Terms of reference (ToRs) for the procurement of services below the EU threshold

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Identification of sustainable business development potentials in post-mining areas in East Kalimantan and South Sumatra Identification of sustainable business development potentials in post-mining areas in East Kalimantan and South Sumatra

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Note:

GIZ Indonesia has been granted by the Government of Indonesia to have VAT Exemption for all transactions which occurs in Indonesia.

If you (the tenderer) are an Indonesian entity with Indonesian Tax Number and has the tax status to collect Indonesian VAT, GIZ will process all invoices with VAT Exemption, and not VAT Restitution.

Please bear this in mind when you are participating in our tender.”

0. List of abbreviations

AN	Contractor
AVB	General Terms and Conditions of Contract for supplying services and work
FK	Expert
FKT	Expert days
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
JETP	Just energy transition partnership
KZFK	Short-term expert
PLN	State Electricity Enterprise (Pembangkit Listrik Negara)
IEA	International energy agency

1. Context

The national and global initiatives to reduce coal usage are set to catalyse a structural transformation in the local economies of South Sumatra and East Kalimantan. As outlined in the Glasgow Climate Pact, the global community commits to scaling up clean power generation and expediting efforts to phase down unabated coal power. In alignment with this agreement, under the framework of the Just Energy Transition Partnership (JETP), the Indonesian Government aims to phase down both on and off-grid coal power generation, achieving a 34% share of renewable energy (RE) in total power generation by 2030, while simultaneously peaking power sector greenhouse gas emissions.

According to a projection from the Indonesian Ministry of Energy and Mineral Resources, the decline in coal use in the PLN system is anticipated to commence in 2031, reaching zero by 2058. Assuming all countries with net-zero pledges meet their targets, the IEA projects a significant reduction in global coal consumption—20% by 2030 and over 70% by 2050 compared to 2021 levels. Consequently, it is foreseeable that numerous mining areas will be closed, either through natural processes or due to market demand.

In light of these changes, the IKI JET cooperation, supported by GIZ, is assisting the two coal regions in developing a plan for a just and sustainable economic transformation and developing green businesses, inside and outside post-mining areas. Good mining practice combined with sustainable business development on post-mining areas could facilitate economic diversification to sustain and enhance the livelihood and wellbeing of local communities and workers involved in coal production in coal regions.

In coal regions, initiatives for economic diversification and green business development in post-mining areas must be integrated into the overall operationalisation of good mining practices, especially regarding three major processes in mining management: reclamation, closure, and community development (hereafter referred to as the “key processes”). Integrating these processes will not only ensure the restoration and safety of the natural ecosystem, land, and water resources to support life after mining but also enable mining companies to prepare the ground for economic diversification and green business development in post-mining areas. However, such integration faces the following challenges:

- Transparency and stakeholder participation are necessary, but the roles of local governmetns (provincial and districts) and other impacted actors (local communities and workers) in designing and monitoring the processes seems limited;
- The design of green business models shall align with the existing plans of the key processes, and regional development and spatial plans. Therefore, an overview of the existing plans in East Kalimantan and South Sumatra is needed.
- One advantage of establishing business activities in post-mining areas is that some costs related to landscaping, planting activities, and community-based business entity formation could be excluded from the investment costs as it might be covered by the key processes. However, there is a risk that coal mine companies may not properly implement the reclamation and closure. In such cases, government can use the guarantee fund to finance the abandoned former mine land. Therefore it is important to understand the status of reclamation and post-mining guarantee funds.
- Control over post-mining land is crucial for development of green businesses. A clarification about the current rules and regulation about control of post-ming land is needed for both lands after progressive/partial closure and final closure.

2. Tasks to be performed by the contractor

The objective of the study are twofold: (a) to identify potential synergy between economic diversification strategy of the coal regions with the local economic development in post mining areas promoted by coal mining companies, and (b) to comprehensively assess potential business models for utilising post-mining areas for sustainable businesses in East Kalimantan and South Sumatra.

