



Resettlement Policy Framework of The Mandalika Urban and Tourism Project

Indonesia Tourism Development
Corporation (ITDC)

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EXECUTIVE SUMMARY

The Mandalika

Tourism development is one of the priority in the national development plan of Indonesia. The Medium-term Development Plan (RPJMN) of 2015-2019 designates tourism as one of four sectoral development priorities. Along with RPJMN, the Government of Indonesia (GoI) launched the Indonesia Tourism Development Priority Program (PPNPPI) to accelerate the development of ten priority tourism destinations – including the area of Mandalika Special Economic Zone (SEZ) in Central Lombok Regency of West Nusa Tenggara Province. The Mandalika project site is strategically located on the south coast of Lombok island with good access from the Praya International Airport.

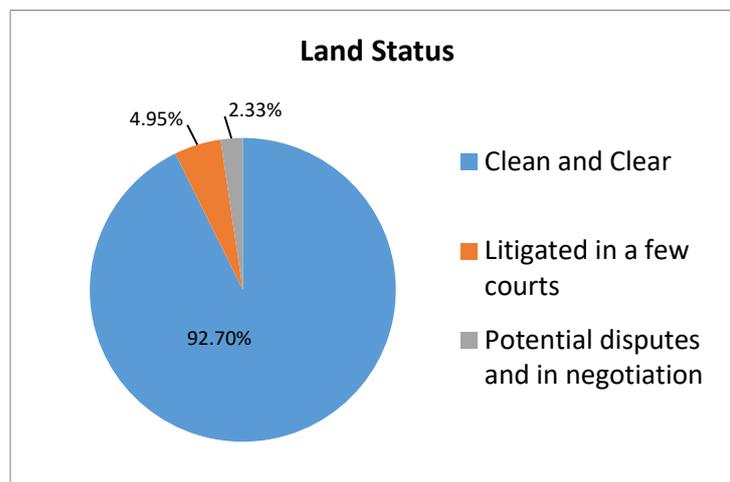
The Project

ITDC has prepared a Master Plan for the construction and development of tourism area in Mandalika (“The Mandalika”) for 30 years (2016-2045), in which construction of infrastructure is the most crucial. The construction of infrastructure is divided into two phases: Phase I (2019-2023) and Phase II (2024-2026)¹. The first phase will require an estimated total investment of USD316.5 million of which USD248.4 million will be funded by a sovereign backed loan from the Asian Infrastructure Investment Bank (the Bank). The portion which is financed by the Bank is known as the Ma¹ndalika Urban and Tourism Infrastructure Project (the Project).

¹ From 2016-2018, there have been a number of infrastructure constructions, such as 4.5-km long road segments, promenade at Kuta Beach and Nurul Bilad Mosque, some of which are funded by State Investment (*Penanaman Modal Negara* or PMN) worth Rp 250 billion.

The Land

The majority of the land in the Mandalika area belongs to ITDC with a total area of 11,634,612 m² or around 1,164 Ha which is divided into 125 HPL certificates (Right-to-Manage land title). Of the 1,164 Ha controlled by ITDC, approximately 27.2 Ha or 2.33% are in potential disputes or being negotiated, 57.7 Ha or 4.95% being litigated in several courts, and the remaining 1,079 Ha or 92.70% being “clean and clear”.



Based on preliminary design of all proposed infrastructure subprojects, and screening of land requirement, the Project will require a total area of 119.8 ha of land areas. Of this, 106 ha (88.5%) are lands owned by ITDC with clean and clear status; 10.4 ha (8.9%) are in litigation processes; 2.4 ha (2.0%) are claimed by individuals who do not have land title or ownership evidence; and 1 ha (0.8%) are lands belong to individuals that have to be purchased before subproject implementation. Lands needed for the Project and currently owned by individuals are known in this document as the enclave lands.

Potential Land Requirement and Project Affected People (PAP)

There are people who own, inhabit or utilize the lands which are needed for the Project. These are the Project Affected People (PAP) which can be classified into 4 groups as follow:

1. Owners of enclave land. There are 6 people who own the lands that are needed for the project. 1-ha of land is needed for development of infrastructure for The Mandalika project; within the 1-ha land, there are 16 houses and a coconut plantation. 5 of the enclave lands are located in Kuta Village, while the rest is in Mertak Village.
2. Plaintiff of ITDC Lands. There are 2 people who are currently litigating ITDC lands in courts. The Project requires 10.4 ha of litigated lands, in which there is only 1 house. The lands are mostly occupied by farms and empty plots. These lands are located in Sengkol and Mertak Village.
3. Claimants of ITDC Lands. There are 8 people who claim ITDC lands. They generally claim that they have not received any or some of payments, and some of them request additional payments. The total area of lands that are claimed but needed for the Project is estimated to be 2.4 ha, in which there are 4 houses, farms, plantations or empty plots. These claimed lands are located in Ujung, Pelemong, Tobelo and Serenting Sub-villages.

4. Residents who occupy and/or utilise ITDC Lands. Within the 106 that has been “cleaned and cleared”, there are 49 houses and 3 homestays on the lands owned by ITDC. Moreover, there are non-permanent buildings, farms and plantations. In developing the Resettlement Plan, there must be a census to further detail who these project-affected people are and what their socio-economic conditions are.

Resettlement Plan (RP)

Prior to conducting land acquisition for the Project, ITDC is required to prepare a Resettlement Plan (RP) in accordance with both national laws and regulations and the Bank’s requirements. Given that the exact scale and complexity of land acquisition could not be determined in detail yet, a Resettlement Policy Framework (RPF) is prepared by ITDC to guide the preparation of an RP at a later date. The RPF provides guidelines on the principles, process, and organizational arrangements that apply to land acquisition and the associated resettlement. The final RP shall be reviewed and approved following the approval by the Governor of West Nusa Tenggara (and/or the Regent of Central Lombok) and the President Director of ITDC.

Objective and Principles

In accordance with the Environment and Social Policies of the Bank and Environmental and Social Standard 2 (ESS2), the objective and principles of resettlement is:

1. to avoid and minimize resettlement whenever possible;
2. to ensure that the economic livelihood of project-affected communities will at least be the same to what it was before resettlement;
3. to improve the overall socioeconomic status of the displaced poor and other vulnerable groups, and to provide sufficient resources to enable the persons displaced by the project to share in project benefits; and
4. to conceive and implement resettlement activities as sustainable development programs.

Legal Policy Framework

In Indonesia, land procurement for developments in the public interest is regulated by Law No 2 of 2012 and its implementing regulations. Development in the public interest implies that the development projects are undertaken and initiated by government institutions or state-owned-enterprises, such as ITDC, who have been assigned by the Government of Indonesia. The regulations stipulate the establishment of a Land Procurement Committee (LPC) as the implementer of land acquisition. This committee is appointed by the local government (provincial or regency) in which the project is located. The LPC acts as the representative of the State, conducts the land acquisition process and negotiates with land owners compensation for the land following the process as described in the law and regulations.

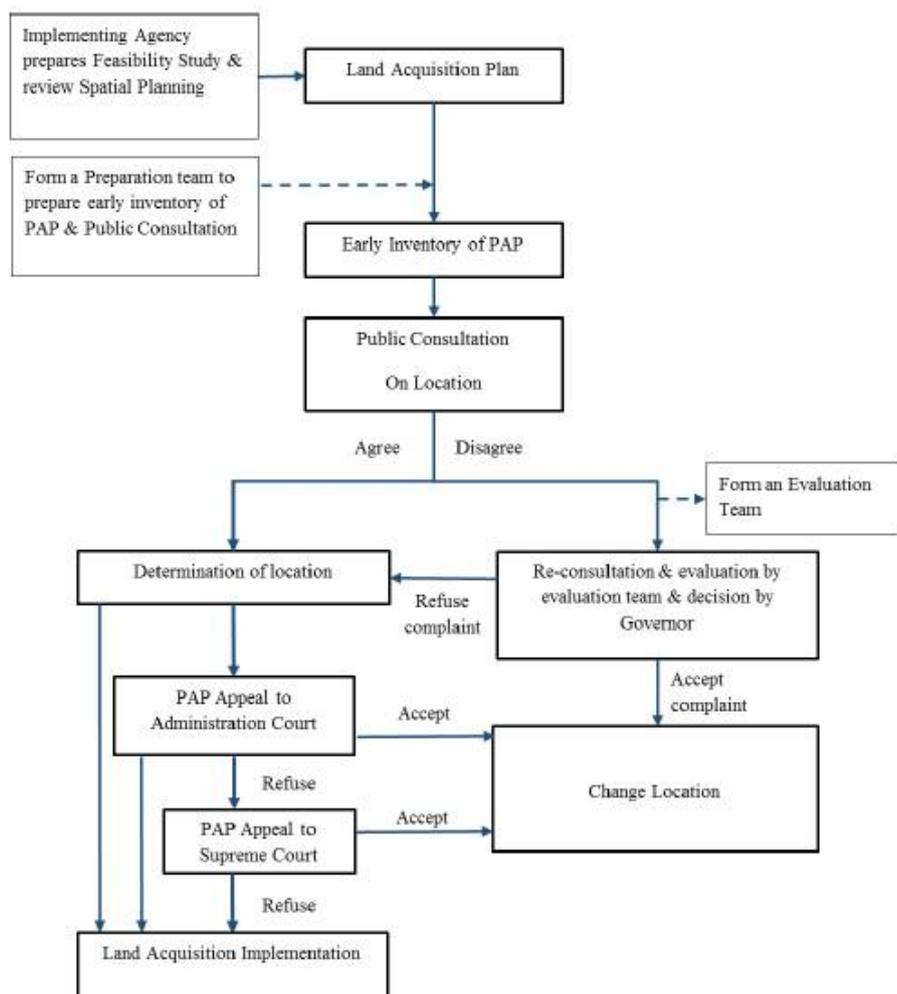
Approach to Resolve Land Issues

The approach to resolving issues for the different land categories are as follow:

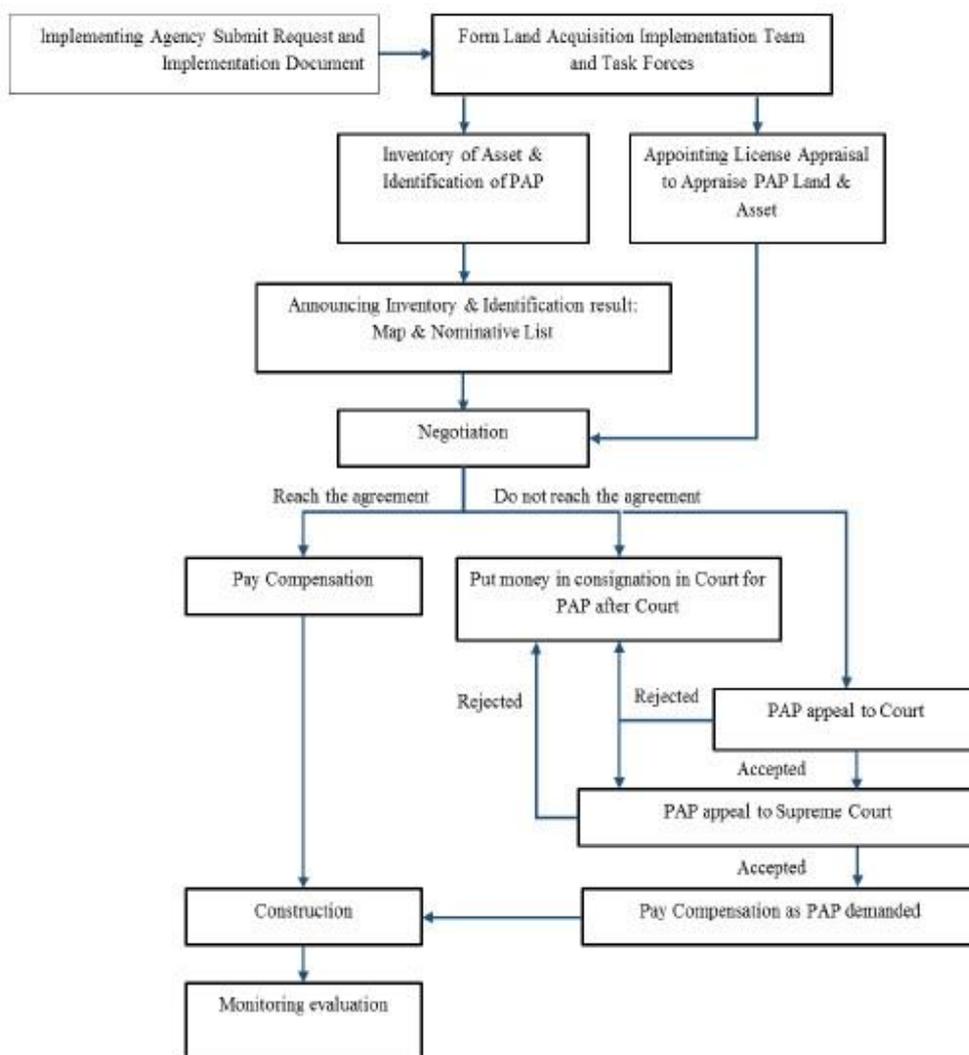
1. Enclave Lands: since the lands do not belong to ITDC, then it has to be procured by following the process in accordance with Law No 2 of 2012 and its implementing regulations. In addition, ITDC shall also follow the ESS2 principles and requirements.
2. Litigated Lands: wait for final and binding court decisions or negotiate with the litigators for out of court solution guided by the ESS2 principles and requirements
3. Claimed Lands: negotiate for mutually acceptable solutions with the claimants guided by the ESS2 principles and requirements
4. Clean and Clear Lands: negotiate for mutually acceptable solutions with the settlers guided by the ESS2 principles and requirements.

