

TERM OF REFERENCE

ASSESSMENT FOR DEVELOPMENT OF ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM (ESMS) AND ENVIRONMENT AND SOCIAL MANAGEMENT PLAN (ESMP) FOR EQSI PROJECT

1. BACKGROUND

Project & Organization Background

EQSI, Economic, Quality and Sustainability Improvement from Community Centered Cocoa Fermentation Stations, Diversified Agro-Forestry and Agribusiness Systems and Social Development is a collaboration project between MCA-I, Kalla Foundation and its consortium: Kalla Kakao Industry and Lembaga Ekonomi Masyarakat Sejahtera (LEMS).

The project aims at a future of sustainable Cocoa farming, with agro-forestry based on economic development and poverty reduction for villages/sub-districts that are substantially dependent on Cocoa production. The scope is for reforesting degraded lands, improving agriculture, promoting agro-forestry and intercropping agribusiness on Cocoa farms, improving hydrologic conditions, and providing community centered fermentation centers to raise quality and value of Cocoa produced.

The project addresses technical and economic requirements, provides for environmental and spatial land use issues, provides learning, and considers potential risks and social and gender impacts and opportunities, will be implemented over 2.25 years, across three districts in 20 priority villages in Southeast Sulawesi Province of Indonesia

Our Sustainable Agriculture Project (EQSI), set in selected Cocoa-growing landscapes of Sulawesi Island, aligns to and supports MCA-I's Compact between USA and Indonesia. Green Prosperity (GP) the largest project of the Compact, seeks to address critical economic growth constraints while supporting the government of Indonesia's commitment to a more sustainable, less carbon-intensive future. Assistance given will be enduring cooperation focused on sustainable economic, agro-forestry and agribusiness and social development, especially for communal efficiency and technical strengthening of post-harvest practices - particularly for Cocoa fermentation methods.

Millennium Challenge Account - Indonesia (MCA-Indonesia) is a trustee institution that represents the Government of Indonesia to implement a five-year (2013-2018) Millennium Challenge Corporation's Compact Program, a major pillar of the United States-Indonesia Comprehensive Partnership and the largest single pledge made by the United States to Indonesia to date.

MCA-Indonesia has three projects under Compact Program: Green Prosperity, Community-based Health and Nutrition to Reduce Stunting and Procurement Modernization. Our projects are designed, managed and implemented by Indonesians, for the Indonesian people. Our most important development work happens where it should be: the districts and the villages. Our goal is to reduce poverty through economic growth. Our program is country-driven, reform-centered, and results-focused in order to maximize its effectiveness and long-term sustainability.

Information about Yayasan Kalla:

Yayasan Kalla was established on April 24, 1984. It works with the vision to improve education and welfare of the poor, and protect the environment for sustainability and integrity of ecosystem. More about organization can be found at www.yayasankalla.com and www.yayasankalla.org.

Project Purpose: To reduce rural poverty by developing, promoting and institutionalizing equitable and sustainable community based agro-forestry, post-harvest cocoa handling and natural resource management systems.

Project Aims:

1. To overcome the barriers preventing farmers undertaking fermentation and correct drying of cocoa beans as a proper post-harvest practice. To improve the value of Cocoa production through community fermentation and drying centers, promoting agro-forestry with income generating and/or predator-hosting plants, and training for integrated pest and disease management.
2. To build capacity for on-farm cocoa fermentation and efficient bean drying methods.
3. To enhance and institutionalize community forestation and natural resource management activities for the sustainable benefit of the environment, local people and climate.
4. To improve smallholders' access to markets, financing, technical assistance, and inputs like fertilizer and seeds. These initiatives include efforts to strengthen the cocoa supply chains by helping smallholder farmers increase productivity and apply appropriate environmental, social, and quality standards.

EQSI Project aims to bring land into sustainable production, to improve the use of inputs by transferring technologies and practices, and to make the best use of water and other resources. The project seeks commercially viable solutions and will set benchmarks for responsible production in line with industry best practices.

To increase the Participation of Women and Mainstreaming Gender for sustainable smallholder Cocoa Agribusiness and Agro-Ecology support activities.

