legal aid, public relations, and law; and Provincial police. This task force, chaired by the Governor of NTB, was established by the Provincial Government to address concerns and/or disputes between local communities and ITDC related to grievances about enclave land and claimed land, and grievances of informal settlers, with a view to identifying mutually agreeable solutions. During the November-December 2022 site visit, the AIIB Project team shared with the members of the task force the concern raised relating to the presence of security forces on the task force and discussed this matter to better understand the mandate, composition, and actual practice of the task force.

**25.** In mitigating risks in relation to use of security personnel, AIIB and ITDC agreed on certain measures, in particular, development and implementation 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 General Manager of ITDC. The security protocols are anticipated to be publicly disclosed on ITDC's website when their review by Indonesian authorities has been completed ([www.itdc.co.id](http://www.itdc.co.id)). Local communities will be informed if ITDC plans to use security personnel for events like MotoGP Circuit races. ITDC and the local government have involved local communities in event coordination, which has helped to make community members aware of the presence of security personnel for these events.

**26.** It is relevant to note that local communities are allowed to raise their concerns and grievances, if any, during the coordination meetings in order to find solutions. While discussing practical ways to minimize the presence of security personnel, AIIB has not,

to date, found any evidence of coercion or direct use of military or intimidation relating to land acquisition and resettlement under the Project.

**27. AIIB's Due Diligence.** AIIB determined that all three ESSs included in the ESF 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.

**28.** AIIB reviewed the required environmental and social instruments for the Project 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 no objection. 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 are included in the bidding documents, requiring the contractors to reflect them in their proposals. 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.

**29.** The RPF and IPDP were developed, setting out the principles to mitigate specific risks related to Involuntary Resettlement and impacts on Indigenous Peoples. 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 individuals and communities. Broad support was evidenced for the Project by affected communities 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.

**30. Consultations.** Consultations under the Project built on years of consultations conducted by ITDC with respect to development of the Mandalika SEZ in the context of the legally mandated environmental impact assessment process – known as AMDAL – as well as under its Corporate Social Responsibility Program. These early consultations, dating back to 2012, are described in the ESIA that was prepared for the Project. They included consultations with Indigenous Peoples communities. During the preparation of the Project's environmental and social instruments, many consultations with stakeholders were conducted, including 28 consultations during the preparation of the IPDP. These consultations led to the actions included in the environmental and social instruments, including the IPDP.

**31.** Consultations are ongoing as the Project is implemented, with specific measures to improve stakeholder engagement included in the ITDC Action Plan. These measures include the development of an ITDC Implementation Strategy for Communication, which specifies: (a) that ITDC and its contractors should hold meetings with Village Chiefs, Sub-Village Chiefs, Project-affected people, and other stakeholders once every two weeks; and (b) how ITDC will disseminate information about the progress of the Project and employment opportunities. Information on the Implementation Strategy for Communication has been disseminated both during meetings and via the “Mandalika Post,” a local newspaper.

**32. History of Land Acquisition in the Mandalika SEZ.** Rights to most of the land within the Mandalika SEZ were acquired over time by ITDC, as evidenced by official certificates (known as HPL certificates) granting it the right to manage the concerned land. There are ongoing claims on some portions of ITDC’s land. However, the Project has so far avoided any intervention on those portions. The ongoing claims are being addressed either by negotiation and/or through the legal process. This process involves a review by ITDC of the location of the land and alignment of the infrastructure, and, if needed, relocation of structures of affected households to nearby areas on other land owned by ITDC. Additional support is also to be provided in the form of a relocation allowance, construction of new houses and/or transportation costs. 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 AIIB Project team is consulting with ITDC on an ongoing basis to facilitate the prompt and appropriate resolution of these matters.

**33. Involuntary Resettlement and Livelihood Restoration.** The Project’s RAP for those living informally on ITDC-owned land contains provisions, in accordance with AIIB’s ESS2, for restoring and/or improving the livelihoods of those who have been resettled and is currently under implementation. In areas where people did not have title, a census was first carried out in 2019 and consultations were held in order to develop the RAP. 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.

**34.** There are 120 Project-affected households (PAHs) that were determined to be eligible for compensation. In accordance with the entitlements of the RAP, each household has been allocated a 100 m<sup>2</sup> plot in the Ngolang permanent resettlement site, at a distance of about 2 km from the Mandalika SEZ. The permanent resettlement site and housing have been supported by the Central Lombok Regency (provision of the land) and the Ministry of Public Works and Housing (housing construction). ITDC has also been improving an access road to Ngolang, which is intended to serve surrounding communities as well.

**35.** The Bank’s November-December 2022 site visit noted that the construction of the 120 houses and utility connections has been completed. Relocation of PAHs to Ngolang

started on November 28, 2022 and is being carried out in stages, with the goal of completing the process by mid-July 2023. Out of 120 PAHs, 61 have signed the permanent housing hand-over letter, received their keys and moved to Ngolang. ITDC and relevant authorities consulted with PAHs about the house distribution mechanism and the process, in order to be inclusive and transparent.

