

Dear Mr. Volker, Türk,

We acknowledge receipt of your letter dated October 21, 2024, regarding concerns about human rights impacts related to the Mandalika Urban and Tourism Infrastructure Project funded by the Asian Infrastructure Investment Bank (AIIB). This project focuses on select core urban and infrastructure developments in the Mandalika region of Lombok.

We assure you that the project's implementation and monitoring adhere to AIIB's policies, including the Environmental and Social Policy (ESP) and related standards. AIIB takes project-related concerns seriously and has continuously collaborated with the Government of Indonesia and ITDC to address issues related to land, resettlements, and livelihoods. Through a joint action plan, independent facilitators have been engaged to better understand stakeholder issues related to the project and surrounding developments, including the MotoGP Circuit. While AIIB has facilitated environmental and social concerns of households affected by the MotoGP Circuit, we recognize that we have no legal leverage over activities beyond the project scope.

AIIB has not received any reports of excessive force or intimidation by security forces. However, there may have been increased security in Mandalika following a recent MotoGP event attended by then-President Joko Widodo. AIIB was informed that security forces were used to maintain order during the event, in line with regular security protocols. AIIB does not tolerate the use of force to intimidate or harm project-affected people and will continue to remind the client of this important matter.

As part of regular project monitoring, the project team has conducted focused technical visits and meetings (latest in June 2024) to review progress and address specific issues. National environmental and social experts have been engaged to monitor the project's implementation and support ITDC, focusing on stakeholder engagement and resettlement. These consultants have visited Lombok multiple times to speak with project-affected people, local communities, Village Chiefs, ITDC representatives, local government, and NGO/CSO groups.

Further, the AIIB project team also holds weekly meetings with ITDC on environmental and social aspects, discussing grievances logged through the project's grievance redress mechanism (GRM). Our findings indicate that the GRM provides an effective channel for addressing grievances related to the project and other concerns in Mandalika under ITDC jurisdiction.

Through monitoring missions, visits, and dialogues, AIIB has reflected on the Mandalika tourism development's contribution to one of Indonesia's least developed regions. This development has significantly increased business and employment opportunities, particularly local jobs, and reduced poverty.

Feedback from stakeholders, including local communities, has been broadly positive. They noted the project's benefits, such as increased tourism and its positive impact on the local

economy. Examples include higher incomes for local street vendors and improved access to markets through newly paved roads and streetlights. The first hotel in Mandalika, operational since August 2022, has created 240 jobs, with over 70 percent filled by local residents.

The primary long-term benefit of the project, particularly the impact of tourist spending on the local economy, is yet to fully materialize. However, by 2045, the Mandalika tourism destination is projected to generate significant employment in direct hotel jobs and related businesses.

AIIB remains open to engagement with all concerned parties, including project stakeholders and civil society groups. We acknowledge the importance of constructive dialogue to improve the project and ensure the rights and livelihoods of affected communities are respected and restored.

Thank you for your continued engagement on these critical issues.

Best regards,

A handwritten signature in black ink, appearing to read "R Misra", is written over a horizontal line that extends to the right.

Rajat Misra

Acting Vice President, AIIB