Process of Land Procurement in the Public Interest

There are 4 stages for land procurement in the public interest consisting of planning, preparation, implementation and delivery (Article 13 of Law No 2 of 2012). The steps in the preparation stage is presented in the flowchart below:



The steps in the implementation stage is presented in the flowchart below:



Entitlements of Project Affected People

A matrix listing the rights of project affected people is presented below.

Project Affected People	Entitlements
Land/asset owners who lose land and/or other assets (including buildings, structures, utilities, trees, etc.) and loss of income.	Compensation for loss of land and other assets attached to the lost land, based on value assessment carried out by licensed appraisers.
Land/asset owners who lose temporarily or permanently their sources of income or livelihoods	Compensation for loss of sources of income or livelihoods based on value assessment for non physical carried out by licensed appraisers and facilitation for livelihood restoration.
Persons who own and occupy dwellings and other structure built on state or government land without any recognizable legal right or claim to the land they occupy.	Compensation for loss of dwellings and other structure, for income sources or livelihoods and resettlement assistance, based on the assessment of the licensed appraisers.

Renters of dwellings and other structures built on state or government land without any recognizable legal right or claim to the land they occupy.	The project provides sufficient time (at least 2 months from the cut-off date/at the time of census survey) for the renters to find another place or other assistance agreed by renters and agency/entity which may include moving allowance and transition allowance and livelihood assistance.
Sharecroppers.	Assistance to livelihood restoration.
Squatters.	Compensation for building and structures. Assistance to livelihood restoration and facilitation to access public housing and transition and moving allowance as well as improvement to site.
Encroachers, i.e., persons who aggrandize or extend their personal holdings by encroaching adjacent state or government land.	Compensation for building and structures. Assistance to livelihood restoration and facilitation to access public housing and transition and moving allowance as well as improvement to site.
Encroachers who entered the project area after the publicly announced cut-off date.	Not entitled to any compensation.

Valuation Method

ITDC selects licensed, independent appraiser through a procurement process based on Indonesian regulations. The Head of the Land Acquisition Implementing Team (from the National Land Agency or BPN) will assign the selected appraisers to calculate the values of the physical and non-physical assets based on the Indonesian Valuation Standards (SPI) 306 to be used as a basis for negotiation. In principle, the physical and non-physical valuation methods undertaken by the licensed independent appraisers are presented below.

Object	Basis for valuation
Land	Market price and/or income lost
Building	The cost of making new building with considering the different between compensating new building and deteriorated building
Plant	<p><u>Market price:</u></p> <ul style="list-style-type: none"> ○ The price of one cycle of harvesting ○ The price in the market based on related institution price standard; <p>Or</p> <p><u>Cost Based Price:</u></p> <ul style="list-style-type: none"> ○ The cost of growing the plant up to present (before harvesting)
Transaction cost	Moving cost, tax, notarial cost.
Waiting compensation	Bank deposit/lending interest.

Unutilized residual parcel	Market price.
Other damage	Recovery cost.
Total	Cannot be less than non-speculation market price and based to the existing regulation Reflecting the real value of the property for the owner (PAP).
Premium cost	Premium cost due to unwilling to sell and considering invaluable cost (20 - 40 % of total physical price estimation).

Public Consultation and disclosure

Consultations and disclosures for acquiring land for the Project start from the planning and continue to preparation, and implementation phase, including resettlement. Law No. 2 of 2012 and its implementing regulations specify that public consultations should be carried out in the following activities:

- a. At planning stage: the affected people shall be consulted on the Project location, purpose of the development, procedure and time frame of land acquisition, roles of licensed appraisers, forms of compensation, eligible assets or objects for compensation (physical and non-physical including premium), compensation for community facilities, and responsibility and rights of the eligible PAP.
- b. National Land Agency (BPN) shall consult the asset owners during the inventory and the identification of the affected assets. Results of the inventory shall be disclosed in the Village and Pujut district offices for maximum of 14 days to get confirmation and receive complaints.
- c. Information on the results of asset valuation done by the licensed appraisers will be provided to the PAP and used as the basis for negotiations.
- d. Draft and final RP will be disclosed in the villages at location closest to where the Project is located, on the websites of the local agency and/or in ITDC website.

Additional public consultations and information disclosures shall be done as necessary.

Grievance Redress Mechanism (GRM)

Procedures, requirements as well as time to resolve complaints during the land acquisition shall follow Law 2 of 2012 and its implementing regulations. In addition, ITDC has to use the existing complaint handling system or establish a new one to receive and respond to complaints. In principle, objection to any aspect of the Project and land acquisition shall be addressed through consultations to reach an agreement and settlement, and be resolved as much as possible at the site of the Project. Relevant institutions, such as the Central Lombok Regency, Pujut District, and Kuta, Mertak and Sengkol Villages governments shall be involved in addressing the complaints, as necessary. There is no fee charged to the complainant. Grievance acceptance and the follow-up mechanism will ensure cultural and gender sensitivities of the entitled parties.

Monitoring and Evaluation

Implementation of RPs by ITDC will be regularly monitored and reviewed by the third party to be selected by ITDC. Status and any pending issues as well as follow-up actions to address issues will be included in the ITDC quarterly report. The Bank will focus its monitoring and review on main indicators as specified in the approved RPs, which includes among others: (a) consultation process; (b) eligible PAP; (c) agreed compensation rates; (d) payment of compensation and delivery of assistance; (e) implementation of livelihood restoration plan; (f) the legal process of land acquisition; and (g) the effectiveness of complaint handling mechanisms, such as number, type of complaints and follow up. ITDC shall submit to the Bank the resettlement monitoring report every six month during the project implementation, and information provided in the reports will be used as references for Bank's supervision.

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Chapter 1

INTRODUCTION

The purpose of this Resettlement Policy Framework (RPF) is to provide guidelines on the principles, process, and organizational arrangements that apply to land acquisition and the associated involuntary resettlement during the implementation of the Mandalika Urban and Tourism Infrastructure Project (MUTIP or the Project). It is a framework to guide the preparation of a Resttlement Plan (RP) document that is in compliance with the requirements specified in the AIIB's Environmental and Social Standard (ESS) and Law No. 2 of 2012 and its implementing regulations on Land Acquisition for Development of Public Facilities. The term Resettlement Plan (RP) is used in the AIIB Environmental and Social Standard, while Law No 2 of 2012 and its implementing regulations use the term "*Rencana Pengadaan Tanah*" or "Land Acquisition Plan" (LAP). There are gaps between Indonesian regulatory and AIIB requirements for RP. These gaps have been identified and addressed elsewhere in this document. This RPF document consists of the following chapters:

- Chapter 1 Introduction
- Chapter 2 Potential Land Acquisition and Resettlement Impacts
- Chapter 3 Policy Objectives and Key Principles
- Chapter 4 Legal, Regulatory and Institutional Framework for Land Acquisition
- Chapter 5 Screening of Land Acquisition Impacts and Preparation of Resettlement Plan
- Chapter 6 Entitlement Policies and Rehabilitation Measures
- Chapter 7 Implementation Arrangements
- Chapter 8 Public Consultation and Information Disclosure
- Chapter 9 Grievance Redress Mechanism
- Chapter 10 Monitoring and Evaluation

1.1. The Project

In order to further develop tourism in the Mandalika area of Central Lombok (**Figure 1-1Error! Reference source not found.**), the Indonesia Tourism Development Corporation (ITDC) plans to provide core infrastructure such as internal roads, landscape, drainage, water supply network, sewerage network, wastewater treatment, solid waste management, information and communication technologies (ICT), electricity distribution, landscaping, and public facilities. Serviced lands are then can be leased to private investors to construct retail, accommodation, and other tourist facilities to an internationally acceptable standard. In addition, the Project includes improvements to basic infrastructure and services in selected surrounding communities that can serve both visitors and residents of the Mandalika area.



Figure 1-1 Project Location

1.2. Project Components

The key infrastructure of The Mandalika will require an estimated total investment of USD458 million of which USD341 million will be funded by a sovereign backed loan from the Asian Infrastructure Investment Bank (AIIB or the Bank). The development project will be implemented within eleven year duration which is divided into two phases: Phase-I (2019-23) and Phase-II (2024-26). The Project as discussed in this document is for implementation during Phase I. The Project consists of two components as described below.

1.2.1 Component 1: Provision of Basic Infrastructure

Subcomponent 1.1 development of core infrastructure

This subcomponent covers the development of internal roads, landscape, drainage, water supply network, sewerage network, wastewater treatment, solid waste management, information and communication technologies (ICT), electricity distribution, landscaping, and public facilities. The main highway and local road network will be constructed under the Project to provide access to hotels and tourism facilities in The Mandalika area. Parking areas would be provided in the amenity core and in the service areas. All utilities such as clean water, sewerage, irrigation water, power, telecommunication, and gas lines, will be housed in a utility corridor within the road rights-of-way. Storm water would be collected in open ditches and swales along the road, which would infiltrate the soil with the help of modular tanks and porous fill materials.

The integrated drainage system of the Mandalika area, consisting of bioretention (swales and modular tanks), river normalization, and Project area elevation through earthfill works, will be developed under the Project to overcome extreme local rainfall, high river discharge, flash flooding, and high sea water levels. As part of disaster risk management, Temporary Evacuation Shelters (TESs) and Temporary Evacuation Sites (TEAs) provided under the Project would serve as common facilities, while leaseholders are required to provide elevated “evacuation zones” on

rooftops. This part of the funding will also cover shelter and emergency evacuation for the local population in the immediate vicinity of the site.

Clean water would be supplied to the Mandalika area from two main sources, SWRO (sea water reverse osmosis) and PDAM (Regional water utility company). Under the Project, the water storage tanks and distribution lines will be constructed to distribute potable water to the hotels, restaurants, and tourism facilities. The closed pipe network of sewage lines, sewage lift stations, and two WWTPs would be constructed to collect and treat the wastewater from the Mandalika area. The solid waste disposal system would include the collection and transportation of solid waste for disposal in a regional public landfill site.

The electrical distribution network and a 20 kV transformer station would be provided under the Project. Under the MoU signed by PLN and ITDC, PLN would undertake the work required to link the Mandalika to its local power system and assure that sufficient generating capacity to serve the future power demand in Mandalika would be available as and when needed.

Landscaping would be provided, according to the Landscape Design Guidelines (LDGL), with plants to be supplied from a nursery site within the Mandalika site. The effluent of the WWTPs will be used for irrigating both public and private greenery in the Project area, while the produced sludge will be composted at the ITDC's plant nursery site. The amenity hubs in the Western and Eastern Zones of the Mandalika would be constructed for information centers, restaurants, shops, and other tourism and commercial facilities. Multiple venues for Small and Medium Enterprises (SMEs) and local vendors would be created under the Project.

Additional infrastructure investments by public and private sectors during this period will include the construction of green infrastructure assets in the form of a 35 MW PV solar power plant and two SWRO plants (10,000 m³/day), which will reduce reliance on the fresh water resources of Lombok Island.

The list of infrastructure project components and required land areas can be found elsewhere in the document. This part of the Project is likely to involve land acquisition and resettlement.

Subcomponent 1.2 - Infrastructure improvements to neighboring communities

This subcomponent would support infrastructure improvements for the selected surrounding communities, including water supply and sanitation, drainage, solid waste management, transport, disaster risk reduction, protection of natural assets, and community facilities. This would ensure that an equitable share of the benefits of the Project reaches local communities, while helping to mitigate likely negative externalities from an increased influx of tourists and associated businesses. The objectives of sub-component 1.2 are to: (i) ensure buy-in and continued support from local communities to the proposed Project during preparation, implementation, and operation; (ii) minimize direct, indirect, and induced environmental and social impacts of the Project; (iii) improve economic and infrastructure linkages with the Mandalika tourism area.

The geographical scope of sub-component 1.2 will broadly cover the four villages of Kuta, Sukadana, Mertak and Sengkol (See **Figure 1-2**). The maximum cumulative contract values for each village will be determined following a multi-criterion analysis based on population size,

socio-economic status, infrastructure needs, and proximity to, as well as likely induced impacts from, activities within the SEZ.