**36.** The agreement between each resettled household and the GoI contains information on the land title and housing ownership. Houses have been provided free to PAHs without a down payment. The new houses have been designed in such a way that they can serve as guest houses for tourists and therefore provide an additional source of income to the PAHs. Each house includes living room, kitchen, bedrooms, bathroom and toilet, and a small garden. ITDC also has committed to providing at least one job per PAH, and 15 already have new jobs in the Mandalika SEZ, as hotel employees, security guards and gardeners. The remaining PAHs have either kept their old jobs as farmers, herders (with the Project providing support through provision of relevant training and facilities such as cattle pens) or already found new jobs outside the Mandalika SEZ as traders, hotel employees, parking officers, construction workers, etc. The employment status of the PAHs is being actively monitored by ITDC. ITDC has also been providing skills development and training for local communities (Project's Sub-component 2.3) in order to help provide equitable Project benefits to local communities and strengthen linkages to the local economy.

**37.** A RAP compensation tracking system was developed to record the process and allows for follow-up on outstanding issues, including whether and to what extent affected people need non-financial assistance and how issues are resolved. To confirm the adequacy of compensation for informal settlers occupying ITDC land, ITDC has: (a) conducted field verification, working with the local government, to record names, employment and livelihood details, and number of family members; and to obtain a copy of identification and a facial photograph; (b) crosschecked the results of verification data with previous data, in coordination with Village Chiefs; (c) reviewed the list so as to compare the complaints received and determine the number of informal settlers who are still living in the Project area; (d) shared this data with Heads of Villages/Sub Village, Sub District of Pujut, and Central Lombok District, and (e) optimized the Project grievance redress mechanism (**GRM**) to facilitate access by PAHs and address their concerns during resettlement.

**38.** Once the resettlement process is completed, ITDC will prepare a RAP implementation completion report and the required supporting documents. The report will be publicly disclosed and shared with AIIB by ITDC.

**39. Impacts on Indigenous Peoples.** AIIB's ESS3, 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. There are Indigenous Peoples living in the Project area, in what are known as "buffer" communities and villages. Specifically, the population of the buffer villages of Kuta, Mertak, Prabu, Sengkol, Sukadana, and Rembitan is 90 percent Sasak,



an Indigenous Peoples group (locally known as “local community” or “customary law community”).

**40.** In accordance with ESS3, an 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. Community development programs have been prepared based on a participatory planning process and a series of consultations with local communities. A local consulting firm engaged under the Project has been providing necessary support to ITDC in the design and supervision of infrastructure improvements for the local communities; ITDC also has engaged relevant institutions, including a local university and the local government for their support in the skills development and training program.

**41.** A range of culturally appropriate activities and programs were included in the 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 communities, reducing poverty, and improving skills and incomes. The identification of these programs was based on participatory consultation, through FGDs, and consultations with key individuals and community groups. The IPDP’s proposed activities and programs have been incorporated into the Project’s Sub-components 1.2 and 2.3 and are being implemented by ITDC in conjunction with local communities. Based on these programs and activities, an annual investment program is developed, covering both physical improvement of local communities and various training and capacity building activities as identified under the IPDP.

**42.** ITDC is holding regular meetings with Village/Sub-village Heads, Central Lombok Regency, and community-based organizations, including NGOs, as well as providing Project information using various platforms, such as conventional and online media, through press releases, publications, and social media. Project progress and key results of the regular stakeholder meetings are shared with the Bank on a weekly basis. ITDC, with AIIB support, is continuing to improve Project stakeholder engagement through programs for specified periods. These detailed programs include the planned activities, target stakeholders, date/venue, topics to be discussed and/or information to be shared, etc. ITDC also submits stakeholder engagement activities completion reports regularly, including minutes, lists of attendees, photos, and other information.

**43. Need for Continued Engagement.** 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, not only with respect to implementation, but also supervision of the Project. AIIB in particular acknowledges that there continues to be room for improvement in stakeholder engagement by all parties concerned. More could be done to better explain how this Project addresses social and environmental impacts and will benefit the local communities in and surrounding the Project and provide employment opportunities.

