GREEN PROSPERITY PROJECT

ANNOUNCEMENT
CALL FOR EXPRESSION OF INTEREST
FOR PARTNERSHIP GRANTS

To Promote A Sustainable Cocoa Industry
And Improved Smallholder Income In Indonesia
(Sustainable Cocoa Partnerships)

Version 01 - 1 July 2014
In November 2011, the Government of the United States, through the Millennium Challenge Corporation (MCC), entered into an agreement with the Government of Indonesia (GOI) aimed at reducing poverty in Indonesia through economic growth (the Compact). GOI established Millennium Challenge Account Indonesia (MCA-Indonesia) to manage and implement the Compact and its three projects on behalf of the GOI. The Compact came into force on April 2, 2013 and its five-year term will conclude on April 1, 2018.

Among the Compact’s three projects is the Green Prosperity Project (GP Project), which has as its two objectives increasing household income and reducing land-based greenhouse gas emissions by expanding renewable energy and reducing reliance on fossil fuels or improving land use practices and management of natural resources.

The Green Prosperity Facility (GP Facility) is the centerpiece activity of the GP Project, and is a grant-making facility that will invest in low-carbon development projects in two thematic areas: renewable energy and natural resources management, including sustainable agriculture. One of the key priorities of the GP Facility will be to leverage new/additional private sector or other outside funding by entering into Partnership Grant agreements which provide grants on a co-funding basis. These Partnership Grants are aimed at promoting sustainable natural resources management, including the sustainable agriculture and improved land-use practices in either targeted landscapes or targeted value chains. More details on the GP Project objectives and its four activities are available at http://gp.mca-indonesia.go.id/about-gp/.

Under the GP Facility, MCA-Indonesia is now calling for Expressions of Interest (EOI) to identify potential partners and develop partnership agreements that leverage private sector or other outside funds to support the development of a sustainable cocoa sector in Indonesia with particular attention to the effective participation of smallholder producers. Cacao is an important cash crop in Indonesia and increasing production and improving smallholder yield’s to raise their incomes in response to growing demand and ensure Indonesia as a long-term sustainable source in the global market has been prioritized by MCA-Indonesia and the GOI. In order to achieve these objectives, it is critical to tailor project interventions to the needs and circumstances of smallholder producers and to have cooperation, shared responsibility, and support all along the cocoa value chain. This is the essence of a partnership approach to investment in the cocoa sector.

This Call for EOI is a first step in MCA-Indonesia’s efforts to develop Sustainable Cocoa Partnership (Partnership) agreement(s). Interested parties should submit an EOI in accordance with detailed instructions as set forth in Annexes 1-2. The EOI and its accompanying Concept Note must outline an approach and demonstrate ability to meet basic eligibility criteria and co-funding requirements as detailed in Sections IV and V below. After the receipt, screening and appraisal of the EOI (consisting of Cover Letter and Concept Note), MCA-Indonesia may select those potential Partnerships that pass the minimum requirements to develop and submit full Partnership proposals. Only those that respond to this EOI and whose submissions satisfy the minimum requirements shall
be considered for invitation to submit a full Partnership proposal. The second step will be for the invited potential Partnerships to prepare and submit a more detailed proposal as per requirements and further instructions to be provided by MCA-Indonesia together with the invitation to submit a full Partnership proposal. Expectations are that the information (and feedback) collected as part of the current EOI process will inform the final proposal criteria and requirements.

All submissions failing to pass the minimum requirements shall be declined and shall not undergo further review. Written notification will be provided by MCA-Indonesia to the potential Partnership applicant. The sponsors of declined EOIs may participate in future Calls for EOI based on new proposals.

The Call for EOI does not represent a commitment of funding by MCA-Indonesia, and the receipt of an EOI shall not obligate MCA-Indonesia to provide funding. The potential Partnership submitting an EOI shall bear all costs and expenses for the preparation and submission of the EOI.