Figure 1-2 Village Boundaries around Mandalika Area

Eligible expenditure can cover a range of contract sizes, though not exceeding the maximum per-village cumulative contract value. Extensive consultations were carried out during project appraisal which identified a range of eligible infrastructure types to be included, leading to the following shortlist:

- (i) Clean water supply: construction or expansion of water supply network; repairs or replacement of water storage facilities;
- (ii) Sanitation: construction or improvement of community toilets; purchase of septic tank pump out trucks; construction or improvement of community septic tanks;
- (iii) Drainage: improvement or construction of drainage infrastructure including culverts, underground and road side drainage channels, swales, retention ponds;
- (iv) Solid waste management: small-scale solid waste processing facilities; household-level collection equipment; garbage collection trucks and other collection equipment; small-scale biogas and composting equipment; temporary disposal sites;
- (v) Transport: routine and preventative road maintenance; road improvement and reconstruction; road betterment including minor widening; improvement of sidewalks and bicycle paths; bridge routine and periodic maintenance; other road-related infrastructure such as street lighting;
- (vi) Disaster risk reduction: Construction of vertical evacuation structures or retro-fitting of existing public-access buildings to perform as such; on-shore breakwaters, coastal forests; installation of sirens and integration with BPBD early-warning system; retrofitting of existing public buildings for earthquake resistance;
- (vii) Protection of natural assets: rehabilitation of mangrove and coral reef habitats; small-scale water-efficient irrigation facilities;

- (viii) Community facilities: landscaping and beautification; hospitality training centers; cultural centers; small-scale medical facilities; improvement of existing piers and other low-impact coastal facilities.

Since Sub-component 1.2 cover mainly improvement of small scale community facilities in surrounding villages based on consultations with local population, no land acquisition and resettlement will be required.

1.2.2. Component 2: Project management and capacity building

Component 2 of the Project and its subcomponents are related to Project Management, construction management, capacity development, and connecting community-based economies through infrastructure, such that it does not require any additional land. Therefore, Component 2 of Project will not involve land acquisition and resettlement.

1.3. Land Issues

1.3.1 Background

The Mandalika land areas controlled by ITDC were largely obtained through transfer of state land from Gol as capital injection in 2009. Small portion of land areas were obtained through purchase from individuals in recent years. Such distribution is also reflected from the timeline of obtaining HPL certificates by ITDC from Central Lombok Land Office. Of 125 HPL certificates, 96 of them were issued in 2010, 23 certificates issued in 2016, and 5 in 2017 based on prevailing laws and regulations.

Before being transferred into state land areas, most of these land areas were originally obtained by PT Rajawali or LTDC – a different company intended to run tourist business in West Nusa Tenggara Province. The initial shareholding composition of LTDC is WNT Government (35%) and PT Rajawali (65%). Following location permit issued by provincial government, a total of 1,088 Ha of land areas in Mandalika were compensated by LTDC from government lands or purchased from local land owners and occupants in the 1990s in order to develop the beach and its surroundings for tourism. Review of relevant documents indicated that LTDC acquired the land in accordance with the relevant laws and regulations. There was negotiation, attempts at mediation over land disputed by local families, documented consent between LTDC and land owners on the land price and the release of land rights by local people, as evidenced by APHAT despite some shortcomings.

Most of these land areas were transferred to the state during economic crisis in the end of 1990s. In 1996, LTDC obtained a syndicated loan from several Indonesian banks to be used for financing the project, including land purchases. In 1998, when the economic crisis hit Indonesia, many companies failed to pay its debts to several banks. In response to this, GOI established IBRA (Indonesian Bank Restructuring Agency) for bank restructuring. LTDC was one of the companies considered as failing to pay its debts to the banks, and as a result, all LTDC shares and assets were transferred to IBRA.

Following capital injection by the state in the form of land areas previously owned by LTDC, ITDC submitted application to BPN in 2009 to issue HPL certificates for the plots obtained from the

State. In response to that, BPN issued decrees SK BPN 22 and SK BPN 23 on August 31 2009 with 1,034 Ha land areas comprising 97 HPL certificates.

In the process, several plots were disputed, such as HPL 1 (Kuta) with 13.1 Ha; HPL 1 (Sengkol) with 2.2 Ha; and claims from one village totaling 135.2 Ha. In order to accelerate the settlement of claimed land in the Mandalika SEZ, on 24 October 2016, WNT Government established an acceleration team to carry out certain process to obtain HPL certificate for ITDC. Based on the assessment, of the 109 Ha State land being claimed by local inhabitants, 93.8 Ha had not been registered or certified. The only evidence by locals was acknowledgement letters by the head of village confirming that the individual concerned was cultivating the plot of land, but was not the owner. Although relevant land law and regulations do not recognize such acknowledgement letter as proof of land ownership, in order to accelerate the process so that ITDC could apply for HPL and start development, the Governor of WNT instructed the Company to give the claimants “handshake money”. Following the payment, BPN issued 28 new HPL certificates with respect to the 93.8 Ha land area to ITDC in 2017.

1.3.2 Current ITDC Land Status

Of the 1,164 Ha controlled by ITDC, approximately 27.2 Ha or 2.33% are in potential dispute or being negotiated, 57.7 Ha or 4.95% are being litigated in several courts, and the remaining 1,079 Ha or 92.70% have already been cleared from any dispute. ITDC intends to continue negotiating with potential land claims and to complete litigation process following court procedures. In both cases, ITDC is confident that for most cases, outcome of litigation and negotiation would be in favor of the company.

Besides there claimed and litigated lands, there are lands in Mandalika that are not owned by ITDC, thus legally belong to other parties. These are known as enclaved land areas. According to ITDC, there are 35 plots of enclaved land areas with about 42.6 ha of land areas in Mandalika. Of these plots, ITDC has bought 9 plots of enclave land, totaling 3.6 ha. Thus, 39 has yet to be purchased.

Specifically for the development of the proposed infrastructure, the Project will require a total area of 119.8 ha of land areas. Of this, 106 ha (88.5%) are lands owned by ITDC with clean and clear status; 10.4 ha (8.9%) are in litigation processes; 2.4 ha (2.0 %) are claimed by individuals who do not have land title or ownership evidence; and the remaining 1 ha (0.8%) are part of enclaved land areas.

1.4. Need for Resettlement Policy Framework

In order to implement the Project, ITDC will have to purchase the enclave lands and also to clear the lands which already belong to ITDC but are claimed, occupied or cultivated by some people. The approach taken by ITDC shall be different for the different cases. For enclave lands, ITDC first approach is to purchase them voluntarily from current land owners based on mutual agreements. So far, the process of land purchases appears to be slow. In case not all of these required land plots could be purchased before Project implementation, land acquisition process will be applied based on Indonesian Law No. 2 of 2012 and other applicable regulations.

In order to anticipate impacts from land acquisition, a Resettlement Policy Framework (RPF) has been developed for the Project. As a framework, the RPF contains the fundamental principles that must be further elaborated in the Resettlement Plan (RP). The RP must be specific, detailed and feasible. ITDC must prepare the RPF and RP so as not to impose severe economic and social hardships to the Project Affected People (PAP). The RPF aims at mitigation of the risks, and at providing a framework for compensation for unavoidable impacts from resettlement.

Chapter 2

POTENTIAL LAND ACQUISITION AND RESETTLEMENT IMPACTS

2.1 Project Land Requirements

Based on current project design, it is estimated that for the construction of proposed infrastructure facilities under the Project, about 119.9 ha of land areas would be required. Among them, 106.1 ha (88.5%) are lands owned by ITDC with clean and clear status; 10.4 ha (8.9%) are part of land areas in litigation processes; 2.4 ha (2.0%) are part of claimed by individuals who do not have land title or ownership evidence; and the remaining 1 ha (0.8%) are part of enclaved land areas. The list of subprojects and potential land requirements is shown in **Table 2-1** below. There are 9 packages but only Package I to V will require land and be financed by AIB.

Table 2-1 Project Land Requirement and Land Status^{*)}

Project Component		Total Required Land (m ²)	Clean & Clear Land (m ²)	Litigated Land (m ²)	Claimed Land (m ²)	Enclave Land (m ²)
<u>Package I (West and Middle Zone)</u>	-					
road, drainage, utility corridor, street lighting, crossing drain, landscape, and pipelines for clean water, sewage and irrigation water	ROW	282,477	251,353	Nil	24,487	7,670
<u>Package II (East Zone)</u>	-					
road, drainage, utility corridor, street lighting, crossing drain, landscape, and pipelines for clean water, sewage and irrigation water	ROW	780,089	673,914	103,681	Nil	2,146
<u>Package III (West)</u>	-					
WWTP West		10,070	10,070	Nil	Nil	Nil
				-	-	-
<u>Package IV (West)</u>	-					
MPC West - Electricity and supporting facilities		76,593	76,593	Nil	Nil	Nil
<u>Package V (East)</u>	-					
Solid waste management facility		49,443	49,443	Nil	Nil	Nil
Total (m²)		1,198,672	1,061,373	103,681	24,487	9,816
Total (ha)		119.9	106.1	10.4	2.4	1

*) excluding lands required for public facilities and river normalization.

2.2 Project Affected People(PAP)

Based on four types of land areas indicated above, there would be four categories of PAP:

1. People affected by the acquisition of their own land. This is the case with the owners and the legal inhabitants of the enclave lands;
2. People who disputed the ITDC lands ownership in the court through litigation process;
3. People who do not have land title or other ownership evidence but make the claim that they own the ITDC lands and had not been paid in full or partially. And;
4. People who have lived on the ITDC's land or make use of the land for some purposes without land rights evidence. They are the squatters of ITDC lands.

2.2.1 Affected People on Enclave Lands

Enclave Lands are plots of lands within the Mandallika area which are legally owned by other parties with sufficient ownership evidence. ITDC has identified 6 plots of enclave land with a total area of 4.3 ha that intersects with the road construction plan (Package 1 and 2 in **Table 2-1**). However, out of this area, only 1 ha of area directly intersects with the Project Plan. There are 15 houses and coconut plantations in the 1-ha land. 5 of the enclaved lands are located in Kuta Village, while one is located in Mertak Village. The list of enclaved lands is shown in **Table 2-2**.

Table 2-2 Enclave Land Owners and the Project Plan

No of Enclaved Land	Enclaved Lands that intersects with road construction plan		Intersection between enclaved lands and road construction plan		Location
	Area (m ²)	No. of House	Area (m ²)	No. of House	
#1	867	4	867	4	Desa Kuta
#5	14,688	29	495	2	Desa Kuta
#6	2,012	5	1,076	3	Desa Kuta
#9	12,571	14	2,104	0	Desa Kuta
#14	9,385	12	3,332	5	Desa Kuta
#19	3,469	1	2,146	1	Desa Mertak
Total (m²)	42,992	65	10,020	15	
Total (ha)	4.3	65	1.0	15	

2.2.2 Claimants of ITDC Lands

Claimed Lands are plots of lands in The Mandalika which are legally owned by ITDC but claimed by individuals without land title or other ownership evidence and therefore the claims are not brought to the court. Most of them claim that they have not received payment of their lands, either partial or in full. Some claimed that they did not know that the lands had been sold before. Even though ITDC has the evidence that it is the legitimate owner of the land, there are still potential disputes with these people. There has been some progress to resolve these claims in 2018. Initially, the total land area of this category which relevant to the Project was 2.8 Ha but

now has decreased to 2.4 Ha. The claims are made by 12 individuals on lands which are scattered in 13 locations: 5 in Ujung, and 2 of each in Kuta, Pelewong, Tebelo and Serenting. The names of individuals who claims ITDC lands are presented in **Table 2-3**.

Table 2-3 Claimants of ITDC Land and their Claims

No	Claimant	HPL	Claimed Land		Intersection with Project		Location (Sub-village)	Note
			Area	No. of House	Area	No. of House		
1	Anyip		6,140	8	3,614	4		
2	Jinalim	HPL 88	6,040	0	4,224	0	Ujung	Has yet to receive his part of the payment that was previously handed to his relative.
3	Lazuardi	HPL 88	10,992	0	6,574	0	Ujung	N/A
4	Ridwan	HPL 88	7,350	4	180	0	Ujung	N/A
5	Gesok	HPL 76	42,470	0	8.310	0	Petewong	Request for proof of transaction.
6	Sulame	HPL 88	2,900	6	112	0	Ujung	Have yet to be paid.
7	Samsir	HPL 118	15,520	2	664	0	Serenting	Lands have never been sold.
8	Awan	HPL 107	5,012	0	807	0	Kuta	N/A
Total (m²)			96,424	20	24,485	4		
Total (ha)			9.6	20	2.4	4		

2.2.3 Litigators of ITDC Lands

Litigated Lands are plots of lands in The Mandalika owned by ITDC but are disputed or claimed in the courts by other parties who also hold some land ownership evidence. This is due to, partial or whole, overlap of ownership certificates over the same piece of lands. The litigation process is to find resolutions over the disputes or claims. The total disputed land in the whole Mandalika area is around 84.5 Ha, however, only 46.2 ha is needed for the Project. Out of this area, 10.4 ha intersects directly with the Project design, involving 2 court cases by Ranggalawe of Sengkol Village (10.37 ha) and Saye of Mertak Village (0.06 ha). There are only farms and empty plots – no house – in the litigated lands.