**44. Background and Content of ITDC’s Action Plan.** Following its receipt of the only civil society organization (**CSO**) letter raising concerns about intimidation related to land acquisition and resettlement in the Mandalika SEZ in October 2020, AIIB engaged an Indonesian social development specialist (**AIIB Consultant**) with many years of experience working on projects supported by MDBs, to visit Lombok and verify these allegations of intimidation. The use of a local consultant was necessary due to the inability of AIIB staff to travel to the site during the COVID-19 pandemic. 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, with most of the actions now completed. The AIIB Project team is continuing to monitor implementation of the Action Plan as part of its enhanced Project monitoring. The Action Plan to date covers the following matters:

- (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 previously necessitated some restrictions on in-person engagement.
- (b) **Security Personnel.** With respect to the use of security personnel, ITDC has developed a 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 General Manager 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 resettlement. 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 is working with the GoI to provide compensation and support livelihood restoration for the PAHs covered by the RAP.
- (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 was 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., written form, banners, social media etc.), as well as AIIB’s Project-affected People’s Mechanism (**PPM**), and increased interaction at the local level, through regular field visits and monitoring of the GRM logs. Grievances

received in connection with AIIB-related activities have involved such matters as dust, noise, vibration, water quality relating to ongoing construction, employment opportunities, and information seeking regarding Project activities. Most of the grievances have been satisfactorily resolved. The remaining grievances mostly concern claims relating to ITDC-owned land, including ownership disputes and compensation payments, which are under review for resolution.

**45. Project Monitoring and Supervision.** Given 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, the AIIB Project team has been carrying out frequent implementation support and monitoring. In addition to regular Project monitoring missions, the Project team conducted more targeted technical visits/meetings (by videoconference during the pandemic) to review progress and address specific issues. The Bank has also engaged national environmental and social experts (including a second local social expert, recently hired, referred to together with the first as **AIIB Consultants**) to monitor the Project's implementation and provide necessary support to ITDC, focusing on stakeholder engagement and resettlement. The AIIB Consultants have traveled several times to Lombok, most recently in February 2023, to visit the Project area and speak with Project-affected people; local communities and Village Chiefs; representatives from ITDC and local government; and local NGO/CSO groups.

**46.** The AIIB Project team continues to conduct weekly Project-level meetings with ITDC on environmental and social aspects, in addition to the AIIB Consultants' regular site visits (most recently in February 2023). These weekly meetings focus on: (a) grievance redress mechanisms; (b) resettlement-related issues such as compensation, and conditions of the permanent resettlement site; (c) reports by the AIIB Consultants and ITDC of meetings held with local stakeholders; and (d) employment generation for Project-affected people.

**47.** As part of its enhanced approach to Project monitoring, the AIIB Project team continues to monitor implementation of ITDC's 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 involving environmental and social aspects of the Project.

**48.** The AIIB Project team carried out its regular Project monitoring mission in November-December 2022. Given the lifting of the COVID-19 travel restrictions, the AIIB Project team is planning more frequent field visits. In addition to involving the independent facilitators (see paragraph 50 below), the ITDC plans to engage a third-party monitoring consultant to conduct an external assessment of implementation of Project environmental and social instruments, including the extent to which resettlement and rehabilitation objectives are being met.

**49.** The Project team periodically reviews the Project and prepares a progress report (Project Implementation and Monitoring Report or **PIMR**), which is 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 on AIIB's [website](#).

**50. Appointing Independent Facilitators.** AIIB recognizes the importance of experienced facilitators in enabling stakeholders to identify mutually agreeable solutions to their respective concerns. To this end, after discussing the issue of stakeholder facilitation with the UN Special Rapporteur on extreme poverty and human rights, AIIB confirmed with ITDC and the Gol that ITDC would engage one or more experienced independent stakeholder facilitators to develop a better understanding of the expectations and concerns of stakeholders, including local communities, relating to the Project as well as nearby investments, such as the MotoGP Circuit.

**51.** Terms of reference (ToR) for the independent facilitators were developed by ITDC and reviewed by AIIB. In the discussions AIIB initiated with ITDC on this topic in June 2022, great importance was given to the candidates' profile. Incorporating feedback received from the UN Special Rapporteur on extreme poverty and human rights in August 2022, AIIB communicated to ITDC that the facilitators would need to be intimately familiar with the local context. Cultural sensitivities, local and English language skills, as well as the candidates' independence (including in relation to any prior engagements or activities), were among the key criteria. Insistence on these criteria made the search for suitable candidates more complex and time consuming as it prompted several rounds of discussions between AIIB and ITDC and revisions to the initial ToR.

**52.** ITDC identified several candidates and completed its interview process in November 2022. The AIIB Project team also met with the proposed candidates during its visit to Indonesia in November-December 2022. The AIIB Project team is of the view that the two selected facilitators fulfill the above-mentioned criteria as they have demonstrated experience working in the local context, and are not associated with the Gol, ITDC or AIIB. Brief profiles of the independent facilitators and their roles and objectives will be publicly disclosed on ITDC's website ([www.itdc.co.id](http://www.itdc.co.id)).

**53.** The two independent facilitators were appointed on February 23, 2023, and have started gathering initial information and engaging with key stakeholders with a view to developing a facilitation plan, which is anticipated to be furnished to AIIB and ITDC and disclosed in the near future.