To support the Sustainable Cocoa Partnerships, MCA-Indonesia anticipates awarding grants in the US$1 million to US$10 million range per Partnership project. The potential Partnerships must leverage private sector resources at a ratio of at least 1:1 i.e. the potential Partnerships must at least match the amount of grant to be provided by MCA-Indonesia. Other factors being equal, those potential Partnerships that commit to providing a higher share of co-funding shall be preferred to those offering a lower share of co-funding. Co-funding from potential Partnerships is expected to be provided in the form of cash or documented direct payments to cover agreed costs as specified in any eventual Partnership Agreement. “In-kind” contributions are also welcomed but shall not count toward meeting the minimum necessary 1:1 co-funding requirement.

While this call for EOIs is specific to the cocoa sector, interested parties should note that in the near future MCA-Indonesia will also be calling for EOIs and/or proposals for partnerships that leverage new, additional resources of private sector and other interested eligible parties in other appropriate agriculture value chains, and improved land use and natural resource management projects in the 24 GP Project targeted districts.

I. Background
One of the areas of focus for the Partnership grants will be to invest in agriculture value chain development projects that leverage private sector resources and promote sustainable land-use and natural resource management projects in the GP Project geographic focus areas and targeted value chains in the major cash crops of Indonesia such as cocoa, coffee, oil palm, rubber, spices, and cashew nuts. Potential partnerships in the Sustainable Value Chain Development (SVCD) category are expected to address the needs of smallholders to achieve sustainable increases in productivity of these major cash crops and to address the gap that exists between smallholder yields and industry norms. The critical components of proposed projects in most cases will include some combination of improved planting material and husbandry practices, sustainable levels of chemical inputs, technical assistance and training, equitable and efficient market links, and investments in supply and post-harvest enterprises to address any capacity or efficiency needs. SVCD Partnerships need not work in/on all links in the value chain but rather focus on the weak links that will have the most impact on improving incomes and sustainability issues.

In addition to significant private sector capital, to meet GP Project overall objectives, SVCD Partnerships must include activities with demonstrable impact on smallholder incomes, GHG releases (such as reduced forest clearance, reduced burning and tillage, greater mulching and composting) and carbon sequestration (such as cover crops, shade trees and improved use of degraded forest). SVCD Partnerships should also include the engagement of farmers, organizations or enterprises that are either certified or working toward certification as a transparent tool to measure and ensure sustainability and social acceptability of production and other natural resources.

II. Cocoa Sector Context
Cultivated by an estimated 1 million smallholders on approximately 1.8 million hectares of land, cocoa is an important cash crop in Indonesia and a key economic driver in some of the GP Project’s targeted provinces and corresponding districts, particularly in Sulawesi. Indonesia is the third largest cocoa bean producer in a world market where demand has exceeded supply in recent years. While the numbers in the supply/demand forecast are debated, many industry leaders are concerned that the shortfall could reach 1 million tons if conditions do not change. In Indonesia,
yields remain low and production has been declining primarily due to aging trees and pest and disease infestations. The threat of reduced interest of young farmers in working in the cocoa sector long term puts sustainable cocoa production at further risk. As farmer incomes decline, they do not have either the incentive or the resources to make the investments needed to sustain and increase yields, and are often transitioning to alternative crops that are more profitable, often with negative environmental impacts.

Recognizing cocoa's vital role and contribution to Indonesia's economy, in 2009 GOI initiated the National Movement to Improve Production and Quality of Cocoa (Gernas Kakao) to improve over 460,000 hectares of cocoa plants through replanting, rehabilitation, and intensification supported by activities such as quality improvement and deployment of field officers to assist farmers. Local governments have also implement similar programs, for example in the GP starter province of West Sulawesi, the Governor has declared the Cocoa Revitalization Movement (Gerakan Pembaruhan Kakao) as an attempt to restore the glory of West Sulawesi's cocoa. In addition, other key stakeholders in Indonesia's cocoa sector have also developed some public-private-partnerships, such as the Cocoa Sustainability Partnership (CSP), and the Cacao Working Group under the Partnership for Indonesia's Sustainable Agriculture (PISAgro).

It is in this context and the understanding that growing worldwide demand for cocoa is an opportunity that should be actively pursued that MCA-Indonesia, along with the GOI, have prioritized the cocoa value chain and improving yields and small-holder's incomes as an area of focus for the GP Facility and one of the first calls for EOIs (and subject of this solicitation) under the SVCD partnerships category. Creating a sustainable cocoa sector where both smallholders and processors benefit equitably will require shared responsibility and resources from the private and public sector.

