

## MANDALIKA URBAN AND TOURISM INFRASTRUCTURE PROJECT

### AIIB MANAGEMENT RESPONSE TO THE MARCH 4, 2021 JOINT COMMUNICATION FROM THE SPECIAL PROCEDURES MANDATE-HOLDERS OF THE UNITED NATIONS HUMAN RIGHTS COUNCIL<sup>1</sup>

(MAY 3, 2021)

#### EXECUTIVE SUMMARY

- i. The Asian Infrastructure Investment Bank (**AIIB**) takes allegations of human rights violations extremely seriously, whether these be directly or indirectly related to AIIB's operations. It is in this spirit that AIIB remains open to dialogue and to continuous improvement of its operational practices.
- ii. AIIB's investments are guided by the Environmental and Social Framework, which is designed to integrate the management of environmental and social risks and impacts into the decision-making relating to AIIB-financed projects and the preparation and implementation of these projects.
- iii. Against this backdrop, concerns raised by the March 4, 2021 Joint Communication (**Joint Communication**) from the Special Procedures Mandate-holders of the United Nations Human Rights Council the Special Procedures Mandate-holders of the United Nations Human Rights Council to AIIB, concerning the Mandalika Urban and Tourism Infrastructure Project (**Project**) have been considered by AIIB with the respect and seriousness they deserve.
- iv. In addition, Management has initiated an engagement with the principal Special Rapporteur for this matter, through the Special Procedures Branch of the UN Human Rights Council, and will follow up with further discussion with them upon submission of this response. In AIIB's view, an essential precondition to achieving constructive results is creating an environment such that once an allegation of human rights violations is made, all involved parties are able to be properly heard.
- v. This note (**Note**) provides a comprehensive response to the concerns raised in the Joint Communication by summarizing the Project, the current status of its implementation and its relationship to the MotoGP Circuit, which has been the main subject of current controversy in the Mandalika Special Economic Zone (SEZ).
- vi. The Note also clarifies inaccuracies in the Joint Communication regarding the legal framework applicable to AIIB and allegations that AIIB has applied country systems rather than the provisions of its Environmental and Social Policy. Furthermore, as clearly demonstrated in this Note, AIIB refutes the Joint Communication's overall contention of lack or deficient due diligence by AIIB in connection with its assessment of the Project's preparation or its monitoring of Project implementation.

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<sup>1</sup> The Joint Communication was communicated to AIIB through a letter from the Special Procedures Branch of the Office of the High Commissioner for Human Rights (OHCHR).

- vii. This Note makes clear that notwithstanding the chief allegation raised by the Joint Communication of excessive force used by security forces against local residents or human rights defenders, AIIB has not, to date, found any evidence of coercion or direct use of force or intimidation relating to land acquisition and resettlement under the Project itself. However, AIIB recognizes the complex nature of the Project and the difficulties that have derived from its proximity to other investments undertaken by the Indonesia Tourism Development Corporation (**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.
  
- viii. AIIB acknowledges that there is room for improvement in stakeholder engagement by all parties concerned. More should have been done to better explain how this Project will benefit the local community, how Project-affected people are being compensated and how they will be provided livelihood and employment opportunities. To this end, the Note provides a clear breakdown of an action plan agreed to by AIIB and ITDC to improve stakeholder engagement, specifically 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.

## INTRODUCTION

1. This note (**Note**) is intended to respond to the March 4, 2021 Joint Communication (**Joint Communication**) from the Special Procedures Mandate-holders of the United Nations Human Rights Council to the Asian Infrastructure Investment Bank (**AIIB**), concerning the Mandalika Urban and Tourism Infrastructure Project (**Project**).

2. AIIB notes that while the Joint Communication afforded AIIB 60 days to provide a comprehensive response to the concerns raised, at which time it would publish the Joint Communication, together with any response from AIIB, OHCHR issued a news release raising its concerns on March 31, 2021, less than 30 days after sending the Joint Communication. AIIB was also apprised and provided with a copy of the news release by OHCHR only one day before it was published, whereas AIIB notes that the standard practice is for press releases to be shared sufficiently in advance. (see <https://www.aiib.org/en/projects/details/2018/approved/Indonesia-Mandalika-Urban-and-Tourism-Infrastructure/AIIB-Statement-on-OHCHR-Media-Communication.html>). As a multilateral development bank that has adopted robust policy standards, AIIB takes the allegation made in the Joint Communication of potential violation of its policies and procedures very seriously. Therefore, Management has initiated an engagement with the principal Special Rapporteur for this matter and will follow up with further discussions upon submission of this Note. In AIIB's view, an essential precondition to achieving constructive results is creating an environment such that once an allegation of human rights violations is made, all involved parties are able to be properly heard. It is in such spirit that AIIB remains open to dialogue and to continuous improvement of its operational practices.

3. This Note comprises:

- (a) An overview of the Project (**Overview**), which provides a summary of the Project, including the current status of its implementation and its relationship to the MotoGP Circuit, which has been the subject of controversy in the Mandalika Special Economic Zone (SEZ). The Overview also clarifies some inaccuracies in the Joint Communication regarding the legal framework applicable to AIIB and regarding the assertion that AIIB has applied country systems rather than the provisions of its Environmental and Social Policy (ESP). Finally, it notes some lessons learned to date as the Project's implementation gets under way.
- (b) A table in Annex 1 of specific responses to the requests for information in the Joint Communication (**Table**).
- (c) An action plan in Annex 2 (**Action Plan**) for the next steps related to the Project as well as the adjacent MotoGP race track circuit.
- (d) A timeline in Annex 3 of AIIB Actions following receipt of a letter from Civil Society Coalition for Infrastructure Development and the Joint Communication (**Timeline**).

## OVERVIEW OF THE MANDALIKA URBAN AND TOURISM INFRASTRUCTURE PROJECT

4. **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 the Indonesia Tourism Development Corporation (**ITDC**), a company wholly owned by the Government of Indonesia (**GOI**) that has a mandate to plan and develop the Special Economic Zone (SEZ) of Mandalika on Lombok. The remaining Project costs of USD68.1 million will be financed by ITDC and GOI counterpart funds.

