

---

**EUROPEAN FOREST INSTITUTE**

**TENDER SPECIFICATIONS**

**PROCUREMENT REFERENCE NUMBER 6-15.2-2018-F**

**SECOND (2018) AND THIRD (2019) PERIODIC EVALUATION (PE) OF THE  
INDONESIA-EU VPA**

---

## **1. TERMS OF REFERENCE**

---

### **1.1. Introduction**

As part of international endeavours to address the issue of illegal logging and associated trade, a number of consumer countries have made a commitment to take measures to prevent the trade in illegal timber in their respective markets, while producing countries have made a commitment to provide a mechanism to ensure the legality of their domestic and imported timber products. Voluntary Partnership Agreements (VPAs), which are negotiated in the context of the European Union's Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, are examples of these commitments.

Indonesia and the European Union (EU) signed a VPA on 30 September 2013 and agreed to make the *Sistem Verifikasi Legalitas Kayu (SVLK)* the backbone of the Timber Legality Assurance System (TLAS) of Indonesia. The SVLK is one of the key systems to curb illegal logging and promote legal timber in Indonesia. This system is specifically aimed at ensuring the legality of the forest management units, harvesting, transportation, processing and trade of timber and timber products.

The VPA stipulates that Indonesia and the EU will jointly evaluate and monitor the overall progress of the implementation of the Agreement, including the operation of the TLAS and measures related to market acceptance. Point (a) under Article 5 Indonesia – EU FLEGT VPA states that Indonesia in consultation with the European Union shall engage the services of a Periodic Evaluator to implement the tasks as mentioned in Annex VI of the Agreement.

### **1.2. Lessons from the first round of Periodic Evaluation in 2017**

The first Periodic Evaluation (PE) of TLAS implementation was carried out by an independent team working under a joint MoEF-MFP3 supervisory team, by first developing its own specific approach and methods for VPA evaluation. In September 2017, the evaluation team produced a draft report that went through two rounds of public consultations. Following these public consultations, the draft report was submitted to the Ministry of Environment and Forestry (MoEF), EFI/EU FLEGT Facility, and EU (Delegation in Indonesia and Commission). While the report was data-rich, it was clear that the evaluation approach was very much along the lines of an audit and their focus was mostly on documenting the presence of various components of TLAS. The information on the functionality and performance of TLAS sub-systems was limited.

The EFI/EU FLEGT Facility and EU (Delegation and Commission) provided extensive feedback on draft reports. The feedback provided led to a revision of the drafts to ensure that all aspects of the evaluation (including functionality) were sufficiently reflected. In early December, the revised report and the executive summary of the 1<sup>st</sup> PE report were ready. Following additional several rounds of revisions and edits, the JIC (Joint Implementation Committee) meeting on 27 March 2018 officially approved the first PE report.

Reflecting on the experience from the implementation of the first PE, two key lessons emerge. First, it is crucial that before launching the evaluation exercise the Evaluator goes through a rigorous methods planning exercise, which is peer-reviewed and includes guidance & inputs from experts. Second, the Supervisory Committee must be more actively engaged in overseeing the implementation and providing advice.

### **1.3. Objectives of Periodic Evaluation**

Periodic Evaluation (PE) is an evaluation implemented by an independent third party, referred to as Evaluator in the Voluntary Partnership Agreement of the EU and Indonesia under Annex VI. The objective of the second and third PE is to provide assurance that the Timber Legality Assurance System is functioning as described in the VPA, thereby enhancing the credibility of the FLEGT licenses.

### **1.4. Scope**

The assignment will consist in implementing the second and possibly a third periodic evaluation:

- the second PE is planned to start in October 2018 (for a total of 130 days for a maximum period of seven months)
- the third PE is indicatively starting in last quarter of 2019 (for a total 105 days for a maximum period of six months)

The Evaluator's work shall cover:

1. The functioning of control measures from the point of production in the forest to the point of export of timber products.
2. The data management and timber traceability systems supporting the TLAS, the issuance of FLEGT licenses as well as the production, licensing and trade statistics relevant to the Voluntary Partnership Agreement.

### **1.5. Tasks**

The tasks below apply to both second and third PE, and could for the third PE be adjusted based on outcomes of the second PE without substantially modifying the scope and expected results of the assignment.

