



Guidelines for Proposal and Readiness Criteria Enhancement of Foreign Loan Projects



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APRIL 2018



Foreword

Minister for National Development Planning/ Head of Bappenas

The Government of Indonesia is stepping up the nation's economic growth by accelerating infrastructure development, in-line with the targets in the National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/RPJMN*) and Annual Government Work Plan (*Rencana Kerja Pemerintah/RKP*). Development partners are engaged to help The Government achieve these targets. Since 1967, ADB as one of the multilateral financing institutions, has contributed to the achievement of Indonesia's development targets in infrastructure and non-infrastructure sectors.



In implementing ADB-funded projects, The Government and ADB are facing the challenge of bridging differences between their systems and procedures. In response to this, the Government and ADB have initiated harmonization efforts for more efficient project implementation.

The joint effort is now complete, delivering "*Guidelines for Proposal and Readiness Criteria Enhancement of Foreign Loan Projects*" specifically for ADB-funded projects. The guideline is meant to be a common reference for project preparation, particularly for prospective executing agencies and implementing agencies. The guideline is a pilot for the partnership between the Government and multilateral development institutions in harmonizing their systems and procedures.

The guideline is expected to improve coordination in project proposal and preparation, to ensure effective and efficient implementation of ADB-funded projects.

Minister for National Development Planning/
Head of Bappenas

Prof. Dr. Bambang Brodjonegoro MUP

Foreword

Bappenas Deputy for Development Funding Affairs

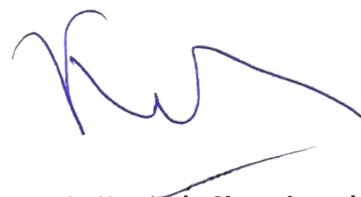
Planning and project readiness are critical in the formulation of projects. The process and mechanisms for proposing projects and their preparation are regulated in the Government Regulation (PP) No. 10/2011 on 'Procedures to Acquire External Loans and Accepting Grants' as well as the Regulation of the Minister of National Development Planning/Head of Bappenas No. 4/2011 on 'Procedures in Planning, Proposing, Assessing, Monitoring and Evaluating Projects Funded by External Loans and Grants'. Development partners also have mechanisms in project preparation and approval.



This guideline is aimed at jointly synchronizing the process of project planning and preparation between the Government of Indonesia and ADB. The key principle of this guideline is 'better quality at entry' mitigating potential for delays during implementation.

We value ADB for concrete efforts in developing the guideline. Our hope is that this result of the partnership between the Government of Indonesia and ADB contributes to improved portfolio performance outcomes. Project implementations are driven for optimal delivery so that expected outcomes aligned to the RPJMN can be attained.

Deputy for Development Funding Affairs
Ministry of National Development Planning/Bappenas



Ir. Kennedy Simanjuntak



Foreword

ADB Indonesia Country Director

Good project preparation is the first step toward enhancing development effectiveness. The Asian Development Bank (ADB), in the 50 years of partnership with Indonesia, has constantly sought ways to expedite and improve the readiness and quality of its supported projects in the country, to strengthen performance during the project's administration and enhance its development impacts.



A high level of project readiness needs to consider implementation arrangements, financing, budgeting, safeguards, procurement, and many other activities that are essential to create a seamless flow between project preparation, approval, start-up, and implementation. Greater alignment of Government and ADB project cycles and business processes will boost preparation efficiency and the ability to meet project readiness criteria, and accelerate project approvals, start-up, and implementation.

A joint effort between Indonesia's Ministry of National Development Planning (BAPPENAS) and ADB, this guideline aims to address recurring issues that create delays in the project cycle and improve project performance. It is part of a close collaboration between BAPPENAS and ADB that began in 2014 in a comprehensive effort to strengthen Indonesia's country systems and increasingly align them with ADB policies, rules and regulations, including social and environmental safeguards, procurement, and preparation and compliance with project readiness criteria.

The guideline will be instrumental as ADB is seeking to deepen its partnership with Indonesia by expanding financial assistance in support of the government's ambitious reform agenda. The guideline will be useful for government and ADB teams involved in project preparation. It will serve as a key reference tool in project design, in adopting efficient approaches towards achieving greater development results.

ADB Indonesia Country Director

A handwritten signature in black ink, appearing to read 'Winfried F. Wicklein'.

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Glossary of Terms

ADB	Asian Development Bank
AMDAL	Environment Impact Analysis
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> or National Development Planning Agency
BMP	<i>Batas Maksimum Pinjaman</i> , or loan ceiling or borrowing limit
BOO	Build-Own-Operate
BOT	Build-Operate-Transfer
BUMN	<i>Badan Usaha Milik Negara</i> , or State-Owned Enterprise
BUMD	<i>Badan Usaha Milik Daerah</i> , or Regional Government-Owned Enterprise
COBP	Country Operations and Business Plan. ADB's planning document to support the implementation of project proposal listed in Medium-Term List of Planned External Loans /Blue Book (DRPLN-JM) of interest to ADB, for a 3-year implementation period
CPS	Country Partnership Strategy. ADB's planning document to support the implementation of the National Medium-Term Development Plan, a period of approximately 5 years
DIPA	Annual budget document
DIPK	Project summary forms and registry, together with DUK (project proposal document format) becomes the general requirement for prospective executing agencies in submitting their proposals for Bappenas consideration.
DK	<i>Daftar Kegiatan</i> , or Project Register of project proposals that have fulfilled their readiness criteria, making them eligible to enter into loan negotiations between the Government of Indonesia, represented by the Ministry of Finance and development partners
DMF	Design and Monitoring Framework, ADB's project monitoring and evaluation framework, aligned with project proposals contained in the DUK and DIPK
DRKH	<i>Daftar Rencana Kegiatan Hibah</i> , or List of grant projects which is an annual project list of projects funded from grants and have received indicative funding from grantor.
DRPLN-JM	<i>Daftar Rencana Pinjaman Luar Negeri Jangka Menengah</i> , or List of Medium-term External Loans/Blue Book
DRPPLN	<i>Daftar Rencana Prioritas Pinjaman Luar Negeri</i> or List of Priority External Loans /Green Book

DUK	<i>Dokumen Usulan Kegiatan</i> , or Project Proposal Document is a standardized document format from Bappenas which together with DIPK becomes the general requirements for project proposal process
EA	Executing agency. Agency that is the proponent of the project to be financed by foreign loans, often referred to as prospective executing agency or agency proposing for loan/potential project proponent prior to proposal's listing in the DRPLN-JM
Fact Finding Mission (FFM)	The ADB review team conducting field verification and together with EA provide inputs to preliminary results of mobilized technical assistance consultant team in project preparation through the writing of the draft project readiness document
FEED	A preliminary detailed technical plan that provides the conceptual design and feasibility studies aimed at formulating technical specifications and cost estimates used as reference in formulating engineering, procurement, and construction (EPC) tender documents.
IA	Implementing Agency. Ministries/agencies/government of ministries/institution/local government/BUMNs proposing projects to be financed from foreign loans.
K/L	Ministry/agency is a ministry/non-ministerial government institution / agency
KSTA	Knowledge and Support Technical Assistance (TA): TA not directly related to project, for example, for institutional strengthening and others (see TRTA)
LoA TRTA	Letter of Agreement: Letter of Agreement between Ministry of Finance and ADB, with ADB signaling approval and start of TRTA
LARP	Land Acquisition and Resettlement Plan: land acquisition and/or resettlement plans, in the event that a project requires land
MRM	Management Review Meeting-
NOL	No-Objection Letter
PAM	Project Administration Manual. Manual prepared by TRTA consultant team with input and approval from ADB team regarding project implementation that essentially has the function of providing details of project readiness documents and all their annexes. The draft PAM is discussed in the negotiation phase between the Government of Indonesia and ADB Permen Regulation of the Minister
PIU	Project Implementation Unit
PMU	Project Management Unit
PP	Government Regulation
PPN	National Development Planning

PPLN	Development Partner
Project	A project is part of a program implemented by one or more units with the working unit as part of efforts directed towards the achievement of measurable targets on a program, and consists of a set of resource mobilization measures, such as human resources, capital goods including equipment and technology, funding or a combination of some or all types of resources as an input to produce an output in the form of goods/services.
Project Proposal	Project proposal in format and supported by general and special administrative requirements.
Project Readiness Criteria	Risk management actions in planning and preparation phase of a project by the executing agency (EA) to obtain certainty of implementation of the proposed project in accordance with the plan. The project readiness criteria are set by Bappenas with which the EA is obliged to fulfill for it to enter the DRPPLN and evaluated further to enter DK.
Project Readiness Document	A document that informs the project readiness in preparing for and fulfilling the project readiness criteria. The document is assessed by Bappenas to qualify entry into the DRPPLN and later the DK signaling its eligibility to enter loan negotiations.
RKA-KL	Planned Annual Budget and Work Plan of Ministries and Institutions
RKP	Annual Government Work Plan
RPJMN	National Medium-Term Development Plan
RPPLN	Foreign Loan Utilization Plan
RPM	<i>Rupiah murni</i> , or funding from national sources (as opposed to external funding)
RRP	Report and Recommendation of the President. ADB's internal approval documents, ADB President's response to proposed projects detailed in the draft PAM.
Safeguards	Safeguard measures, in relation to social and environmental sustainability protection against negative impacts that may be caused by activities/projects.
SRM	Staff Review Meeting
TA	Technical Assistance. Technical support from lender is usually in the form of a grant. TA support from ADB comes in two forms: TRTA and KSTA.
TRTA	Transaction-Related Technical Assistance. TA that is directly related to the preparation and fulfillment of project readiness criteria or additional support directly related to projects actively funded by ADB loans.

CHAPTER 1

INTRODUCTION

1.1. Background

People work together best when they are on the same page. Working in collaboration with shared guidelines makes it easier to anticipate and resolve problems in achieving a common goal. Indonesia—one of the world’s most populous emerging countries—requires vast development to support its economic growth. Many stakeholders are involved in this process, and a synergized perspective would accelerate this development. This guideline presents the process flow for the planning of development projects by the Government of Indonesia (the Government) and the Asian Development Bank (ADB).

Project planning is an essential process in development. It starts with developing thoughts and determining the components of project activities, defining outputs and outcomes, setting and identifying beneficiaries and stakeholders, and concludes with the financing proposal. For projects funded by foreign financing, the selection and proposal process is an integral part of the entire project cycle and is structured in Government Regulation No. 10/2011 on Procedures for Procurement of Foreign Loans and Grants, as well as Ministerial Regulation of National Development Agency/Head of Bappenas No. 4/2011 on Procedures for Planning, Proposal Submission, Assessment, Monitoring and Evaluation of Projects Financed by Foreign Loans and Grants. Since the preparation of the Government Work Plan of 2017, the Government has begun to implement a money-follows-program budget approach. This approach is thematic, holistic, integrated, and spatial. Through this approach, development integration also includes funding aspects of loans such as from ADB.

ADB and the Government have conducted efforts to synchronize project processing from proposal preparation to listing in the project digest (DK). In the broadest overview, the project planning process entails: (i) project identification; (ii) project design; and (iii) a detailed project proposal that leads to the loan negotiating process. From the point of view of ADB, this will lead to a Report and Recommendation of the President (RRP).

Among the planning and implementation mechanisms which ADB and the Government strive to align are: (i) improvement in the quality of project readiness criteria; (ii) compliance to safeguard requirements; (iii) acceleration of procurement processes; (iv) improving the quality of financial management; and (v) improving project implementation administration capacity and results monitoring. One of the efforts to achieve alignment is through synchronization of project preparation processes, as contained in this guideline.

A well-prepared project can mitigate problems during project implementation from the early stages of project preparation. The level of project implementation readiness can be seen from, among others, the readiness of land acquisition,¹ organizational readiness, procurement processes (including advance procurement action), up to compliance to safeguard requirements. The benefit of this guideline would come in improved project performance during implementation by the Government and better quality of life for the Indonesian people. The guideline, therefore, is a living document that would be revised and updated as necessary.

1.2. Objective and Scope

The guideline provides advice and guidance on project preparation for projects financed by ADB loans.

This guideline provides advice and guidance on preparing a project proposal through the following steps: project preparation; project proposal in the List of Planned Mid-Term External Loans (DRPLN-JM);² enhancement of project readiness; project assessment for inclusion in the List of Planned Priority External Loans (DRPPLN);³ up to submission of the project digest and inclusion in the projects list. The guideline is prepared for the executing agency (EA), implementing agency (IA), as well as parties involved in project implementation. It may also be used by lenders (ADB), and other stakeholders to understand clearly the operational aspects of the foreign loan proposal process.

The scope of the guideline is for ADB funding. The base of the guideline is the project proposal to obtain ADB's conventional financing loan, i.e., Project-Based Loan (PBL), Sector-Based Loan (SBL), and Multi-tranche Facility Financing (MFF). Appendix 7 presents a variety of conventional lending products at ADB.

¹ Country Portfolio Review conducted jointly by the Government and development partners observed that the land acquisition for projects requiring land as a major issue in the implementation of projects funded by loans. Having accurate criteria to measure implementation readiness, including land acquisition, becomes an important aspect in the evaluation of the readiness of a project proposal.

² Blue Book

³ Green Book

1.3. Process Alignment

Process alignment, or synchronization, is required for project readiness criteria. Preparation of project readiness criteria is conducted by the Government of Indonesia and ADB in parallel. Both processes have the same objectives, for the process of proposal selection as well as for improvement and fulfillment of project readiness criteria. Both milestones become the point of contact to align processes and the average time period required to perform those processes.

Alignment optimizes the planning process by improving project readiness criteria and compliance with them. The process-flow approach described in this guide serves as a reference that integrates the process flow of the Government of Indonesia and ADB in parallel.

Shared milestones and processes during the project preparation phase enable stakeholders to efficiently prepare each required process until the proposal is ready for negotiation. Therefore, the Government and ADB work together to set up an implementation-ready project.

1.4. The Basic Rules and Regulations

The basic regulations for project planning, project proposal, improvement of project readiness, and preparation for the project digest are:

1. Law No. 1 /2004 on State Treasury
2. Law No. 25/2004 on the National Development Planning System.
3. Law No. 33/2004 on Financial Balance between the Central Government and Local Government
4. Government Regulation No. 10/2011 on Procedures for Procurement of Foreign Loans and Grant Reception
5. Government Regulation No. 17/2017 on Synchronization of National Development Planning and Budgeting Process
6. Regulation of the Minister for National Development Planning No. 9/2017
7. Government Regulation No. 2/2012 on Regional Grants
8. Regulation of the State Minister for National Development Planning/Head of Bappenas No. 4/2011 on Procedures for Planning, Proposal Submission, Assessment, Monitoring and Evaluation of Activities Financed by Foreign Loans and Grants
9. Regulation of the Minister for Finance No. 53/PMK/010/2006 concerning Procedures for Provision of Local government Loans Originating from Foreign Loans
10. Regulation of the Minister for Finance No. 108/PMK.05/2016 concerning Regional Government and/or Regionally-Owned Enterprises On-lending
11. *ADB Operation Manual No. D11 on Sovereign Loans*
12. *ADB Operation Manual No. D12 on Technical Assistance*

1.5. Guideline Overview

This guideline consists of several interrelated chapters. Chapter 1 is an introduction regarding background, objective, purpose, and guideline structure. Chapter 2 provides an overview of process mapping, starting from project formulation to project preparation; subsequent chapters describe each process presented in Chapter 2 particularly from the point of view of the executing agency (EA). Chapter 3 describes the process of project formulation so that it can be included in the List of Medium-Term Planned External Loans (DRPLN-JM), and Chapter 4 describes process of inclusion of the DRPLN-JM until the proposal is included in the List of Planned Priority External Loans (DRPPLN). Chapter 5 explains the process of inclusion of DRPPLN in the Projects Register. Chapters 4 and 5 describe each process, the sequence of which has been described in Chapter 2. They also include explanatory tables of the process and a checklist of related processes to be fulfilled. Outlining the importance of updating the guideline and how inputs from various stakeholders can be followed up by Bappenas to improve the effectiveness of development activities funded by foreign loans. Specimen letters, guidance, and forms are presented in the Appendices.

This guideline is a ‘living document’ that will be continuously revised and updated.

CHAPTER 2

PROJECT FORMULATION AND PREPARATION

2.1. Overview

Bappenas issues a series of documents for external financing in planning both five-year and annual periods.

Medium-term period:

- a. External loans utilization plan (RPPLN); and
- b. Medium-term list of planned external loans (DPRLN-JM); ⁴

Annual document:

- c. External loans planned priority list (DRPPLN); ⁵

The process of planning to initiate projects funded by external loans begins with the external loans utilization plan (RPPLN).

Well-formulated proposals indicates its compliance to the readiness criteria which would then be assessed for listing the project into the Project Digest (DK). Once the project proposal would had been listed in DK, the project is ready for loan negotiations. **Figure 2.1** presents the entire process of project proposal from initial project identification, project planning, and preparation of readiness criteria to the advanced stage prior to loan negotiations from the perspective of the agencies involved in the Government.

Bappenas formulates the RPPLN which reflects the National Medium-Term Development Plan (RPJMN). This document indicates the head room of external financing set by the Ministry of Finance (MoF). RPPLN is issued no later than 3 months after the official announcement of the RPJMN. The RPPLN is an updatable document to support the national development plan. It is a government policy to set out funding allocation and the medium-term external loans utilization.