**54.** With the engagement of the independent facilitators, AIIB anticipates that the facilitation will bring key stakeholders to the table to enable ITDC and AIIB to better understand their issues, interests, and concerns in order to seek common ground and develop mutual understanding so as to enable resolution of outstanding issues.

**55. Next Steps.** AIIB's next full regular monitoring field visit is planned for May-June 2023, at which time AIIB's Project team will continue to conduct field-based Project monitoring and oversight, including following up on the facilitators' work. AIIB has proposed that ITDC plan a stakeholder workshop facilitated by the facilitators during this field visit and will follow up with ITDC once the facilitation plan has been developed.

**56.** AIIB reiterates its wish to have a direct dialogue with all concerned parties, including Project stakeholders and civil society groups, to continuously improve its Project monitoring. At the same time, it must also be reiterated that AIIB does not have legal leverage over ITDC on environmental and social concerns relating to activities beyond the Project's scope, such as the MotoGP Circuit.

**ANNEX 1**  
**TABLE OF SPECIFIC RESPONSES**  
**TO REQUESTS FOR INFORMATION MADE IN THE 2023 COMMUNICATION**  
 April 14, 2023

| No.                             | Comments/Request for information   | Response  |
|---------------------------------|--|---|
| <b>Scope of the Project</b>     |  |   |
| 1.                              | <p>AIIB-financed Project and the MotoGP Circuit</p>  | <p>The scope of the AIIB-financed Project and AIIB's rights and responsibilities in relation to the Project are defined in the financing agreement between AIIB and PT Pengembangan 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 any activities (including environmental and social aspects) beyond the Project's scope, such as the MotoGP Circuit.</p> <p>However, 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 has been discussing with ITDC and the Government of Indonesia (GoI) measures to resolve these concerns, through ITDC's Action Plan (see paragraph 44 in the main text), which ITDC is implementing and AIIB is monitoring, as well as through ITDC's appointment of independent stakeholder facilitators (see paragraph 50 in the main text).</p>   |
| <b>Involuntary Resettlement</b> |  |   |
| 2.                              | <p>Permanent homes still under construction in Ngolang</p> <p>Despite assurances by AIIB and the ITDC that permanent resettlement would occur within 12 months of relocation, approximately 100 people from an estimated 36 households remain in self-built temporary shelters, almost 3 years later</p> <p>Resettled families required to pay a monthly payment of 300,000 IDR towards home ownership. It is placing already indebted and impoverished families at risk of homelessness for non-payment of these amounts)</p> | <p>The Project's Resettlement Action Plan (RAP) for those living informally on ITDC-owned land contains provisions, in accordance with AIIB's Environmental and Social Standard 2 (ESS 2), for restoring and/or improving the livelihoods of those who have been resettled, and is currently under implementation. 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, such as cattle pens to provide the Project-affected households with the option of continuing to practice livestock husbandry.</p> <p>Based on the request from the Project-affected Households (PAHs), the Central Lombok Regency Government applied to borrow and use the HPL 94 land plot as a temporary resettlement site for PAHs for five years. A 12-month</p> |

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|     | <p>In Ngolang, there is no running water and resettled families being asked to pay for a water pump themselves</p> <p>Most farmers and fishers are struggling to sustain their livelihoods without any protection or training as promised according to the RAP</p> | <p>completion of permanent housing was initially proposed but due to administrative and technical issues, the construction of permanent housing was only completed in August 2022. During the delay, the ITDC supported PAHs in improving their livelihoods and living standards before the permanent resettlement by implementing the following activities: (i) relocation assistance; (ii) provision of basic services and community facilities, such as water supply, electricity, and a small mosque; and (iii) provision of training and skills development for PAHs. At the same time, ITDC closely coordinated with the local government to expedite the completion of the permanent housing.</p> <p>In accordance with the entitlements provided under the RAP, each PAH has been allocated a 100 m<sup>2</sup> plot in the Ngolang permanent resettlement site. The permanent resettlement site and housing have been supported by the Central Lombok Regency (provision of the land) and the Ministry of Public Works and Housing (housing construction). ITDC has been improving an access road to Ngolang, which is also intended to serve surrounding communities.</p> <p>The November-December 2022 the Bank's team confirmed during its site visit that the construction of 120 houses and utility connections has been completed. Relocation of PAHs to Ngolang began on November 28, 2022, and is being carried out in stages. Out of 120 PAHs, 61 have signed the permanent housing hand-over letter, received their keys and moved to Ngolang. The relocation process is anticipated to be complete by mid-July 2023. ITDC and relevant authorities consulted with the PAHs about the house distribution mechanism and the relocation process in order to be inclusive and transparent. The process of relocation is also disclosed at ITDC's website and media platform: <a href="https://www.itdc.co.id/press-release/49-kk-dari-120-kk-warga-relokasi-kek-mandalika-telah-tempati-hunian-tetap-di-dusun-ngolang-20221206073040">https://www.itdc.co.id/press-release/49-kk-dari-120-kk-warga-relokasi-kek-mandalika-telah-tempati-hunian-tetap-di-dusun-ngolang-20221206073040</a>; <a href="https://www.itdc.co.id/press-release/total-61-kk-warga-relokasi-kek-mandalika-telah-tempati-hunian-tetap-di-dusun-ngolang-20221229024918">https://www.itdc.co.id/press-release/total-61-kk-warga-relokasi-kek-mandalika-telah-tempati-hunian-tetap-di-dusun-ngolang-20221229024918</a>; <a href="https://www.instagram.com/reel/C1OL6_tvRvm">https://www.instagram.com/reel/C1OL6_tvRvm</a>; <a href="https://www.instagram.com/p/CmvzoQyBuBO">https://www.instagram.com/p/CmvzoQyBuBO</a></p> <p>The agreement between each resettled household and the Gol contains information on the land title and housing ownership. Houses have been provided free of charge to PAHs. Hence, PAHs are not required to make any monthly installment or other payments towards home ownership. The new houses have been designed in such a way that</p> |