Table 2-4 Litigators of ITDC Land and their Claims

No	Litigator Name	Court Case	HPL	Claimed Area (m ²)	Intersection Area (m ²)
1	Ranggalawe	Civil Court Case no 39/PDT.G/2016/PN.Pya.	HPL 49/Sengkol	351,770	103,681
			HPL 80/Sengkol	100,500	
2	Saye alias Maye	State Administration Court case No 03/G/2018/PTUN/MTR	HPL 40/Mertak	9,705	564
Total (m²)				461,975	104,245
Total (ha)				46.2	10.4

2.2.4 Squatters of ITDC Lands

Clean and Clear Lands are plots of lands in the Mandalika area which are owned by ITDC and no disputes or claims made by other parties. The total land area of this category is 1,077 Ha. However, there are still some individuals who occupy or make use some of these lands. Some of them are recipients of the handshake money but did not move out from the ITDC lands which they had occupied or used before. Instead, they signed a paper which states that should ITDC require to clear the lands then they will voluntarily move out somewhere else. There might be some persons who are occupying or farming some ITDC lands without permits or any other basis. The following table presents the most current data on the number of houses that are present on ITDC-owned lands with clean and clear status. For a more detailed and accurate representation of the squatters, a census will be conducted for the purpose of the Resettlement Plan.

Table 2-5 Number of houses in clean-and-clear land

Package	Description of Location	Number of Houses
I	Road Intersection I-J	11
	Road Intersection J-M	8
	Road Intersection K-K1-L	4
	Road Intersection K-Q1	3
II	N/A	0
III	WWTP in West Zone	1
IV	MPC in West Zone	20 houses and 3 homestays
V	Solid Waste Management Facility in East Zone	2
	Total	49 houses + 3 homestays

2.3 The Bank Policy on PAP

RPF requires the following measures to ensure that the PAPs are:

- informed about their options and rights pertaining to land acquisition and/or resettlement;
- consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; and
- provided prompt and effective compensation at full replacement costs for losses of assets attributable directly to the physical investment.

Since the impacts include physical relocation, RPF requires measures ensuring that the PAPs are:

- a. provided assistance such as provision of transportation or moving allowance during relocation; and
- b. provided with residential housing, or housing sites, or else, as required and agreed with the PAPs to at least the equivalent of the situation in the old sites.

To achieve the objectives of land acquisition and resettlement, RPF requires that PAP are:

- a. offered support after displacement for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living; and
- b. provided with development assistance in addition to compensation measures.

Chapter 3

POLICY OBJECTIVES AND KEY PRINCIPLES

The Bank screens each project to determine whether or not it involves involuntary resettlement. Where it is not feasible to avoid involuntary resettlement, the client is required to ensure that resettlement activities are conceived and executed as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in the Project benefits.

According to the Bank Policy, involuntary resettlement shall be addressed in the social section of the impact assessment report (ESIA) and complemented by more in-depth coverage in a Resettlement Plan (RP) or in a Resettlement Policy Framework (RPF) that is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; (b) the vulnerability of the affected people. The RP or RPF complements the broader coverage of social risks and impacts in the ESIA and ESMP and provides specialized guidance to address the specific issues associated with involuntary resettlement, including land acquisition and compensation, changes in land use rights, displacement, and livelihood restoration.

The Bank does not endorse illegal settlement, however, it recognizes that significant populations might already inhabit lands without title or recognized land rights. Given this situation, the Bank requires ITDC to ensure that displaced persons without title to land or any recognizable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the resettlement plan, and that they are included in the resettlement consultation process.

3.1 ESS2 - Involuntary Resettlement

The Bank's Environmental and Social Standard on involuntary resettlement (ESS2) objectives are as follows:

- Avoid involuntary resettlement whenever possible
- Minimize involuntary resettlement by exploring project alternatives
- Enhance or at least restore the livelihoods of displaced persons in real terms relative to pre-project levels
- Improve the overall socioeconomic status of the displaced poor and other vulnerable groups
- Provide sufficient resources to enable the persons displaced by the project to share in project benefits
- Conceive and implement resettlement activities as sustainable development programs.

ESS 2 applies if the project screening process reveals that it would involve involuntary resettlement, including involuntary resettlement of the recent past or foreseeable future that is directly linked to a project. Involuntary resettlement covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land or access to

land and natural resources; loss of assets or access to assets, income sources, or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use.

3.2 Bank Policy Requirements

The Bank ESS2 policy regarding Involuntary Resettlement require ITDC to undertake the following actions in relation to the Project.

Planning

Determine the scope of Involuntary Resettlement, through a survey of land and assets, a full census of persons to be displaced, and an evaluation of socioeconomic conditions specifically related to Involuntary Resettlement risks and impacts. This establishes baseline information on assets, productive resources, and status of livelihoods. Include consideration of customary rights, collective, or communal forms of land tenure. Take gender into account in conducting the above. If Indigenous Peoples are affected, follow the requirements of ESS 3.

Resettlement Plan

Prepare a resettlement plan elaborating on displaced persons' entitlements, income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule. Involve affected persons in consultations on the resettlement plan and disclose the draft resettlement documentation in accordance with the Information Disclosure discussion below. The resettlement plan complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address the specific issues associated with Involuntary Resettlement, including land acquisition, changes in land use rights, including customary rights, physical and economic displacement, and potential design adjustments that may reduce resettlement requirements. In some cases, with the Bank's prior approval, resettlement actions may be part of an overall community development plan, where the Client takes special efforts to ensure people who are displaced receive appropriate benefits through such a plan. When displacement is only economic, prepare a livelihood restoration plan. Provide measures to be taken in case of disputes over compensation.

Abbreviated Resettlement Plan

Where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, ITDC may, with the prior approval of the Bank, prepare an abbreviated resettlement plan, covering such elements as the Bank may specify. Impacts are considered "minor" if the affected people are not physically displaced or less than 10 percent of their productive assets are lost.

Resettlement Policy Framework

If the Project is likely to involve Involuntary Resettlement but consists of series of activities whose details are not yet identified at the time the Project is approved by the Bank, then ITDC is to prepare an RPF. The approved RPF is to be used as a guideline in preparing the resettlement plan or abbreviated resettlement plan.

Proportionality

Ensure that the RP or RPF is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the persons to be displaced by the Project.

Consultations

Carry out meaningful consultations with persons to be displaced by the Project, host communities and non-governmental organizations, and facilitate their informed participation in the consultations. Consult with persons to be displaced on their rights within the resettlement process, entitlements and resettlement options, and further participation process. Ensure their involvement in planning, implementation, monitoring and evaluation of the resettlement plan. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples and those without legal title to land, and ensure their participation in consultations.

Grievance Mechanism

Establish a suitable grievance redress mechanism to receive and facilitate resolution of the concerns of persons displaced by the Project and inform them of its availability. Scale the grievance mechanism to the risks and impacts of the Involuntary Resettlement. The grievance mechanism may utilize existing formal or informal grievance mechanisms, provided that they are properly designed and implemented, and determined by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements. Design the mechanism to address displaced persons' concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected people. Include provisions to protect complainants from retaliation and to remain anonymous, if requested. Disclose reports on grievance redress and outcomes in accordance with the Information Disclosure bullet below.

Social Support

Support the social and cultural institutions of persons displaced by the Project and their host population to address resettlement. Where Involuntary Resettlement risks and impacts are highly complex and sensitive, consider implementation of a social preparation phase to build the capacity of vulnerable groups to address resettlement issues, consisting of consultation with affected people and the host population before key compensation and resettlement decisions are made. The cost of social preparation is included in the resettlement budget.

Livelihood Restoration

Improve, or at least restore, the livelihoods of all persons displaced by the Project through: (a) where possible, land-based resettlement strategies when affected livelihoods are land-based or where land is collectively owned; or cash compensation at replacement value for land, including transitional costs, when the loss of land does not undermine livelihoods; (b) prompt replacement of assets with assets of equal or higher value; (c) prompt compensation at full replacement cost for assets that cannot be restored; and (d) capacity building programs to support improved use of livelihood resources and enhance access to alternative sources of livelihood. Include transaction

costs in determining compensation. Examine the opportunities for provision of additional revenues and services through benefit-sharing, as the nature and objectives of the Project may allow.

Resettlement Assistance

Provide persons displaced by the Project with needed assistance, including the following: (a) if there is relocation, security of tenure (with tenure rights that are as strong as the rights the displaced persons had to the land or assets from which they have been displaced) of relocation land (and assets, as applicable), proper housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities and extension of Project benefits to host communities to facilitate the resettlement process; (b) transitional support and development assistance, such as land development, credit facilities, training or employment opportunities; and (c) civic infrastructure and community services, as required.

Standards of Living

Improve the standards of living of the poor and other vulnerable groups displaced by the Project, including women, children, and persons with disabilities, to at least national minimum standards, including access to social protection systems. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

Persons without Title or Legal Rights

Ensure that persons displaced by the Project who are without title to land or any recognizable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the resettlement plan. Include them in the resettlement consultation process. Do not include compensation to these people for illegally settled land. Conduct land survey and census as early as possible in Project preparation to establish clear cut-off dates for eligibility and to prevent encroachment. If claims have been made by these displaced persons that are currently under administrative or legal review, develop procedures to address these situations.

Negotiated Settlement

Develop procedures in a transparent, consistent, and equitable manner if land acquisition or changes in land use rights are acquired through negotiated settlement under the Project, to ensure that those people who enter into negotiated settlements maintain the same or better income and livelihood status.

Information Disclosure

Disclose the draft resettlement plan, including documentation of the consultation process, in the Project area, in a timely manner in accordance with paragraph 57 of the ESP, in an accessible place, and in a form and language(s) understandable to persons displaced by the Project and other stakeholders. Disclose the final resettlement plan, and any updates to affected persons and other stakeholders in the same manner. Disclose any RPF in the same manner. Regularly disclose

updated environmental and social information, along with information on any relevant material changes in the Project.

Implementation

Design and execute Involuntary Resettlement as part of the Project. Include the full costs of resettlement in the presentation of the Project's costs and benefits. For a Project with significant Involuntary Resettlement impacts, consider implementing the Involuntary Resettlement component of the Project as a stand-alone Project.

Compensation and Entitlements

Pay compensation and provide other resettlement entitlements before any physical or economic displacement under the Project.

Supervision

Closely supervise implementation of the resettlement plan throughout Project implementation.

Monitoring

Using suitably qualified and experienced experts, monitor and assess resettlement outcomes under the Project, their impacts on the standards of living of displaced persons and whether the objectives of the resettlement plan have been achieved, by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports in accordance with the Information Disclosure discussion above. Consider the use of suitably qualified and experienced third parties to support monitoring programs.

3.3 Rationale for Triggering ESS 2

ESS2 applies if the Project's screening process reveals that the Project would involve Involuntary Resettlement, including Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the Project. Involuntary Resettlement covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income source or means of livelihood) as a result of involuntary acquisition of land.

In the process of appraisal, screening of the proposed projects concluded that it likely involves land acquisition, loss of assets such as buildings, crops, and other property of value such as trees and plants, property modification and physical resettlement of some households. A Resettlement Policy Framework therefore becomes necessary to ensure that involuntary resettlement, which could have impoverishing effects on displaced persons, is fully addressed. The policy includes activities to address and mitigate these risks.

The RPF identifies the possible impacts from project activities, describes the range of potential impacts (temporary and permanent) to land use, access, and structures, and specifies the compensation and resettlement assistance or procedures. The RPF is intended as a practical tool to guide the preparation of Resettlement Plans (RPs) for activities during implementation of a comprehensive program. If impacts are identified, individual RP for each subproject shall be created based on the guidelines and procedures highlighted in the RPF.

Chapter 4

REGULATORY FRAMEWORK FOR LAND ACQUISITION AND RESETTLEMENT

4.1 Regulatory Framework

Land acquisition for developments in the public interest in Indonesia is regulated by Law No 2 of 2012 and its implementing regulations as summarized in **Table 4-1**. Development in the public interest implies that the development projects are undertaken and initiated by government institutions or state-owned-enterprises such as ITDC which have assignments from the Government of Indonesia. The regulations stipulate the establishment of a Land Procurement Committee (LPC) as the implementer of land acquisition. This committee is appointed by the local government (provincial or regency) in which the project is located. The LPC acts as the representative of the State, conducts the land acquisition process and negotiates with land owners compensation for the land following the procedure as described in the law and regulations.