In February 2014 a pre-feasibility assessment of the cocoa sector in general and of two types of training and technical assistance (farmer field schools and cocoa development centres) currently being used in cocoa value chain development projects in Indonesia and Africa was completed and is available at the GP portal at http://gp.mca-indonesia.go.id/wp-content/uploads/2014/04/FINAL-NREL-Cacao-Intensification-Report.pdf. There is general agreement across the industry that good agricultural practices and improved planting materials and fertilizers, accompanied by effective training and technical assistance have the potential to double, even triple cacao yields. However, the challenge is to ensure that the incentive exists in practice to induce farmers to make the on-farm investments in time and materials to achieve and maintain these higher output levels. That incentive is a function of the prices, circumstances and risks associated with marketing their cacao and those factors in turn are influenced by the post-production (and post-harvest) value chain.

Concept Note submitted as part of this EOI will need to demonstrate a comprehensive understanding of the challenges facing the sector as a whole, including their impact on producer incentives, and to present clearly how the proposed project would address those challenges wherever they appear along the value chain. Best practices, lessons learned and application of innovative approaches that are replicable will be important elements in building the case for a proposed Partnership.

III. Geographic Focus for the GP Project

The GP Project has identified and selected 10 provinces and 24 districts as potentially eligible for funding by the GP Facility. Of the 24 districts selected, 13 have already signed memorandums of understanding (MoU) with MCA-Indonesia and with the relevant provinces.

The process for signing MoUs with the remaining eleven (11) candidate districts is on-going, hence they are not yet formally eligible to participate until further assessment is conducted leading to, among other things, negotiation and execution of a MoU for each district. However, for the purposes this Call for EOIs, potential Partnerships involving any/all of the 24 districts shall be deemed eligible with the understanding that Partnership Grant agreements will only be signed if there is an existing MoU with the applicable district at the time of the awarding of the proposed Partnership Grant.

A list of these targeted provinces and districts are provided in the table below. In addition, a map of those districts, details on the district selection process, and the MOU template that outlines expected responsibilities and benefits for each party is available at the GP portal of http://gp.mca-indonesia.go.id/gp-facility/partnership-grant/cocoa-partnership/geographic-focus/.
<table>
<thead>
<tr>
<th>Provinsi</th>
<th>Kabupaten</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. West Sulawesi</td>
<td>(5) Mamuju, (6) Mamasa</td>
</tr>
<tr>
<td>3. West Nusa Tenggara</td>
<td>(7) Lombok Tengah, (8) Lombok Timur, (9) Lombok Utara</td>
</tr>
<tr>
<td>5. West Sumatra</td>
<td>(14) Solok Selatan*, (15) Pesisir Selatan*</td>
</tr>
<tr>
<td>6. South Sulawesi</td>
<td>(16) Luwu Utara*, (17) Luwu Timur*</td>
</tr>
<tr>
<td>7. Southeast Sulawesi</td>
<td>(18) Kolaka Utara*, (19) Kolaka*</td>
</tr>
<tr>
<td>1. West Kalimantan</td>
<td>(20) Kapuas Hulu*, (21) Sintang*</td>
</tr>
<tr>
<td>2. North Kalimantan</td>
<td>(22) Malinau*</td>
</tr>
<tr>
<td>3. East Kalimantan</td>
<td>(23) Mahakam Ulu*, (24) Berau*</td>
</tr>
</tbody>
</table>

* MoU's and further assessment in-process

Working in the targeted 10 provinces and 24 districts is a priority for MCA-Indonesia given they have already have been through the district selection and MOU processes (as referenced above). However, if the success of the project and the ability to leverage significant private sector matching funds depends on a portion of a project occurring in an adjacent district within the 10 targeted provinces, such a project may be considered by MCA-Indonesia. The inclusion of any additional district will be subject to the same process involved for the selection of the targeted 24.