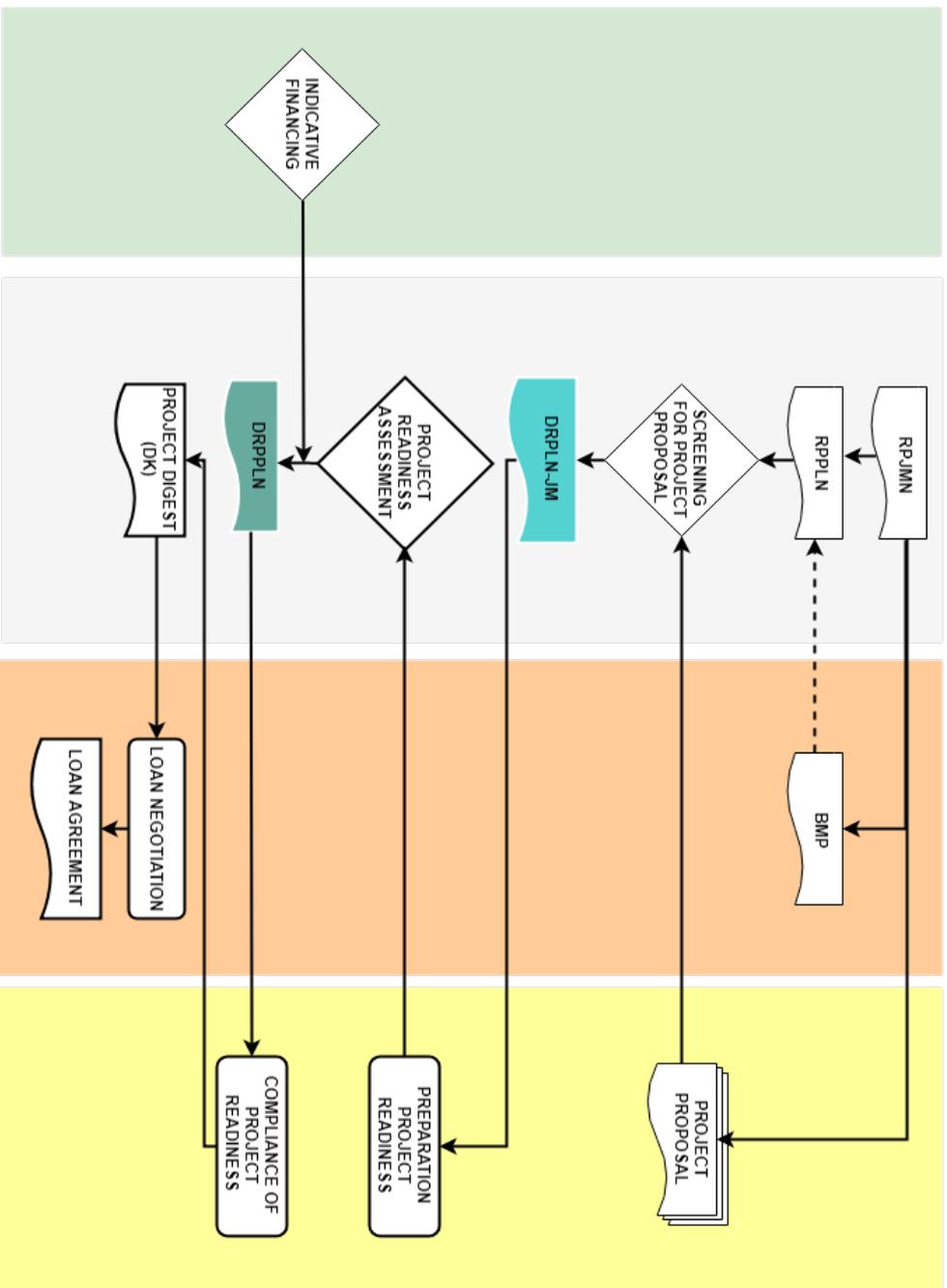
Bappenas formulates the DRPLN-JM tentatively 6 months after the RPJMN. This document is consistent with the RPJMN and the RPPLN. The DRPLN-JM is also updatable based on the state of the economy and/or development funding needs.

When the new RPJMN is circulated, the previous DRPLN-JM document is still effective until a new DRPLN-JM is published.

⁴ Blue Book

⁵ Green Book

PROSPECTIVE FINANCING	MINISTRY OF PPN/HEAD OF BAPPENAS	MINISTRY OF FINANCE	MII/SOEL/LOCAL GOVERNMENT	DESCRIPTION
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BMP	Loan Ceiling
DRPLN-JM	List of Medium-term/External Loans
DRPPLN	List of Priority External loans
MII	Ministries/Institutions
ppn	National Development Planning
PPLN	Development Partner
RPJMN	National Medium Term Development Plan
RPPLN	Foreign Loan Utilization Plan
SOE	State Owned Enterprise
----->	Requires
----->	Consideration
----->	Subsequent Process
----->	Partners
----->	Process
----->	Documents

Figure 2.1. External Loan Financed Project Planning and Approval Processes

At this juncture, ADB starts to develop its Country Partnership Strategy (CPS). This document is a partnership strategy between ADB and the Government of Indonesia and follows the prevailing development priorities and policies. In addition, ADB formulates a Country Operation Business Plan (COBP) which is a three-year rolling list of projects in the pipeline and is updated annually based on priority and need.

Bappenas formulates the DRPPLN⁶ referring to the DRPLN-JM. This becomes input for ministries/agencies/local government and state-owned enterprises (BUMN) in formulating their own work plans. For the initial year of the new RPJMN period, the DRPPLN can be guided by the DRPLN-JM of the previous 5-year period, in line with the current annual Government of Indonesia Work Plan (RKP).

Bappenas formulates the DRPPLN based on the readiness of the proposed project which is listed in the DRPPLN-JM. The project proponent (EA) should formulate and prepare the detailed project scope and activities. Subsequently, the EA submits the project readiness criteria to Bappenas. Bappenas, then, would assess the project readiness prior to listing the proposed project in the Project Digest (*Daftar Kegiatan/DK*).

The project digest is compiled from projects already listed in the DRPPLN, which already comply with the project readiness criteria, making them eligible for the Ministry of Finance to negotiate with the proposed lending agencies.

In parallel, the country system processes vis-à-vis those of ADB appear in **Figure 2.2**.

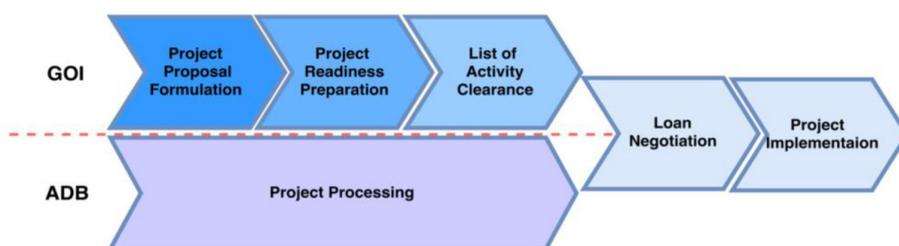
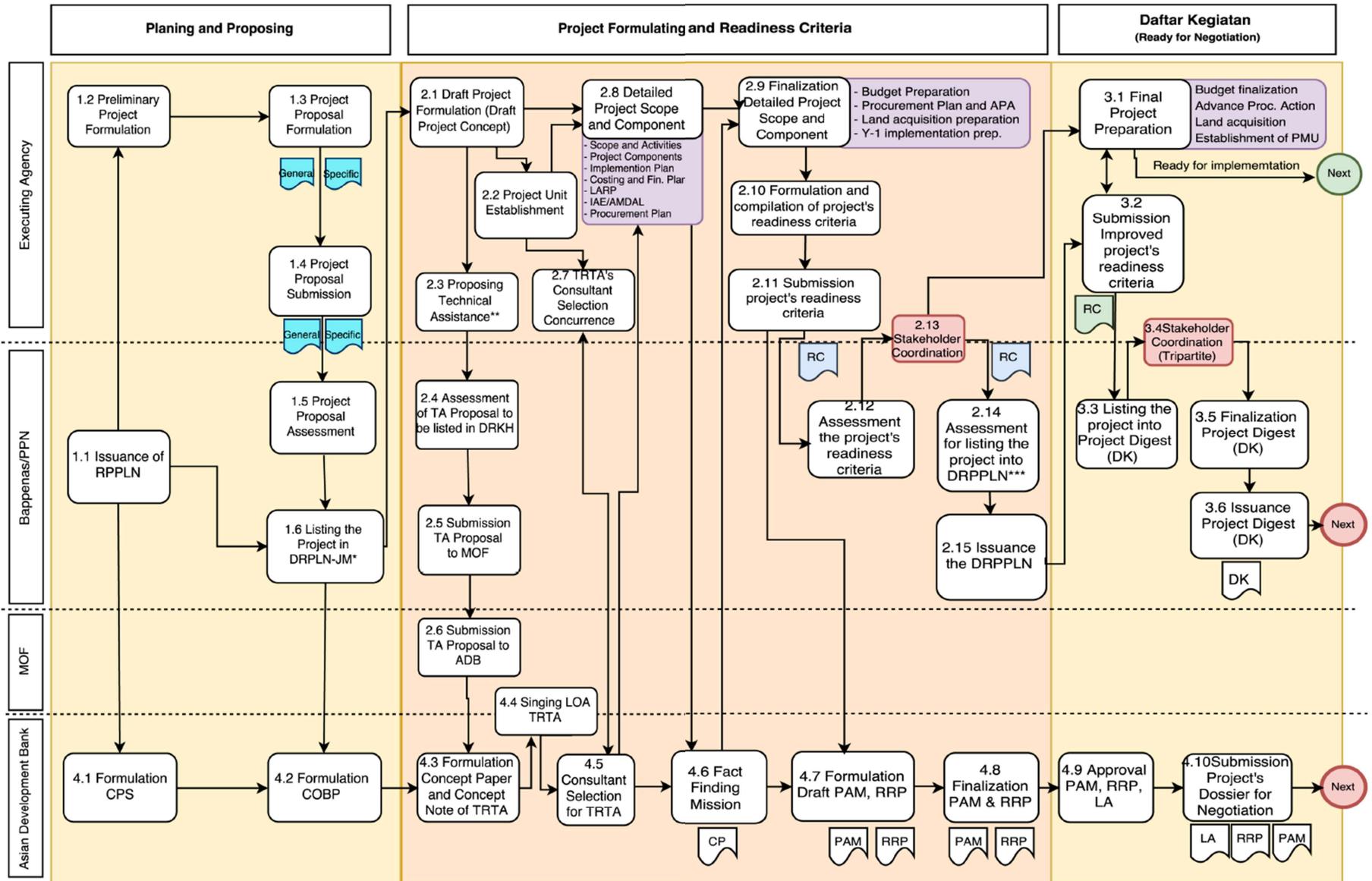


Figure 2.2. Project Loan Proposal Planning Process In General

⁶ Green Book



*Bluebook **TRTA through Grant ***Greenbook

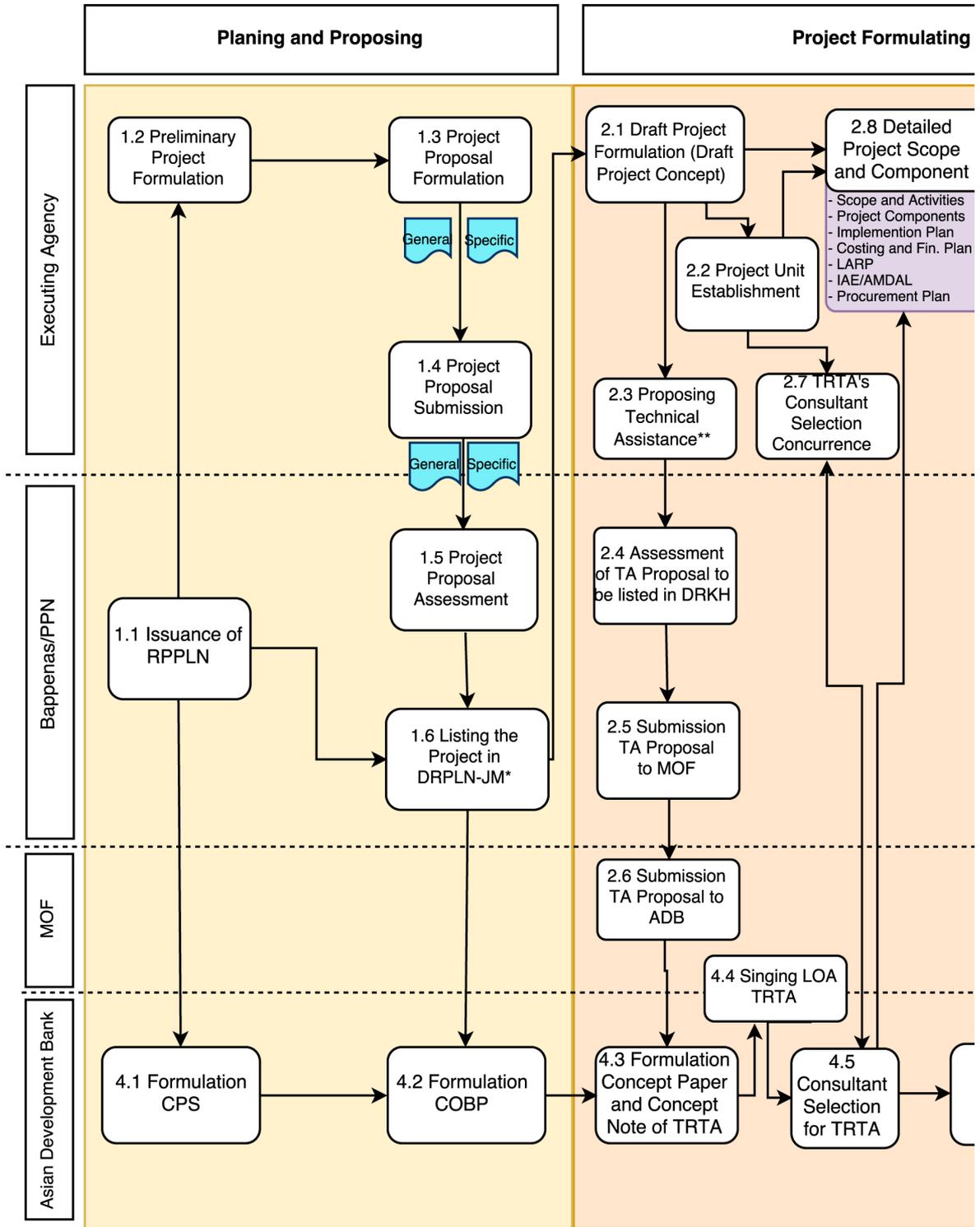
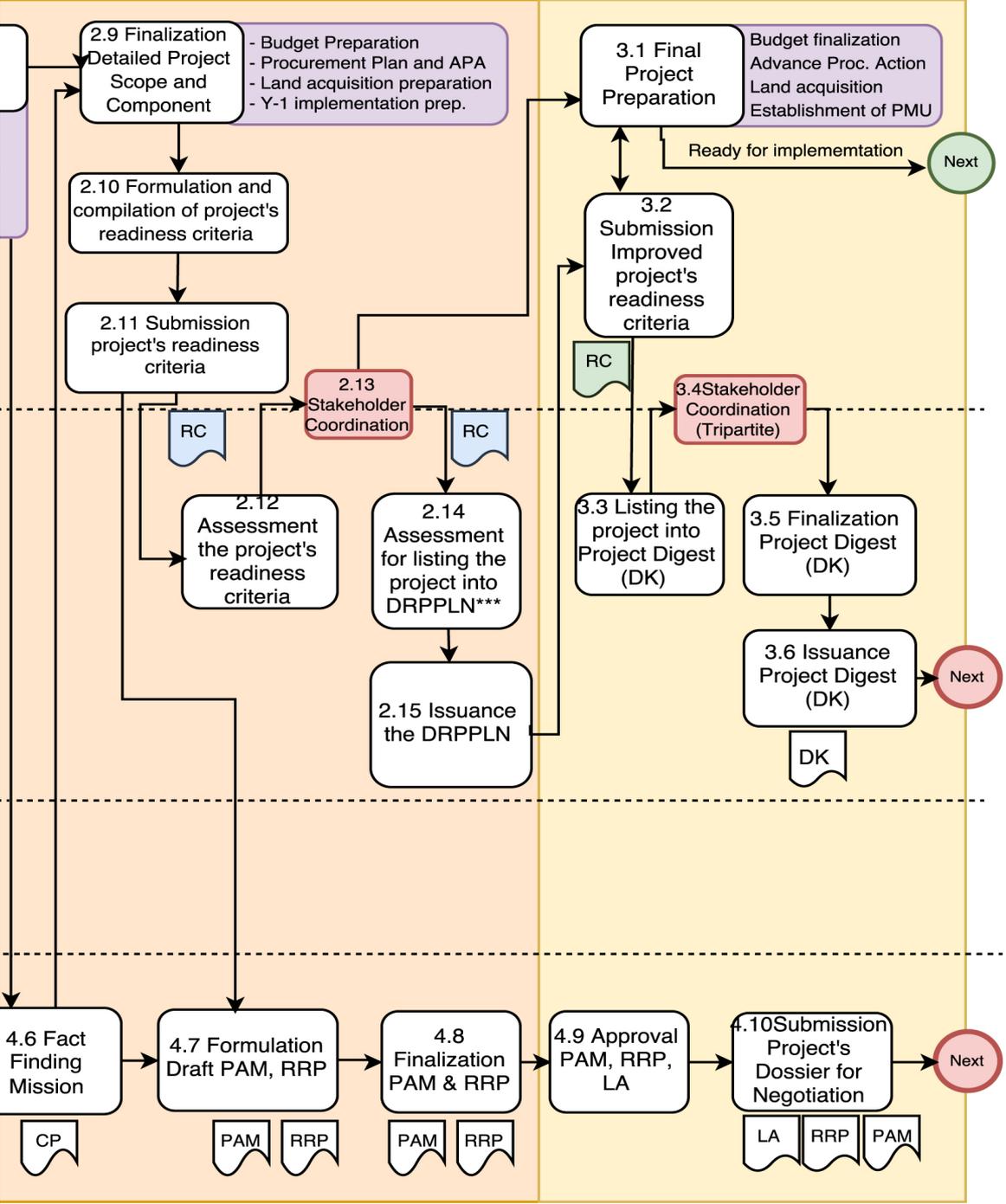


Figure 2.3. Detailed Flow Chart to Plan and Prepare for External Loan Projects Financed by ADB

and Readiness Criteria	Daftar Kegiatan (Ready for Negotiation)
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2.2. Project Planning Process Flow

The proposal process from project identification until the list of activity clearance (project digest/DK) is shown in the process overview of **Figure 2.2**. The processes synchronize the ADB and country systems.

The entire project proposal and identification stage is deliberated in Chapter 3, which covers six steps in the Government as well as two parallel steps in ADB. An overall view of the synchronized parallel processes between the Government and ADB makes coordination easier for all parties involved (prospective executing agency/project proponent, Bappenas, MoF, and ADB).

Chapter 4 describes the 15 process steps in the Government and six steps in ADB. As per Figure 2.3, the most intensive processes relate to improving the project readiness based on the specific project readiness criteria established for the project, qualifying the project proposal to be listed in the DRPPLN.⁷ This stage is important as it is the point where project preparation receives support from a transaction-related technical assistance (TRTA) to assist in preparing necessary detailed project plans.

Chapter 5 covers the 6 process steps in the Government and 6 process steps in ADB that move towards fulfilment of the project readiness criteria for projects in the DRPPLN priority list to enter into the project digest (DK). This is the final stage in the scope of this guideline as after entry into the DK; the next stage would be loan negotiations between the Government and ADB as lending agency.