5. The Project focuses on implementation of the initial phase of an integrated masterplan prepared by the GOI to guide future 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.

6. The Project consists of the following components:

- *Component 1: Provision of Basic Services and Infrastructure*, would include 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*, would include:
  - *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 tourist 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.

7. **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.

8. **AIIB's Project Due Diligence.** Details on the scope of the AIIB Project team's environmental and social due diligence to date are covered in the Table in response to Request Nos. 2 (regarding ITDC's environmental and social assessment), 3 (regarding ITDC's land survey) and 4 (regarding ITDC's consultation process).

9. **Status of Project Implementation.** AIIB's financing was approved on December 7, 2018 and the financing agreements became effective on March 22, 2019. Since then, ITDC has initiated preparatory activities for *Component 1.1.*, including land acquisition and resettlement of Project-affected households, and finalization of a contract with operator(s) for the site's water supply. No construction of infrastructure facilities has commenced to date, and no disbursement of AIIB funds has been made for any construction works.

10. As of March 31, 2021, disbursement of AIIB's Loan stands at USD5.2 million (2 percent of the total Loan amount). This amount represents payments for consulting services as noted below and for software.

11. Disbursement of AIIB loan proceeds under Sub-component 1.1 is subject to several conditions: for all activities other than pipelines for potable water, sewerage and irrigation water networks and power distribution lines, disbursement is conditioned on acquisition of all land required for the Project's infrastructure, in a manner satisfactory to AIIB, and engagement of the Project and Construction Management consultants under Component 2. For the pipelines and power distribution, disbursement is conditioned on conclusion of an agreement satisfactory to AIIB for design, construction and operation of sea water reverse osmosis plants. Similarly, disbursement under Sub-component 1.2 is conditioned on the engagement of the Project and Construction Management consultants.

12. 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.

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 by Q4 2021.

- *Sub-component 1.2.* A Design and Supervision Consultant has been hired for this *Sub-component* and is carrying out a needs assessment and conceptual planning. Based on this participatory planning process and a series of consultations with local communities, the Consultant will develop an infrastructure investment program for nearby villages to be financed under the Project.
- *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 currently in the process of engaging a consultant for this *Sub-component*, to prepare a community development program for 2021. The consultant has been undertaking socio-economic mapping and developing strategies to improve economic linkages with local communities. Based on its key findings of these exercises, the consultant will conduct a series of consultations with local communities to identify their needs and requests and prepare the community development program accordingly (including skills development and training to help strengthen economic linkages), together with a proposed budget for 2021 for the purpose.
- *Sub-component 2.4.* ITDC is preparing several activities including: (i) engagement of a spatial monitoring and reporting consultant for spatial expansion and land use changes for the extended area of Mandalika as well as construction supervision; (ii) preparation of tender documents for development of a long-term sustainable tourism destination system; (iii) preparation of terms of reference for a water monitoring consultant to develop a longer-term monitoring tool using hydrodynamic/water quality models for ground and surface water (upstream watershed), drainage and coastal marine areas.

13. **Project Supervision.** Given the complex nature of the Project, the AIIB Project team has carried out frequent implementation support and monitoring missions (seven formal missions including five field visits since Loan effectiveness). In addition to these, the team has conducted more targeted technical missions/meetings (on average bi-weekly, in virtual form since the onset of the COVID-19 pandemic) as required to review progress and resolve specific matters, in particular, environmental and social aspects of the Project. As COVID-19 restrictions prevented any of the AIIB team from traveling, AIIB mobilized an experienced national social expert to provide necessary support to ITDC, focusing on social aspects of the Project, in particular stakeholder engagement.

14. Further details regarding the number, dates and scope of the AIIB Project team's missions are set out in the Table in response to Request No. 5 (regarding AIIB's supervision). Other information regarding AIIB's supervision are set out in the Table in response to Request Nos. 7 (regarding the Project-level Grievance Redress Mechanism) and 9 (regarding measures to address concerns).

15. The Project team periodically reviews the Project and prepares a progress report (i.e., Project Implementation and Monitoring Report, PIMR), which is disclosed on the AIIB website. The PIMR includes basic Project information, financial performance, implementation status, including status of the 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

here: [https://www.aiib.org/en/projects/details/2020/download/pimr\\_20210317/AIIB\\_PIMR\\_SBF\\_Indonesia\\_Mandalika-Urban-and-Tourism-Infrastructure-Project\\_5\\_March-2021\\_Public-Version.pdf](https://www.aiib.org/en/projects/details/2020/download/pimr_20210317/AIIB_PIMR_SBF_Indonesia_Mandalika-Urban-and-Tourism-Infrastructure-Project_5_March-2021_Public-Version.pdf)

16. **Senior Management Engagement regarding the Project.** On October 13, 2020 AIIB received a letter from a Coalition of Civil Society Organizations (**CSO Coalition**) raising concerns regarding the Project.<sup>2</sup> Because AIIB takes very seriously concerns raised about the projects it finances, it has taken a number of steps in response to them, which are listed in the Timeline. Around the same time, as part of its periodic dialogue with CSOs, Senior Management held a virtual meeting on October 21, 2020 with CSOs, at which the concerns regarding the Mandalika 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.

17. **Relationship of the MotoGP Race Track Circuit with the Project and Current Status.** The 4.3 km MotoGP race track circuit (**MotoGP Circuit**) and its related facilities are to be 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 is currently approximately 50 percent complete and is still subject to final quality inspection and testing by the concerned international MotoGP authorities. ITDC anticipates that the track will be completed and approved by the concerned authorities in June 2021, with the aim of hosting the first MotoGP race event in November 2021.

18. 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.

19. 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.

20. 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 have been worked out with ITDC for inclusion in the Action Plan attached below as Annex 3.

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<sup>2</sup> 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. See Table, Response to Request No. 5.