Table 4-1 Laws and Regulations on Land Acquisition and Resettlement

No	Regulation	General Theme and Objective
1.	Law No. 2/2012 on Land Acquisition for the Development for Public Interest.	The objective of this Law is to accelerate land acquisition process for the infrastructure development for the public interests. Compare to previous land acquisition regulations, it sets clearer land acquisition process and requirements and their institutional arrangements in four steps: planning, preparation, implementation and submission of the results. The institutions that are eligible to acquire land are any state institution, ministry and non-ministry government institution, provincial, regency or municipal government, and State-Owned Enterprise which is specially assigned by the Government. Land acquisition must be carried out through planning that involves stakeholders and must be implemented by providing a feasible, fair and just compensation. The land acquisition for the development for public interest shall be performed in accordance with: <ul style="list-style-type: none"> a) the Regional Spatial Planning; b) the National/Regional Development Plan; c) the Strategic Plan; and d) the Work Plan of each Agency needing land
2.	Presidential Regulation No. 71/2012 on the Implementation of Land Acquisition for the Development for Public Interests	This regulation elaborates the implementation of Law 2 of 2012 with detail and step-by-step process and procedure of implementing land acquisition. This regulation has been amended four times by Presidential Regulation 40/2014; Presidential Regulation 99/2014, Presidential Regulation 30/2015 and Presidential Regulation 148/2015
3.	Presidential Regulation No.40/2014 on the Changes of the Presidential Regulation No. 71/2012	The Presidential Regulation No. 40/2014 specifies the funding sources for operational and supporting costs for the implementation of land acquisition for assigned SOEs and for upstream oil and gas public infrastructure; increase the

No	Regulation	General Theme and Objective
		size of small scale land acquisition from 1 Ha to 5 Ha.
4.	Presidential Regulation No.99/2014 on the Second Changes of the Presidential Regulation No. 71/2012	The Presidential Regulation No. 99/2014 specifies in more detail the determination of compensation, the procedures of hiring or selection of the appraisal services, the expanded timing for giving the compensation from 7 to 14 days after the validation from the head of the land acquisition implementation team is received by the agency who needs the land.
5.	Presidential Regulation No. 30/2015 on the Third Changes of the Presidential Regulation No. 71/2012	The Presidential Regulation No. 30/2015 allows the business entities who obtained authority/power based on agreements with national institutions, ministries, non-ministerial institutions, provincial, regency or municipality, and SOEs who are specifically assigned by the central government to provide infrastructure of the public interests. Further, this regulation allows the business entities who act on behalf of those parties who need the land to pre-finance land acquisition, which will be reimbursed by the concerned agencies/ministries after land acquisition process is completed.
6.	Presidential Regulation No.148/2015 on the Fourth Changes of the Presidential Regulation No. 71/2012	This regulation stipulates among other the institutions who will be responsible for or assigned for land acquisition for infrastructure development for public interests. This regulation shortens the length of time of the preparation and implementation for land acquisition, submission of the results of land acquisition. It also regulates the smallscale land acquisition up to 5 Ha and streamlines the procedures (no need to obtain determination of development location letter, and utilize the appraisers' service for defining compensation).
7.	Presidential Regulation No. 102/2016 on the Financing Land Acquisition for Development the National Strategic Projects for Public Interests	This regulation stipulates the process and procedures of land acquisition for the national strategic projects (as stipulated in the Presidential Regulation No. 3/2016). It covers procedures and requirements for funding land acquisition for national strategic projects that will be implemented by ministries and/or SOEs. This regulation allows the pre-financing for land acquisition by business entities (SOEs or private business entities) who have been assigned by ministries to build infrastructure for public interests. The regulation also contains the procedures and requirements of pre-financing and reimbursement of the compensation that has been paid by the business entities.
8.	Presidential Regulation No. 56/2017 on Handling Social Impact in Land Acquisition for the National Strategic Projects (as specified in the Perpres 3/2016 and its update the Perpres 59/2007).	This regulation stipulates that the Government will handle the social impacts on the occupants of land owned by the Government (national, provincial and regency/municipality), state-owned enterprise, and local government enterprise that will be used for the national strategic projects. The regulation specifies the criteria of such occupants (have ID cards endorsed by district and do not have rights on the land; have physically controlled and used the land continuously for 10 years, and have controlled and used land with good intention openly, not contested and recognized and proven true by the land owner(s) and/or

No	Regulation	General Theme and Objective
		<p>head of village); coverage of compensation (costs for dismantling houses, mobilization, house rents and support for income loss). The regulation requires the land owners to prepare a Social Impact Handling Plan (SIHP) to be submitted to the Governor, who will then establish an Integrated Team to make an inventory and verify the occupants and the occupied land; assign independent party to calculate the compensation; facilitate issues; recommend the list of occupants eligible for compensation, amount of compensation based on the calculation of the independent party, mechanism and procedures to give the compensation to the occupants; and control the implementation of the delivery of the compensation. The Integrated Team consists of various government officials from province and district/city and land owners. Based on the recommendation from the Integrated Team, the Governor will establish the list of eligible occupants for compensation; amount of compensation and mechanism and procedures to give the compensation. The regulation also specifies that the land owner(s) should provide the financing for the compensation and the compensated occupants should move out from the land maximum in seven days after the compensation is received.</p>
9.	<p>Regulation of the Minister of the National Land Agency No. 5/2012 on the Technical Guidelines for Implementing Land Acquisition</p>	<p>Since its issuance, this regulation has been amended twice, i.e., by the Regulations of the Minister of Spatial Development/National Land Agency No. 6/2015 and No. 22/2015. It specifies in detail the preparation of the implementation that includes: inventory and identification of the affected land, determination of appraisal services and task of appraisers, discussions/negotiations on the forms and values of compensation values, compensation payment or provision in the case the compensation is in the form of non-cash, process and procedures in providing compensation in special circumstances, custody of compensation/consignment, release of objects of land acquisition, documentation of field map, nominative lists and administrative data. It also specifies the submission of results of the land acquisition; the taking of the consignment; monitoring and evaluation; financing land acquisition; small-scale land acquisition; coordination or the implementation of land acquisition; and transitional provisions. This regulation is accompanied by a set of various formats as annexes.</p>
10.	<p>Regulation of the Minister of Spatial Development/ National Land Agency No. 6/2015 on the Changes of the Regulation of the Minister of the National Land Agency No. 5/2012</p>	<p>This regulation amended the Regulation of the Minister of the National Land Agency No. 5/2012. This regulation elaborates the amendments of the Presidential Regulation No. 71/2012 as specified in the Presidential Regulation No. 40/2014, Presidential Regulation No. 99/2014, and Presidential Regulation No. 30/2015. This regulation specifies that land management rights could be given to the national institutions, ministries, non-ministerial institutions, provincial, district or city, and SOEs who are assigned by the</p>

No	Regulation	General Theme and Objective
		central government to cooperate with business entities. Business entities who has the agreements with one of these institutions could be given building rights or use rights. Moreover, this regulation also explains that the land acquisition funds is included in the budget document (DIPA) of the government institutions or budget of the SOEs. This regulation also stipulates the processes and procedures of small scale land acquisition for an area up to 5 Ha and land acquisition for infrastructure that are not for public interests. Further, this regulation contains process, procedures and requirements on the incomplete land acquisition but has obtained Determination of Development Location Letter. This includes the requirements to apply the compensation level that is assessed by the land appraisers as specified in the Law 2/2012 for the land that had been assessed under the requirements of the previous regulations with lower compensation level.
11.	Regulation of the Minister of Spatial Development / National Land Agency No. 22/2015 on the Second Changes of the Regulation of the Minister of the National Land Agency No. 5/2012	This regulation amended the Regulation of the Minister of the National Land Agency No. 5/2012 that elaborated the amendments of the Presidential Regulation No. 71/2012 as specified in the Presidential Regulation No. 30/2015. It specifies that the business entities who act on behalf of the agencies/ministries, provincial/district/city governments and SOEs who has been assigned by the Government to acquire land, can pre-finance land acquisition, which will be reimbursed by the concerned agencies/ministries/ and local governments through APBN/APBD after land acquisition process is completed. The funds can be obtained through a special account mechanisms.

A land procurement committee together with government institutions will determine affected land areas and will conduct an inventory of land parcels. Law No 2 of 2012 and Presidential Regulation No 36 of 2005 define land acquisition for development activities in the public interest, amended by Presidential Decree No 65 of 2006 and Presidential Decree No 71 of 2012.

Minister for Agrarian Affairs/ Head of BPN Regulation No 3 of 2007 provides guidance on the land acquisition process for developments in the public interest. First, the Regent/Mayor or Governor decides on what land is required for the public interest and issues a related approval letter.

Land value for compensation will commonly be based on one or a combination of the following:

- Land value based on the sale value of tax object (*Nilai Jual Objek Pajak* or NJOP) as determined by the government,
- Land value based on market price (which, as a rule of thumb, is about twice the NJOP price),
- Land value based on recent land transactions; or
- Land value determined by the local government, related agencies, or independent appraisers.

4.2 Process of Land Acquisition for Public Interest

There are 4 stages for land procurement in the public interest consisting of planning, preparation, implementation and delivery (Article 13 of Law No 2 of 2012).

Planning

ITDC must present the plan for land procurement in the public interest as a bundle of documents containing the following information:

- a) the purpose of the development plan, with general illustrations of what is to be achieved from the development plan in the public interest, and the purpose of the development plan to describe what will be achieved specifically in the public interest;
- b) statement of compliance with the Regional Spatial Plan (Rencana Tata Ruang Wilayah, RTRW) and National and Regional Development Plans (Rencana Pembangunan Nasional dan Daerah, RPND);
- c) location of the land, to elaborate on the administrative areas affected by the plan for land procurement within the province, regency/municipality, district and village areas;
- d) area of the required land: the estimated area of the land is based on the estimated land area required per administrative area of the land procurement plans within village, district, regency and province areas;
- e) general illustration of land status, which describes the preliminary data concerning land ownership and title as well as data on the owners who may hold title to land parcels;
- f) the estimate of time to carry out land procurement, which estimates the time required for each stage of land procurement as of the preparation of the land procurement planning documents, to issuance of the certificate;
- g) the estimated period of implementation of the development, which estimates the time required to carry out the development;
- h) estimated land value, which estimates the value of compensation for land procurement, including above-ground and underground space, buildings, plants, objects related to land, and/or losses that are assessable. This assessment may involve public appraisers, relevant agencies or other institutions that are competent in land assessment; and
- i) budgeting plan: this will be related to operational and support costs required to carry out land procurement for development in the public interest.

Preparation

Based on the land procurement planning documents ITDC and WNT Provincial Governments shall carry out the following steps:

- a) announcement of development plans to the community concerned;
- b) within 30 business days as of the announcement process, initial data collection for the development plans on parties that control the land or hold title to the land that will be acquired (Eligible Parties) and land procurement objects; and
- c) public consultation on the construction plan is carried out to reach an agreement in respect

of the location of the construction plan with the Eligible Parties. The public consultation involves the Eligible Parties and communities affected by the construction, and is carried out at the location of the construction plan in the public interest or at an agreed location. The public consultation must be carried out within 60 business days. If there are any objections from any concerned parties, within 30 business days, the relevant parties must hold a new public consultation addressing the relevant objections.

The agreement is incorporated in the form of minutes. Furthermore, ITDC submits applications for determining locations to the Governor. The Governor and ITDC announce the construction in the agreed locations in the public interest.

Implementation and delivery

To determine location for development in the public interest, ITDC is required to propose the implementation of land procurement to the Land Office, which should include:

- a) inventory and identification of land possession, ownership, use and utilisation, including measurements and mapping per plot of land and data collection by Eligible Parties and land procurement objects.
- b) announcement of the results of the inventory and identification as determined by the Land Office; the announcement becomes the basis for determining the Eligible Parties entitled to compensation;
- c) assessment of compensation
- d) The Land Office determines an independent appraiser to assess the amount of compensation payable to the Eligible Parties.
- e) deliberation on the determination of the compensation carried out by the Land Office with the Eligible Parties, the outcomes of which are used as the basis for paying compensation to Eligible Parties as stated in the minutes of the agreement.
- f) If no mutual agreement is reached in respect of the amount of compensation, the Eligible Parties may submit an objection to the relevant district court; thereafter, a party that objects to the court decision may submit an appeal to the Supreme Court. The decision of the District Court/Supreme Court, which is final and binding, becomes the basis for payment of compensation to the party that filed the objection;
- g) substitution of compensation for the land being acquired is given directly to the Eligible Parties.
- h) At the time of payment of compensation, the Eligible Parties that receive it are obliged to relinquish their rights and submit proof of ownership or ownership of the land being obtained to ITDC, through the Land Office; and
- i) transfer of the land.

After a development location has been determined in the public interest, the Eligible Parties may only transfer their land rights through the Land Office to ITDC. Transfer of the rights is carried out by paying compensation, the value of which is determined when the value of the location is determined.

The Land Office submits the results of land procurement to ITDC after the payment of compensation to the Eligible Parties. If the Eligible Parties refuse the compensation payment (after a final and binding court decision), the Land Office deposits the compensation with the Registrar of the relevant district court (see Article 48 of Law 2 and Article 24 of Supreme Court Regulation No.2 of 2016 on the Filing of Objection Procedure and Compensation Deposit to the District Court in relation to Land Procurement for the Development in the Public Interest).

