

Manual

Construction and Building

PROJECT MANAGEMENT MANUAL (PMM) FOR EINRIP

Revision 1

October 2011



MINISTRY OF PUBLIC WORKS
DIRECTORATE GENERAL OF HIGHWAYS

FOREWORD

The PMM, since its release in September 2008, has been extensively used within PMU, the project preparation consultants PPC and the three implementation support consultants i.e. PMSC, PAS and RSC which mobilized in late 2008. Various sections of PMM related to preparation, procurement, construction supervision and management reporting have been readily followed.

During its application PMU, the PPKs in the Balai offices and the three consultants, being the main users of the document, have identified a number of areas and sections that need improvement and revision. Changes in DGH regulations and procedures also prompted the need for revision of the manual.

This is the first revision of the PMM completed in 2010-2011, after extensive consultations within various users, the initiative primarily led by Project Management Unit of EINRIP.

A number of new initiatives were introduced in the EINRIP program, and it is vital that these new initiatives are not only accepted and implemented, but over the years, a mechanism should cater for further strengthening and refinement of procedures and guidelines introduced in the PMM. Regular update of the PMM is a key aspect of this strategy.

Although, bulk of the preparation activities related to feasibility studies and engineering design have been completed, DGH considers it of immense value that the broad outline structure of the manual remains unaltered, as it provides a logical sequence of key phases during any project implementation.

Users are again encouraged to regularly apply the PMM in their project management activities and as the use becomes more widespread and acceptable at all levels, suggest further refinements and improvements,.

Jakarta, October 2011

Director General of Highways



Ir. Djoko Murjanto, M.Sc.

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ACRONYMS AND ABBREVIATIONS

ACAP	Anti-Corruption Action Plan
AIP, AIPRD	Australia–Indonesia Partnership for Reconstruction and Development
AMDAL	<i>Analisa Mengenai Dampak Lingkungan</i> - Environmental Impact Assessment Process
ANDAL	<i>Analisa Dampak Lingkungan</i> - Environmental Impact Report resulting from AMDAL study
APBN	<i>Anggaran Pendapatan dan Belanja Nasional</i> – National Revenue and Expenditure Budget
AusAID	Australian Agency for International Development which administers AIP, AIPRD
AWP	Annual Works Programme; AWP1 = first batch of works, which may take more than 1 year to build
Balai	<i>Balai Besar Pelaksanaan Jalan Nasional & Balai Pelaksanaan Jalan Nasional</i> – DGH Regional Implementation Agencies. Both referred in the PMM as ‘ <i>Balai</i> ’
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> – National Development Planning Board
BI	<i>Bank Indonesia</i>
DGH/ Bina Marga	Directorate General of Highways within the Ministry of Public Works
BPK	<i>Badan Pemeriksa Keuangan</i> - Supreme Audit Agency
BPKP	<i>Badan Pemeriksa Keuangan Pembangunan</i> – Development Finance Audit Agency
BPKSDM	Construction Industry and Human Resources Board, MPW
BPKons	<i>Badan Pembinaan Konstruksi</i> - Construction Development Board, MPW
CTC	Core Team Consultant – consultant supporting PMU under EIRTP2
DIPA	<i>Daftar Isian Pelaksanaan Anggaran</i> - detailed Budget Document prepared annually
Dit BinteK	<i>Direktorat Bina Teknik</i> , Directorate of Technical Affairs within DGH
Dit Bipram	<i>Direktorat Bina Program</i> , Directorate of Planning within DGH
DJJWT	Directorate of Eastern Region Roads and Bridges within DGH
Wilayah II & III	<i>Direktorat Bina Pelaksanaan Wilayah</i> , Directorate of Implementation Affairs of Region II & III within DGH
Download	The transfer of materials on the e-procurement Internet server to Users’ computers
EIA	Environmental Impact Assessment (AMDAL)
EINRIP	Eastern Indonesia National Roads Improvement Project
EIRR	Economic Internal Rate of Return (%)
EIRTP1	Eastern Indonesia Region Transport Project 1 – IBRD Loan 4643-IND signed 22 Jan 2002
EIRTP2	Eastern Indonesia Region Transport Project 2 – IBRD Loan 4744-IND signed 23 July 2004
EMiP	Environmental Mitigation Plan
EMoP	Environmental Monitoring Plan
EMP	Environmental Management Plan under EIRTP2
ESAMP	Environmental and Social Assessment Management Plan under SRIP
ESC	Environmental Special Clauses (previously SOP – Standard Operating Procedures)
ESS	Environmental and Social Safeguards
FHO	Final Handover of works under a contract, indicated by issue of Performance Certificate
FMR	Financial Monitoring Report – quarterly expenditure report and cash forecast for six months
GOA	Government of Australia, also known as the Commonwealth, represented by AusAID
GOI	Government of Indonesia
IBMS	Integrated Bridge Management System
IBRD, WB	International Bank for Reconstruction and Development – World Bank
ICB, NCB	International Competitive Bidding, National Competitive Bidding
IIRMS	Indonesian Integrated Road Management System
IRMS	Interurban Road Management System
JVCA	Joint Venture, Consortium or Association (also includes JO, Joint Operations, Sub-contract)
KepMen 369	Minister Public Works decree No. 369/2005 (<i>Jaringan Jalan Nasional</i>) – list of National Roads

Acronyms and Abbreviations (continued)

KPPN	<i>Kantor Pelayanan Perbendaharaan Negara</i> – MOF Treasury Office in a Province or District
LAK	<i>Laporan Arus Kas</i> – Cash Flow Report
LARAP	Land Acquisition and Resettlement Action Plan
LARF	Land Acquisition and Resettlement Framework
LRA	<i>Laporan Realisasi Anggaran</i> – Budget Realisation Report
MAATO	Minimum Annual Average Turnover, a financial requirement for civil works contractors
MC	Monthly Certificate – known as Interim Payment Certificate in the SBD
MDB	Multilateral Development Banks
MOF	Ministry of Finance
MPW	Ministry of Public Works
N8K, Nat8K	The 8000 km of New National Road added under KepMen PU 369/2005
NOL	No Objection Letter from AusAID
NPV	Net Present Value (usually calculated at 15% discount rate)
NTB	<i>Nusa Tenggara Barat</i> – West Nusa Tenggara Province
NTT	<i>Nusa Tenggara Timur</i> – East Nusa Tenggara Province
P2JN	<i>Perencanaan dan Pengawasan Jalan Nasional</i> – Road and Bridge Design and Supervision Unit
PAS	EINRIP Procurement Advisory Services
PHO	Provisional Handover of works under a contract, also called Takeover of Works
PIP	Project Implementation Plan
PMM	Project Management Manual
PMSC	EINRIP Project Management Support Consultant
PMU	Project Management Unit (to be qualified by Project name, e.g. PMU-EINRIP)
PPC	EINRIP Project Preparation Consultant
PPK	Contract Officer in <i>Satker</i> (<i>Pejabat Pembuat Komitmen</i>) – the ‘Employer’ (previously Project Manager)
PPU	Project Preparation Unit (for EINRIP, established on 21 February 2006)
PUSJATAN	Road & Bridge Research and Development Centre, MPW
QCBS	Quality and Cost Based Selection procedure for consultant services
RFP	Request for Proposals
ROW	Right of Way (<i>Ruang Milik Jalan</i>)
RSC	EINRIP Regional Supervision Consultant
SatKer	<i>Satuan Kerja</i> – Work Unit that is responsible for a budget
SBD	Standard Bidding Documents
SEC; SpEC	Standard Environmental Clauses; Special Environmental Clauses
Selected Pay Items	Pay items to be subject to Price Adjustment, selected by the Employer and stated in the Bidding Documents (previously known as Major Pay Items)
SLARAP	Simplified LARAP
SOE	Statement of Expenditures (in EINRIP, replaced by Forms 3-C and 3-D in the FMR)
SP2D	<i>Surat Perintah Pencairan Dana</i> – Payment Order issued by KPPN
SPP, SPM	<i>Surat Perintah Membayar</i> - Payment Request issued by Work Unit
SRIP	Strategic Roads Infrastructure Project – IBRD Loan 4834-IND
TFAC	EINRIP Technical and Financial Audit Consultant
TOR	Terms of Reference
UKL	<i>Upaya Pengelolaan Lingkungan</i> – site-specific Environmental Mitigation Plan (same as EMiP)
UPL	<i>Upaya Pemantauan Lingkungan</i> – site-specific Environmental Monitoring Plan (same as EMoP)
Upload	The placement of materials on the e-procurement Internet server by the Procurement Committee
WA	Withdrawal Application

For further terms and definitions, refer to **Annex 1, Terminology**.

Project Management Manual – Overview

Good management has a direct impact on the quality of roads. Reliable construction quality creates roads and bridges which are easy to maintain, and has a long-lasting impact. Poor roads cost the Indonesian economy at least Rp 25-30 trillion p.a.¹ in user and road agency costs.

This Manual² is intended to provide guidance for officials and consultants to achieve a consistent quality of management and oversight to support the technical, financial and administrative aspects of the EINRIP Project.

The Approach

Good-quality construction – and then maintenance – lengthens economic lives: pavements last the 10 or more years usually assumed in appraisal and achieved in other countries. This ensures the benefits of investment and makes road projects more viable.

The economic costs of road transport can be reduced by 30-40% by reducing vehicle wear-and-tear and wasteful consumption of fuel, oil and tyres caused by poor quality roads. These impacts throughout the economy

The EINRIP Project

EINRIP will support a programme of National road and bridge improvement works of high quality in Eastern Indonesia. The works include:

- Betterment treatments including minor widening.
- A limited number of capacity expansion projects.
- Bridge replacement or major repair as required for bridges on links for which betterment treatments have been identified.
- A separate steel truss bridge replacement program.

The Loan

A Loan of A\$ 300 million has been negotiated between the Government of Indonesia and the Government of Australia to finance most of the cost of Project components, apart from a Government of Indonesia component equivalent to A\$ 30 million. A Disbursement Letter was issued after Loan signing, including the loan share for each component (**Annex 2**).

Additional agreements have been signed by the Government to implement Environmental & Social Safeguards (**in separate Guidelines**) and an Anti-Corruption Action Plan (**Annex 3**). These three documents have equivalent status to the Loan Agreement.

¹ Estimated in a study under the Eastern Indonesia Region Transport Project in 2005.

² This Project Management Manual has been prepared for the Directorate General of Highways, Ministry of Public Works, by the Project Preparation Consultants funded by an AusAID grant.

The Project Management Manual

The scope of this Project Management Manual includes all management activities to achieve the intended outputs. Routine administrative procedures under GOI regulations for all projects are not included. Apart from that, the Manual is intended to be comprehensive and integrated with other relevant documents, including laws and regulations of the Government of Indonesia, and guidelines and other documents issued by or with the approval of the Australian Agency for International Development (AusAID) which administers the Australia–Indonesia Partnership for Reconstruction and Development (AIPRD or AIP), the financier of EINRIP.

The Reader

An outline of the Project and the Loan are given in the first three chapters, with the project organisation and management arrangements, and a summary of the actions already taken for preparation of individual sub-projects.

The remainder of the Manual is intended for application by Procurement Committees, staff of Work Units who will manage the civil works contracts, the Project Management Unit, and those who will be involved in processing payments and Loan disbursements, and in monitoring the physical and financial progress.

Acknowledgements

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No copyright provisions apply to this Manual including its Annexes.

Chapter. 1 PROJECT OUTLINE

1.1. Project Objectives

The project development objective is:

“To support regional economic and social development in Eastern Indonesia by improving the condition of the national road network.”

The main objective of the programme of works will be to improve road links to an acceptable standard, suitable to their new status, to help ensure that the National road network provides acceptable standards of service and accessibility, and is capable of supporting local and regional economic development.

1.2. What's New?

EINRIP introduces several changes to management arrangements, including the following:

- **Emphasis** is given to improved procedures for implementation, supervision, accountability and oversight
- **Designs** have been completed using a new Design Specification and are not subject to design review (see **Section 3.4**).
- **Bidding Documents** have been revised, based on FIDIC international General Conditions of Contract (see **Section 5.1.1**).
- **The Supervision Consultant** will act as the Engineer for the civil works contract (see **Section 8.1.4**).
- **A Disputes Board** should be established for every contract, even if there are no disputes. It will be funded 50% by the Employer and 50% by the Contractor (see **Section 8.3.11**).
- **Independent auditors** will be appointed for technical and financial audit (see **Section 8.1.5**)
- **The GOI contribution** is set in the Loan Agreement as a fixed amount, the Tax Letter states what the GOI contribution comprises, and the PMM establishes the initial percentage shares of various activities to achieve the GOI contribution (see **Section 9.2.2.2**)

1.3. Project Scope, Cost and Financing Plan

The scope of the civil works is Eastern Indonesia (not Java or Sumatra). Not all provinces are included, because of budget and planning priorities.

- Civil works are limited to National roads;
- Road work packages may include bridges of any length and any type;
- Steel bridge trusses may be procured for replacement of selected bridge spans 40m and longer anywhere in Indonesia, so long as the necessary civil works components can be completed in the timeframe of the Loan;
- The project also includes purchase of office and communications equipment, and for incremental operating costs of the PMU-EINRIP.

Training is included in the project costs, to be financed wholly by the Government. The costs of land acquisition and resettlement (if any) will also be borne by the Government.

The estimated project cost provided in the September 2007 Loan Agreement is given in **Table 1-1** below. Baseline costs were estimated at March 2007 constant prices. Value added tax is not included (see **Table 9-2** for the Revised Financing Category and Percentage of Loan (2011 Amendment)).

Table 1-1 Project Physical Value by Category - September 2007 Loan Agreement (excl. VAT)

	Category	GOA (A\$m)	GOI (A\$m)	Total (A\$m)
1.	Civil Works			
	National Roads	229.7	28.6	258.3
	Sub Total	229.7	28.6	258.3
2.	Goods			
	Bridge Trusses	9.9	1.2	11.1
	Equipment	0.3	0.1	0.4
	Sub Total	10.2	1.3	11.5
3.	Incremental Operating Costs			
	PMU	0.7	0.1	0.8
	Sub Total	0.7	0.1	0.8
4.	Consultant's Services			
	Project Management Support	6.3		6.3
	Regional Supervision	17.0		17.0
	Procurement Adviser	1.2		1.2
	Sub Total	24.5		24.5
5.	Unallocated			
	Physical Contingencies	11.5		11.5
	Price Contingencies	23.4		23.4
	Sub Total	34.9		34.9
TOTAL LOAN-RELATED COST		300.0	30.0	330.0
1.	Land Acquisition		26.1	26.1
2.	Training and Workshops		1.0	1.0
ADDITIONAL GOI CONTRIBUTION			27.1	27.1
TOTAL PHYSICAL COST		300.0	57.1	357.1

1.4. Project Timing

The EINRIP Project construction period is scheduled to run until the Loan Closing Date of 1 June 2011, with an additional 4 months for finalisation of disbursements until the Disbursement Deadline Date of 30 September 2011. This is the final date for replenishment of funds in the Special Account. However, the Loan allows funds to be utilised up to 31 December 2012.

In 2011, the Loan Closing Date has been extended to 31 March 2013, with an additional 3 months allowed for funds to be utilised up to 30 June 2013

The loan allocation in categories was also modified and the revised estimated project cost provided in the 2011 Loan Revision is given in Table 1-2 below.

The Project Implementation Schedule as in June 2007 is shown in **Figure 1-1**. During implementation this schedule will be updated each six months by the PMU.

Figure 1-2 shows the updated Project Implementation Schedule as at September 2011.

Table 1-2 Project Physical Value by Category - 2011 Revised Loan Agreement (excl. VAT)

	Category	GOA (A\$m)	GOI (A\$m)	Total (A\$m)
1.	Civil Works			
	National Roads	267.99	29.23	297.22
	Sub Total	267.99	29.23	297.22
2.	Goods			
	Bridge Trusses	5.01	0.67	5.68
	Equipment	--	--	--
	Sub Total	5.01	0.67	5.68
3.	Incremental Operating Costs			
	PMU	0.70	0.10	0.80
	Sub Total	0.70	0.10	0.80
4.	Consultant's Services			
	Project Management Support	Not fixed		
	Regional Supervision			
	Procurement Adviser			
	Sub Total	26.30		26.30
5.	Unallocated	--	--	--
TOTAL LOAN-RELATED COST		300.0	30.0	330.0
1.	Land Acquisition		26.1	26.1
2.	Training and Workshops		1.0	1.0
ADDITIONAL GOI CONTRIBUTION			27.1	27.1
TOTAL PHYSICAL COST		300.0	57.1	357.1

1.5. Project Management Manual

This Manual is to be read together with other documents, including laws, regulations and guidelines of the Government of Indonesia and of the World Bank, and with other documents produced especially for EINRIP. Apart from the Annexes to this Manual, larger documents created for EINRIP, such as Standard Bidding Documents for Civil Works, for Goods and Standard Requests for Proposals for Consultancies, and Technical Specifications for Civil Works, are bound separately, and will be supplied by the PMU on request.

Many laws, regulations, official guidelines and the above-mentioned separate documents are cited in the text (shown as **[number]**, referring to the Bibliography). Key regulations and other documents will be made available by PMU on the EINRIP website when operational, in hard copy and on the PMM CD.

Material in this Manual which is instructed to be used word-for-word (in advertisements or in other documents) is enclosed in a box, as is this paragraph. Any **words highlighted in bold** should be highlighted in the copied text.

Figure 1-1 Outline Schedule for Loan Preparation and Implementation (June 2007)

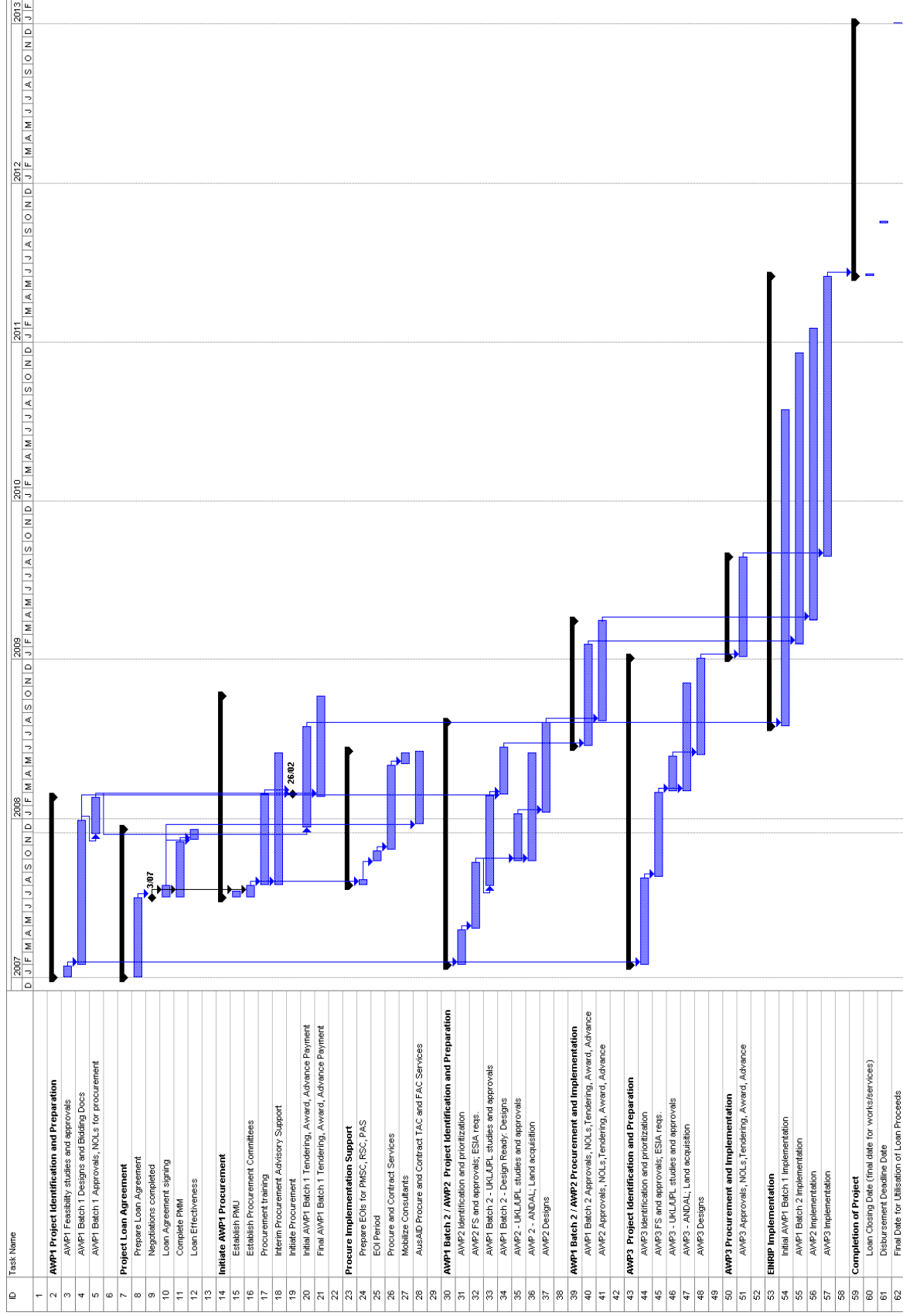
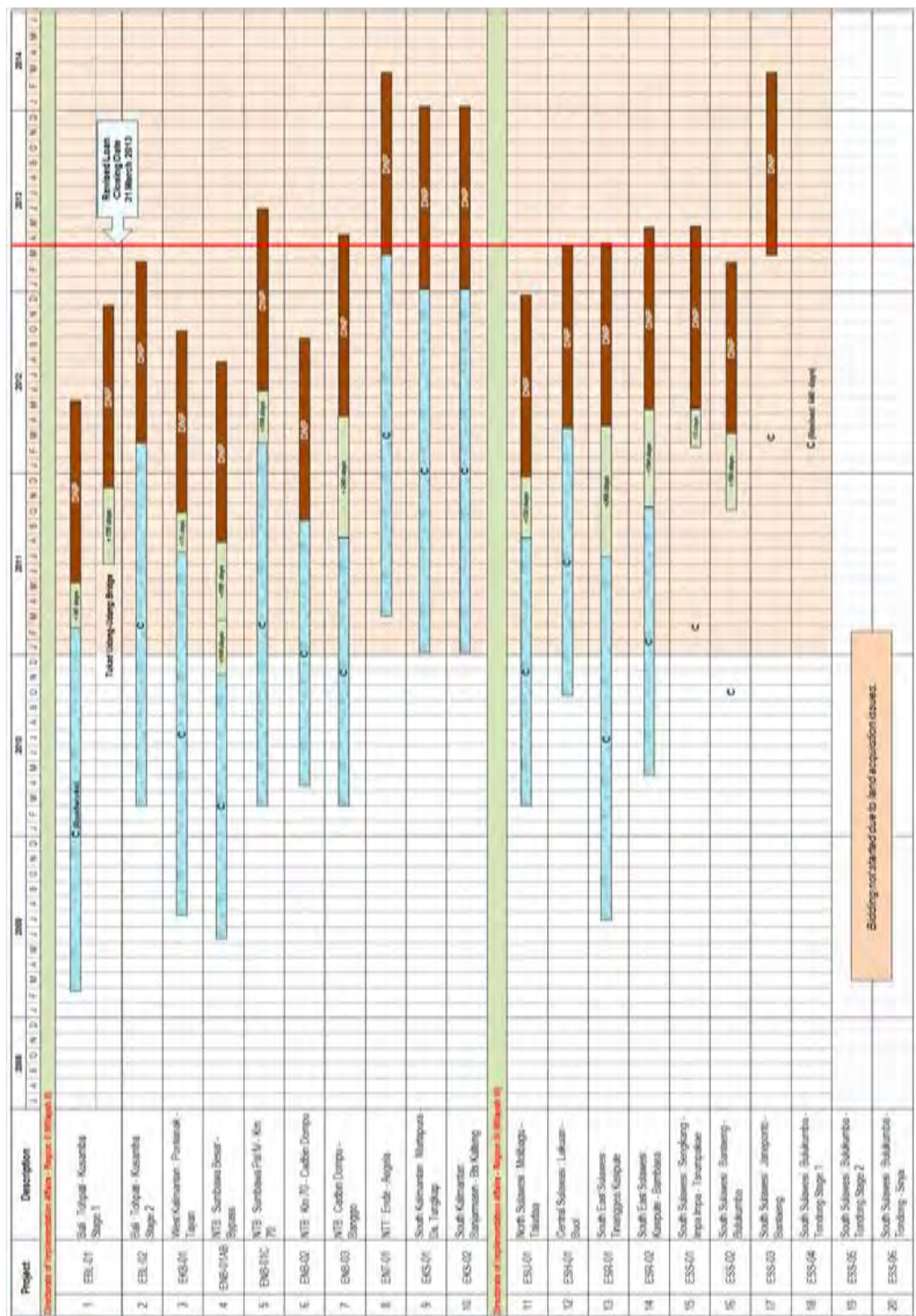


Figure 1-2 Project Implementation Schedule (September 2011)



Chapter. 2 PROJECT MANAGEMENT ARRANGEMENTS

2.1. Organisations Responsible for Project Implementation

An inter-agency Steering Committee chaired by BAPPENAS' Deputy for Infrastructure and including representatives from the Ministry of Finance (MoF) and Ministry of Public Works (MPW) is responsible for policies relating to Project implementation.

DGH within MPW is the Executing Agency (EA) for the Project. The Steering Committee will have a Secretariat chaired by the Director of Transportation, Bappenas with members appointed for ad hoc Working Groups from the implementing agencies within the Directorate General of Highways as well as the Bureau of Planning and International Cooperation of the Secretariat General, Ministry of Public Works.

The Directorate General of Highways (DGH) is the lead Implementing Agency for EINRIP. DGH has established a Project Management Unit (PMU-EINRIP) [1]. PMU-EINRIP is chaired by the Director of Planning in DGH. The PMU-EINRIP will be responsible for coordination of all EINRIP activities, while the Director General of Highways is ultimately responsible for oversight of all EINRIP implementation.

Prior to July 2010, the project organisation for implementation of civil works in Metropolitan areas, provisionally only the link Tohpati-Kusamba Stage 1 (sub-project EBL-01), was in Metropolitan Denpasar. The Work Units (SatKer) for Metropolitan works on National Roads reported directly to the DGH Directorate of Freeways and Urban Roads. [2] The project organisation applicable prior to July 2010 for implementation of civil works in Non-Metropolitan areas is shown in **Figure 2-3**; while the project organisation for civil works in Metropolitan areas, provisionally is shown in **Figure 2-4**.

Based on MPW Decree No. 08/PRT/M/2010 dated 8 July 2010, the organization structure of DGH has been revised. The Directorate of Freeways and Urban Roads no longer exists, and the two Directorates of Roads and Bridges have been modified into three Directorates of Implementation Affairs (Wilayahs).

EINRIP work packages for West Kalimantan (EKB-01), South Kalimantan (EKS-01 and EKS-02), Bali (EBL-01 and EBL-02), West Nusa Tenggara (ENB-01AB, ENB-01C, ENB-02 and ENB-03) and East Nusa Tenggara (ENT-01) are now under Directorate of Implementation Affairs II (Wilayah II). The sub-projects in all Sulawesi (ESU-01, ESH-01, ESS 01, ESS-02, ESS-03, ESS-04, ESS-05, ESS-06, ESR-01 and ESR-02) are now under Directorate of Implementation Affairs III (Wilayah-III).

The project organisation applicable after July 2010 for implementation of all EINRIP civil works is shown in **Figure 2-5**.

The GOI has also replaced the Keppres 80/2003 regarding Procurement of Government Goods and Services by Perpres 54/2010. Based on the Perpres 54/2010, procurement will be organized by Procurement Service Unit (Unit Layanan Pengadaan: ULP). The Head of the unit has authority to approve the award proposal for civil works up to the amount of Rp. 100 billion. He/She will be supported by a secretariat and working groups who will carry out bidding process of each work package.

The Procurement Service Unit will be established by 2014. If the unit has not been established, the procurement committee will carry out the tender for civil works with the role and authority similar to the working group of the Procurement Service Unit. In the transition period, the Head of Regional Implementation Agencies (*Balai*) will be the Head of Procurement Unit for its region.

2.2. Roles and Responsibilities of Government Agencies

Table 2-1 summarises the division of responsibilities between agencies within the Ministry of Public Works, as the responsible Ministry. The roles and responsibilities of other institutions are described in **Table 2-2**.

Table 2-1 Summary of Roles and Responsibilities of Public Works Agencies

Agency	Role	Responsibilities
Ministry of Public Works (MPW)	Oversee Executing Agency	Approve contracts over Rp. 100 billion (previously Rp. 50 billion) Responsible for Ministry's budget Evaluate progress of Loan absorption Appoint Head of Satker, Contract Officer and key staff of Satker
Directorate General of Highways (DGH)	Executing Agency	The Executing Agency. Oversight of all EINRIP implementation. Recommend the final solution of critical contracts. (Show Cause Meeting Stage 3) Approve contract variations involving price increases Issue Project Management Manual Inform AusAID of appointment of the Engineer (Sections 4.3.1.c and 8.1.1)
Inspectorate General of MPW	Audit	Audit contract performance and administration to all APBN (including loan) funded projects within the Ministry of Public Works. Evaluate Audit results with AusAID (if required) (Section 2.2.2)
Construction Development Board, MPW (<i>BPKons - Badan Pembinaan Konstruksi</i>), Formerly BPKSDM	Audit Recommendation on Contract Award to MPW	Provide expert advice on Audit if requested by the Inspectorate General (Section 2.2.2) Make recommendation to the Minister of Public Works for award of civil works/goods contracts over Rp. 100 billion (previously Rp. 50 billion) and consultancy services over Rp. 10 billion (previously Rp. 5 billion) Provide Legal opinion for the draft of Contract Agreement.
DGH Directorate of Planning (Dit Bipram) (Sections 2.2.1, 2.2.2, 2.4.1, 2.6.3, 4.1, 6.1.2, 9.4.3 and 9.7.)	Planning, programming of subprojects, packaging Manage PMU Manage procurement, implementation of PMSC	Budget for all Project activities Establish, direct and supervise the Project Management Unit (PMU) Manage PMSC contract (financial) through Bipram's Work Unit (Satker)
DGH Directorate of Technical Affairs (Dit Bintek) (Sec 2.2.2, 2.5.1, 4.1, 6.1.1)	Establish technical standards Approve designs of roads/bridges Procured steel bridge trusses (based on the former organization)	Manage technical audit Manage environmental aspects for all road/bridge works Approve design standards, standard bidding documents and specifications for all road/bridge works Approve designs for Non-Metropolitan roads/bridges Designs for Metropolitan roads/bridges have been approved by former Directorate of Freeways and Urban Roads. Manage procurement of steel bridge trusses

Agency	Role	Responsibilities
DGH Directorate of Implementation Affairs III (Section 2.4.2, 2.4.3, 4.1, 5)	Manage procurement, implementation of RSC and PAS Oversee Balai in Region III Monitor implementation of road/bridge works in Region III	Manage RSC and PAS Consultants (technical) Manage RSC and PAS Consultants (financial) through Dit. Implementation Affairs Region III Work Unit (Satker) Assist Director General in civil works contract matters Dit. Implementation Affairs Region III includes all EINRIP packages for all Sulawesi provinces.
DGH Directorate of Implementation Affairs II Sections, 4.1, 5)	Oversee Balai in Region II Monitor implementation of road/bridge works in Region II	Assist Director General in civil works contract matters Dit. Implementation Affairs Region II includes all EINRIP packages for Kalimantan, Bali, NTB and NTT provinces.
DGH Directorate of Freeways and Urban Roads (Section 4.1)	Oversee the design, procurement and implementation of works in Metropolitan areas.	Approve designs for Metropolitan roads/bridges Ensure that agreed standards and procedures are applied, conduct quality assurance of works and environmental and social safeguards It was for EBL-01 only. Based on MPW Decree 08/PRT/M/2010 dated 8 July 2010 this directorate was liquidated.
Regional Implementation Agencies (Balai (Besar) Pelaksanaan Jalan Nasional) (Sec 2.2.3, 10.3.2)	Oversee implementation of road and bridge works	Approve contracts under Rp 100 billion after Perpres 54/2010 as the Head of ULP (Procurement Services Unit) The Immediate Superior of Work Satker. Oversee that agreed standards and procedures are applied; oversee quality assurance of works and environmental and social safeguards.
PUSJATAN – Road & Bridge Research and Development Centre, MPW	Audit	Provide expert advice on Audit if requested by an Inspectorate (Section 2.2.2)
Project Management Unit (PMU) (many references)	Channel of communications between AusAID and GOI, and between all GOI units implementing Project components Ensure effective implementation of the ACAP	Monitor project status and all related commitments Prepare Financial Monitoring Reports Keep Project Management Manual updated and keep implementing units aware of their responsibilities Manage PMSC services (technical) Manage effective implementation of provisions specified in ACAP
Finance Division, Secretariat to Director General of Highways	Financial Audit liaison	Assist the Inspectorate General of MPW if requested to review financial audit results (Sections 2.2.2 and Section 2.5.1)

Agency	Role	Responsibilities
Civil Works Contract Officer (PPK) within Specific Work Units for Construction, in the Balai (many references)	Manage procurement and implementation of works Administer civil works contracts as the Employer (implementing unit for civil works) After Perpres 54/2010 procurement is under the Procurement Service Unit.	Approve contracts up to Rp. 50 billion. (Keppres 80/2003) Responsible to ensure quality of technical and financial implementation by acting as the Employer under civil works contracts with responsibility including: manage bidding process; evaluate bids; award and sign contract; arrange permits; inform Contractor of financing; appoint/replace the Engineer (subject to AusAID NOL); approve Variation Orders that increase cost or extend time; arrange payments; take over the site; be entitled to terminate Contract. After Perpres 54/2010, procurement is under the Procurement Service Unit. The Head of the unit approves the award proposal up to Rp. 100 billion.
Design & Supervision Unit (P2JN – Perencanaan dan pengawasan Jalan Nasional) and related SNVT (Sec3.4.3) Formerly P2JJ	Design updating/revision	Evaluate, as key member of the Technical Discussion team that evaluates the proposals for Variation Orders and Time Extension on Civil Works Projects
Procurement Service Unit Unit Layanan Pengadaan (ULP)	Procurement of remaining civil work packages which will be tendered after 2010	Evaluate bid proposals and qualifications of bidders which will be conducted by working group within the unit and approve the award proposal up to the amount of Rp. 100 billion. Over such amount, the approval shall be issued by the Minister of Public Works.
Provincial Public Works Agencies	Liaison with Governor	Synchronize planning of all National road works in the Province Assist Director General/ Directors/Balai as required Coordinate with other concerned agencies, local governments and communities to support preparation and implementation of works

Table 2-2 summarises the roles and responsibilities of other institutions who participate in and contribute to the project.

Table 2-2 Roles and Responsibilities of Other Institutions

Agency	Role	Responsibilities
Badan Perencanaan Nasional (National Development Planning Agency – BAPPENAS)	Chair of Steering Committee	National investment strategy Coordinate GoI policies in relation to Project Annual budget preparation oversight
Ministry of Finance (MoF) DG Budgets DG Treasury DG Debt Management	Budgeting Accounting Loan Management	Budget and Treasury policy Annual budget preparation Budget execution and reporting Loan Negotiations and Loan Repayments
Bank Indonesia	Disbursement processing	Disbursement processing Operation of Special Account
BPK, BPKP Inspectorate General of MPW	Audit	The roles of the two agencies in financial audit are explained in Section 9.6 and in technical audit in Section 8.4.4 .