The contractor is responsible for providing the following services:

- The contractor shall conduct a study to identify of sustainable business development potential in post-mining areas in East Kalimantan and South Sumatra.
- The report should be written in English (25-40 pages) excluding annexes.
- The report's details should contain the following information, - any change or development of the outline report can be made based on the consultant inputs and should be discussed with the project through the regional economic transformation advisor.
  - Executive summary (between 3-6 pages) containing the background and scope of the study, the methodology and timeline, the potential business models and recommendations.
  - The methodology, elaborating the approaches in data collection, processing, and analysis. Also, it must describe the stepwise approach of the process and the timeline.
  - The main parts:
    - **Assessment of current practices and roles of regional governments, local communities, and workers in the key processes in East Kalimantan and South Sumatra**
      - Assessment of the regulatory framework for the role and involvement of local governments, local communities and workers in planning, monitoring and evaluation of the key processes, and other relevant processes.
      - Overview of the existing plans of the key processes within coal mining companies, collectively representing over 70% of total production in each of the two regions, covering but not limited to (a) mine area, (b) permit status and coal reserve balance, (c) land cover and land use before and after mining, (d) crop species in revegetation and biodiversity ambition, (e) area and use of mine void, (f) soil stability and water resources, (g) status of land ownership, (h) economic development for local communities, (i) plan for post mining social protection, skill and job development for workers, (j) plan for hand over post-mining land (to whom and when) (k) availability of infrastructure (roads, energy, etc) after the mining operation end.
      - Review of internationally recognised good practice guidelines on the key processes, compared to Indonesian regulations and practices (based on publicly available documents such as sustainability reports or interviews).
      - Suggestions on areas for regulatory improvement to increase transparency and participation of local governments and affected groups in the key processes and other aspects of mining governance such as improvement on monitoring and enforcement.

    - **Assessment of the control status of post-mining lands and the guarantee funds (province-wide):**

- Assessment of the control status over post-mining lands, whether the control lies with concessionaires, national/regional governments, or other stakeholders, and examine the effectiveness of their management practices.
- Investigating the management of partially closed post-mining areas.
- Assessment of the status of reclamation and post-mining guarantee funds

- **Assessment of key technical and spatial variables of post-mining areas (province-wide)**
  - Defining a set of key technical variables relevant for a structural assessment of post-mining areas (e.g. proximity to local industry, available space and infrastructure for new technologies, land use restrictions, physical characteristics of waste heaps etc.)
  - Assessing those key technical variables
- **Business innovation ideas in post-mining areas:**

  - Evaluating best practices on reclamation, post-mining activities and community development, covering but not limited to business concept description, commercial and ecological sustainability, jobs creation, volume of economic outputs.
  - Exploring potential uses of post-mining areas based on land evaluation (the aspects of the suitability of the soil, climate, topography and hydrology) and alignment with the existing plans of the key processes, spatial plan and economic development policies of the national and local governments (province-wide assessment):
    - Energy or industry-based solution (e.g ground-mounted PV, floating PV, pumped hydroelectric storage, eco-industrial park)
    - Nature-based solution (e.g nature conservation and ecotourism)
    - Culture-based solution (e.g heritage conservation)
    - Farming-based solution (e.g agroforestry, energy crops, animal husbandry, fishery)
  - Elaborating on potential business models in selected potential sites (2-4 sites in each province) using the nine building blocks suggested by Osterwalder & Pigneur (2009) and conducting feasibility assessments in technical, social, regulatory, and financial aspects.
  - Explain the selection criteria based on the consultations with the project and its partners
  - Based on the agreed criteria and consultation with experts and practitioners, suggest one selected business model
  - Challenges for application of the proposed models
  - Enabling framework and investment

- Conclusion and recommendations: the main findings, the limitations, and recommendation of the business models
- Annexes
  - List of references
  - Detailed financial projections of each models (assumptions, balance sheet, profit & loss, cash flow).
  - Business model canvas of each models
  - Maps of potential uses of post-mining areas
  - Documentation of interviews

The methodology of the study shall include desk study, interview with experts and other forms of consultations, including group discussions.

Certain milestones, as laid out in the table below, are to be achieved during the contract term:

Milestones/process steps/partial services	Deadline
Agreed work plan and timeframe concept	01.05.2024
Inception report containing summaries of the preliminary findings, including potential business models	05.08.2024
Draft report for review	23.09.2024
Presentation of the final version of the energy plan update	04.11.2024
The final versions of the deliverables are submitted	25.01.2025

To meet the milestones, GIZ commits to review documents within 7 working days.

3. Concept

In the tender, the tenderer is required to show *how* the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

Note: The numbers in parentheses correspond to the lines of the technical assessment grid.