ITDC can start implementing its activities after the handover of land procurement results (see Article 28(2) of Law 2).

Figure 4-1 depicts the process of land acquisition for development in public interest during preparation stage while **Figure 4-2** indicates the process during implementation stage.

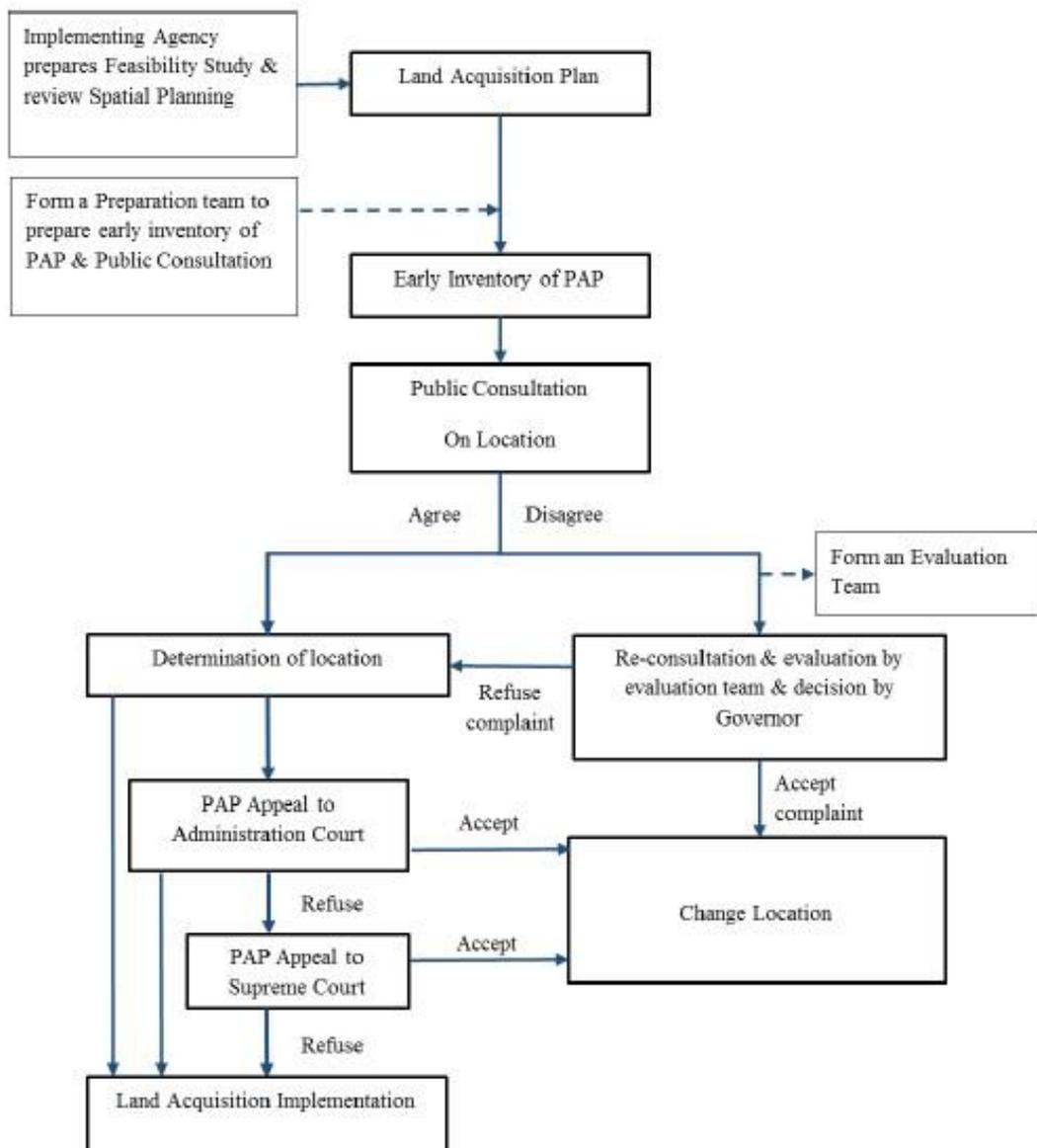


Figure 4-1 Preparation Stage of Land Acquisition Process based on Law 2 of 2012

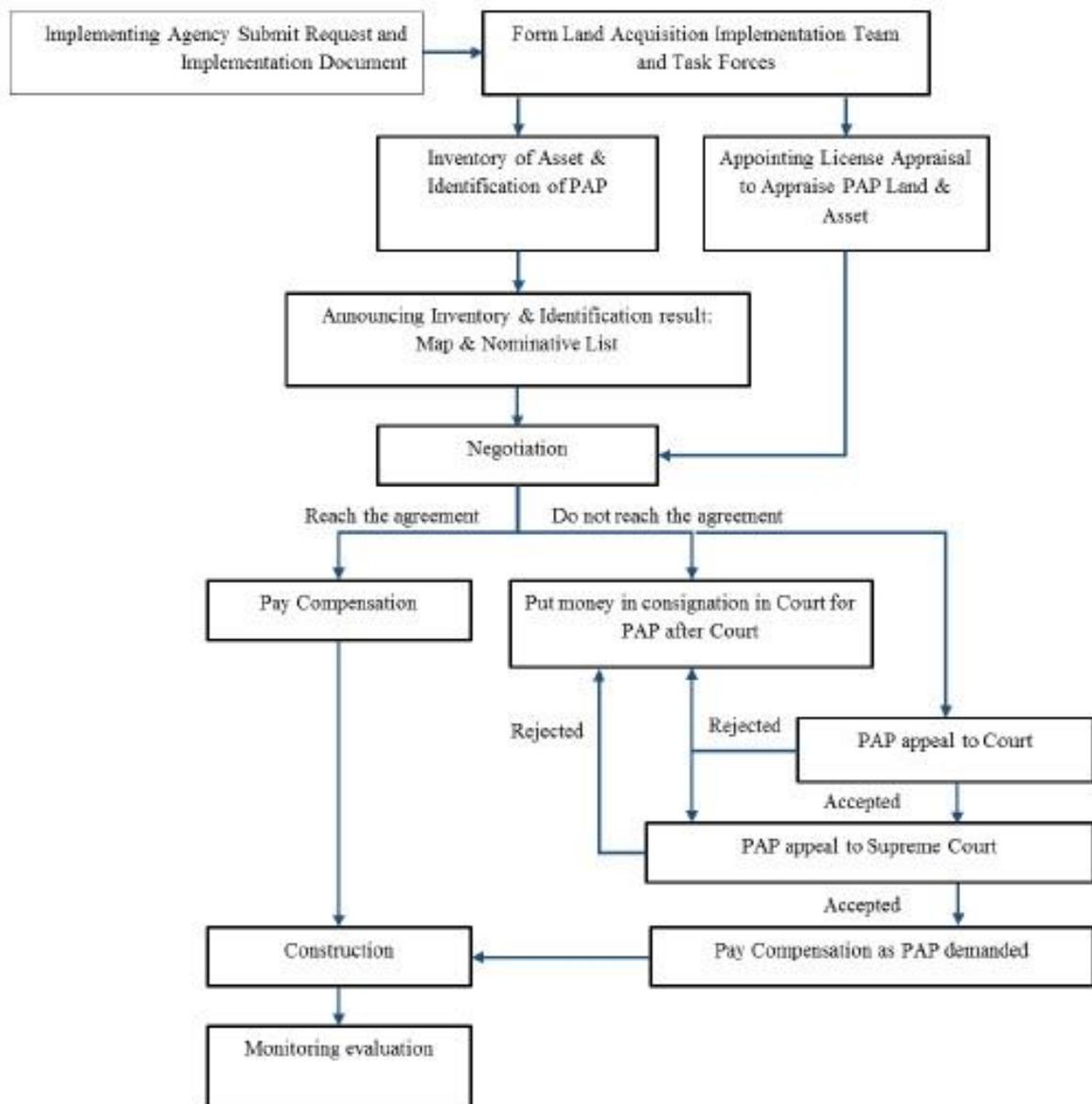


Figure 4-2 Implementation Stage of Land Acquisition Process based on Law 2 of 2012

In the case of ITDC, the process as laid out in Law No 2 of 2012 and its implementing regulations is applied only to procurements or acquisition of enclaved lands. The approach to resolve issues for the different land categories are as follow:

1. Enclave Lands: follow the process in accordance Law No 2 of 2012 and its implementing regulations as described above. In addition to that, also follow ESS2 principles and requirements.
2. Litigated Lands: wait for final and binding court decisions or negotiate with the litigators for out of court solution guided by ESS2 principles and requirements
3. Claimed Lands: negotiate for solutions with the claimants guided by ESS2 principles and requirements

4. Clean and Clear Lands: negotiate for solutions with the squatters guided by ESS2 principles and requirements (same with no 3)

The Resettlement Plan will detail the above strategy or approach to find acceptable solutions.

Chapter 5

SCREENING OF LAND ACQUISITION IMPACTS AND PREPARATION OF RESETTLEMENT PLAN

5.1 Screening Need for Resettlement Plan

5.1.1 Screening of Project Activities

The first step in the process of preparing a Resettlement Plan (RP) during project implementation is to conduct land screening for all proposed subprojects to see whether potential land acquisition and resettlement might be involved for each subproject. This screening is to identify the types and nature of potential impacts related to the activities proposed, and to provide adequate measures to address them. It also ensures that the efforts of avoidance or minimization of resettlement will be made when designing project activities.

5.1.2 Socioeconomic Profiling and Inventory Losses

Should the screening process indicate that land acquisition and resettlement will be required the next step shall be the socioeconomic identification and profiling of Project Affected People (PAP) including age, asset dependence, income level, and family status. This step should take place at the same time as the inventory and valuation of assets affected for each individual PAP.

Once these steps are completed, a Resettlement Plan (RP) shall be developed based on the data collected and RPF prepared for the Project. This RPF provides a framework for the preparation of RP in order to address potential land acquisition and resettlement impacts caused by the Project. The screening process involves direct consultation with representatives of PAP and local government onsite to verify the affected assets and discuss their socioeconomic situation. This shall include sharing the grievance redress mechanism and the entitlement matrix.

5.1.3 Development of RP

Following the socioeconomic census and identification of affected parties, an RP shall be developed. This will be coordinated by the Land Acquisition Committee to be formed by the West Nusa Tenggara Province or Central Lombok Regency government. The RP will be prepared in consultation with affected parties, particularly in relation to the cut-off date for eligibility, scale of impacts to income and livelihoods, methods of valuation, compensation payments, potential assistance, and time frames.

5.1.4 Disclosure and Approval of RP

Following RP preparation, a number of steps must be followed:

1. The land acquisition committee submits the RP to the ITDC Project Director for approval. Before handing out the approval, the Project Director needs to ensure that the RP has complied with the RPF, as well as consistency in approach between different activities.

2. The land acquisition committee discloses the RP, i.e. disseminates and shares the RP with PAP and local authorities and allows 30 days for comment.
3. Following incorporation of comments from disclosures, and the Project Director approval, the RP must be sent to the Bank for review to ensure compliance to the Banks's policies and procedures.

5.2 Types of Resettlement Plan

ESS2 applies if the Project's screening process reveals that the Project would involve Involuntary Resettlement, including Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the Project. Involuntary Resettlement covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use. It covers such displacement whether such losses and restrictions are full or partial, permanent or temporary. The following guidance leads to decision on a Full Resettlement Plan or an Abbreviated Resettlement Plan.

Table 5-1 Type of Resettlement Plan

Resettlement Plan Type	Guidance
1. Full Resettlement Plan	Covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use
2. Abbreviated Resettlement Plan	Where impacts on the entire displaced population are minor, or fewer than 200 people, ITDC may, with prior approval of the Bank, prepare an abbreviated resettlement plan, covering such elements as the Bank may specify. Impacts are considered "minor" if the affected people are not physically displaced and less than 10 percent of their productive assets are lost.

Chapter 6

ENTITLEMENT POLICIES AND REHABILITATION MEASURES

6.1 Land Compensation Regulation

Law No 2 of 2012 and its implementing regulations stipulate that valuation of compensation should be done by Independent and Professionals Appraisers, who have a license from the Ministry of Finance as Public Appraiser and registered in National Land Agency (BPN). The Indonesian Society of Appraisers (MAPPI) has issued “Valuation Standard 306”, and “Valuation in the Context of Land Acquisition for Development for Public Interest” to guide and support the implementation of Law 2 of 2012. The Standard follows the same principles as the Law, where determination of the compensation amount is based on the “principles of humanity, fairness, usefulness, certainty, transparency, agreement, participation, welfare, harmony and sustainability.” Fair Replacement Value is based on the market value of the property, with attention to non-physical elements associated with loss of property ownership, caused by the land acquisition. Valuation consists of physical and non-physical components.