The references in the text further describe the role and responsibility of each agency.

2.2.1. Project Management Unit (PMU-EINRIP)

After the signing of loan agreement on 7 September 2007, one of the conditions for effectiveness of loan was formulation of Project Management Unit (PMU-EINRIP) in DGH. This was established through DGH Decree dated 22 July 2008 (**Annex 9**)

In 2010, the organisation and functions of PMU were updated through DGH Decree no. 43/Kpts/Db/2010 dated 19 November 2010. (**Annex 26**)

Detail duties for each position in PMU are:

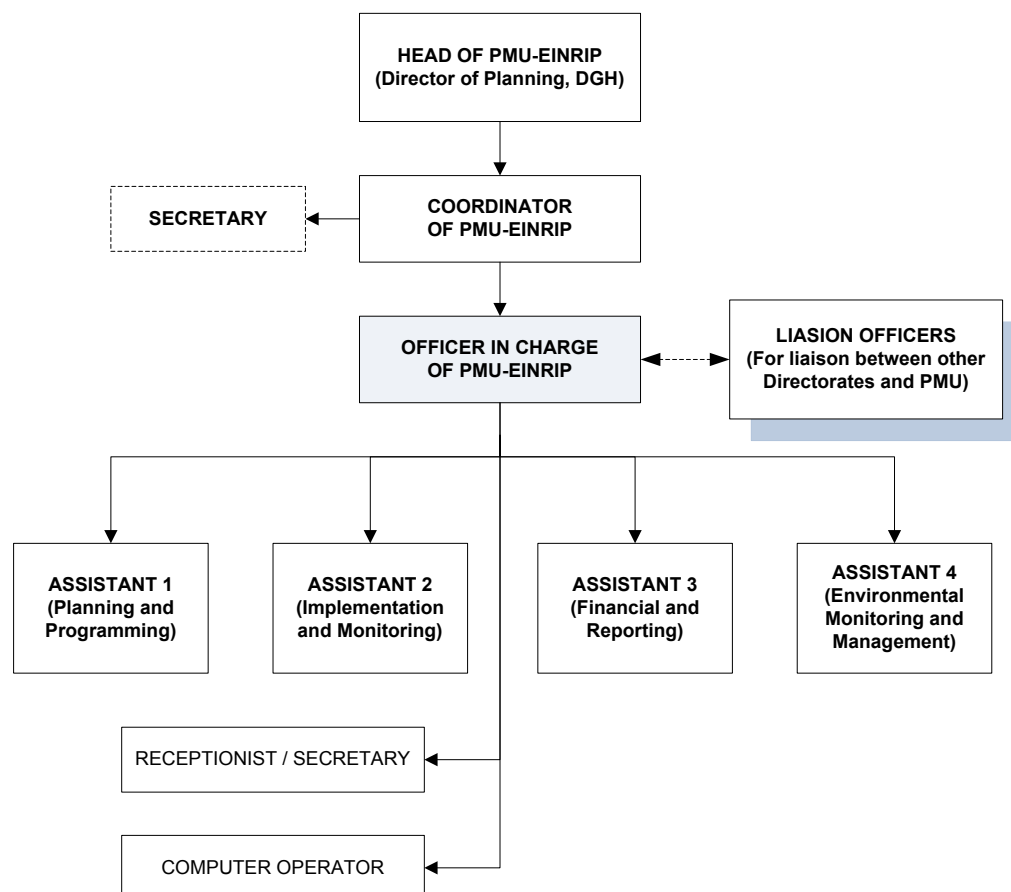
- **Person Responsible (Head of PMU)**
Provide guidance to PMU activities based on the policy stipulated by the Steering Committee and report to the Director General of Highways, Ministry of Public Works.
- **Coordinator**
Assist the Head of PMU to giving direction to PMU activities, provide advice on follow up action, and report to Head of PMU.
- **Secretary**
Assist the Coordinator of PMU to issue PMU directives, provide advice on follow up action, and report to the Coordinator of PMU.
- **Officer in Charge of PMU**
Management activities, coordinating, monitoring, and reporting all activities carried out in PMU. Report to the Coordinator of PMU.
- **PMU Assistant duties:**
 - Planning and Programming Assistant
 - a. Carry out project proposal review to give to AusAID/AIPRD for agreement.
 - b. Assist, prepare and submit the Standard Operation Procedure (SOP) and Implementation Guidelines to the Project.
 - c. Carry out monitoring and review of the tender evaluation to present to AusAID/AIPRD.
 - d. Preparing and identify planning and program which will be proposed to EINRIP.
 - e. Report to the Officer in Charge of PMU.
 - Implementation and Monitoring Assistant:
 - a. Monitoring and evaluating quality and work performance of the projects.
 - b. Evaluating and recommendation for review and revised design proposed by AusAID/AIPRD.
 - c. Monitor the Anticorruption Action Plan implementation.
 - d. Report to Officer in Charge of PMU.
 - Financial Account Assistant.
 - a. Prepare, keep, and monitor accounting data including procedure, audit, document, balance consolidation based on request and procedure from AusAID.
 - b. Monitor drawdown status per Loan Category.
 - c. Prepare quarterly and annual report for all projects to present to AusAID/AIPRD based on the guidelines.
 - d. Report to the Officer in Charge of PMU.
 - Environmental Monitoring and Management Assistant.
 - a. Carry out screening and give recommendation on environmental aspects of the project proposal which will be given to AusAID/AIPRD.
 - b. Monitor, evaluate, and report on the activities and implementation of related environmental aspects, social and safety issues.
 - c. Report to the Officer in Charge of PMU.
- **Liaisons**
Given the task of liaison between PMU and related Directorates/Institutions

PMU will be supported by Project Management Support Consultant (PMS) under a contract between PPK of Program Preparation and Foreign Loan Administration, Satker of Directorate of Planning.

There will also be two full-time sub-professional staff, Receptionist/Secretary and Computer Operator, as well as Drivers and Office Assistants.

The organisation structure and staffing of the PMU is shown in **Figure 2-1**.

Figure 2-1 Organization Structure and Staffing of PMU-EINRIP



2.2.2. Review of Audit Results

Results of all audits (described in **Sections 8.4.4**) will be reviewed by AusAID with the Inspectorate General of MPW, who may invite the concerned implementing agency as well as the following agencies for their expertise:

- Construction Board (Badan Pembinaan Konstruksi), MPW
- Road and Bridge Research Development Centre (PUSJATAN)
- Finance Division, Secretariat to Director General of Highways

2.2.3. Coordinating Mechanisms

A Steering Committee shall be established to facilitate coordination among the Ministries, for purposes of project implementation. The Steering Committee shall be chaired by the Deputy Minister for Infrastructure of Bappenas, and include members from the Ministry of Finance and the Ministry of Public Works.

It will be the responsibility of the Steering Committee to coordinate central government Ministries and Agencies. Bappenas, as Chairman of the Steering Committee, has appointed working groups to

maintain coordination between the Steering Committee, the PMU and other institutions outside MPW. [2]

Coordination within DGH between the PMU and field staff will be facilitated by the Head of the related DGH Regional Implementation Agency (Balai). The Balai will monitor the timeliness and accuracy of the periodic reporting of project progress and financial data from each project, and assist to overcome any problems.

Every six months there will be a meeting between MPW (Secretary General), Ministry of Finance (Director General, Treasury) and AusAID (Minister Counsellor) to review key audit report findings, disciplinary actions and to review EINRIP procedures. The agenda for each meeting will be prepared by PMU, based on the outline in **Annex 4**.

2.3. GOI Human Resources

2.3.1. Personnel Criteria

The Loan Agreement has certain criteria for Government of Indonesia personnel working on EINRIP, reinforcing GOI's own requirements.

A. Procurement Service Unit.

Based on the Perpres 54/2010, procurement of government goods and services will be managed by Procurement Service Unit (Unit Layanan Pengadaan). A working group under this unit will carry out the procurement process for each work package. The role of the working group is similar to the previous Procurement Committee, but it will report to the Head of Procurement Service Unit. The Head of Procurement Service Unit will approve the award proposal with the amount up to Rp. 100 billion. Over this amount, the approval shall be undertaken by the Minister of Public Works.

All statements in the PMM related to the role and responsibility of Procurement Committee after the implementation of Perpres 54/2010 will be read as the working group of Procurement Service Unit.

The officials responsible for approving the recommendation of a Procurement Committee/ Working Group shall not be a member of such Procurement Committee/ Working Group.

The qualifications and experience of members of the procurement committee for the selection of consultants shall be fully documented, retained on file to serve as evidence of their suitability to serve as members of the committee and readily available for subsequent review by the Commonwealth through AusAID.

B. Procurement and Financial Management Specialists

Each Work Unit will include a qualified procurement specialist and a financial management specialist whose duties will include ensuring adequate record keeping for audit purposes (**Section 8.1.5**).

—Qualified procurement specialist” means having a certificate in accordance with Presidential Regulation No. 8 of 2006 [3] which requires all Contract Officers and members of Procurement Committees to obtain a Certificate of Expertise in Procurement of Government Goods/Services by 31 December 2007. After the implementation of Perpres 54/2010, the certificate shall be required for the Head of Procurement Service Unit and all members of working group.

The PMU should inform AusAID in writing the names of procurement specialists after receipt of information from Heads of each Construction Work Unit.

—Financial management specialist” means a government official employed to monitor financial activities, and to establish adequate record-keeping for audit purposes, which shall be fulfilled by appointing a Treasurer (Bendahara).

At the start of each year and each time there is a change of personnel, the Head of each Work Unit should inform the PMU in writing the names of the officials who have been appointed to the above positions in that Work Unit, with a copy of certificates of the procurement specialists.

This requirement applies to all Work Units implementing EINRIP components for civil works, consultant services and goods.

The PMU should inform AusAID in writing the names of financial management specialists after receipt of information from Heads of each Construction Work Unit.

C. Staff of Construction Work Units

Qualifications and experience required by staff of Work Units are specified in the Minister of Public Works Regulation No. 37/PRT/M/2006 [2] or any subsequent regulations.

2.3.2. Training and Workshops for DGH Staff

For reasons of efficiency training for DGH staff in various roles will be conducted largely in regional centres. **Annex 5** gives details of the proposed Training Program, summarised in the following **Table 2-3**.

Table 2-3 Summary of Training Program

Topic	Purpose	Target Agencies/Units	Trainees/Yr
Procurement training (including provisions of ACAP)	<ul style="list-style-type: none"> Special training in procurement for members of Procurement Committees Detailed provisions of ACAP 	<ul style="list-style-type: none"> Procurement Committees at Province level Procurement Committees at Central level 	60
Training in Project Management	<ul style="list-style-type: none"> Required civil service training 	<ul style="list-style-type: none"> Prospective staff for Satker (Work Units) 	70
Refresher Training in Project Management	<ul style="list-style-type: none"> Feedback to project management staff from wider experience 	<ul style="list-style-type: none"> Work Units (SatKer) in Provinces 	125
Application of PMM (including other provisions of ACAP)	<ul style="list-style-type: none"> Familiarisation with Project Management requirements Awareness of particular requirements of ACAP 	<ul style="list-style-type: none"> Senior staff of Provincial Agencies Administrative staff Technical staff 	200
Financial Management Reporting Training (follows on from PMM Training)	<ul style="list-style-type: none"> Procedures for monthly data collection, consolidation and reporting, for Procurement, Disbursements, Physical Progress 	<ul style="list-style-type: none"> Staff of Work Units (SatKer) Technical staff 	100
Environmental Management Workshops	<ul style="list-style-type: none"> Review of results of ESCs (Environmental Special Clauses) 	<ul style="list-style-type: none"> Provincial Works Agencies Supervising consultants Contractors 	160
Training for Treasurers (Brevet A course)	<ul style="list-style-type: none"> Basic civil service training for financial officers 	<ul style="list-style-type: none"> Work Units (SatKer) in Provinces 	40

These training activities will be made available during the project, to ensure that project preparation, procurement and implementation is adequately supported. The above number of trainees has been estimated without identifying candidates. If job-holders have previously undergone the relevant training, and additional training is not required, these trainee numbers and possibly the course topics may not be achieved. PMU will monitor and report training related to EINRIP in the Project Progress Reports (PPRs).

A. Procurement Training

The training of all Contract Officers (PPK) and procurement committees in the procurement procedures required to be used under EINRIP is crucial. This training program is on the critical path for procurement, as indicated in the Project Implementation Schedule reviewed in **Section 1.4**. This training takes two days.

Experienced staff of DGH will act as trainers, alongside AusAID staff, advisors and the Procurement Advisor.

B. Training in Project Management

Contract Officers in the SatKer Units at National/Provincial level are required to have successfully completed a special training program before being appointed. These training programs are provided annually by DGH. Typically, class sizes are limited to 30 people, and the course will last one month.

C. Refresher Training in Project Management

It is proposed give staff currently occupying key positions in Work Units a brief updating in latest developments in project management. Case studies of recent project failures and successes will be presented, with lessons learned. The course will last 3 days.

D. Application of the Project Management Manual

The PMU will conduct a significant program of dissemination of the provisions of the Project Management Manual (PMM) as soon as all lending provisions have been finalised (at the time of Loan Effectiveness). This training program will be complete before project implementation commences, and will be followed by refresher training. Regional Workshops lasting for two days will be held in provinces where EINRIP activities are commencing in the same year. Refresher courses, held annually each year after, will be of one day duration, or adjusted as required.

E. Training for Financial Management Reporting

To ensure proper and regular reporting of financial and physical progress of projects under implementation, and the timely receipt of detailed and accurate data, training will be needed in Financial Management Reporting. The Workshops will be held after the PMM Workshops and will take two days, or one day if a refresher course.

Workshops will be provided for the staff of the agencies and firms involved in the receipt, collation and reporting of project information, particularly that concern Procurement, Disbursements and Project Progress.

F. Environmental Management Workshops

Environmental Management Workshops will be held at appropriate intervals during the project to give involved staff and contractors an understanding of proper environmental management procedures to be used during project implementation. Staff of each Field Supervision Team and of each Contractor will be required to attend these workshops which will take two days, one day being spent in the field.

G. Training for Treasurers

This training in treasury and financial management will be provided to staff occupying key financial positions in work units (Balai and SatKer). This course lasts two days.

2.4. Consultant Services Funded Under the Project

2.4.1. Project Management Support Consultants (PMSC)

The PMSC will provide support to the PMU and DGH in management of the Project. The team will be contracted and managed by DGH through the Directorate of Planning, and will be based in Jakarta.

The functions of the PMSC will include the major Task Areas summarised below.

- a. *Project Management Support.* Provide full support to the PMU in the exercise of all its functions.

- b. *Financial Management and Monitoring.* Establish and maintain financial management, monitoring and reporting procedures appropriate to the needs of GOI and GOA, and ensure the timeliness and accuracy of all financial reports.
- c. *Progress Monitoring and Reporting.* Develop a monthly Project Progress Report that satisfies the needs of all stakeholders, and ensure the timeliness and accuracy of all reports.
- d. *Quality Assurance and Performance Review for Supervision Consultants.* Undertake an independent performance monitoring of the effectiveness of construction supervision, and the compliance of the RSCs with their stated quality assurance standards. This will include monitoring the effectiveness of implementation/supervision of environmental management procedures, and compliance with the SECs.
- e. *Monitor Procurement Processes and the PAS Consultant:* Monitor the general quality of procurement activities and make recommendations on how standards can be improved.
- f. *Implementing the Anti-Corruption Measures, and Monitoring their Effectiveness.* Provide assistance as required with the establishment of anti-corruption measures necessary to support the project, and monitor and report their effectiveness.
- g. *Information Management and Dissemination.* Assist with the establishment and management of data and information capture systems and procedures; ensure the availability of all necessary information to stakeholders, and the effectiveness of information dissemination procedures.
- h. *Monitoring the Implementation of Environmental and Social Safeguards (ESS):* Through overall project monitoring, assist the PMU to ensure that all environmental and social safeguards required are properly applied, at all stages of project preparation and design and implementation, and report regularly on this activity.
- i. *Support for Project Performance Monitoring and Evaluation.* Provide administrative support for the conduct of post-implementation surveys of project performance, using previously-prepared guidelines and procedures.
- j. *Training to Support Project Implementation.* Support the implementation of the proposed training program.
- k. *Reporting.* Support the PMU's reporting requirements as well as reporting on the Consultant's own services. Assist with the preparation of the Borrower's Project Completion Report.

2.4.2. Regional Supervision Consultants (RSC)

A Regional Supervision Consultant (RSC) will be responsible for supervision of works and have the role of 'Engineer' under a FIDIC-type contract.

The team was contracted and managed by DGH through the Directorate of Roads and Bridges, Eastern Region, including supervision of packages in Metropolitan Areas. Following the MPW Decree No. 08/PRT/M/2010 dated 8 July 2010, RSC contract is being managed by PPK under Directorate of Implementation Affairs Region III. After completion of Procurement Advisory Service (PAS) consultancy contract on 30 November 2010, any future task related to procurement of EINRIP Civil Works will be added into the Consultancy Contract of RSC Consultant. The RSC Head Office will be based in Makassar.

The supervision task of the RSC is to ensure that the contractors correctly carry out quality control tests on the contractor's materials and workmanship as required by the Technical Specification and either to certify that they have achieved the required results or to reject the materials / workmanship found to be sub-standard.

The tasks include the preparation and maintenance of a quality assurance plan, validation and updating of designs, supervision of all civil works, environmental and social monitoring and management, and support for financial and progress monitoring and reporting.

The Quality Assurance program will provide a framework within which internal performance monitoring will be continuously conducted, and supervision performance can be assessed. It is expected that this will provide a basis for continued improvement of supervision practices and procedures in each Field Supervision Team.

Separately, the performance of the RSC in this activity will be independently verified by the PMSC, and will be required to meet predetermined and agreed standards. Sanctions will be applied in the event of sub-standard performance, as described in their Terms of Reference.

Other tasks added into the RSC Scope of Works after their commencement in December 2008 are:

- RSC was designated as the —Supervision Consultant" responsible for supervision of inspection and testing on the contract ESB-02 for the supply of prefabricated steel bridge material.
- Management of HIV/AIDS campaign that is being provided by an NGO (Yayasan Kusuma Buana) under a contract with RSC Consultant and commenced in November 2010. The cost for the campaign has been added as variation to the RSC Contract.
- Provision of procurement advisory services to DGH by addition of Procurement Adviser under RSC team to support the procurement of Civil Works packages ESS-05 and ESS-06 in accordance with all the applicable procurement guidelines and regulations.

2.4.3. Procurement Advisory Services (PAS) to Support DGH

Procurement Advisory Services (PAS) will provide support to the Contract Officers (PPK) and Procurement Committees, to help ensure that procurement and award decisions are undertaken in such a way as to avoid collusive and fraudulent practices.

The team will be based in Jakarta and will spend extended periods of time in delivering the services in the Provincial Satker offices. The team will be contracted and managed by DGH through the Directorate of Roads and Bridges, Eastern Region, including procurement of packages in Metropolitan Areas.

In the period before the PAS is mobilised, the Project Preparation Consultants (PPC) will provide advisory support to procurement committees for the procurement of civil works.

The functions of the PAS will include the activities summarised below.

- a. For each project, review all arrangements made to support project procurement, including the —readiness" of the Procurement Committee (staffing, experience, training); administrative and support arrangements; adequacy of equipment and materials; suitability and feasibility of the proposed Procurement Schedule for the contract, and all related matters. Recommend any strengthening measures needed to ensure that procurement can proceed effectively, and review the adequacy of the response. Report to DGH and to AusAID on the readiness of the Committee and its supporting arrangements to initiate procurement. The recommendations of this report will be a precondition for AusAID's NOL to start procurement;
- b. Assist in setting up and managing the use of a —smi" e-procurement system for EINRIP in the offices of each of the Contract Officers responsible for EINRIP contracts;
- c. Provide support for the publication on the official website of all required materials, including:
 - i. Invitations to Bid
 - ii. Bidding documents and selected drawings
 - iii. Clarification of bids
 - iv. Bid opening minutes
 - v. Information on contract award
 - vi. Other materials as required by DGH and the provisions of ACAP (**Annex 3**).
- d. Develop measures/protocols to help avoid collusive/fraudulent practices on the bidding of contracts, and assist and monitor their implementation and application;
- e. Monitor the Committee's adherence to the Procurement Schedule, and help ensure that all procurement processing and award decisions are made within the agreed time frame, and that delays and associated risks are avoided;

- f. Liaise with the parallel Advisory services to be established under SRIP, and draw on their experience to find ways to assist the performance of the procurement processes;
- g. Monitor the field experience of the services to identify emerging issues and the effectiveness of measures being developed to deal with them. Put in place procedures to —feedback” this experience into the ongoing Services and to DGH generally.

After Procurement Advisory Service (PAS) consultant contract completed, the task will be taken over by a procurement unit under RSC contract.

2.5. Other Related Consultant Services

Consultant Services related to EINRIP but not funded under the Project Loan include the following three sets of services:

2.5.1. Technical and Financial Audit Consultants (TFAC)

Technical audit will be undertaken during implementation of civil works packages to assess to what extent the required quality has been achieved. Financial audit will also be undertaken to audit financial activities conducted under EINRIP. The Financial Audit Consultant will liaise with the Inspectorate General of MPW, who will review audit results with AusAID, and may call on the Finance Division, Secretariat of Director General of Highways to assist.

An independent Technical and Financial Audit Consultant will manage these programs, and will be procured directly by AusAID.

2.5.2. Monitoring and Evaluation (M&E) Consultant

An independent consultant for Monitoring and Evaluation has prepared a separate Monitoring and Evaluation programme, intended to establish the extent to which EINRIP meets its objectives. Key Performance Indicators (KPI) have been developed by the M&E consultant in consultation with DGH and AusAID.

The M&E Consultant will carry out baseline surveys starting in 2007, and conduct monitoring surveys three years after the completion of the construction programme. Annual reports of the results of the survey programme will be prepared. A Final Project Review will be undertaken, to provide an overall evaluation of the project.

The monitoring surveys will be carried out under the supervision of the PPC (initially), and later the PMSC, to ensure consistent methodologies. After the termination of the PMSC's contract, the surveys will supervised directly by AusAID, with advice from DGH (see **Section 10.4.3**).

2.6. Information Disclosure

Transparency in serving the public is one of EINRIP's key principles.

2.6.1. Establishment of Project Website

The Ministry of Public Works has established within its website (<http://www.pu.go.id/>), a website for PMU-EINRIP is: (<http://www.pmueinrip-binamarga.com/>).

The types of data to be included in the EINRIP website are shown in **Table 2-4**, including the parties responsible for providing the information to the PMU, and frequency of updating. Where the source is a consultant, this requirement should be included in their Terms of Reference.

Official branding for AIPRD should be used, following the guidelines for Project Websites in the file www.indonesia.gov.au/branding/aipbrandingguidelines.pdf (May 2006).

Table 2-4 Minimum Set of Data to be Published on EINRIP Website

Information in EINRIP Website	Data Source	Updating Frequency	Notes
Project Management Manual	PMU	Annual	
Annual procurement plans for MPW Central level and each Province	PPC, DGH	Quarterly	For procurement plans see section 4.1.5
Tender documents for all procurement	PPC	As required	Not all drawings, only Locality Plans
Contracts awarded	Balai, DGH	As required	Details specified in ACAP
Summary audit findings	PMU	6-monthly	See section 2.2.3
Project Progress Report	RSC, PMSC	Monthly	Summary Progress for each contract (See sample A)
Financial Monitoring Report	PMSC	Quarterly	For FMR see section 9.4.2
Complaints Handling Mechanisms and contact information	PMU	Annual	Details specified in ACAP
Status Report on Complaints	PMU	Quarterly	Details specified in ACAP
Report on Sanctions Imposed	PMU	As required	See section 2.7.1

Annex 6 presents a typical list of files to be made available on the PMU website


The PMU may decide to publish other information from time to time, or update more frequently than specified.

The format of publication is flexible. For instance, some of the above information may be presented in the form of a quarterly newsletter as required on the websites for WB Projects. This will be determined by the PMU.

All procurement will be advertised on the EINRIP website. PMU will arrange the placement of advertisements for civil works, consultant services, and goods on the website.

SAMPLE A: Example of Contract Summary Progress for Web Site

EBL-01, TOHPATI - KOSAMBA, BALI PROVINCE		
Name of Package	:	EBL-01, TOHPATI – KOSAMBA Betterment Project
Contract No.	:	KU.08.08-727-40/EBL-01/NR/L/A/L002/1208
Contractor	:	JAYA KONSTRUKSI – DUTA GRAHA, JO
Consultant	:	EGIS BCEOM international, in joint venture with RENARDET,SA, PT. CIPTA STRATDA, PT.INDEC INTERNUSIA and PT.SEECONS
Contract Signed	:	December 5, 2008
Notice to Proceed	:	February 19, 2009
Commencement of Works	:	February 25, 2009
Contract Amount (Original)	:	Rp. 180, 000, 000, 000.00
Construction Period	:	18 months
Defects Notification Period	:	18 months
Project Scope	:	Tohpati - Kosamba Functional length – 26.85 kms Effective length – 10.79 kms Dual carriageway, 14 m 10 Bridges, 25 Culverts, 9 Syphons
Reporting Period	:	Augusta 2009

Physical Progress	:	Actual: 1.20 % Planned: 1.25% Deviation -0.05%
Contract Time elapsed (days and %)	:	65 Days 8.76%
Disbursement/Payment Status	:	10% (Adv. Payment) 1.134% (MC 1,2,3) Total: 11.34%
Project S-Curve	 <p>(Sample)</p>	
PROJECT ISSUES & ACTION		

2.6.2. Dissemination of Project Information

Information on the project website will be made available upon request to interested persons/organisations. This includes civil society organisations³ and the media.

The Provincial P2JN or the Balai should send requests for information in writing to the PMU. The PMU should record all requests, and respond within one week of receiving each request.

Work Units are required to publish the following information on a noticeboard outside their offices and at the location of each civil works package that they manage. Information should be added at the times specified below for each item:

- The official branding for AIPRD should be used, following the guidelines for Project Signage in the file www.indonesia.usaid.gov.au/branding/aipbrandingguidelines.pdf.
- Title: —The following works under the Eastern Indonesia National Roads Improvement Project (EINRIP) are funded by a loan from the Australian Government and managed by the Ministry of Public Works, Directorate General of Highways” – within two weeks after the Satker receives authorisation from DGH that each package has been budgeted and that the Loan has been declared Effective.
- Name of Project and brief description of works (for instance, —~~the~~ improvement of the link ... to ... from km ... to km ... measured from ...”) – as for Notice Board Title.
- Date and place of next proposed public meeting – at least one week before any public meeting on any aspect of the project, including Bid Opening.
- Complaints Handling Mechanisms (to be advised by PMU, see **Section 2.6.3**) – at the same time as announcement of the first public meeting.
- Name of the Supervision Engineer
- Name of the contractor and value of the contract – after contract award.

³ Civil society observers of procurement will not be used for EINRIP, unlike World Bank Projects.

- h. The time for completion (calendar days)
- i. The date of commencement of works
- j. Latest date of progress report – after each monthly progress certificate is approved.
- k. Percentage of works certified as complete – after each certificate is approved.
- l. Percentage of contract paid – after each certificate is approved.

Each time the Notice Board is updated, the Satker should inform the Balai and the PMU of the details of the information placed on the Notice Board. This is to ensure consistency in published information between agencies, and to enable dissemination to be monitored.

Figure 2-2 Example of Project Information Board

Australia Indonesia Partnership
Kemitraan Australia Indonesia

SNVT PEMBANGUNAN JALAN DAN JEMBATAN KALIMANTAN BARAT

The following works under the Eastern Indonesia National Roads Improvement Project (EINRIP) are funded by a loan from the Australian Government and managed by the Ministry of Public Works (MPW), Directorate General of Highways.

EINRIP PROJECT EKB-01
(Road Length: 31.50 KM, Km 00+00 to Pnk 76+500)

PROJECT DATA		PROGRES STATUS:	
Contractor	PT WIRTA KARYA	Physical Progress	Xx/xx/20xx %
Contract Amount	1,950,000	Financial Progress	Xx/xx %
Time for Completion	Cal. days		
Commence of work:	24/07/2009		
Supervision Engineer	Egis BCEOM		

PUBLIC MEETING (Proposed)	
	Xx/xx/20xx

Complaints may be submitted by post, telephone, fax or email to either the MPW Directorate of Planning (PMU) or the MPW Inspectorate General. Anonymous complaints are permitted.
 EINRIP PMU: Phone/Fax No.: 021-7394631 email: pmu.einrip@yahoo.com.
 MPW Inspectorate General: Phone: 021-7251539 Fax: 021- 7397792

Information can be obtained from: EINRIP website: <http://www.pmueinrip-binamarga.com>

2.6.3. Complaints Handling Procedures

The Regulation of the Minister for Public Works No.323/PRT/M/2005 —Concerning a Mechanism for Handling the Information from the Public relating to Public Works” and Ministry of Public Works Circulated Letter No. 262/SE/KK/2009 dated 11 June 2011, will be implemented for EINRIP with the following enhancements:

- (i) Complaints may be submitted by post, telephone, fax or email to either the MPW Directorate of Planning (PMU) or the MPW Inspectorate General. The party the complaint is submitted to is responsible for handling the complaint.
- (ii) Anonymous complaints are permitted.
- (iii) The identity of informants will be kept confidential. MPW will implement procedures to ensure this requirement is strictly enforced.
- (iv) All complaints will be responded to within 7 days of receipt.

- (v) Complaints will be referred in a timely manner to the independent audit firm or relevant Government of Indonesia agencies for investigation and prosecution as appropriate.
- (vi) Complaints deemed possible serious infringements may be further investigated by AusAID.
- (vii) The status of all complaints will be recorded and consolidated into a monthly report by the Inspectorate General, to the PMU and AusAID.

To inform the public of the complaints handling procedures, each Satker will include the following information on the Notice Board (see **Section 2.6.2**):

- a. The guarantee of confidentiality for informants.
- b. The methods and addresses for providing confidential information.

In addition, AusAID may establish a complaints handling mechanism to deal with complaints that are submitted directly to AusAID. In general, these complaints will be referred back to MPW for investigation and follow up.

2.7. Handling Corruption

2.7.1. Sanctions

Various types of sanctions are specified in the ACAP.

- a. **Timely procurement** – Specific requirements to ensure procurement exercises are conducted in a timely manner and sanctions for breach of these requirements. AusAID and MPW will ensure that the deadlines are adhered to on all procurement exercises. Due to the involvement of Procurement Advisory Services, and Procurement Agent, these requirements are delegated to them in **Sections 4.1.6** and **4.1.7**.
- b. **Sanctions for Companies** – including where evidence of fraud, collusion or corruption is found, MPW will immediately terminate the contract and may impose additional sanctions such as claiming forfeiture of the Performance Security, and/or blacklisting of the company; and cases where evidence of corruption is found and sanctions are imposed may be publicised on the EINRIP website.
- c. **Sanctions for Public Officials** – including relieving the officer of his/her duties on EINRIP during the investigation period.
- d. **Sanctions for Provinces** – the project may be suspended in any geographic location where corruption cases are not dealt with effectively.

The sanctions for corrupt companies and public officials are listed in **Annex 7**.

2.7.2. Protocols in case of Corruption

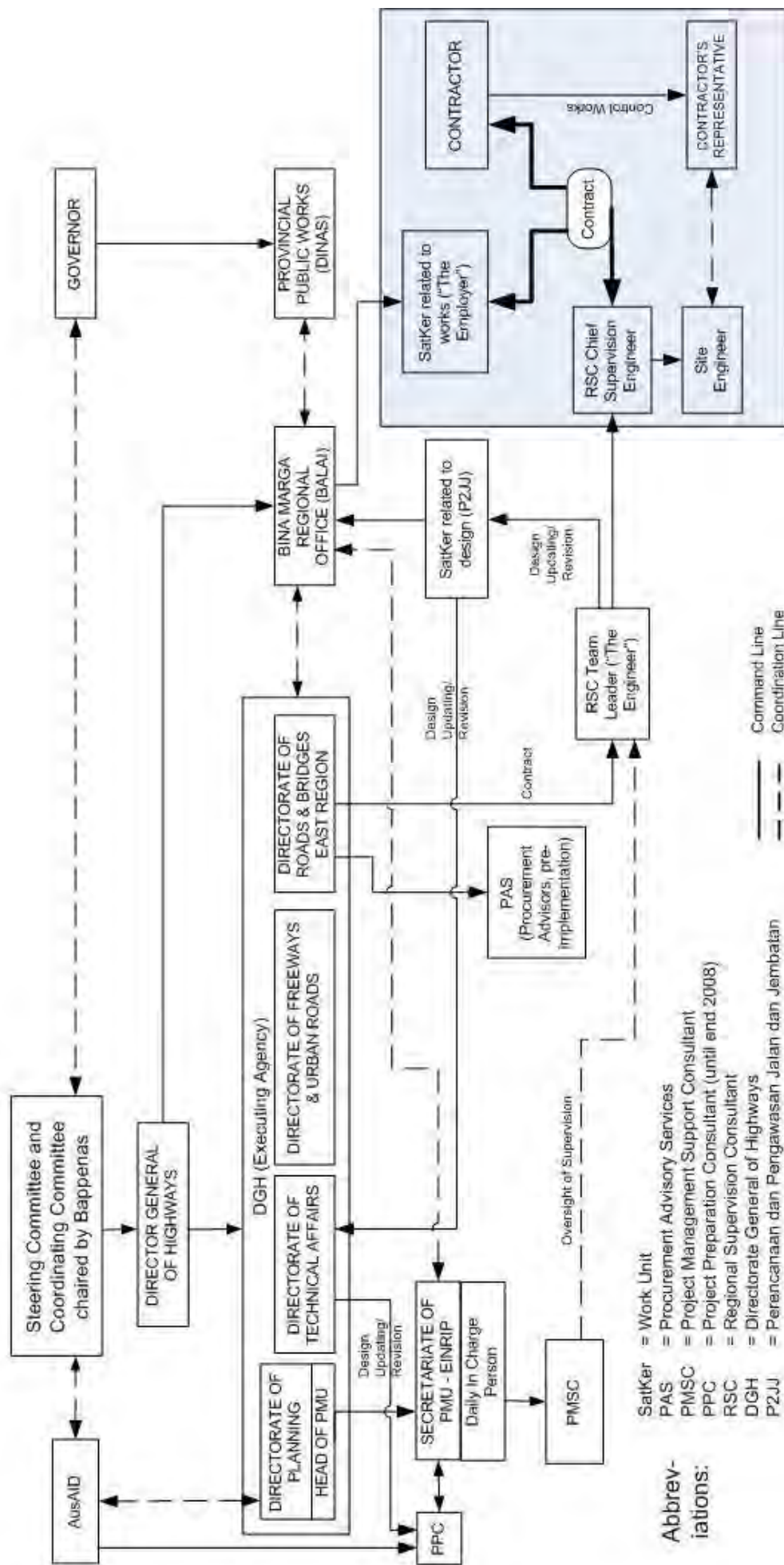
Once every 6 months there will be a meeting between MPW (Secretary General), Ministry of Finance (Director General, Treasury) and AusAID (Minister Counsellor) to discuss key audit report findings including those relating to fraud and corruption. An outline agenda for the meetings is shown in **Annex 4**. The meeting will review the actions already taken in response to those findings and require further actions as necessary, including:

- (i) a change to EINRIP procedures;
- (ii) disciplinary action against contractor/consultant and/or Government officials involved; referral of case for investigation/ prosecution by the Independent Auditor and/or relevant Government agency

So that the meetings have optimum value, PMU will establish an interim schedule for identification of cases well before the meeting date, and documentation of cases.