2.3. Stakeholders

The project formulation and preparation involve various stakeholders from national to regional levels. In certain circumstances, stakeholders include beneficiaries and communities affected by the proposed project. This implementation guideline focuses on stakeholders who directly play an active role in the preparation of project proposals, improvement of project readiness, and the establishment of the project digest. They are, among others: i) Bappenas – the agency that lays out the national development plans and the selection and endorsement of projects; ii) the executing agency (EA) – the project proponent agency and prospective implementer; iii) Ministry of Finance (MoF) – the agency that represents the Government of Indonesia in the loan administration; and iv) ADB – development partner (lending agency).

⁷ Green Book priority projects list

CHAPTER 3

PROJECT PLANNING AND DRPLN-JM

This chapter examines all processes involved in this initial planning stage, from the RPPLN, formulating the project proposal, up to the issuance of the DRPLN-JM. The chapter includes general and specific administrative requirements as regulated under the Government Regulation No. 10/2011 and Minister for National Development Planning (Bappenas) Regulation No. 4/2011.

3.1. Types of Project Proposals

Generally, project proposals fall into one of the following categories based on the type of prospective executing agency:

- a. Project proposals initiated by ministries/agencies
- b. Project proposals initiated by local governments
- c. Project proposals initiated by state-owned enterprises

Proposals initiated by ministries/agencies may be:

- a. Projects directly related to the implementation of the direct mandates of the respective ministries/agencies;
- b. Projects that in part or in their entirety are planned for on-granting to local governments;
- c. Projects that are meant to add state equity participation⁸ at state-owned enterprises (BUMN); and/or
- d. Projects that are implemented by several implementing agencies.

Specifically, for projects proposed for state equity participation in BUMNs, the proposal must go through the MoF; while for proposals meant to be implemented by several implementing agencies, the proposal shall require prior coordination with the intended implementing agencies.

Proposals initiated by local governments may be:

- a. Projects planned for on-granting; or
- b. Projects planned for on-lending and/or on-granting to local government-owned enterprises (BUMD).

⁸ Penyertaan Modal Negara (PMN)

Project proposals submitted by BUMNs are for projects that are planned as on-lending to finance projects that are used as public capital investments, such as those for improving public service delivery and/or to increase BUMN revenues, including activities that are tasked directly by the Government.

3.2. Project Proposal Administrative Requirements

Project proposals submitted by prospective EAs shall meet:

1. General requirements;
2. Specific requirements.

1. General Requirements

Project proposal submissions must comply with general administrative requirements, which consist of:

- a. Standardized forms for project proposals (DIPK); and
- b. Standardized project proposal document (DUK).

DIPK is a document that summarizes the information on the project (**see Appendix 2**).

DUK is a document that provides background, aims, scope, resource requirements, expected outputs and outcomes, including the general project implementation plan. It should paint a coherent logical framework and signal that the project is feasible and eligible for external loan financing (see Appendix 3).

2. Specific Requirements

Specific requirements that need to be met in the proposal are:

- a. Ministries/agencies that propose equity participation in BUMNs must follow prevailing regulations;
- b. Ministries/agencies that propose projects with several implementing agencies are to annex endorsement letters from the ministers/heads of agencies or authorized officials from the respective implementation agencies;
- c. Local governments that propose projects that are planned for on-lending must annex an endorsement letter from the head of the regional parliament (DPRD);
- d. Local governments that propose projects that are planned for on-lending and/or on-granting to BUMD must annex an endorsement letter from the head of the regional parliament and the CEO of the BUMD;
- e. BUMN that propose projects that are planned as on-lending require an endorsement letter from the minister for state-owned enterprises on the project and on the financial capacity of the BUMN, as well as an endorsement letter from its board of commissioners or others as necessary based on the prevailing regulations.

Project proposals submitted by prospective EAs need to comply with General and Specific requirements

3.3. Criteria for Project Formulation

The prospective executing agency (EA)/project proponent formulates projects considering:

- a. RPJMN guidance and noting RPPLN;
- b. Project implementation capacity and its sustainability;
- c. Efficient loan utilization;
- d. Operation and maintenance of the outputs and outcomes of the project through national resources; and
- e. Replication possibilities of project outcomes.

More specifically, the project planning and formulation shall consider its project readiness criteria (see **Appendix 6**):

1. Project proposals from ministries/agencies
 - a. Done by project proponent from ministries/agencies alone, shall consider:
 - i. Ministry/agency roles and functions; and
 - ii. Priorities of ministry/agency in strategic planning documents.
 - b. On-granted in part or entirely to local government(s), shall consider:
 - i. Local governments with low fiscal capacities;
 - ii. Benefits to the local communities;
 - iii. Priorities of National Development;
 - iv. Within the mandate of the project proponent.
 - c. Implemented by several implementing agencies, shall consider:
 - i. Cross-sectoral themes/program;
 - ii. National development priority targets.
2. Project proposals from local governments

Projects proposed by local governments to be implemented by local governments shall consider:

 - a. The affairs and jurisdictions of the local government;
 - b. Benefits to the local communities;
 - c. Public investment potentials to generate direct/indirect revenues; and
 - d. Development priority targets of the local government that are aligned to national development priorities.
3. Project proposals from SOEs/BUMN

Proposals done by proponent from SOEs/BUMN alone, shall consider:

 - a. Improving quality and reach of services; and/or to
 - b. Increasing revenue generation.

In a nutshell, the proponents, types of proposals, and the specific requirements associated with each type of proposal from their proponents are laid out in **Table 3.1**

Table 3.1. Types of Proposal, Criteria, and Specific Requirements

Type of Proposal	Project Criteria	Specific Requirements
Proposals by Ministries/Agencies		
Following role/function	<ol style="list-style-type: none"> 1. Within the mandate of the proposing ministry/agency; 2. Are priorities for ministries/agencies that are defined in strategic development plans (RPJMN) 	None
On-lending	<ol style="list-style-type: none"> 1. Proposals from local governments and prioritized for those who have low fiscal capacity; 2. Provide direct benefits for multiple localities. If a project provides benefits for only one locality, the local government must share some of the costs associated with project implementation; 3. Supporting projects are the responsibility of the local government; and 4. Are part of tasks assigned by ministries/agencies. 	Endorsement letter from head of local government for those participating as implementing agency
State Equity Participation in State-Owned Enterprises (BUMN)	<ol style="list-style-type: none"> 1. Improving quality of service and reach 2. Increasing BUMN revenues 	<ol style="list-style-type: none"> 1. Approval letter from minister of finance; 2. Endorsement letter from the board of commissioners on the proposal by the BUMN
Participation of several implementing agencies	Is a cross-sectoral program project that is implemented for a specific purpose and implemented by several agencies based on their respective mandates and roles and functions.	Approval letter by minister/head of agency or authorized official

Type of Proposal	Project Criteria	Specific Requirements
Proposal from Local Governments		
Agency On-Lending	<ol style="list-style-type: none"> 1. Within the jurisdiction of the regional government; 2. Beneficiaries are local communities; 3. An investment activity that generates direct/indirect revenues; and 4. Achieves local government development priorities and is aligned to national development priorities. 	Approval letter from the head of the regional parliament (DPRD)
	KProjects planned to be on-lending or/on-granted to BUMN	<ol style="list-style-type: none"> 1. Approval letter from the head of the DPRP 2. Approval letter from the BUMD CEO as prospective recipient of on-lending funds
BUMN Proposals		
On Lending to BUMN	<ol style="list-style-type: none"> 1. Improving quality of service and market access; 2. Increasing BUMN revenues. 	<ol style="list-style-type: none"> 1. Endorsement letter from the minister for state-owned enterprises on the project and on the financial capacity of the BUMN 2. Endorsement letter from its board of commissioners

3.4. Assessment Criteria for Project Proposal Feasibility

Assessment of a proposal considers technical feasibility and strategic alignment in the project planning. The assessment of the technical feasibility includes:

- a. Program and RPJMN priority matching;
- b. The project proposal is part of the prospective EA mandate;
- c. Cost estimate;
- d. Project implementation administration capacity of the EA and IA(s);
- e. Programmatic interdependencies with other projects or initiatives of the EA;
- f. Appropriateness of project location; and
- g. Ability to mobilize matching funds.

The assessment of proposal considers technical feasibility and strategic alignment

Assessing the alignment of project planning includes the alignment of the project planning with:

- a. RPPLN;
- b. Distribution of external loan funded project activities in regional governments;
- c. Projects from other agencies that are directly interrelated; and
- d. Performance and track record of implementing ongoing external loan-financed projects by the EA and/or IA.

The feasibility assessment is based on the DUK received from the EA official submission.

3.5. Process Flow from Project Proposal Formulation to Listing in the DRPLN-JM

The process flow of the project proposal up to the determination of DRPLN-JM is as follows:

A. Planning Process

1. Issuance of RPPLN

The head of Bappenas issues the RPPLN not later than 3 months after issuance of RPJMN. Upon issuance of the RPPLN, the head of Bappenas circulates the RPPLN document to the minister of ministries/head of institution/head of region/president director of BUMN to prepare the project plan.

2. Formulating the Country Partnership Strategy (CPS)

When the Medium-Term Development Plan (RPJMN) and External Loan Utilization Plan (RPPLN) have been established by the government, ADB will undertake preparation of internal planning. Internal planning within ADB's institutions is called country partnership strategy (CPS), with the same timeframe as the RPJMN. ADB as a potential lender presents programs that can be offered to the Government of Indonesia through the country partnership strategy. CPS is issued by ADB no later than the end of the first semester of the year when the RPJMN is approved.

The country partnership preparation process begins with a review of the previous CPS period (for example, CPS 2020–2024 will begin with a CPS review of 2015–2019). When the RPJMN is issued, the country programming team will prepare the CPS through an intensive coordination with the project team leader (PTL), who is an active counterpart of the EA in identifying programs to be screened for inclusion in the CPS. At this stage, proposed funding modalities begin to be discussed, whether the project will be funded through sector-based loans, multi-tranche facility financing (MFF), or project funding. Country partnership strategy preparation involves various parties, among others Bappenas, the Ministry of Finance, ministries and government agencies,

Country Partnership Strategy is formulated together between ADB and GOI to establish planning and financing modalities

and other related institutions such as BUMN. The CPS takes into account loans that can be allocated to the Government of Indonesia over the next five years in accordance with the Medium-Term Development Plan (RPJMN). Therefore, the CPS will be aligned with the allocations included in the RPPLN.

B. Proposal Process

3. Preparing the Project

There are certain conditions required at the prospective EA institution for a project proposal to be internally justified to receive external loan funding. A foreign loan requirement plan provides such justifications. The foreign loan requirement plan needs to come from the head of agency level and lays out policies, strategies, and criteria for foreign funding (administration, technical, and financing), as the basis for the project proposal submission.

In preparation for the proposal seeking external funding, the head of the prospective EA deliberates the necessary policies, strategy, and with that establishes the agency-level plan for externally funded projects as a basis to justify the proposal.

4. Formulating the Proposal

The project proposal can be initiated by the technical unit within the prospective EA agency based on its official roles and function. The project proposal formulation considers the criteria and requirements deliberated in Section 3.3 and outlined in Table 3.1

A project proposal to be funded from foreign loans can then be on-lent or on-granted (partly or wholly) to local government. For project activities (or project components) that are on-lent or on-granted, the project proposal will then be submitted by the relevant local government. The relevant technical unit in the prospective EA may coordinate with local governments and, if necessary, with the Ministry of Home Affairs in formulating the project proposal involving local government grantees.

Proposals from
ministries/
agencies/state-
owned enterprises
are aligned to
development plan

Local governments are able to initiate formulation of project proposals for matters directly under their authority for the benefit of their local communities. The proposal may be formulated by a technical unit in close coordination with the local national development planning agency (Bappeda). Once the proposal complies with the requirements as laid out in Table 3.1, it can then be conveyed to the local government secretary (sekretaris daerah/setda) to be submitted to Bappenas through an official letter by the head of local government attaching local parliament (DPRD) endorsement.

For SOEs/BUMN prospective EAs, project proposal formulation can be initiated by technical units and submitted to Bappenas through the SOE/BUMN CEO with approval from the board of commissioners and SOE/BUMN minister.

5. Submission of Project Proposal

The project proposal is submitted by the minister of ministry/head of institution/head of region/president director of BUMN to the head of Bappenas. Submission of project proposals should be prepared with a project proposal draft note. The project proposal draft note consists of:

- (i) Reference letter from minister at the ministry/head of institution/head of region/president director of BUMN (see **Appendix 1**);
- (ii) Project Loan Proposal Form (DIPK) (see **Appendix 2**); and
- (iii) Project Loan Proposal Document (DUK) (see **Appendix 3**)
- (iv) Specific requirements in accordance with the type of project activity

Proposal is submitted formally by minister or head of agency or CEO of the state-owned enterprise to the minister for Economic Development Planning/head of Bappenas

Submission of the project proposal is officially made to the head of Bappenas. The project proposal is signed (according to the proposing agency) by:

- a) Minister or secretary general/secretary of the minister on behalf of minister at ministry for proposals submitted by a ministry;
- b) Head of government agency or principal secretary on behalf of the head of government agency for proposals submitted by a government agency;
- c) Governor/regent/mayor for proposals by local government; or
- d) President director for proposals by SOEs.

Figure 3.1 illustrates the proposal process.

C. Assessment Process

6. Screening the Project Proposal

Bappenas conducts a feasibility assessment of the project proposal by the agency requiring loans by considering the alignment of strategic planning, coherence of project and integrity/completeness of the proposal documents.

The feasibility assessment is based on the Project Loan Proposal Document(s) (DUK). In conducting a proposal feasibility assessment, Bappenas can coordinate with the agency requiring loans, other agencies, or parties related to project activity. In conducting project proposal assessment submitted by local governments, Bappenas may request consideration of the minister of home affairs.

Stakeholder coordination and support is expected throughout the process up to the proposal being included in a loan planning document. Coordination is necessary, especially if the project involves several agencies (ministries/institutions/regions/institutions) as implementing agencies.

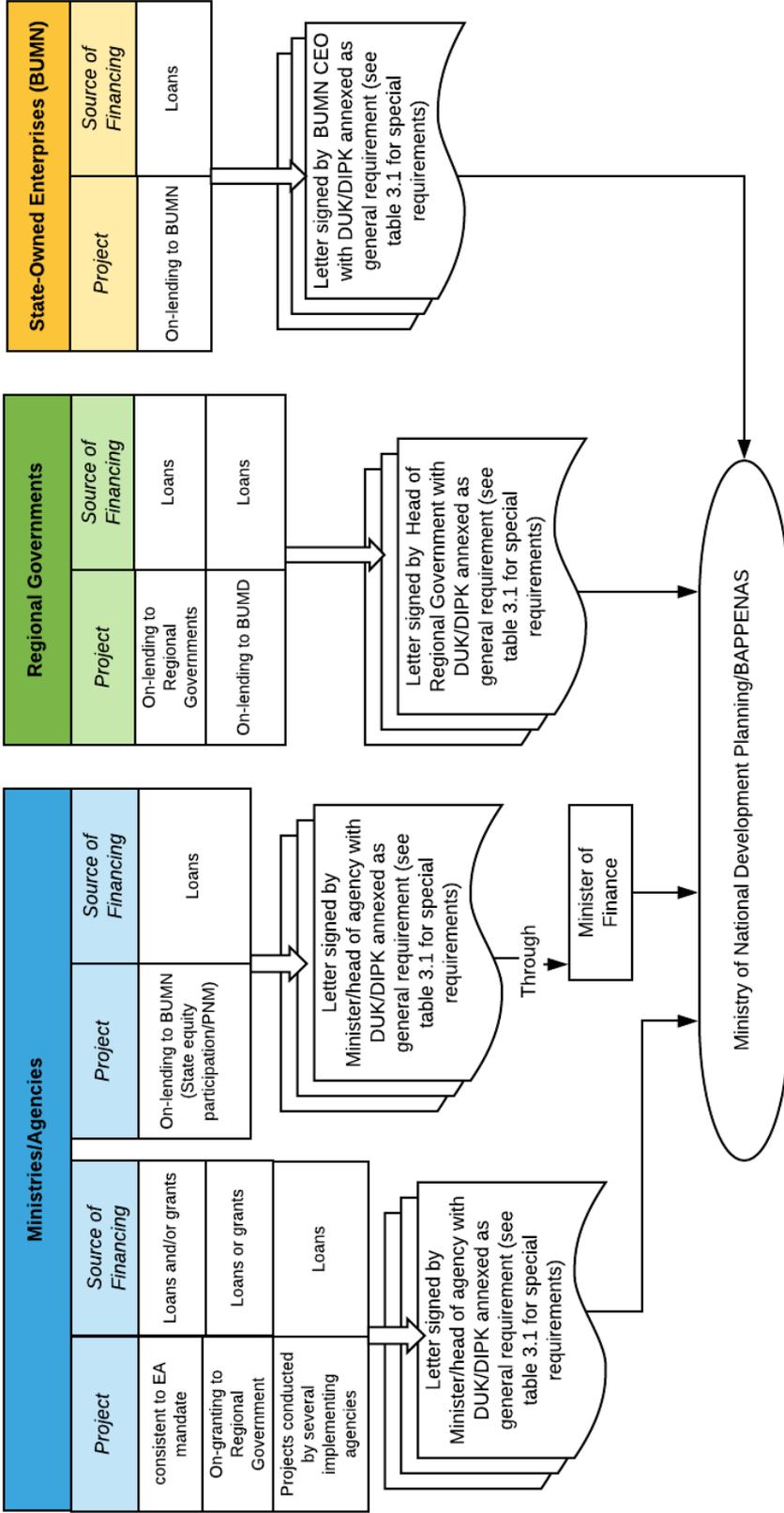


Figure 3.1 External Loans Project Proposal Framework

The minister of planning/head of Bappenas establishes DRPLN-JM based on result of feasibility assessment of project proposal.

7. Formulation of Medium-Term List of Planned External Loans (DRPLN-JM)

Bappenas formulates the DRPLN-JM based on the results of the feasibility assessment of the project proposal. Determination of project proposals is established every 5 years and may be updated and refined annually in accordance with national development needs and/or priorities.