The Tasks of Evaluator are outlined in Annex VI of the VPA and will cover the following main activities:

1. Audits of compliance by all bodies undertaking control functions within the provisions of the TLAS;

2. Evaluation of the effectiveness of supply chain controls from the point of production in the forest to the point of export from Indonesia;
3. Assessment of the adequacy of data management and timber traceability systems supporting the TLAS as well as the issuance of FLEGT licences;
4. Identification and recording of cases of non-compliance and system failures, and prescribing necessary corrective actions;
5. Assessment of the effective implementation of corrective actions previously identified and recommended; and
6. Reporting findings to the Joint Implementation Committee.

The estimated start of the assignment is in October 2018 when both parties have signed the agreement.

| <b>Tentative Timeline</b>                           |   |   |  |
|---|---|---|--|
| <b>Stage/Tasks</b>                                  | <b>Deliverables and tasks</b>   | <b>Maximum period of implementation second PE</b> | <b>Maximum period of implementation third PE</b> |
| <b>Stage 1 Preparation</b>                          |   |   |  |
| Desk review of the previous PE experience           | <ul style="list-style-type: none"> <li>-Review of the first PE report and public executive summary</li> <li>-Distilling lessons from the design and implementation of the previous PE experience</li> </ul> | Desk work up to one week                          | Desk work up to one week                         |
| <b>Mission in Indonesia</b>                         |   | <b>Up to three weeks</b>                          | <b>Up to two weeks</b>                           |
| Design of the PE                                    | Expert round table discussion organized by oversight committee to discuss and adjust the design of the PE methodology and implementation protocols in Indonesia   |   |  |
| PE methodology and implementation protocols drafted | PE methodology and implementation protocols shared with Ministry of environment and Forestry (MoEF), European Union Delegation (EUD), and other stakeholders for feedback                                   |   |  |

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| PE methodology and implementation protocols ready                | Stakeholder feedback incorporated; PE methodology and implementation protocols finalized; agreement by oversight committee and/or JEM to move to stage 2   |                   |                   |
| <b>Stage 2 Implementation</b>                                    | <b>Field work in Indonesia will be implemented back to back with the PE methodology design mission</b>   |                   |                   |
| First field mission covering Jakarta and three provinces in Java | <ol style="list-style-type: none"> <li>1. Public consultation on start of PE and approach and method</li> <li>2. Stakeholder interviews: KAN, MoEF, CAB/LAs, NGOs, industry associations, EU Del, EFI, UKCCU, etc</li> <li>3. Secondary data collection: comparison, and analysis (FLEGT licensing, timber import controls, supply chain control (e.g. DKP)</li> <li>3. Field work in Java to examine select cases and assess identified trends or observations</li> </ol> | Up to four weeks  | Up to three weeks |
| Second field mission to at least three provinces outside of Java | Field work to cross-check identified issues, examine select cases and assess trends or other observations  | Up to three weeks | Up to three weeks |

|   |  |  |  |
|---|--|--|--|
| <b>Stage 3: Data analysis, reflection and write up</b>          | The collected data, analysis, and insights gained are distilled into a comprehensive report that assesses the functionality of the VPA in Indonesia, identified gaps, and develops detailed remedial steps | Desk work up to three weeks                      | Desk work up to three weeks                      |
| <b>Stage 4: Public consultation &amp; feedback in Indonesia</b> | Draft reports are shared with oversight committee and stakeholders and discussed in public consultation  | Up to one week                                   | Up to one week                                   |
| <b>Stage 5: Full draft report shared for review (desk work)</b> | Full draft report is shared with MoEF, EUD, and EFI/EU FLEGT Facility for final round of review  | Up to one week                                   | Up to one week                                   |
| <b>Stage 6: Conclusion</b>                                      | Final of the PE report submitted to MoEF, EUD, and EFI/EU FLEGT Facility (PE oversight committee)  | By end of February/early March 2019 (estimation) | By end of February/early March 2020 (estimation) |

In addition, the Evaluator needs to be available to present the results of PE in JIC meeting (2 days needed in country), which indicatively takes place for the second PE evaluation in April 2019 and similarly for third period evaluation in April 2020. Timeline and stages will adjusted for the third PE depending of outcomes of second PE and priorities agreed among parties.