The six-monthly meeting will agree on which cases have reached a status appropriate to be published on the PMU website (see **Section 2.6.1**).

Figure 2-3 Project Organization for Implementation of Civil Works in Non-Metropolitan Areas (Pre-July 2010)



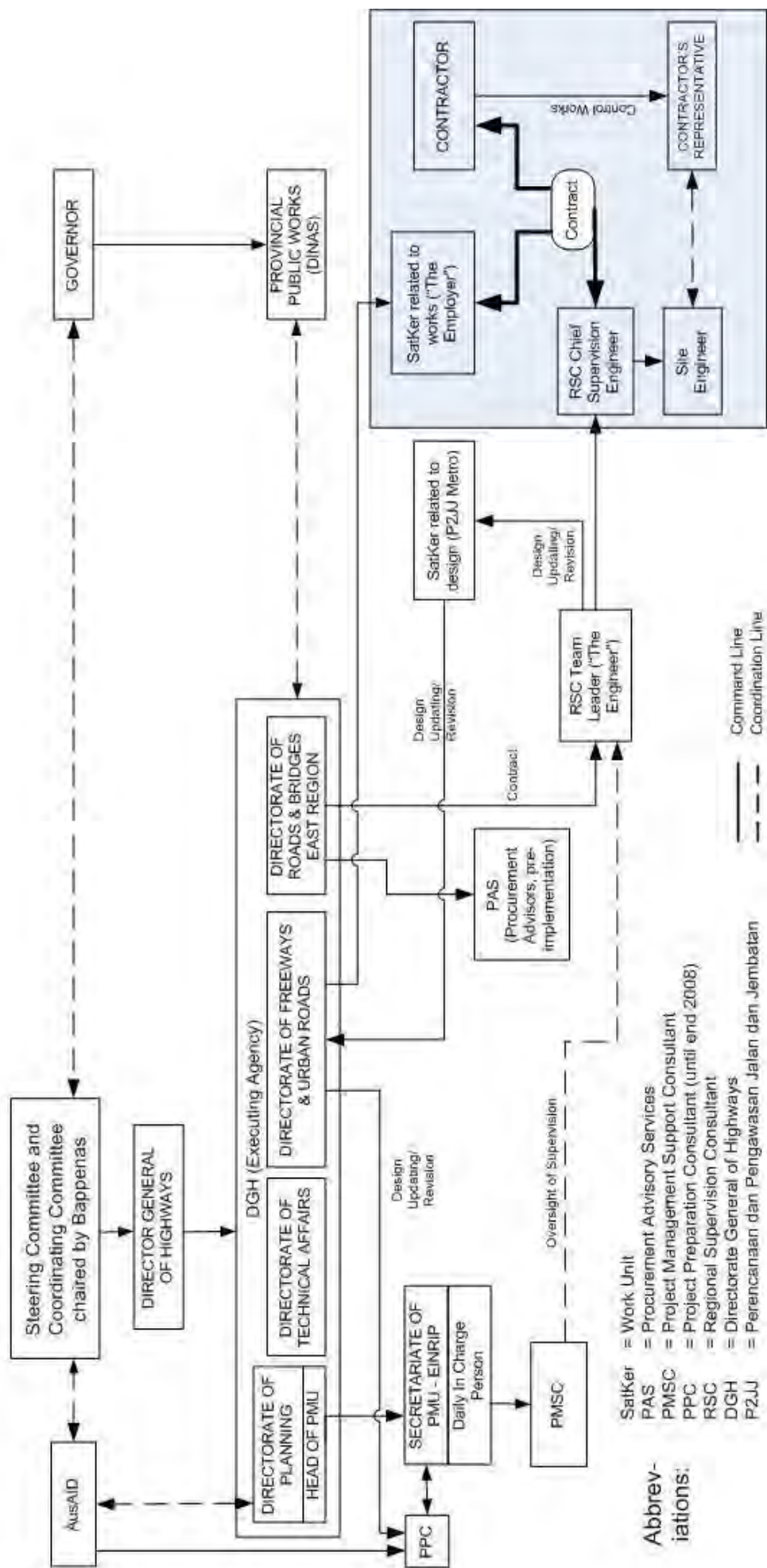
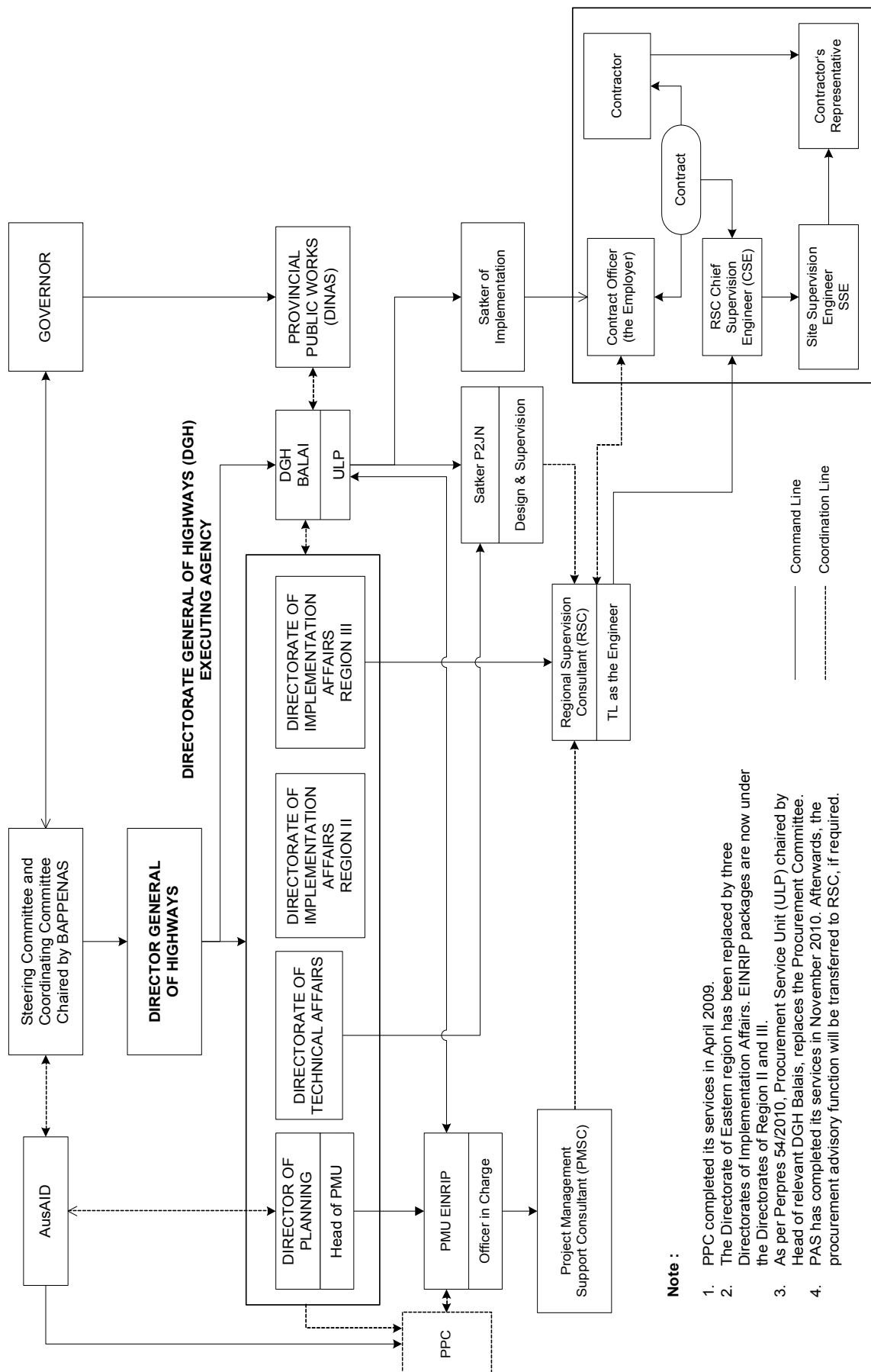


Figure 2-5 Project Organization for Implementation of EINRIP Civil Works (After July 2010)



Note :

1. PPC completed its services in April 2009.
2. The Directorate of Eastern region has been replaced by three Directorates of Implementation Affairs. EINRIP packages are now under the Directorates of Region II and III.
3. As per Perpres 54/2010, Procurement Service Unit (ULP) chaired by Head of relevant DGH Balais, replaces the Procurement Committee. PAS has completed its services in November 2010. Afterwards, the procurement advisory function will be transferred to RSC, if required.
- 4.

Chapter. 3 PROJECT PREPARATION

3.1. Loan Documents and Covenants

3.1.1. Project Implementation Plan

The EINRIP Project Implementation Plan was developed and modified in parallel with the identification and definition of the Project, during the period November 2006 – June 2007. The version used as the basis for Loan Negotiations was Version 12 dated 18 June 2007. It has now been superseded by this Project Management Manual.

3.1.2. Loan Agreements

Loan Negotiations were conducted in July 2007 and the Project Loan Agreement was signed on 7 September 2007.

The EINRIP Project Loan Agreement of 2007 [4] is integrated with a Partnership Loan Agreement for the Australia-Indonesia Partnership for Reconstruction and Development [5] which sets the framework for downstream Project Loan Agreements. The two loan agreements, including their respective Schedules (annexes) must be read together.

The Agreed Minutes of Negotiations explains the issues discussed and agreed at Loan Negotiations on 3 July 2007.

The Effectiveness Deadline was 6 December 2007 (90 days after the date of the Project Loan Agreement signed on 7 September 2007) or such later date as the Commonwealth may specify in writing to the Republic of Indonesia. Actual Effectiveness was declared on 4 March 2008.

Integral with the Project Loan Agreement are two Safeguard Agreements which were adopted by the Government of Indonesia before Loan Negotiations:

- a. The Environmental and Social Safeguards were signed by the Ministry of Public Works on 29 June 2007 and under the Project Loan Agreement are legally binding upon the Republic of Indonesia (see **Section 3.3**).
- b. The Anti-Corruption Action Plan (**Annex 3**) was signed by the Ministry of Public Works on 29 June 2007 and under the Project Loan Agreement is legally binding.

3.1.3. Additional Conditions of Effectiveness

The EINRIP Project Loan Agreement takes effect after fulfilment of the following conditions in addition to the Legal Opinion:

- a. The Steering Committee and the Secretariat to the Steering Committee have been established. (The decrees appointing the Steering Committee and the Secretariat to the Steering Committee are copied in **Annex 8**)
- b. The PMU has been established and the executive head and all of the required staff have been appointed. (The decree appointing the PMU is copied in **Annex 9**)
- c. The Project Management Manual (this PMM), satisfactory to the Commonwealth (the Government of Australia), has been adopted by the Republic of Indonesia.
- d. A Tax Letter, satisfactory to the Commonwealth, has been adopted by the Republic of Indonesia. The “Tax Letter” is a letter issued by the Republic of Indonesia setting out the procedures for the levy of, or the exemption from, taxes under the Project. (The Tax Letter(s) shall be inserted as **Annex 10**)
- e. The Procurement Committees for the procurement of the PAS, PMSC and RSC have been appointed, and expressions of interest for these consultant services have been advertised. (The appointment of the Procurement Committee and advertisement for Expression of Interest are copied in **Annex 11**)

- f. Guidelines, satisfactory to the Commonwealth, setting out the sanctions that shall be applied to consultants and contractors found to be involved in corrupt conduct associated with the Project, have been adopted. (The agreed Guidelines shall be inserted in **Annex 7**)
- g. Guidelines, satisfactory to the Commonwealth, setting out the sanctions that shall be applied to public officials found to be involved in corrupt conduct associated with the Project, have been adopted, such sanctions to include relieving the officer of his or her duties on the Project during the investigation period. (The agreed Guidelines shall be inserted in **Annex 7**)

When all criteria have been fulfilled, the PMU shall forward details to AusAID and request declaration of Loan Effectiveness under Clause 4 of the Loan Agreement.

3.2. Planning and Programming

Indicative works programmes for EINRIP were prepared before Loan Negotiations. They are subject to final approval of feasibility studies, final engineering design and environmental and social studies. Preliminary estimates were made in the Project Implementation Plan⁴ but may be revised without invalidating the PIP or the Loan Agreement.

Projects proposed for AWP1 Batch 1 were accepted by AusAID for inclusion in the programme, subject to completion of environmental and social screening, to confirm that there are no land acquisitions or resettlement requirements outstanding.

Feasibility studies and environmental/social screening remained to be completed for projects proposed as AWP1 Batch 2 in the PIP. AWP2 and AWP3 were also in preparation, for which candidates were listed in Annex 1 of the PIP. They will be selected up to the provisional ceiling amount for AWP 2/3 shown **Table 3-1**, which is subject to periodic adjustment by the PMU when contract costs for AWP1 are known, by subtraction from the Total Amount.

The amounts include the GOI component and all contingencies, but do not include VAT.

Table 3-1 Indicative Physical Works by Program

	AWP1 Batch 1		AWP1 Batch 2		AWP 2 & 3		Total	
	(km/m)	A\$m.	(km/m)	A\$m.	(km/m)	A\$m.	(km/m)	A\$m.
Road Betterment	254	73.0	537	131.2	166	45.7	956	249.9
Bridge Works	1,365	21.6	1,841	16.0	796	10.1	4,002	47.7
Total (Current Cost)		94.6		147.1		55.9		297.6
Bridge Trusses								11.1
Total (Roads & Bridges)								308.7

3.2.1. Project Selection Procedures

Project identification and evaluation was carried out by the Project Preparation Consultants with close monitoring by DGH and AusAID.

- a. A network screening study was carried out using IRMS to identify priority needs and corridor-level economic evaluation;
- b. Identification of major road corridors was based on perceived needs, not just on economic evaluation;
- c. A field review of priority corridors was undertaken, and social and environmental impacts and required mitigation measures were identified;
- d. DGH and regional priorities for road improvement were reviewed;
- e. A Draft AWP1/2/3 was prepared after detailed feasibility review.

⁴ Referring to Tables 1.2A and 1.2B, and Annexes 1 and 3 of Project Implementation Plan

3.2.2. Categories of Works

Road and bridge works are limited in treatment types to:

- a. Road treatments are all Betterment including minor widening, with a limited number of capacity expansion projects;
- b. Periodic maintenance was not evaluated as an alternative treatment or included in the works programmes, except for short sections on projects where full betterment treatment is not needed;
- c. Long bridges which were not suitable for steel trusses will not be included in the bridge replacement programme.

Separate bridge work contract packages (civil works) may be:

- (i) On the same links as road work packages, if the number of bridges is sufficient to make an efficient package (more than say 5 bridges); or
- (ii) On other National roads in Eastern Indonesia, as part of a steel truss bridge replacement program, only for bridges with spans 30m and over.

3.2.3. Planning Cost Estimates

Planning cost estimates have relied on information from engineering design rather than on costs from other programmes, because of revision of design procedures and standards.

The main variable influencing cost per kilometre is pavement design width.

3.3. Environmental and Social Impact Assessment and Safeguards

At all stages of project preparation and implementation, careful consideration is to be given to environmental and social impact assessment, the identification of appropriate mitigation measures, and the preparation of necessary impact monitoring and management procedures. A separate document, —Guidelines for Implementation of Environmental and Social Safeguards”, has been prepared as part of this Project Management Manual, and identifies the procedures to be followed throughout the project preparation and implementation process.

Environmental and Social Safeguards (ESS) adopted for EINRIP are very similar to environmental and social management plans under ongoing World Bank-funded Projects⁵.

The key features of the ESS are described below. The ESS requires the PMM to provide detailed information on four aspects included in separate Guidelines for Implementation of Environmental and Social Safeguards for EINRIP [6]:

- a. Formats for reports on UKL/UPL studies and AMDAL studies, as in **ESS Section 1.2**.
- b. Preparation of UKL/UPL and AMDAL documentation, referred to in **ESS Section 2.1**.
- c. Report formats to be used for comprehensive Land Acquisition and Resettlement Action Plan (LARAP) and Simplified LARAP (SLARAP), referred to in **ESS Section 4.4**. Procedures for conducting LARAP and SLARAP are described in ESS Sections 4 to 8.
- d. Format of monthly progress reports on the implementation of LARAP and SLARAP studies including delivery of the compensation measures, referred to in **ESS Section 8.1**.

3.3.1. Environmental Screening and Studies

An Environmental Screening process determines what triggers the need for a full environmental impact assessment (AMDAL) or for an environmental mitigation and monitoring plan (UKL/UPL), based on

⁵ Environmental Management Plan (EMP) for EIRTP-2 dated May 2004;
Environmental and Social Assessment Management Plan (ESAMP) for SRIP, summarised in Project Appraisal Document, 2 June 2006

Regulations of the Minister of Environment No. 11 in 2006 [7] and the Regulation of Minister of Public Works No. 10 in 2008. AMDAL screening criteria now include bridges over 500 meters in length.

In addition to Indonesian environmental screening criteria, EINRIP projects must satisfy Australian environmental safeguards relating to a) significance of impact on nationally important biophysical and socio-cultural features, and b) occurrence of degradation of ecosystem components, any of which would require mandatory referral to the Australian Department of the Environment, Water, Heritage and the Arts (DEWHA) for assessment.

As this process is new, it is not possible to state whether Indonesian EIA studies will satisfy Australian DEWHA criteria. It is expected that after a referral is examined by DEWHA, DEWHA will provide written comments to DGH on environmental safeguards. After receiving these comments, DGH may modify guidance for later screening and studies under EINRIP.

AMDAL and UKL/UPL studies will be arranged by PPC and carried out either by PPC or by sub-contracted third parties. In both cases the Project Proponent will be DGH and the approving agency will be the Bapedalda/BLHD of the province.

The estimated time required for a UKL/UPL study is 3 – 4 months, and for an AMDAL study, 6 – 12 months. If an assessment by DEWHA is required, this should run concurrently.

3.3.2. Standard Environmental Clauses

For all works contracts, a set of standard environmental clauses (SECs) is included in Section 1.17 of the Technical Specification in the bidding documents. If one package requires additional treatment (whether or not as a result of environmental study), a set of Special Environmental Clauses (SpECs) may be added, to be included in a Special Specification.

Ongoing World Bank projects (EIRTP-2 and SRIP) have used the term 'standard operating procedures' (SOPs) instead of SECs.

The General Conditions of Contract (GC) Sub-Clause 6.7 require the Contractor to be responsible to encourage his personnel to attend a HIV/AIDS awareness program during the Contractor's working hours. The Special Condition related to this clause explains that the HIV/AIDS awareness program will be conducted by an approved service provider arranged by the consultant employed to assist the PMU. The Contractor remains responsible for other health and safety-related precautions for his personnel.

3.3.3. Social Safeguards

A Land Acquisition and Resettlement Policy Framework (LARF) guides the preparation of full LARAPs, simplified LARAPs and, for those Sub-projects where land was previously acquired, TRACER studies. The terms and procedures are described in separate Guidelines [6].

The LARF for EINRIP is very similar to the LARF for the ongoing World Bank projects. Key differences are highlighted in **Table 3-2**.

Table 3-2 Key Differences in Social Safeguards: EINRIP and WB Projects

LARF for EINRIP	LARF for WB Projects
General: The PPC will undertake all required subproject field surveys, environmental investigations and social studies according to the requirements of these Safeguards.	General: Selection of sub-projects must comply with World Bank Directive OD 4.20 (Indigenous Peoples) and Procedure OP 4.12 (Involuntary Resettlement); and with current Government of Indonesia laws and regulations.
Simplified LARAP = SLARAP	Abbreviated LARAP (SRIP); simplified LARAP (EIRTP2)
Criteria for SLARAP: If the number of Project-Affected Persons is less than 200 (40 households), or if less than 10% of productive assets are lost and if less than 25 people (5 households) are physically displaced.	Criteria for Abbreviated/simplified LARAP: If the number of Project-Affected Persons is less than 200, or if less than 10% of productive assets are lost and no people are physically displaced.

LARF for EINRIP	LARF for WB Projects
Land donation: The PMU should ensure that there is no pressure on or intimidation of the PAP in the process of land donation.	Land donation: The PMU and the Bank should ensure that there is no pressure on or intimidation of the PAP in the process of land donation.
Tracer Study: A due diligence study conducted to ensure proper procedures have been carried out if land acquisition and/or resettlement has occurred to prepare for a proposed sub-project after August 2005 (two years before Loan Signing).	Tracer Study: A due diligence study conducted to ensure proper procedures according to World Bank OP 4.12 have been carried out and the outcomes have been what would have been expected under this policy framework in the event land acquisition and/or resettlement has occurred in an area of a sub-project after May 2002 (EIRTP2) or October 2004 (SRIP).

3.3.4. Management of the Application of Safeguards

Environmental and social safeguard activities must be coordinated with planning, design and construction, as provided for in the companion document, —Guidelines for Implementation of ESS”.

The preparation and implementation of LARAP and SLARAPs will be the responsibility of the relevant local government agency, coordinated by BAPPEDA. Detailed responsibilities for each ESS activity are described in separate Guidelines [6].

Monitoring of environmental impacts during construction will be carried out as one of the supervision tasks, to be specified in the Terms of Reference of the RSC. The format for routine observation and reporting of environmental impacts is included in the Guidelines for ESS [6].

Monitoring the implementation of all aspects of the ESS is the responsibility of the PMU, supported by the PMSC.

3.3.5. Estimation of the Cost of Land Acquisition and Resettlement

The ESS requires that compensation be paid for land acquisition and resettlement based on:

- The pre-project or pre-displacement market value of land;
- The cost of any registration and transfer taxes;
- Material market price to build replacement buildings similar to the affected building or to repair a partially affected structure, including the cost of hauling materials and labour;
- Established price standards for various kinds of trees and cash crops;
- The cost of preparing land for agricultural and other use for resettlement;
- The cost of relocation assistance, which covers the cost of moving and an allowance equal to the local average cost of living in a transition period.

The cost of these items (abbreviated as Land Acquisition Costs) is estimated using the method explained in the Guidelines for ESS [6].

Land donation is an acceptable alternative to land acquisition where small areas of land are involved and where PAP/PAH are fully informed of their rights and can provide a written statement indicating willingness to donate land. The Kabupaten or Kota must be responsible for the cost to the PAP/PAH of any new ownership certificates and registration for the new area of land. PAP/PAH will also often receive a free fence or wall from the Kabupaten or Kota as compensation for the donation of land.

The amount budgeted for EINRIP in **Section 9.2.2.2** has been based on this method.

3.3.6. Monitoring of LARAP Implementation

Para A4.10.2 of ESS requires that independent institutions (such as local NGOs, Universities or similar) be retained to periodically carry out external monitoring and evaluation of the implementation of LARAPs. This will be managed by the PMU with the support of the PMSC.

3.3.7. Climate Change Impacts

In light of current reviews and potential revisions to AusAID guidelines and pending legislation it is important that the issue of "climate change impacts" is acknowledged. At a minimum, screening processes should include some informal review related to climate change. Screening should recognise and identify factors that will impact climate change criteria (causing increase in greenhouse gases, affected by rise in sea level etc.), note anticipated impacts and how they can be monitored, and identify possible mitigation measures. Future legislation and revised guidelines should be incorporated into this manual as they take effect.

3.4. Design

In order to improve the quality of design, and avoid design revisions during construction, EINRIP has devoted more resources to full engineering survey and design than other recent programmes on National Roads.

The design process is subject to The Road and Bridge Design and Revision Provision, DJJ/08/02 Edition, issued by Directorate of Technical Affairs, February 2008. The authorization of design preparation and the legalization of the documents based on the following categories:

Road Design Preparation

No.	Categories	Authorization and Approval	Overseen
1.	National/Strategic Roads	P2JJ/Balai	Head of Balai
2.	National/Strategic Roads with complex /special arrangement*	Subdit of Road Engineering	Director Of Technical-Affairs

* Roads with complex /special arrangement category will be decided by Dit. Technical Affairs

Bridge Design Preparation

No.	Categories	Authorization and Approval	Overseen
1.	Standard Bridges	P2JJ/Balai	Head of Balai
2.	Non-Standard/Special Bridges	Subdit of Bridge Engineering	Director Of Technical-Affairs

Standard bridges: truss, simple beam, slab system bridges.

Non-standard bridges: continuous beam, arch, cable system and other non standard bridges.

All designs and drawings have been completed by the Project Preparation Consultants, and bidding documents have been prepared to enable procurement to begin as soon as Procurement Committees complete the administrative preparations (see **Section 4.3.1 a.**). Approval to the design does not release professional responsibility of the consultant as specified in the Government Regulation PP No. 34 / 2006.

This section explains the key features of the improved design process, so that Implementing Units can make the most of the preparations to achieve a high quality product.

3.4.1. Design Brief

The Design Brief is the document which guides the design of the project. The Design Brief takes the information and data from the Feasibility Study (FS) and details the technical standards to be applied in the design and documentation. It will include the following:

- The project scope and specific technical performance criteria.
- Processes and responsibilities for reviewing and updating the design brief.
- Design review processes during the design.
- How to initiate, review, approve, record and implement design changes.
- Process for design verification during the design process to verify compliance with design references and guidelines.
- How to include independent Road Safety Audits of the designs into the design process.
- Review and agreement process with Bina Marga.

3.4.2. Design Report

A design report will be prepared for each sub-project on completion of design, and will comprise the following:

- Scope of works.
- Description of the existing condition which will include existing geometry, cross section, pavement type, general road condition.
- Description of the pre-design survey carried out which will include topography reconnaissance, road condition survey, bridge condition survey, hydrology survey.
- Site investigation including details on the topographical survey and methodology used including coordinates and angles on traverses, vertical control, pavement testing for existing roads including summaries of quantities of pavement distress/bridge distress, testing carried out and results of tests, hydrological field survey, rainfall data, drainage conditions and catchment area.
- Design standards and design criteria used in the design.
- Design outputs including drawing list and drawing specifications used.
- Cost estimation including analysis of pay items.

3.4.3. Design Updating/Revision during procurement

If for any reason, procurement is delayed significantly after the completion of designs, there is a risk that site conditions may have been affected by flooding, landslides, or other major events. This may require design to be revised, prior to starting procurement. Simplified Design is not applicable to EINRIP.

This sub-section provides for design changes before and during procurement stage only. Once the contract is awarded and Engineer appointed, design changes will be addressed as described in sub-section 8.2.1 (Design Revision).

Design Updating: Design Updating involves minor adjustments to the bidding documents e.g. correction of drawings list, adding missing drawings, correction to BOQ as a result of comparison with drawings, adding missing item, removing unnecessary items etc. without the need to modify the original authorised and legalised design. Such changes have to be informed to potential bidders at least 14 days before the last date of bid submission (Section 5.2.4).

Design Revision: Design Revision covers changes to the original authorised and legalised design e.g. change in type of construction, change in bridge design, realignment, addition of new structures, change due to a natural disaster etc. with impact on the target length, total cost and time for completion. Design revision should be legalised before the procurement process starts. If there is need

for design revision after start of procurement, then the bidding process has to be cancelled and new process started after revision is formalised.

For a Civil Works contract, the Satker/ PPK or other parties (Dit. Bina Pelaksanaan Wilayah, Balai and Dit. BinteK) will request the PMU to start the process of design updating. This request letter will be addressed to PMU with copy to RSC-TL and PMSC-TL. While the PPC is still in place, design updating/revision will be undertaken by the PPC at the request of the PMU. After demobilisation of the PPC, the RSC will take responsibility for such work.

For design updating (updating quantity, updating missing of quantity/ drawing), RSC will send a Report for Design Updating (with detailed calculation for design updating). This design Report will be evaluated by PMSC and recommendation provided to PMU. PMU will then inform the Satker/ PPK the details of updated design. Based on this letter, Satker/PPK will coordinate with Procurement Committee to update the Owner's Estimate and any revision to the bidding document.

For design revision (change in type of pavement, change type of upper / bottom structure), RSC should coordinate with P2JN and Dit BinteK. RSC should send the Report for Design Updating (with detailed calculation for design updating) addressed to PMU. PMU will send this report to Dit. BinteK for review and legalisation. Discussion between Dit. BinteK with Dit. Bina Pelaksanaan Wilayah, PMU, PMSC, RSC, Satker/ PPK may need coordination by PMU.

After design legalisation by BinteK, PMU will then inform the Satker/ PPK the details of revised design. Based on this letter, Satker/PPK will coordinate with Procurement Committee to update the Owner's Estimate and any revision to the bidding document.

In both cases, the responsibility of technical aspects rests with the RSC.

Where it is found that significant physical changes have occurred, designs and Contract Documents are to be fully revised to take account of changed conditions, properly supported by necessary field investigations and surveys.

The environmental and social impacts of any design revisions will need to be evaluated in the usual way.

A summary report of the design updating/revision undertaken, and Revised Drawings and Bidding Documents, are to be submitted to AusAID for review and issuance of a NOL.

3.4.4. New Layout of Standard Bidding Documents

Standard Bidding Documents (SBD) for International Competitive Bidding of civil works under EINRIP will follow SBD for Works issued by World Bank in April 2007. Changes from the document used in Eastern Indonesia under EIRTP-2 (November 2004) are as follows:

- a. Section numbering has been revised, as shown in **Table 3-3** overleaf. The Bill of Quantities that was previously in a separate section has been combined into Section IV, Bidding Forms. This also includes the Integrity Pact, although not part of World Bank SBD.
- b. The text of the General Conditions of Contract (new Section VII) has been replaced by FIDIC Conditions for use by Multilateral Development Banks.
- c. The World Bank has revised the User's Guide, which is separate from the SBD itself. The PMU will arrange for the User's Guide to be provided to all Committees as a separate document.

Although the new SBD has been translated into Indonesian, only the English version will be used in Bidding, and Part 3 of the English version will become part of the Contract.

3.5. Preparation of Other Components

3.5.1. Goods

Goods already identified include steel bridge trusses and office equipment for the PMU. Procurement will be by open tender, ICB for steel bridge trusses and NCB for office equipment.

- a. Steel bridge trusses will be procured for replacement of selected bridge spans **30m** and longer primarily for EINRIP civil works
- b. Office and communications equipment will be procured for the PMU.

In the revision to the loan category allocation, there is no longer any equipment that will be procured for PMU. Only Steel bridge trusses were procured under Goods category.

3.5.2. Incremental Operating Costs

Incremental operating costs include minor goods and services for the PMU. It excludes Government staff salaries and routine allowances/honoraria.

Procurement and payment procedures for IOC are described in **Sections 6.1.3, 9.2.2.2 and 9.3.3 (5)**.

3.5.3. Consultant Services

Terms of Reference for services described in **Section 2.4** (Consultant Services Funded Under the Project) are being prepared together by AusAID and DGH. TOR for services in **Section 2.5** (Other Related Consultant Services) are being prepared by AusAID, for review and approval by DGH and (for Audit) by the Inspectorate General, MPW.

Table 3-3 New and Old Layout of Standard Bidding Documents for ICB Works

S.B.D.- EIRTP-2 (2004)		S.B.D.- ICB EINRIP (2007)	
Section	Description	Section	Description
	Invitation for Bids		PART 1 - BIDDING PROCEDURES
I	Instructions to Bidders	I	Instructions to Bidders.....(ITB)
II	Bid Data Sheet	II	Bid Data Sheet.....(BDS)
III	Eligible Countries	III	Evaluation and Qualification Criteria
IV	Forms of Bid, Qualification Information, Letter of Acceptance, Agreement, Affidavit for Joint Operation and Appendix to Bid	IV	Bidding Forms <i>(including Form of Bid, Bill of Quantities, Integrity Pact, etc)</i>
V	Part I : General Conditions of Contract	V	Eligible Countries
VI	Part II : Conditions of Particular Application		PART 2 - WORKS REQUIREMENTS
VII	Specifications	VI	Works Requirements A - Scope of Works B - Specifications C - Drawings D - Supplementary Information
VIII	Drawings		PART 3 - CONDITIONS OF CONTRACT AND CONTRACT FORMS
IX	Bill of Quantities	VII	General Conditions(GC) - Annex for the Disputes Board
X	Security Forms	VIII	Particular Conditions(PC) - Part A Contract Data - Part B Specific Provisions
		IX	Annex to the Particular Conditions - Contract Forms.

Chapter. 4 GENERAL PROCUREMENT ARRANGEMENTS

4.1. Summary of Procurement Arrangements

Chapters 4 to 7 of the PMM outline the procurement procedures to be used for the project. These are based on the World Bank guidelines as amended by the Project Loan Agreement. In addition, the approval of the Minister of Public Works is required for contract awards above Rp.100 billion (~A\$ 12 million) in Article 8 of Perpres 54/2010. Under Article 17 of the Perpres, the approval of award up to Rp. 100 billion is given by the Head of Procurement Service Unit. Where World Bank guidelines as amended by the Project Loan Agreement are silent, the Government of Indonesia's tendering procedures will be used.

A. Civil Works

Prior to 2011, procurement for civil works was undertaken by DGH, through Procurement Committees that were appointed under the Provincial Work Unit for Road Construction (Satker Pembangunan Jalan) in each involved province, and with procurement support provided by the Procurement Advisory Services (PAS) Consultants. These Work Units were responsible to the Head of the related Balai. An exception to this was for a Metropolitan Road Construction Work Unit, which reported directly to Director of Freeways and Urban Roads.

Since 2011, procurement is being carried out by Procurement Service Unit, *Unit Layanan Pengadaan* (ULP) and its working group. In the transition period, the Head of Balai/Balai (Besar) will act as the Head of ULP in its working areas.

All Civil Works shall be procured under ICB procedures, without any limit on the estimated contract amount, for any prospective bidder from Australia, New Zealand and Indonesia. Eligibility criteria are explained in **Section 4.1.3**. Post qualification procedures will be applied.

Procurement procedures for Works are explained in this Chapter and in **Chapter 5**.

B. Goods

Goods in excess of A\$ 300,000 were procured under International Competitive Bidding. This only comprised the steel truss bridge procurement. Procurement was arranged by a Procurement Committee under a Work Unit in the DGH Directorate of Technical Affairs in 2008.

National competitive bidding may be used for the procurement of goods valued at less than A\$300,000. Eligibility criteria are explained in **Section 4.1.3**. The process for national competitive bidding is further subdivided into two separate procurement procedures:

- For goods estimated value of between Rp 50 million to A\$300,000, National competitive open tendering shall be used, subject to the eligibility provisions of the Loan.
- For goods with estimated value below Rp. 50 million, National competitive shopping shall be used, as defined in World Bank Guidelines supplemented by the provisions of Presidential Decree No. 80/2003, as amended by Perpres 8/2006 [3] or later amendments.

Procurement support for goods will be provided by the Procurement Advisory Services. Procurement procedures for Goods are explained in this Chapter and in **Chapter 6**.

C. Consultant Services

Consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection, and with procurement support to be provided by a Procurement Agent. Procurement shall be arranged as follows:

- For PMSC Services, by a Procurement Committee under a Work Unit in the DGH Directorate of Planning.

- For RSC Services, by a Procurement Committee under a Work Unit in the DGH Directorate of Eastern Region Roads and Bridges
- For PAS Services, by a Procurement Committee under a Work Unit in the DGH Directorate of Eastern Region Roads and Bridges

Procurement procedures for Services are explained in this Chapter and in **Chapter 7**.

4.1.1. Strengthened Procurement of Civil Works

MPW will engage a consultant to provide Procurement Advisory Services (PAS) for procurement of civil works and goods, and in general, procurement will not be able to commence until the PAS are fully mobilised. The Project Preparation Consultants (PPC) already engaged by AusAID may provide advisory support for initial packages, by agreement. The nature of services is described in **Section 4.1.6**.