To create interventions that will endure after the project implementation particularly for:

- Cocoa farm rehabilitation and rejuvenation.
- Community run Fermentation and Drying Centers

- Sustainable reforestation of degraded landscapes with controls for ongoing Reduced Impact Logging and replanting
- Meeting for the Green Prosperity objectives for Natural Resource Management, Poverty Alleviation, and Sustainable Farming

There are 5 specific components for the interventions:

1. Reforesting 7.000 ha degraded lands and improving hydrologic conditions via community “Greening Programs” and air-seeding difficult terrain
2. Training 7.000 farmers for improved agriculture practices, and institutionalizing sustainable natural resource management systems through classroom, community workshop and field training forums.
3. Promoting 10.500 ha agro-ecologic, agro-forestry intercropping systems on Cocoa farms, for Income generation and equity within rural communities.
4. Providing 20 unit of community fermentation centers to address, capability gap, labour shortages, cash flow issues, and to raise quality and the value of Cocoa produced
5. Supplying 19.600 liters of yeast inoculants and training to enhance Cocoa fermentation methods, together with improving cocoa bean postharvest handling and drying.

Detail project information can be read in **Attachment 1**

2. ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM (ESMS)

All Green Prosperity investment and operations shall comply with the MCA-Indonesia ESMS Framework, which is based on prevailing safeguard laws and regulations of the Government of Indonesia, MCC Environment Guideline, MCC Gender Policy and the Green Prosperity Social and Gender Integration Plan (SGIP) and are consistent with the IFC Performance Standard (IFC PS) on Environment and Social Sustainability. The proponent is responsible to develop and commission the project-level ESMS based on a project-specific up-front Landscape-Lifescape analysis and shall incorporate the Environment and Social Impact Assessment (ESIA) and Environment and social Management Plan (ESMP) as well as other necessary environment and social studies and /or assessment identified for this GP investment and outlined in the project’s Environment and Social Performance Data sheet (ESPD)

International Finance Corporation Performance Standards (IFC PS)

The IFC PS is the main framework guiding the development of the ESMS in all MCA-Indonesia operations. The IFC Performance Standard are based on the IFC Sustainability Framework, effective 1 January, 2012 and consist of the following:

1. Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
2. Performance Standard 2: Labor and Working Conditions

3. Performance Standard 3: Resource Efficiency and Pollution Prevention
4. Performance Standard 4: Community Health, Safety, and Security
5. Performance Standard 5: Land Acquisition and Involuntary Resettlement
6. Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Performance Standard 7: Indigenous Peoples
8. Performance Standard 8: Cultural Heritage

A detailed reference to the IFC PS Sustainability Framework, guidance notes, and handbooks can be obtained through the IFC website at: http://www.ifc.org/wps/wcm/connect/Topic_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Our+Approach/Risk+Management/Performance+Standard/.

For the above reasons EQSI Project propose to conduct “**Assessment**” on Environment and Social Impact of the EQSI program implemented in the 52 villages sites within 3 Districts of Kolaka Timur, Konawe and Konawe Selatan, Southeast Sulawesi Province for development of ESMS and ESMP for EQSI Project based on IFC PS Standard. Then, based on the assessment result to conduct an Internal workshop for communication and sharing expectations, and get consensus on action plan for developing ESMS and ESMP program. The Development of ESMS and ESMP planned to be completed before end of year 2016.

In implementing the Environment and Social Impact Assessment – Risk Assessment - EQSI Project will work with the “third party or Consultant who have an expertise on Environment and Social Impact Assessment Study.

3. OBJECTIVES OF THE ASSESSMENT

General Objective is to Develop the Environment and Social Management System (ESMS) and Environment and social Management Plan (ESMP) of EQSI project implemented in 3 Districts, namely East Kolaka, Konawe and South Konawe, based on MCA-Indonesia ESMS Framework, and the IFC Performance Standard (IFC PS) on Environment and Social Sustainability.