21. **ITDC's Action Plan.** Following its receipt In October 2020 of a letter from a coalition of civil society organizations (CSOs) raising concerns about intimidation related to land acquisition and resettlement in the Mandalika SEZ, AIIB engaged an Indonesian social development specialist with many years of experience working on projects supported by Multilateral Development Bank (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 consultant traveled to Lombok in November 2020 and spent over a week on the island visiting the Project area and speaking with affected people, local communities and Village Chiefs as well as representatives from ITDC and local government.

22. From his discussions, the consultant was unable to identify any evidence of intimidation or excessive force used by security forces against local residents or human rights defenders. Nevertheless, he identified some issues that should be addressed to improve the social performance of the Project going forward, specifically on stakeholder engagement, the use of security forces, land acquisition and conditions in the temporary resettlement site.

23. He again visited the Project area in February 2021. At that time, he identified some concerns raised by a few fisherfolk that their access to tidal waters had been adversely impacted as a result of construction of the MotoGP Circuit.

24. On the basis of the consultant's findings and following subsequent discussions with ITDC, an Action Plan setting out measures to be taken by ITDC going forward was developed and is currently under implementation. The Action Plan is intended to be a living document, which will be updated in consultation between AIIB and ITDC as the Project progresses.

25. AIIB's national consultant is anticipated to travel again to Lombok in May 2021, following Ramadan, to follow up on monitoring progress in implementing the Action Plan and update his earlier findings. He will focus particular attention on implementation of the Project's RAP, including land acquisition, claims of loss of livelihood by fisherfolk and GRM operation, as well as actions taken to reduce the risk of threats and intimidation. He will also meet and discuss Project implementation with: ITDC, Project-affected People, local Non-governmental organizations (NGOs), relevant agencies of the Government of Central Lombok (i.e., Land Office, Infrastructure and Utilities development office, Public Works Offices, Sub District of Pujut, Villages/Sub Villages surrounding the Project area, and University of Mataram), and further develop relationships with the relevant agencies in Government of Central Lombok;

26. The AIIB Project team will continue to monitor implementation of the Action Plan as part of its Project implementing monitoring.

27. The Action Plan to date covers the following matters, which are elaborated in more detail in Annex 2 to this Note:

- (i) **Stakeholder Engagement.** To improve stakeholder engagement, ITDC, with support from AIIB, has developed an Implementation Strategy for Communication, which outlines (a) how often ITDC and its contractors should hold meetings with Village Chiefs, Village Sub Chiefs, Project-affected people and other stakeholders, and (b) how ITDC will disseminate information about the progress of the Project and employment opportunities.
- (ii) **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.

- (iii) **Land Acquisition and Involuntary Resettlement.** A third area of the Action Plan relates to land acquisition. This outlines a process whereby Village Chiefs and local government will mediate contentious issues, including whether and to what extent affected people need non-financial assistance. With respect to complaints about the temporary resettlement site, actions were agreed, including to check the quality of water, movement of the mother-child center to the temporary resettlement site, and improvement of the access road to the temporary resettlement site. The Action Plan also includes measures to address outstanding resettlement issues, based on current information obtained by the AIIB Project team that has revealed delays in the payment of compensation due in respect of Project-affected people to be resettled under the RAP so as to enable them to obtain title to their permanent resettlement land and housing, as well as in payments to persons owed livelihood compensation (for details of the reasons for these delays, please see also the response to Request Nos. 5 (regarding AIIB's supervision) and 10 (regarding additional Information) in the Table). With support from the AIIB Project team, ITDC is working to identify and pay all remaining unpaid Project-affected people covered by the RAP.
- (iv) **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 have been taken or initiated to improve the functioning of the GRM and to clarify those concerns that relate to the Project and those that relate to other areas. These include more effective dissemination about the Project and the GRM (through, e.g., leaflets, banners, suggestion boxes, etc.), as well as the Project-affected People's Mechanism (PPM), and increased interaction at the local level, through regular field visits and monitoring of the GRM logs.

28. **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).

29. The responses to the requests for information made in the Joint Communication that are set out in the table below, focus on the application of those policies that govern AIIB and against which AIIB's actions must be measured. Specifically, the responses address how AIIB has applied the ESP and ESSs in conducting its due diligence assessment of the Project and monitoring of Project implementation.

30. 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.

31. **Use of AIIB's ESP Rather Than Indonesia's Country System.** As part of the Bank's due diligence assessment during Project preparation, AIIB's Project team collected and reviewed

relevant documents related to pertinent national 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 by ITDC's consultant, in line with AIIB's ESP requirements. The consultant prepared an Environmental and Social Impact Assessment (ESIA), including an Environmental and Social Management Plan (ESMP) to address gaps identified so as to structure the Project in accordance with AIIB's Environmental and Social Policy (ESP). The consultant also prepared the RPF and Indigenous People's Development Plan (IPDP). These documents were reviewed by AIIB and based on its comments were finalized in accordance with AIIB's Environmental and Social Standards (ESSs) 1, 2 and 3, respectively. AIIB's Environmental and Social Exclusion List (ESEL) was also applied to the Project.

32. Although AIIB carefully reviewed the AMDAL and other documentation developed by the Indonesian authorities, it did not apply the country systems provisions of the ESP.

### **Initial Lessons Learned under the Project**

33. While it is premature to draw definitive lessons related to this Project, a few initial lessons can be derived from the Project at this early stage:

34. **Client Capacity Assessment.** A better assessment of the Client's ES capacity, and requiring an adequate number of qualified staff as a condition of moving forward with AIIB's financing would have facilitated timely implementation. Appointment of a Manager with good command of ES aspects of the Project early during Project preparation, to be responsible for the identification and effective management of ES matters facilitates the timely resolution of many ES issues.

35. **Coordination of Government Agencies.** Projects such as this one, involving complex issues of land acquisition and involuntary resettlement and multiple government agencies involved with such matters, would benefit from establishment of a high-level Government Steering Committee to coordinate all the agencies involved, together with the Client. This would facilitate timely implementation of Resettlement Action Plan (RAP) required for the Project.

36. **Projects Involving Legacy Issues.** Projects such as this one, with its history of land acquisition long before AIIB's involvement, often require additional time to enable the Project team to fully identify and understand upstream and more effectively assist the Client in addressing the issues raised by the Project.