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|                                 |  | <p>they can serve as guest houses for tourists and therefore provide an additional source of income to the PAHs. Each house includes living room, kitchen, bedrooms, bathroom and toilet, and a small garden. ITDC also has committed to providing at least one job per PAH and 15 already have new jobs in the Mandalika SEZ, as hotel employees, security guards and gardeners. The employment status of the PAHs is being actively monitored by ITDC.</p> <p>ITDC has also been providing skills development and training for local communities (Project subcomponent 2.3) in accordance with the Project's Indigenous Peoples Development Plan (IPDP) to help provide equitable benefits to local communities (both Indigenous and non-Indigenous) and strengthen economic linkages.</p> <p>A RAP compensation tracking system was developed to record the process and follow up on outstanding issues, including whether and to what extent Project- affected people need non-financial assistance and whether and how issues have been resolved. To confirm the adequacy of compensation for informal settlers occupying ITDC land, ITDC has: (i) conducted field verification, working with the local government, to record names, employment and livelihood details, and number of family members; and to obtain a copy of identification and a facial photograph; (ii) crosschecked the results of verification data with previous data, in coordination 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 Project area; (iv) shared this data with Heads of Villages/Sub Village, Sub District of Pujut, and Central Lombok District, and (v) optimized the Project GRM to facilitate access by PAHs and address their concerns during resettlement.</p> <p>Once the resettlement process is completed, ITDC will prepare a RAP implementation completion report and the required supporting documents. The report will be shared with AIIB and disclosed by ITDC.</p> |
| <b>Increased militarization</b> |  |  |
| 3.                              | Increased presence of police and security forces and restrictions during the March 2022 Moto Grand Prix (MotoGP) race and the November 2022 World Superbike (WSBK) race. During the race days, Ebnut village people forced to wear | AIIB takes note of the increased presence of police and security personnel during the World Superbike (WSBK) and Motorcycle Grand Prix (MotoGP) events, which are international events and customarily attended by high-level government officials, including the President of Indonesia. The Gol, not ITDC, follows certain protocols, including a high level of security, during such events.  |



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|     | bracelets or stickers to travel through security checkpoints near its village. Bracelets were distributed in limited quantities with some households not receiving any severely restricting freedom of movement | <p>For every event held in the Mandalika MotoGP Circuit, an event committee is formed to manage overall event implementation. Such event committees announce an upcoming event publicly and, at the same time, report to relevant government authorities at both central and local levels. Based on the information provided to government authorities, such as the expected number of spectators, the government authorities, including the police and military, prepare and execute a plan to maintain peace and order during the event following the Government's regular regulations and procedures.</p> <p>During events that can have thousands of spectators, the local communities are given special identity bracelets to provide them priority movement within Mandalika. The identity bracelets are meant to ease mobility of local communities rather than restrict it.</p> <p>ITDC has reiterated that the intention is not to intimidate people in local communities near the MotoGP Circuit, but to control traffic and manage the crowds. Each event is attended by around 200,000 spectators in total during their 3-day duration. Recently, the Indonesian authorities became more cautious in managing the crowds in light of the Kanjuruhan Stadium stampede in Malang, Java in 2022, as well as crimes that have been reported during previous MotoGP Circuit events, in particular, pickpocketing.</p> <p>It is the AIIB Project team's understanding, based on the feedback from local communities and local NGOs obtained during the previous site visits, that local people were aware that the presence of police and military personnel during the WSBK and MotoGP events were for security purposes. The Project team did not hear of or receive any information regarding intimidation or threat of force during these events.</p> <p>During its November-December 2022 site visit, the Project team met with adjacent local communities and raised this specific concern. Local people shared with the AIIB Project team that they had no serious concern over the presence of police during such events.</p> <p>During the AIIB Project team's June 2022 site visit, some local people complained about the exclusive nature of, and limited local participation in the events, which is not related to security or intimidation issues. During the November-December 2022 site visit, the local people reiterated their wish to be more involved in the events and be informed of job opportunities. Local NGO representatives also</p> |