Physical components that will be compensated include:

1. Land;
2. Space above- and under-ground;
3. Buildings; and
4. Amenities and facilities supporting the building.

Non-physical components to be compensated for include:

1. Disposal rights of landowners, to be given as a premium in monetary terms under existing legislations. The substitutions may include matters relating to:
 - a. loss of employment or loss of business, including change of the profession (with respect to Law No. 2 of 2012 Article 33 letter f of the Elucidation);
 - b. emotional loss associated with loss of shelter as a result of land acquisition (with due regard to the Act No. 2 in 2012 Article 1 Paragraph 10, Article 2 the elucidation and Article 9, paragraph 2)
2. Cost of transaction, such as moving expenses and corresponding taxes.
3. Compensation for waiting period, i.e. payment to account for the time difference between the valuation date and the estimated payment date.
4. Loss of value of the remaining land, which can be calculated over the entire land value if it can no longer be used as intended.
5. Physical damage and repair costs to building and structure atop the land, if any, as a result of land acquisition.

6.2 Bank Policy on Land Compensation

The Bank requires that a resettlement plan shall be prepared and cleared prior to implementing activities. It also requires the provision of compensation and other assistance to PAP, to restore

their income and livelihoods. In particular, the policies require that possession of land for project activities may take place only after compensation has been paid.

Eligibility criteria for entitlement purposes are essential for compensation payments. For this reason, property inventories with socioeconomic survey and cut-off-date after announcement and consultation are instrumental to avoid unnecessary and sometimes fraudulent claims for compensation.

Besides criteria for eligibility for land compensations, the determination and levels of compensation for different lands to be acquired need to be provided.

The following project affected people will be eligible for compensation:

- Those who have formal rights to lands. This is the case with enclave land owners or winners of litigations on ITDC land.
- Those who do not have formal rights to land at the time the census begins, but have a claim to such land or assets provided that such claims are recognized under the Laws of the country or become recognized through a process identified in the resettlement plan. This is the case with some claimants on ITDC lands.
- Those who have no claim to land they are occupying or using. This is the case with the squatters on ITDC lands.

Affected persons irrespective of their status or whether they have land titles, and legal rights or not, are eligible for some kind of assistance if they occupied the land before the entitlement cut-off date. The entitlement cut-off date refers to the time when the measurement of affected assets and identification of affected persons in the project area is carried out, i.e, the time when the project area has been identified and when the socioeconomic survey is taking place. Thereafter, no new cases of affected people will be considered. Persons who encroach on the area after the socioeconomic survey (census and valuation) are not eligible for compensation or any form of resettlement assistance.

(a) Eligibility According to National Law

In determining eligibility, the National legislation only classifies the eligibility of person who has a land certificate or utilizes a land plot.

(b) Addressing the issue of squatters and illegally occupied land

According to the Bank requirements regarding criteria for eligibility, “those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets-- provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan; and those who have no recognizable legal right or claim to the land they are occupying are eligible for compensation.”

In other words, the absence of legal title to land or other assets is not, in itself, a bar to compensation for lost assets or to other resettlement assistance. Persons belonging to the last group above may or may not be present in the project area during the time of the census/survey. Seasonal resource users such as herders or fishing families, hunters, and gatherers may have interdependent economic relations with communities located within the project area that will be

adversely affected by resettlement. The existence of such populations and economic relationships can be determined through direct consultation and through socioeconomic surveys.

(c) Method to Determine Cut-Off Date

The entitlement cut-off date refers to the time when the assessment of persons and their property in the project area is carried out, i.e. the time when the project area has been identified and when the site-specific socioeconomic study is taking place. Thereafter, no new cases of affected people will be considered (this applies in particular to persons informally/illegally occupying land). The establishment of a cut-off date is required to prevent opportunistic invasions or rush migration into the chosen land areas, thereby posing a major risk to the project. Therefore, establishment of a cut-off date is of critical importance. The Land Acquisition Committee will play a crucial role in identifying users of land. The user(s) will be informed through both formal notification in writing and by verbal notification delivered in the presence of the community leaders or their representatives.

6.2.1 Forms of Compensation

Compensation may take several forms: (a) cash; (b) land replacement/swap; (c) resettlement to other site; (d) shares ownership; or (e) other forms of compensation that are agreed both by the PAP and the ITDC. Preferred compensation forms depend on the preference of the PAP and compensation may take combination of these depending on the agreements between the PAP and the ITDC. The form of compensation will be an individual choice. **Table 6-1** lists the forms of compensation.

Table 6-1 Forms of Compensation

Items	Description
Cash Payments	Compensation will be calculated per Indonesian regulations. Rates will be adjusted for inflation.
In-kind Compensation	Compensation may include items such as land, houses, other buildings, building materials, seedlings, agricultural inputs, and financial credits for equipment.
Assistance	Assistance may include moving allowance, transportation, and labor

The following methods of calculation should be adopted for the preparation of the aforementioned standardized asset valuation tables and/or the application of specific case-by-case valuations in the case of projects that have significant impacts.

Methods of Valuing Affected Assets

As required by Law No. 2 Year 2012 and its implementing regulations, the values of affected assets will be assessed by licensed, independent appraisers who will be assigned by the Head of the Land Acquisition Implementation Team. The selection was done by ITDC through the national procurement regulations. The values defined by the licensed appraisers will be used as a basis for negotiation with the PAP. Types and compensation level will be defined based on the negotiation

results between the Land Acquisition Implementation Team and the land/property owners. Value assessment will be carried out on per affected land plot basis which includes land, the space above and beneath land, buildings or structures, plants, objects that relate to the affected land, and/or other loss that can be valued (e.g. non-physical loss that can be equivalent with monetary value; loss of jobs or income earning sources, cost for moving, cost for change of profession, and value for remaining property). The remaining property that is no longer physically or economically viable/habitable/usable can be compensated if the owners prefer to do so. Land valuation/appraisal by the licensed, independent appraisers will be carried out based on the MAPPI Standards as specified in the MAPPI Guidelines. Compensation is comprised of market price plus transaction costs and other costs plus premium, in more detail as follows:

- a. Physical assets: land, buildings, structures, facilities, and plants, and other things related to the land acquired to restore to the owner a property of at least the same quality as that owned prior to the land acquisition;
- b. Non-physical assets: loss of jobs, loss of businesses, conversion of profession, emotional loss (solatium), transaction costs, interests, loss of remaining land, and other physical damage;
- c. Premium: calculated from loss of jobs, loss of businesses, conversion of profession.

In principle, the details of physical and non-physical valuation methods undertaken by the licensed independent appraisers are presented below.

Table 6-2 Valuation Methods

Object	Basis for valuation
Land	Market price and/or income lost
Building	The cost of making new building with considering the different between compensating new building and deteriorated building
Plant	<u>Market price:</u> <ul style="list-style-type: none"> ○ The price of one cycle of harvesting ○ The price in the market based on related institution price standard; Or <u>Cost Based Price:</u> <ul style="list-style-type: none"> ○ The cost of growing the plant up to present (before harvesting)
Transaction cost	Moving cost, tax, notarial cost
Waiting compensation	Bank deposit/lending interest
Unutilized residual parcel	Market price
Other damage	Recovery cost
Total	Cannot be less than non-speculation market price and based to the existing regulation Reflecting the real value of the property for the owner (PAP)
Premium cost	Premium cost due to unwilling to sell and considering invaluable cost (20 - 40 % of total physical price estimation)

Entitlements

Entitlements Matrix for the Project Affected Persons can be seen in **Table 6-3** below:

Table 6-3 Entitlements of Project Affected People

Project Affected People	Entitlements
Land/asset owners who lose land and/or other assets (including buildings, structures, utilities, trees, etc.) and loss of income	Compensation for loss of land and other assets attached to the lost land, based on value assessment carried out by licensed appraisers;
Land/asset owners who lose temporarily or permanently their sources of income or livelihoods	Compensation for loss of sources of income or livelihoods based on value assessment for non physical carried out by licensed appraisers and facilitation for livelihood restoration
Persons who own and occupy dwellings and other structure built on state or government land without any recognizable legal right or claim to the land they occupy.	Compensation for loss of dwellings and other structure, for income sources or livelihoods and resettlement assistance, based on the assessment of the licensed appraisers
Renters of dwellings and other structures built on state or government land without any recognizable legal right or claim to the land they occupy	The project provides sufficient time (at least 2 months from the cut-off date/at the time of census survey) for the renters to find another place or other assistance agreed by renters and agency/entity which may include moving allowance and transition allowance and livelihood assistance.
Sharecroppers	Assistance to livelihood restoration
Squatters	Compensation for building and structures. Assistance to livelihood restoration and facilitation to access public housing and transition and moving allowance as well as improvement to site.
Encroachers, i.e., persons who aggrandize or extend their personal holdings by encroaching adjacent state or government land.	Compensation for building and structures. Assistance to livelihood restoration and facilitation to access public housing and transition and moving allowance as well as improvement to site.
Encroachers who entered the project area after the publicly announced cut-off date	Not entitled to any compensation

6.3 Livelihood Restoration

An important aspect of preparing a Land Acquisition and Resettlement Plan is to collect baseline data within the project targeted areas to better assess potentially affected communities. The Project application form will require an identification of potentially affected parties (PAP) at the individual and household levels, with particular attention to vulnerable groups (women, children, the elderly, female-headed households, ethnic minorities, etc). Baseline data will include: number of persons; number, type, and area of the houses to be affected; number, category and

area of residential plots and agricultural land to be affected; and productive assets to be affected as a percentage of total productive assets.

Chapter 7

IMPLEMENTATION ARRANGEMENTS

Organizational arrangements for the process of acquiring land shall follow Law No. 2/2012 and its implementing regulations. The Law stipulates that the land acquisition process involves four stages: planning, preparation, implementation, and handover of the acquired land to ITDC. The land acquisition process during preparation and implementation stage have been discussed and presented elsewhere in this document.

Once the Project is approved by the Bank, ITDC shall prepare the draft RP (or the draft Abbreviated RP, as applicable). RPs shall be prepared based on the information provided by the Land Acquisition Plan and Inventory and Identification Report of the National Land Agency (BPN). The final RP will be signed off by the Regent of Central Lombok (or Governor of West Nusa Tenggara) and the President Director of ITDC. The land acquisition process should be completed prior to the start of the construction.

ITDC carries out the selection process of the licensed, independent appraiser through a procurement process based on Indonesian regulations. The Head of the Land Acquisition Implementing Team (from BPN) will assign the appraisers selected by the implementing entity. The appraisers shall calculate the values of the physical and non-physical assets based on the Indonesian Valuation Standards (SPI) 306. As mentioned earlier, the compensation level of the affected assets will be used as a basis for negotiation.

ITDC shall pay the compensation as agreed in the negotiation. BPN will hand over the acquired land to ITDC once all compensation is paid and/or compensation is consigned in the court (for those who insist to disagree on the compensation). In practice, prior to consignment, ITDC and BPN adopt persuasive approach to those who do not accept the compensation. Similarly, the court who receives consignment use persuasion approach to the consignees to accept the compensation. By law, once the handover process is completed, ITDC can proceed with construction.

7.1 ITDC Implementation Structure

ITDC will establish a land acquisition team, or maintain the existing team. Its responsibilities are to complete Project land acquisition openly, transparently, and in participative manner. A subset of this team will operate in each village where lands remain to be acquired; each such “subteam” will consist of:

- ITDC core team
- Village Heads
- Representatives of affected community (minimum 2 people).

ITDC will oversee all resettlement planning and coordinate all issues relating to the compensation of enclave land. The implementation will also involve local government authorities.

The implementation arrangements of the RPF build on:

- Implementation arrangements for the Project, and
- Implementation arrangements for resettlement and compensation activities in line with the Indonesian Laws and Regulations as outlined in Chapter 4.

7.2 Training

Capacity for RP review and approval will be built within the PMU. This will be done through ad hoc training and technical assistance to ensure that all stakeholders involved discharge their different responsibilities effectively. The need for Land Acquisition Team development is based on the fact that, after land acquisition for the Project is completed, infrastructure improvements in the villages (subcomponent 1.2) will also require clearance of sites and rights-of-way. While such land acquisition will be the responsibility of local government, efficient funds disbursement and construction progress will require the PMU (i.e. ITDC) to remain closely involved in such site clearances.

7.3 Budget Estimates

According to Presidential Regulation No. 71/2012 regarding Land Procurement Procedures for Development in the Public Interest, funds allocated for land procurement consist of compensation costs, operational costs, and supporting costs for related activities.

After the conclusion of the site-specific socioeconomic study, information on specific impacts, individual and household incomes, and numbers of affected people and other demographic data will be available to facilitate preparation of a detailed and accurate budget for each land acquisition. The Team will manage and monitor the budget through the administrative and financial management rules, manuals, and SOPs as for any other activity eligible for payment. A representative of the PMU accounting staff will be permanently attached to the Team.