37. **Study on Land-related Legacy Issues.** A land study or audit for a Project such as this one, involving complex legacy issues relating to land acquisition is an important tool to understand the Project's context and challenges and is necessary to support the design, implementation and monitoring of these complex aspects of the Project.

38. **Use of Locally-based Consultant.** In the context of travel restrictions due to the COVID-19 pandemic, having a locally-based AIIB consultant (or international consultant with national experience) supporting the AIIB Project team on environmental and social issues is essential to provide continuing and relevant implementation support to the Client on the ground.

39. **Continued Stakeholder Engagement.** Continued and regular stakeholder engagement and communication (maintaining level of its frequency and intensity during the COVID-19 pandemic) is critical, to be able to spot issues promptly so that the Client can address them in real time.



**TABLE OF SPECIFIC RESPONSES  
TO REQUESTS FOR INFORMATION MADE IN THE JOINT COMMUNICATION**

Request for Information	Response
<p><b>1.</b> 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><b>2.</b> 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>

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	<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>

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	<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><b>3.</b> 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"> <li>(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.</li> <li>(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.</li> <li>(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.</li> <li>(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.</li> </ul> <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"> <li>• 22 February 2017 and 8 March 2017, relating to the Kuta Mandalika beach layout;</li> <li>• 24 April 2018 to disclose Project changes and potential impacts to Villages;</li> <li>• 31 October 2017 and 20-21 June 2018, consultations/stakeholder engagement (locally referred to as socialization) regarding the beach layout with bungalow owners; and</li> <li>• 16 July 2018, stakeholder workshop at the ITDC offices.</li> </ul> <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"> <li>• Pre-scoping mission (November 11-12, 2017)</li> <li>• Scoping mission (February 4-8, 2018)</li> <li>• Identification Mission (April 2-6, 2018)</li> <li>• Preparation Mission (June 4-8, 2018)</li> <li>• Preparation Mission (July 16-20, 2018)</li> </ul>

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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"> <li>• Pre-appraisal Mission (August 23-31, 2018)</li> <li>• Appraisal Mission (October 10-12, 2018)</li> <li>• Loan negotiation (November 2018)</li> <li>• Implementation support and monitoring Mission - Project Launch (March 18-22, 2019)</li> <li>• Implementation support and monitoring Mission – E&amp;S (July 29-August 2, 2019)</li> <li>• Implementation support and monitoring Mission (October 7-11, 2019)</li> <li>• Virtual Implementation support and monitoring Mission (March 10-13, 2020)</li> <li>• Implementation support and monitoring Mission - Social (November 22 – 29, 2020)</li> <li>• Implementation support and monitoring Mission - Social (January 25 – February 4, 2021)</li> <li>• Virtual Implementation support and monitoring Mission (March 9 - 16, 2021)</li> </ul> <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>
<p><b>6.</b> Please provide information about</p>	<p>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</p>

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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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<p>information as to what complaints have been received by the GRM so far and how they have been addressed. (p.12)</p>	<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 AIBB financed Project. Of these 62 have been resolved.</p> <table border="1" data-bbox="415 1010 1300 1591"> <thead> <tr> <th>Category</th> <th>MotoGP Circuit</th> <th>AIBB financed Project</th> <th>Total</th> <th>Resolved</th> <th>Outstanding</th> </tr> </thead> <tbody> <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> </tbody> </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	AIBB 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
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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><b>8.</b> Please provide information on any complaints received by the AIB'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><b>9.</b> 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 AIB 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"> <li>(i) A SOP regarding the use of police and security personnel by ITDC, its contractors and sub-contractors has been adopted.</li> <li>(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.</li> <li>(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.</li> <li>(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.</li> <li>(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.</li> </ul>
<p><b>10.</b> 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><b>(a) Environmental and Social Framework (documented human rights violations and</b></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><b><i>abuses in implementation of Mandalika Project) (p.3)</i></b></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><b><i>(b) Lack of due diligence (p.4)</i></b></p>	<p>10.b.1. See Responses to Requests No. 2, 3, 4 and 5.</p>
<p><b><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></b></p>	<p>10.c.1. <b>Background.</b> 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><b>Komnas HAM's Findings:</b></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>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.</p> <p>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.</p> <p>4. Based on an identification and verification, the Technical Team concluded as follows:</p> <p>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.</p> <p>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.</p> <p>c) Land controlled by residents (to be resolved by relocating 108KK). None of 15 complainants fell into this category.</p> <p>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.</p> <p>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.</p> <p>7. ITDC used security forces to conduct its evacuation. Excessive force occurred on September 11-12, 2020.</p> <p>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.</p> <p>Komnas HAM then summarized the human rights principles to be taken into account if eviction is unavoidable, as follows:</p>

