



MANDALIKA URBAN AND TOURISM INFRASTRUCTURE PROJECT

Action Plan Update

July 2021



This Project aims to provide sustainable core infrastructure for the development of a new tourism destination in the Mandalika Special Economic Zone (SEZ) of Lombok Island, Indonesia, as well as infrastructure improvements for adjacent communities. It includes complex environmental and social components that require ongoing monitoring and engagement with local communities. To address concerns that have been raised locally, AIIB and its client, Indonesia Tourism Development Corporation (ITDC), put together a comprehensive action plan to strengthen the implementation of the Project so it can deliver the expected results.

About the Project

By facilitating private sector investment in the new tourism destination, 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 benefit both visitors and residents. Employment opportunities will also be available to local residents both during construction and operation. The Project aims to protect and enhance the unique cultural life and scenic attractions of the project area, which are its major tourism assets.

Since COVID-19 restrictions prevented the AIIB team from traveling, AIIB mobilized an experienced national social expert to support the Bank by working with ITDC on land acquisition, resettlement and stakeholder engagement issues. On the basis of the consultant expert's findings and following subsequent discussions with ITDC and AIIB, an action plan was developed that set out measures to be implemented by ITDC going forward. The action plan is currently under implementation. It is intended to be a living document and will be updated in consultation between AIIB and ITDC as the Project progresses and new issues emerge.

Relationship to the MotoGP

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, AIIB is not involved in the MotoGP Circuit's financing and the MotoGP Circuit was never included as a part of the original 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 the [Resettlement Planning Framework \(RPF\)](#) and [Resettlement Action Plan \(RAP\)](#)) addressed any such circuit.

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 AIIB's Project, including on public access for both tourists and local communities to the hotels, tourism facilities and public areas. ITDC agreed to adopt a process for land acquisition in the MotoGP Circuit area in a manner broadly consistent with the approach outlined in the RPF and RAP for the Project.

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Update on the Action Plan

The following summarizes the actions being undertaken by ITDC in close cooperation with AIIB and the local authorities to strengthen implementation of the Project. A summary of the progress of the actions, in addition to overall Project progress and implementation issues, and Grievous Redress Mechanism status, will be regularly updated and disclosed [on AIIB's project website as part of Project Implementation and Monitoring Reports](#).

<p>Land acquisition</p>	<p>All land required for the Project supported by AIIB has been acquired.</p> <p>A task force has been set up to address concerns and/or disputes between 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>For acquisition of land that falls within the AIIB-supported Project area and the MotoGP project, an 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 is 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>All payments for land acquired as part of the AIIB-supported Project have been made. Four out of 50 payments for plots related to the MotoGP project are still pending.</p>
<p>Complaints to the Indonesian National Commission on Human Rights</p>	<p>Complaints submitted to the Indonesian National Commission on Human Rights have been addressed in line with the suggestions made by the Commission in its letter No. 1132/R-PMT/X/2020 to the Governor of West Nusa Tenggara, ITDC and the claimants.</p>
<p>Compensation and livelihood restoration</p>	<p>ITDC is developing a Resettlement Action Plan (RAP) compensation tracking system. Additional project-affected households have been identified and ITDC is cross-referencing and validating the data. Progress is being made in identifying all eligible households so they can receive correct compensation.</p> <p>As a consequence of the recent rise in COVID-19 infections and the need to maintain health and distance protocols, outstanding payments for loss of livelihood will be delayed until Aug. 31, 2021.</p> <p>Based on the government's letter, the due date for official budget allocation for the payments to cover land and titles for the new houses for the remaining project-affected people is Oct. 21, 2021. Field validation will be conducted by the government to locate those who have not yet received this money.</p>
<p>Grievance Redress Mechanism</p>	<p>Communications and an advertising campaign are ongoing, through a local newspaper, regular meetings with village heads, and easy-to-read information banners in the local language.</p> <p>ITDC is currently engaging with the Head of the District of Central Lombok to resolve long-standing land issues.</p>
<p>Strengthening Stakeholder Engagement</p>	<p>Regular meetings with village chiefs, sub-village chiefs, and contractors are ongoing.</p> <p>ITDC worked together with village chiefs and youth organizations to recruit people from local villages to receive vocational training as mechanics. Twelve people have received training and enrolled in a three-month apprenticeship program with the Astra Honda Authorized Service Station in Mataram.</p>
<p>Access to fishing waters</p>	<p>ITDC has confirmed and validated that no coastal filling has been carried out for the MotoGP project. A sub-village chief canvassed local fishers, and no access issues were identified. No additional issues were identified by the fisherfolk.</p>
<p>Improvements to the temporary resettlement area</p>	<p>Action has been taken to relocate the Mother and Children Health Center to the temporary resettlement area, and to monitor water quality and improve road safety in the temporary resettlement area.</p>