Technical-methodological concept

Strategy (1.1): The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see General Information Subchapter b Context of this ToR that corresponds with section **2.1** in the technical assessment grid). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (General Information Subchapter e of the ToR-Section **2.1** of the assessment grid).

The tenderer is required to describe the key **processes** for the services for which it is responsible and create a **work plan** (1.4.1) that describes how the services according to General Information Subchapter e are to be provided.

4. Personnel concept

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter 7), the range of tasks involved and the required qualifications.

The below specified qualifications represent the requirements to reach the maximum number of points in the technical assessment.

Team leader

<u>Tasks of the team leader</u>

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)

- Coordinating and ensuring communication with GIZ, partners and others involved in the project
- Personnel management, in particular identifying the need for short-term assignments within the available budget, as well as planning and steering assignments and supporting local and international short-term experts
- Regular reporting in accordance with deadlines

Qualifications of the team leader
- Education/training (2.1.1): university degree (German 'Diplom'/Master) in business development, renewable energy or other relevant fields.
- Language (2.1.2): B2-level language proficiency in English
- General professional experience (2.1.3): 7 years of professional experience in the renewable energy systems or sustainable business development.
- Leadership/management experience (2.1.5): 1 years of management/leadership experience as project team leader or manager in a company/organization
- Regional experience (2.1.6): 1 years of experience in projects advising local governments in East Kalimantan or South Sumatra on energy-related topics.

Key expert 1

Qualifications of key expert 1
- Education/training (2.2.1): university degree (Phd/German 'Diplom'/Master) in mining governance or other relevant fields
- Language (2.2.2): B2 -level language in English
- General professional experience (2.2.3): 5 years of professional experience in mine reclamation and closure
- Specific professional experience (2.2.4): 3 years in legal or analysis
- Regional experience (2.2.6): 1 year of experience in projects advising local governments in East Kalimantan or South Sumatra on energy-related topics

Key expert 2

Qualifications of key expert 2
- Education/training (2.2.1): university degree in geography or other relevant fields
- Language (2.2.2): B2 -level language in English
- General professional experience (2.2.3): 3 years of professional experience in spatial analysis
- Regional experience (2.2.6): 1 year of experience in projects advising local governments in East Kalimantan or South Sumatra on energy-related topics

Soft skills of team members
In addition to their specialist qualifications, the following qualifications are required of team members:
- Team skills
- Initiative
- Communication skills
- Socio-cultural skills
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

5. Costing requirements

Assignment of personnel and travel expenses

Per-diem and overnight accommodation allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable at https://www.bundesfinanzministerium.de).

Accommodation costs which exceed this up to a reasonable amount and the cost of flights and other main forms of transport can be reimbursed against evidence.

All business travel must be agreed in advance by the officer responsible for the project.

Sustainability aspects for travel

GIZ would like to reduce greenhouse gas emissions (CO_2 emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO_2 efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

If they cannot be avoided, CO_2 emissions caused by air travel should be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The Development and Climate Alliance (German only) has published a list of standards (German only). GIZ recommends using the standards specified there.

Specification of inputs

Fee days	**Number of experts**	**Number of days per expert**	**Total (days)**	**Comments**
Lead expert	1	40-60	40-60	Timesheet is required
Expert-1	1	30-50	30-50	Timesheet is required
Expert-2	1	25-35	25-35	Timesheet is required
Travel expenses	**Quantity**	**Price (€)**	**Total (€)**	**Comments**
Per-diem allowance in country of assignment	12 days			GIZ travel regulation
Overnight allowance in country of assignment	12 days			GIZ travel regulation
Transport	**Quantity**	**Price (€)**	**Total (€)**	**Comments**

Domestic flights	4 flights			Flights within the country of assignment during service delivery
Travel expenses (train, car) • Ground transport	4 trips			Travel within the country of assignment, transfer to/from airport etc.
Other costs	**Number**	**Price (€)**	**Total (€)**	**Comments**
Rental Cars	10-20 days			
Materials	2 (regions)			

6. Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToRs. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English.

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English.

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.

Key references:

- World Bank 2018 Managing coal mine closure: Achieving a just transition for all
- ICMM 2019 Integrated mine closure: Good practice guide
- Potentials 2023 Best practice guidelines: Synergetic potentials of end-of-life coal mines and coal fired power plants
- Pambudi et al 2023 Coal mining reclamation as an environmental recovery effort: a review
- Huertas et al 2023 Just transition: the environmental justice aspect of coal mine closure.