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	<p>1. <i>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>2. <i>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><b>Komnas HAM's Recommendations.</b></p> <p><i>On the basis of these findings, Komnas HAM made the following recommendations:</i></p> <p>1. <i>Addressing the complaints from complainants:</i></p> <p>a) <i>The parties shall conduct the process of handling and / or resolving the complaints in accordance with human rights principles.</i></p> <p>b) <i>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>c) <i>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>2. <i>Addressing land issues in the area that will be used for the construction of the MotoGP Circuit:</i></p> <p>a) <i>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>(ii) <i>Ensure that the Technical Team works more objectively;</i></p> <p>(iii) <i>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>(iv) <i>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) 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;</p> <p>(vi) Ensure that the land handling and / or settlement processes in the Mandalika SEZ are conducted in accordance with human rights principles.</p> <p>b) ITDC President Director shall:</p> <p>(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;</p> <p>(ii) 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;</p> <p>(iii) 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;</p> <p>(iv) Promote and apply business principles and human rights in developing the Mandalika SEZ;</p> <p>(v) Respect the rights of citizens and avoid the use / involvement of security forces in the handling and / or settlement of land claimed by residents.</p> <p>c) Head of the Indonesian Ombudsman Representative for the Province of NTB (Ombudsman) shall:</p> <p>(i) Follow up on complaints submitted by residents regarding the land used for the construction of the MotoGP Circuit in accordance with their authority.</p> <p>d) Citizens and their Attorneys:</p> <p>(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;</p> <p>(ii) 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.</p> <p><b>10.c.5. Verification by the Technical Team.</b> 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><b>Technical Team's Conclusions:</b></p> <p>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.</p> <p>(a) Land clearing has been conducted in 3 plots.</p> <p>(b) 4 claimed plots are estuaries.</p> <p>(c) 4 claimed plots are overlapping land.</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><b>Technical Team’s Recommendations:</b></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><b>10.c.6. ITDC has confirmed that the following measures have been taken.</b></p> <p>(i) Re-assessment of land ownership documents, together with the Technical Team;</p> <p>(ii) Meetings with the 15 residents to inform them of the results of the re-assessment;</p> <p>(iii) Re-measurement by the Technical Team of certain plots of land claimed by a particular claimant;</p> <p>(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;</p> <p>(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><b>10.c.7. Latest Developments.</b> 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>
<b>(d) Meaningful Consultations and disclosure (p.8)</b>	10.d.1. See the response to Request No 4 above.
<b>(e) Threats and intimidations</b>	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>	
<b>(f) Project's benefits to communities and a lack of remedies (p.9)</b>	<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 m<sup>2</sup>/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>



Request for Information	Response
	<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>

Request for Information	Response
	<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>

## ITDC ACTION PLAN

(December 8, 2020 – Updated April 30, 2021)

Issue	Recommendations	Agreed Action	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	<p>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.</p> <p>Supporting Evidence</p> <ul style="list-style-type: none"> <li>- Use of External Security Devices - B1-GENE-PMD-3100-8054–A.</li> <li>- ESHS Contractor Meeting 08/04/21</li> <li>- ESHS Contractor Meeting 25/03/21</li> </ul>	Completed
	b. Contractor / ITDC to prioritize meaningful consultation accompanied by government and / or village representatives to address social issues	<p>ITDC developed, implemented and communicated the Communication Strategy to “5 Village Chiefs”, “13 Sub-village Chiefs”, Contractor and Government Departments. System fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Communication Strategy. B1-GENE-PMD-3100-8055–A.</li> <li>- ESHS Contractor Meeting 08/04/21</li> <li>- ESHS Contractor Meeting 25/03/21</li> <li>- PP WIKA BRL Contractor Presentation</li> <li>- HK Adhi Contractor Presentation</li> </ul>	Completed
2. Allegation that land has been ‘grabbed’ illegally	<p>a. AIIB-financed Project</p> <p>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</p>	<p>a. All land related to the Project supported by AIIB has been acquired.</p> <p>b. ITDC had developed the implementation strategy for land acquisition, document number B1 - GENE - PMD - 3100 - 8053 – A</p> <p>ITDC &amp; local govt are together maintaining a supporting team who will regularly conduct mediating in the field between communities and SATGAS. The issues found will be regularly updated to SATGAS and then the SATGAS could identify mutually agreeable solutions including grievances, enclave land, claimed land, and informal settlers.</p>	Completed

Issue	Recommendations	Agreed Action	Status
		<p>The lands required for the MotoGP Circuit consist of 50 plots divided into 2 phases of process 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 independent assessor (KJPP) of the Indonesian Society of Appraisal (<a href="https://mappi.or.id/">https://mappi.or.id/</a>) 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: Land overview and hard files of land certificate</p>	<p>PENLOK 1 pending payment 1 out of 21</p> <p>PENLOK 2 pending payment 7 out of 29</p>
	<p>c. Claimed Land (involving AIIB-financed Project and MotoGP Circuit project): If the courts find that the claimed titles are invalid, these affected persons should be covered by the RAP</p>	<p>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).</p>	<p>Completed for all but 1 claimant (whose claim is under the MotoGP Circuit project)</p>
	<p>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</p>		<p>Completed</p>

Issue	Recommendations	Agreed Action	Status
	<p>e. Claimed and Enclave Land (involving both AIIB-financed Project and MotoGP Circuit project): Consideration of providing alternative forms of compensation with support of local authorities such as</p> <ol style="list-style-type: none"> <li>1) Land Swap. ITDC might propose to those claiming land to change with ITDC land;</li> <li>2) Buy New Land. ITDC may facilitate purchase of land surrounding ITDC through cash compensation deposited in the Court;</li> <li>3) ITDC might want to consider reassessing the land it needs to avoid needing land whose title is unclear.</li> </ol>		<p>Completed/ Validated by AIIB Consultant during site visit</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 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 the official letter No. 1132/R-PMT/X/2020 to 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"> <li>- Report and verification by Technical Team (in Bahasa)</li> <li>- ITDC Response and Recommendation to Komnas HAM (in Bahasa)</li> </ul>	<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 Action	Status
<p>and Livelihood Restoration under RAP</p>	<p>affected People covered by the Resettlement Action Plan by an agreed date.</p>	<p>1. IDR 5mill from Central Lombok Government (part of the IDR 10mil RAP commitment). These sums were given to 120 names which were kept in 120 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 PAHs.</p> <p>The remaining IDR 5 mil will be provided by the Government in 2021 (according to the Vice Bupati presentation during AIBB 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 are now being carried out.</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>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Transfer evidence (IDR 5 million for land purchase)</li> <li>- Social assistance recipient lists (Government social assistance – non-RAP)</li> <li>- Vice Bupati Presentation in AIBB Mission April 15, 2021</li> </ul>	<p>ITDC is developing a RAP compensation tracking and validating the data. Entitled PAHs will be made sure to receive the proper compensation as per RAP.</p> <p>ITDC has addressed and the Government is aware regarding the 120 list vs RAP discrepancies. 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>