IV. Co-funding Requirements

This EOI requires the proposed partnerships to demonstrate how GP resources will be used to leverage additional private sector and other interested eligible party financial resources at a minimum ratio of 1:1 in the form of cash or documented direct payments. In-kind contributions in addition to the 1:1 minimum match will be considered. Details on the source of funds would be required prior to an award. The minimum grant award request is for US$1 million and a maximum grant award is US$10 million per Partnership project.

V. Eligibility Requirements for EOI Sustainable Cocoa Partnerships

Through this EOI for Sustainable Cocoa Partnerships, MCA-Indonesia seeks to develop new and innovative partnerships with the private sector as well as other stakeholders in the cocoa sector in Indonesia. MCA-Indonesia recognizes that the knowledge, skills and on-the ground presence and experience needed for a successful partnership may not reside with any one organization or potential applicant. In addition, MCA-Indonesia’s requirements for a minimum 1:1 match of new, additional funding by the potential Partnership and the objectives could require resources and inputs from multiple parties or stakeholders. Therefore, MCA-Indonesia supports and encourages submissions from potential Partnerships that include/involve consortia arrangement and structure.

MCA-Indonesia will undertake a screening of all submitted EOIs and their Concept Notes against a set of eligibility criteria outlined below. An EOI will be advanced to the next stage if it satisfies all organizational and project eligibility criteria outlined in Section V-A and V-B below and meets the minimum Concept Note requirements outlined in Section V-C. All EOIs that pass the minimum requirements may be invited by MCA-Indonesia to prepare and submit full project proposals. For the full proposals there will be additional and more specific appraisal criteria that will build and expand on the entry-level criteria listed below. Only those that respond to this EOI and whose submissions pass the eligibility criteria shall be considered for invitation to submit a full Partnership proposal.
A. Organizational Eligibility

The project partners or lead organization (in a consortia) must:
1. Be an entity legally registered in Indonesia and authorized to conduct all activities germane to the purpose of the partnership. Partners can include multinational or national corporations, international and national banks/financial institutions, international and national NGOs and foundations, or trade or professional associations. International NGOs or non-profit foundations must have an established or a representative office in Indonesia as per the Presidential Decree/Perpres No. 80/2011.
2. Demonstrate a proven track record in managing and implementing cocoa value chain development projects. Experience managing and/or participating in projects with matching grant and other co-funding requirements/arrangements is preferred.
3. Must not fall under the Non-Eligible Project Partners as detailed in http://gp.mca-indonesia.go.id/gp-facility/partnership-grant/cocoa-partnership/non-eligibility-criteria/.

B. Project Eligibility

The projects/activities proposed by the potential Partnership must:
2. Meet the SVCD category and Cocoa Sustainability Partnership objectives as outlined in Sections I and II above.
3. Have a minimum match of 1:1, i.e. US$1 (in cash or documented direct payments) from the Lead Partner organization (and/or the consortium it represents) to every US$1 from MCA-Indonesia. The minimum project size is $2million - $1million match from MCA-Indonesia to Partnership contribution of $1million.
4. Have a significant portion of the project implemented (and co-fund apply) within the GP Project’s 24 targeted districts. The balance of a project might take place in an adjacent district, if the district is accepted as set forth above.
5. Be implemented within the term of the Compact (by April 1, 2018).
7. Must not involve removal of existing non-degraded natural forest to make way for a plantation, orchard or farm. Must not be likely to cause a significant environmental, health, or safety hazard as defined by the MCC Environmental Guidelines. A complete list of non-eligible projects is provided in the the Non-Eligible Project list (http://gp.mca-indonesia.go.id/gp-facility/partnership-grant/cocoa-partnership/non-eligibility-criteria/).

C. Concept Note Content

After passing the organizational and project eligibility requirements outlined in Sections V-A and V-B above, Concept Note, submitted as part of the EOI and not to exceed 20 pages, should, at a minimum, clearly address and respond to the six (6) categories of issues outlined below. Those Concept Notes that do not adequately respond to the below minimum content requirements will not be invited to submit a full, detailed proposal (see Annex 2 for additional instructions).