Once the DRPLN-JM has been established, Bappenas shall distribute the DRPLN-JM to the minister of finance, working partners (ministers of ministries, heads of institutions, heads of regions, and president director of BUMN) whose project proposal is listed in the DRPLN-JM (as prospective executing agency), as well as development partners (prospective lenders of foreign loans), and friendly countries domiciled in Indonesia. If the submitted project proposal is listed in the DRPLN-JM, the prospective EA may begin to coordinate with potential lending institutions (in this case ADB) under the coordination of Bappenas.

8. Formulating Country Operation and Business Plan (COBP)

When the DRPLN-JM has been issued by Bappenas, it is circulated to stakeholders, including development partners such as ADB. Based on the DRPLN-JM document, development partners (in this case ADB) will prepare internal planning. Internal planning within ADB's institutions is called the Country Operations and Business Plan (COBP). The COBP is a rolling 3-year plan which fills the gap between 5-year RPJMN periods, and as a result often signals ADB's interest as a lender agency during the formulation of the DRPLN-JM and CPS. COBP is formulated every 3 years with a mid-term perspective (3-year period) to provide an overview of the program sustainability.

This stage, in accordance with the Operation Manual (OM) on loans preparation with government guarantees, is called the project identification stage. At this point, ADB will select and determine to fund project proposals from the project proposal list in the DRPLN-JM. The selected projects are then included in the Country Operations and Business Plan (COBP). Specifically, for the year in which the National Medium-Term Development Plan (RPJMN) and Country Partnership Strategy (CPS) are issued, the COBP of the year will be included as an annex of the CPS. The COBP is issued by ADB no later than the end of first semester of each year.

In the project preparation process, which will be included in this planning document, ADB encourages full involvement of prospective executive agencies (EA). The idea of a project proposal developed by the prospective EA is listed on a DRPLN-JM "long list" selected by ADB as a prospective lender. The lender then shall express an interest in funding the project proposal according to the characteristics and comparative advantages of project proposal.

Country Operation and Business Plan is formulated to incorporate project proposals from published official planning documents

The project identification stage engages the prospective EA and provides the basis of ADB's commitment to the efficiency and effectiveness of project preparation and implementation and achievement of desired results. The participation of all relevant parties since this early stage creates mutual accountability and the application of the Managing for Development Results (MfDR) approach. In formulating the COBP, ADB proactively engages the full participation of the prospective EA.

The naming convention of project proposals being listed in the COBP should be based on the DRPLN-JM, as this is the reference used in national development planning and budgeting cycle and should be followed to ensure smooth processing and coordination.

CHAPTER 4

STRENGTHENING PROJECT READINESS

This chapter presents the processes for strengthening project readiness—that is, upgrading the project proposal after it is listed in the DRPLN-JM. The prospective EA is responsible for improving project readiness according to the criteria set by Bappenas. In parallel, ADB assists the prospective EA in strengthening project readiness by formulating the PAM and RRP.

Improving project readiness criteria is carried out by the executing agency to detail the project plan and its financing including which financing modality selected

4.1 Strengthening Project Readiness

Strengthening project readiness begins with the prospective executing agency (EA) drafting a detailed project plan. The EA may apply for transaction-related technical assistance (TRTA) support from ADB. The TRTA support mobilizes resources to draft the project readiness document crucial for inclusion in the DRPLN list.

1. Formulating the draft Project Plan

After the project is listed in the DRPLN-JM, the prospective EA is expected to deliver detailed project documents as required in Government Regulation (PP) No. 10/2011 and the Regulation of the Minister of National Development Planning No. 4/2011 to strengthen project readiness. This starts with a draft detailed project plan which covers:

- a. Project Implementation Plan;
- b. Performance monitoring and evaluation indicators;
- c. Organization and administration for project implementation; and
- d. Land acquisition plan and/or involuntary resettlement, for projects requiring land.

The EA shall prepare a draft design and monitoring framework (DMF) based on DUK and DIPK documents already submitted to Bappenas as an appendix of the project proposal. At this stage, the prospective EA (technical unit/sector) is required to describe:

- a. Project objectives;
- b. Project scope;
- c. Project location;
- d. Proposed project value;
- e. Mechanism of funding distribution.

Pre-implementation project preparation TA is necessary. It does not, however, include detailed engineering design (DED)

To assist in drafting a detailed project plan, the prospective EA compiles a checklist of land and environmental requirements to determine the level of complexity of the proposed project. This checklist includes identification of land needs and initial information on land ownership status. The prospective EA can also refer to the REA (rapid environmental impact assessment) document.

ADB has a Safeguard Policy Statement (SPS). The framework of ADB SPS (2009) is largely aligned with policy and practices in Indonesia, particularly on environmental sustainability, land acquisition, and resettlement. Adhering to good practices in safeguard aspects of project preparation increases positive impacts of project output and minimizes negative impacts in the long term.

Of critical interest is the land acquisition and involuntary resettlement plan, which needs to address at least the following issues:

- a. Project impact on physical assets (land, plants, buildings, above-ground and underground spaces, and objects attached to the land) and economic assets (business, occupation, profession shift);
- b. Size and location of land required;
- c. Estimated number of people to be affected and/or resettled;
- d. Procedures for asset replacement (compensation), land acquisition, and/or resettlement;
- e. Term and schedule of asset replacement implementation (compensation), land acquisition, and/or resettlement;
- f. Parties responsible for and involved in asset-replacement process (compensation), land acquisition, and/or resettlement;
- g. Allocation of asset-replacement fund (compensation), land acquisition, and/or resettlement;
- h. Monitoring mechanisms of progress and impact of land acquisition and/or resettlement.

Along with drafting the detailed project plan, the prospective EA prepares the Terms of Reference (ToR) for the mobilization of preparatory consultant(s) that strengthen project preparation, under a TRTA if necessary. The project preparation consultant(s) can be funded from RPM funds (*rupiah murni* or “non-external funding”) or through foreign funds, either grants or loans. The prepared ToR shall be attached to the technical assistance (TA) application to the lending institution. Furthermore, the ToR and TRTA implementation plan become part of the TRTA-related attachment to the concept note prepared by the financier.

Project Performance Indicators

The prospective EA develops performance indicators for monitoring and evaluation purposes. In developing these indicators, the prospective EA involves specific work units in charge of the project in coordination with Bappenas at the ministerial/national agency level, and Bappeda (regional development planning agency) for local government level. These performance indicators are then discussed with the deputy sector (business partners) at Bappenas for improvement.

Project performance indicators shall refer to ADB (Design and Monitoring Framework/DMF) format of monitoring and evaluation for ADB-financed projects. The DMF format has been mutually agreed between ADB and the Government as a standard reference format to monitor the progress of project implementation.

2. Establishment of Project Preparation Implementation Unit (PIU/PMU)

As a prospective EA, echelon-1 level officials—such as the director-general (for prospective EAs from ministries and agencies) or technical/planning director (technical) of SOEs—can establish a project preparatory unit. This implementing unit can then be delegated to the 2nd echelon unit/division head of the prospective EA. This unit will be responsible for improving project proposals and/or project implementation at a later stage.

On internal coordination, the designated EA PIU/PMU coordination with relevant technical units produces a detailed project plan that is more rigorous and increases the prospective EA's overall ownership of the project. On following-up a TRTA proposal, the PIU/PMU is responsible for authorizing the approval of TRTA consultant selection and for coordinating TRTA consultant inputs with preparatory activities once mobilized.

Examples:

- Director at the Directorate of Bina Program at the directorate general of the Ministry of Public Works and People's Housing is appointed as the implementer of project preparation.
- Head of Corporate Planning Division of PLN is set to be the coordinator of project preparation.

3. Application for a TRTA

In parallel with the drafting of the project readiness document, the prospective EA can seek TRTA support from ADB to prepare foreign loan funded projects. One of the roles of a TRTA is to support developing member countries of ADB to plan and increase disbursement efficiency during project implementation to better deliver development results.

EA may apply for TA support for project preparation as long as it is listed and detailed in the DRKH

TA loans may be proposed to accelerate project preparation, either to improve the quality of detailed engineering design (DED) or to make procurement management more timely, efficient, space appropriate, and of higher quality. In any case, funding from national sources (RPM) is useful as an additional risk management buffer for unforeseen activities that may unexpectedly emerge during project implementation.

The prospective EA, if necessary, may apply for technical support from the lending agency for project preparation. The EA should submit the application to the relevant funding deputy and sector deputy at Bappenas. For prospective EAs from ministries or agencies, the letter of application should be submitted by a secretary general/secretary of agency; in the case of a BUMN, from a director (see **Appendix 10**).

Once the prospective EA deems TRTA assistance necessary, the EA also prepares consultants' ToR during the preparation of a detailed project plan, (see **Appendices 12 and 13**). If the prospective EA is capable of independently preparing and improving the completeness of the project proposal, ADB will use the TRTA to prepare the required loan documents in accordance with applicable rules and requirements.

Bappenas submits the TA proposal to the lender (ADB) copied to the Ministry of Finance. This will be the basis for entering into a Letter of Agreement (LoA) to provide the TRTA.

A TA loan may be proposed for activities that are not covered by a TRTA grant, such as DED preparation and direct operational support such as procurement management. TA loans are available to accelerate project preparation, such as in improving the quality of DED and procurement processes so that procurements are delivered on time and at the right level of specification and quality. TA loans may be an alternative for acceleration in situations where RPM funds for project preparation to cover areas outside the TRTA scope are not available.

4. Discussion on TRTA Application

At Bappenas, the deputy of funding (Directorate of Multilateral Funding) discusses the TA application for project preparation with the sector deputy (technical directorate concerned) to examine project readiness and preparation.

Bappenas assesses the feasibility of the TRTA proposal submitted by the prospective EA by considering the technical feasibility and alignment of the project preparation planning of the related EA project listed in DRPLN-JM. Once approved by the Bappenas minister, the TRTA will be listed in the List of Planned Grant Activities (DRKH).

The TRTA submission process is as follows:

- a. Bappenas submits an EA application for TA support for project preparation to the Ministry of Finance (MoF) with a copy to ADB. A sample letter format may be found in **Appendix 11**.
- b. Based on recommendations from Bappenas, MoF can follow-up the TRTA proposal with ADB.
- c. ADB, in this case the project team leader, proactively develops a concept note for a project preparation TRTA, which will then be attached to the letter of agreement (LoA) for the project preparation TA.
- d. The LoA of the TA shall be signed by ADB (represented by the project team leader) and the EA (represented by the director general of the relevant technical affairs) facilitated by Bappenas and the Ministry of Finance.

5. Submission of TRTA Proposal to Ministry of Finance

The Bappenas minister submits the list of planned grant activities (DRKH) to the minister of finance and to the prospective EA whose TRTA proposal is listed in the DRKH.⁹

6. Submission of TA Proposal to Lending Agency (ADB)

The DRKH will be followed-up by the Ministry of Finance and Bappenas as the basis for coordination with grant agencies (in this case ADB) to start TRTA concept note development. TRTAs aimed at supporting preparation of loan-funded projects should be prepared as planned grants.

7. Preparation of Concept Paper of TRTA

A concept paper is a document prepared by ADB based on input from ministries/agencies proposing the TRTA, in accordance with related prospective EA projects already listed in the DRPPLN-JM. The concept paper and TRTA are prepared by the project team leader (PTL) and his/her team in coordination with EA candidates through the Indonesia Resident Mission (IRM). The PTL also proposes funding modalities to be used and lists requirements in accordance with each modality (**Appendix 7**).

Concept paper is prepared by ADB and includes detailed project proposal and the proposed financial modality

A reconnaissance mission shall be conducted after coordination to ensure alignment of the concept paper and to fine-tune the TRTA proposal scope if necessary. The ADB Vice-President (Operations) then approves the TRTA proposal. Attached to the TRTA proposal is the Outline ToR for consultant services necessary for project preparation and the TRTA implementation plan.

The concept paper will then be submitted to the ADB Vice-President (Operations) for approval. The approval process will consider risk-level categorization of project proposals and a feasible approach. The concept paper contains: (i) rationale; (ii) indicative design monitoring framework (DMF) (impact, outcome, and output); (iii) financial plan; and (iv) implementation

⁹ The process will refer to the DRKH drafting mechanism.

plans, including details of needs of project implementing experts and TRTA.¹⁰ Terms of reference for consultant services and TRTA implementation plan are part of the concept paper as appendices.

Transaction-Related Technical Assistance (TRTA)

There are several types of technical assistance (TA) provided by ADB. TAs may be in the form of grants or loans. The main objective of TA is to help developing member countries of ADB to better absorb foreign funding for their development purposes (OM D12/BP, 20017: para 2). TA grant support can be provided from TA Special Fund (TASF) to support improvement of project readiness criteria without any cost recovery option if the ceiling is not fully absorbed (OM D12/BP, 20017: para 5).

The scope of TRTA support is set out in OM Section D12/BP issued on 13 March 2017 on Technical Assistance and OM Section J1/BP issued on 28 October 2011 in “Project Activity Performance Management System.” Discussion on the scope of TRTA is found in section B. Transactions Related (PPTA).

Related to processes that ADB carries out to improve project activity readiness (project activity preparation stage), OM Section D11/BP issued on 1 January 2010 in “Processing Sovereign and Sovereign-Guaranteed Loan Proposals” describes the processes undertaken at ADB: project concept clearance; fact-finding mission; and project administration manual (PAM). These processes will be explained in this chapter.

TRTA could support:

- Feasibility studies including (i) basic design, (ii) design engineering, (iii) cost estimation; (iv) technical analysis, (v) financial, economic analysis, (vi) socio-economic analysis;
- Environmental sustainability assessment, and social impact assessment;
- Benchmarking studies to formulate monitoring and evaluation framework;
- PAM formulation.

In general, TRTA is a grant support for project preparation. However, the Government is able to finance TAs from loans for specific purposes beyond the TRTA scope if, for example, detailed engineering design (DED) is required, or for other specialized forms of project preparation through a more tailored project development facility (PDF).

¹⁰ <https://www.adb.org/sites/default/files/institutional-document/31483/omd11.pdf>

8. TRTA Letter of Agreement (LoA)

Once the TRTA proposal is approved by ADB Management, the mission leader prepares a letter of agreement (LoA) to be signed by ADB together with the Ministry of Finance and acknowledged by Bappenas and the prospective EA.

The TRTA approval will be submitted by ADB to the Ministry of Finance seeking their concurrence through a no-objection letter (NOL).¹¹ The NOL document will then be used as the basis for administering project preparation. The ADB project mission team then will work with the prospective EA and the relevant sector deputy at Bappenas to draft a detailed project plan and initiate TRTA support to project preparation. This agreement can be realized through the signing of an MoU from the reconnaissance mission.

9. Selection of Consultants

Consultant selection is undertaken by the lending agency (ADB) in consultation with the prospective EA. Preparation of the terms of reference (ToR) is conducted by the prospective EA with the prospective lender (ADB). The ToR draft submitted by the prospective EA (if any) will be input for the PTL to finalize the scope and detailed tasks for the TRTA consultants. If the scope of the project is large, such as in preparing for a sector loan, the project preparations can be phased so that the TRTA is focused on preparing for components scheduled for implementation in year 1.

Consultant selection requires several stages: announcement, short listing, proposal submission, appraisal, proposal evaluation, and appointment of the winner. Approval of consultant selection is done twice—at the time of preparation of the consultant short list, and at the time of determining the evaluation result and evaluation of the consultant.

10. Approval for Project Preparatory Consultants

Upon receiving the NOL, ADB would initiate the process of selecting preparatory consultants. The consultant selection process will be fully implemented by ADB, but prior to awarding the contract, ADB shall file a selection approval application with the prospective EA. This agreement is an important step, because consultants will work intensively with the prospective EA. If the prospective EA does not object to the selection result, it can be followed up with a contract and the mobilization of the consultant.

The kick-off meeting of consultant mobilization is conducted jointly by ADB with the prospective EA. Furthermore, the prospective EA coordinates with consultants on the mobilization and completion of its work with the prospective EA for project preparation.

Consultant selection from ADB-funded TAs will be administered by ADB

ADB will seek approval from EA for final processing the consultant selection

¹¹ After the approval of TRTA by ADB Management.

The formulation of detailed plans are done to establish the scope and project activity plans as well as their financing.

Project activity categorization for ADB-financed projects can be classified as Categories A, B, and C based on the safeguard criteria and project-specific characteristics

11. Preparation of Detailed Project Scope and Components

Project preparation is undertaken as a follow-up to the drafting of the Detailed Project Plan. The detailed project plan is a description of preparation and implementation of the proposed project to be financed from foreign loans to achieve project objectives.

The secretary general/secretary of the EA/IA shall notify the implementing unit/person in charge of project to prepare a detailed project plan, certify the appointment of the project implementing unit, and establish a work unit that will oversee project activities. The implementing activity unit/EA should involve other work units in other prospective implementing agencies in preparing a detailed project plan draft.

For projects initiated by SOEs as EA, the director may assign a division head (or equivalent) to carry out detailed project preparation. For large infrastructure projects, there may already be project pre-design and preliminary research that can serve as a reference in the preparation of the detailed project proposal.

For projects with TRTA support, the prospective EA shall coordinate with ADB (prospective lender) to follow up the TRTA agreement (NOL) by initiating recruitment and mobilization of experts who will assist in the creation of technical documents supporting preparation of project readiness criteria documents.

Preparing the Project Readiness Document. Preparing the Project Readiness Document refers to the project complexity categorization seen from several parameters (technical, social, and environmental). The higher the category of project complexity and its potential impact on the environment, the more comprehensive are the studies and mitigation plans needed to justify project implementation, rather than having a ‘no project alternative’ scenario. Therefore, the contents of the Project Readiness Document will be tailored from criteria found in **Table 4.1**

The preparation of detailed project plans includes several activities:

- a) Coordination with stakeholders;
- b) Preparation of pre-DED;
- c) Preparation of LARP;
- d) Preparation of AMDAL;
- e) Funding requirements planning.

It also includes planning assignment and organizing of project implementers, as well as mechanisms for channeling financing and financial reporting.

Table 4.1. Criteria and Parameters and Project Categorization¹²

Project Categorization	Assessment Aspect	Parameter	Document
Category A (Significant impact)	Land Acquisition and Involuntary Resettlement (IR)	200 or more persons experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets.	LARP May require LARF prior to LARP ¹³
	Environment	<ul style="list-style-type: none"> Likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. 	EIA with EMP and/or AMDAL with RKL-RPL ¹⁴
	Indigenous People	<ul style="list-style-type: none"> Likely to have significant impacts that are adverse and widespread at the community or subcommunity level. The impacts include the following aspects (i) customary rights of use and access to land and natural resources;¹⁵ 	IPP with Social Impact Assessment (SIA)

¹² A project may have several components and the overall project category is set by the category of its most sensitive component to impacts

¹³ LARF is required for project with Multi-tranche Financing Facilities, Sector Loan, and Emergency Assistance Loans.