Issue	Recommendations	Agreed Action	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"> <li>- Mandalika Post Edition 5 &amp; 6</li> <li>- ESHS–ENV Monitoring 01/02/21 (Noise, Vibration, Air Quality &amp; Water Quality)</li> <li>- ESHS–ENV Monitoring 05/01/21 (Noise, Vibration, Air Quality &amp; Water Quality)</li> <li>- ESHS–ENV Monitoring 13/01/21 (Noise, Vibration, Air Quality &amp; Water Quality)</li> </ul>	Completed
	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"> <li>- Site pictures</li> </ul>	Completed
	d. Consider the possibility of “Petani Penggarap/Informal Farmers/tidal fishermen being able to access ITDC land	<ol style="list-style-type: none"> <li>1. Access to the sea is not blocked. Tidal fishermen are not prohibited from accessing the sea.</li> <li>2. Land cultivation in ITDC area is prohibited. ITDC put over 250 signages in the area to secure the land.</li> </ol> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Photo of fishermen boat in Kuta Beach (taken 13 April 2021)</li> <li>- Photo of ITDC signage</li> </ul>	Completed
	e. To ensure adequacy of compensation for informal settlers still occupying ITDC land  1) conduct field verification to record name, employment and livelihoods details, number of family members, ID copy, face photograph;	<p>ITDC has completed a separate Census to validate the Resettlement Action Plan 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.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Draft Validation of Master List Resettlement Action Plan</li> </ul>	Ongoing

Issue	Recommendations	Agreed Action	Status
	2) crosscheck the result of verification data with previous data, working with village heads; 3) review the list so as to compare the complaints received and determinates the number of informal settlers who are still living in the ITDC area; 4) share this data with Heads of Villages/Sub Village, Sub District of Pujut, and Central Lombok District;		
	5) ITDC could collaborate with Government in livelihood programs such as Dana Desa, Kotaku, etc.	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). Supporting Evidence: <ul style="list-style-type: none"> <li>- 4.e.5 Minutes of Meeting (MOM) with Central Lombok Government Bupati</li> <li>- 4.e.5 Vice Bupati Presentation in AIIB Mission April 15, 2021</li> </ul>	Completed
5. Effectiveness of GRM	a. Mandalika Post, which contains project information, public opinions, and updates on GRM progress	ITDC developed, implemented and communicated the Communication Strategy which includes the Mandalika Post. System fully functional. Supporting Evidence: <ul style="list-style-type: none"> <li>- Communication Strategy. B1-GENE-PMD-3100-8055–A.</li> <li>- Mandalika Post Edition 4</li> <li>- Mandalika Post Edition 5</li> </ul>	Completed
	b. ITDC to continue to hold regular (every two weeks) meetings with Village Heads	ITDC developed, implemented and communicated the Communication Strategy. System fully functional. Supporting Evidence: <ul style="list-style-type: none"> <li>- Communication Strategy. B1-GENE-PMD-3100-8055–A</li> </ul>	System Developed Meetings ongoing



Issue	Recommendations	Agreed Action	Status
		<ul style="list-style-type: none"> <li>- ESHS Contractor Meeting 08/04/21</li> <li>- ESHS Contractor Meeting 25/03/21</li> </ul>	
	<p>c. GRM should also provide information about the AIIB's Project-affected People's Mechanism</p>	<p>ITDC ensures that all advertising and education regarding the GRM is all inclusive. System is fully functional.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Communication Strategy. B1-GENE-PMD-3100-8055–A</li> <li>- Banner Recruitment</li> <li>- GRM Complaint Banner</li> <li>- ITDC Webpage</li> </ul>	Completed
	<p>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>	<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 about land issues (see evidence 3). Head of Central Lombok has been always involved with the land acquisition related issue, in fact the PENLOK 1&amp;2 payment meetings were always conducted in the Head of District office (see evidence 4).</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Land acquisition document B1 - GENE - PMD - 3100 - 8053 – A.</li> <li>- Communication document B1 - GENE - PMD - 3100 - 8055 – A</li> <li>- MOM with Head of District</li> <li>- PENLOK 2 Payment Meeting in Head of District office pictures</li> </ul>	Completed
	<p>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>	<p>Review current GRM procedure and process to include complaints that are NOT ITDC responsibility.</p> <p>GRM procedures are being re-socialized to the community and contractors during the Village and Sub-village chiefs meeting (see evidence 2).</p> <p>Supporting Evidence:</p>	April 19, 2021

Issue	Recommendations	Agreed Action	Status
		<ul style="list-style-type: none"> <li>- MOM contractors and villages and sub-villages chief meeting</li> </ul>	
	<p>f. The language of leaflets publicizing the GRM should be made simpler/easier to read and install permanent notice boards.</p>	<p>ITDC re-designed Banners and re-installed.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Banner Recruitment</li> <li>- GRM Complaint Banner</li> </ul>	Completed
	<p>g. The contact number given in the leaflet should be that of the Team Leaders/PMO leader (for example).</p>	Disagree - No Action Required	No Action
	<p>h. Placement of suggestion boxes in the Sub Village/village offices (including pen and forms).</p>	<p>ITDC installed suggestion boxes in public areas and communicated the process to 5 Village Chiefs and 13 Sub Village Chiefs.</p> <p>Zero success after 4 weeks. Suggestion Boxes removed. System deleted.</p> <p>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Zero success after 3 weeks.</li> <li>- Photos to be supplied</li> </ul>	Completed
	<p>i. Regular field visits carried out in coordination with head village/sub village which would help in monitoring GRM implementation.</p>	<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> <ul style="list-style-type: none"> <li>- Communication Strategy. B1-GENE-PMD-3100-8055–A</li> <li>- Village Communication Record</li> </ul>	Completed
<p>6. Strengthening of Stakeholder Engagement</p>	<p>a. ITDC to require its contractors (ESHS managers) to engage with local communities and CSOs and village heads.</p>	<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"> <li>- Communication Strategy B1-GENE-PMD-3100-8055–A.</li> <li>- Village Communication Record</li> <li>- ESHS Contractor Meeting Minutes</li> <li>- ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes</li> <li>- Contractor Presentations</li> </ul>	Completed