### 1.6. Evaluation Methodology

There is a detailed description of the methodology for PE available from the first round of PE implementation. Learning from that experience, it is important that the Contractor and the Oversight Committee have the same understanding of the objectives and scope of the exercise and a detailed understanding of the proposed methodology. The Oversight Committee, which will comprise experts from MoEF and EFI/EU FLEGT Facility, will be tasked with providing guidance to the

Contractor to ensure robust development of the evaluation methodology. Therefore, before second PE work begins in the earnest, a round table discussion will be organized that will bring together the Contractor, the oversight committee, and external resource person(s) (e.g. recognized experts in this field) to jointly agree on the detailed approach, scope, and methods for the PE.

It is generally understood that:

1. The Evaluator shall use a documented and evidence-based methodology, which meets the requirements of ISO/IEC 19011, or equivalent. This shall include adequate checks of relevant documentation, operating procedures and records of the operations of the organization responsible for implementing the TLAS, identification of any cases of non-compliance and system failures, and issuance of requests for corresponding corrective action.
2. The Evaluator shall:
  - (a) Review the implementation of procedures for accreditation of Independent Assessment and Verification Bodies (LP and LV);
  - (b) Review the implementation of procedures by each body involved in TLAS implementation controls for completeness and coherence;
  - (c) Examine implementation of documented procedures and records, including work practices, during visits to offices, forest harvesting areas, log yards/log ponds, forest checking stations, mill sites and export dispatch and import points;
  - (d) Examine information collected by the regulatory and enforcement authorities, LPs and LVs and other bodies identified in the TLAS to verify compliance;
  - (e) Examine data collection by private sector organizations involved in TLAS implementation;
  - (f) Assess the availability of public information set out in Annex IX including the effectiveness of information disclosure mechanisms;
  - (g) Make use of the findings and recommendations of Independent Monitoring and Comprehensive Evaluation reports, as well as reports of the Independent Market Monitor;
  - (h) Seek the views of stakeholders and use information received from stakeholders who are either directly or indirectly involved in the implementation of the TLAS; and
  - (i) Use appropriate sampling and spot check methods to evaluate the work of the forest regulatory agencies, LPs and LVs, industries, and other relevant actors at all levels of forest activities, supply chain control, timber processing and export licensing, including cross checks with information on timber imports from Indonesia provided by the Union.
  - (j) Seek to triangulate the available data as a means to assess the quality of SVLK/PHPL audits. This is particularly important for the verification of the integrity of the supply chain controls in the state owned forest.

Further details on the tasks are provided in Annex VI.

### **1.7. The personnel for the assignment**

The Contractor will engage a PE team consisting of two experts:

- A team leader with international experience of auditing tropical forest management, timber processing industries and related supply chain controls and understanding of Indonesian forest sector;
- A support expert with experience and understanding of Indonesian forest sector

### **1.8. Reporting**

The reporting will provide for a continued engagement, interaction, and feedback between the Contractor and the Oversight Committee. There are three major reports that will be delivered at different stages of work during both PE exercises: report of the methodology (end of stage 1), draft report (end of stage 4) and final report (stages 5 and 6).

In addition, the Contractor will provide regular (bi-weekly) updates to the Oversight Committee about the progress of work. These may lead to adjustments in the work as well as revision of the envisioned structure of the report. The Oversight Committee members may join the Contractor in the field at their own expense.

The final report shall cover evaluation findings and recommendations on measures to be undertaken to address gaps and system weaknesses identified by the evaluation.

1. The report shall comprise: (i) a full report containing all relevant information on the evaluation, its findings (including cases of non-compliance and system failures) and recommendations; and (ii) a public summary report based on the full report, covering key findings and recommendations;
2. The full report and the public summary report shall be submitted to the JIC for review and approval before releasing the reports to the public;
3. Upon the request of the JIC the Evaluator shall provide additional information to support or clarify its findings;
4. The Evaluator shall notify the JIC of all received complaints and the actions taken to resolve them.
5. The reports are produced both in English and Bahasa Indonesia

The approximate structure of the reports will be as follows:

- Executive Summary
- Background

- Objectives
- Approach & methods
- Evaluation results
- National forestry trends in the context FLEGT-VPA (this is a comprehensive description of trends with adoption and implementation of SVLK/PHPL in various forestry subsectors and their economic performance)
- Supply chain control
  - State owned forest
  - Private tree plantations
  - Timber imports
  - Processing and trading of timber
  - Integrated forestry data management systems
- SVLK certification
  - CABs competence
  - Audit and certification
- FLEGT licensing & export
- Law enforcement
- Independent Monitoring
- Public disclosure of information
- Conclusions & actionable policy recommendations

The Contractor will prepare and deliver power point presentations at JEM and JIC meetings as well as other relevant technical events on demand by the EU FLEGT Facility or the Oversight Committee.