¹⁴ If AMDAL has met the requirements of EIA. Project criteria requiring AMDAL shall refer to Minister for the Environment Regulation No. 5/2012 on the Types of Activity Plans and/or Activities that require environmental impact analysis.

¹⁵ When a project needs to acquire a huge land area or forest that make villagers unable to continue their existing traditional livelihood system.

Project Categorization	Assessment Aspect	Parameter	Document
		(ii) socioeconomic status; ¹⁶ (iii) cultural and communal integrity; ¹⁷ (iv) health, ¹⁸ education, ¹⁹ livelihood, and social security status; and (v) recognition of indigenous knowledge. ²⁰	
Category B (Not significant impact)	Land Acquisition and Involuntary Resettlement	<ul style="list-style-type: none"> Land acquisition and Involuntary resettlement impacts are deemed not significant than those of category A. Less than 200 persons experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets. 	LARP, with social impacts assessment. May require resettlement framework prior to preparation of LARP
	Environment	<ul style="list-style-type: none"> Its potential environmental impacts are less adverse than those of category A projects. 	IEE with EMP or UKL-UPL ²¹

¹⁶ When a project changes the status of Indigenous People communities from self-subsistence farmers and forest products gatherers to satisfactory workers.

¹⁷ When a project results physical displacement of a sub-community far away from its wider community of origin.

¹⁸ It includes when a project or its construction potentially causes contamination of the major communal water sources resulting in water borne diseases of the Indigenous People community.

¹⁹ When a project only promotes the use of the national language of instruction in primary education, causing loss of fluency in the use of local language.

²⁰ When a project undermines the existing traditional irrigating system and the associated institutional arrangement for water distribution. ADB, Manila 2013. A Planning and Implementation Good Practice Sourcebook. Draft Working Document, Revised June 2013. ADB Sourcebook.

²¹ Project activities do not meet require AMDAL, then UKL-UPL shall be prepared. It refers to the Minister for the Environment Regulation No. 5/2012 on the Types of Activity Plans and/or Activities that require environmental impact analysis.

Project Categorization	Assessment Aspect	Parameter	Document
		<ul style="list-style-type: none"> These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects 	
	Indigenous People	<ul style="list-style-type: none"> Likely to have limited impacts or less adverse than those of category A project. The impact at community or subcommunity level only involve a few individual or households 	IPP with SIA
Category C (No impact)	Land and Involuntary Resettlement	No land acquisition and involuntary resettlement impact are foreseen	No LARP required A Due diligence report to ensure no resettlement impact may be required.
	Environment	Likely to have minimal or no adverse environmental impacts.	No environmental assessment is required although environmental implication need to be reviewed.
	Indigenous People	Expected to have no impacts	No further action is required or no IPP required

Documents resulting from detailed project preparation include:

1. Background, purpose, and objectives of project:
 - a. Project linkages with national RPJM and medium-term plans of ministries/agencies/local governments. (For ministry level, the project plan should support the ministry's strategic plan, which has been submitted during RPJMN preparation, while state-owned enterprises can use a medium-term plan, designated by the president director with approval of the board of commissioners.)
 - b. Purpose of project
 - c. Objectives of project
2. Project location
3. Duration and schedule of project implementation
4. Project scope
5. Output targets, results, and impacts of project (performance indicators)
6. Implementing and/or involved parties
7. Central/local government companion fund and fund allocation plan in central/regional DIPA
8. Land status
9. Project management organization (PMU/PIU and work unit)
10. Management and organization of project implementation
11. Environmental documents, environmental impact analysis if project requires AMDAL.

Consultants would assist the EA in detailing the input requirements to develop the above-mentioned detailed project plan. In addition, the consultant may assist in formulating the project administration manual (PAM) for the purpose of loan administration. The following is the detailed scope of work for consultants:

1. Pre-detailed engineering design
2. Technical analysis
3. Estimated costs
4. Social and economic analysis
5. Financial and economic feasibility analysis
6. Social impact analysis (social safeguards)
7. Environmental impact analysis (environmental safeguards)
8. Baseline measurement
9. Formulation of design monitoring framework.

The consultant is positioned to assist in the preparation of the project administration manual (PAM).

Detailed Financing Plan. Detailed financing plans comprise loan allocation, counterpart funds, and/or supporting funds. This includes details of funding for each project scope and/or project component and allocation of funding for each implementing agency (IA), if the project involves several IAs. Also, a detailed annual loan disbursement schedule and counterpart funds and/or supporting funds allocation need to be reflected in the detailed funding plan.

Stakeholder Coordination. Stakeholder coordination involves all levels of activities from central to regional level. The key to successful project implementation that achieves the desired outputs and outcomes is through stakeholder engagement and ownership of project, especially by implementing agencies in the field.

To encourage early stakeholder engagement, necessary permits, commitments from leaders and staff, clear direction, coordination and involvement mechanisms, and good socialization are essential. The composition and needs of human resources, organization of the project implementing unit, and flow of reporting and escalation should be clear.

Detailed Engineering Design (DED). Detailed engineering design is a plan that defines in detail technical requirements ranging from equipment specifications, materials used, technical diagrams of construction works, public works, instrumentation, facility installation, supply chain management and contractors, as well as feasibility studies required before construction work starts. DED is part of the front-end engineering design (FEED) approach, which is a preliminary detailed plan that will identify implementation risks early in the project or prevent additional costs and delays from re-construction due to architectural mismatch with the environmental footprint at the site of project.

Land Acquisition. One of the most complex components of a project is when project activities require land and there are people living on the planned project site. It is necessary to consult with affected communities, who may need to be resettled, and with those whose livelihoods are affected due to changes in land functions caused by proposed project activities. Planning land acquisition and involuntary resettlement should be comprehensive and require careful planning with high adherence to applicable rules, processes, and procedures. Land acquisition and resettlement is a comprehensive process.

Environmental Principles. The proposed activities need to consider environmental principles carried out through the environmental impact assessment of projects. The Government together with ADB has also conducted synchronization of the safeguard systems. All frameworks to assess the project impact refer to the country system and those agreed upon jointly with ADB.

For social safeguard, planning document (LARP, IPP) should have been endorsed by the Executing Agency and approved by lenders. These planning documents will be attached in the Project Readiness Criteria document. The scope of the planning document will follow the magnitude of project impacts, while type of document will follow the modality. In addition to planning document (LARP or IPP) for core subproject, for the sector investment or Multitranchise Financing Facilities (MFF) with potential impact on involuntary resettlement impacts or impacts on indigenous people, before project approval by lenders, the borrower will agree with lender on a land acquisition and resettlement

framework (RF) or an indigenous people planning framework (IPPF) to guide subproject selection, screening and categorization, social and environmental assessment, and preparation and implementation of safeguard plan of subprojects. See **Table 4.2**.

Table 4.2. Funding Modality and Safeguard Framework and Plans²²

Funding Modality	Parameter	Document
Multi-tranche Financing Facility (MFF)	<ul style="list-style-type: none"> • An Environmental assessment and review framework (EARF), a land acquisition and resettlement framework (LARF), and/or an Indigenous People planning framework (IPPF) are prepared for the entire MFF tranches. • Strategic environmental assessment for entire project shall be prepared, where significant sector or regional environmental impacts under MFF are anticipated. • The frameworks are prepared by the borrower/clients through the Executing Agency (EA) and submit them to ADB for approval. • The frameworks are finalized and agreed between the borrower or client and ADB during project appraisal 	EARF LARF IPPF
	<ul style="list-style-type: none"> • EIA/IEE, LARP, and IPP for first tranche with potential environment, involuntary resettlement, and Indigenous People impacts (category A and B) before MFF approval by ADB. • EIA/IEE, LARP, and IPP for succeeding tranches with potential environment, involuntary resettlement, and Indigenous People (category A and B), after MFF approval by ADB but before ADB's approval of each tranche. • Each tranche of the MFF is screened and categorized (see Table 4.1) 	EIA/IEE or AMDAL/UKL-UPL LARP IPP

²² All safeguards frameworks and plans will be prepared in accordance with the prevailing Indonesian Government laws and regulations and ADB Safeguard Policy Statement 2009. The safeguard framework (either EARF or LARF or IPPF) is to guide subproject selection, screening and categorization, social and environmental assessment, and preparation and implementation of safeguards plans of subprojects and to facilitate compliance with ADB SPS and prevailing government laws and regulations.

Funding Modality	Parameter	Document
Sector Loan	<ul style="list-style-type: none"> An Environmental assessment and review framework, a land acquisition and resettlement framework, and an Indigenous People planning framework. The frameworks are prepared for the project as a whole, and agreed between the borrower or client and ADB during project appraisal. 	EARF LARF IPPF
	<ul style="list-style-type: none"> EIA/IEE, LARP, and IPP for one two core subprojects identified with potential environment, involuntary resettlement, and Indigenous People impacts (category A and B) are prepared and submitted by the borrower/client and reviewed by ADB prior to ADB Board approval. EIA/IEE, LARP, and IPP for succeeding subprojects for category A or B after project approval. 	EIA/IEE or AMDAL/UKL-UPL LARP IPDP
Project Loan	<ul style="list-style-type: none"> EIA/IEE, LARP, and IPP for project/subprojects The plans are prepared and agreed before project approval. Type of documents according to project classification. See Table 4.1. 	EIA/IEE or AMDAL/UKL-UPL LARP IPP
Emergency assistance loans	<ul style="list-style-type: none"> An Environmental assessment and review framework, a land acquisition and resettlement framework, and an Indigenous People planning framework are prepared by the borrower or client through the EA for the whole project. 	EARF LARF IPPF
	<ul style="list-style-type: none"> Subproject EIA/IEE, LARP, and IPP are prepared following the frameworks. Document type shall be prepared in accordance with project classification set in Table 4-1. 	EIA/IEE or AMDAL with EMP/UKL-UPL LARP IPP

*In detail refers to ADB SPS (2009)

The main legal framework for land acquisition and resettlement is Law No. 2/2012 and its implementing regulations which include Perpres No. 71/2012 concerning Implementation of Land Acquisition for Development of Public Interest with amendments, the National Land Agency (KATR/BPN) Regulation

No. 5/2012 on the Technical Guidelines of the implementation of land acquisition and its amendments, Minister of Finance Regulation No. 06/PMK.02/2016 an Amendment of Minister of Finance Regulation No. 13/PMK.02/2013 on Operating Cost and Supporting Cost of the Implementation of Land Acquisition for the Development of Public Interest funded From the State Budget, and Perpres 62/2012 concerning Handling of Social Community Impact in Order land Supply for National Development.

General Procurement Plan. A general procurement plan for goods/ services includes a number of packages in the project to be carried out during implementation. The document presents schedule and forms of procurement (international competitive bidding or national competitive bidding), as well as requirements of procurement to be carried out, such as international or local procurement, and its specific procedures.

The project management unit (PMU), supported by TRTA consultants (if any), prepares the procurement schedule and the mechanism for procuring goods or services. The general and specific conditions for bidding would be formulated in this process, considering the nature of the goods and services. The assessment of industries and specific requirements should set the optimum procurement practices. The output of FEED or basic design should be ready before starting any procurement of EPC contracts. Therefore, FEED should be completed prior to the approval of the final procurement plan.

In this process, if there is no request for a TRTA consultant to support the PMU in the project preparation, the TRTA consultants team under ADB would prepare a draft project administration manual (PAM) and conduct assessment on the readiness of project compliance criteria (to be included in the project list).

12. Fact-Finding Mission (FFM)

ADB (Mission) with the prospective EA jointly conduct a fact-finding mission to formulate project scope and field survey to the proposed project locations. A fact-finding mission team may visit some areas considered to represent the project locations, to see the condition of the region, readiness of local implementing organizations, support of local government organizations/ institutions, readiness and capacity of regional institutions to implement project, and reporting. For any project that covers multiple and/or large locations, field visits might be carried out to representatives of the regions.

The ADB Fact-finding Mission, together with the ministry/agency as executing agencies, verify quality and validate TRTA consultant work in the field. All findings and results of field identification will serve as inputs for preparation of the Report and Recommendation of the President (RRP) and the project administration manual (PAM), which will be discussed at the management

Fact-Finding Mission collects all information related to the proposed project activities that are then further consolidated in the RRP and the PAM

level of ADB. In addition, the entire result of a fact-finding mission is a Memorandum of Understanding (MOU) that describes the project concept and its key points, requiring commitment from the executing agency and implementing agencies. The MOU is then signed by relevant parties from the Government and from ADB. If the MOU is unlikely to be signed yet, an aide-mémoire will be submitted by the fact-finding mission to receive a written confirmation from the executing agency and relevant parties.

The mission leader will submit the MOU of the FFM to the EA, Bappenas (deputy of funding, and sector deputy) and forward it to the Ministry of Finance (DJPU) to be jointly discussed before being signed. The results of discussion will take the form of an agreement between ADB and the EA. (The mission leader will represent ADB; echelon-1 officer from the ministry/ government agency presents prospective the EA from ministry/ government agency; and the director of SOE represents the EA from SOE). The MOU will enclose an initial draft of the PAM, which includes project plans, project scope, funding needs allocation, project implementation organization, procurement plan, environmental safeguard documents, social safeguard documents, and the implementation plan.

13. Finalizing Project Scope and Components

Revision and finalization of detailed project plans are conducted to meet criteria for project readiness from both parties (the Government as the borrower, and ADB as the lender). EA and TRTA consultants will accommodate results and notes from the fact-finding mission, which are then incorporated into a revised document to meet the requirements on the record, as well as various details that need to be clarified. The revision and finalization of the detailed plan will be followed up by the drafting of a project administration manual/ PAM document (in English) and the submission of the official document of readiness criteria (in Bahasa Indonesia) to Bappenas.

Finalization of the Detailed Project Plan accommodates all inputs from the FFM and compliance to terms and conditions of the loan

In the finalization phase of the project, the EA shall prepare a budget for implementation of the first year of the project. In accordance with current laws and regulations, the EA must set forth the budget proposal in the state ministry's Work Plan and Budget (RKA-KL), including allocation of counterpart funds from the APBN. If the implementation of the first-year budget requires counterpart funds from the local governments (LGs), the respective LGs are also required to prepare a budget, and submit the budget proposal in their appropriate templates.²³

At this stage, an important requirement for project readiness is that of the safeguard document. All environmental safeguard documentation should be in accordance with the type and depth of reporting requirement based on the project's status according to its category of complexity. If, for example, the project requires an Environmental Impact Assessment.

²³ RPKD document

Proposal of Counterpart/Matching Funds Budget

In preparing the allocation of counterpart funds (*rupiah murni*), details to be considered are as follows:

- Foreign loan financing allocation plan and counterpart fund, where the value of counterpart funds is converted into USD units in accordance with exchange rate used;
- Disbursement plan, which comprises the expenditure schedule which is in line with the project implementation plan, disbursement mechanism, and the disbursement channel/arrangement;
- The procedure for provision of counterpart funds is as follows:
 1. Project is incorporated into the RKP of the relevant year.
 2. Secretary general/secretary/regional secretary as prospective executing agency shall coordinate with the work unit that will supervise related work unit activities to include counterpart funds into RKA-KL (code: "E") so that the amount of counterpart funding does not increase the ceiling).
 3. RKA-KL proposal which has included counterpart funds is then referred to the minister of finance with a copy to relevant working units and Bappenas (sector deputy and deputy of development funding).
 4. The work unit that will supervise project activities and work units related to improvement of the RKA-KL shall include the counterpart funding and submit it to the secretary general/secretary/regional secretary.

(AMDAL), then the assessment needs to ensure that the content and depth of the analysis have at least received approval on its terms of references, framework, and assessment scope definition of the environmental assessment (KA-AMDAL) based on the level of government requirement (**Appendix 9**).

The preparation of the Procurement Plan consists of three components: (i) threshold; (ii) review process (before and after) and procurement plan; and (iii) procurement plans (package and value lists for construction goods, services, and works). See **Appendix 8** for an example of the General Procurement Plan (RUP format).

At this stage it is also advisable to prepare an advance procurement action, especially for the procurement of goods/services that require long-time planning and implementation of procurement, or an elaborate task such as selection of project implementation consultant/management consultant, engineering/services/DED consultant or elaborate civil works tender, which require pre-qualification. Early procurement can be conducted, but the signing of contracts shall be done after the loan agreement is effective.

14. Preparation of Project Readiness Criteria Document

The Project Readiness Criteria document will refer to the final project scope and components. The format of the DUK is shown in **Appendix 5**. In principle, the project readiness criteria document will be required for the project evaluation process to be included in the Project Digest (DK), which will be added to project readiness for the first year.

The documents are prepared by the project management unit (PMU) or by a designated unit in which the project proposal comes under their direct purview (Process 2.3). For EAs from ministries/agencies, documents are then submitted to the Planning Bureau to be discussed at ministerial level (if required) and submitted to Bappenas through the secretary general of the ministry/agency. For EAs from SOEs, the implementing unit reports to the director, to be submitted to Bappenas by delivering a copy of the document to the relevant deputy from the Ministry of SOEs.

The project readiness criteria document formulation is based on compliance to the set of criteria which Bappenas created in lieu of the detailed project proposal

15. Submission of Documents of Project Readiness

Submission of project readiness documents shall be carried out by the minister or head of institution or secretary general/secretary of ministry/main secretary on behalf of the minister or head of institution, governor/regent/mayor, or the president director of SOE. The documents shall be submitted to the minister through the secretary of the Ministry of National Development Planning/principal secretary of the National Development Planning Agency (Deputy of Development Funding for the attention of the Minister of PPN/Head of Bappenas).

16. Preparation of Project Administration Manual (PAM), Report and Recommendation for President (RRP)

The PAM document is required for ADB's internal processes as a basis of consideration for issuance of the Report and Recommendation of the President of ADB (RRP) after passing the Management Review Meeting (MRM) and Staff Review Meeting (SRM). The draft PAM is an English-language document that becomes a reference in the loan negotiation process, and which regulates in detail the project implementation. The draft PAM is prepared during the improvement of project readiness criteria by considering all inputs and findings from the fact-finding mission (referring to MoU documents).

The PAM document is an output of the TRTA consultant and may be a reference for preparation of the project readiness criteria document, either at the stage of project readiness criteria improvement or at its fulfillment stage.