As a precondition for AusAID's NOL to Start Procurement, the Procurement Advisory Services will report on the readiness of the Procurement Committees (after Perpres 54/2010 replaced by the Working Group of Procurement Service Unit), after training them based on the Standard Bidding Documents and this PMM. Therefore the Procurement Committees must be established early in the implementation period. The timing and location of Procurement Committees will be determined by the Draft Procurement Plan, which identifies packages for at least the first 18 months of the Project period. Therefore the first Procurement Committees shall be established as soon as the Draft Procurement Plan has been submitted by PMU to AusAID.

4.1.2. Procurement Guidelines

A. Civil Works and Goods

The general procurement requirements are outlined, in order of precedence, in the following documents:

- EINRIP Loan Agreement
- The World Bank's —Guidelines for Procurement under IBRD Loan and IDA Credits, May 2004, Revised October 1, 2006" (The Procurement Guidelines) – for works and goods, where references to "IBRD" or "Bank" to include AusAID.
- EINRIP Project Implementation Plan (PIP), June 2007
- the MDB/FIDIC Harmonised Standard Bidding Documents (MBD), March 2006, included in Standard Bidding Documents issued by the World Bank, April 2007.
- Presidential Decree No. 54 Of 2010 as the replacement for Presidential Decree No. 80 of 2003 Guidelines for Procurement Goods/ Services in GOI Institutions and its subsequent amendments, insofar as it is consistent with i), ii), iii) and iv) above, as varied by procurement arrangements set out in the Project Loan Agreement.

Post qualification procedures will be applied. The method of post-qualification is specified in the Bidding Documents, and explained in **Sections 5.3.2 and 6.2.10**.

A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to sub-contract part of the supply of goods as a condition of award of the contract – Schedule 2, Section II, Part B.II in **[4]**.

B. Consultant Services

All Consultant's services shall be procured in accordance with the World Bank's —Guidelines for Selection and Employment of Consultants by World Bank Borrowers, dated May 2004 and as revised as of October 1, 2006". In line with those guidelines, the Request for Proposals shall be based on the World Bank's —Standard Request for Proposals" (SRFP) dated May 2004.

There are no restrictions on the country of origin of consultant firms eligible to bid for services under EINRIP. A new Clause 8.2 has been added to the Partnership Loan Agreement, as follows:

—The Republic of Indonesia must ensure that, in the procurement of consultants services, no restrictions are applied as to the country of origin of firms or the geographical spread of the country of origin of firms.”

4.1.3. Eligibility

4.1.3.1. Nationality

All civil works and goods contracts will be subject to AIPRD eligibility criteria, which require that bidding shall be restricted to:

- (i) Entities carrying on business in Australia or New Zealand
- (ii) Entities carrying on business in the Republic of Indonesia, established in accordance with Indonesian laws and regulations, which, in the case of an incorporated company, has majority Indonesian local ownership or shareholding; and
- (iii) Entities that the Republic of Indonesia and the Commonwealth have agreed in writing are constituted in a way that reflects a spirit of partnership between Australia, the Republic of Indonesia and New Zealand

This includes goods to be procured by National Competitive Bidding, which is defined in the Project Loan Agreement to be identical with International Competitive Bidding.

The nationality criterion also applies to the nationality of subcontractors, but does not apply to the nationality of suppliers of goods or services for any part of the Contract.

AIPRD national eligibility criteria do not apply to consultant firms. However, firms from certain countries shall be ineligible if, by an act of compliance with a decision of the United Nations Security Council taken under Chapter VI of the Charter of the United Nations, the Borrower's country prohibits any import of goods or contracting of services from that country or any payments to persons or entities in that country.

4.1.3.2. Restrictive Practices

If a foreign firm is declared the lowest evaluated bidder, it shall be given a reasonable opportunity for registering for operation in Indonesia.

Foreign firms shall not be required to form an association (joint venture, consortium or sub-contract) with one or more qualified national firms as a condition of award of contract.

No preference of any kind shall be given to bidders. Regulations issued by a sectoral ministry, provincial regulation or local regulation, which restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable to procurement procedures under the Loan.

4.1.3.3. Ineligibility by Blacklisting

A bidder cannot be excluded from bidding on the basis of past performance unless there is evidence of due process in relation to the performance complaint and AusAID has provided prior written approval to the exclusion of the bidder.

4.1.3.4. Government-owned entities

Government-owned entities in the Employer's country shall be eligible only if they can establish that they are legally and financially autonomous and operate under commercial law. Also, they shall not be dependent agencies of the Employer.

4.1.4. Conflict of Interest

A Bidder for civil works or goods shall not have a conflict of interest. A Bidder may be considered to have a conflict of interest with one or more parties in the bidding process, if:

- (i) they have controlling partners in common; or
- (ii) they receive or have received any direct or indirect subsidy from any of them; or
- (iii) they have the same legal representative for purposes of this bid; or
- (iv) they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another Bidder, or influence the decisions of the Employer regarding this bidding process; or
- (v) a Bidder participates in more than one bid in this bidding process. Participation by a Bidder in more than one Bid will result in the disqualification of all Bids in which the party is involved. However, this does not limit the inclusion of the same subcontractor in more than one bid; or
- (vi) a Bidder participated as a consultant in the preparation of the design or technical specifications of the works that are the subject of the bid;
- (vii) a Bidder was affiliated with a firm or entity that has been hired (or is proposed to be hired) by the Employer or Borrower as Engineer for the contract.
- (viii) They have a relationship with any member of the procurement committee or any government officer directly involved in the project.

4.1.5. Procurement Plans

The Project Procurement Plan is to be submitted to AusAID for their NOL before procurement can commence. Subsequent amendments to the Plan must also be submitted to AusAID for their NOL.

On receipt of the relevant NOL, the PMU will send the Procurement Plans to each Work Unit appointed to manage a component of EINRIP.

If a Work Unit proposes to revise the planned dates of procurement by more than 7 days, the Work Unit must write to the PMU giving details and clear reasons supported by evidence for the proposal. PMU in coordination with the relevant Directorate of DGH will either reject the proposal, or seek AusAID's approval.

The Version 1 Procurement Plan for civil works and goods is shown in **Annex 12**. The most recent Procurement Plan Version 6 dated 8-June-2010, prior to finalisation of PMM revision, is also shown in **Annex 12**.

Sample format for Procurement Plans for consultant services is shown in **Annex 13**.

4.1.6. Role of Procurement Advisory Services (PAS)

Procurement Advisory Services (PAS) will provide ongoing support to the Procurement Committee and the Contract Officer (PPK) to help ensure the efficient and timely award of all contracts, free from the influence of collusive and fraudulent practices. After Perpres 54/2010 the Procurement Committee shall be read as the Working Group of Procurement Service Unit. The Procurement Advisors (or PPC in the interim) will provide the following services:

- a. Review all arrangements made to support project procurement, including the "readiness" of the procurement committee (staffing, experience, training); administrative and support arrangements; adequacy of equipment and materials; suitability and feasibility of the Procurement Schedule for the contract and related matters. This shall be done by observing the processes, documenting the qualifications and experience of staff, and preparing a report to the Director of Eastern Region, copied to Balai and PMU.

- b. Develop and oversee implementation of measures/protocols to avoid fraud and collusion in tender processes. This shall initially take the form of recommendations, and if new measures/protocols are approved, monitoring their implementation and application.
- c. Attend bid opening for all procurement exercises for individual packages and retain in a safe place a sealed set of all Bid Documents received. If the Advisor is unable to attend bid openings for any reason, he is to appoint a Public Notary (Notaris) to discharge his functions.
- d. Certify the Minutes of Bid Opening and any clarification of bids.
- e. Assist the Committee to understand the bidding documents and processes and to develop clarification questions if requested by the Committee.
- f. Assist the Committee in determining the correctness of qualification information by, for example, travelling to inspect resources claimed by Bidders.
- g. Implement a monitoring system to identify collusive trends, including monitoring implementation of the integrity pact for each procurement exercise.
- h. Develop and implement processes to avoid delays. If delays occur, report to DGH giving an opinion on whether the delay was avoidable or not, and on what sanction if any would be appropriate.
- i. Monitor the implementation of bid evaluation, post-qualification and award, and provide a report to DGH on each procurement exercise.
- j. Provide assistance with the progressive implementation of e-procurement in the provinces.
- k. Work with MPW on reviewing and implementing improvements to the procurement system; and
- l. Provide procurement training and capacity building.
- m. Keep confidential any information obtained from Procurement Committees.
- n. Prepare a report in English and Bahasa Indonesia on the proposed bidding arrangements and a report on the process of bidding for each package.

The Procurement Committee shall provide to the Procurement Advisor a copy of all information obtained during clarification of bids.

4.1.7. Role of Procurement Agent

MPW will work with an external Procurement Agent engaged by AusAID to support the MPW procurement committee in the selection process for the following contracts:

- Project Management Support Consultant (PMS);
- Regional Supervision Consultant (RSC) and
- Procurement Advisory Services (PAS)

The role of the Procurement Agent is to support the MPW procurement committee by providing procurement services at key points in the selection process, including providing recommendations to the Committee on short-listing and technical evaluation.

In the event of a difference of opinion between the Procurement Agent and the MPW procurement committee in relation to the recommendation for (i) short-listing or (ii) which firm should be selected for award, the parties will seek to resolve the difference holding the principle of a timely and accountable procurement process paramount. The Heads of Procurement Committees will be held responsible by the Minister of Public Works for their procurement decisions.

4.1.8. Integrity Pact

An Integrity Pact in the form as attached in the Bid Documents shall be signed by the Contract Officer (PPK) and all Procurement Committee members before tender advertisements are placed for civil works, goods or consultant services. After Perpres 54 the Integrity Pact shall be signed by the Head of Procurement Service Unit and all members of Working Group.

A blank Integrity Pact (without names of Contract Officer (PPK) or Procurement Committee members) shall be included in the Standard Bidding Documents for civil works and goods and in the Application for Expression of Interest for consultant services. This must be signed by the Bidder, a Copy should be bound in with the Bid or Expression of Interest including one for each firm in association, and the Original(s) should be enclosed in a separate envelope.

Each signature must be individually dated.

The Integrity Pact must not be signed together by all Bidders, as DGH and Procurement Committees/ Procurement Service Unit must keep strictly confidential the list of companies that have registered for bidding, until bid opening.

The Integrity Pact is not required for NCB Shopping (Limited Tender).

4.1.9. Failure of Bidding, and Rebidding

Bids shall not be rejected and new bids solicited without the Commonwealth's prior concurrence, through AusAID.

If rebidding is proposed for any reason, AusAID's prior concurrence is required. When the number of responsive bids is less than three, it is not automatically grounds for proposing rebidding.

If a Procurement Committee/ Working Group of Procurement Service Unit declare a tender to have failed, the Procurement Committee shall not immediately conduct re-bidding, but shall inform DGH and AusAID and recommend a course of action. (This replaces the guidance in Article 28 (4) of Keppres 80/2003 or Article 83 and 84 of Perpres 54/2010).

4.1.10. Objections

There will be no limit to the period during which objections and/or complaints to the award may be lodged. If objections are received, the Complaints Handling Procedure (**Section 2.6.3**) or Article 81 and 82 of Perpres 54/2010) shall be followed as appropriate. Unless AusAID provides express written advice to the contrary, if an appeal against the reply to an objection is lodged, the process of selection of the Contractor shall be postponed while awaiting the result of the appeal. (This replaces the guidance in Article 27 (6) of Keppres 80/2003 or Article 81 and 82 of Perpres 54/2010).

4.1.11. Misprocurement

AusAID will not declare misprocurement without first sharing and discussing all information with MPW's Inspectorate General (IG). It is understood that Minister for Public Works may forward the information to the Police (in the case of ordinary crime) or to the Attorney General (in the case of corruption).

4.1.12. Recommendation of Contract Award

Prior to 2011, each Procurement Committee was required to submit a bid evaluation report to the Directorate Road and Bridge for Eastern Region or the Directorate of Freeways and Urban Roads and Head Satker/PPK, copied to the related Balai. The concerned DGH Directorate and PMU will update information on the qualification of Bidders and ongoing commitments or multiple awards, and if necessary return to Procurement Committees for revision of award recommendations. The Directorates will submit the completed bid evaluation report to the Head of PMU to obtain approval (NOL) from AusAID (see also **Section 4.3.1**).

After 2011, the Procurement Committee shall be replaced by the working group of Procurement Service Unit. The Directorates of Implementation Affairs of Region II & III are responsible for EINRIP procurement and implementation.

4.2. Semi e-Procurement

This section describes the processes to be carried out by the Procurement Committee or Procurement Service Unit and the prospective Bidders under semi e-procurement. Each Procurement Committee must input its own data on the semi e-procurement system maintained by PUSDATA,

Intermediate stages between manual procurement and full e-procurement are named —Copy to Internet” (CTI), —Semi e-procurement”, and —Semi e-procurement Plus”, where the —Plus” option (with optional electronic submission of proposals) only applies for goods or services procured by central level at present.

4.2.1. Use of Semi e-Procurement

MPW’s semi e-procurement system will be used for the procurement of all civil works contracts. Some manual steps are required in parallel with online steps, for instance advertisements must be placed online as well as in newspapers. Some steps cannot be conducted online, for instance, bids can only be submitted in hard copy. Assistance of PUSDATA is still needed for displaying information which requires different forms provided in the e-procurement system, for example special design of Invitation for Bid complying the requirements of World Bank and AusAID, or Minutes of Bid Opening,

Since EINRIP Procurement Procedure doesn’t limit the objection period, objections and complaints process does not include in the MPW Semi e-Procurement system.

4.2.2. Registration for Semi e-Procurement system

Contractors who want to register and to participate in the EINRIP civil works and goods procurement under MPW Semi e-Procurement system shall have an access code (User-id and Password).

International Bidders can apply the access code on line at the following address:

<https://eproc.pu.go.id/publik/new/penyediajasa/persetujuan.asp?id=2>

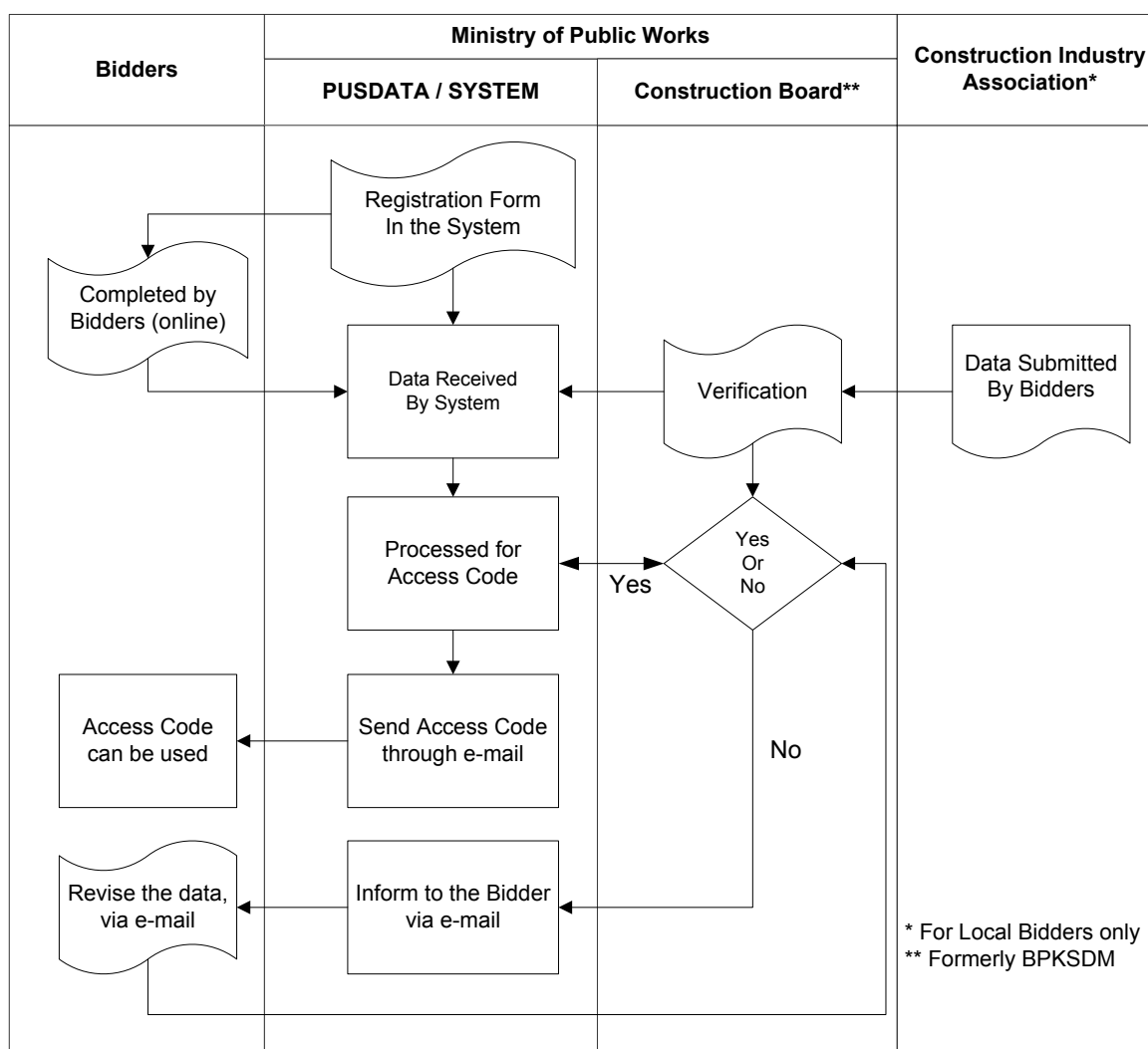
The access code can only be used for the EINRIP Project. Local Bidders can apply through <http://pu.go.id> with the same procedure as for APBN projects or still use the existing access code. The application for JVCA, or intended JVCA firms shall be carried out by the representative of JVCA. The representative has possessed an access code prior the registration for JVCA.

A contractor can participate in the form of a single entity or various forms of JVCAs, but they can’t bid in the same contract package. Participation by a Contractor in more than one Bid will result in the disqualification of all Bids in which the party is involved. However, this does not limit the inclusion of the same subcontractor in more than one bid.

The procedure of registration and Semi e-procurement for EINRIP project can be down loaded from the EINRIP website <http://www.pmueinrip-binamarga.com>

Figure 4-1 shows the registration process on MPW Semi e-procurement system for EINRIP.

Figure 4-1 Procedure of registration on MPW Semi e-procurement system for EINRIP



4.2.3. Semi e-procurement for Civil Works and Goods

Table 4-1 defines the scope of current options and the related manual processes. All Provinces can implement Semi e-Procurement Procedure.

Announcements of bidding must inform Bidders what they need to know about using the semi e-procurement system. Sample text for advertisements is given in **Section 5.2.2**,

Table 4-1 Steps for Procuring Goods/Works by Semi E-Procurement

Process/Activities Carried out by PC (Procurement Committee), or B (Prospective Bidders)		PUSDATA Assistance	Semi e-Procurement	Related Manual Process, whether Required (Req), Permitted (P) or Not Available/ Not Permitted (None)
Upload Tender Announcement	PC	√	√	Newspaper adv. + website Req
Obtain Access Code for EINRIP Semi e-proc.	B		√	
Upload of Bid Documents and Supplements	PC		√	Hard copy available Req
Registration of Bidders	B		√	(No manual registration) None
Download Bid Documents and Supplements	B		√	Hard copy, email or CD P
Submittal of Bid	B			Hard copy only Req
Upload Minutes of Bid Opening	PC	√	√	Available for bidders Req
Download Minutes of Bid Opening	B		√	Bidders receive minutes P
Upload Evaluation and Qualification Status	PC		√	Internal report (& to donor) Req
Download Evaluation and Qualification Status	B		√	
Clarifications	PC			In writing (not email) Req
Announcement of Proposed Winner	PC		√	Notice board & letter Req
Submittal of Objections	B			In writing (or email) P
Replies to Objections	PC			In writing (or email) P
Announcement of Winner	PC		√	Notice board & letter Req

The MPW e-procurement website provides online access to information for registered users. **Table 4-2** shows levels of access to information for Bidders and Procurement Committees.

Table 4-2 Scope of Information Available Online for Procurement of Goods/Works

Type of Information	How Bidders may Access	How Procurement Committee may Access
Bidder UserID and Password	Register to Semi e-proc	Email addresses only
Committee UserID and Password	No access	Register to Semi e-proc
* Bidder Registration for Prequalification	UserID, Password	No Access
List of Registered Firms	** UserID, Password	CommitteeID, Password
*** List of Candidate Firms for Pre-Qualification	Not Applicable	Not Applicable
*** Result of Pre-qualification	Not Applicable	Not Applicable
Bid Documents and Supplements	UserID, Password	CommitteeID, Password
Minutes of Bid Opening	UserID, Password	CommitteeID, Password
Report on Administrative and Qualification Status	UserID, Password	CommitteeID, Password
Announcement of Proposed Winner	UserID, Password	CommitteeID, Password
***Form for Submitting an Objection to the Winner	Not Applicable	Not Applicable
***Form for Responding to an Objection	Not Applicable	Not Applicable
***Announcement of Objections and Responses	Not Applicable	Not Applicable
Announcement of Winner	UserID, Password	CommitteeID, Password

* to be revised under EINRIP to "Bidder Registration"

** denied access under EINRIP; only the number of registered firms will be displayed for each package

*** de-activated under EINRIP

Prior to the commencement of procurement under EINRIP, MPW will ensure that the following enhancements to the semi e-procurement system are in place (noting current status):

- a. Automated email notification to all registered bidders of the availability of any additional document relating to the particular procurement exercise;
- b. Automated acknowledgement of receipt of email notification to all registered bidders of the availability of documents/supplements (functions only if recipient email address responds, e.g. rejecting receipt);
- c. The list of companies that registered for bidding must be kept confidential. (PUSDATA has modified the semi e-procurement system for SRIP and EINRIP so that the names of all firms who have registered cannot be viewed (item ** in **Table 4-2**);
- d. —Registration for Prequalification" in the e-procurement system shall be re-named —Registration of Interest", and the contents revised to avoid implying prequalification necessarily takes place (already implemented); and
- e. An English translation of the official Guideline for Users shall be provided on the e-procurement site (The English translation has been provided).

Semi e-procurement for Goods will be used for Open Tender procurement, both ICB and NCB, not for procurement of Incremental Operating Cost items by Shopping (Limited Tender) – see **Section 6.4**.

4.2.4. Semi e-Procurement for Consultant Services

Requests for Expression of Interest for EINRIP Consultancy Services have already been called, and procurement of the services is underway. Procurement of Consultants is not covered in detail in this PMM.

4.2.5. Pre-bid Meetings and Contractor Briefings

Because of the many changes in implementation procedures that are being introduced in EINRIP, and their likely impact on contractors' methods of work, there is need for increased effort in dissemination to the contractor industry on the improvements and modifications to the contracting environment.

a) Contractor Briefing

Due to the introduction of FIDIC based contract and improved procurement process under the World Bank's Guidelines, a series of contractor briefings will be held to disseminate important information about these changes to contractors. The seminars will be widely advertised on the project and PU websites and in selected newspapers.

The briefings will stress the changes in implementation resulting from the emphasis being given to improving quality and strengthening oversight. Particular attention will be given to use of the FIDIC contract, with the Supervision Consultant as the Engineer; the additional scrutiny of technical and financial audit; and the improved standards of engineering design. The issues of quality control, materials testing, programming of works, contract payments, delays and contract revisions will all be highlighted.

b) Pre-bid Meetings

In general, Pre-bid meetings for civil works procurement will not be held. Any communications between the committee and the bidders and vice versa shall be in writing and proper records maintained and referenced/disclosed in the semi e-Procurement System, including a description of the inquiry but without identifying its source.

Under circumstances where technical considerations justify a pre-bid meeting, such meetings can be held with approval from AusAID.

Should the Employer deem it necessary to amend the Bidding Document as a result of a request for clarification, it shall do so following the procedure under ITB 8 and ITB 22.2.

4.3. Review by AusAID

Based on the new regulation, Perpres 54/2010, the approval of the Minister of Public Works is required for award of contracts over Rp. 100 billion (previously Rp. 50 billion in Keppres 80/2003). In such cases, prior review of award by AusAID will be arranged in parallel (see Flow Chart for Procurement of Goods by Open Tender (ICB or NCB), **Figure 5-1** and Flow Chart for Procurement of Consultant Services).

4.3.1. Prior Review for Civil Works

AusAID will undertake Prior Review and Approval of all civil work procurement to support issuance of No Objection Letters (NOLs) at four stages of the procurement process, namely a) to start Procurement, b) Contract Award, c) Disbursement and d) Contract Amendments (if any). Certain actions related to civil works also require NOL from AusAID (see **Section 4.3.5**).

The documents which must be submitted for each contract by PMU for AusAID review and NOL issuance at each stage, and the initiating/authorising/certifying agencies for each document, are as follows:

a. NOL to Start Procurement

- i. Documentary evidence of the satisfactory completion of any environmental or social impact studies, any land acquisition studies or tracer studies approved by DGH SubDit Teknik Lingkungan who shall submit the study reports to PMU.
- ii. Owner's Estimate format and Engineer's Estimate – prepared by PPC, and approved by DGH (Dit Technical Affairs), Owner's Estimate prepared by relevant Work Unit, and approved by DGH (Dit Road and Bridges Eastern Region/Dit Freeways and Urban Roads) and PMU. After 2011 Owner's Estimate prepared by relevant Procurement Service Unit, and approved by DGH Civil Work PPK.
- iii. Timed Bidding schedule – to be prepared and issued by Work Unit/PPK to PMU
- iv. Invitation to Bid – to be prepared and issued by Procurement Committee/ Procurement Service Unit to PMU
- v. Bidding Documents, including Instructions to Bidders, General Conditions of Contract, Particular Conditions of Contract, Specifications and Schedule of Quantities – to be prepared by PPC, reviewed by DGH (Dit Technical Affairs) and issued by relevant Procurement Committee to PMU.
- vi. Integrity Pact signed by the Contract Officer (PPK) and each member of the Procurement Committee for the respective subproject and submitted to PMU. After 2011 Integrity Pact shall be signed by the Head of Procurement Service Unit and all members of its relevant working group.
- vii. Procurement Readiness Report – prepared by the Procurement Advisory Services or the successor unit and submitted to AusAID through PMU.

b. NOL for Contract Award

- i. Bid Evaluation Report – to be issued by the Procurement Committee for the contract and submitted to the concerned Directorate of DGH for updating of information on the qualification of Bidders and ongoing commitments or multiple awards, and forwarded to PMU for preparation of a covering letter to AusAID. After 2011, Bid Evaluation Report – to be issued by the Working Group of the Procurement Service Unit for the contract and submitted to the concerned Directorate of DGH, and forwarded to PMU for preparation of a covering letter to AusAID. The bid evaluation report shall include the following items:
 1. Bidding and evaluation schedule
 2. Bid opening record
 3. Evaluation of bids for administration, technical and reasonableness of price

4. Reasons for any bid being declared non-responsive
 5. Record of all clarifications (if any)
 6. Copy of the Invitation for Bid (IFB) in any relevant media, including copy page of the original newspaper showing the advertisement of IFB
 7. Copy of bid security and confirmation of authenticity from the issuing bank, for recommended lowest bidder.
 8. Qualification summary of the lowest evaluated bidder.
 9. Priced bill of quantities from the lowest evaluated bidder
 10. Detail of Owner's estimate
 11. Signed Integrity Pact for the lowest evaluated bidder
 12. Proposal for Award and the Draft of Letter of Acceptance
- ii. Draft Contract – to be issued by the Contract Officer (PPK) for the contract, and checked for completeness and consistency by PAS
 - iii. Satisfactory completion of all required land acquisition including documentary evidence that all PAPs have received compensation payments as established by any LARAP required for the project, and that all other requirements of the LARAP for assistance to be provided to PAPs have been or are being complied with.
- c. NOL for Disbursement
- i. Signed Contract – duly executed by DGH and the Contractor, together with details of any amendments to the approved Draft Contract.
 - ii. Documentary evidence that Team Leader of RSC has been duly appointed as the Engineer by DGH. This will include details of arrangements in relation to the authority of the Engineer (see **Section 8.1.1**).
- d. NOL for Contract Amendments (if any)
- i. Technical justification and considerations for costing and/or time for completion
 - ii. Correspondence between Engineer, Contract Officer (PPK) and Contractor
 - iii. Revised detailed work schedule by pay item

4.3.2. Prior Review for Goods

Review by AusAID shall occur at the following key points during the procurement of goods

- Finalisation of the bidding documents;
- Bid evaluation report and preparation of draft contract (with attachments as in **Section 4.3.1 b. i and ii**).

4.3.3. Prior Review for Consultant Services

Review by AusAID shall occur at the following key points during the procurement of consultants:

- Finalisation of Terms of Reference (TOR) and supporting documents
- Criteria for Short-listing of Consultants

- Advertisement for Expressions of Interest
- Recommendations on short-listing;
- Finalisation of the RFP;
- Recommendations on results of technical evaluation;
- Evaluation of price proposals and combined ranking based on technical and financial evaluation;
- Report on the proposed successful bidder, negotiated price and draft contract (with attachments as in **Section 4.3.1 b. i and ii**).

4.3.4. Review of NCB Shopping (Limited Tender)

Prior review shall not be required for NCB Shopping (Limited Tender). Review by AusAID shall occur after the evaluation report for the shopping procurement of goods and the draft contract / purchase order have been prepared by the PMU.

4.3.5. Specific Reviews

NOL is required for the appointment and duties of the Engineer, see **Section 8.1.1**.

Ad hoc review of design revisions may be required, see **Section 3.4.3**.

Review may be required for other specific purposes, for example related to fraud and corrupt practices involved during procurement or implementation, and there if is evidence in relation to a complaint. Ad hoc review might also be conducted in relation to contract performance, i.e. prior to rebid after contract termination by the Employer and the measures for findings of bad performance as the result of either technical or financial audit reports. Reviews are also required for addendum of bid documents and revised bid schedule, and the second and any subsequent extensions of bid and bid security validity during the bid evaluation process.

The PMU shall gather information from the source of any complaint or finding, determine whether it comes under any of the criteria of the PMM or Loan Agreement, and submit to AusAID for review if inconclusive.

Chapter. 5 PROCUREMENT OF WORKS

General procurement procedures are specified in **Chapter 4**. Further details of procurement are described in this chapter.

The process is outlined in the Flow Chart for Procurement of Works, **Figure 5-1**, page 70.

5.1. Preparation of Bidding Documents

Bidding documents for civil works shall use the MDB/FIDIC Harmonised Standard Bidding Documents (SBD), March 2006, as used in the World Bank's Standard Bidding Documents dated April 2007. The "—ring language" and "—~~to~~ language for communications" as defined in the SBD will be English. Materials in Bahasa Indonesia explaining the SBD shall be used for training and support purposes, and marked as "—~~at~~ valid as Bidding or Contract Documents".

Standard Bidding Documents have been prepared by PPC in cooperation with DGH's Directorate of Technical Affairs, and in parallel with preparation of detailed engineering designs. Work Units for implementation have been assigned by DGH. After approval of planning, designs and SBD by AusAID, PMU shall send designs and SBD to those Work Units to prepare Draft Bidding Documents, Owner's Estimates and Bidding Schedules, and send a copy to the related Balai. Only after the Work Unit's documents are approved by PMU, and AusAID has issued NOL to Start Procurement, shall tendering begin.

5.1.1. Contents of Bidding Documents

The Bidding Documents consist of Parts 1, 2, and 3, which include all the Sections indicated below, and should be read in conjunction with any Addenda issued in accordance with ITB 8.

PART 1 Bidding Procedures

- Section I. Instructions to Bidders (ITB)
- Section II. Bid Data Sheet (BDS)
- Section III. Evaluation Criteria and Qualification Criteria
- Section IV. Bidding Forms
- Section V. Eligible Countries

PART 2 Works Requirements

- Section VI. Works Requirements
 - VI-1: Scope of Works
 - VI-2: Specification, General and Special
 - VI-3: Drawings

PART 3 Conditions of Contract and Contract Forms

- Section VII. General Conditions (GC)
- Section VIII. Particular Conditions (PC)
- Section IX. Annex to the Particular Conditions - Contract Forms

The Invitation for Bids issued by the Employer is not part of the Bidding Document.

The Invitation for Bids shall be dated and given an identifying number in accordance with the document numbering system of the respective Work Unit. (For Contract numbering, see **Section 5.4**).

5.1.2. Bidding Procedures (Part 1 of Bidding Document)

The Instructions to Bidders including Bid Data Sheet provides the information to bidders on all aspects of the bid particular to the contract and includes the contents of the bidding documents, aspects related to the preparation of the bids, the submission and opening of the bids, evaluation and comparison of the bids and on the award of the contract.

No pre-bid conferences will be held, except with AusAID's prior written approval. Requests for such approval will be made by the Director General of Highways. In lieu of approval for pre-bid conferences, clarification provisions have been strengthened. A separate two-page **Reminder to Bidders for Civil Works** shall be provided to every Bidder, emphasizing critical issues which may cause a Bid to be declared unresponsive, see **Annex 14**.

The Reminder is in two languages attached in the bidding documents. Both versions shall be issued, while the English version shall take precedence.

Failure of a Bidder to receive the Reminder shall not be grounds for waiving any requirement, since the Sheet only repeats certain provisions of the full Instructions to Bidders, and does not add any new provisions or revise any provisions.

The Reminder also informs Bidders that some Clauses in the General Conditions have been amended, and the amended clause is shown in the Special Provisions section in the Special Conditions printed after the General Conditions. The related Clause/Clauses in the General Conditions have not been deleted.

A Guidance on Interpretation of Responsiveness for Civil Works Bid Evaluation will also be distributed to the Bidders to let them understand how the Procurement Committee interprets issues relating to the Bid Responsiveness.

5.1.3. Works Requirements (Part 2 of Bidding Document)

Comprises the Scope of Works, General Specifications and any Special Specifications and Drawings required for the subproject.

5.1.4. Conditions of Contract and Contract Forms (Part 3 of Bidding Document)

Provides the legal basis for the implementation of the works.

5.1.5. Owner's Estimate

The Working Group of the Procurement Service Unit (ULP) shall prepare the Bidding Schedule and Owner's Estimate as of the date of bidding, considering:

- a. Unit price analysis for respective pay items
- b. Engineer's Estimate (EE) for the sub project issued by PPC through DGH
- c. Local market prices based on survey at the time of preparation, for identical components of the pay items
- d. Contract price for recent works of similar quality at nearby locations
- e. Price/tariff of goods/services issued by manufactures/sole agents or independent institutions
- f. Standard price/tariff cost particulars issued by relevant suppliers
- g. Other reliable information

The Owner's Estimate includes Value Added Tax (VAT) shown separately and reasonable overhead cost and profit for the contractors, as well as a Provisional Sum for 50% of the cost of the Disputes Board (**see Section 8.3.11**), but must not include contingencies, or other costs.

The responsibility for approval of Owner's Estimate rests with the Contract Officer (PPK) for each contract, who must submit the draft owner's estimate to the related Directorates of Implementation

Affairs of Region II or III and the PMU for review of its accuracy at least 14 days before the scheduled date of advertisement. The PMU shall inform the Contract Officer of the results of review no later than two days before the scheduled date of advertisement. The PMU's review of the Owner's Estimate shall not relieve the Contract Officer (PPK) of the full responsibility for the Owner's Estimate. The bid document must not be issued without Contract Officer (PPK) approval of the Owner's Estimate. The total value of the Owner's Estimate shall be provided to all bidders in the advertisement for bidding – see **Section 5.2.2**.