### **1.9. Budget**

The contractor may be engaged up to 235 working days during the second and third PE

PE2:

Team Leader: up to 70 working days

Support Expert: up to 60 working days

PE3:

Team Leader: up to 55 working days

Support Expert: up to 50 working days

For PE2 and PE3, travel and other reimbursable costs in Indonesia for both experts need to be factored in the financial proposal of the Tenderers for each PE:

- Three in country missions to Indonesia including one for assisting JIC/JEM at end of the second PE and three in country missions including one for assisting JIC/JEM at end of the third PE
- One field mission in Jakarta and Java (10 working days for each expert) back to back with one field mission to at least three provinces outside of Java such as Kalimantan, Sumatra and Papua (15 working days for each expert) for second and third PE
- Local transportation for field missions for second and third PE
- Cost associated with two public consultation (2 half-day sessions with 30/60 participants) each for second and for the third PE

## 2. TENDER DOCUMENTATION

---

### 2.1. Administrative Documentation

The tender shall include the following documentation, properly filled out and signed:

- Cover letter (Annex 1)
- Identification form (Annex 2) including supporting documentation
- Bank identification form (Annex 2a)
- Declaration on Exclusion Criteria and Absence of Conflict of Interest (Annex 3)
- Declaration/Team Leader (Annex 4)
- Nomination of Experts form (Annex 5)
- Minimum criteria declaration (Annex 6)

The consortium agreement (Annex 6) shall be included, properly filled out and signed, if the tender is submitted jointly by a consortium of economic operators. The consortium agreement (Annex 6) shall not be included if the tender is submitted by a single Tenderer proposing subcontracting of tasks.

### 2.2. Technical Proposal

In order to evaluate the tender against the minimum criteria and the award criteria A.I. – A.II in section 3.1. and 3.2., the Tenderer shall submit a technical proposal consisting only of the following elements:

- 1) A **nomination** of the following Experts to carry out the tasks in the Terms of Reference:
  - **One Team Leader**
  - **one support Expert**

The Technical Proposal shall include CV's of the nominated Experts.

The Tenderer shall be able to certify the information contained in the CV's for the nominated Experts at EFI's request.

The CV shall have all the information as in the EuroPass CV

<https://europass.cedefop.europa.eu/documents/curriculum-vitae>

- 2) A **description** of no more than five pages, **making reference to the Terms of Reference and the previous experience of the Expert** showcasing understanding of:

- FLEGT Action plan, VPAs and TLAS development processes;
- VPA process in Indonesia and its Timber Legality Assurance system (SVLK)
- Aims and context of the Expert's tasks/activities
- Current situation (challenges & opportunities) of the forest sector in Indonesia

**3) A presentation** of no more than twenty (20) pages on the Tenderer's methodology for the assignment – building upon the Terms of Reference and the experience of the Experts – addressing the following elements under separate headings:

- A practical and logical approach for the achievement and realization of the aims of this assignment in the timeframes available;
- Successfully implementing similar assignments in similar countries and contexts.
- Verification and/or certification systems, forest legality verification, supply chains and information management systems and their procedures.
- Clear means of integrating and/ or liaising with key stakeholder groups in Indonesia relevant to the implementation of the VPA.
- Related aspects needed or relevant for the implementation for the realization of this assignment.

### **2.3. Financial Proposal**

The Tenderer shall submit a financial proposal, which shall be completed by using the form in annex 7 and by following the instructions therein.

The full general conditions applicable to the payment of fees and per diem as well as the reimbursement of costs can be found in annex 8 (model contract).

### 3. EVALUATION OF TENDERS AND AWARD OF THE CONTRACT

---

#### 3.1. Minimum Criteria

The team leader nominated must meet the following criteria:

| N°     | Criteria description  |
|--------|---|
| M.I.   | Master degree in forestry, forest science, wood technology, natural resources, law, certification systems or related field.   |
| M.II.  | At least 10 years' global/regional (Asia) experience in the forestry or related sector, including areas such as auditing tropical forest management, timber processing industries and related supply chain controls, timber legality assurance systems, certification and forest policy and governance. |
| M.III. | Experience in international timber trade and legality issues and familiarity with the FLEGT Action Plan, in particular Voluntary Partnership Agreements (VPA).  |
| M.IV.  | Familiarity with Indonesia's timber legality assurance system and related regulatory frameworks.  |
| M.V.   | Understanding, speaking and writing English as demanded with respect to all tasks covered by the Terms of Reference in this Tender  |