Issue	Recommendations	Agreed Action	Status
	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"> <li>- Communication Strategy B1-GENE-PMD-3100-8055–A.</li> <li>- Village Communication Record</li> <li>- ESHS Contractor Meeting Minutes</li> <li>- ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes</li> <li>- Contractor Presentations</li> </ul>	Completed
	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>Supporting Evidence:</p> <ul style="list-style-type: none"> <li>- Communication Strategy B1-GENE-PMD-3100-8055–A.</li> <li>- Village Communication Record</li> <li>- ESHS Contractor Meeting Minutes</li> <li>- ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes</li> <li>- Contractor Presentations</li> </ul>	Completed
	d. ITDC to hold regular (monthly) meetings with village heads, sub village heads and village youth groups and the PKK (Women’s organizations)	<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"> <li>- Communication Strategy B1-GENE-PMD-3100-8055–A.</li> <li>- Village Communication Record</li> <li>- ESHS Contractor Meeting Minutes</li> <li>- ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes</li> <li>- Contractor Presentations</li> </ul>	Completed
	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	<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"> <li>- Communication Strategy B1-GENE-PMD-3100-8055–A.</li> <li>- Village Communication Record</li> <li>- ESHS Contractor Meeting Minutes</li> </ul>	Completed

Issue	Recommendations	Agreed Action	Status
		<ul style="list-style-type: none"> <li>- ESHS ITDC, 5 + 13 Village Chiefs Meeting Minutes</li> <li>- Contractor Presentations</li> </ul>	

**Issues Recently Identified (related to both MotoGP resettlement and Project resettlement) and Recommendations  
(January 25, 2021 – Updated April 30, 2021)**

Issues	Recommendations	Agreed Action	Completion Status
<b>Moto GP - Land Acquisition</b>			
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 HHs in 1 plot of land.	Inform landowners about their rights regarding 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>PMO/PMC and Head of Village/ Sub village/SATGAS held a meeting to discuss this issue.</p> <p>ITDC/PMO/PMC together with Head of Villages/Sub villages/SATGAS to get in touch with HHs to mediate the matter.</p>	Ongoing
2. Landowners' understanding of compensation, especially non-physical.	<ol style="list-style-type: none"> <li>1. Conduct detailed explanation of non-monetary compensation for the landowners in PENLOK 2,</li> <li>2. Monitor landowners in PENLOK 1 to understand utilization of compensation, including non-monetary compensation.</li> </ol>	<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,</p>	<p>Ongoing</p> <p>PENLOK 1 pending payment 1 out of 21</p> <p>PENLOK 2 pending payment 7 out of 29</p>

Issues	Recommendations	Agreed Action	Completion Status
		<p>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 MoF 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 25 and February 4, 2021.</p>	
<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 rental accommodation.</p>	<p>The SATGAS to provide sufficient time for land users to resettle before demolishing the structure.</p>	<p>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.</p>	<p>Completed</p>
<p>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.</p>	<p>The SATGAS to show the plot/map, and explain the process of measurement.</p>	<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 and fairly 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>	<p>Completed</p>
<p><b>Project RAP Progress (Informal Settlers in Project area)</b></p>			

Issues	Recommendations	Agreed Action	Completion Status
<p>Temporary Settlement HPL 94</p> <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 people have returned as the land had not been secured by ITDC.</p>	<p>Verify/Update data on Informal settlers and prepare cut-off date</p>	<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 Project-affected households (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"> <li>• 83 RAP PAHs have each received the 10 million from the Government in the form of deposits in secured bank accounts under their names.</li> <li>• 54 PAHs have not received payment. Of these, 13 currently cannot be identified; the remaining 41 cannot be located at this time.</li> <li>• 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</li> <li>• 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</li> <li>• Process to address this is being undertaken with ITDC senior management involvement.</li> </ul> <p>ITDC is conducting the validation process with the Sub-village chiefs to</p>	<p>Ongoing</p> <p>ITDC is developing a 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 May 6, 2021 an acceptable timeline for completion of the payment of the 10 million per eligible PAH.</p> <p>ITDC has committed to completing payment of livelihood assistance for the 31 primary farmers and 10 secondary farmers by July 31, 2021.</p>

Issues	Recommendations	Agreed Action	Completion Status
		<p>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"> <li>1. Draft Validation of Master List Resettlement Action Plan</li> <li>2. RAP and other census cross reference sheet</li> <li>3. Discussion with government if needed to arrange the down payments to those entitled under the RAP who have not hitherto received it</li> <li>4. Payment of land down payments to PAP's accounts (83 PAP have received as per Apr-2021)</li> <li>5. Payment of restoration of income to those who are entitled (ITDC)</li> </ol> <p>See RAP Implementation Immediate Action below for detailed action and timeline,</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>Completed</p>
<p>3. Muddy street access due to flooding in January 31, 2021</p>	<p>Street improvement</p>	<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>Completed</p>

Issues	Recommendations	Agreed Action	Completion Status
		Supporting Evidence (HPL94 3 folder): Pictures will be supplied.	
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)	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 April 13, 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.  Supporting evidence (Permanent 1 folder); MOM with Department of Housing Detailed Engineerign Design Ngolang (in Bahasa Indonesia)	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 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	Clarification completed; construction ongoing



Issues	Recommendations	Agreed Action	Completion Status
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.	<p>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.</p> <p>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.</p> <p>Supporting Evidence (Permanent 3 folder):</p> <ol style="list-style-type: none"> <li>1. MOM with Department of Housing</li> <li>2. RAP and other census cross reference sheet.</li> </ol>	In Progress
<b>Project - Stakeholder engagement</b>			
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.	<p>ITDC/PMC already provides venue and food to Head of Village/Sub Village when conducting a meeting.</p> <p>Supporting Evidence:</p> <ol style="list-style-type: none"> <li>1. MOM with chief and sub-village chief, 10 April 2021</li> </ol>	Completed
<b>Complaints from fisherfolk relating to MotoGP</b>			
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"> <li>1. ITDC to visit site to attempt to understand the issues. Photos taken between MotoGP Circuit and foreshore.</li> <li>2. ITDC to communicate with consultant to clarify issue.</li> </ol>	1. ITDC confirmed that the complaint came from tidal fisherfolk, who complained about having less fishing area (along the coast line) due to MotoGP land filling (point no 2 & 4).	Completed