The exchange rate to be used for determining the equivalent US\$ value in Owner's Estimate (OE) shall be the average rate calculated using the rolling 3 month history of the exchange rate based on the Transaction Selling Rate published by the Bank of Indonesia. The 3 month rolling period is taken as the latest complete month's period prior to the month during which OE is calculated.

The exchange rates to be used for this and all similar purposes shall be obtained from the BI website at the following address:

<http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>

The OE is needed as the basis to determine the amount of Bid Security (based on ITB 19.1), the minimum required amount to pass post qualification criteria for Average Annual Construction Turn Over, Cash Flow, Bid Capacity and Specific Experience.

5.2. Bidding Procedures

5.2.1. Qualification Criteria

Eligibility Criteria are defined in **Section 4.1.3**, are announced in the Advertisement for Bidding, and are applied in the Post Qualification procedure.

A Bidder may be an individual, private entity, government-owned entity — subject to ITB 4.6 — or any combination of such entities supported by a letter of intent to enter into an agreement or under an existing agreement in the form of joint venture, consortium or association (JVCA). In the case of a joint venture or association, all partners shall be jointly and severally liable, and shall nominate a Representative who shall have the authority to conduct all business for and on behalf of any and all the partners during the bidding process and, in the event the JVCA is awarded the Contract, during contract execution.

Single entities or each partner and all partners combined of JVCA must meet requirements in **Section III. Evaluation and Qualification Criteria (Without Prequalification)**

5.2.2. Advertisement for Bidding

An integrity pact shall be signed by the Contract Officer (PPK) and all Procurement Committee members before placing the advertisement for bidding (see **Section 4.1.8**). After 2011, the integrity pact shall be signed by the Head of Procurement Service Unit and all members of relevant Working Group).




All invitations For Bid (IFB) must be advertised in a national newspaper readily available in the province in which procurement is being undertaken (appointed by LKPP), and in relevant provincial newspapers (appointed by the Governor), on the MPW Semi E-Procurement system, on the EINRIP and dgmarket website.

Committees or Procurement Service Unit shall allow a minimum of 42 calendar-days (6 weeks) for the preparation and submission of bids (World Bank Guideline) and allow potential bidders to purchase bidding documents up to 24 hours prior to the deadline for the submission of bids. Therefore the Committee must not arrange bid submission on a day immediately after a non-working day. The bid opening for the combined evaluation bids of several contract packages involving several different Provincial Procurement Committees shall be in the same time.

Standard text below has been amended to meet the change of the organization and to be included in advertisement of tenders for Civil Works is as follows. The Procurement Service Unit should replace <text> with text relevant to each tender package. Announcements of bidding must also describe the semi e-procurement procedures. Use bold font where so marked.

Although the advertisement of IFB in the newspaper is more accessible for most Potential Bidders, but the EINRIP invitation standard text is relatively lengthy and costly. Therefore the text of IFB for newspaper may be reduced and add the information that the complete text can be down-loaded from the websites.

The reduced Standard Text IFB for Newspapers.

														
Australia Indonesia Partnership Kemitraan Australia Indonesia														
MINISTRY OF PUBLIC WORKS DIRECTORATE GENERAL OF HIGHWAYS SNVT <insert name of SNVT>														
EASTERN INDONESIA NATIONAL ROADS IMPROVEMENT PROJECT (EINRIP) LOAN No. AIPRD-L002														
IFB Number: <insert reference file number assigned by Committee>														
1. The Republic of Indonesia has received a loan of A\$ 300 million from the Australian Agency for International Development (AusAID) towards the cost of the Eastern Indonesia National Road Improvement Project (EINRIP), and intends to apply part of the proceeds of this loan to cover eligible payments under Contracts for <insert the code and the name of the contract package>.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Effective Length</td> <td style="width: 33%;">Owner Estimate</td> <td style="width: 33%;">Min. Bid Security</td> </tr> <tr> <td>..... km</td> <td>Rp.</td> <td>Rp.</td> </tr> <tr> <td>Time for Completion</td> <td>Minimum AACTO*</td> <td>Bid Validity period</td> </tr> <tr> <td>..... calendar days</td> <td>US\$.</td> <td>90 calendar days</td> </tr> </table>	Effective Length	Owner Estimate	Min. Bid Security km	Rp.	Rp.	Time for Completion	Minimum AACTO*	Bid Validity period calendar days	US\$.	90 calendar days		
Effective Length	Owner Estimate	Min. Bid Security												
..... km	Rp.	Rp.												
Time for Completion	Minimum AACTO*	Bid Validity period												
..... calendar days	US\$.	90 calendar days												
*) AACTO = Annual Average Construction Turn Over														
2. Bidding will be conducted under International Competitive Bidding procedures specified in World Bank's Guidelines: Procurement under IBRD Loans and IDA Credits, May 2004, Revised October 1, 2006, using the Ministry Public Work's Semi e-Procurement System, and shall be restricted to:														
a. Entities carrying on business in Australia or New Zealand. b. Entities carrying on business in the Republic of Indonesia, established in accordance with Indonesian law and regulations, which, in the case of incorporated company, has majority Indonesian local ownership or shareholding; and c. Entities that the Republic of Indonesia and the Commonwealth have agreed in writing are constituted in a way that reflects a spirit of partnership between Australia, the Republic of Indonesia and New Zealand.														
3. Qualification requirements for bidders are provided in the Bidding Documents.														
4. Bidders may choose to obtain bidding documents by down-loading from MPW e-procurement website (requiring an access code), or by request via email or air service to either the Procurement Service Unit (ULP) or the Directorate of <insert the name of the relevant Directorate within DGH> who will provide the documents on CD or hardcopy. Bidding documents will be available up to 24 hours prior to the deadline for submission. The addresses are: Procurement Service Unit (ULP) <insert the name of the Procurement Service Unit (ULP)>: Address : : : E-mail address : : : Directorate of <insert the name of the relevant Directorate>, Directorate General of Highways: Address : Phone No. : Fax No. : E-mail address :														
5. Bids must be delivered on or before 10.00 am Local Time on <insert date of bid closure>. Electronic bidding will not be permitted. Late bids will be rejected. The Address for delivery is the same as the address of the Procurement Service Unit (ULP) above or at the same address of the bid opening if the delivery is made on the same date as the bid opening.														
6. Bids will be opened at 10:15 am Local Time on <insert date of bid closure>. All bids must be accompanied by a Bid Security in an appropriate form as provided in the Bidding Documents. The address for Bid Opening is: <insert address where Bid Opening will be held>														
7. No Pre-Bid Meeting will be held. Clarification of bidding procedures can be requested from the Procurement Service Unit (ULP) at the above address from <insert date of this advertisement> up to <insert date 21 days before deadline for submission>. More detailed information regarding the Invitation for Bids can be downloaded from: EINRIP website: http://www.pmu-binamarga.com , Semi e-procurement system of Ministry Public Works, and DG Market.														
<insert Place of Domicile of Procurement Service Unit (ULP), Date of Advertisement>, Procurement Service Unit (ULP) <insert the name of the ULP>														

The Standard Text IFB for Websites



Australia Indonesia Partnership
Kemitraan Australia Indonesia



MINISTRY OF PUBLIC WORKS
DIRECTORATE GENERAL OF HIGHWAYS
SNVT *<insert name of SNVT>*

EASTERN INDONESIA NATIONAL ROADS IMPROVEMENT PROJECT (EINRIP)
LOAN No. AIPRD-L002

IFB Number: *<insert reference file number assigned by Committee>*

1. This Invitation for Bids follows the General Procurement Notice in DG Market Notice no. 72224000 on 26 August 2007 and Media Indonesia on 19 September 2007.
2. The Republic of Indonesia has received a loan of A\$ 300 million from the Australian Agency for International Development (AusAID) towards the cost of the Eastern Indonesia National Road Improvement Project (EINRIP), and intends to apply part of the proceeds of this loan to cover eligible payments under Contracts for *<insert the code and the name of the contract package>*.
3. The description of the project is:

Effective Length	Owner Estimate	Min. Bid Security
..... km	Rp.	Rp.
Time for Completion	Minimum AACTO*	Bid Validity Period
.... calendar days	US\$.	90 calendar days

*) AACTO = Annual Average Construction Turn Over

4. Bidding will be conducted under International Competitive Bidding procedures specified in World Bank's Guidelines: Procurement under IBRD Loans and IDA Credits, May 2004, Revised October 1, 2006, using the Ministry Public Work's Semi e-Procurement System, and shall be restricted to:
 - a. Entities carrying on business in Australia or New Zealand,
 - b. Entities carrying on business in the Republic of Indonesia, established in accordance with Indonesian law and regulations, which, in the case of incorporated company, has majority Indonesian local ownership or shareholding; and,
 - c. Entities that the Republic of Indonesia and the Commonwealth have agreed in writing are constituted in a way that reflects a spirit of partnership between Australia, the Republic of Indonesia and New Zealand.
5. International bidders who are interested to work in Indonesia should have a working license certification -Badan Usaha Jasa Konstruksi Asing – BUJKA" from Ministry of Public Works **prior to signing of a contract** (Public Works Ministry Decrees 50/PRT/M/1991 and 28/PRT/M/2007).
6. Qualification requirements for bidders are provided in the Bidding Documents.
7. Bidders may choose to obtain bidding documents by down-loading from MPW e-procurement website (requiring an access code), or by request via email or air service to either the Procurement Service Unit (ULP) or the Directorate *<insert the name of the relevant Directorate within DGH>* who will provide the documents on CD or hard copy. Bidding documents will be available up to 24 hours prior to the deadline for submission. The addresses are:

Procurement Service Unit (ULP) *<insert the name of the ULP>*

Address :

Phone/Fax No. :

E-mail address :

Directorate of *<insert the name of the relevant Directorate>*,

Address :

Phone No. :

Fax No. :

E-mail address :

8. Bids must be delivered on or before 10.00 am Local Time on *<insert date of bid closure>*. Electronic bidding will not be permitted. Late bids will be rejected. The Address for delivery is the same as the address of the Procurement Service Unit (ULP) above or at the same address of the bid opening, if the delivery is made on the same date as the bid opening.
9. Bids will be opened in the presence of the bidder's representatives at 10:15 am Local Time on *<insert date of bid closure>*. All bids must be accompanied by a Bid Security in an appropriate form as provided in the Bidding Documents. The address for Bid Opening is: *<insert address where Bid Opening will be held>*
10. No Pre-Bid Meeting will be held. Clarification of bidding procedures can be requested from the Procurement Service Unit (ULP) at the above address from *<insert date of this advertisement>* up to *<insert date 21 days before deadline for submission>*
11. All interested bidders – International and National – are required to register in the e-procurement system. To do so, the Bidder must register electronically through the procurement section of the Ministry of Public Works website, described below. Those bidders who obtain documents from dgMarket must also register as below.
12. An access code for international prospective bidders is available at <https://eproc.pu.go.id/publik/new/penyediajasa/persetujuan.asp?id=2> and for local bidders at www.pu.go.id, Access codes will be sent by email. One access code can be used to register for several contract packages. Separate registration is required for each package by each Bidder.
13. Interested contractors may form a Joint Venture, Joint Operation or Association, however each partner must fulfil qualification requirements for carrying out all of the required works. **Important:** a JV, JO, consortium or association **must apply** for its own access code before registering for a package, even if its individual member firms have already obtained an access code or registered for a package.
14. The e-procurement system displays in Bahasa Indonesia. For guidance in English on registration see <https://eproc.pu.go.id/publik/proyek/semieproc07/Manual.asp>

<insert Place of Domicile of Procurement Committee/ULP, Date of Advertisement>,

Procurement Service Unit (ULP) *<insert Name of ULP>*

The Procurement Service Unit should place the Invitation to Bid (standard text for websites) on the MPW Semi e-Procurement website, and send to PMU by fax and email, on the same day it is published. PMU will arrange the placement of the advertisement on the EINRIP website and dg Market. The assistance of PUSDATA is needed, since MPW Semi e-Procurement system provide a different standard form of tender notification, that is neither match with World Bank SBD nor EINRIP requirements.

5.2.3. Registration of Bidders

The Registration of Bidders can only be processed through the MPW Semi e-Procurement system. The system only allows a bidder to know the number of registered bidders but not the identity. International bidders may register through:

<https://eproc.pu.go.id/publik/new/penyediajasa/persetujuan.asp?id=2>. Then they will have an access code which will only be used for EINRIP Projects. Local bidders may register through <http://www.pu.go.id>, the same as for APBN projects.

DGH and Procurement Committees /Working Group of Procurement Service Unit must keep strictly confidential the list of companies that have registered for bidding, until bid opening. The Integrity Pact must not be signed together by all Bidders. **Section 4.1.8** has the procedure for handling Integrity Pacts.

If obtaining Bidding Documents by hand is permitted, the Procurement Committees/ Working Group shall record the name of each firm and signature of collecting person on a separate form. The set of forms with the names of firms obtaining the documents shall not be made available to any person.

Bidders may choose to obtain bidding documents by down-loading from MPW e-procurement website (requiring an access code), or by request via email or air service to either the Procurement Committees/ Working Group of Procurement Service Unit or the relevant Directorate who will provide the documents on CD. The hard-copy format bidding documents may be obtained with the bidder's own cost in the printing/photo-copy shop which have been nominated by the Procurement Committee. Bidding documents will be available up to 24 hours prior to the deadline for submission.

Bids submitted by Bidders who have not registered to the MPW Semi e-Procurement System will be accepted.

The Employer is not responsible for the completeness of the Bidding Documents and their addenda, if they were not obtained directly from the source stated by the Employer in the Invitation for Bids (ITB 6.3).

5.2.4. Clarifications

a. Information for Bidders

A prospective Bidder requiring any clarification of the Bidding Document shall contact the Employer (Procurement Committees /Working Group of Procurement Service Unit) - in writing at the Employer's address indicated in the ITB 7.1 in the BDS. The Employer will respond in writing to any request for clarification no later than fourteen (14) calendar days prior to the deadline of bid submission, provided that such request is received no later than twenty-one (21) calendar days prior to the deadline for submission of bids (ITB 7.1). The Employer shall forward copies of its response to all Bidders who have acquired the Bidding Document in accordance with ITB 6.3, including a description of the inquiry but without identifying its source. Should the Employer deem it necessary to amend the Bidding Document as a result of a request for clarification, it shall do so following the procedure under ITB 8 and ITB 22.2.

b. Addendum of the Bid Documents

The employer may amend the Bidding Documents by issuing addenda at least fourteen (14) days prior to the deadline for submission of bids. The Addendum will be issued after NOL to the addendum is issued by AusAID. Any addendum issued shall be part of the Bidding Documents and shall be communicated in writing to all who have obtained the Bidding Document from the Employer in accordance with ITB 6.3. Bidders who register to MPW Semi e-Procurement System will be informed through email when the Addendum posted in the Semi e-procurement.

The Employer may, at its discretion, extend the deadline for the submission of bids by amending the Bidding Documents in accordance with ITB 8, in which case all rights and obligations of the Employer and Bidders previously subject to the deadline shall thereafter be subject to the deadline as extended (ITB 22.2).

The information about an extension of bid submission deadline and/or issuance of Addendum shall be advertised in the newspapers and websites.

c. Clarification of Bids

Clarification of bids shall be conducted in accordance with Section I. Instruction to Bidders, E. Evaluation and Comparison of Bids, Item 27 Clarification of Bids. See also **Section 5.3.1** on Evaluation of Bids.

5.2.5. Submission and Opening of Bids

- a. Bids submitted at the deadline shall be addressed to the same place for bid opening.
- b. Submission of Bids shall follow the procedures set out in ITB 21, ITB 22, ITB 23 and ITB 24 as well as **Annex 15** (Forms for Recording Civil Works Bids and Evaluation).
- c. Civil society group will be invited to attend key procurement steps, including bid opening, at least 7 days prior to the start of the activity. The representatives of the civil society shall report the process and note deficiencies of the process.
- d. Opening of Bids shall follow the procedures set out in ITB 25. The Employer (the Procurement Committees/ Working Group of Procurement Service Unit) shall open the bid in public, in the presence of Bidders or their representatives, civil society representatives, Procurement Advisors, and anyone who choose to attend, where bids are read out and recorded, along with a list of attendees. If the Procurement Advisor is unable to attend bid opening for any reason, he is to appoint a Public Notary (Notaris) to discharge their functions. To assist in carrying out the opening and preparing of the record, a check list is provided in **Annex 15**. The checklist should preferably be filled out for each bid during the time of actual reading out at the meeting.
- e. Original Bid Security which is not included in the bid or submitted separately during the bid opening will not be accepted.

Upon the completion of the bid opening, one set of the bid documents shall be given to the Procurement Advisor for its record. The original bid documents and two copies shall be retained in a safe place by the Procurement Committees/ Working Group of Procurement Service Unit for the evaluation. The Committee/ Working Group shall send two sets of sealed copies to PMU within 24 hours after the time of the bid submission, to be received by PMU at the following address:

PMU EINRIP

Directorate of Planning, Directorate General of Highways
Sapta Taruna Building, 8th floor
Jalan Patimura 20 Jakarta 1210

At the same time, the Procurement Committees/ Working Group shall send one copy of the completed Form 4 (Record of Bid Opening) and Appendix 8 to Bid and the Minute of the Bid Opening to each Bidder, Procurement Advisor, PMU, AusAID and MPW Semi e-Procurement System with the assistance of PUSDATA. PMU will upload the Bid Opening Record to EINRIP website. The Procurement Committee shall also submit the Attendance List of the Bid Opening, and the Comments of Civil Society Representatives to the PMU, Procurement Advisor, and AusAID.

5.3. Evaluation, Post-Qualification and Award

5.3.1. Evaluation of Bids

Section III of the Standard Bidding Documents contains all the criteria that the Procurement Committees/ Working Group of Procurement Service Unit shall use to evaluate bids. In accordance with ITB 34 and ITB 36, no other factors, methods or criteria shall be used. The Committee/Working Group's determination of a bid's responsiveness is to be based on the contents of the bid itself, as defined in ITB 11. The Procurement Committees/ Working Group may request the assistance of the Procurement Advisory Services in conducting the evaluation, but such assistance shall not relieve the Committee of responsibility for the evaluation. The Forms provided in **Annex 15** shall be used for

preparing the Bid Evaluation Report and Recommendation for Award of Contract submitted to AusAID for NOL.

Notwithstanding ITB 26.2, from the time of bid opening to the time of Contract award, if any Bidder wishes to contact the Procurement Committees/ Working Group on any matter related to the bidding process, it may do so in writing. Any attempt by a Bidder to influence the Employer in the evaluation of the bids or Contract award decisions may result in the rejection of its bid.

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning award shall not be disclosed to bidders or other persons not officially concerned with the process until the publication of contract award.

To assist in the examination, evaluation, and comparison of the bids, and qualification of the Bidders, the Working Group may, at its discretion, ask any Bidder for a clarification of its bid. Any clarification submitted by a Bidder that is not in response to a request by the Employer shall not be considered. The Employer's request for clarification and the response shall be in writing. No change in the prices or substance of the bid shall be sought, offered, or permitted, except to confirm the correction of arithmetics discovered by the Employer in the evaluation of the bids, in accordance with ITB 31. If a Bidder does not provide clarifications of its bid by the date and time set in the Contracting Agency's request for clarification, its bid may be rejected.

The Bids shall be evaluated based on the following procedure, explained in:

- a. Administrative evaluation
- b. Initial Identification of 3 lowest bids
- c. Technical evaluation
- d. Evaluation of Reasonableness of Price
- e. Post-qualification

First, all bids shall be verified based on the Administrative requirements. After that, the bids which pass the administrative evaluation shall be corrected for arithmetical errors and considered for discount offered, then for Bids in more than one currency or a non-Rupiah currency, the Bid shall be converted into Rupiah to determine the three lowest bids. Further evaluation will only be carried out for the three lowest bids. If the lowest bid fails, then the next lowest bid will be evaluated until finally the Procurement Committee can propose the lowest responsive bid for contract award and the other two (second and third) lowest bids as reserves.

The Bid Evaluation shall be presented in the forms in **Annex 15** (Preliminary Examination), which is derived from the Standard Evaluation Forms for Goods and Works published by World Bank in April 2006 and disseminated in Training for Procurement under SRIP (World Bank project) on 12 September 2007.

5.3.1.1. Administrative Evaluation

The purpose of administrative evaluation is to identify and reject bids that are incomplete, invalid or substantially non-responsive to the bidding documents and therefore are not to be considered further. The following procedure is based on the Preliminary Examination section in World Bank's Standard Bid Evaluation Forms (April 1996), except for the criterion —~~Eligibility~~” (included in Post-Qualification, see **Section 5.3.2**).

The administrative evaluation shall comprise the following checks to be carried out by the Procurement Committees/ Working Group of Procurement Service Unit and presented in Form 5 of **Annex 15** (Preliminary Examination). If a Bidder is not accepted for further evaluation on Form 5, reasons should be given in the Bid Evaluation Report. The following procedure clarifies the columns in Form 5 of **Annex 15**. **Annex 16** provides further guidance on interpretations of responsiveness during evaluation, particularly to interpret —~~minor~~ deviations”.

(5.3.1.1) Column (b) Verification

Validity of the bid should be checked for errors which may later disadvantage the Employer, not for simple omissions or blemishes. Examples include unclear identification of the Bidder, lack of evidence of an agreement for a joint venture etc. This includes Bid Submission Sheet Validity of bid, joint venture agreement, required legal documents, power of attorney for person signing the bid. If a bid is not substantially responsive to the requirements of the Bidding Document, it shall be rejected by the Employer and may not subsequently be made responsive by correction of the material deviation, reservation, or omission (see ITB 29.4). To interpret the responsiveness, please refer to **Annex 16 of PMM**: Guidance on Interpretation of Responsiveness for Civil Works Bid Evaluation.

If information and/or documents included in the original proposal differ from the copies, those in the original proposal shall prevail.

1. Required legal documents: Completeness of the bid documents, including post qualification information as required in **Appendix 8 to Bid List of Documents Comprising The Bid**. The bidder is expected to examine all instructions, forms, terms, and specifications in the Bidding Documents. Failure to furnish all information or documentation required by the Bidding Documents may result in the rejection of the bid (ITB 6.4). Appendix 8 to Bid, The List of Substantial Important Documents Comprising the Bid, provides the information on documents included in the bid as read out during the bid opening.
2. Correctness/verification of the substantial bid documents, namely:
 - a. JVCA Agreement (if any):
 - Alternatively, a Letter of Intent to execute a joint venture, consortium or association (JVCA) in the event of successful bid signed by all partner and submitted with the bid, together with a copy of the proposed agreement
 - Signed by the Authorized Representative
 - In the case of a JVCA, one of the partners shall declare that it is responsible for completion of the whole of the works
 - An Affidavit Agreement / letter of Intent shall be legalised by Public Notary
 - b. Power of Attorney (if any):
 - Signed by the recipient of the power of attorney and the Executive Director of the Company. The name of the recipient of the power of attorney shall be legalised by Public Notary or included in the Company Establishment Act and its successive changes.
 - Authorized Representative named in the JVCA Agreement is the person who has the authority to conduct all business for and on behalf of any and all the partners of the JVCA during the bidding process, awarding contract, and executing contract.
 - c. Bid Submission Sheet:
 - Signed by Executive Director or person authorised by Executive Director.
 - The Bid shall remain valid for the period specified in the BDS
 - Specify the discounts offered and the methodology for their application
 - Specify the bid price.
 - Provided with sufficient duty stamp and dated.
 - Signed by the Authorized Representative as stated in the Affidavit agreement /Letter of Intent for JVCA.
 - Prepared using the relevant forms furnished in Section IV, Bidding Forms.

d. Integrity Pact:

- A blank Integrity Pact signed by the Bidder shall be enclosed with the bid (**Section 4.1.8**). The absence of a signed and dated Integrity Pact will cause the bid to be rejected as non responsive.

(5.3.1.1) Column (c) Bid Security

Validity of the bid security should be checked for errors which may later disadvantage the Employer, not for unsubstantial differences in format with the model form. This includes authenticity (by confirmation of authenticity from the issuing bank), Bidder's or joint venture's name, correct amount, correct validity, project name, effective date, no additional conditions.

- Any bid not accompanied by a substantially responsive bid security shall be rejected as not responsive.
- The Bid Security shall be submitted either using the Bid Security Form included in Section IV, Bidding Forms, or another substantially similar format approved by the Employer prior to bid submission. The Procurement Committee shall clarify ambiguous wording, if any, to the Bank providing the bid security if time is available before bid submission, or reject the proposed alternative format.
- The bid security shall be a demand guarantee in the form of an unconditional bank guarantee issued by a reputable bank. An International Bank providing a bid security shall have a correspondent bank in Indonesia.
- Procurement Committees/ The Working Group of Procurement Service Unit shall make written confirmation to the Bank providing a Bid Security, to assure whether the Bid Security is authentic and valid for the amount and period specified.
- The bid security of a JVCA shall be in the name of the JVCA submitting the bid. If the JVCA has not been legally constituted into a legally enforceable JVCA at the time of bidding, the bid security shall be in the names of all future partners as named in the letter of intent referred to in ITB 4.1.
- The bid security shall be rejected if it does not include all conditions prescribed in the Form of Bid Security (Option 1 and Option 2).
- The domestic bidders are encouraged to use the Form of Bid Security Option 2.
- The bid security may be forfeited:
 - If a Bidder withdraws its bid during the period of bid validity
 - If the successful Bidder fails to sign the contract in accordance with ITB 40 or furnish a performance security in accordance with ITB 41 or accept the correction of arithmetical errors in accordance with ITB 31, or accept to carry out the items against which no rate or price is entered by the Bidder in accordance with ITB 14.2 and the payment is considered to be covered in other pay items.
 - If the successful bidder does not agree to provide increased performance security (10% of OE) due to a seriously unbalanced bid including a very low bid compared to the Owner's Estimate, or a front-loaded bid, as defined in **Section 5.3.1.5**.
- The name of the contract package, the validity and the amount of the Bid Security shall be as stated in the BDS. If the amount of bid security stated in words is different from that stated in numbers, then it shall be clarified to the Bank providing the bid security.
- The name of the Obligor of the bid security is the same as the name of the Employer who procures the work. If it is different, then it should be clarified to the Bank providing the bid security.
- The name of the principal of the bid security is the same as the name of the bidder as stated in the letter of bid.

- The bid security of the successful Bidder shall be returned as promptly as possible once the successful Bidder has signed the contract and furnished the required performance security.
- The bid security of unsuccessful Bidders shall be returned as promptly as possible upon the successful Bidder's furnishing of the performance security as in ITB 41.

(5.3.1.1) Column (d) Completeness of Bid

Completeness of bid refers to a check of missing items. This includes Partial quantities of a particular item—bids not offering all of the required items should ordinarily be considered non-responsive. However, under works contracts, missing prices for occasional work items are considered to be included in closely related items.

a. Priced Bill of Quantities:

- Prepared using the relevant forms furnished in Section IV, Bidding Forms. The forms must be completed without any alteration to the text, and no substitutes shall be accepted except as provided under ITB 20.2
- A rate or price shall be entered against each item in the priced Bill of Quantities. The cost of items against which the bidder has failed to enter a rate or price shall be deemed to be covered by other rates and prices entered in the Bill of Quantities.

(5.3.1.1) Column (e) Substantial Responsiveness

Major deviations to the commercial requirements and technical specifications are a basis for the rejection of bids. Examples are Alternative specifications, inadequate work program, avoidance of responsibilities and liabilities.

A Guidance on Interpretation of Responsiveness for Civil works Bid Evaluation as attached in Appendix 16 is one of the references for interpreting vague issues in Bid Evaluation. This Guidance is distributed to either the Procurement Committees/ Working Group of Procurement Service Unit or the Bidders.

(5.3.1.1) Column (f) Accepted for Further Evaluation? (5.3.1.4)

Enter Yes or No for each firm subject to Administrative Evaluation. If a Bidder is marked **-No** (not accepted for further evaluation), reasons should be given in the Bid Evaluation Report.

5.3.1.2. Identification of Three Lowest Bids

First, all bids which pass administrative evaluation shall be corrected for arithmetical errors in line with ITB 31.1 and for unconditional discounts offered under ITB 14.4, and shall be reported in Form 6 of **Annex 15**, Corrections and Unconditional Discounts. Bids which have non-material non-conformities which can be quantified shall be handled in accordance with the procedure described in **Section 5.3.1.3** Non-material Non-conformities.

Then Bids in more than one currency or a non-Rupiah currency shall be converted into Rupiah in line with Option B in the Bid Data Sheet, using Form 7 in **Annex 15** where the exchange rate is stated together with the source of information for determining the rate. Then the currency conversion of the bids, for Option B as stated in the Bid Data, shall be reported in Form 8 of **Annex 15**, Currency Conversion (Multiple Currencies).

The bids shall then be ranked to determine the three lowest bids. Further evaluation shall be conducted of those three bids, as described below.

In evaluating the bid the Procurement Committees /Working Group of Procurement Service Unit shall consider the following:

- a. the bid price, including Provisional Sums and the provision, if any, for contingencies in the Summary Bill of Quantities, and also including Day-work items, where priced competitively;

- b. Price adjustment for correction of arithmetic errors in accordance with ITB 31.1; if the Bidder that submitted the lowest evaluated bid does not accept the correction of errors, its bid shall be rejected and the bid security shall be forfeited.
- c. price adjustment due to discounts offered in accordance with ITB 14.4;
- d. converting the amount resulting from applying a. to c. above, if relevant, to Indonesian Rupiah in accordance with ITB 32.1;
- e. price adjustment due to quantifiable non material nonconformities in accordance with ITB 30.3;
- f. the evaluation factors indicated in Section III, Evaluation and Qualification Criteria.

The estimated effect of the price adjustment provisions of the Conditions of Contract, applied over the period of execution of the Contract, shall not be taken into account in bid evaluation.

5.3.1.3. *Non-material Non-conformities*

Provided that a bid is substantially responsive, the Procurement Committees/ Working Group of Procurement Service Unit may ignore non-conformities in a bid that does not contain deviations, conditions, or material non-conformities.

Provided that a bid is substantially responsive, the Working Group may request that the Bidder submit the necessary information or documentation, within a reasonable period of time, to rectify nonmaterial nonconformities in the bid related to documentation requirements. Requesting information or documentation on such nonconformities shall not be related to any aspect of the price of the bid. Failure of the Bidder to comply with the request may result in the rejection of its bid.

Omissions of Quantities and Pay Items in the bid should not be adjusted. But the Bid may be accepted as responsive, and this item shall be deemed covered by the rates for other items and prices in the BoQ. If the Pay Item is shown in the BoQ but with no unit rate or a zero unit rate, this item shall be deemed covered by the rates for other items and prices in the BoQ.

5.3.1.4. *Technical Evaluation (no standard format is provided)*

The Procurement Committees /Working Group of Procurement Service Unit shall examine the technical aspects of the bid submitted in accordance with ITB 16, Technical Proposal, in particular to confirm that all requirements of Section VI, Works Requirements have been met without any material deviation or reservation. In the process of evaluating the Technical Proposal, the Procurement Committees/ Working Group shall examine the requirement of the bid document related to the site organization, method statement, mobilization schedule, construction schedule, personnel and equipment. In the event that the result of evaluation is not responsive to the requirement of the bid document, the Procurement Committees/ Working Group shall not immediately disqualify the bidder, instead request in writing for clarification at reasonable period of time prior to decision on responsiveness. Requesting information or documentation on such non conformities shall not be related to any aspect of the price of the bid. Failure of the Bidder to comply with the request may result in the rejection of its bid.

This includes the following aspects:

- a. Construction Method:
 - Shall comply with the bidding document and demonstrate the Bidder's technical perspective how to accomplish the work.
 - If there are inconsistencies or unclear information between the construction method and any other document, the Procurement committee may clarify in writing to the Bidders prior to the decision on responsiveness.
- b. Construction Schedule:
 - Shall not exceed the time for completion specified in the bidding document.
 - The activities sequence of works can technically be implemented in reasonable manner and time.

- The Procurement Committees/ Working Group of Procurement Service Unit may clarify in writing to the Bidders prior to the decision on responsiveness.

c. Resources:

- The types, capacities, compositions, and number of the equipment provided in the bid shall be at least those specified in the bid document.
- Full time key personnel numbers and qualifications shall comply with those specified in the bid document.
- The parts of works proposed to be subcontracted shall meet the requirement in the bid document./ Working Group of Procurement Service Unit may request clarification in writing from the Bidders prior to the decision on responsiveness

5.3.1.5. Evaluation of Reasonableness of Price

A seriously unbalanced bid is one (for example) where more than one quarter of the Selected Pay Items vary by more than 25% from the unit rates in the Owner's Estimate, and the total price of those items is also vary by more than 25% from the unit rates in the Owner's Estimate, or the total bid price is less than 70% of the Owner's Estimate. A front-loaded bid is one (for example) where the proposed progress schedule exceeds the progress schedule in the Owner's Estimate by more than 20% of the bid price in any month in the first quarter of the project period.

If the bid, which results in the lowest Evaluated Bid Price, is seriously unbalanced or front loaded in the opinion of the Procurement Committee, the Procurement Committee may require the Bidder to produce detailed price analyses for any or all items of the Bill of Quantities, to demonstrate the internal consistency of those prices with the construction methods and schedule proposed. After evaluation of the price analyses, taking into consideration the schedule of estimated Contract payments, the Procurement Committee may require that the amount of the performance security be increased at the expense of the Bidder to ten percent (10%) of the Owner's Estimate amount to protect the Employer against financial loss in the event of default of the successful Bidder under the Contract. This method shall also be applied to very low bids compared to the Owner Estimate. If the successful bidder does not agree to provide such increased performance security, the bid shall be disqualified and the performance security shall be forfeited.

5.3.2. Post-Qualification

The Procurement Committees/ Working Group of Procurement Service Unit shall determine to its satisfaction whether the Bidder that is selected as having submitted the lowest evaluated and substantially responsive bid meets the qualifying criteria specified in Section III, Evaluation and Qualification Criteria. The determination shall be based upon an examination of the documentary evidence of the Bidder's qualifications submitted by the Bidder, pursuant to ITB 17.1.

In addition, Post-qualification shall include an eligibility check of blacklists (MPW, World Bank or other Donors). If any of the three lowest evaluated bidders is the subject of a performance complaint, the Committee must investigate the complaint, and if there is evidence that due process was followed, must immediately request AusAID approval to disqualify that firm, and await the reply from AusAID before they issue a recommendation for award to the lowest eligible firm.

An affirmative determination on all aspects shall be a prerequisite for award of the Contract to the Bidder. A negative determination on any aspect shall result in disqualification of the bid, in which event the Employer shall proceed to the next lowest evaluated bid to make a similar determination of that Bidder's qualifications to perform satisfactorily.

Section III of the Standard Bidding Documents provides an outline of the criteria to be applied in order to the lowest three responsive bidders in Post-Qualification. The system is pass/fail at each sets of steps, as explained in **Figure 5-3** and the text below.

5.3.2.1. Eligibility

Eligibility criteria involving nationality, blacklisting and Government-owned entities are defined in **Section 4.1.3**.

Ineligibility on grounds of Conflict of Interest is defined in **Section 4.1.4**.

5.3.2.2. Historical Contract Non-Performance

Qualification will be in accordance with ITB Section 3, Sub factors 2.2.1 and 2.2.2.