1. Rationale and Objectives
   • How the proposed project aligns and supports objectives promoting a sustainable cocoa industry and improved smallholder incomes in Indonesia (Sustainable Cocoa Partnerships) as well as broader GP Project objectives.
   • How the proposed project will optimize the productivity of cacao in the context of the smallholder enterprise, in particular, how it will improve yields without placing inordinate on-going demands on the financial and labor resources of the household.
   • “Business case” and discussion of why grant funding is needed, including a discussion of the sustainability of proposed innovations and the commercial relationships that will be depended on to generate farm income.
   • How the project will contribute, directly or indirectly, to the reduction of greenhouse gas emissions and/or improved carbon sequestration; as a contribution to the GP Project objectives.
• Logical or results framework – including clear description of the problem and how the proposed interventions will address the problem, outlining the objectives, outputs, expected outcomes, and assumptions, as well as providing evidence to support key assumptions, such as assumptions behind farmer’s adopting/applying new techniques and inputs. (See sample project logic for NRM project at http://gp.mca-indonesia.go.id/gp-facility/partnership-grant/cocoa-partnership/sample-of-project-logic/).

2. Approaches
• Description of the proposed approach and tools, including potential utilization of third party certification as a tool to achieve sustainable and profitable cocoa production and verify reduced encroachment into protected/forest areas.
• Discussion as to how the proposed approach/activities take into consideration best practices, lessons learned and application of innovative approaches that are adoptable and replicable (i.e. rehabilitation on existing areas under production, plantation expansion using agroforestry model, or increased use of degraded land).
• Clear description of how project-related output will be marketed, whether through current or proposed marketing channels, and how the project will promote/foster prices to producers that reflect improvements in quality and sustainability.
• Specific role(s), if any, of the partners in the input supply and marketing functions.

3. Beneficiaries
• Description of targeted beneficiaries by district, size of holding and role of cacao in the household enterprise, disaggregated by gender and different social/ethnic groups as appropriate.
• A mapping of farmers associations, cooperatives and other stakeholders that are active in the area.
• Proposed actions to support equal participation of women, ethnic minorities and other vulnerable groups, provide equal benefits from investments and promote increased income and welfare to households.
• Assurance that no social groups face unequal risks from investments and activities.

4. Budget and Financial Analysis
• Estimated budget, including information as to what will be covered by the MCA-Indonesia’s Partnership grant and what will be covered by the proposed partnership matching contribution; broken down by year.
• Preliminary financial analysis showing project costs over time, as well as cash flows for the Project Partners and changes in revenues and costs for primary beneficiaries (i.e. farmers).

5. Implementation Plan
• Preliminary implementation plan including key milestones that will be linked to disbursement payments.

6. Monitoring and Evaluation
• Suggested research questions that could be examined as part of the impact evaluation of the proposed projects, e.g.:
  - effectiveness of one type of training modality over another
  - effectiveness of one set of inputs or combination of inputs over another
  - the role/impact of farmer collaboration on selected links in the value chain
  - the relationship between cacao productivity and forest incursion and the key factors in any case in which that relationship is significant
  - the impact of changes in cacao productivity on the mix of activities in the smallholder enterprise, in particular the balance of agricultural and non-agricultural activities
  - the impact of changes in cacao productivity on the use and type of non-family (wage) labor employed in the smallholder enterprise
Applicants selected to submit full proposals, may be expected to provide a preliminary outline of any recommended research topics, including evidence from the literature as to the importance of the proposed inquiry and a clear statement of the hypothesis and proposed methodology.

While not required at this EOI stage, MCA-Indonesia utilizes Economic Analysis (EA) in the evaluation of the proposed project at the full proposal stage. MCA-Indonesia requires that to be eligible for the GP Project funding, proposed projects must have an Economic Rate of Return (ERR) of at least 10%.

VI. Application Content

The EOI for Sustainable Cocoa Partnership shall include the following documents:

A. A Cover Letter conveying the applicant’s Expression of Interest to partner with MCA-Indonesia in the Cocoa Sustainability Partnership, including the value of USD matching contribution. Please use the template provided in Annex 1.

B. A Concept Note describing the proposed partnership and project approach, maximum 20 pages. Please use the template in Annex 2.

Both documents should be in English.

VII. Timeline and Submission Information

The complete EOI (Cover Letter and Concept Note as per Section VI above) should be submitted in hard/printed copy, and/or electronic copy, and must be received by MCA-Indonesia no later than August 15, 2014 at 12:00 Jakarta time.

