



Technical Assistance Report

Project Number: 52152-008
Transaction Technical Assistance Cluster (C-TRTA)
February 2020

Republic of Indonesia: Sustainable Infrastructure Assistance Program Phase II

Subproject 5: Capacity Development of Ministry of Transportation in Project Preparation and Implementation

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (Ministry for National Development Planning)
BNPB	–	Badan Nasional Penanggulangan Bencana (National Disaster Mitigation Agency)
DGCA	–	Directorate General for Civil Aviation
DGST	–	Directorate General for Sea Transportation
EAL	–	emergency assistance loan
EARR	–	Emergency Assistance for Rehabilitation and Reconstruction
MOT	–	Ministry of Transportation
RPJMN	–	Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
SIAP2	–	Sustainable Infrastructure Assistance Program Phase II

NOTE{S}

In this report, "\$" refers to United States dollars.

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¹ Outposted to the Indonesia Resident Mission.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52152-008	
Project Name	Capacity Development of Ministry of Transportation in Project Preparation and Implementation (Subproject 5)	Department/Division	SERD/IRM
Nature of Activity	Project Preparation, Capacity Development	Executing Agency	Directorate General of Civil Aviation, Directorate General of Sea Transportation
Modality	Subproject		
Country	Indonesia		
2. Sector		ADB Financing (\$ million)	
Subsector(s)		Total	0.00
3. Operational Priorities		Climate Change Information	
✓	Addressing remaining poverty and reducing inequalities	Climate Change impact on the Project	Low
✓	Accelerating progress in gender equality		
✓	Strengthening governance and institutional capacity		
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 8.1		Effective gender mainstreaming (EGM)	✓
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization	Risk Categorization does not apply		
5. Safeguard Categorization	Safeguard Policy Statement does not apply		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
None		0.00	
Cofinancing		1.00	
Government of Australia (Full ADB Administration)		1.00	
Counterpart		0.00	
None		0.00	
Total		1.00	
Currency of ADB Financing: US Dollar			

I. THE ONGOING PROJECT

1. On 28 September 2018, a 7.4-magnitude earthquake hit Central Sulawesi. The earthquake triggered a series of cascading events: a near-field tsunami, landslides, and major liquefaction. The National Disaster Mitigation Agency (BNPB) identified severe damage to housing, infrastructure, and livelihoods, with the heaviest damage to housing, water supply, irrigation, roads, bridges, airport, and ports. Subsequently, the Ministry for National Development Planning (BAPPENAS) prepared the Master Plan for Recovery and Reconstruction for Central Sulawesi in December 2018 with the support of the Asian Development Bank (ADB) and the Japan International Cooperation Agency. As an immediate response to the disaster, ADB approved the \$500.00 million Emergency Assistance for Recovery and Rehabilitation from Recent Disasters on 20 November 2018.¹ In addition, on 26 June 2019 ADB approved the Emergency Assistance for Rehabilitation and Reconstruction (EARR)² in the amount of \$297.75 million comprising: (i) \$188.00 million emergency assistance loan (EAL) supporting rehabilitation and reconstruction of water resources, water supply and education infrastructure,³ and (ii) \$109.75 million EAL supporting reconstruction of transportation infrastructure.⁴

2. The EAL covering transportation infrastructure has two outputs. The first output seeks to (i) rehabilitate the damaged ports in Pantoloan, Donggala, and Wani; (ii) restore and improve their operating capacity; and (iii) establish safety and emergency response plans for the rehabilitated ports. The second output seeks to repair and/or reconstruct the runway, terminal building, and related infrastructure of Mutiara Sis Al Jufri Airport in Palu and establish a safety and emergency response plan for the rehabilitated airport. Directorate General for Sea Transportation (DGST) is the implementing agency for the first output while the Directorate General for Civil Aviation (DGCA) is the implementing agency for the second output. The Ministry of Transportation (MOT) acts as the executing agency.