The assessment of the project readiness document is internally conducted by Bappenas

The PAM document is more detailed in terms of detailed financing plans, as it includes assessing financial management, as well as more details on general procurement plans. The PAM document also describes in detail environmental aspects, land acquisition and involuntary resettlement, and indigenous peoples safeguards through studies conducted by the TRTA consultant team. The same

subjects will be improved in the project readiness criteria document at a later stage for fulfillment of project readiness criteria. Details on preparation of PAMs are in **Appendix 9**.

17. Assessment of Improved Project Readiness Documents

Assessment of improved project readiness documents is prepared internally at Bappenas (deputy of financing — directorate of multilateral funding) in cooperation with sector deputies related to project plans and design. This assessment is conducted in coordination with the Ministry of Finance, the EA, and other relevant parties, including prospective lenders (in this case ADB). The project readiness criteria document has a standardized checklist that guides project readiness evaluation, to be included as a priority activity which will then be included in the List of Priority External Loans and Grants (DRPPLN). The project readiness criteria checklist is shown in **Appendix 6**.

18. Discussion Coordination on Project Readiness Improvement Document

Bappenas facilitates tripartite coordination meetings between proponent/EA with the Ministry of Finance and Bappenas (deputy sector) to assess the project readiness criteria document. The tripartite coordination meeting evaluates project readiness criteria documents involving the Ministry of Finance (DJPPR, DJPB, DJPK), the EA, and the Ministry of SOEs for EAs from SOEs.

19. Assessment of Project Readiness Documents for DRPPLN Listing

Bappenas shall conduct an assessment based on input from the minutes of tripartite meetings and the completeness of the submitted document according to the checklist of the project readiness criteria. The content, therefore, should have been relevant, coherent and corresponds to address the project complexity as well as its components. At this stage, the deputy of sector in Bappenas will conduct a joint technical meeting with deputy of financing to screen the project. The criteria for assessing and screening the project would refer to **Chapter 3.4**.

20. Inclusion of Projects in the List of Priority External Loans and Grants (DRPPLN)

After Bappenas determines that the proposal is eligible to be included in the DRPPLN, the DRPPLN will then become an input for the next annual Government Work Plan (RKP) planning process and budgeting. With inclusion of the proposal in the DRPPLN, the proposal must immediately meet the criteria for project readiness so that implementation of the first year can commence in the intended RKP. The DRPPLN is expected for publication at the end of the first quarter of each year (around March) for the next fiscal year planning.

Assessment of the project readiness criteria document is done internally at Bappenas

The Bappenas minister will inform executing agencies whose projects are listed in the DRPPLN, as well as the lending agency

Bappenas will circulate the DRPPLN to the minister of finance, minister at ministry, head of institution, head of region and president director of BUMN whose project proposals are listed in the DRPPLN, as well as prospective foreign lenders.

Readiness Criteria of Procurement Planning (Including Advance Procurement Action)

Readiness criteria for procurement, including advance procurement action in general, involves the preparation of: (i) procurement units for the tendered packages has been established; and (ii) owner estimates.

For civil works, additional considerations include: (i) feasibility studies; (ii) DED; (iii) technical specifications; (iv) bill of quantity; (v) permits; and (vi) local government counterpart funds as necessary. In addition, information needed to develop accurate technical specifications and bill of quantity outside feasibility studies and DED is prepared by the TRTA and has received inputs and validation from the FFM process, particularly regarding AMDAL and LARP.

For the procurement of consultant services, the consultant selection process is in the form of: (i) Terms of References for the recruited consultants and (ii) BPKP (national development audit agency) review on the advance procurement action documents as necessary.

For the procurement plan received by Bappenas as part of the project readiness criteria document after the issuance of the DRPPLN, the EA needs to update their procurement plans, including (as needed) the preparation for advance procurement action. Advance procurement action becomes an alternative to mitigate possible delays in the early stages of project implementation. This alternative shall consider a time gap between the loan negotiation and the loan effectiveness, during which the EA may carry out the procurement process. Therefore, contracts would be eligible for signing once the loan has become effective.

The Presidential Regulation No. 4/2015 (latest amendment to the Presidential Regulation No. 54/2010) Article 73(2) stipulates that for complex projects it is permissible to conduct procurement prior to endorsement of the general procurement plan, the soonest being in May every year. Most projects funded by external loans are complex projects in nature. However, contract signing with contractors can be done only after loan effectiveness.

Advance procurement action is recommended to anticipate procurement delays particularly for non-physical inputs such as consultant services

Project Start-Up activities are final preparations focused at showing preparedness to launch the project into its first year of Implementation, thereby making it ready to be negotiated

21. PAM and RRP Finalization

The project team leader (PTL) together with the project team will finalize the draft PAM and RRP. In this process, the PTL will coordinate internally with ADB to ensure the project readiness criteria in regard to substance, scope, financing plan, disbursement mechanisms, procurement, and social and environmental safeguards.

This would then be followed up with circulating the document to all internal ADB technical units that are relevant to the project, as well as external reviewers attending the management meeting.

BAB 5

PREPARATION FOR PROJECT DIGEST (DK) LISTING

5.1 Project Digest (DK) Listing Process

Once listed in the DRPPLN, the EA should prepare all that is required to improve the readiness of the project proposal, particularly for ensuring the first-year implementation. The EA is one step closer to having its project assessed as fulfilling the project readiness criteria for listing in the Project Digest (DK). The project digest listing involves the Bappenas deputy for development funding (as coordinator), related sectoral Bappenas deputy, MoF, and executing and implementing agencies. After fulfillment of the project readiness criteria and therefore entry into the project digest list, the Bappenas minister shall convey the list to the minister of finance to be followed-up with the development partner as the prospective lending agency.

The Project Digest entry submitted by the head of Bappenas includes, among others:

- a. Name of project and agency requiring loan and implementing agency;
- b. Amount of funding, including counterpart funds and/or supporting funds; and
- c. Indication of funding sources, including funding obtained from a private credit/foreign or export credit guarantee institution.

Listing in the project digest is a continuation of the process of DRPPLN submission. A complete project readiness document is needed to address start-up issues, which entail what is possible to be prepared early, with the goal that when the loan is effective, the project is ready to be implemented immediately. The EA needs to sufficiently detail the project proposal and produce a measurable implementation plan.

1. Final Project Preparations

Final project preparations simulate immediate implementation for the first year of the project implementation plan in anticipation of the loan negotiation process. The EA is expected to identify any project activities required to mitigate any delays in project implementation in the first year.

DK is the next process after listing in the DRPPLN. EA will improve its project documents with more detailed preparations that signal sufficient start-up preparations for first year implementation

Additional substantial details of pre-implementation preparation issues (start-up issues) are as follows:

- a. Finalization of budget
- b. Advance procurement action
- c. Land acquisition
- d. Establishment of the project management unit (PMU)

In the funding plan for the first year of project implementation, the EA annexes the submitted disbursement and budgeting documents that are used in finalizing the budget. If regional governments need to allocate matching funds, the budget planning documents from the regional government are also annexed to the project readiness document.

Advance procurement action can be initiated after there is approval from ADB to the project proposal from the MRM or SRM. If needed, the prospective EA can implement advance procurement action considering prevailing regulations and processes.

Land acquisition in this stage at least is already at a more advanced stage in preparing the required land for the first-year project implementation. Readiness of land acquisition is determined not only by the completeness of its documentation, but if possible should already progress to the more advanced stages of executing rights-based compensation based on the entitlement matrix that is jointly approved by the EA and ADB.

Establishing the PMU is a major pre-requisite that needs to be stated in the project readiness document. The establishment of the PMU can be demonstrated by annexing the decision letter/decreed (surat keputusan) that authorizes the establishment of the PMU by a qualified official.

For proposals from BUMN, an approval letter from the board of commissioners is required that states their endorsement of the proposal for funding from external loans. In addition, the BUMN proposal can be strengthened by a letter from the minister for state-owned enterprises (BUMN) to Bappenas stating their support.

The establishment of the PMU at this stage becomes a prerequisite and is documented in the form of a decree establishing the PMU authorized by relevant EA officials. The decree is an important proof of PMU establishment that must be attached to the project readiness document post-DRPPLN.

The EA shall also enclose a disbursement plan and budget proposal document in the form of RKA-KL or other budgeting processes (for SOEs) for first-year funding. If regional counterpart funds are required, the regional budget plan document is attached to the project readiness document.

2. Fulfillment of Project Readiness Criteria

The EA should prepare a letter proposing that the project be listed in the project digest, attached to the upgraded project readiness document which addresses start-up issues and is considered to fulfil the project readiness criteria. The letter shall be signed by:

- a. The minister or secretary-general/secretary of minister on behalf of the minister at the ministry for proposals coming from ministry;
- b. Head of agency or principal secretary on behalf of the head of agency for proposals coming from government agency;
- c. Governor/regent/mayor for proposals originating from regional governments; or
- d. President director for proposals from SOEs.

The executing agency formally conveys the project readiness criteria to the planning minister/head of Bappenas through the secretary of the planning ministry/Bappenas

The format and description of contents of the project readiness document can be seen in **Appendix 5**, while a sample letter from EA to Bappenas can be seen in **Appendix 4**.

The minister or head of agency or secretary general/secretary of ministry/main secretary on behalf of the minister or head of agency, governor/regent/mayor, president director of SOE shall submit the document of project readiness criteria to the minister through the secretary of the National Development Planning Agency (Bappenas).

3. Inclusion in Project Digest (DK)

To be included in the project digest, a proposal must have already been listed in the DRPPLN and have met all requirements of project readiness criteria, and the project proposal should already be registered in the state ministry's Work Plan and Budget (RKA-KL) of the next budget year.

At the preparation stage of the project digest, Bappenas will conduct an in-depth project readiness assessment. Readiness assessment will use the same criteria and parameters as the feasibility assessment of the project proposal to be listed in the DRPPLN, with emphasis on the readiness of the project to be implemented in an effective and timely matter.

Project proposals that have met the readiness criteria and are ready to be proposed to and/or negotiated with the prospective foreign lenders, based on readiness criteria assessment results, will be determined by the head of Bappenas, to be included in the project digest and submitted to the minister of finance.

4. Coordination of Stakeholders

Bappenas coordinates with the Ministry of Finance and the EA in preparation for the next process of negotiation with ADB. A tripartite meeting then clarifies and conducts final revisions of the project readiness document. This meeting should involve any relevant agencies, such as MSOE (for any SOE-proposed

project), MOFE (for AMDAL and any related environmental assessment), and MOHA (for any project which involves regional government).

5. Finalizing Project Digest (DK)

Bappenas coordinates with the EA to finalize the project readiness document to proceed to the next stage of negotiation. Bappenas shall prepare a project digest with reference to the DRPPLN.

6. Submission of Project Digest (DK)

Upon submission of the project digest to the minister of finance, the Ministry of Finance may proceed further to negotiate with the prospective lender.

7. Negotiation Document Submission

After the management review meeting (MRM) and staff review meeting (SRM), the project team leader (PTL) finalizes the PAM and RRP as well as drafts of the Loan Agreement (LA) and the Project Agreement (PA) as necessary. Preparation of the draft LA and PA is done together with the ADB Office of General Counsel (OGC). For projects that are supported by co-financing, the documents shall also include a co-financing agreement.

All documents shall be officially communicated from ADB to the Ministry of Finance to be processed further in the loan negotiations.

The DK is submitted to the minister of finance to be negotiated with the proposed lender

APPENDICES

The appendices in this guideline are grouped into three sections, according to the following topics:

- Processes in developing the project from its proposal, preparation (to improve project readiness criteria), and start-up (having fulfilled project readiness criteria);
- Procedures and Criteria
- TRTA Processes and procedures from preparation to its listing in the DRKH

The section on processes follows the reference process flow chart of Figure 2.3, starting from the sample letter submitting the project proposal and its supporting documents in the form of DUK and DIPK for external loans so that the proposals can be listed in the DRPLN-JM. This serves to be both format and specimen for documents the EA needs to prepare related to processes in Chapter 3. Then, similar forms and specimens are provided to assist the EA in preparing processes related to Chapter 4. These include: format and specimen letters for submitting the project readiness document, as well as the project readiness criteria checklist.

Other sections deliberate documents that may serve to be a format, guide and/or specimen for substantive preparations in view of fulfilling the project readiness criteria and relevant social and environmental safeguards. These are: (i) guidance, format, and specimen of a project general procurement plan (RUP); (ii) guidance, format, and specimen related to formulating the Land Acquisition and Resettlement Plan (LARP) for projects that require land acquisition; and (iii) contents of the Project Administration Manual. An overview of country safeguard systems regulations and procedures for the environment and social safeguards (for land acquisition and involuntary resettlement) aligned to ADB SPS are also provided.

Note: sample letters and formats for Government of Indonesia requirements are in Bahasa Indonesia.

Processes

Appendix 1	Sample Letter for Submitting Project Proposal for DRPLN-JM (in Bahasa Indonesia)
Appendix 2	DIPK (Loan) Format
Appendix 3	DUK (Loan) Format
Appendix 4	Sample Letter for Submitting Project Readiness Document (in Bahasa Indonesia)
Appendix 5	Project Readiness Document Table of Contents
Appendix 6	Project Readiness Criteria Checklist

Procedures and Criteria

- Appendix 7 Types of ADB Funding Modalities
- Appendix 8 Procurement (Elucidation and RUP Format, Illustration, and Notes on Advanced Procurement Action)
- Appendix 9 PAM (Project Administration Manual) Format

Transaction-Related Technical Assistance (TRTA)

- Appendix 10 Procedures for DRKH Listing (for TRTAs)
- Appendix 11 Sample Letter for Submitting Grant Proposal for DRKH Listing (in Bahasa Indonesia)
- Appendix 12 DIPK Format for Grant
- Appendix 13 DUK Format for Grant

Appendix 1
Sample Letter for Submitting Project Proposal for
DRPLN-JM

Letterhead

(Date and Location)

Number :
Attachments : Compliance to Proposal Requirements
Subject : Proposal of Foreign-funded Projects

To the:

Minister for National Development Planning/Head of the National Development Planning Agency in Jakarta

In accordance to the Government Regulation No. 10/2011, and the Regulation of the Minister for National Development Planning/Head of the National Development Planning Agency No.4/2011, herewith we submit the project proposal to solicit foreign loans funding from (name of lending institution) for further listing in the List of Planned Medium-term External Loans (DRPLN-JM) 20XX-20XX.

Project activities being proposed consists of:

No	Name of Project Activity	Value (in USD)
1		
2		
dst		

with compliance to requirements as attached. We thank you for your consideration and cooperation.

Minister/Head of Agency/Head of Regional
Government/Executive Director*)
(Name of the *executing* agency)

(Signature)

(.....)

*) strikethrough unnecessary items

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 2 DIPK (Loan) Format

DAFTAR ISIAN PENGUSULAN KEGIATAN (DIPK) PINJAMAN LUAR NEGERI

A. Bahasa Indonesia

1. Judul Kegiatan	:	
2. Durasi	:	... Bulan
3. Lokasi	:	
4. Instansi Pengusul	:	
5. Instansi Pelaksana:		
a. ...		
b. ...		
c. ... (dst)		
6. Latar Belakang:		
.....		
.....		
.....		
7. Ruang Lingkup Kegiatan:		
a. ...		
b. ...		
c. ... (dst)		
8. Keluaran/Outputs:		
a. ...		
b. ...		
c. ... (dst)		
9. Hasil/Outcomes:		
a. ...		
b. ...		
c. ... (dst)		
10. Sasaran Pokok Pembangunan Nasional dalam RPJMN:		
<input type="radio"/> Sasaran Makro		
<input type="radio"/> Sasaran Pembangunan Manusia dan Masyarakat		
<input type="radio"/> Sasaran Pembangunan Sektor Unggulan		
<input type="radio"/> Sasaran Dimensi Pemerataan		
<input type="radio"/> Sasaran Pembangunan Wilayah dan Antarwilayah		
<input type="radio"/> Sasaran Politik, Hukum, Pertahanan dan Keamanan		
11. Indikasi Nilai Pembiayaan		
a. Pinjaman	:	USD ...
b. Hibah	:	USD ...
c. Dana Pendamping	:	USD ...
Total	:	USD ...

B. Bahasa Inggris

1. Project Title	:	[Title should describe the proposed activity/ project, and explained briefly and clearly]
2. Duration	:	..... months [In Months]
3. Location	:	[Specific location proposed and detailed, name of regency/city and province, can be more than one location]
4. Executing Agency (EA)	:	[The agency responsible for the project proposal, which may come from ministries/agencies, regional governments, and SOEs/ BUMN.]
<p>5. Implementing Agency:</p> <p>[Agency Identified in implementing part(s) of the project in accordance to the scope of its authority, i.e., ministry/agency/local government/SOE. IA can be assigned to working units up to echelon-1 level. The designated unit shall administer portion(s) or component(s) of the proposed project in close-coordination with the EA.]</p> <p>a. ...</p> <p>b. ...</p> <p>c. ... (etc)</p>		
<p>6. Background:</p> <p>[Explain the background or justification essential to the implementation of the proposal project. The explanation can be general or specific.]</p> <p>.....</p> <p>.....</p> <p>.....</p>		
<p>7. Scope of Work:</p> <p>[Explain scope of the projects and its components.]</p> <p>a. ...</p> <p>b. ...</p> <p>c. ... (etc)</p>		
<p>8. Outputs:</p> <p>[To be completed with output/output resulting from direct implementation of foreign loan activities. Output/output must be accompanied by measurable output indicator.]</p> <p>a. ...</p> <p>b. ...</p> <p>c. ... (etc)</p>		
<p>9. Outcomes:</p> <p>[Expected outcomes from the implementation of foreign loan activities, to see the link between proposed activities and RPJMN.]</p> <p>a. ...</p> <p>b. ...</p> <p>c. ... (etc)</p>		

10. National Development Main Target in RPJMN:
 [Justify the relevance of the project by demonstrating strategic alignment to the RPJMN priority areas in accordance to the mandates of the EA/IAs.]

- Macro Target
- Community and Human Development Target
- Priority Sector Development Target
- Equality Dimension Target
- Regional and Inter-regional Development Target
- Politics, Law, Defense and Security Target

11. Project Cost:

- [To be completed with the amount of expenses required to implement the activities in USD, detailed by source, e.g., foreign loans, grants and matching funds
- The value of the grant listed is an indication of grant receipts that will be used to finance part of the scope/component of activities, whose implementation cannot be separated from the activities of foreign loans.
- Co-financing is an allocation derived from internal government and/or local government and/or state-owned funds.