The exchange rate to be used for determining the equivalent US\$ value in Sub Factor 2.2.1 and 2.2.2 shall be the Transaction Selling Rate published by the Bank of Indonesia 28 days prior to the latest date of bid submission. The exchange rate shall be obtained from the BI website at the following address:

<http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>

5.3.2.3. Financial Situation

Qualification will be in accordance with ITB Section 3 Sub factors, 2.3.1, 2.3.2 and 2.3.3. Single entities and each partner of a JVCA shall meet the requirement.

The exchange rate to be used for determining the equivalent US\$ value in Sub Factor 2.3.1 and 2.3.2 shall be the Transaction Selling Rate published by the Bank of Indonesia applicable at the last day of the period reported. The exchange rates shall be obtained from the BI website at the following address:

<http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>

This means that if a bidder submits a financial statement ending in December 2008 then the exchange rate to be used is for 31 December 2008 or if not available the closest available date before the 31st. Similarly if the financial statement ended on 15th June 2007 then the applicable date is 30th June or if not available the closest available date before 30th.

The exchange rate to be used for determining the equivalent US\$ value in Sub Factor 2.3.3 shall be the Transaction Selling Rate published by the Bank of Indonesia 28 days prior to the latest date of bid submission. The exchange rate shall be obtained from the BI website at the following address:

<http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>

Sub factor 2.3.1 (**Historical Financial Performance**) includes two requirements that shall be met by either a single entity, or by each partner of a JVCA bidder, based on audited balance sheets for the last available five years, to demonstrate the current soundness of the Bidder's financial position and its prospective long term profitability. These are:

- a. Current net worth must be positive, calculated as the difference between total assets and total liabilities
- b. The pre-tax profit of the company has been positive for at least the last two years.

Sub factor 2.3.2 (**Average Annual Construction Turnover - AACTO**) requires a minimum average annual construction turnover (**AACTO**) of 1,5 V/T, calculated as the amount billed⁶ to clients each year for works in progress or completed, within the last five (5) years, where:

V = Owner Estimate

T = Time for Completion (in years)

Single entity must meet requirement, each partner of JVCA must meet 50% requirement and at least one partner of JVCA must meet requirement.

Sub factor 2.3.3 (**Financial Resources**) requires the Bidder to demonstrate access to, or availability of, financial resources such as liquid assets, unencumbered real assets, lines of credit, and other financial means, other than any contractual advance payments to meet:

⁶ Based on amounts certified for payment for works for the relevant contracts

- a. Cash-flow requirement for four months' project operation = $4 V/T$, where V is OE and T is Time for Completion (in month). Four months is based on 1 month of advance construction funding, 28 days (maximum) for Engineer to issue payment certificate, 56 days (maximum) for Employer to pay invoice, plus 7 days contingency;

AND

- b. the overall cash flow requirement for this contract and current commitments on other projects, usually named —**Bid Capacity**”, calculated based on the following assumption:

Bid Capacity = Contract Value **V** times factor **Z** related to interim payment frequency

For civil works with delayed monthly payments, a safe factor **Z** is assumed to be 0.3

To check whether a Bidder has Bid Capacity, his Net Worth is leveraged up by a factor **X** to allow for capital intensiveness of the business, and a reduction by factor **Y** is applied to Ongoing Commitments to account for their drain on capacity.

X x Net Worth - **Y** x Remaining Works (commitment) > **Z** x Contract Value, where

for civil works: X = 3, Y = 0.4 and Z = 0.3

Therefore **Bid Capacity = 3 NW – 0.4 RW**, **Minimum Bid Capacity = 0.3 V**

—Commitment” shall include the value of ongoing or committed works outside EINRIP.

Single entity must meet requirement, each partner of JVCA must meet 50% requirement and at least one partner of JVCA must meet requirement.

5.3.2.4. Experience

Qualification will be in accordance with ITB Section 3, Sub factors 2.4.1 and 2.4.2.

Sub factor 2.4.1 (General Experience) requires experience under contracts in the role of contractor, subcontractor, or management contractor for at least the last five years prior to the bid submission deadline, and with activity in at least six (6) months in each year including maintenance or defect notification works or defect liability works. The information shall be provided in the Form EXP-1 Single entities and each partner of a JVCA must meet the requirement.

Sub factor 2.4.2 (Specific Experience) has two parts: participation in similar contracts, and participation in key activities.

Similar Contracts: Participation as contractor, management contractor⁷, or subcontractor, in at least one contract within the last five years prior to the bid submission deadline, with a value of its participation at least fifty percent (50%) of the Owner Estimate (in US \$), that have been successfully and substantially completed and that are similar to the proposed Works. The similarity shall be based on the nature of project, complexity or methods/technology used for implementation. Section VI Work Requirements describes the project and can be used for guidance. The inclusion of similar types of works (asphalt pavement, granular pavements, earthworks and structures) should be considered to determine similarity.

The information shall be provided in the Form EXP-2a. Single entities and at least one partner of a JVCA must meet the requirement.

Key Activities: For the above or other contracts executed during the last 5 years, the bidder must show that he has carried out work with a minimum experience in the following key activities demonstrated as the highest production rate achieved by the bidder (not an associate) on any one contract.

⁷ A management contractor does not perform the work directly but contracts out and manages the work of other contractors, taking on the full responsibility and risk for price, quality, and timely performance.

The requirement for key activities entered into the bid document by the PC is calculated by 0.5 x the quantity of the item in the contract BoQ divided by the time for completion in months.

E.g. Asphalt Concrete = $x \text{ m}^3$ per month

$$x = \frac{\text{total quantity of asphalt in the BOQ} \times 0.5}{\text{Time for Completion for particular item (months)}}$$

The bidder must provide MCs for one of its contracts showing that the required production rate was achieved in at least one month.

The information shall be provided in the Form EXP-2b. Single entities or all and a JVCA must meet the requirement.

The exchange rate to be used for determining the equivalent US\$ value in Sub Factor 2.4.2 shall be the Transaction Selling Rate published by the Bank of Indonesia applicable at the date of the latest Addendum to a particular contract. The exchange rate can be obtained from the BI website at the following address:

<http://www.bi.go.id/web/en/Moneter/Kurs+Bank+Indonesia/Kurs+Transaksi/>

5.3.2.5. Personnel and Equipment

Qualification will be in accordance with ITB Section 3, Sub factors 2.5 and 2.6.

The Bidder must demonstrate that it has the personnel for the key position that meet the requirements.

No.	Position	Total Experience in Similar/Equivalent	
		Work (years)	Position (years)
1	General Superintendent (GS)	10	5
2	Quality Control Manager	6	3

The Bidder shall provide details of the proposed personnel and the experience record using Forms PER-1 and PER-2 included in Section IV, Bidding Forms.

Equipment for post qualification – owned, or agreement to lease or rent or commitment to purchase. This list does not constitute complete or sufficient equipment set for the project. It is the minimum equipment set the bidder must either own or be able to demonstrate access via agreement to purchase, or lease or via an acceptable subcontract or supply agreement, to pass Post Qualification.

Bidder must also submit a complete equipment list for mobilization to execute the proposed Method of Work plan Refer Appendix1 to Bid and Method Statement. The equipment list for mobilization shall be presented in the Appendix 3b to Bid including the capacity, the quantity and the cost for mobilization. The equipment list for mobilization shall include the Minimum Equipment Set for Post Qualification.

No.	Equipment Type and Characteristics	Minimum Number required
1	For Asphalt Road Works : Asphalt Mixing Plant, weight batch delivery system, cap. min. _____ [insert the capacity based on the quantity of hot mix required and the Time for Completion] ton/hour	[insert the number required]
2	For PC Concrete Road and/or Bridge Works : Portland Cement Concrete Batching Plant, cap. min. _____ [insert the capacity based on the quantity of PC concrete required and the Time for Completion] ton/hour	[insert the number required]
3	Stone Crusher, cap. min. _____ [insert the capacity based on the quantity of crushed aggregate required and the Time for Completion] ton/hour	[insert the number required]

No.	Equipment Type and Characteristics	Minimum Number required
4.	Other key equipment approved by relevant Directorate of Eastern Region/ Implementation, DGH for example bored pile or pile driving equipment	<i>[insert the number required]</i>

The Bidder shall provide further details of proposed items of equipment using Form EQU in Section IV, Bidding Forms.

5.3.3. Coordination among Procurement Committees for Multiple Contracts

Coordination will need to be carried out with other Procurement Committees in DGH to identify if the lowest bidder after post qualification is also the lowest bidder on a separate tender undertaken at the same time. If this is the case then the PMU and the concerned Directorate(s) shall evaluate and compare bids on the basis of the combination of contracts, or as a total of contracts in order to arrive at the least cost combination for the Employer by taking into account discounts offered by Bidders in case of award of multiple contracts (cross-discounts).

If a Bidder submits several successful (lowest evaluated substantially responsive) bids, the evaluation will also include an assessment of the Bidder's capacity to meet the aggregated requirement regarding Experience, Cash flow capacity, Financial situation, Current contract commitment, Equipment to be allocated, and Personnel.

The qualifications of the Bidder having the lowest evaluated bid will be assessed and if found to be satisfying the aggregate for these contracts then the Bidder will be awarded such contracts.

In case the qualifications of the Bidder having the lowest evaluated bid do not satisfy the required aggregate then the DGH will consider award of the remaining contract(s) to the second lowest evaluated bidder(s). The determination on which contract(s) to be awarded to the lowest evaluated bidder will be based on the lowest combination of prices that will result from the different possible options of consideration for award to the second lowest bidder(s) for the contract(s) in question. The Bidders shall not be involved in this determination.

As the Committees to be coordinated may be in different provinces or under different Directorates, the PMU shall make the required calculations with the concerned Directorate(s), and make recommendation to the respective Committees. Note that coordination of procurement for multiple contracts involving separate Procurement Committees only applies if opening of bids is conducted simultaneously, so coordination begins with advertisement for bidding (**Section 5.2.2**).

5.3.4. Extension of Bid Validity Period

Generally bids are valid for 90 days from date of submission of bids. The bid security accompanying the bid shall be valid for 28 days beyond the original validity period of the bid. A bid or bid security valid for a shorter period shall be rejected by the PC as non responsive.

If, because of delays in evaluation, the contract cannot be awarded before bid validity expires the PC shall request all bidders that have passed the administrative evaluation to extend their bid validity for a period not exceeding 30 days. The bidders should also be requested to extend their bid securities by a similar period.

Should the contract award not be completed within this extended period the PC may request the bidders who accept the first extension for a second extension of the validity of the bid and the bid security for a further 30 days. This and any subsequent extension of the bid validity period requires a NOL from AusAID prior to extension. The request for a NOL should clearly indicate the reasons for delay in contract award.

The ITB, Clauses 18 and 19, refer.

5.3.5. Bid Evaluation Report

The bid evaluation report including the items listed under **Section 4.3.1 b.ii** shall be prepared and submitted by each Chairman of Procurement Committee (from Head of Balai as the Head of *Unit Layanan Pengadaan* – ULP, after Perpres 54/2010) to the concerned Directorate of Implementation Affairs (Region II or III) for PMU to submit to AusAID for their review and NOL.

At the same time, for contracts over Rp. 100 billion, the bid evaluation report and supporting documents will be submitted to the BPKons (*Badan Pembinaan Konstruksi*) - Construction Development Board, MPW (previously BPKSDM) for the approval of Minister of Public Works – see **Figure 5-4**.

The Proposed Contract Award Form is provided in Form 13 of **Annex 15**.

5.3.6. Award of Contract

The bid evaluation report including the items listed under **Section 4.3.1 b.ii** shall be prepared and submitted by each Chairman of Procurement Committee/ ULP to the concerned Contract Officer/Balai/Directorate for PMU to submit to AusAID for their review and NOL and to BPKons for the approval of Minister of Public Works (for contracts over Rp. 100 billion) – see **Figure 5-4**.

The Employer shall award the Contract to the Bidder whose offer has been determined to be the lowest evaluated bid and is substantially responsive to the Bidding Document, provided further that the Bidder is determined to be qualified to perform the Contract satisfactorily, including confirmation that AusAID has not excluded the Bidder in relation to a performance complaint.

The following documents are required to be evaluated by BPKons as a pre-condition for approval by the Minister:

- Announcement of the tender in any relevant media including copy page of the original newspaper showing the advertisement of IFB
- Official announcements of any clarifications or addenda (if any)
- The Bidding Documents
- Detail of Owner's estimate
- The Bid Evaluation and Qualification Report and its attachments, including Record of all clarifications (if any)
- Bid Documents for the proposed Winner, second and third placed Bidders (if the proposed winner is one of the three lowest-cost candidates)
- Copies of documents that have been disqualified (if the proposed winner is not one of the three lowest Bidders)
- Signed Integrity Pact for the three candidates
- Proposal for Award
- Copy of bid security and confirmation of authenticity from the issuing bank, for the three candidates
- Evidence of Completion of Land Acquisition (if any)
- Any other important documents

Loan Effectiveness (see **Section 3.1.3**) must be declared by AusAID before contracts can be awarded.

Prior to the expiration of the period of bid validity and upon receipt of the NOL from AusAID and Approval from Minister of Public Works (if required), the Head of Work Unit shall notify the successful Bidder, in writing (hereinafter called the Letter of Acceptance), that its bid has been accepted.

At the same time, the Head of Work Unit shall also notify all other Bidders of the results of the bidding as well as CTI to Semi e-Procurement System; and the PMU shall publish in EINRIP website and in dgMarket the result of the bid and the following information: (i) name of each Bidder who submitted a bid, (ii) bid prices as read out at Bid Opening, (iii) name and evaluated price of each Bid that was

evaluated, (iv) name of Bidders whose bids were rejected and the reason for their rejection, (v) name of the winning Bidder, (vi) the duration and summary scope of the contract awarded.

Until a formal contract is prepared and executed, the Letter of Acceptance shall constitute a binding contract.

The Employer shall promptly respond in writing to any unsuccessful Bidder who, after notification of award in accordance with ITB 39.1, requests in writing the grounds on which its bid was not selected.

Before signing contracts over Rp. 50 billion, the Contract Officer shall arrange to obtain a Legal Opinion for approval of contents of the Draft Contract from the Legal Affairs Bureau (MPW).

At the end of each procurement exercise, the Contract Officer shall prepare a report to the Balai /relevant Directorates and to the PMU. The report should include comments on activities and experience related to semi e-procurement, and PMU should send a copy to PUSDATA.

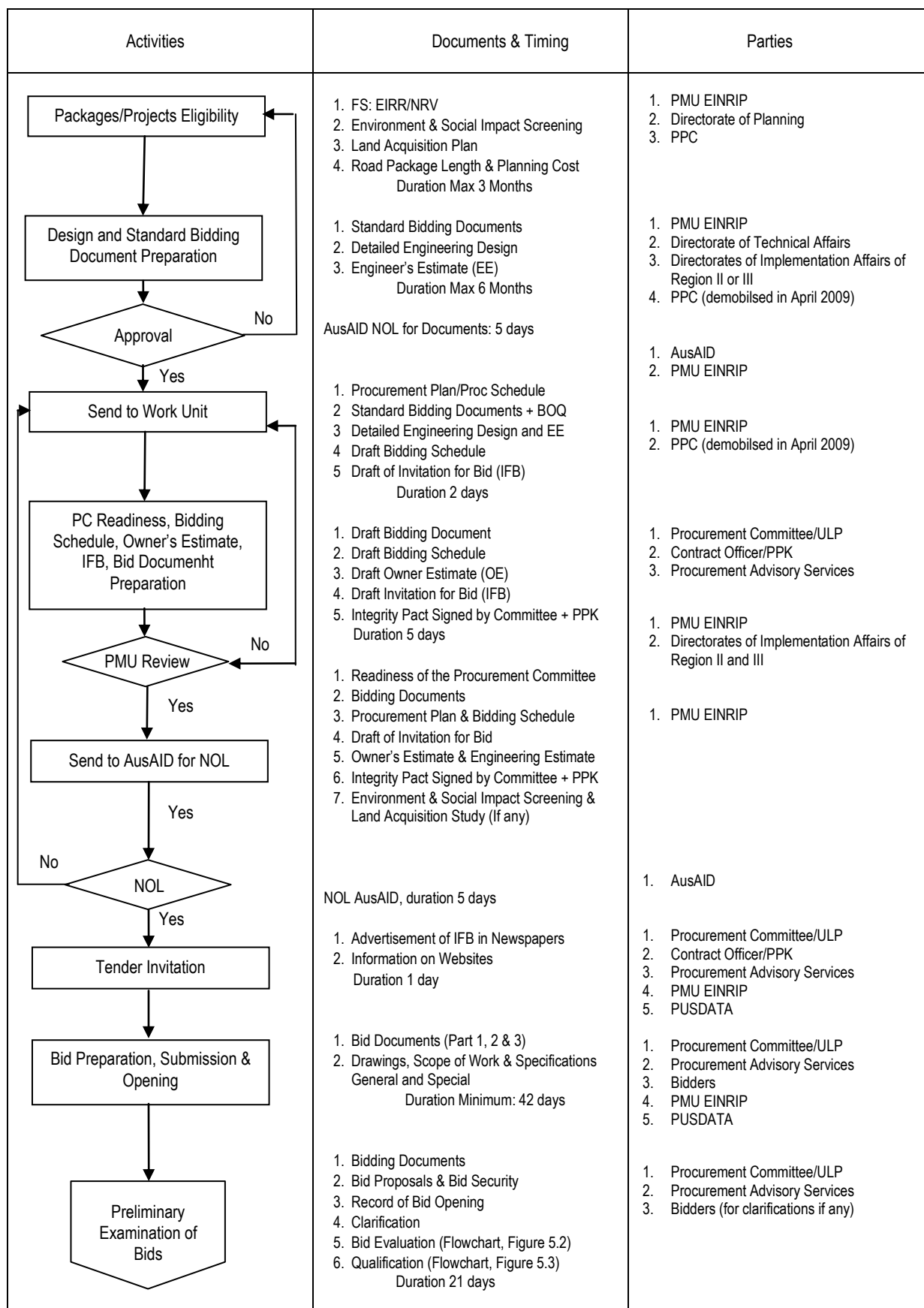
5.4. Contract Numbering Code

The Contract Number shall be a code abbreviated as follows: **nn-PP/PPP/RR/S/nnnn/MMYY** where

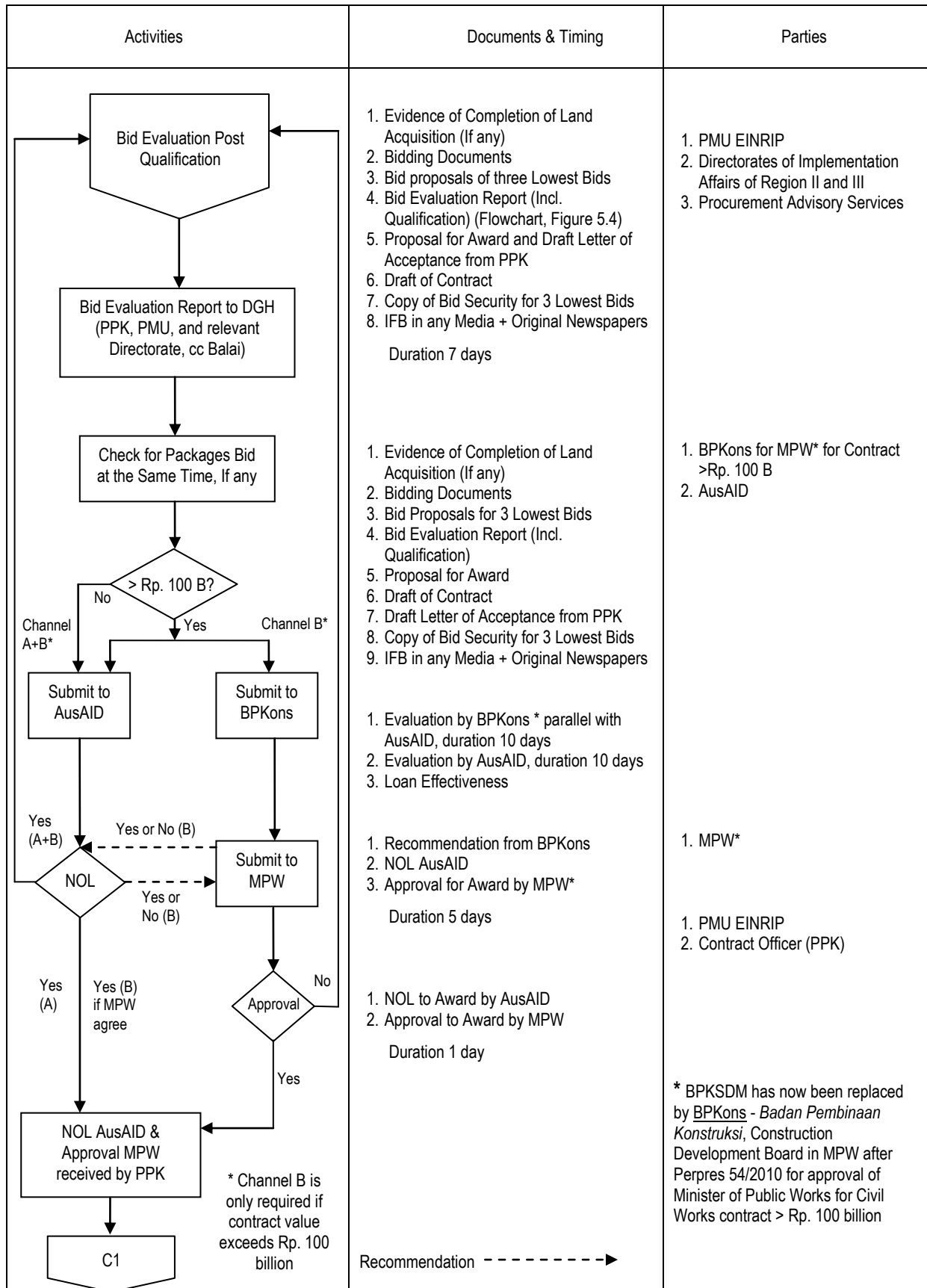
nn	:	Order number of Contract in the respective Work Unit (01, 02, etc)
PP	:	Province code, use DGH codes (for Central level, use 20)
PPP	:	Package code, assigned by PMU (for instance ESB-01)
RR	:	Program Budget Code – use Cost Group from Table 9-2
S	:	A (code for APBN as Counterpart fund)
nnnn	:	L002 (AIPRD Loan Number)
MMYY	:	Month and Year of Contract Signing, for instance 0308

The Invitation to Bid letter number may be assigned by the Work Unit, see **Section 5.1.1**.

Figure 5-1 Flow Chart for Procurement of Works



Flow Chart for Procurement of Works - continued



Flow Chart for Procurement of Works - continued

Activities	Documents & Timing	Parties
<pre> graph TD C1{{C1}} --> A1[Notification of Award and Letter of Acceptance] A1 --> A2[Review Contract Agreement, General & Particular Conditions, Addendum if any, other attachment specified and Performance Security] A2 --> A3[Contract Signing] A3 --> A4[Disbursement Approval Send Contract to AusAID for NOL] A4 --> A5[NOL for Contract, and Disbursement] A5 --> A6[Advance Payment] A6 --> A7[Contract Implementation Commence Date] </pre>	<p>1. NOL AusAID for Contract Award 2. Approval MPW for Contract Award*</p> <p>Duration 3 days</p> <p>* for Contract > Rp. 50 Billions</p> <p>1. Contract Documents and Drawings 2. Letter of Acceptance 3. Performance Security 4. Settlement of Objection/Complaints (if any) 5. Legal Opinion (if >Rp. 100 billion)</p> <p>Duration ± 5 days</p> <p>1. Contract Documents 2. Copy of Performance Security</p> <p>Duration 1 day</p> <p>1. NOL for Disbursement</p> <p>Duration 5 days</p> <p>1. Contract Documents 2. Advance Payment Security</p> <p>Duration 5 days</p> <p>1. Contract Agreement 2. Employer's Financial Arrangement 3. Possession of Site 4. Advance Payment 5. Mobilization of RSC</p> <p>Duration Max 180 days from LOA</p>	<p>1. Contract Officer (PPK) 2. Procurement Advisory Services 3. Bidders 4. PUSDATA</p> <p>1. Contract Officer (PPK) 2. Procurement Advisory Services 3. BPKons in MPW*</p> <p>1. Contract Officer (PPK) 2. Winning Bidder</p> <p>1. Contract Officer (PPK) 2. PMU EINRIP</p> <p>1. AusAID</p> <p>1. Contract Officer (PPK) 2. Contractor 3. Engineer</p> <p>1. Contract Officer (PPK) 2. Engineer (RSC) 3. Contractor</p>

Figure 5-2 Flow Chart for Evaluation of Bids for Works

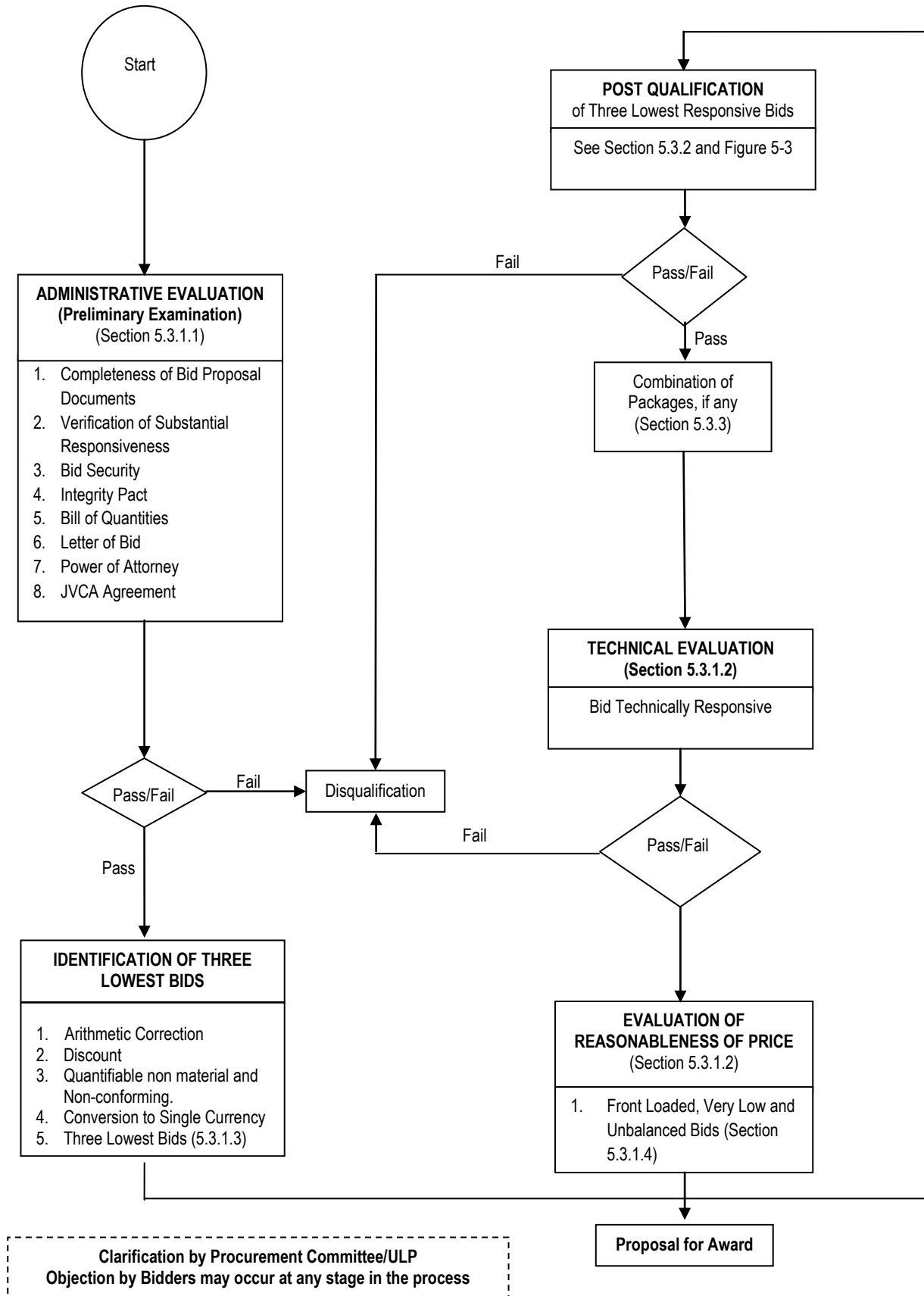


Figure 5-3 Flow Chart for Post-Qualification of Bidders for Works

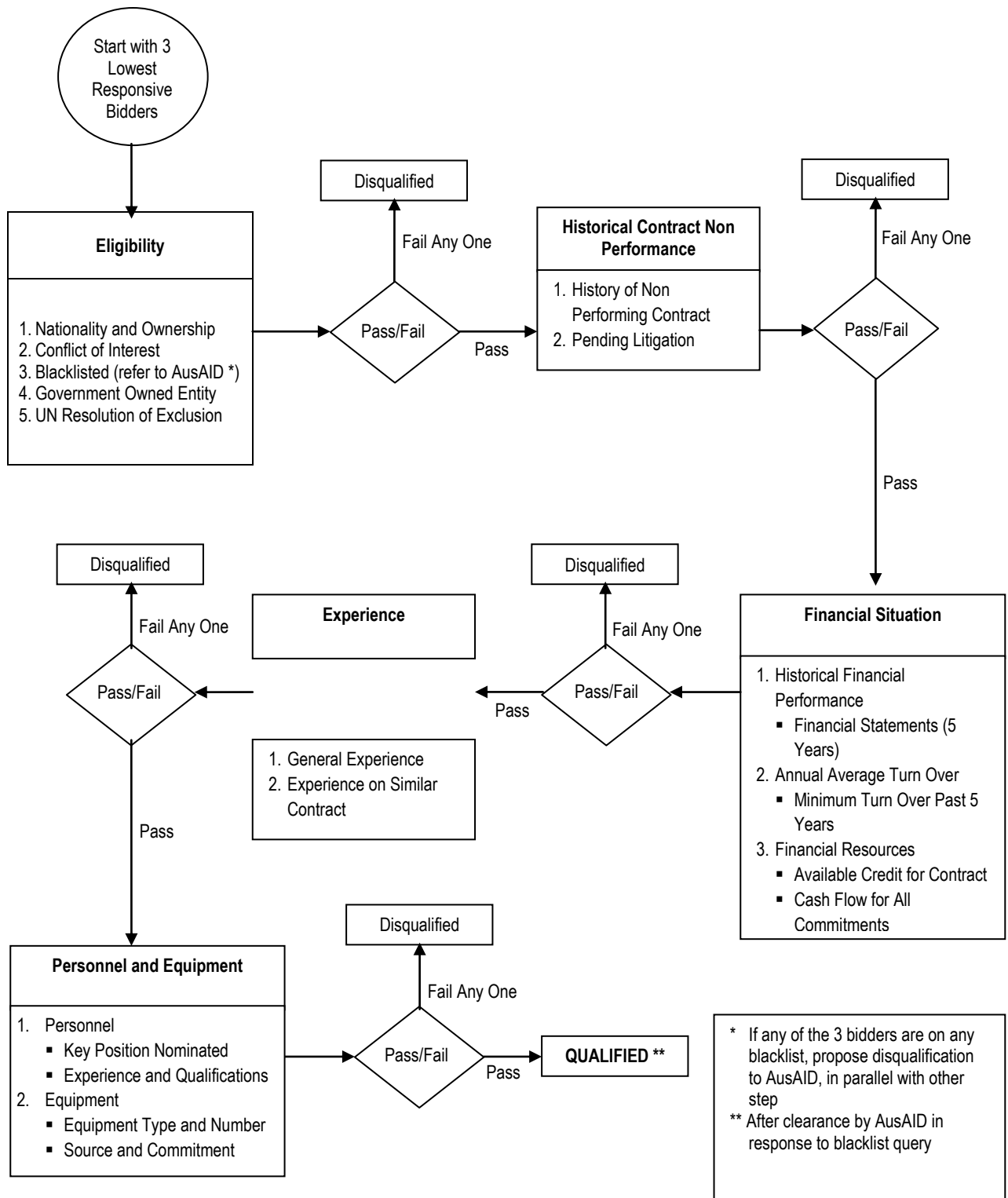
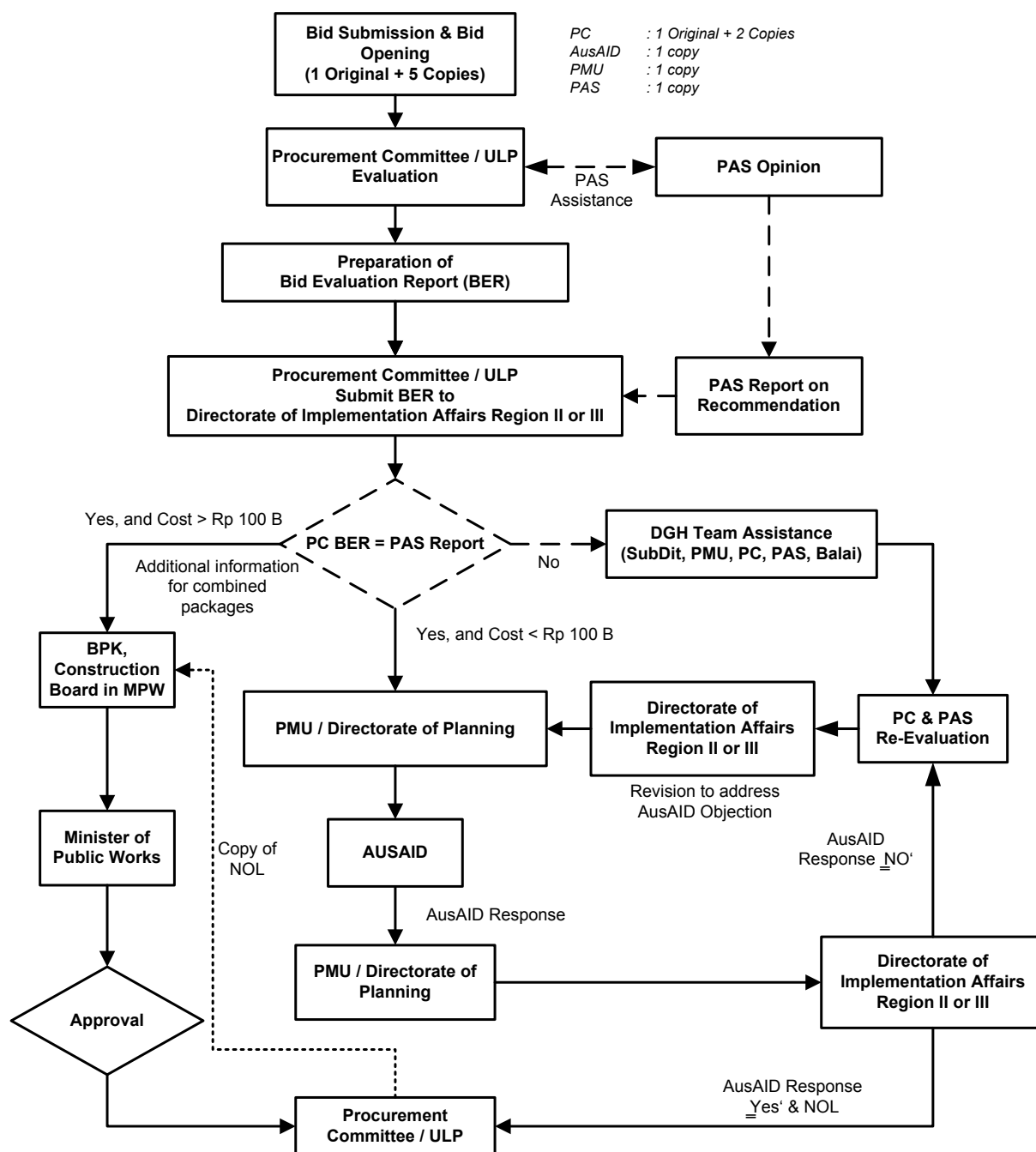


Figure 5-4 Flow Chart for Bid Evaluation



NOTE:

Based on the Perpres 54/2010 (replacing Keppres 80/2003) and the new Organization of the DGH, after 2011, the changes in flow-chart include:

- The Bid Evaluation will be carried out by the working group of Procurement Service Unit (ULP).
- The Head of the ULP will award the contract with amount < Rp. 100 billion. For contracts > Rp. 100 billion, the approval will be granted by the Minister of Public Works, on review by BPKons (formerly BPKSDM)
- Directorate of Eastern Region has been divided into three new Directorates of Implementation Affairs Region I, II and III. For EINRIP, Regions II and III are relevant.
- After demobilisation of PAS Consultants in Nov 2010, the advisory role will be provided by Procurement Advisors under RSC Contract.