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|  |   | <p>expressed their concerns about local businesses not benefiting enough from those events.</p> <p>In light of these concerns, which have been raised by the AIIB Project team, ITDC invited local communities to the most recent event at the MotoGP Circuit and has been working to provide business opportunities before and during such events. In addition to increasing local involvement, ITDC is also planning to gradually open the MotoGP Circuit to the public, starting with recreational use on a weekly basis. Using their Indonesian identity cards, local people may enter free of charge.</p>  |
| 4.   | <p>Project-affected communities raised concerns regarding the task force for the acceleration of resettlement of land disputes (SATGAS)</p>                                     | <p>Rights to most of the land within the Mandalika SEZ were acquired over time by ITDC as evidenced by official certificates (known as HPL certificates) granting it the right to manage the concerned land. That said, there are ongoing claims on some portions of the land managed by ITDC. These are being addressed either by negotiation and/or through the legal process.</p> <p>Any disputes relating to 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.</p> <p>During its November-December 2022 site visit, the Project Team shared with the members of SATGAS the concern about the presence of representatives from the military in SATGAS. To that end, the team discussed this matter with SATGAS to better understand the composition, mandate, and actual practice of SATGAS. AIIB's understanding is that the composition of SATGAS includes representatives of: Mataram University (as an independent institution); Provincial offices responsible for: social, land, legal aid, public relations, and law in addition to the Provincial police and military.</p> |
| <b>Allegation of restrictions on civic space and freedom of expression</b> |   |   |
| 5.   | <p>Ahead of the November 2022 WSBK event, banners and planned protest against the negative impacts of the international circuit on their lives and livelihoods were blocked</p> | <p>The protest was ultimately cancelled. AIIB's Project team was advised by ITDC that this was the outcome of consultations between the Local Government and local communities designed to minimize conflict.</p>   |

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| 6.  | Ahead of the G20 Summit in Bali, the protests opposed the restriction of civic space around the G20 Summit and the inequitable trade agreements and investments from developed countries. The demands were tightly intertwined with advocacy in Lombok | <p>To date, the AIIB Project team has received no information as regards the link between the G20 Summit protests and the Project.</p> <p><a href="https://mataram.antaraneews.com/berita/233669/perwakilan-delegasi-ktt-g20-kunjungi-desa-wisata-di-lombok-utara">https://mataram.antaraneews.com/berita/233669/perwakilan-delegasi-ktt-g20-kunjungi-desa-wisata-di-lombok-utara</a></p>  |
| <b>Meaningful consultations and right to obtain information</b> |  |  |
| 7.  | PAHs not being informed or consulted in a meaningful manner. Three consultations took place on July 7, August 3, October 6 in 2022   | <p>ITDC is holding regular meetings with Village/Sub-village Heads, Central Lombok Regency, and community-based organizations including NGOs, as well as providing Project-related information using various platforms such as conventional and online media through press releases, publications, and social media. Project progress and key results of the regular stakeholder meetings are shared with the Bank on a weekly basis. ITDC, with AIIB support, is continuing to improve Project stakeholder engagement through programs for specified periods. These detailed programs include the planned activities, target stakeholders, date/venue, topics to be discussed and/or information to be shared, etc. ITDC also submits stakeholder engagement activities completion report regularly, including minutes, lists of attendees, photos, and other information.</p> <p>Community development programs in accordance with the IPDP have been prepared in close consultation with surrounding local villages, in terms of investment in infrastructure and skills development, based on specific needs and requests of the communities, and related implementation arrangements. ITDC is implementing the IPDP community development programs, which the local communities have welcomed and in which they have participated.</p> <p>Moreover, the grievance redress mechanism (GRM) operated by ITDC has been operational since 2020. A series of actions was 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., written form, banners, social media etc.), as well as AIIB's Project-affected People's Mechanism (PPM), and increased interaction at the local level, through regular field visits and monitoring of the GRM logs.</p> |