Conversion of exchange rates (exchange rate) uses the assumed exchange rate of the current state budget).]

a. Loans	:	USD ...
b. Grants	:	USD ...
c. Counterpart Fund	:	USD ...
Total	:	USD ...

Penanggung Jawab Usulan
 (Pejabat setingkat eselon I)
 (Tanda Tangan & Stempel)

(Nama)
 (Jabatan)

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 3 DUK (Loan) Format

DOKUMEN USULAN KEGIATAN (DUK) PINJAMAN LUAR NEGERI

A. Bahasa Indonesia

1. Judul Kegiatan	:	[Title should describe the proposed activity/project, explained briefly and clearly.]
-------------------	---	---------------------------------------------------------------------------------------

2. Judul Program (untuk K/L)	:	[The program at echelon 1 related to the proposal activity.]
------------------------------	---	--------------------------------------------------------------

3. Instansi Pengusul	:	[The agency responsible for project proposal, which may come from ministries/agencies, regional governments, and SOEs/ BUMN.]
----------------------	---	-------------------------------------------------------------------------------------------------------------------------------

- Kementerian/Lembaga mengusulkan kegiatan untuk:
 - Pelaksanaan tugas dan fungsi Kementerian/Lembaga;
 - dihibahkan (sebagian/seluruhnya) kepada Pemerintah Daerah... (sebutkan); atau
 - dilaksanakan oleh beberapa instansi pelaksana.
- Pemerintah Daerah mengusulkan kegiatan:
 - Sebagai penerusan pinjaman; atau
 - Untuk diteruskan/diterushibahkan ke BUMD: (sebutkan).
- BUMN mengusulkan kegiatan yang direncanakan sebagai penerusan pinjaman

4. Instansi Pelaksana:	[Agency Identified in implementing part(s) of the project in accordance to the scope of its authority, i.e., ministry/agency/local government/SOE. IA can be assigned to working units up to echelon-1 level. The designated unit shall administer portion(s) or component(s) of the proposed project in close-coordination with the EA.]
a.	
b.	
c.	(dst)

5. Latar Belakang	[Summary of the proposal and the existing initiatives or planned initiatives related to the proposal and its alignment to RPJMN justifying the project.]
.....	
.....	
.....	

6. Tujuan Kegiatan:	[What are the higher-level objectives in terms of desired impact of the project?]
.....	

7. Ruang Lingkup Kegiatan:
 [Explain scope of the project and its components in detail.]

a.

b.

c.(dst)

8. Lokasi:

- [Location or area where the project will be implemented.
- Can be more than one location.
- Location can be name of regency/city, province or specific location].

a.

b.

c.(dst)

9. Hasil Yang Diharapkan:

A. Keluaran/*Outputs*:
 [Identify the direct output of the program. Output can be measured by output indicators.]

1.

2.

3. (dst)

B.1. Hasil/*Outcomes*:
 [Identify the expected outcomes of the program, to see the relevancy between proposal activity and RPJMN.]

1.

2.

3. (dst)

B.2. Instansi Lain yang Terkait dalam Pencapaian Hasil/*Outcomes*:
 [Other institutions related to the achievement of the outcomes of proposal activity]

Ada, sebutkan:

Tidak ada

C.1. Keterkaitan Keluaran/*Outputs* dan/atau Hasil/*Outcomes* dengan Sasaran Pokok Pembangunan Nasional dan/atau Sasaran Bidang dalam RPJMN:
 [Identify relevancy between output and outcome with target of national development/ RPJMN.]

a.

b.

c. (dst)

C.2. Keterkaitan Keluaran/*Outputs* dan/atau Hasil/*Outcomes* dalam Agenda Pembangunan Wilayah dalam RPJMN:
 [Identify output and/or outcomes that support development agenda I RPJMN.]

a.

b.

c. (dst)

10. Rencana Pelaksanaan:

- a. Durasi: ...bulan
[Time estimation in months]
- b. Perkiraan Tahun Pertama Pelaksanaan:
[Year the implementation begins]
- c. Jadwal Pelaksanaan:
[Project implementation schedule explains how time is allocated and the necessary resources needed at what time and the resulting delivery of expected outputs in every stage/phase of project implementation.]

Uraian kegiatan	Tahun				
	I	II	III	IV	...
1. Komponen... a) ... b) ... (dst).					
2. Komponen... a) ... b) ... (dst).					
.....					

d. Alokasi Sumber Dana:
[Allocation funding plan for every activity by matrix]

Uraian Kegiatan	Instansi Pelaksana	Pembiayaan (USD.000)				Ket.
		Pinjaman	Hibah	Dana Pendamping	Total	
1. Komponen ...	...	...	...	...	...	...
2. Komponen ...	...	...	...	...	...	...
...(dst)...	...(dst)...	...(dst)...	...(dst)...	...(dst)...	...(dst)	...(dst)...
TOTAL		...	...	...	...	...

e. Manajemen dan organisasi pelaksanaan kegiatan:
[Project implementation administration and organizational set-up, including structure of organization, work allocation, responsibility of every party in the project implementation]

.....

.....

.....

11. Pengalaman Instansi Pelaksana:

- a. melakukan kegiatan sejenis
[Explain experience of implementation of similar projects in the past or present using own resources.]

.....

 b. melaksanakan kegiatan yang dibiayai pinjaman Luar Negeri
 [Explain experience of implementation of projects in the past or present that receive external loan funding.]

12. Keterkaitan Dengan Kegiatan Yang Lain :
 [Explain the relevance of the proposal project with other projects (funded by all resources).]
 Ada, sebutkan:
 Tidak Ada
 Penjelasan:

13. Pembelajaran Yang Diharapkan:
 Through the project we expect to receive the following lessons learned in project management, transfer of technology, etc.
 a.
 b.
 c. (dst)

14. Rencana Keberlangsungan Kegiatan:
 [All the steps/efforts planned to sustain the output of the project, including:
 a. Operation and maintenance
 b. Replication plan]

B. Bahasa Inggris

15. Project Title	:	[Title should describe the proposed activity/project, explained briefly and clearly.]
-------------------	---	---------------------------------------------------------------------------------------

16. Program Title (For the Line Ministry/ Agency)	:	[Relevant program (at the echelon 1 unit) that is related to the proposed project.]
---------------------------------------------------	---	-------------------------------------------------------------------------------------

17. Project Proponent : [The agency responsible for project proposal, which may come from ministries/agencies, regional governments, or SOEs/BUMN.]

- Ministry/Agency proposes the project in order to:
 - Execute mandated roles and function of the Ministry/Agency;
 - On Granted (in part/in its entirety) to the Local Government ... (name of subnational entity); or
- Implemented by several implementing agencies
- Local Government proposes the project in order to:
 - Facilitate Fund Channeling; or
 - For On-granting/Lending to BUMD (Local Government Owned Enterprise): (mention).
- BUMN (State Owned Enterprise) proposes project that is planned as on lending

18. Implementing agency:
 [Agency identified in implementing part(s) of the project in accordance to the scope of its authority, i.e., ministry/agency/local government/SOE. IA can be assigned to working units up to echelon-1 level. The designated unit shall administer portion(s) or component(s) of the proposed project in close-coordination with the EA.]

- a.
- b.
- c. (etc)

19. Background
 [Summary of the proposal along with the existing or planned initiatives related to the proposal and its alignment to RPJMN, justifying the project.]

- a.
- b.
- c.

20. Project Aims and Objectives:
 [What are the higher-level objectives in terms of desired impact of the project?]

21. Scope of Project:
 [Explain scope of the project and its components in detail.]

- a.
- b.
- c. (etc)

22. Location:

- Location or area where the project will be implemented.
 - Location can be more than one.
 - Location can be name of regency/city, province or specific location.

a.
 b.
 c. (etc)

23. Expected Results:

A. Outputs:

[Identify the direct output of the program. Output can be measured by output indicators.]

1.
 2.
 3. (etc)

B.1 Outcomes:

[Identify the expected outcomes of the program, to see the relevancy between proposal activity and RPJMN.]

1.
 2.
 3. (etc)

B.2 Other institutions related to the achievement of the outcomes of proposal activity:

- Yes, mention:
- None

C.1 Identify relevancy between output and outcome with target of national development/ RPJMN:

a.
 b.
 c. (etc)

C.2 Identify output and/or outcomes that support development agenda I RPJMN:

a.
 b.
 c. (etc)

24. Implementation Plan:

a. Duration: ...months

[Time estimation in months]

b. Estimated start of Project:

[Year the implementation begins]

c. Implementation schedule:

[Project implementation schedule explains how time is allocated and the necessary resources needed at what time and the resulting delivery of expected outputs in every stage/phase of project implementation.]

Activity Description	Year				
	I	II	III	IV	...
1. Component... a) ... b) ... (etc).					
2. Komponen... a) ... b) ... (etc).					
.....					

d. Fund Allocation:
 [Allocation funding plan for every activity by matrix]

Description of Activity	Implementing Agency	Funding (USD.000)				Notes
		Loan	Grant	Matching Funds	Total	
1. Component ...	...	...	...	...	...	...
2. Component ...	...	...	...	...	...	...
...(etc)...	...(etc)...	...(etc)...	...(etc)...	...(etc)...	...(etc)	...(etc)...
TOTAL		...	...	...	...	...

e. Project Implementation Management and Organization:
 [Project implementation administration and organizational set-up, including structure of organization, work allocation, responsibility of every party in the project implementation]

25. Executing Agency Experience:

a. In Implementing Similar Projects
 [Explain experience of implementation of similar projects in the past or present using own resources.]

b. Implement projects that are funded by foreign loans
 [Explain experience of implementation of projects in the past or present that receive external loan funding.]

26. Relevance to other projects:

[Explain the relevance of the proposal project with other projects (funded by all resources).]

- Yes, there is/are [mention]:
- None

Explanation:

.....

27. Expected lessons learnt:

Through the project we expect to receive the following lessons learned in project management, transfer of technology, etc.

- a.
- b.
- c. (etc)

28. Project Sustainability Plan:

[All the steps/efforts planned to sustain the output of the project, including:]

- a. Operation and maintenance
- b. Replication plan

.....

 (etc)

Project Proponent
 Representative
 (Echelon I level Official)

(Signature & Seal)

 (Name)

(Position)

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 4
Sample Letter for Submitting Project Readiness Document

Letterhead

(Date and Place)

Number :
Attachments : Compliance to proposal Requirements
Subject : Proposal of Project Activity [...] to Enter the List of Priority External Loans (*Daftar Rencana Prioritas Pinjaman Luar Negeri /DRPPLN*)/*Green Book* for the Year 20XX

To the.

[Minister for National Development Planning/Head of the National Development Planning Agency in Jakarta]

In accordance to the Government Regulation No.10/2011 on the External Loans and Grants Procedures, article 14, and the Regulation of the Minister for National Development Planning/Head of National Development Planning Agency No.4/2011 on the procedures for the planning, submission of proposal, assessment, monitoring and evaluation of projects funded by external loans and grants, article 33(1), herewith we submit to you the Project Readiness Criteria Document for the Project Activity [...] from (Name of Institution) as attached.

In this regard, we hope that the proposal for the [...] project can be incorporated into the Priority List of External Loans (DRPPLN)/*Green Book* for the year 20XX.

We thank you for your consideration and cooperation.

Minister/Head of Agency/Head of
Regional Government/Executive
Director*)

(Name of the *executing agency*)

(Signature)

(.....)

*) strikethrough unnecessary items

Note: Several proposals may be submitted simultaneously using the table and still attach the requirements document for each activity.

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 5

Project Readiness Document Table of Contents

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 - I.1 Detailed Project Plan
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 - b. Location
 - c. Duration and Project Implementation Schedule
 - d. Scope and Components of Project
 - e. Expected Output Deliverables, Outcomes and Impacts
 - f. Beneficiaries
 - g. Implementing Agencies and or those Directly Involved
 - h. Project Operations and Maintenance Plan
 - i. Environmental Impact Assessment
 - I.2 Detailed Project Plan
 - a. Fund sources, needs, and indicative funding available
 - b. Funding plans for each project scope and/or components
 - c. Allocation of funding based on implementing agencies
 - d. Annual disbursements
 - e. Annual matching fund allocations
 - I.3 General Procurement Plan
 - a. General
 - b. Threshold, Review and Procurement Plan
- II Monitoring and Evaluation and Performance Indicators
- III Organization and Administration o Project Implementation
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 - b. Division of tasks
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- IV LARP
 - a. Land requirements
 - b. Estimated number of people to be resettled
 - c. Land acquisition approach
 - d. Timeframe
 - e. Responsible parties involved and division of tasks
 - f. Land acquisition funding
 - g. Compensation and programs to ensure feasibility of resettled community livelihood

Appendix 6

Project Readiness Criteria Checklist

Project Readiness Criteria Permen PPN 4/2011

No	Readiness Criteria	GB	DK
1	Detailed Project Plan:		
	a. Background, Rational, Aims and Objectives of Project	√	
	b. Location of Project	√	
	c. Timeframe and Project Implementation Schedule	√	
	d. Scope of Work and Project Component;	√	
	e. Expected Project Outputs, Outcomes, and Impact	√	
	f. Beneficiaries	√	
	g. All parties involved in project implementation	√	
	h. Operations and Maintenance Plan, if needed		√
	i. Environmental Impact Assessment, if needed		√
2	Detailed Financing Plan:		
	a. Financing requirements (loan/matching funds/ and other supporting funds)	√	
	b. Detailed financing plan for each project scope and components	√	
	c. Fund allocation to each implementing agencies for projects that involve several implementing agencies	√	
	d. Annual disbursement plans	√	
	e. Provision of matching funds and/or supporting funds		√
3	General Procurement Plan		
4	Performance Indicators for Monitoring and Evaluation :		
	a. Input indicators	√	
	b. Output indicators for each scope of work and or project component	√	
5	Project Implementation Administration and Organization:		
	a. Organizational Structure	√	
	b. Division of tasks and responsibilities	√	
	c. Mechanism for coordination and work		√
6	Land Acquisition and Involuntary Resettlement Plan:		
	a. Required location and land area	√	
	b. Estimated number of people to be resettled	√	
	c. Methodology to Implement LARP		√
	d. Timeframe and schedule for Land Acquisition Implementation and resettlement		√
	e. Responsible parties involved in land acquisition and resettlement and their division of task		√
	f. Land Acquisition and Involuntary Resettlement Budget		√

Appendix 7

Types of ADB Funding Modalities

Table of Type of ADB Funding Modalities

ADB Funding Modality	Scope and Definition ²⁴	Sample Project in Indonesia
Sector-Based Loan	<p>The purpose of a sector loan is to assist in the development of a specific sector or subsector by financing a part of the investment in the sector.</p> <p>Such lending is particularly appropriate when a large number of subprojects in the sector or subsector are to be financed. A sector loan is expected to improve sector policies and strengthen institutional capacity.</p>	INO 1982 Renewable Energy Development Project
Multi-tranche Financing Facility (MFF)	<p>An MFF is applicable to provide financing in any of the sectors, services, industries, and thematic areas that are considered priorities under the relevant country partnership strategy (CPS).</p> <p>The MFF can finance multiple projects under an investment program in a sector or in several sectors, or large project loans with substantial and related individual components with long-term implementation plans.</p> <p>The MFF can also finance slices of long-term contract packages in such investment programs or large projects loans.</p>	37049-013 Multi-tranche Financing Facility – Integrated Citarum Water Resources Management Investment Program
Project-Based Loan	<p>The purpose of a project-based loan (PBL) is to assist in development through project financing. The financing is suitable to support the government financing gap capacity to develop the project.</p>	Loan 2928-INO: Polytechnic Education Development Project

²⁴ Sector-based Loan: ADB (2003) OM Section D3/BP <https://www.adb.org/sites/default/files/institutional-document/31483/omd3-0.pdf>; MFF: ADB (2015) OM Section D14/BP <https://www.adb.org/sites/default/files/institutional-document/31483/omd14.pdf>

Appendix 8
**Procurement (Elucidation and RUP Format,
Illustration, and Notes on Advanced
Procurement Action)**

General Procurement Plan

a. Overview

Project Title: [Name of Project]	
Country : Indonesia	Executing Agency: [Echelon-1 level unit]
Loan Amount : [USD xxxx]	Number: [xxxx]
First planned procurement: [DD-MM-YYYY]	Date of Procurement Plan : [DD-MM-YYYY]

b. Process Thresholds, Review, and 18-month Procurement Plan

b.1. Procurement Threshold

The following procurement threshold applies:

Procurement of Goods and Civil Works	
Method	Threshold
International Competitive Bidding (ICB) for Construction Services ²⁵	> \$25,000,000
International Competitive Bidding for Goods	Between \$2,000,000 and \$5,000,000
National Competitive Bidding for Construction Services National Competitive Bidding for Goods	Below ICB threshold for construction services Below ICB threshold for goods
Shopping for construction services	Below \$100,000
Shopping for goods	Below \$100,000
Community Participation	Up to Rp250,000,000 per contract/village/ community group for village community infrastructure and Rp350,000,000 per contract/ community for cities
* Unless otherwise approved by ADB	

b.2. ADB Prior/Post Review Procurement Process Requirements

Unless otherwise approved by ADB, provisions for prior review or post-review requirements for the various procurement methods for construction and consultant services are listed in Table 1.9 below.

²⁵ Including Consultant Services

Table 1.9 ADB Prior/Post Review Procurement Process Requirements

Procurement Method	Prior/Post Review	Notes
Procurement of Goods and Construction Services		
ICB construction services	Prior Review	
ICB Goods	Prior Review	
NCB construction services	Prior/Post Review of Concept 1 should be in English and is submitted for ADB review and approval without considering estimated contract value. ADB approved bidding document must be used as model for subsequent NCB procurements funded by ADB and does not require checking. ADB will review bidding evaluation reports and award contracts based on post-tender evaluation.	First contract in each IA unit needs to obtain ADB prior review
NCB Goods	Prior/Post Review as per NCB for construction services	First contract in each IA unit needs to obtain ADB prior review
Shopping for construction services	Post-review	Draft 1 of the English version of the bidding document should be submitted for ADB review and approval without considering estimated contract value.
Shopping for Goods	Post-review	Draft 1 of the English version of the bidding document should be submitted for ADB review and approval without considering estimated contract value.
Construction services procurement with community participation	Post-review	First contract in each province should obtain ADB prior review.
Procurement for Consulting Services Firm		
Quality-and Cost-Based Selection (QCBS)	Prior review	PMU will recruit project management consultant from firms using full technical proposals.

