

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of Indonesia requested Asian Development Bank (ADB) for support in implementing the Forest Investment Program (FIP). A project preparatory technical assistance (PPTA) is required to conduct due diligence and prepare relevant documents for compliance with requirements of the FIP sub-committee and ADB. Based on meaningful and effective engagement of communities and other stakeholders, the PPTA will collect baseline data, assess critical issues affecting sustainability of REDD+ implementation, identify target locations, assess feasibility of various activities, and develop an agreed project design.

B. Major Outputs and Activities

2. The key output of PPTA will be a feasibility study report in the format of ADB's Report and Recommendation of the President (RRP) and its appendices. The TA will undertake the detailed design of the project by performing various activities, including: (i) detailed scoping and assessments of the activities listed in concept paper, (ii) assessment of institutional capacity, human resources development needs and monitoring mechanisms for the proposed interventions, (iii) effective communication and meaningful engagement with civil society organizations, national and sub-national governments, private sector and local and indigenous communities, (iv) baseline data collection for key indicators in the design and monitoring framework, (v) identification of specific areas to direct FIP support and assessment of feasible partnership arrangements, (vi) due diligence assessments (technical, economic, social [involuntary resettlement and indigenous peoples' impacts], environmental, land tenure risks) for project financing and any necessary surveys, consultation and refinement for implementation plan, (vii) preparation of sample procurement documentation for both Consultant Recruitment and Procurement of Goods and Works, and (viii) preparation of necessary documents for approval of grant funding by FIP sub-committee. The TA will prepare reports on poverty and social assessment, environmental assessment, indigenous peoples and land tenure, stakeholder communication strategy, and consultation and participation plan for local community engagement to ensure beneficiaries benefit fully from the project's activities.

3. The major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
1. Consultant mobilization	June 2014		
2. Sector assessment, stakeholder analysis and design of methodology and work program	July 2014	Inception report	July 2014
3. Draft feasibility study including (i) baseline data collection, (ii) selection of project areas, (iii) technical, economic, and financial appraisal, (iv) capacity needs analysis, (v) financial analysis, (vi) procurement capacity assessment, (vii) environmental and social safeguards assessments	October 2014	Interim report	October 2014
4. Final project design (including preparation of FIP summary documents, draft RRP and PAM)	December 2014	Draft final report with all appendices Final Report	December 2014 January 2015

FIP = Forest Investment Program; RRP = report and recommendation of the President; PAM = project administration manual; TA = technical assistance.

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

4. The TA is estimated to cost \$500,000 equivalent, to be financed on a grant basis by ADB Strategic Climate Fund and administered by ADB.¹ The government, through the Ministry of Forestry (MoFr), will contribute in the form of counterpart staff remuneration and transport, office supplies, communication and meeting facilities, and other in-kind contributions. The detailed cost estimate is presented in Table A4.2.

Table A4.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
ADB Strategic Climate Fund^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	140.0
ii. National consultants	160.0
b. International and local travel	55.0
c. Reports and communications	5.0
2. Equipment ^b	2.0
3. Workshops, consultations, seminars, and conferences ^c	33.0
4. Surveys ^d	35.0
5. Miscellaneous administration and support costs ^e	35.0
6. Representative for contract negotiations	5.0
7. Contingencies	30.0
Total	500.0

Note: The value of government contribution is estimated to account for 5% of the total TA cost.

^a Under the Forest Investment Program financed by the Strategic Climate Fund. The ADB Strategic Climate Fund is administered by the Asian Development Bank.

^b Equipment

Type and quantity	Cost (\$)
1 computer with software and 1 printer	2,000

Upon completion of the TA, the equipment will be handed over to the EA.

^c Workshops, local training, seminars, and conferences (to be administered by consultants)

Purpose	Number of Participants	Venue and Location	Duration	Cost (\$)
Inception, interim and final workshops	30-50	Jakarta/Pontianak	2 days	15,000
Stakeholder consultations	20-60	Project sites	1-2 days	18,000

^d Includes lease of vehicle and/or boat by consultants for field work for 4 months

^e Including rental of office space for consultants.

Source: Asian Development Bank estimates

D. Consulting Services

5. ADB will recruit an international consulting firm using quality- and cost-based selection (90:10 to emphasize technical aspects of the assignment) and simplified technical proposal in accordance with the ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consulting team will conduct a detailed capacity assessment of EA and IAs, and suggest a remedial action plan to minimize procurement and financial management risks. Table A4.3 shows the summary of consulting services requirement. The consulting firm will be responsible for the administration of workshops, training seminars, and surveys under the PPTA. Equipment and assets purchased under the work will adhere to ADB's Procurement Guidelines (March 2013, as amended from time to time), and upon completion of the project, the assets will be turned over to the EA.

¹ Under the Forest Investment Program financed by the Strategic Climate Fund.