3. Following EARR's effectiveness on 4 November 2019, project implementation units have been established under DGST and DGCA, and recruitment for design and supervision consultants is underway. ADB had previously engaged a team of structural engineers, port operations experts, and project implementation and procurement consultants to assist MOT in accelerating the consultant recruitment process.⁵ These consultants were also assisting DGST and state-owned operator (Pelindo IV) of Pantoloan port in updating the Palu Bay Port masterplan and facilitating discussions between DGST and Pelindo IV to ensure sustainability of operations and maintenance of the Pantoloan port.

4. Under the National Medium-Term Development Plan, 2020–2024 (RPJMN)⁶, the priorities for maritime connectivity are expected to include improving port infrastructure and operations, integrating port development more closely with economic activities in the hinterland, reforming the port tariff regime, and introducing efficient shipping routes with larger vessels. Collectively, these initiatives aim to reduce logistics costs, enhance competitiveness, and drive equitable growth

¹ ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Emergency Assistance for Recovery and Rehabilitation from Recent Disasters*. Manila.

² ADB. 2019. *Report and Recommendation of the President to the Board of Directors: Proposed Loans to the Republic of Indonesia for the Emergency Assistance for Rehabilitation and Reconstruction*. Manila.

³ As of 19 January 2020, \$18.10 million of contracts have been awarded. There has been no disbursement to date.

⁴ As of 19 January 2020, there has been no contract awarded and no disbursement.

⁵ The consultants were engaged under ADB's staff consultant budget and ADB. 2013. *Technical Assistance to the Republic of Indonesia for the Sustainable Infrastructure Assistance Program: Technical Assistance Cluster Management Facility (Subproject 1)*. Manila (TA 8484-INO).

⁶ BAPPENAS. 2019. Presentation on "Role of Maritime Connectivity under RPJMN 2020–2024."

across regions. Airport transport connectivity will also be a key focus area, with plans for developing 25 new airports over the next 5 years.

5. Given the archipelagic nature of the country, planning, design, construction, operation and financing of port and airport assets are particularly challenging. Such challenges are compounded by the fact that Indonesia is situated in the Pacific Ring of Fire, with 127 active volcanoes and 80% of the country located in earthquake prone areas.⁷ Within MOT, there is growing awareness of how ports and airports are vulnerable to geophysical and hydrometeorological hazards, and strengthening resilience is an important priority. For example, DGCA estimates that more than 70 airports are in proximity of hazard prone areas across Indonesia, and in 2019 issued decrees requiring formation of post-disaster quick response teams and preparation of disaster preparedness manuals.⁸ Even though there has not been a systematic assessment of hazards facing 636 ports listed under Indonesia's National Port Masterplan, DGST recognizes that significant number of ports are vulnerable to natural hazards, and improving emergency preparedness is critical. This would require developing hazard specific emergency preparedness plans, strengthening linkage between port/airport operations and early warning systems, conducting simulation exercises, and building staff capacity to manage disaster events. In order to facilitate delivery of port and airport assets that are disaster and climate resilient under RPJMN 2020–2024, a tailored capacity building program is required for DGCA and DGST.

II. THE TECHNICAL ASSISTANCE SUBPROJECT

A. Overall Progress of the Technical Assistance Cluster

6. The proposed transaction technical assistance (TA) is a subproject under the transaction TA cluster (C-TA 0040–INO) Sustainable Infrastructure Assistance Program Phase II (SIAP2). SIAP2 was approved on 29 November 2018, with an expected completion date of 30 June 2024. SIAP2 provides (i) project preparation support to specific ensuing infrastructure projects listed in ADB's current and future country operations business plans for Indonesia; (ii) implementation and capacity-building support to specific ongoing ADB-funded infrastructure projects; and (iii) knowledge and policy advisory support in the areas of infrastructure planning and financing, together with program management support for effective SIAP2 implementation.⁹ As of 20 January 2020, total approvals are \$13.00 million (43% of total funds), of which \$0.06 million has been disbursed, and total available balance is \$17.00 million.¹⁰

B. Subproject Scope

7. The subproject will support implementation for the airport and ports component under EARR (footnote 2) and deliver capacity building program to accelerate the development and strengthen the resilience of airports and ports as outlined in Table 1 below.