Procurement Method	Prior/Post Review	Notes
Quality-Based Selection (QBS)	Prior review	To enter into a binding contract with NGO/CSOs for community-based disaster-risk mitigation (with a contract value of \$200,000 and above). To enter into contract with consultant services for component 1 studies.
Other selection methods: Consultants Qualifications (CQS), Least-Cost Selection (LCS), Fixed Budget	Prior review	For small scale contracts with specialists for work that has critical timeframe.
Procurement of Individual Consultant Services		
Individual Consultant	Prior Review	
<i>Notes: PMU= Project Management Unit; CQS= Consultants' Qualification Selection; ICB= International Competitive Bidding; LSM= lembaga swadaya masyarakat; NCB= National Competitive Bidding; QBS= Quality Based Selection; QCBS = Quality-and Cost-Based Selection</i>		

The list of construction and consulting services procurement packages, as well as their estimated costs, appears in **Table 1.10**

Table 1.10 List and Estimated Value of Construction and Consulting Services Packages

Package Number	Description of Work	Cost Estimate (US\$)	Procurement Method	Review (Prior/ Post)	Bidding Procedure
Civil Works 1	[Name of Packages Services]	[USD XXXX]	NCB/ICB	Prior/Post	XXXX
Civil Works 2	[Name of Packages Services]	[USD XXXX]	NCB/ICB	Prior/Post	XXXX
Civil Works 3	[Name of Packages Services]	[USD XXXX]	NCB/ICB	Prior/Post	XXXX
Civil Works 4	[Name of Packages Services]	[USD XXXX]	NCB/ICB	Prior/Post	XXXX

Consulting Services

Package Number	Description of Work	Cost Estimate (US\$)	Procurement Method	Review (Prior/Post)	Bidding Procedure
CS01	[Name of Packages Services]	[USD XXXX]	{QCBS/CQS}	{Prior/Post}	{FTP/STP}
CS02	[Name of Packages Services]	[USD XXXX]	{QCBS/QBS}	{Prior/Post}	{FTP/STP}
CS03	[Name of Packages Services]	[USD XXXX]	{QCBS/CQS}	{Prior/Post}	{FTP/STP}
CS04	[Name of Packages Services]	[USD XXXX]	{QCBS/CQS}	{Prior/Post}	{FTP/STP}
CS05	[Name of Packages Services]	[USD XXXX]	{QCBS/CQS}	{Prior/Post}	{FTP/STP}

Note:

1S1E : One Stage One Envelope {sample bidding procedure}

FTP : Full Technical Proposal

NCB : National competitive Bidding

STP : Simplified Technical Proposal

QBS : Quality based selection

QCBS : Quality- and cost based selection

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth. Translations of the appendices are unofficial translations and the authors are not responsible for their accuracy of technical meaning or other nuances left out.

Appendix 9

PAM (Project Administration Manual) Format

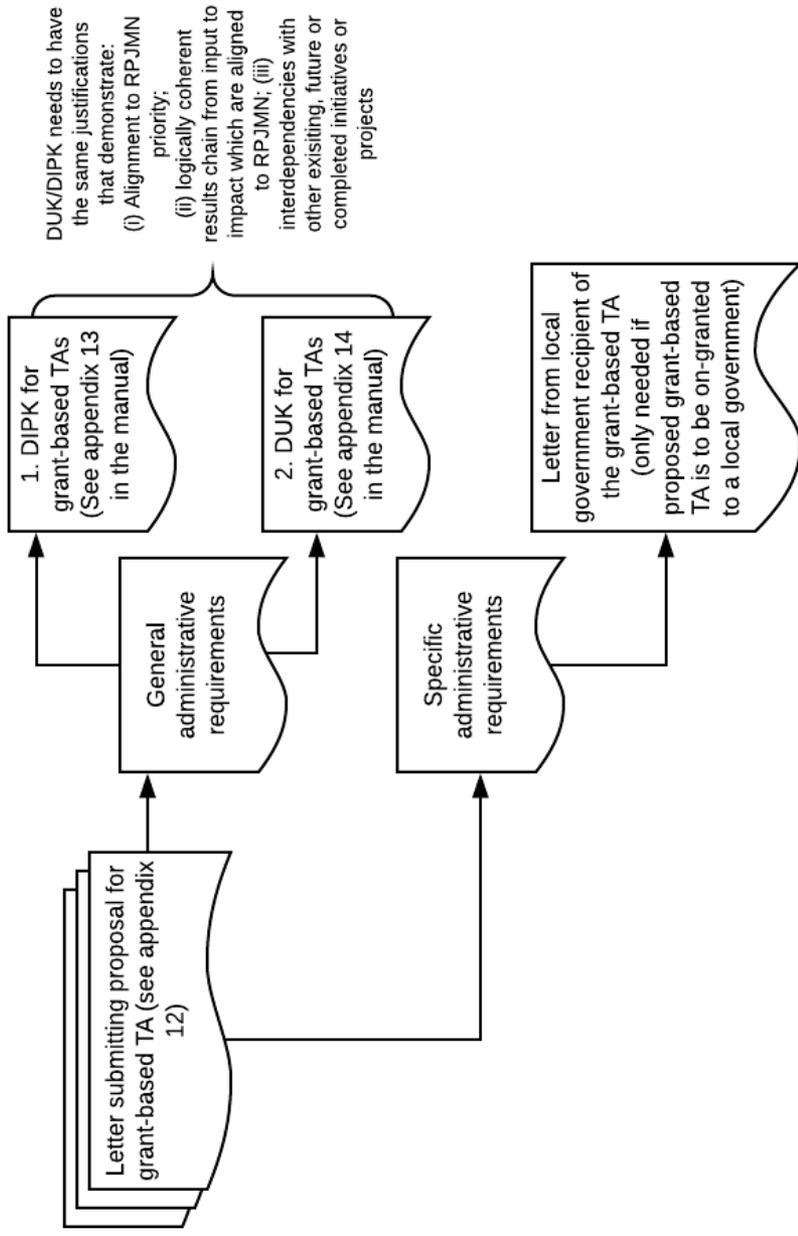
Table Of Contents

- I. Project Description
- II. Implementation Plans
 - A. Project Readiness Activities
 - B. Overall Project Implementation Plan
- III. Project Management Arrangements
 - A. Project Implementation Organizations: Roles And Responsibilities
 - B. Key Persons Involved In Implementation
 - C. Project Organization Structure
- IV. Costs And Financing
 - A. Cost Estimates Preparation And Revisions
 - B. Key Assumptions
 - C. Detailed Cost Estimates By Expenditure Category
 - D. Allocation And Withdrawal Of {Loan/Grant} Proceeds
 - E. Detailed Cost Estimates By Financier
 - F. Detailed Cost Estimates By Outputs And/Or Components
 - G. Detailed Cost Estimates By Year
 - H. Contract And Disbursement S-Curve
 - I. Fund Flow Diagram
- V. Financial Management
 - A. Financial Management Assessment
 - B. Disbursement
 - C. Accounting
 - D. Auditing And Public Disclosure
- VI. Procurement And Consulting Services
 - A. Advance Contracting And Retroactive Financing
 - B. Procurement Of Goods, Works, And Consulting Services
 - C. Procurement Plan
 - D. Consultant's Terms Of Reference
- VII. Safeguards
- VIII. Gender And Social Dimensions
- IX. Performance Monitoring, Evaluation, Reporting, And communication
 - A. Project Design And Monitoring Framework
 - B. Monitoring
 - C. Evaluation
 - D. Reporting
 - E. Stakeholder Communication Strategy
- X. Anticorruption Policy
- XI. Accountability Mechanism
- XII. Record Of Changes To The Project Administration Manual

Appendix 10

Procedures for DRKH Listing (for TRTAs)

Notes:
 Letter submitting proposal of TA funded on grant-basis, including TRTA, is sent by the head of the prospective EA to the Bappenas minister to be listed in the DRKH (processes 2.3-2.4 in Figure 2.3 of the Guideline).
 After listing in the DRKH, Bappenas will coordinate with Ministry of Finance to convey the need for a TRTA to ADB to start formulating the concept note (processes 2.5-2.6) so that the TRTA concept note is approved in a Letter of Agreement (LoA). (See process 4.3-4.4 in Figure 2.3 of the Guideline)



DRKH Formulation Process

Appendix 11
Sample Letter for Submitting Grant Proposal for
DRKH Listing

Letterhead

(Date and Location)

Number :
Attachments : Compliance to proposal Requirements
Subject : Proposal of Project for External Grants Funding

To the:

Minister for National Development Planning/Head of the National Development Planning Agency in Jakarta

In accordance to the Government Regulation No. 10/2011, and the Regulation of the Minister for National Development Planning/Head of the National Development Planning Agency No.4/2011, herewith we submit the project proposal to solicit foreign loans funding from (name of lending institution) for further listing in the List of Planned External Grants (DRKH) 20XX-20XX.

Project Activities being Proposed Consists of:

No	Name of Project Activity	Value (in USD)
1		
2		
etc		

With compliance to requirements as attached. We thank you for your consideration and cooperation.

Minister/Head of Agency/Head of
Regional Government/Executive
Director*)
(Name of the *executing agency*)

(Signature)

(.....)

*) strikethrough unnecessary items

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 12

DIPK Format for Grant

DAFTAR ISIAN PENGUSULAN KEGIATAN (DIPK) HIBAH

A. Bahasa Indonesia

I. UMUM

1. Judul Kegiatan/Project Title
Bahasa Indonesia:
English:

2. Bentuk Kegiatan
<input type="checkbox"/> <i>Project Assistance</i>
<input type="checkbox"/> <i>Technical Assistance</i>

3. Instansi Penanggungjawab/Executing Agency (Bahasa Indonesia and English)
<input type="checkbox"/> <i>Kementerian/Lembaga mengusulkan kegiatan:</i> <input type="checkbox"/> <i>Dalam rangka pelaksanaan tugas dan fungsi Kementerian/Lembaga tersebut</i> <input type="checkbox"/> <i>yang direncanakan untuk diterushibahkan kepada Pemda:</i>

4. Instansi Pelaksana/Implementing Agency (Bahasa Indonesia and English)
a.
b.
c.

5. Durasi Pelaksanaan :

6. Proyeksi Tahun Pertama Pelaksanaan:

II. PEMBIAYAAN/FUNDING

7. Nilai Pembiayaan			
Implementing Agency	Funding (USD)		Total Cost (USD)
	Grant	Domestic Funding	
1.			
2.			
etc.			
TOTAL			

8. Indikasi Sumber Pembiayaan

Apakah kegiatan ini sudah memiliki indikasi sumber pembiayaan?

Ya, sebutkan:

**Mohon dilampirkan salinan dokumen yang menunjukkan indikasi sumber pembiayaan untuk kegiatan hibah yang diusulkan (misal MoU, surat, dan lain-lain)*

Tidak ada

III. JUSTIFIKASI

9. Sasaran Pokok Pembangunan Nasional dalam RPJMN:

- Macro Target
- Community and Human Development Target
- Priority Sector Development Target
- Equity Dimension Target
- Inter-region and Regional Development Target

10. Latar Belakang/*Project Background* (250 words maximum)

Bahasa Indonesia:

English:

11. Ruang Lingkup Kegiatan/*Scope of Work* (250 words max)

Bahasa Indonesia:

English:

12. Sasaran/Output

a. Sasaran (*Output*) dilengkapi dengan indikator *output*:

Bahasa Indonesia :

1.
2.
3. etc.

English:

1.
2.
3. etc.

b. Sasaran (*Outcomes*):

Bahasa Indonesia :

1.
2.
3. etc.

English:

1.
2.
3. etc.

13. Keterkaitan Dengan Kegiatan Lain

Judul Kegiatan	Sumber Dana	Tahun Pelaksanaan	Keterangan *)
1.			
2.			
Dst.			

*) Explanation of the relevance to the proposed activity

IV. DOKUMENTASI YANG DILAMPIRKAN

14. Persyaratan Umum

- Dokumen Usulan Kegiatan (DUK) Hibah*

15. Persyaratan Khusus

Untuk usulan kegiatan yang direncanakan untuk diterushibahkan kepada Pemda harus melampirkan:

- Surat Usulan Pemda calon penerima penerushibahan*

B. Bahasa Inggris

I. GENERAL

1. Project Title

[Title should describe the proposed activity/project, explained briefly and clearly.]

Bahasa Indonesia:

English:

2. Form of Activity

[There are two forms of assistance: Project Assistance (PA) and Technical Assistance (TA).

Project Assistance is a development activity that utilizes a variety of foreign resources with the main activities of increasing physical assets.

Technical Assistance is an activity plan that uses foreign resources directed to improve the capacity/capability of human resources and government management system through the utilization of experts, education and training, research, and workshop or seminar.]

Project Assistance

Technical Assistance

3. Executing Agency (Bahasa Indonesia and English)

[The agency responsible for the project proposal, which may come from ministries/agencies, regional governments, or SOEs/BUMN].

Line Ministry/Agency proposing the project:

In lieu of implementing the mentioned Line Ministry/Agency’s mandated roles and function

Planned for on-granting to the Local Government:

4. Implementing Agency (Bahasa Indonesia and English)

[Agency identified in implementing part(s) of the project in accordance to the scope of its authority, i.e., ministry/agency/local government/SOE. IA can be assigned to working units up to echelon-1 level. The designated unit shall administer portion(s) or component(s) of the proposed project in close coordination with the EA.]

a.

b.

c.

5. Implementation Duration:

[Expected duration in months]

6. Estimated First Year Project Implementation Start:

[Estimate of when (month/year) the project needs to start]

7. Funding Amount

[In USD based on current APBN exchange rate assumptions; provides the breakdown based on cost estimates required per implementing agency involved.]

Implementing Agency	Funding (USD)		Total Cost(USD)
	Grant	Domestic Funding	
1.			
2.			
etc.			
TOTAL			

8. Indicative Funding Sources

[Information on the indicative funding sources earmarked.]

Does this project activity have an indicative funding source?

Yes, mention:

**Please attach copies of documents that show the indicative funding sources for the proposed grant funded project activity (ie. MoU, letter, etc)*

None

II. JUSTIFICATION

9. Principal National Development Target in the RPJMN:

[Justify the relevance of the project by demonstrating strategic alignment to the RPJMN priority areas in accordance with the mandates of the EA/IAs.]

- Macro Target
- Community and Human Development Target
- Priority Sector Development Target
- Equity Dimension Target
- Inter-region and Regional Development Target

10. Project Background (250 words maximum)

[Background of proposed project to be funded by the grant. Explanation in narrative form if the proposed project has been included in previous DRPLN-JM planning documents, including relevant projects that implement new project proposals, then explain its relationship to other projects (programs, technical assistance, projects and initiatives already completed, ongoing and related to other project proposals collected within DRPPLN-JM.)]

Bahasa Indonesia:

English:

11. Scope of Work (250 words max)

[Scope of work describes the scope of project funded by the grant. What are the key activity components and sub-components that organize input ranges to achieve output and outcomes?]

Bahasa Indonesia:

English:

12. Output

[This section describes the output and outcomes of the proposed grant-financed project. The output of the project is presented along with a measurable output indicator. The outcome is intended to see the relationship between the proposed project with RPJMN.]

a. Output with their Output Indicators:

[The output of the project is to determine the outcomes that must be achieved by the project in the implementation period. Output is exposed and measured with the result indicator. Output is a direct result of consultant activity and or service and is consistent with the results chain.]

Bahasa Indonesia :

1.
2.
3. etc.

English:

1.
2.
3. etc.

b. Outcomes:

[This section describes the results and outputs of proposed activities funded by the grant. The results are used to see the correlation of the proposal with the focus of development priorities as outlined in the RPJMN. Output facilitates the acceleration or contribution of expected results. Outcomes should be consistent with the results chain within the logical framework of the proposed project.]

Bahasa Indonesia :

1.
2.
3. etc.

English:

1.
2.
3. etc.

13. Relevance with other Project Activities:

[Describe the relevance of proposed project with other projects that have been/are/will be implemented. The related projects may come from within or outside the environment of the executing agency.]

Project Title	Funding Source	Year of Implementation	Notes *)
1.			
2.			
Etc.			
*) Explanation of the relevance to the proposed activity			

III. ATTACHED DOCUMENTS

14. General Requirements [Confirming that the General Requirements are met]
<input type="checkbox"/> <i>Dokumen Usulan Kegiatan (DUK) Hibah</i>

15. Special Requirements [Confirming the Special Requirements are met]
<i>Specific for project proposals planned to be on-granted to sub-national government entities need to attach:</i>
<input type="checkbox"/> Letter from the Local Government expected to receive on-granting

Minister/Head of Agency/Head of
 Local Government/CEO*)
(Name of the *executing agency*)

(Signature)

(.....)

*) strikethrough unnecessary items

Disclaimer: Appendices are meant to be an illustration of project readiness preparation in accordance to the relevant flow of processes. Utilize the illustrations in the appendices and adjust based on the context of the individual project proposals and their required level of analytical depth.

Appendix 13

DUK Format for Grant

Dokumen Usulan Kegiatan (DUK) – Grants

DUK (Grants) is a document that contains the background, aim, scope, resource requirements, expected outputs and outcomes and also includes the outline plan of implementation to give a picture of its feasibility.

The DUK (Grants) needs signed authorization by an echelon-1 level official that is responsible for its delivery.

DUK (Grants) needs to contain the following information:

- 1. Background**

Illustrates the why and the strategic alignment to specific national development priority targets listed in the RPJMN. It is essentially the core narrative to justify the proposed project (grant-based).

- 2. Aim**

Explains what the project proposal aims to achieve.

- 3. Scope of Project**

The project scope explains the activities that would be implemented. The scope needs to deliberate general components and drill down to more detailed activities.

- 4. Resource Requirements**

Resources required to enable the project to be implemented, such as human resources, goods and services, and funding support.

- 5. Expected Results (Output, Outcomes, Impact)**

What are the expected results of the proposed project from its output, outcomes, and impacts, presented in a qualitative and quantitative manner.

- 6. Project Implementation Document**

Explains how the expected results are attained with the resources required and within the scope of the proposed project activities. This includes the methodology and the annual disbursement plan as well as the project implementation schedules.

- 7. Project Implementation Organization and Management**

This explains how the project implementation administration is organized and managed so that all plans are executed on schedule with the required resources. This includes all parties involved in project implementation and how they are organized and coordinated. It also needs to demonstrate the forms of commitment from these stakeholders that are crucial for the success of the project's implementation.

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All links are active as of 20/09/2018

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