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|   |   | Grievances received in connection with AIIB-related activities have involved such matters as dust, noise, vibration, water quality relating to ongoing construction, employment opportunities, information seeking regarding project activities. Most of the grievances have been satisfactorily resolved. The remaining grievances mostly concern claims related to ITDC-owned land.   |
| <b>Threats and intimidations against Sasak human rights defenders</b> |   |   |
| 8.  | Sasak opposing the ITDC's land acquisitions and movement restrictions have been subject to intimidation, harassment, and threats. During the March 2022 MotoGP race, three members were arrested in connection with social media posts criticizing the Indonesian government for restricting their movement   | ITDC informed the AIIB Project team that it is not aware of any such acts but that it would follow up should it receive information about threats or intimidation. AIIB takes these allegations very seriously and takes action upon receipt of such information. During its site visits in 2022, the AIIB Project team could not corroborate the allegations.<br><br>The Project-level GRM has been in operation since 2020 and complaints are regularly reviewed by AIIB's Project team. To date, there have been no specific complaints related to Sasak opposition to land acquisition or on the movement restrictions related to the GRM MotoGP Circuit. |
| 9.  | Prior to the November 15 start of the G20 Summit, local police committed a sweep of the secretariat of student unions where protest materials were being held, and seized posters, banners and leaflets with slogans criticizing the G20 and calling for a resolution to the land disputes in Mandalika. On November 15, there was a protest in Mataram against the G20 Summit and the lack of resolution to the land disputes in Mandalika | Refer to response no 6.   |
| <b>Others</b>   |   |   |
| 10.   | What measures adopted to ensure that the AIIB as well as your clients and business partners possess adequate awareness, knowledge and tools to identify and report human rights abuses in your operations<br><br>Guidance that the AIIB has provided to your clients and partners on how to respect human rights throughout   | 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).<br><br>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 cognizant of the   |

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|     | their operations in line with the UN Guiding Principles on Business and Human Rights (such as conducting human rights due diligence, consulting meaningfully with potentially affected stakeholders, and remediating any negative impacts)  | 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.  |
| 11. | Information on whether and to what extent the AIIB publicly discloses how it is addressing human rights risks and impacts connected with investment activities  | <p>Under AIIB's policies and directives, the Client and the Bank both disclose the Client's draft environmental and social documentation for sovereign-backed financing during the Project's preparation phase and updates are disclosed as they become available.</p> <p>In the case of the Mandalika Project, the final draft versions of the Environment and Social Impact Assessment/Environment and Social Management Plan (ESIA/ESMP), Resettlement Planning Framework/Resettlement Action Plan (RPF/RAP), and Indigenous Peoples Development (IPDP) were disclosed by ITDC and through AIIB's website in both English and Bahasa prior to Project appraisal.</p> <p>AIIB also 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 the 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:<br/> <a href="https://www.aiib.org/en/projects/details/2019/approved/download/project-implementation-monitoring-report/January-2023/AIIB-PIMR_SBF_Indonesia_P000069_Mandalika-Urban-and-Tourism-Infrastructure_No-9_January_2023_Public-Version.pdf">https://www.aiib.org/en/projects/details/2019/approved/download/project-implementation-monitoring-report/January-2023/AIIB-PIMR_SBF_Indonesia_P000069_Mandalika-Urban-and-Tourism-Infrastructure_No-9_January_2023_Public-Version.pdf</a></p> |
| 12. | Information as to what human rights due diligence policies and processes have been put in place by the AIIB to monitor and supervise ITDC's compliance with the United Nations Guiding Principles on Business and Human Rights and the United Nations Declaration on the Rights of Indigenous Peoples | <p>AIIB's investments are guided by its Board-approved ESF, 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.</p> <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>  |

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|     |  | Specifically, AIIB regularly monitors ITDC's compliance with the legally binding requirements of the Environment and Social Impact Assessment/Environment and Social Management Plan (ESIA/ESMP), Resettlement Planning Framework/Resettlement Action Plan (RPF/RAP), and Indigenous Peoples Development (IPDP).  |
| 13. | <p>Information about 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 United Nations Guiding Principles on Business and Human Rights and the United Nations Declaration on the Rights of Indigenous Peoples</p> <p>Information as to any steps taken by the AIIB to verify that the ITDC has engaged in genuine, meaningful and inclusive consultations with the Sasak People, to assess the impacts of the Project on the Sasak as an indigenous people as well as to avoid any potential adverse impacts and mitigate risks.</p> | <p>AIIB's ESS3, 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. There are Indigenous Peoples living in the Project area, in what are known as "buffer" communities and villages. Specifically, the population of the buffer villages of Kuta, Mertak, Prabu, Sengkol, Sukadana, and Rembitan is 90 percent Sasak, an Indigenous Peoples group (locally known as "local community" or "customary law community").</p> <p>In accordance with ESS3, an 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 economic and social benefits under the Project. Community development programs have been prepared based on a participatory planning process and a series of consultations with local communities. 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 relevant institutions, including a local university and the local government, for their support in the skills development and training program.</p> |
| 14. | Information on the results of the environmental and social impact studies carried out in relation to the Mandalika project and any actions taken to redress adverse impacts  | <p>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>AIIB reviewed the required environmental and social instruments for the Project and cleared them following an</p>   |