- Printed copy of the complete EOI should be sent to:
  **MCA-Indonesia**
  MR21 Building, 11th Floor
  Jalan Menteng Raya No. 21
  Jakarta 10340, Indonesia
  Please mark the top left side of the envelope with “EOI Sustainable Cocoa Partnership”.

- Electronic copy of the complete EOI should be e-mailed to: gp@mca-indonesia.go.id

Please put “EOI Sustainable Cocoa Partnership” in the subject line of the e-mail.

Queries and/or feedback related to this Call for EOI may be submitted to the above e-mail address, latest by July 17, 2014. MCA-Indonesia will respond to all queries, and responses will be made public and posted on the GP portal at http://gp.mca-indonesia.go.id/contact-us/ no later than July 24, 2014.
To:
Millennium Challenge Account-Indonesia
MR21 Building, 11th Floor
Jalan Menteng Raya No. 21
Jakarta 10340, Indonesia

Attn. Green Prosperity Project Director

[Place, Date/Month/Year]

Dear Sir,

We the undersigned, [name of organization, include members of the consortium, if applicable], are [type of organization] based in [complete address of organization, including country location].

Herewith we would like to convey our interest to partner with MCA-Indonesia in the Partnership to Promote Sustainable Cocoa Industry and Improving Smallholder Income in Indonesia. The total cost of the project being proposed for the purpose of this Partnership is US$[insert amount], of which US$[insert amount] will be our contribution (US$ -insert amount- in cash, plus US$ -insert amount- of in-kind contribution), while the remaining US$[insert amount] is sought to be funded by MCA-Indonesia's Partnership grant.

We are more than happy to discuss any details regarding our Expression of Interest Application if required.

Sincerely yours,

[Signature of the Applicant’s Representative]

[Name & Position of Applicant’s Representative]
<table>
<thead>
<tr>
<th>A. ORGANIZATION (or LEAD ORGANIZATION, if applying as a Consortium)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organization Name</td>
</tr>
<tr>
<td>2. Organization Address</td>
</tr>
<tr>
<td>Postal Address</td>
</tr>
<tr>
<td>Phone / Fax</td>
</tr>
<tr>
<td>Website</td>
</tr>
<tr>
<td>3. Country Registration</td>
</tr>
<tr>
<td>(Please mention the country where your organization is registered)</td>
</tr>
<tr>
<td>4. Organization Type</td>
</tr>
<tr>
<td>(private companies, banks/financial institutions, trade/professional associations, NGOs/foundations, or others -please specify)</td>
</tr>
<tr>
<td>5. Organization Description</td>
</tr>
<tr>
<td>(Brief information regarding organizational structure, organizational objectives, core business, and regular activities)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. CONTACT PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of Head of the Organization</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Postal Address</td>
</tr>
<tr>
<td>Phone/Fax</td>
</tr>
<tr>
<td>E-mail</td>
</tr>
<tr>
<td>2. Name of Contact Person for this EOI</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Postal Address</td>
</tr>
<tr>
<td>Phone/Fax</td>
</tr>
<tr>
<td>E-mail</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. MEMBERS OF CONSORTIUM (if applying as a Consortium)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organization Name</td>
</tr>
<tr>
<td>Postal Address</td>
</tr>
<tr>
<td>Phone / Fax</td>
</tr>
<tr>
<td>Website</td>
</tr>
<tr>
<td>E-mail</td>
</tr>
<tr>
<td>Organization Type</td>
</tr>
<tr>
<td>(private companies, banks/financial institutions, trade/professional associations, NGOs/foundations, or others -please specify)</td>
</tr>
<tr>
<td>Organization Description</td>
</tr>
<tr>
<td>(Brief information on core business, activities or past/current projects involved)</td>
</tr>
<tr>
<td>Contact Person for this EOI</td>
</tr>
</tbody>
</table>
|   (Name, title/position, phone, e-mail) }
## 1.2 Organizational Eligibility

Please describe or provide information/document on how the Applicant is compliant with the following Organizational Eligibility requirement:

1. The Applicant must be an entity legally registered in Indonesia and authorized to conduct all activities germane to the purpose of the partnership. International NGOs or non-profit foundations must have an established or a representative office in Indonesia as per the Presidential Decree/Perpres No. 80/2011.