Support expert nominated must meet the following criteria:

| N°      | Criteria description  |
|---------|---|
| M.VI.   | Degree in forestry, forest science, wood technology, natural resources, law, certification systems or related field.  |
| M.VII   | At least 5 years' experience in the forestry or related sector in Indonesia , including areas such as forest and industry compliance auditing, timber legality assurance systems, certification and forest policy and governance. |
| M.VIII. | Knowledge of international timber trade and legality issues and familiarity with Voluntary Partnership Agreements (VPA).  |
| M.IX.   | Knowledge of Indonesia's timber legality assurance system and regulatory framework.   |
| M.X.    | Understanding, speaking and writing English and Bahasa Indonesia as demanded with respect to all tasks covered by the Terms of Reference in this Tender   |

**Tenders not fulfilling the minimum criteria will be rejected.**

- **The Team leader nominated must**
  - presently be;
  - not have for the past 12 months been; and

- until EFI has awarded the contract under this procurement process will (if the Tenderer is awarded the Contract, until entry into force of the Contract) be:
  - independent from forest management, timber processing, trade in timber or control of the forest sector in Indonesia; and
  - independent from all components of TLAS (SVLK) and Indonesia’s forest regulatory authorities

**3.2. Award Criteria**

Tenders which fulfil the minimum criteria will be evaluated using the following award criteria:

| <b>A. Technical component (maximum 80 points)</b> |  |                   |
|---|--|-------------------|
| <b>N°</b>   | <b>Award criteria</b>  | <b>Max points</b> |
| <b>A.I.</b>                                       | <b>Understanding of:</b>   | <b>30</b>         |
| i.  | FLEGT Action plan, VPAs and TLAS development processes   | 10                |
| ii.   | VPA process in Indonesia and its Timber Legality Assurance System (SVLK)   | 10                |
| iii.  | Aims and context of the Expert’s tasks/activities  | 5                 |
| iv.   | Challenges and opportunities in Indonesia’s forest sector  | 5                 |
| <b>A.II.</b>                                      | <b>Proposed methodology for the implementation of the tasks</b>  | <b>50</b>         |
| i.  | A practical and logical approach for the achievement and realization of the aims of this assignment in the timeframes available                | 15                |
| ii.   | Successfully implementing similar assignments in similar countries and contexts  | 15                |
| iii.  | Verification and/or certification systems, forest legality verification, supply chains and information management systems and their procedures | 10                |
| iv.   | Clear means of integrating and/or liaising with key stakeholder groups in Indonesia relevant to the implementation of the VPA                  | 5                 |
| v.  | Related aspects needed or relevant for the implementation for the realization of this assignment   | 5                 |

The Technical component (TC) is calculated according to the following formula:

$$TC = A.I. + A.II.$$

**Tenders must receive a score of more than half of the maximum Technical component to be considered qualitatively acceptable.**

**Tenders not considered qualitatively acceptable will not be considered further.**

#### **B. Financial component (maximum 20 points)**

**Tenders presenting a total financial proposal (Fo) superior to the maximum contract value of EUR 180,000 will not be considered further.**

For tenders being considered, the Financial component (F) is calculated according to the following formula:

$$F = (Fmin / Fo) \times 20$$

where

**Fmin** is total sum in the tender in the evaluation with the lowest total financial proposal; and

**Fo** is the total sum in the financial proposal being considered.

#### **C. Most economically advantageous tender**

A combined score (CS) will be calculated according to the following formula:

$$CS = TC + F$$

The Tenderer with the highest combined score (CS) for Technical component (TC) and Financial component (F) will be awarded the Contract.

Where two or more tenders have an equal combined score the contract will be awarded according to the highest score for the financial component (F).

## **ANNEXES**

---

|          |   |
|----------|---|
| Annex 1  | Cover letter  |
| Annex 2  | Identification forms  |
| Annex 2a | Bank identification form  |
| Annex 3  | Declaration of Exclusion Criteria and Absence of Conflict of interest |
| Annex 4  | Declaration/Team Leader   |
| Annex 5  | Nomination of Experts form  |
| Annex 6  | Minimum criteria declaration  |
| Annex 7  | Consortium agreement  |
| Annex 8  | Financial Proposal form   |
| Annex 9  | Model contract  |