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|     |                                  | <p>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 have been included in the bidding documents, requiring the contractors to reflect them in their proposals. 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>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. 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 (known as "adat") representatives, and disabled groups. They were supplemented by interviews held by ITDC and its consultant with key individuals and communities. Broad support was evidenced for the Project by affected communities 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> <p>The IPDP includes a range of culturally appropriate activities and programs in the sectors of infrastructure, agriculture, livestock, fisheries, education, health, and economic and business development. Social and cultural programs are also included. These activities and programs aim at empowering the local community, reducing poverty, and improving skills and incomes. The identification of these programs was based on participatory consultation, through FGDs, and consultations with key individuals and community groups. The IPDP's proposed activities and</p> |

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|     |  | <p>programs have been incorporated into the Project’s Sub-components 1.2 and 2.3 and are being implemented by ITDC in conjunction with local communities. Based on these proposed programs and activities, an annual investment program is developed, covering both physical improvement of local communities and various training and capacity building activities as identified under the IPDP.</p> <p>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>In addition, the Project’s Sub-component 2.4 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 coastal environment, in particular coral reef habitats.</p> <p>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 is an improvement over the previous housing of those being resettled. PAHs are provided with the opportunity to own the land as well. Compensation is provided in accordance with the requirements of ESS2. The RAP is currently under implementation and is actively monitored by AIIB.</p> |
| 15. | <p>Information on any steps taken by the AIIB to ensure that the Sasak people have access to effective remedies and can obtain adequate compensation for any affected property</p> <p>Considering the new information on the threats and intimidations against Sasak human rights defenders outlined in this communication, indicate any remedial action taken by the AIIB vis a vis the victims and/or their families, specifically in light of the recommendations provided to business in the report of the Working Group on the issue of</p> | <p>AIIB is actively monitoring ITDC’s implementation of the Project’s environmental and social instruments, ITDC’s Action Plan and the community development programs for Indigenous Peoples and neighboring communities.</p> <p>AIIB takes any allegation of threats and intimidation very seriously and takes action upon receipt of such information. Both the ESF and the Policy on the Project-affected People’s Mechanism (PPM) also provide special measures to address risks of retaliation.</p> <p>However, during its site visits in 2022, the Project Team could not corroborate the allegations.</p>   |



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|     | human rights and transnational corporations and other business enterprises on the adverse impact of business activities on human rights defenders  |  |
| 16. | Information on whether there is a security personnel management plan in place for the Mandalika project. Provide us a copy as well as information as to how said plan is being implemented | <p>In order to mitigate risks resulting from the use of security personnel, and at AIIB's request, ITDC developed and adopted standard operating procedures (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 General Manager of ITDC. This measure is included in the detailed Action Plan. The security protocols are anticipated to be publicly disclosed on ITDC's website once their review by the Indonesian authorities has been completed (<a href="http://www.itdc.co.id">www.itdc.co.id</a>).</p>   |
| 17. | Information on any steps taken by the AIIB to appoint an independent mediator to reconcile conflicting claims and find a mutually agreeable solution                                       | <p>In 2022, AIIB confirmed with the ITDC and the GoI that ITDC would engage one or more experienced independent facilitators to develop a better understanding of issues and concerns of stakeholders relating to the Project as well as to nearby investments, such as the MotoGP Circuit.</p> <p>Terms of reference (ToR) for the independent facilitators were developed by ITDC and reviewed by AIIB. In the discussions AIIB initiated with ITDC on this topic in June 2022, great importance was given to the candidates' profile. Incorporating feedback received from the UN Special Rapporteur on extreme poverty and human rights in August 2022, AIIB communicated to ITDC that the facilitators would need to be intimately familiar with the local context. Cultural sensitivities, local and English language skills, as well as the candidates' independence (including in relation to any prior engagements or activities), were among the key criteria. Insistence on these criteria made the search for suitable candidates more complex and time consuming as it prompted several rounds of discussions between AIIB and ITDC and revisions to the initial ToR.</p> <p>ITDC identified several candidates and completed its interview process in November 2022. The AIIB Project team also met with the proposed candidates during its visit to Indonesia in November-December 2022.</p> <p>Two independent facilitators were appointed on February 23, 2023, and have started gathering information and engaging with key stakeholders with a view to developing a facilitation plan to address these issues and concerns,</p> |

| No. | Comments/Request for information | Response  |
|-----|----------------------------------|---|
|     |                                  | <p>which is anticipated to be furnished to ITDC and AIIB in the near future.</p> <p>The AIIB Project team is of the view that the two selected facilitators fulfill the above-mentioned criteria as they have demonstrated experience working in the local context, and are not associated with the GoI, ITDC or AIIB. Brief profiles of the independent facilitators and their roles and objectives will be publicly disclosed on the ITDC's website (<a href="http://www.itdc.co.id">www.itdc.co.id</a>) and the draft facilitation plan will be also disclosed by ITDC and updated based on feedback from relevant stakeholders.</p> |