Issues	Recommendations	Agreed Action	Completion Status
	<ol style="list-style-type: none"> <li>3. Consultant to give ITDC contact details for specific fisherfolk.</li> <li>4. ITDC to visit area between the MotoGP Circuit and the foreshore to attempt to identify issues</li> <li>5. ITDC to follow up with AIBB Consultant for further clarification.</li> <li>6. Photos and/or drone video to be taken of area between MotoGP Circuit and foreshore.</li> <li>7. After evidence/facts gathered an investigation to be completed.</li> <li>8. GRM process to be followed.</li> </ol>	<ol style="list-style-type: none"> <li>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.</li> <li>3. ITDC then gathered evidence to support the investigation result by taking drone video along the relevant shoreline.</li> <li>4. ITDC held meetings with the fisherfolk to further assess the issue.</li> <li>5. The investigation revealed: <ul style="list-style-type: none"> <li>• One complainant lives in the Sub-Village however he is not a fisherman; he has no issues or complaints with the MotoGP Circuit. He is a well-known person within the community and has no knowledge of issues with his friends who are fishermen</li> <li>• A Sub-Village Chief canvassed fishermen within his village regarding any access issues. None were identified, and the Sub-village Chief has no knowledge of any issues from fisherfolk.</li> <li>• On this basis, ITDC concluded the investigation and closed out the GRM</li> </ul> </li> </ol>	

Issues	Recommendations	Agreed Action	Completion Status
		<p>with no further action to be taken.</p> <p>Supporting evidence:</p> <ol style="list-style-type: none"> <li>1. Drone video by MGPA and drone video in Tana Beaq Beach</li> <li>2. GRM form (to be provided after meeting with the fisherfolk)</li> </ol>	
<p><b>Project RAP Implementation Immediate Action</b></p>			
<p>Proposed immediate action plan related to the data discrepancy and RAP implementation</p>	<p>ITDC to propose immediate action plan and timeline related to the data discrepancy and RAP implementation.</p>	<ol style="list-style-type: none"> <li>1. RAP data validation: <ol style="list-style-type: none"> <li>a. Continue the RAP census validation and cross reference with Government compensation (IDR 10 million) recipient list and March 2021 census.</li> <li>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.</li> </ol> </li> <li>2. ITDC RAP commitment: <ol style="list-style-type: none"> <li>a. Livelihood Restoration (compensation)</li> </ol> <p>ITDC to expedite the payment of livelihood restoration to 31</p> </li> </ol>	<ol style="list-style-type: none"> <li>1.(a) On-going</li> <li>(b) Ongoing</li> <li>2. Expected completion July 31, 2021</li> </ol>

Issues	Recommendations	Agreed Action	Completion Status
		<p>primary farmers and 10 secondary farmers. ITDC staff to present the RAP implementation cost to ITDC management for budget approval. ITDC to keep AIB posted on the progress of this implementation.</p> <p>b. Additional Livelihood Restoration measures (training and 1 job per HH)</p> <p>ITDC is working on the implementation program, and 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>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>Supporting evidence: RAP Implementation Timeline</p>	<p>3. Ongoing discussions with Government</p>

**TIMELINE**

**AIIB ACTIONS FOLLOWING RECEIPT OF CONCERNS**  
**FROM**  
**CIVIL SOCIETY COALITION FOR INFRASTRUCTURE DEVELOPMENT**  
**AND**  
**JOINT COMMUNICATION FROM THE SPECIAL PROCEDURES MANDATE-HOLDERS OF**  
**THE UNITED NATIONS HUMAN RIGHTS COUNCIL**<sup>3</sup>

- On October 13, 2020, concerns were raised by the Civil Society Coalition for Infrastructure Development through a letter;
- On October 21, 2020, CSO dialogue with the Bank's Senior Management was held;
- On October 31, 2020, acknowledgement (or holding) email by the Bank's Senior Management was sent to the CSO;
- On November 2, 2020, the Bank initiated discussions with the Client so that it would develop the Action Plan to address issues raised;
- On November 10, 2020, the Bank's Senior Management sent a letter to the Government of Indonesia to share the Bank's concerns and requesting its special attention to the ongoing land acquisition and resettlement process;
- During November 22 – 29, 2020, an independent consultant engaged by AIIB 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, Village heads, affected people, and representatives from civil society.
- On November 25, 2020, during a Board briefing on the status of the Project, AIIB's Senior Management reported that allegations had been made regarding the Project and undertook to inform the Board once the investigation was complete;
- In December 2020, based on the key findings from the consultant and subsequent meetings, AIIB's Project team initiated work with the Client on a detailed Action Plan to address any relevant potential risks;
- On January 20, 2021, the key findings (Management Note: CSO Allegations and the Bank's Findings) were communicated to the Board;
- From January 25 to February 4, 2021, an independent consultant retained by AIIB made a field visit to the Project area to review progress under the Project;

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<sup>3</sup> 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. See Table, Response to Request No. 5.

- On February 10, 2021, the key findings related to the allegations were communicated to the concerned CSO;
- On March 4, 2021, the Bank received the Joint Communication from the Special Procedures Mandate-holders of the United Nations Human Rights Council Special Procedures Mandate-holders of the UN Human Rights Council;
- On March 9, 2021, the Bank sent an acknowledgement email to OHCHR;
- On March 30, 2021, the Bank received a letter from OHCHR providing the Bank with a copy of the news release that was to be issued on March 31, 2021.
- On March 31, 2021, the news release was issued by OHCHR;
- On April 1, 2021, in response, AIIB published its statement in reference to the OHCHR news release about the Bank's record on the Project;
- On April 5, AIIB's Senior Management sent a letter to the Government of Indonesia to request its attention to the OHCHR news release;
- On April 7, AIIB's Senior Management was interviewed by major media in Indonesia;
- During April 16-18, following receipt of the April 5 letter from Bank Management, representatives of the Government, including representatives 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.