Chapter. 6 PROCUREMENT OF GOODS

General procurement procedures are specified in **Chapter 4**. Further details of procurement procedures are described in this chapter.

The procedure for Procurement of Goods by open tender is shown in **Figure 6-1**.

6.1. Summary of Procurement Arrangements

6.1.1. ICB Open Tender Summary

Goods over A\$0.3 million shall be procured under International Competitive Bidding with Prior Review and Post Qualification Procedures. This is anticipated to include bridge truss materials. The procurement shall be implemented by a Procurement Committee under a Work Unit in the DGH Directorate of Technical Affairs.

6.1.2. NCB Open Tender Summary

Goods under A\$0.3 million and in excess of Rp 50 million shall be procured under National Competitive Bidding with Prior Review and Post Qualification Procedures. This may be required to include IT equipment. The procurement shall be implemented by a Procurement Committee under a Work Unit in the DGH Directorate of Planning.

Under the Project Loan Agreement, eligibility for NCB is exactly the same as for ICB (see **Section 4.1.3**).

6.1.3. NCB Shopping Summary (Limited Tender)

Shopping may only be used to procure small amounts of off-the-shelf goods or standard specification commodities for which more competitive methods are not justified on grounds of cost or efficiency. The limit for shopping under EINRIP is Rp. 50 million and is intended to include incremental operating cost items.

Incremental Operating Costs (IOC) are defined in the Loan Agreement thus:

—~~the~~ reasonable costs of incremental expenses incurred by the Central and Provincial level units and the PMU in the carrying out of the Project (which expenditures would not have been incurred in the absence of the Project), including staff travel and per diem, communications, consumables, web page operation and maintenance, advertisement of bidding, printing and publication of Project information, rental of meeting and training facilities, and specific output-related services, but in all cases excluding Government staff salaries, allowances (except for per diem) and honoraria.”

If a Work Unit proposes to procure an item of goods using the NCB Shopping procedure, it must first budget for the item (see **Section 9.2.3.1**). Revisions to budgets should first be submitted to PMU for approval of whether the items can be included in IOC. This applies in particular to activities for management of consultant services, see **Section 8.5**.

Refer to **Section 9.2.2.2** for items not included in IOC, to be funded wholly by GOI.

6.2. ICB and NCB Open Tender Procurement Procedures

6.2.1. Preparation of Bidding Documents

Although identified separately in the loan agreement, ICB Open Tender and NCB Open Tender procedures are identical, including eligibility requirements as defined in **Section 4.1.3**.

Bidding documents for procurement of goods under ICB Open Tender and NCB Open Tender are based on the Standard Bidding Documents for the Procurement of Goods dated May 2004 (Revised May 2005 and September 2006). The following text shall be inserted into the Instructions to Bidders:

—Certain editorial changes have been made that are not meant to review any of the policies in the Procurement Guidelines. They are intended to eliminate language in the SBD that needed greater clarity and consistency to improve competition. A detailed list of all the changes will be made available to anyone upon request.”

The ~~—ring~~ language” and the ~~—a~~language for communications” as defined in the SBD shall be English. Materials, if prepared, in Bahasa Indonesia explaining the SBD shall be used for training and support purposes, and marked as ~~—at~~ valid for Bidding or Contract Documents”.

The Bidding Documents consist of Parts 1, 2, and 3, which include all the Sections indicated below, and should be read in conjunction with any Addenda issued in accordance with ITB 8.

PART 1 Bidding Procedures

Section I. Instructions to Bidders (ITB)

Section II. Bid Data Sheet (BDS)

Section III. Evaluation Criteria and Qualification Criteria

Section IV. Bidding Forms

Section V. Eligible Countries

PART 2 Works Requirements

Section VI. Works Requirements

PART 3 Conditions of Contract and Contract Forms

Section VII. General Conditions (GC)

Section VIII. Particular Conditions (PC)

Section IX. Annex to the Particular Conditions - Contract Forms

The Invitation for Bids issued by the Employer is not part of the Bidding Document.

The Invitation for Bids shall be dated and given an identifying number in accordance with the document numbering system of the respective Work Unit.

6.2.2. Instructions to Bidders

Instructions to Bidders provides information to help Bidders prepare their bids. Information is also provided on the submission, opening and evaluation of bids and on the award of the Contract.

No pre-bid conferences will be held, except with AusAID’s prior written approval. Requests for such approval will be made by the Director General of Highways.

6.2.3. Bid Data Sheet

This section includes provisions that are specific to each procurement and that supplement the Instructions to Bidders.

The ACAP states that "A bidder cannot be excluded from bidding on the basis of past performance unless there is evidence of due process in relation to the performance complaint and AusAID has provided prior written approval to the exclusion of the bidder."

This provision is included in Clause 4.3 of the Data Sheet in Instructions to Bidders, replacing Clause 4.3 of the SBD. Post-qualification shall include an eligibility check of blacklists (MPW, World Bank or other Donors). If any of the lowest responsive bidders is the subject of a performance complaint, the Committee must investigate the complaint, and if there is evidence that due process was followed, must immediately request AusAID approval to disqualify that firm, and await the reply from AusAID

before they issue a recommendation for award to the lowest eligible firm. This step is included in the flow chart in **Figure 6-1**.

6.2.4. Technical Specifications

Comprises the Standard Specifications and any Special Specifications required for the procurement of the goods.

6.2.5. Owner's Estimate

The Procurement Committee shall prepare the Owner's Estimate, based on the date of bidding and shall consider:

- a. Unit price analysis for respective pay items, using guidelines issued by DGH
- b. Engineer's Estimate (EE) for the sub project prepared by PPC and issued by DGH
- c. Market prices at the time of preparation, for identical components of the pay items
- d. Contract price for recent works of similar quality
- e. Price/tariff of goods/services issued by manufactures/sole agents or independent institutions
- f. Other reliable information.

The Owner's Estimate includes Value Added Tax (VAT) and reasonable overhead cost and profit for the suppliers, but must not include contingencies, or other costs.

The Contract Officer for each contract must submit the draft owner's estimate to the PMU for review of its accuracy at least 14 days before the bid document is scheduled to be issued. The PMU shall inform the Contract Officer of the results of review no later than two days before the scheduled date of advertisement. The PMU's review of the Owner's Estimate shall not relieve the Contract Officer (PPK) of the full responsibility for the Owner's Estimate. The bid document must not be issued without Contract Officer (PPK) approval of the Owner's Estimate. The total value of the Owner's Estimate will be provided to all bidders.

6.2.6. Advertisement for Bidding

The Integrity Pact procedures shall be followed before placing the advertisement for bidding (see **Section 4.1.8**).

All invitations for bid must be advertised in a national newspaper (appointed by Bappenas), on the MPW Semi E-Procurement system, on the EINRIP website and dg Market websites.

Committees shall allow a minimum of 30 days for the preparation and submission of bids and allow potential bidders to purchase bidding documents up to 24 hours prior to the deadline for the submission of bids. The Committee must not arrange bid submission on a day immediately after a non-working day.

Standard text to be included in advertisement of tenders for Goods is as follows. The Procurement Committee should replace <text> with text relevant to each tender package.



Australia Indonesia Partnership

Kemitraan Australia Indonesia



MINISTRY OF PUBLIC WORKS
DIRECTORATE GENERAL OF HIGHWAYS
SNVT <insert name of SNVT>

EASTERN INDONESIA NATIONAL ROADS IMPROVEMENT PROJECT (EINRIP)

LOAN No. AIPRD-L002

Package <insert package number and the name of package>

IFB No.: <insert number assigned by Committee>

1. This Invitation for Bids follows the General Procurement Notice in DG Market Notice no. 72224000 on 26 August 2007 and Media Indonesia on 19 September 2007.
2. The Republic of Indonesia has received a loan of A\$ 300 million from the Australian Agency for International Development (AusAID) towards the cost of the Eastern Indonesia National Road Improvement Project (EINRIP), and intends to apply part of the proceeds of this loan to cover eligible payments under Contracts for <insert the code and the name of the contract package>.
3. The Directorate General of Highways (DGH) of the Ministry of Public Works, Republic of Indonesia, now invites sealed bids from eligible Bidders for <insert scope of tender>.
4. Bidding will be conducted under <insert International or National> Competitive Bidding procedures specified in World Bank's Guidelines: Procurement under IBRD Loans and IDA Credits, May 2004, Revised October 1, 2006, using the Ministry Public Work's Semi e-Procurement System, and be open to:
 - a. Entities carrying on business in Australia or New Zealand,
 - b. Entities carrying on business in the Republic of Indonesia, established in accordance with Indonesian law and regulations, which, in the case of incorporated company, has majority Indonesian local ownership or shareholding; and,
 - c. Entities that the Republic of Indonesia and the Commonwealth have agreed in writing are constituted in a way that reflects a spirit of partnership between Australia, the Republic of Indonesia and New Zealand.
5. International bidders who are interested to work in Indonesia should have a working license certification — **Badan Usaha Jasa Konstruksi Asing – BUJKA**” from Ministry of Public Works **prior to signing of a contract** (Public Works Ministry Decrees 50/PRT/M/1991 and 28/PRT/M/2007).
6. Qualification requirements for bidders are provided in the Bidding Documents.
7. All bids must be accompanied by a Bid Security as follows:

Minimum Bid Security:	:	<insert amount in Rupiah>
Bid validity	:	90 calendar days
Owner's Estimate	:	<insert amount in Rupiah>
8. Bidders may choose to obtain bidding documents by down-loading from MPW e-procurement website (requiring an access code), or by request via email or air service to the Procurement Committee to the address <insert address of Procurement Committee/ULP, or the Directorate <insert the name of the relevant Directorate within DGH>, with telephone number, fax number and email address> who will provide the documents on CD or hard copy. Bidding documents will be available up to 24 hours prior to the deadline for submission.
9. Bids must be delivered on or before 10.00 am Local Time on <insert date of bid closure>. Electronic bidding will not be permitted. Late bids will be rejected. The Address for delivery is the same as the address of the Procurement Committee above or at the same address of the bid opening, if the delivery is made on the same date as the bid opening.
10. Bids will be opened in the presence of the bidder's representatives at 10:15 am Local Time on <insert date of bid closure>. The address for Bid Opening is: <insert address where Bid Opening will be held>
11. No Pre-Bid Meeting will be held. Clarification of bidding procedures can be requested from the Procurement Committee at the above address from <insert date of this advertisement> up to <insert date of 21 calendar days before deadline for submission>

12. All interested bidders – International and National – are required to register in the e-procurement system. To do so, the Bidder must register electronically through the procurement section of the Ministry of Public Works website, described below. Those bidders who obtain documents from dgMarket must also register as below.
13. An access code for international prospective bidders is available at <https://eproc.pu.go.id/publik/new/penyediajasa/persetujuan.asp?id=2> and for local bidders at www.pu.go.id. Access codes will be sent by email. One access code can be used to register for several contract packages. Separate registration is required for each package by each Bidder.
14. Interested suppliers may form a Joint Venture, Joint Operation or Association, however each partner must fulfil qualification requirements for carrying out all of the required works. **Important:** a JV, JO, consortium or association **must apply** for its own access code before registering for a package, even if its individual member firms have already obtained an access code or registered for a package.
15. The e-procurement system displays in Bahasa Indonesia. For guidance in English see in <http://www.pmu-binamarga.com>

<insert Place of Domicile of Procurement Committee/ULP, Date of Advertisement>,

Procurement Committee/ULP for <insert Code and Name of Package>

The Procurement Committee should place a copy of the advertisement on the PU website with the assistance of PUSDATA, and send to PMU by fax and email, on the same day it is published. PMU will arrange the placement of the advertisement on the EINRIP website and dgmarket.

6.2.7. Registration of Bidders

DGH and Procurement Committees must keep strictly confidential the list of companies that have registered for bidding, until bid opening. For example, the Integrity Pact must not be signed together by all Bidders. **Section 4.1.8** has the procedure for handling Integrity Pacts.

If obtaining Bidding Documents by hand is permitted, the Committee shall record the name of each firm and signature of collecting person on a separate form. The set of forms showing the names of firms obtaining the documents shall not be made available to any person.

6.2.8. Clarifications

a. Information for Bidders

No pre-bid conferences will be held, except with AusAID's prior written approval. Requests for such approval will be made by the Director General of Highways. In lieu of approval for pre-bid conferences, clarification provisions have been strengthened.

A prospective Bidder requiring any clarification of the Bidding Document shall contact the Employer in writing at the Employer's address indicated in the ITB 7.1 in the BDS. The Employer will respond in writing to any request for clarification no later than fourteen (14) calendar days prior to the deadline of bid submission, provided that such request is received no later than twenty one (21) days prior to the deadline for submission of bids. The Employer shall forward copies of its response to all Bidders who have acquired the Bidding Document in accordance with ITB 6.3, including a description of the inquiry but without identifying its source. Should the Employer deem it necessary to amend the Bidding Document as a result of a request for clarification, it shall do so following the procedure under ITB 8 and ITB 24.2.

b. Clarification of Bids

Clarification of bids shall be conducted in accordance with Section I. Instruction to Bidders, E. Evaluation and Comparison of Bids, Item 27 Clarification of Bids. See also **Section 6.2.10** on Evaluation of Bids.

6.2.9. Submission and Opening of Bids

DGH must keep strictly confidential the list of companies that have registered for bidding, until bid opening.

a. Submission of Bids

Submission of Bids shall follow the procedures set out in ITB 21, ITB 22, ITB 23 and ITB 24 as well as **Annex 15** (Forms for Recording Civil Works Bids and Evaluation).

b. Opening of Bids

Opening of Bids shall follow the procedures set out in ITB 27. Civil Society groups will be invited to attend key procurement steps, including bid opening

6.2.10. Evaluation and Award

Section III of the Standard Bidding Documents contains all the criteria that the Procurement Committee shall use to evaluate bids. In accordance with ITB 36 and ITB 37, no other factors, methods or criteria shall be used. The Committee's determination of a bid's responsiveness is to be based on the contents of the bid itself, as defined in ITB 11. The Procurement Committee may request the assistance of the Procurement Advisory Services in conducting the evaluation, but such assistance shall not relieve the Committee of responsibility for the evaluation.

Notwithstanding ITB 28.2, from the time of bid opening to the time of Contract award, if any Bidder wishes to contact the Procurement Committee on any matter related to the bidding process, it may do so in writing. Any attempt by a Bidder to influence the Purchaser in the evaluation of the bids or Contract award decisions may result in the rejection of its bid.

To assist in the examination, evaluation, and comparison of the bids, and qualification of the Bidders, the Procurement Committee may, at its discretion, ask any Bidder for a clarification of its bid. Any clarification submitted by a Bidder that is not in response to a request by the Purchaser shall not be considered. The Purchaser's request for clarification and the response shall be in writing. No change in the prices or substance of the bid shall be sought, offered, or permitted, except to confirm the correction of arithmetic errors discovered by the Purchaser in the evaluation of the bids, in accordance with ITB 31. If a Bidder does not provide clarifications of its bid by the date and time set in the Contracting Agency's request for clarification, its bid may be rejected.

First, all bids shall be corrected for arithmetical errors, missing prices and converted to one currency, then further evaluation will only be carried out for the three lowest bids. If the lowest bid fails, then the next lowest bid will be evaluated until finally the Procurement Committee can propose the lowest responsive bid for contract award and the other two (second and third) lowest bids for reserves.

The Bids shall be evaluated based on the following procedure, explained below and in **Figure 6-2**.

- a. Administrative evaluation
- b. Initial Identification of 3 lowest bids
- c. Technical evaluation
- d. Evaluation of Reasonableness of Price
- e. Post-qualification

First, all bids shall be verified based on the Administrative requirements. After that, the bids which pass the administrative evaluation shall be corrected for arithmetical errors and considered for discount offered, then for Bids in more than one currency or a non-Rupiah currency, the Bid shall be converted into Rupiah to determine the three lowest bids. Further evaluation will only be carried out for the three lowest bids. If the lowest bid fails, then the next lowest bid will be evaluated until finally the Procurement Committee can propose the lowest responsive bid for contract award and the other two (second and third) lowest bids as reserves.

A. Administrative Evaluation:

Follow the guidelines for administrative evaluation of Civil Works bids in **Section 5.3**.

B. Arithmetic Corrections:

The Procurement Committee shall correct arithmetical errors in accordance with ITB 31, and also consider for non conditional discount offered by Bidders.

C. Conversion to Single Currency:

The currencies of the bid and the payment currencies shall be in accordance with ITB 15.1 Alternative B and the conversion to a single currency is to be carried out in accordance with ITB 32.1.

D. Identification of 3 Lowest Bids:

Based on the arithmetic corrections and the conversion of the bids to a single currency and taking account of any applicable discounts, the three lowest bids shall be identified and these are to be subject to the evaluation and post qualification review process.

E. Technical Evaluation:

The Procurement Committee shall examine the technical aspects of the bid submitted in accordance with ITB 16, Technical Proposal, in particular to confirm that all requirements of Section VI, Works Requirements have been met without any material deviation or reservation. This includes the following aspects:

a. Technical Specification:

- Standards of materials and workmanship required for the production and manufacturing of the Goods.
- Detailed tests required (type and number).
- Other additional work and/or related services required to achieve full delivery/completion.
- Detailed activities to be performed by the Supplier.
- List of detailed functional guarantees covered by the Warranty to be applied in the event that such guarantees are not met.

b. Delivery Schedule

- Shall not exceed the supply period specified in the bidding document.

F. Evaluation of Reasonableness of Price:

In evaluating the bid the Procurement Committee shall consider the following:

- a. the bid price;
- b. price adjustment for correction of arithmetic errors in accordance with ITB 31.1;
- c. price adjustment due to discounts offered in accordance with ITB 14.4;
- d. converting the amount resulting from applying a. to c. above, if relevant, to Indonesian Rupiah in accordance with ITB 34;
- e. price adjustment due to quantifiable non material nonconformities in accordance with ITB 31.3;

G. Non-material Non-conformities:

Provided that a bid is substantially responsive, the Procurement Committee may request that the Bidder submit the necessary information or documentation, within a reasonable period of time, to rectify nonmaterial nonconformities in the bid related to documentation requirements. Requesting information or documentation on such nonconformities shall not be related to any aspect of the price of the bid. Failure of the Bidder to comply with the request may result in the rejection of its bid.

Provided that a bid is substantially responsive, the Procurement Committee shall rectify nonmaterial nonconformities related to the Bid Price. To this effect, the Bid Price shall be adjusted, for comparison purposes only, to reflect the price of a missing or non-conforming item or component. The adjustment shall be made using the method indicated in Section III, Evaluation and Qualification Criteria.

6.2.11. Post-Qualification

The flow chart for post-qualification is illustrated in **Figure 6-3**.

Eligibility criteria involving nationality, blacklisting and Government-owned entities are defined in **Section 4.1.3**.

Ineligibility on grounds of Conflict of Interest is defined in **Section 4.1.4**.

The Procurement Committee shall determine to its satisfaction whether the Bidder that is selected as having submitted the lowest evaluated and substantially responsive bid meets the qualifying criteria specified in Section III, Evaluation Criteria – 4 Post-qualification Requirements. The determination shall be based upon an examination of the documentary evidence of the Bidder's qualifications submitted by the Bidder, pursuant to ITB 4. on eligibility and ITB 38.2 on post qualification requirements. An affirmative determination on all aspects shall be a prerequisite for award of the Contract to the Bidder. A negative determination shall result in disqualification of the bid, in which event the Purchaser shall proceed to the next lowest evaluated bid to make a similar determination of that Bidder's qualifications to perform satisfactorily.

Section III of the Standard Bidding Documents provides an outline of the criteria to be applied in order to the lowest three responsive bidders in Post-Qualification. The system is pass/fail in each of four areas:

- a. Financial Situation;
- b. Experience and Technical Capability;
- c. Personnel and Equipment.

Prefabricated Steel Bridge Material Supply Contract:

A. Financial Situation:

Qualification will be in accordance with the following:

- a. Current net worth must be positive, calculated as the difference between total assets and total liabilities (refer **Section 5.3.2.3** for explanation of net worth);
- b. The Bidder shall have a minimum average turnover of 1.5 V/T in 3 out of the previous 5 years, where:
$$V = \text{Estimated Contract Value (EE or OE)}$$
$$T = \text{Delivery Period (in years)}$$
- c. The Bidder shall have a minimum bid capacity based on: $X = 3$, $Y = 0.4$ and $Z = 0.3$ therefore Bid Capacity = $3 \text{ NW} - 0.4 \text{ RW}$, Minimum Bid Capacity = 0.3 V , (refer **Section 5.3.2.3** for explanation of factors).

- d. The Bidder shall have minimum cash flow resources based on $(1-AP/100)V$ where V is estimated Contract Value and AP is Advance Payment %.

B. Experience and Technical Capability:

The Bidder shall have successfully carried out similar work including at least one supply contract package for prefabricated steel bridge material with a minimum of 80% contract length during the past 10 years. In addition the Bidder is to demonstrate adequate experience in work of a similar nature and complexity as the proposed contract and a good record of past performance over the last 10 years.

C. Personnel and Equipment:

The Bidder shall furnish documentary evidence to demonstrate that the Goods it offers meet the technical specifications and that the Bidder is proposing qualified key personnel experienced in works of a comparable nature and complexity. The Bidder needs to provide evidence for the timely acquisition of the specified minimum equipment to carry out the contract.

6.2.12. Bid Evaluation Report

The bid evaluation report including the items listed under **Section 4.3.1 b** shall be prepared and submitted by each Chairman of Procurement Committee to the concerned Contract Officer/ Directorate for PMU to submit to AusAID for Prior Review.

6.2.13. Award of Contract

The Purchaser shall award the Contract to the Bidder whose offer has been determined to be the lowest evaluated bid and is substantially responsive to the Bidding Document, provided further that the Bidder is determined to be qualified to perform the Contract satisfactorily.

Since issue of Perpres 54/2010, contracts over Rp. 100 billion require approval from the Minister of Public Works as well as AusAID Prior Review, the PMU, after receiving the Bid Evaluation Report and the Proposal for Award from the Committee, shall submit those documents to the Minister. The process of the Minister's approval and NOL from AusAID is outlined in the Flow Chart for Procurement of Goods (Figure 6-1).

The documents required to be evaluated by BPKons (*Badan Pembinaan Konstruksi* - Construction Development Board) in MPW after Perpres 54/2010 (previously BPKSDM) as a pre-condition for approval by the Minister are the same as for civil works, see **Section 5.3.6**.

Loan Effectiveness (see **Section 3.1.3**) must be declared by AusAID before contracts can be awarded. The PMU will send a copy of the declaration of Loan Effectiveness to all concerned Work Units as soon as received.

Prior to the expiration of the period of bid validity and upon receipt of the NOL from AusAID and Approval from Minister of Public Works, the PMU shall notify the successful Bidder, in writing (hereinafter called the Letter of Acceptance), that its bid has been accepted.

At the same time, the PMU shall also notify all other Bidders of the results of the bidding and the PMU shall publish in dgMarket the result of the bid and the following information: (i) name of each Bidder who submitted a bid, (ii) bid prices as read out at Bid Opening, (iii) name and evaluated price of each Bid that was evaluated, (iv) name of Bidders whose bids were rejected and the reason for their rejection, (v) name of the winning Bidder, (vi) the duration and summary scope of the contract awarded.

Until a formal contract is prepared and executed, the notification of award shall constitute a binding contract.

The Procurement Committee shall write to all Bidders informing them of the award, shall issue a public notice and post the information on the Website and on Semi e-Procurement (if used).

The Purchaser shall promptly respond in writing to any unsuccessful Bidder who, after notification of award in accordance with ITB 39.1, requests in writing the grounds on which its bid was not selected.

The Contract Number shall be assigned as in **Section 5.5.7**.

6.3. NCB Open Tender Procurement Exceptions

The procedure for NCB Open Tender will follow the same procedure as set out above in **Section 6.2** (ICB and NCB Open Tender Procurement Procedures), with the following exceptions:

- a. With reference to **Section 6.2.10**, Evaluation and Award, under Administrative Evaluation, insert:

Manufacturer's Authorisation:

Letter of authorization on the letterhead of the Manufacturer signed by a person with the property authority to sign documents that are binding on the Manufacturer.

- b. With reference to **Section 6.2.11**, Post-Qualification, delete the text after —~~Pre~~abricated Steel Bridge Material Supply Contract”, and substitute the following:

IT Equipment Supply Contract:

EQ.1 Financial Situation:

Qualification will be in accordance with the following:

- a. Current net worth must be positive, calculated as the difference between total assets and total liabilities (refer **Section 5.3.2.3** for explanation of net worth)
- b. The Bidder shall have a minimum average turnover of A\$1 million in 3 out of the previous 5 years.
- c. The company shall have returned a profit in at least 3 of the last 5 years.
- d. The Bidder shall have a minimum bid capacity based on: $X = 5$, $Y = 0.4$ and $Z = 1$ therefore $\text{Bid Capacity} = 5 \text{ NW} - 0.4 \text{ RW}$, Minimum Bid Capacity = V or at least A \$0.3 million (refer **Section 5.3.2.3** for explanation of factors).

EQ.2 Experience and Technical Capability:

The Bidder shall have successfully carried out similar work including at least one supply contract package for **<insert details>** in the past 1 year.

EQ.3 Personnel and Equipment:

The Bidder shall furnish documentary evidence to demonstrate that the Goods it offers meet the technical specifications.

6.4. NCB Shopping (Limited Tender) Procurement Procedures

Shopping shall be carried out in accordance with —~~G~~uidelines – Under IDRB Loans and IDA Credits – May 2004 Article 3.5”. This states that the method used in shopping shall include comparing price quotations obtained from a minimum of three suppliers to procure readily available off-the-shelf goods of small value. Requests for quotations shall indicate the description and quantity of goods as well as desired delivery time and place. Quotations may be submitted by letter, facsimile, or by electronic means. The evaluation of quotations shall follow the same principles as open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

Figure 6-1 Flow Chart for Procurement of Goods by Open Tender (ICB or NCB)

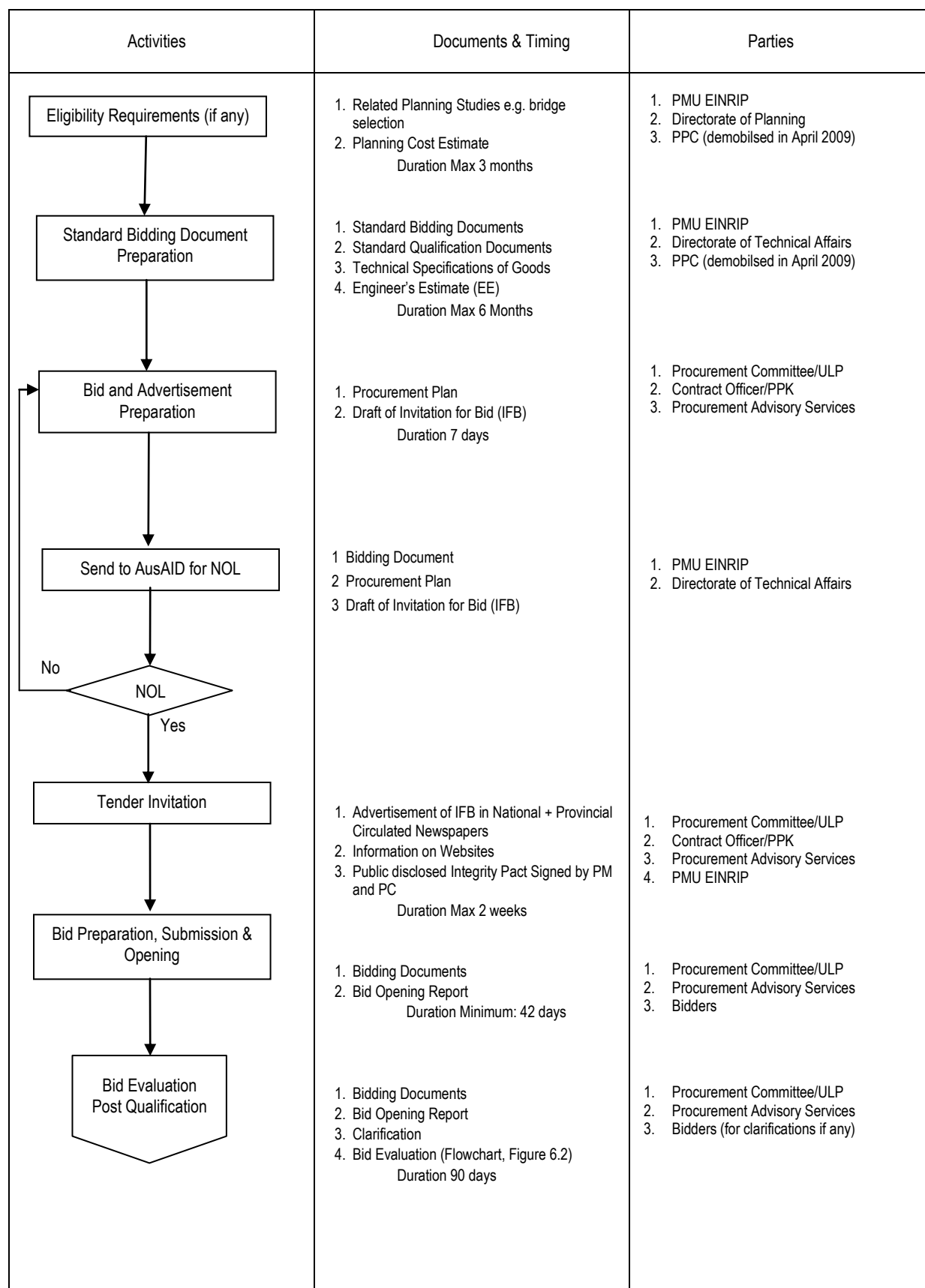


Figure 6-1 Flow Chart for Procurement of Goods by Open Tender (ICB or NCB) – p.2

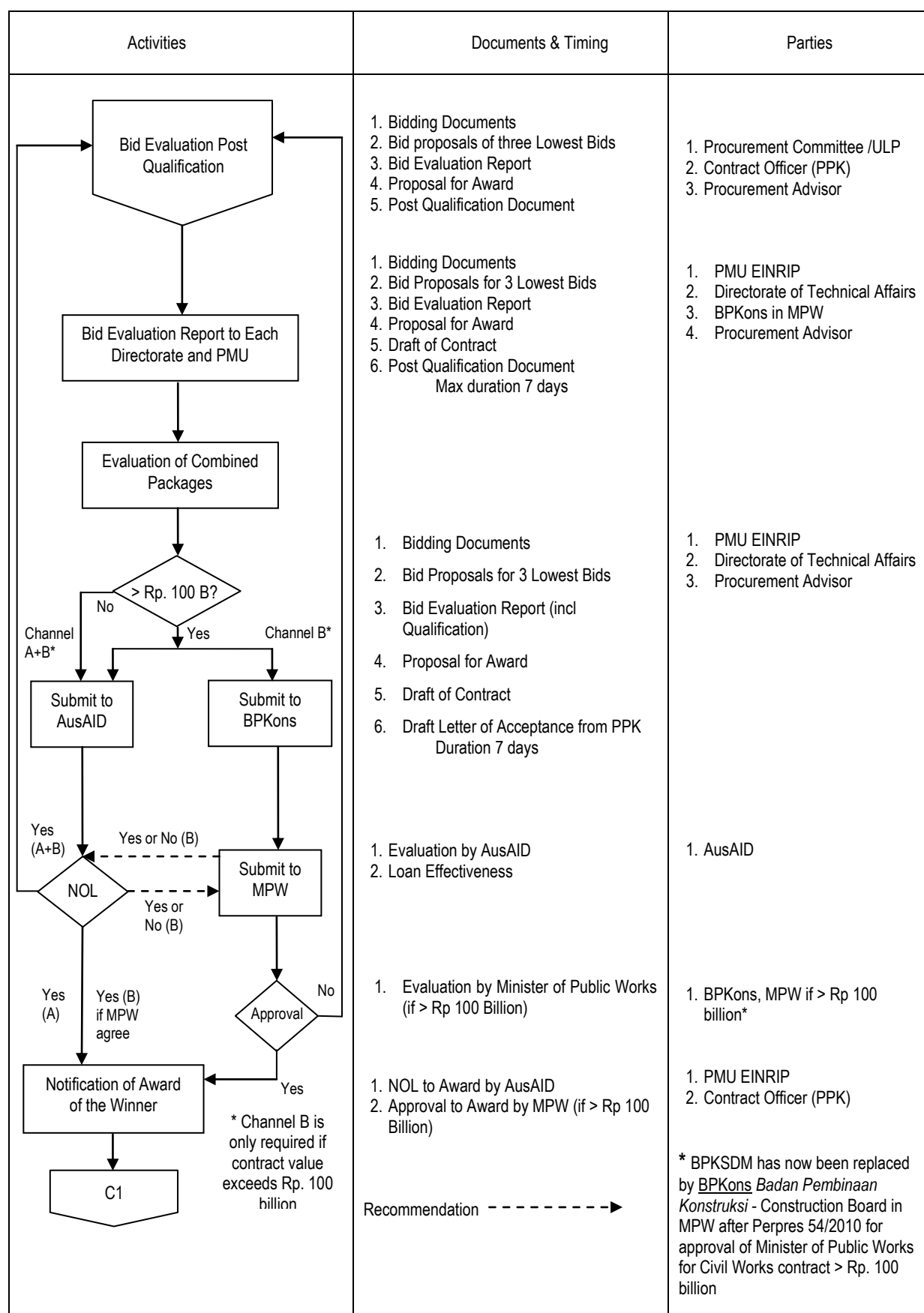


Figure 6-1 Flow Chart for Procurement of Goods by Open Tender (ICB or NCB) – p.3

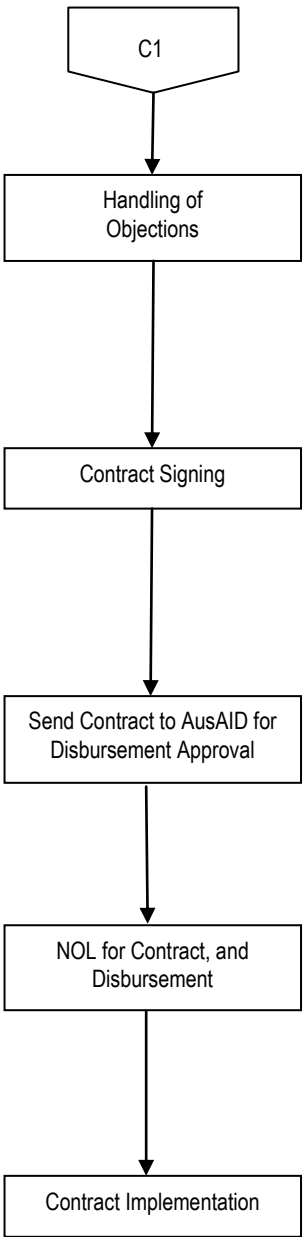
Activities	Documents & Timing	Parties
 <pre> graph TD C1{{C1}} --> HO[Handling of Objections] HO --> CS[Contract Signing] CS --> SCA[Send Contract to AusAID for Disbursement Approval] SCA --> NOL[NOL for Contract, and Disbursement] NOL --> CI[Contract Implementation] </pre>	<p>1. Notification of Award of the Winner 2. Objections from Bidders (if any) 3. Complaints from other parties (if any) Duration ≥ 7 days after award</p> <p>1. Award of the Winner 2. Contract Documents (including Appendices) 3. Performance Security 4. Settlement of Objections/Complaints (if any) 5. Legal Opinion (if > Rp 100 billion) Duration +/- 30 days</p> <p>1. Contract Documents 2. Copy of Performance Security</p> <p>1. NOL for Disbursement</p> <p>1. Contract Documents</p>	<p>1. Contract Officer (PPK) 2. Procurement Advisory Services 3. MPW Inspectorate General 4. PMU EINRIP 5. AusAID 6. All Bidders 7. Any other objections</p> <p>1. Contract Officer (PPK) 2. Procurement Advisor 3. Legal Affairs Bureau MPW</p> <p>1. PMU EINRIP 2. Directorate of Technical Affairs 3. Procurement Advisor</p> <p>1. AusAID</p> <p>1. Contract Officer (PPK) 2. Quality Verifier (if any)</p>