⁷ World Bank. 2019. *Project Information Document for Indonesia Disaster Resilience Initiatives Project*. Jakarta.

⁸ Directorate General Civil Aviation Regulations No. KP 96 (2019) and No. KP 16 (2019). These initiatives were partly the result of DGCA's collaboration with the United Nations Development Program and DHL on the Get Airports Ready for Disaster program that: (i) assessed disaster preparedness of 11 airports since 2009; (ii) provided training to more than 300 staff from DGCA and airport operators; and (iii) resulted in preparation of disaster management plans for some airports.

⁹ As of 20 January 2020, the following three subprojects have been approved under C-TA 0040–INO: (i) Knowledge and Support Technical Assistance for Innovative Infrastructure Financing, Infrastructure Planning, and Program Management Support; (ii) Transaction Technical Assistance Facility for Supporting Sustainable and Efficient Energy Policies and Investments; and (iii) Transaction Technical Assistance Facility for Supporting Sustainable and Universal Electricity Access Phase 2.

¹⁰ Includes \$5.63 million for ADB administration fees and contingency for foreign exchange losses.

C. Subproject Outputs and Activities

8. The major outputs and activities are summarized in Table 1.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Implementation support for ports component under EARR	2020–2022	1.1 Assist DGST in (i) project monitoring and reporting, procurement, and financial management matters; (ii) review of detailed designs for infrastructure to be rehabilitated at ports in Pantoloan, Donggala, and Wani; (iii) strengthening of emergency preparedness including through the development of emergency response plans for the rehabilitated ports; and (iv) updating the Palu Bay Port masterplan, including through incorporation of resilience elements.
2. Capacity building support to accelerate development and strengthen resilience of ports	2020–2021	2.1 Design and deliver capacity building program to strengthen DGST capability in (i) resilient masterplan preparation; (ii) port development, with a focus on integration of port infrastructure special economic zones and agricultural and fisheries value chains; (iii) preparation of climate and disaster resilient detailed engineering designs; (iv) effective port regulation in the context of Shipping Law 17/2008; (v) port operational reform encompassing stevedores, cargo handling companies, and pilotage, and operational disaster risk management; (vi) selection of optimal financial structures to drive port development; and (vii) preparation of emergency response plans. 2.2 Organize a study tour ^a to a reconstructed port facility to illustrate good practices on: (i) climate and disaster resilient engineering design; (ii) emergency preparedness planning; (iii) use of technology to boost disaster preparedness and operational efficiencies; and (iv) construction supervision that support “build back better” approach.
3. Implementation support for airport component under EARR	2020–2022	3.1 Assist DGCA in (i) project monitoring and reporting, procurement, and financial management matters; (ii) review of detailed designs for runway, terminal building, and related infrastructure of Mutiara Sis Al Jufri Airport; and (iii) the strengthening of emergency preparedness, including the development of emergency response plan for the rehabilitated airport.

Major Outputs	Delivery Dates	Key Activities with Milestones
4. Capacity building support to accelerate development and strengthen resilience of airports	2020–2021	<p>4.1 Design and deliver capacity building program to strengthen DGCA capability in (i) preparation of resilient airport masterplans and feasibility studies; (ii) preparation of detailed engineering designs that strengthen climate and disaster resilience and incorporate green features; (iii) emergency preparedness planning; and (iv) resilient asset management, particularly in the context of small airports in eastern Indonesia.</p> <p>4.2 Organize a study tour to a reconstructed airport facility to illustrate good practices on: (i) climate and disaster resilient engineering design; (ii) emergency preparedness planning; (iii) use of technology to boost disaster preparedness and operational efficiencies; and (iv) construction supervision that support “build back better” approach.</p>

DGCA = Directorate General for Civil Aviation, DGST = Directorate General for Sea Transportation, EARR = Emergency Assistance for Rehabilitation and Reconstruction.