2. The Applicant must demonstrate a proven track record in managing and implementing cocoa value chain development projects. Experience managing and/or participating in projects with matching grant and other co-funding requirements/arrangements is preferred.

3. The Applicant does not fall under the Non-Eligible Project Partners as detailed in http://gp.mca-indonesia.go.id/gp-facility/partnership-grant/cocoa-partnership/non-eligibility-criteria/

## 2. THE PROPOSED PROJECT

### 2.1 Overview

1. Project Title
2. Location
3. Duration/Timeframe
4. Estimated Total Project Cost
   (Including tax)
   ________________(Total Cost)
5. Funding Structure
   (Please describe the project’s co-funding structure or cost distribution, specifying the amount that will be provided by your organization/the consortium, amount requested from MCA-Indonesia, as well as other funding-if applicable; including tax)
   US$ ________________ (Your organization/consortium)
   US$ ________________ (requested from MCA-Indonesia)
   US$ ________________ (Other Organizations - if applicable. Please also mention their names)
2.2 Description

Please describe the proposed project, addressing the key elements below. This section should not exceed fifteen (15) pages.

1. Rationale and Objectives
   - How the proposed project aligns and supports objectives promoting a sustainable cocoa industry and improved smallholder incomes in Indonesia (Sustainable Cocoa Partnerships) as well as broader GP Project objectives.
   - How the proposed project will optimize the productivity of cacao in the context of the smallholder enterprise, in particular, how it will improve yields without placing inordinate on-going demands on the financial and labor resources of the household.
   - “Business case” and discussion of why grant funding is needed, including a discussion of the sustainability of proposed innovations and the commercial relationships that will be depended on to generate farm income.
   - How the project will contribute, directly or indirectly, to the reduction of greenhouse gas emissions and/or improved carbon sequestration; as a contribution to the GP Project objectives.
   - Logical or results framework - including clear description of the problem and how the proposed interventions will address the problem, outlining the objectives, outputs, expected outcomes, and assumptions, as well as providing evidence to support key assumptions, such as assumptions behind farmer’s adopting/applying new techniques and inputs.

2. Approaches
   - Description of the proposed approach and tools, including potential utilization of third party certification as a tool to achieve sustainable and profitable cocoa production and verify reduced encroachment into protected/forest areas.
   - Discussion as to how the proposed approach/activities take into consideration best practices, lessons learned and application of innovative approaches that are adoptable and replicable (i.e. rehabilitation on existing areas under production, plantation expansion using agroforestry model, or increased use of degraded land).
   - Interface between beneficiaries and the current or proposed marketing channels, and evidence of remunerative prices for project output.
   - Specific role(s), if any, of the partners in the input supply and marketing functions.

3. Beneficiaries
   - Description of targeted beneficiaries by district, size of holding and role of cacao in the household enterprise, disaggregated by gender and different social/ethnic groups as appropriate.
   - A mapping of farmers associations, cooperatives and other stakeholders that are active in the area.
   - Proposed actions to support equal participation of women, ethnic minorities and other vulnerable groups, provide equal benefits from investments and promote increased income and welfare to households.
   - Assurance that no social groups face unequal risks from investments and activities.

4. Budget and Financial Analysis
   - Estimated budget, including information as to what will be covered by the MCA-Indonesia’s Partnership grant and what will be covered by the proposed partnership matching contribution; broken down by year.
   - Preliminary financial analysis showing project costs over time, as well as cash flows for the Project Partners and changes in revenues and costs for primary beneficiaries (i.e. farmers).

5. Implementation Plan
   - Preliminary implementation plan including key milestones that will be linked to disbursement payments.
6. Monitoring and Evaluation (M&E)
   - Preliminary monitoring and evaluation (M&E) plan, including clear output and outcome indicators and their targets.
   - Suggested research questions that could be examined as part of the impact evaluation of the proposed projects

3. OTHER INFORMATION
Please include here other relevant information that may assist MCA-Indonesia’s assessment of your EOI and Concept Note (maximum 2 page).