Table A4.3: Summary of Consulting Services Requirement

Positions	Person-Months Required	
	International	National
Team Leader/REDD+ Specialist	3	-
Deputy Team Leader/REDD+ Specialist	-	5
REDD+ Communications Specialist	-	3
Social Safeguards/Indigenous Peoples Specialist	1	4
Community Development and Participation Specialist	-	3
Gender Specialist	1	2
Forest Carbon Monitoring, Reporting and Verification Specialists	1	3
Environment Specialist	-	3
Spatial Information Systems Specialist	-	2
REDD+ Economics Specialist	1	2
Financial Management Specialist	-	1
Procurement Specialist	-	2
Total	7	30

Source: ADB estimates.

6. The team leader and the deputy team leader will coordinate all TA activities and prepare a detailed plan for implementation of the project, including consulting services, procurement method, and detailed cost estimates. They will be responsible for the delivery and overall quality of the inception, interim and final reports. All specialists will contribute to preparation of documents such as draft report and recommendation to the president, related linked documents including a draft project administration manual, good governance framework, and other documents necessary for approval by the FIP sub-committee and the ADB Board.

7. REDD+ communications specialist will develop a project communications strategy that identifies key communication channels and approaches to share FIP project information and enable consultations and feedback. S/he will assist in planning, coordinating and implementing special events promoting communications with diverse stakeholders, and prepare documents in Bahasa for effective communication of project design related activities. The indigenous peoples and social safeguards specialists will assess impacts on IPs, impacts on natural and cultural resources in IP lands, and options for using dedicated grant mechanism for local communities. They will develop an Indigenous Peoples framework and/or plan in accordance with ADB's Safeguard Policy Statement and national REDD+ safeguards policies of Indonesia. They will also prepare social impact assessment report, determine involuntary resettlement impacts and prepare a resettlement framework and/or plan.

8. Community development and participation specialist will prepare the stakeholder consultation and participation plan, and organize stakeholder consultations and surveys to identify target locations for FIP support, partnership arrangements, and effective approaches for KPH support to communities. The gender specialists will prepare a gender action plan, with gender-related performance indicators/targets. They will prepare the due diligence assessment on gender impacts, including potential benefits and adverse effects of each project output in the project areas for Dayak and trans-migrant women in particular, and provide relevant inputs to the PAM. The environment specialist will conduct an initial environmental examination, outline appropriate measures and prepare the environmental assessment review framework. The forest carbon monitoring, reporting and verification (MRV) specialists will collect spatial and other data needed for analyzing drivers of deforestation and establish baseline status of forest carbon in target sites and villages. They will prepare a report covering: the business as usual emissions

scenario, reference emissions level for the target area, local capacities for monitoring REDD+, and recommendations for REDD+ MRV consistent with the FIP Results Framework.

9. Spatial information systems specialist will collect data and prepare maps needed for analyzing drivers of deforestation. S/he will access spatial data used in the One Map initiative and help the PPTA team recommend where carbon stocks can be conserved, protected and/or restored through community-focused investments. REDD+ economists will prepare the due diligence assessment on economic and financial viability including incentive and transaction cost issues, and recommend a fund flow mechanism and other procedures for inclusion in the PAM. The financial management specialist will assess the capacity of executing and implementing agencies in financial management and design project fund flow/disbursement mechanisms in accordance with ADB's Financial Management and Analysis of Projects (2005). Procurement specialist will assess procurement capacity of the executing and implementing agencies and prepare procurement plan and sample procurement documentation for contracts.

10. The qualifications and detailed terms of reference for various consultants and the PPTA deliverables are given separately in Supplementary Document 4.

E. Implementation Arrangements

11. The Ministry of Forestry (MoFr) will be the executing agency (EA). The Center for Standardization and Environment (Pustanling) of MoFr will be the implementing agency (IA), in close cooperation with provincial and district administrations (including forest management units). An inter-ministerial FIP steering committee² will guide the overall program, ensure inter-ministerial coordination and provide oversight for the PPTA. The director of Pustanling will be responsible for coordination and implementation of all activities of the PPTA, including effective monitoring of the work progress of consultants in accordance with the implementation schedule and plan. Disbursements under the PPTA will follow ADB's Technical Assistance Disbursement Handbook (2013, as amended from time to time). The proposed PPTA commencement date is 16 June 2014 and the completion date is 15 March 2015 (9 months).

12. The proposed TA processing and implementation schedule is listed in Table A4.4.

Table A4.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept paper approval	May 2014
Recruitment of consultants	May-June 2014
Inception mission	July 2014
Interim review mission	October 2014
PPTA draft Final Report ^a and FIP documents	December 2014
Grant fact-finding mission	February 2015
PPTA Final Report	March 2015

PPTA= project preparatory technical assistance.

^a To include indicative procurement plan, companion cost estimates and EA capacity assessments for review by OSFMD.

Source: Asian Development Bank estimates.

² The FIP Steering Committee, which was established in April 2013, is chaired by the Secretary General of the Ministry of Forestry and it includes representatives from the Ministry of Finance, the Ministry of Home Affairs, Bappenas, UKP4, and the National Forestry Council (DKN) as members and the three MDBs as observers.