4. DESCRIPTION OF CONSULTANT ASSIGNMENT

The Consultant will conduct “**Assessment**” on Environment and Social Impact of the EQSI Project in the project location. And based on the assessment result then to develop the ESMS and ESMP of EQSI Project. In developing the ESMS and ESMP the consultant must follow the Guideline and Standard Template to Develop Project - ESMS and ESMP for MCA-Indonesia GP Project, that consist among others are:

- 1) Brief information of PROJECT's background (owner/ proponent, location, technology use, capacity, activities, etc.) and the relation of the project with MCA-Indonesia GP Program as well as other relevant project information
- 2) Brief information of project's landscape and lifescape derived from the project's Landscape and Lifescape Analysis (L-L Analysis) and, if any, other GP project L-L Analysis within the landscape
- 3) A clear written of Project Proponent's statement to comply with the following policies:
 1. *MCA Indonesia' Social and Environmental Safeguard Policies;*
 2. *MCA Indonesia' Social Gender Integration policy;*
 3. *IFC's Policy on Environmental and Social Sustainability; and*
 4. *Commitment to comply with GOI regulations*
- 4) A clear description of purpose, objective, scope and target of ESMS for EQSI Project.
- 5) An information of all environmental and social assessment that have been conducted to identify project risk and impacts.
- 6) Developing ESMS that consist of comprehensive management of all environmental and social risk and impact mitigation measures, derived from all assessment and study efforts conducted on the project.
- 7) Developing an ESMP that shall have the following characteristics:
 1. *Clear objective and targets;*
 2. *Specific and measurable actions;*
 3. *Location of actions;*
 4. *Timing and realistic frequency or duration of actions;*
 5. *Person in charge; and*
 6. *Applicable procedures as required.*
- 8) Developing monitoring plan of ESMP that explain the following:
 1. *Specific and measurable indicators*
 2. *Method of monitoring*
 3. *Location of monitoring*
 4. *Timing and realistic frequency or duration of monitoring;*

The Guideline and Standard Template to Develop Project - ESMS and ESMP for MCA-Indonesia GP Project is in **Attachment 2**.

5. DURATION AND ACTIVITIES OF THE ASSESSMENT:

Two (2) months is maximum, December 2016 – January 2017. Tentative plan of activities and schedule of the assessment is as follows;

NO	Plan of Activities	Month 1				Month 2			
		W1	W2	W3	W4	W1	W2	W3	W4
1	Discuss Term of Reference and develop activities plan of the assesment								
2	Desk study, review and mapping of relevant documents ; EQSI Projects, MCA-Indonesia ESMS Framework, IFC Performance Standard (IFC PS) on Environment and Social Sustainability, Others as necessary								
3	Consultation and Field Assesment - Observation & FGD								
4	Collect data quantitative & qualitative - interview and FGD								
5	Synthesize the findings and incorporate into report								
6	Presentation of draft ESMS and ESMP to EQSI Proejct Managemet								
7	Final Report								

6. COVERAGE OF THE ASSESSMENT

Three (3) Districts (Kolaka Timur, Konawe and Konawe Selatan), 52 villages, of South-East Sulawesi. List of EQSI Project Village location is included in Attachment 1.

7. TERM OF CONDITIONS:

A. THE CONSULTANT:

To consultant should provide:

- A detail plan of activities of each item (no. 4 & 5)
- Develop question guide for Impact Assessment of EQSI Project.
- To form assessment team, that consists of: one (1) Team Leader, two (2) Assessor / Research experts and Enumerators, and administrative support staff.
- The Team Leaders and its members should have a university degree and relevant experiences to implement the assessment program and development of ESMS or similar.
- To manage the activities and payment of the fee / lump sum for its staff / team.
- Proposed budget estimation.

Upon completion of the assessment work, the consultant should submit to Kalla Foundation the following:

1. Hard and electronic copy of the ESMS and ESMP Final Report (in Bahasa Indonesia), which also serve as the official and control document; and
2. Hard and electronic copy of the ESMS and ESMP Final Report (in English).

B. EQSI PROJECT MANAGEMENT (EQSI)

EQSI will provide:

- A back up assessment team members.
- To provide office space for work / desk study in Kendari.
- To provide the transportations, accommodations for the team survey during in South East Sulawesi, office supplies, meals during the assessment, and other administrative works to support the assessment program.

8. REPORT STRUCTURE

In writing the ESMS and ESMP the Consultant must follow the Guideline and Standard Template to Develop Project - Environmental & Social Management System (ESMS) and Environmental & Social Management Plan (ESMP) for MCA-Indonesia Green Prosperity Project.

9. BUDGET ESTIMATION (IDR)

To be proposed by the consultant / vendor

10. Attachments:

1. Project Scope and Implementation Schedule.
2. Guideline and Standard Template to Develop Project - ESMS and ESMP for MCA-Indonesia GP Project