Chapter 8

PUBLIC CONSULTATION AND INFORMATION DISCLOSURE

Consultation and disclosure for acquiring land start from the planning and continue to preparation, and implementation phase, including resettlement. In summary, Law 2 of 2012 and its implementing regulations specify that consultations should be carried out in the following activities:

- a. At planning stage: disclose to PAP the plan of Project location, purpose of the development, steps and time frame for land acquisition, roles of licensed appraisers in the asset valuation, forms of incentive or compensation, eligible assets or object for compensation (physical and non-physical including premium), compensation for community facilities, and responsibility and rights of the eligible PAP. Consultations will use public meetings, media, and information in the closest villages to Project location. Consultations will adopt a dialogue approach, and can take place more than one time, depending on the need and agreement reached. Agreement will be put in writing. The defined physical investment location requiring land will be disclosed to public in the media, on the websites of the provincial and city government, as well as on the ITDC website.
- b. National Land Agency (BPN) shall consult the owners of the asset during the inventory and the identification of the affected assets. Results of the inventory will be disclosed in the Kuta, Mertak and Sengkol village and Pujut district offices for maximum of 14 days to get confirmation and receive complaints.
- c. Information on the results of asset valuation done by the licensed appraisers shall be provided to the PAP and used as the basis for negotiations.
- d. Draft and final RP shall be disclosed in the Kuta, Mertak and Sengkol villages at location closest to where the infrastructure project requiring land acquisition is located, on the websites of the local government and/or in ITDC website.

8.1 Public Consultation during Preparation Stage

Public consultation is an important part of land acquisition preparation. Public announcement regarding development plans must be communicated to the community at a planned location and time. Public consultation shall involve affected community members as well as respected parties within the wider community. This process can facilitate ITDC efforts to be responsive to the public Project-related concerns. The Preparation Team shall conduct public consultations within 60 working days after the date of signing of the Project location plan and outlines the results in the minutes of the agreement. If there are objections from the community, the Team holds a second public consultation within 30 working days after the date of the minutes of agreement. The process is repeated thereafter for another 60 days.

An agreement between ITDC and the community is extremely important to mitigate potential disputes or to prevent the need for disputes to rise to the Provincial level. If there is still an objection to the land acquisition plan, the Governor must form an Objection Review Team to examine the objections. The objection review process shall be carried out within 14 days. From this, the Governor shall issue a recommendation letter to state whether the planned location of development is approved or rejected.

Public consultations shall occur as early as possible in timely manner. This means that the potentially affected community shall receive notification during conceptual design to ensure that strategic project decisions avoid major environmental and social risks, and that Project benefits can be optimized.

ITDC is to conduct meaningful consultations with the affected people and relevant stakeholders including local authorities and NGOs. It is important to be thorough in identifying and prioritizing the stakeholders, including the vulnerables, disadvantaged and voiceless. From this point, the identified stakeholders shall be consulted to different degrees, depending on the level of potential impacts.

8.2 Public Consultation during Implementation Stage

Public Consultations during the implementation stage shall relate to:

- a. Continuation of previous process during location selection, screening and land acquisition plan development process;
- b. Notification to affected parties;
- c. Documentation of assets;
- d. Agreement on compensation; and
- e. Preparation of contracts, compensation payments and provision of assistance in resettlement.

The detail and extent of these steps will depend on the nature and extent of potential impacts and compensations required.

8.2.1 Continuation

An essential element during the land acquisition implementation stage is the continuation of public consultation and participation. This is a continuation of the previous process during site selection, screening, census and plan development processes which depend on the extent of potential impacts. The community and landholders shall be informed of the approval of the RP and its implications to PAP in terms of land acquisition and compensation. Note that this should be part of an ongoing process to ensure that no affected individual or household is “notified” all of a sudden one day that they will be affected in such and such way. Instead, the continuous process seeks their involvement and wishes to inform communities in a participatory approach with the Project, from the beginning to the end.

8.2.2 Announcement

At the earliest possible opportunity, the Project shall issue announcement regarding land acquisition to land holders and users. The users will be informed through both a formal

notification in writing and, as some older people are probably illiterate, by verbal notification delivered in the presence of the Village Head or his representatives. In addition, the Land Acquisition Team and affected landholders and users will accompany survey teams to identify sensitive areas where necessary.

8.2.3 Documentation

The Land Acquisition Team will arrange meetings with affected individuals or households to discuss the compensation process. For each individual or household affected, the Team will complete a compensation inventory containing necessary personal information on the affected party and those that they claim as household members, total landholdings, inventory of assets affected, and information for monitoring their future situation. These will be photographed to support the collected information. This information is confirmed and witnessed by representatives of the local level government. Files shall be kept current and include documentation of lands. Each individual shall be provided a copy of the file at the time of negotiations. This is necessary so that the land acquisition process pertaining to each individual PAP can be monitored over time. Claims and assets shall be documented in writing.

8.2.4 Agreements

Compensation options shall be clearly explained to the affected individual or household. The land acquisition team draws up a contract, listing all property and land being surrendered, and the types of selected compensation (cash and/or in-kind). A person selecting in-kind compensation will have an order form, which is signed and witnessed. The compensation contract is read aloud in the presence of the affected party and the respective Technical Planning Team, Provincial and District Compensation Team, and village leaders prior to signing. Handing over of property such as land and buildings and compensation payments shall be made in the presence of the affected party and the Land Acquisition Team.

8.3 Record Keeping

Detail records of consultation and information disclosure activities shall be kept in order. There are legal implications throughout the processes, and more information is always preferable to less.

Chapter 9

GRIEVANCE REDRESS MECHANISM (GRM)

Process, procedures, requirements as well as time for complaints to be solved during the land acquisition process shall follow Law 2 of 2012 and its implementing regulations. In addition, ITDC is to use the existing complaint handling system, if any, or establish a new one to receive and respond to complaints. In principle, objection to any aspect of the Project and land acquisition will be addressed through consultations to reach an agreement and settlement, and be resolved as much as possible at the site of the Project. Relevant institutions, such as the Central Lombok Regency, Pujut District, and Kuta, Mertak and Sengkol Villages governments shall be involved in addressing the complaints, as necessary. When the grievance cannot be addressed, it shall be resolved through litigation as set forth in Law 2 of 2012 and Presidential Regulation 71/2012. There is no fee charged to the complainant. Grievance acceptance and the follow-up mechanism shall ensure cultural and gender sensitivities of the entitled parties.

During the initial stages of the valuation process, the affected people will be given copies of the GRM (specific to land acquisition) as a guide on how to register grievances. The RP shall include a clear GRM for the PAP. It shall specify the contact or venue to file complaints that are widely disseminated, service standards to respond to complaints, and documentation. Complaints and their follow-up should be recorded and documented and included in the ITDC quarterly report to the Bank.

Initial step in the grievance process is to contact the Land Acquisition Team either by phone, SMS, or letter/email (a cell phone number and email address shall be provided). Complaints must be logged in the complaints register. If the problem cannot be resolved to the PAP satisfaction within 5 days, then the problem is moved to the next level. A record of the resolution or decision to take it to the next level must be recorded in the complaints register.

For grievance cases that cannot be resolved within 5 days:

- Affected person should file his/her grievance, relating to any issue associated with the resettlement process or compensation, in writing. The grievance note should be signed and dated by the aggrieved person.
- Selected members of the land acquisition team will act as the Project Liaison Officers (PLOs) who will be the direct liaison with PAP. The PLOs should be working in collaboration with the Management Team. Any informal grievances will also be documented by the PLOs. The formal grievance document should be embossed with aggrieved person's thumb-print.
- PLO or representative will consult to determine the validity of claims. If valid, the Committee will notify the complainant and s/he will be assisted. A response will be given within 14 days, during which time any meetings and discussions to be held with the aggrieved person shall be conducted.
- If the grievance relates to valuation of assets, a second or even a third valuation shall be undertaken, until it is accepted by both parties. These can be undertaken by separate

independent valuers rather than the person who carried out the initial valuation. The PLO shall provide assistance at all stages to the aggrieved person to facilitate resolution of their complaint and ensure that the matter is addressed in an adequate manner.

If, after receiving a response, the complaint is not resolved, the Project shall setup a Grievance Redress Committee to decide the solution. Should there be objection regarding the decision of the Grievance Redress Committee, the case can be taken to court by the PAP.

The Land PLO shall ensure that each complaint has an individual reference number, and is appropriately tracked, and recorded actions are completed. The log shall contain a record of the person responsible for an individual complaint, and record the dates for the following events:

- Date complaint was reported;
- Date Grievance Log was uploaded onto the project database;
- Date information on proposed corrective action sent to complainant (if appropriate);
- the date response was sent to complainant; and
- Date complaint was closed out.

The Grievance Officer shall be responsible for:

- Providing the Land Acquisition Team with weekly reports detailing the number and status of complaints;
- Any outstanding issues to be addressed; and
- Monthly reports that include analysis of types of complaints, levels of complaints, and actions to reduce and resolve complaints.

Chapter 10

MONITORING AND EVALUATION

Implementation of RPs by ITDC will be regularly monitored and evaluated by the Bank. An experienced external monitoring team will be selected to carry out resettlement monitoring and evaluation for the Project twice a year to ensure land acquisition and resettlement will be carried out in accordance with the approved RP and RPF. Status and any pending issues as well as follow-up actions to address the issues shall be included in the resettlement monitoring reports. The monitoring and evaluation will be focused on main indicators as specified in the approved RPs, which includes among others: (a) consultation process; (b) eligible PAP; (c) agreed compensation level and forms; (d) payment of compensation and delivery of assistance; (e) implementation of livelihood restoration plan; (f) follow-up on the legal process of the acquired land/remaining land; (g) the effectiveness of complaint handling mechanisms; (h) number, type of complaints and follow up; (i) disclosures of the RPs and transparency during the process of land acquisition. ITDC shall submit the bi-annual monitoring reports to the Bank as indicated in the RP.

The three components of the monitoring plan are performance monitoring, impact monitoring, and completion audit.

- **Performance monitoring** public meetings held, grievances redressed, compensation paid, and other activities that can be categorized and quantified as performance indicators.
- **Impact monitoring** mainly socioeconomic conditions, especially relating to income and economic well-being of affected people. Impact monitoring is to provide objective assessments of the effects of resettlement.
- **Completion audit** not only records final accomplishment of land acquisition, but draws on the impact monitoring to determine if ITDC's efforts to restore the living standards of the PAP have been properly conceived and executed.

10.1 Monitoring Arrangements

ITDC shall monitor activities both during and after resettlement. Monitoring shall involve both internal monitoring, prepared in-house by ITDC as well as use of external consultants for monitoring permanent resettlement and livelihood restoration of PAP. The RP process does not stop after people are resettled; monitoring is still required to check the community and individual or family socioeconomic conditions after resettlement.

Monitoring shall continue for a number of years beyond the completion of resettlement to ensure that the PAP have successfully reestablished themselves at new sites. PAP have to be better off or at least at the same economic condition as prior to resettlement. Monitoring is required to observe progress of these factors throughout Project construction and into the operation phase.

Resettled households and certain other affected parties are entitled to:

- Have portable assets including houses and other structures transported and re-erected at the relocation site, or otherwise fully replaced, at the expense of ITDC.

- Any loss of income or income generating assets replaced for a certain period as agreed by land owners and ITDC.
- Have access to the infrastructure they had before resettlement, or similar, or better.
- Express grievances and seek their redress through appropriate channels.

Monitoring and evaluation has these three major functions, as follows.

1. Provide information regarding progress to verify if the Project is implementing land acquisition and resettlement in accordance with RP and RPF agreed by ITDC commitments and in compliance with the Bank policy standards.
2. Provide assessment of the achievements of the process and its specific goals, and an understanding of issues that arise in implementation.
3. Assess in practical terms livelihoods, living standards, and incomes of resettled people.

Monitoring surveys are conducted quarterly, biannually, or annually depending on the required purposes and time periods. Community perception surveys, for example, can be conducted both quarterly and annually to reflect community insights on the success of relocations and attitudes toward ITDC. A complete socioeconomic survey should be conducted 36 months after all resettlement is completed.

The proposed monitoring plan in the RP shall cover parameters to monitor, performance indicators, locations, frequency and duration, responsible party, supervising institutions, training and costs.

10.2 Monitoring Indicators

Indicators to measure goals and process completion in RP monitoring and evaluation are as follows:

- **Input indicators** measure resources, both human and financial, devoted to a particular program or intervention (i.e., number of local workers, funding for RP activity, training programs offered).
- **Process indicators** measure ways in which program services and goods are provided (i.e., stakeholder participation in public consultation, increased capacity of government or NGOs)
- **Output indicators** measure the quantity of goods and services produced and the efficiency of production (i.e., number of people trained or joining community development programs, speed of response to grievances).
- **Outcome indicators** measure the broader results achieved through the provision of goods and services (i.e., income levels, employment rates).
- **Impact indicators** measure medium- to long-term changes in the living standards, behavior, and attitudes of the target group resulting from resettlement activities.

The success of the RP is mainly measured by outcome and impact indicators, because these establish whether the resettlement is achieving its goals or intended results, particularly in terms of socioeconomic conditions. The impact indicators are important to measure the medium and long term conditions of the affected people.