^a Given the similarity of risks facing ports in eastern Indonesia and Pacific Islands, the study tour will, to the extent practicable, be organized in coordination with ADB’s Pacific developing member countries.

Source: Asian Development Bank.

D. Subproject Cost and Financing

9. The subproject is estimated to cost \$1,020,000, of which \$1,000,000 will be financed on a grant basis by the Government of Australia through the Department of Foreign Affairs and Trade and administered by ADB. The government will provide counterpart support in the form of communication facilities, venue for meetings, and other in-kind contributions. The key expenditure items are listed in Appendix 1.

E. Subproject Implementation Arrangements

10. ADB, through the Indonesia Resident Mission, will administer the subproject, including selection, supervision, and evaluation of consultants. DGST will be the executing agency for outputs 1 and 2, while DGCA will be the executing agency for outputs 3 and 4.¹¹ The implementation arrangements are summarized in Table 2.

¹¹ At the request of MOT and due to the independent nature of activities to be undertaken under outputs 1 and 2 versus outputs 3 and 4, DGST and DGCA have been specified as executing agencies.

Table 2: Subproject Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	February 2020–February 2023		
Executing agencies	Directorate General for Civil Aviation Directorate General for Sea Transportation		
Consultants	To be selected and engaged by ADB ^a		
	ICS	International: 18 person-months	\$560,000
		National: 31 person-months	\$265,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Relevant fixed assets will be turned over to the government upon completion of SIAP2 or be disposed as ADB asset.		

ADB = Asian Development Bank, ICS = individual consultant selection, SIAP2 = Sustainable Infrastructure Assistance Program Phase II, TA = technical assistance.

^a Output based or lumpsum contracts will be considered for consulting services.

Source: Asian Development Bank estimates.

11. **Consulting Services.** The consultants will be engaged in accordance with the ADB Procurement Policy (2017, as amended from time to time) and the associated project administration instructions and/or TA staff instructions.¹² Twelve international and national experts are expected to be recruited using individual consultant selection to provide inputs of 49 person-months. Recruitment of firm is not considered optimal because: (i) five experts need to be mobilized urgently to continue supporting design and supervision consultant recruitment for ports and airport component and updating of the Palu Bay Port masterplan;¹³ (ii) scope and timing of inputs from safeguards, gender, and financial management experts will need to be reconfirmed in line with implementation progress under EARR; and (iii) emergency preparedness planning for airports and ports is a niche area for which recruitment of suitably qualified candidates is challenging.

¹² Consultants' terms of reference are accessible from the list of linked documents in Appendix 2.

¹³ ADB has supported these activities through its staff consultants and experts engaged under TA 8484-INO, which closed on 31 December 2019. In order to ensure continuity, four experts originally recruited under TA 8484-INO may be reengaged through single source selection.

SUBPROJECT COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Government of Australia^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	480
ii. National consultants	250
b. Out-of-pocket expenditures	
i. International and local travel	90
ii. Reports and communications	5
2. Workshops, training, seminars, and conferences ^{b, c}	120
3. Contingencies	55
Subtotal (A)	1,000.0

Note: The technical assistance (TA) is estimated to cost \$1,020,000, of which contribution amounting to \$1,000,000 from the Government of Australia is presented in the table above. The government will provide counterpart support in the form of communication facilities, venue for meetings, and other in-kind contributions. The value of the government contribution is estimated to account for 2% of the total TA cost.

^a Administered by the Asian Development Bank.

^b Includes study tours, rental of venue and other facilities, food and beverages (excluding alcoholic beverages), promotion and training materials, services of an events management firm, and other related costs. All travel to and from conference/event shall be arranged by the most economical direct route possible. Subsistence allowances payable to out-of-town event participants shall be adjusted if meals are provided as part of the accommodation booking or conference package.

^c This includes travel costs of ADB staff when engaged as resource persons as per the Strategy, Policy and Review Department and Budget, Personnel and Management Systems Department memorandum dated 26 June 2013.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52152-008-TARreport>

1. Terms of Reference for Consultants