Figure 6-2 Flow Chart for Bid Evaluation for Goods by Open Tender (ICB or NCB)

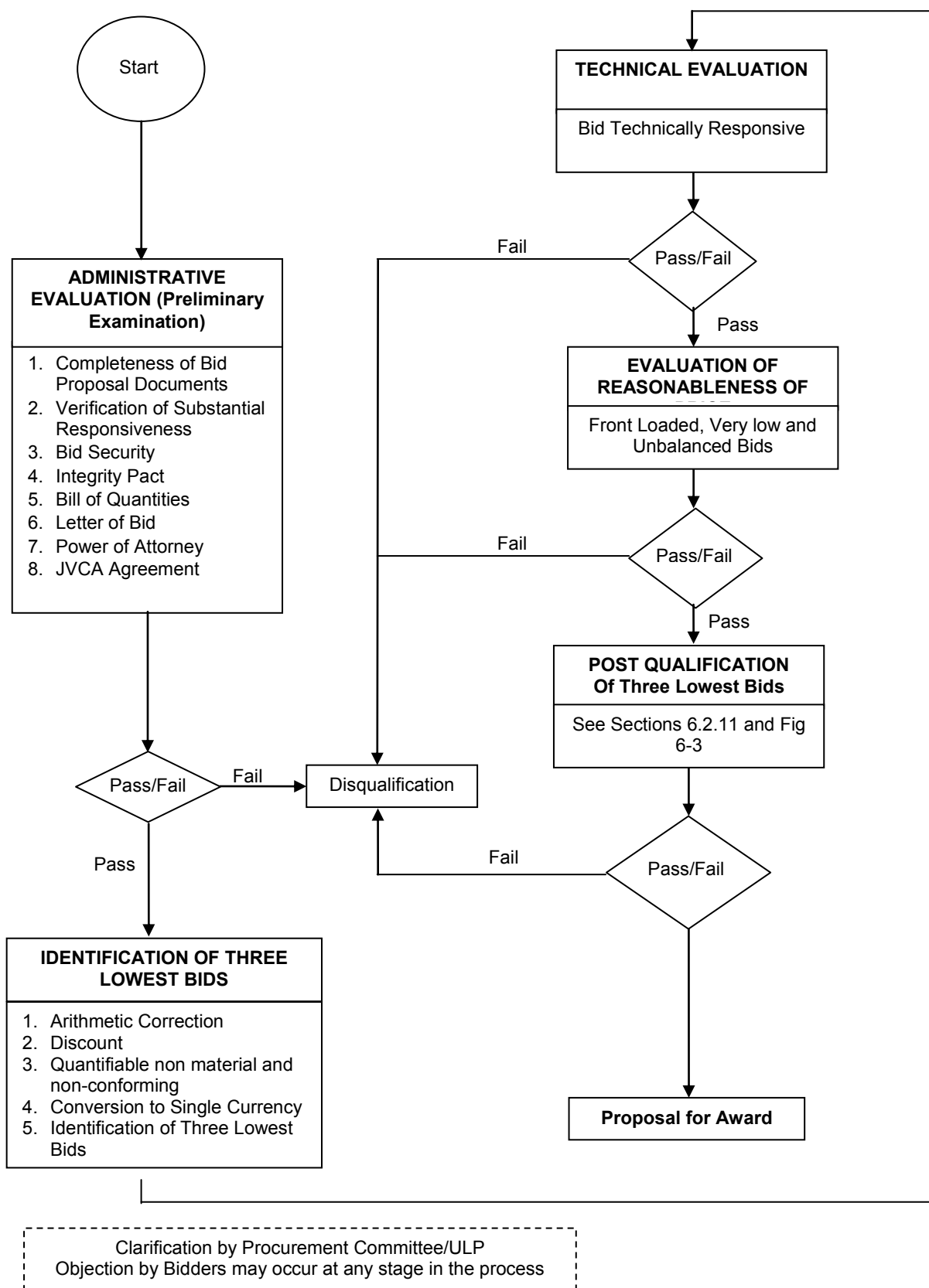
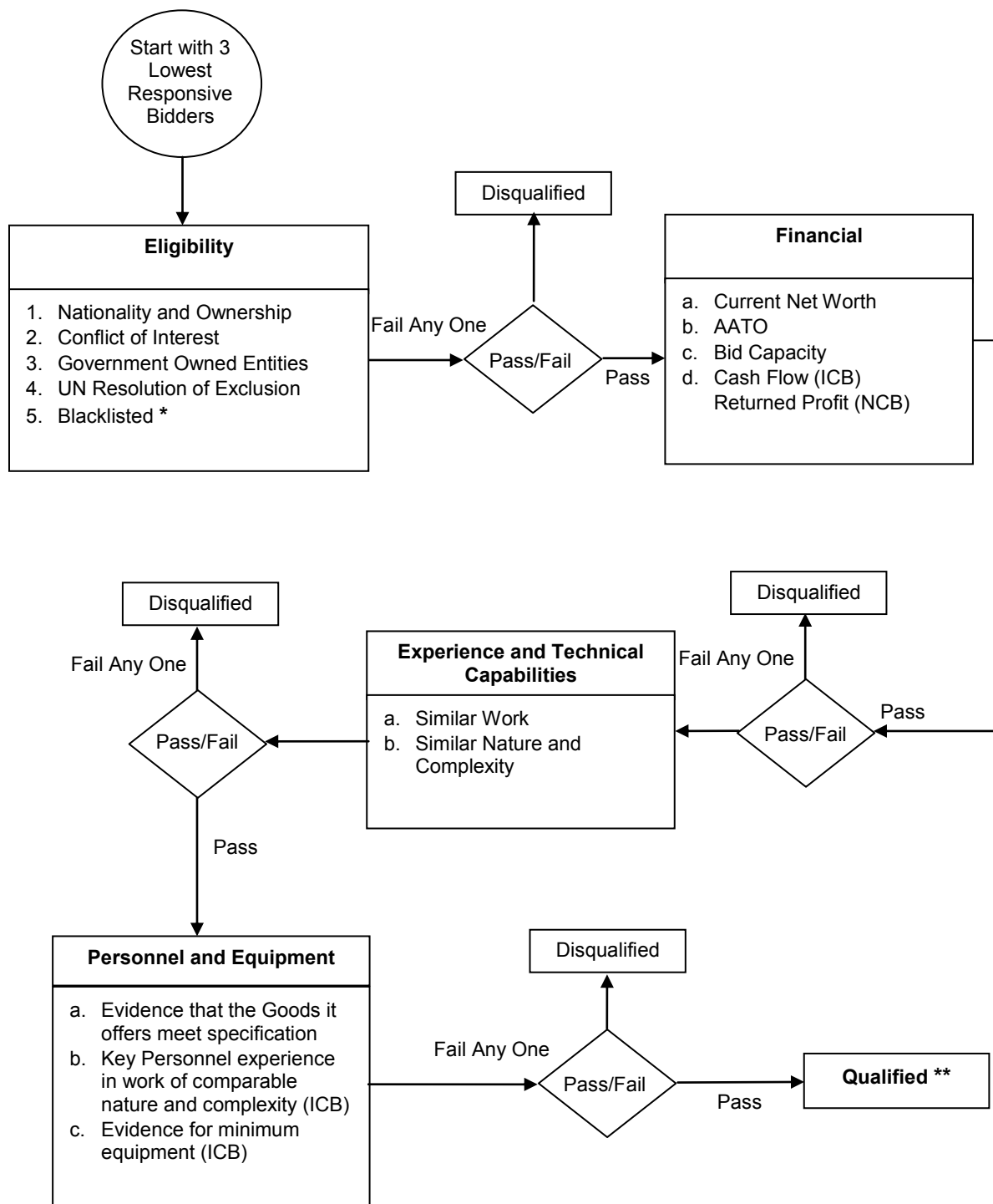


Figure 6-3 Flow Chart for Post-Qualification for Goods by Open Tender (ICB or NCB)



NOTE

* If any of the 3 bidders are on any blacklist, propose disqualification to AusAID, in parallel with other step

** After clearance by AusAID in response to blacklist query.

Chapter. 7 PROCUREMENT OF CONSULTANT SERVICES

General procurement procedures for consultant services are specified in **Chapter 4**. Further details of selected procedures are described in this chapter. However, procurement of EINRIP Consultancy Services is already underway, and the procedures used have not yet been provided in detail for this PMM.

At a later stage, this Chapter will be revised and updated, so that the PMM provides a complete basis for future projects.

Figure 7-1 is a flow chart for the QCBS procedure.

7.1. Summary of Procurement Arrangements

7.1.1. QCBS Procurement Summary

Consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. Short lists shall comprise not less than four (4) but no more than six (6) firms with no restrictions as to the geographical spread of the country of origin.

The Procurement Committee shall make available to any member of the public, promptly on request, all shortlists of consultants under the Project.

The Procurement Committee shall disclose a summary of the evaluation of all bids and proposals for specific contracts to all bidders and parties submitting proposals, promptly after the notification of award to the successful consultant. Information in such summaries shall be limited to a list of consultants, all bid prices and financial proposals as read out at public openings for bids and financial proposals, all bids and proposals declared non-responsive (together with the reasons for such an assessment), the technical scores of all responsive consultants, the name of the winning consultant and the contract price. Such summaries shall be made available to any member of the public promptly upon request.

The evaluation of the technical proposals shall be completed within six weeks of the deadline for receipt of proposals, and the proposal for the award of the contract shall be completed, along with the draft contract within four weeks of the Commonwealth's no-objection to the technical evaluation report, unless otherwise agreed by the Commonwealth.

7.2. Preparing the Request for Proposals

The bidding document prepared by the Procurement Committee for consultant services is called the Request for Proposals (RFP). This comprises a data sheet, terms of reference (TOR), Standard and Special Conditions of Contract.

The Procurement Committee shall prepare the draft RFP in accordance with World Bank Standard Request for Proposals for review by the Procurement Agent and will incorporate any written comments from the Procurement Agent.

7.2.1. Letter of Invitation

The Letter of Invitation shall follow the model in the World Bank's —Standard Request for Proposals" (SRFP) dated May 2004. The following paragraph shall be inserted as a new paragraph 6:

—6Bidders, if short-listed, may submit proposals for both Project Management Support Consultant (PMSC) and Regional Supervision Consultant (RSC), but can only be awarded either PMSC or RSC. It is intended that the RSC contract will be awarded first and all firms in the winning RSC bid will automatically become ineligible for award of the PMSC contract.

In order to attract the best quality staff for all positions, there is no restriction on proposing staff who are also nominated by another firm for the same set of services or by any firm for one of the other services (PMSC, RSC or Procurement Advisory Services). The availability of all staff for the duration of the respective positions must be confirmed in writing by the individuals through their firm before negotiations. Substitutions if any must be of equivalent qualifications and experience."

7.2.2. Data Sheet

The following items differ from arrangements under recent similar services:

a. Enforcement of Minimum Salaries (RSC)

In line with the ACAP, the evaluation of the RSC financial proposals and AusAID's NOL will give weight to the adequacy of remuneration of field staff (to reduce the incentive for collusion

The adequacy of salaries for key field staff has been identified as one of the causes of inadequate supervision of projects and to help overcome this problem, the RFP for the RSC calls for verification from the bidder, which will be subject to independent audit, that certain Indonesian field staff positions shall be paid the identified minimum salaries. The minimum salaries are listed in **Table 7-1**, including personal income taxes but excluding housing or any other allowances or bonuses.

Table 7-1 Basis for Minimum Salaries of Indonesian Supervision Staff

Position	Salary/Month (Rupiah)
Site Supervision Engineer	7,500,000
Quality Engineer	6,500,000
Quantity Engineer / Chief Inspector	6,500,000
Bridge Engineer	7,000,000
Inspector	4,500,000
Surveyor	3,500,000
Lab Technician	3,500,000

Factors to Apply to Minimum Salaries

The indicative value of base salary shown is intended only to be a minimum which must not be undercut. Actual salaries may be higher depending on other factors to be considered including the location of posting, expected working hours and level of experience and responsibility. This figure does not include housing or any other allowances or bonuses that should be paid separately.

Item 6.3 shall be inserted as follows into the Data Sheet for RSC, to take account of the requirement for minimum salaries for certain staff.

—~~5~~ Consultants are advised that staff salaries for certain nominated positions are required to exceed the minimum levels set out in Section 4 – Financial Proposal – Standard Forms of this RFP.”

7.2.3. Contract Award

The Contract Number shall be assigned as in **Section 5.5.7**.

Figure 7-1 Flow Chart for Procurement of Consultant Services

**Selection Process for Consultant Service
Under Quality and Cost Based Selection (QCBS) Procedure
Over Rp. 10 Billion**

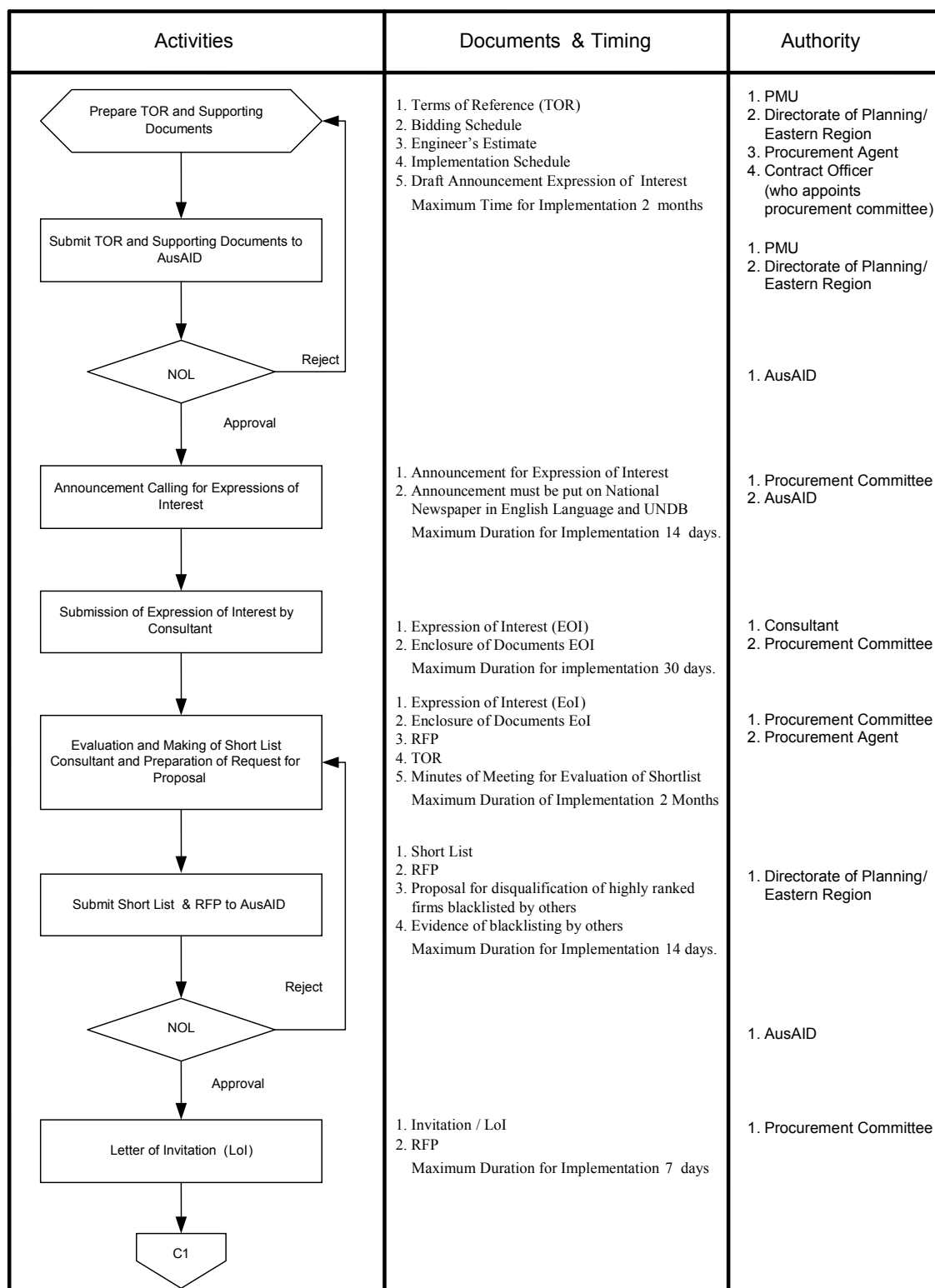


Figure 7-1 Flow Chart for Procurement of Consultant Services (continued)

**Selection Process for Consultant Service
Under Quality and Cost Based Selection (QCBS) Procedure
Over Rp. 10 Billion**

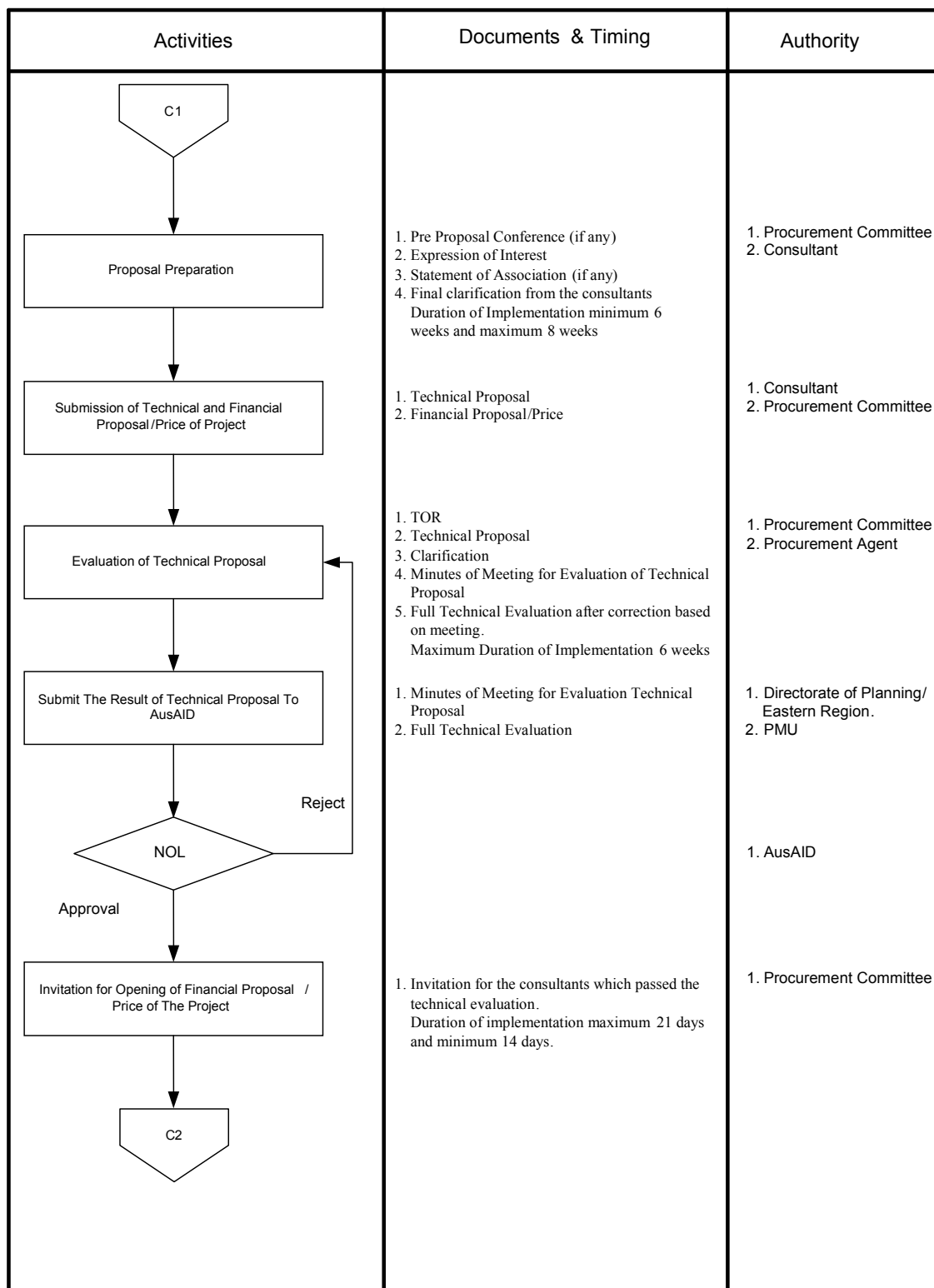
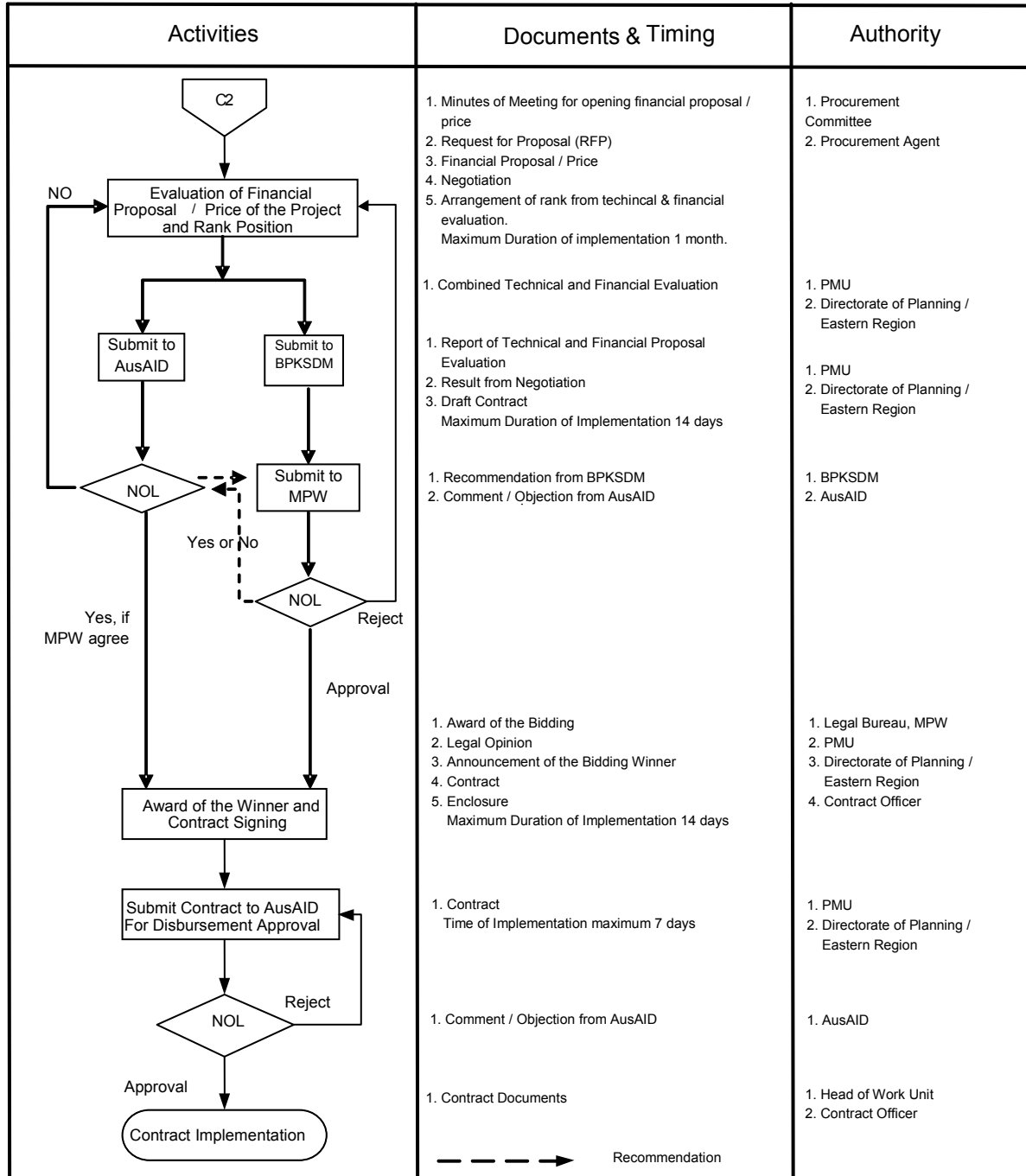


Figure 7-1

Flow Chart for Procurement of Consultant Services (continued)

**Selection Process for Consultant Service
Under Quality and Cost Based Selection (QCBS) Procedure
Over Rp. 10 Billion**



Chapter. 8 MANAGEMENT OF IMPLEMENTATION

8.1. Strengthened Supervision of Civil Works

EINRIP will follow international good practice by establishing proper relationships between Employer, Engineer and Contractor along FIDIC lines that are internationally accepted. The contracting and supervision arrangements under EINRIP are intended to achieve measurable improvements in the quality of works implemented under the project.

8.1.1. Summary of Supervision Arrangements

The MDB/FIDIC Harmonised Contract will be used for all civil works (see **Section 5.1.1**), with the role of Engineer being filled by the Team Leader of the RSC (see **Section 8.1.3**). Sub-Clause references herein are to the MDB/FIDIC Harmonised Contract.

MPW through DGH will take all necessary actions to appoint the Engineer for EINRIP contracts under General Conditions (GC) Sub-Clause 3.1. MPW through DGH will provide details of the authority of the FIDIC Engineer (under the MDB/FIDIC Harmonised Contract) to AusAID for NOL. No subsequent changes can be made to these arrangements without AusAID's prior written approval (see **Section 8.1.3**).

The Team Leader, as the Engineer, will delegate necessary authorities to each Chief Supervision Engineer as Engineer's assistants under GC Sub-Clause 3.2, including responsibility for authorising payment certificates (GC Sub-Clauses 14.2, 14.6 of the MDB/FIDIC contract).

Civil works will not commence until the RSC is mobilised and a Chief Supervision Engineer appointed – see **Section 8.2.4**.

The PMSC will be responsible for monitoring the RSC's performance. This will include monitoring the adequacy of supervision of environmental requirements – see **Section 3.3**.

The evaluation process for the RSC contract and AusAID's NOL will give weight to the following: (i) the adequacy of remuneration of field staff; and (ii) qualifications, experience and background of the person(s) nominated as Chief Supervision Engineer(s).

The PMU, supported by the PMSC, will provide a mobilisation briefing to key RSC staff Chief Supervision Engineers on (i) the role of the FIDIC Engineer; (ii) the role of field supervisors; (iii) responsibilities of head office; and (iv) the EINRIP ACAP, including terms of audits, sanctions etc. Comprehensive training to all RSC staff will be provided by the RSC. See **Section 8.5.1**.

8.1.2. Representative of Employer

The Employer for the Contract is the Directorate General of Highways Officials, who has been appointed by The Minister of Public Works as Contract Officer (PPK - Pejabat Pembuat Komitmen) for each Work Unit at the start of each year.

Their function in the management of works is described in this chapter, while **Section 9.2.3.1** defines the financial responsibilities of Work Unit staff.

8.1.3. Responsibilities of Each Party

The following **Table 8-1** summarises the major responsibilities of the Employer and the Engineer which are detailed in the General and Special Conditions of Contract [9].

References in the following Table are to Sub-Clauses in the General Conditions (GC) except if preceded by ITB which refers to Sub-Clauses in the Instructions to Bidders.

Table 8-1 The Major Responsibilities of Employer and Engineer under the Contract

Employer In EINRIP, a nominated Government official	Engineer In EINRIP, Team Leader of the RSC Consultant
<u>Procurement:</u> a) Issue Invitation for Bids (ITB 6.2) b) Clarify bidding documents, arrange site visit and pre-bid meeting, if allowed (ITB 7.1) c) Amend bidding documents (ITB 8.1) d) Manage bidding process (ITB 22,23) e) Evaluate bids (ITB 34) f) Award contract (ITB 38,39,40) <u>Implementation:</u> g) Hand over site (2.1, 4.13) h) Arrange permits (2.2) i) Inform Contractor of financing (2.4) j) Appoint the Engineer (3.1) k) Approve Variation Orders that have financial implications (3.1) l) Approve extensions of time (3.1) m) Provide site data (4.10) n) Arrange payments (14.7, 14.9) o) Take over the site (10.1) p) Be entitled to terminate the contract (15.2) q) Return Performance Security after issue of the Performance Certificate (4.2)	<u>Implementation:</u> The Engineer's authorities specified in the Contract: (others may be implied) 1) With specific approval from the Employer before taking action under following Sub-Clauses: - Agreeing or determining a time extension and/or additional cost (4.12, 8.4) - Instructing a variation, except in an emergency situation as determined by the Engineer - Approving a proposal for a variation submitted by the Contractor (13.1, 13.2, 13.3) (see also 8) and 9) below) - Specifying the amount payable in each of the applicable currencies (13.4) - Determination of a contractor's claim under 17.4 , Consequences of Employer's Risks (PC-SP 3.1) - Determination of a contractor's claim under Sub-Clause 13.7, Adjustments for Changes in Legislation (PC-SP 3.1) - Determination of a contractor's claim under Sub-Clause 13.8, Adjustments for Changes in Cost (PC-SP 3.1) 2) Consult with all parties and make determinations on Contractual matters between the Employer and the Contractor (3.5) 3) Give guidance and/or instructions to Contractor in relation to work methods, and the timeliness and quality of the work (4.1) 4) Approve additional sub-contracting of any part of the Works (4.4) 5) Issue the formal notice to the Contractor to commence with the Works (8.1) 6) Approve or disapprove work before covering up (7.3, 7.5) 7) Witness testing by Contractor (7.4) 8) Evaluate contractor's proposal for variations, and propose variation orders to the Employer that have financial implications (13.1, 3.1) 9) Approve variations in the quantities, and evaluate contractor's proposals for variations which do not have financial implications (13.1) 10) Monitor the contractor's use of time, and evaluate proposal for extensions of time (4.12, 8.4, 3.1) 11) Approval to the use of day works, provisional sums (including contingencies) (13.5, 13.6) 12) Withdraw approval to the Contractor's Representative (6.9) 13) Issue Taking Over Certificates for the whole or parts of the Works (10.1) 14) Authorize payment certificates (14.2, 14.6) 15) Issue Defect Liability Certificate (11.1) 16) Issue Performance Certificate (11.9) 17) Certify contractor's Statement at Completion (14.10) 18) Give evidence as a witness before Arbitrators (20.6)
ITB : Instruction to Bidders Number (e.g. 4.1) : Refers to Sub-Clause in General Conditions (GC) PC-SP : Particular Conditions - Specific Provisions	

The following constraints on the Engineer's, Employer's and Contractor's roles in the General Conditions should also be understood:

- The Engineer shall have no authority to amend the Contract, and no authority to relieve either Party of any duties, obligations or responsibilities under the Contract;
- However, whenever carrying out duties or exercising authority, specified in or implied by the Contract, the Engineer shall be deemed to act for the Employer;

- Any approval, check, certificate, consent, examination, inspection, instruction, notice, proposal, request, test, or similar act by the Engineer shall not relieve the Contractor from any responsibility he has under the Contract, including responsibility for errors, omissions, discrepancies and non-compliances.

8.1.4. Appointment of Engineer

The role of Engineer will be filled by the Team Leader of the RSC. The Team Leader will delegate necessary authorities to a Chief Supervision Engineer for each Contract as Engineer's Assistant under GC Sub-Clause 3.2.

The Director General of Highways will inform the PPK in writing, the name of the person appointed as Engineer for EINRIP, together with the authorities delegated by the Employer to the Engineer.

MPW will provide details to AusAID of all arrangements in relation to the appointment of the Engineer and the representatives of the Engineer. AusAID will issue NOL to these arrangements together with the NOL for Disbursement (**Section 4.3.1.c**). No subsequent changes can be made to these arrangements without AusAID's prior written approval.

The relationship of the Engineer with the Employer and the Contractor is depicted in **Figure 2-3**.

8.1.5. Audits

The Audit of the Financial Statements is covered under **Section 9.6**. Each Work Unit will include a financial management specialist whose duties will include ensuring adequate record keeping for audit purposes. The criteria are described in **Section 2.3.1**, and the means of implementing this requirement are described in **Section 9.6**.

Other special audits to be conducted for EINRIP include the Technical and Financial Audits by a consultant directly engaged by AusAID, as discussed in **Section 8.4.4**.

8.2. Pre-Construction Activities

8.2.1. Design Revision

After contract is signed, design revision may be required whenever there is discrepancy between design drawings and actual site conditions; or in cases where additional field investigations require review or modification of original design.

The activity for design revision request can be initiated by any party i.e. Employer, Engineer or the Contractor. In all cases, the Engineer (through the Field Supervision Team), will be responsible for initial evaluation and preparation of technical justification of design revision.

Definition for terminology of *Minor Change* and *Major Change* follow definition Matrix on DGH Letter of No: UM.01.03.Db/242 dated 21-Mar-2008. (**Annex 25**)

(1) Minor Change

For minor changes, revision will be carried out by the Supervision Consultant's Field Team, under the responsibility of the SSE, monitored by CSE. The PPK for the contract will be kept informed of the possible changes. Minor Changes (usually called *Contract Change Order / CCO*) criteria are:

- Total cost fixed
- Time for completion fixed
- Type of construction not change
- No new pay item
- Target length fixed
- Selected pay item not change
- Maximum variation quantity changes for selected pay item is 10 % compare to original quantity

(2) Major Change

For major changes that are technically complex, central team of RSC will undertake the design revision, in discussion with field teams and information to PPK. Major Changes (usually called *Addendum with Extension Time* and *Design Revision*) criteria are:

- a. Addendum with Extension Time :
 - Total cost fixed
 - Policy decision or force majeure cause
 - Type of construction not change
 - No new pay item
 - Target length fixed
- b. Addendum with Design Revision :
 - Can not cover with Contract Change Order (CCO)
 - Change type of construction with impact change the target length, total cost and time for completion
 - Caused by a natural disaster

The approval of technical justification for design revision will follow the procedures outlined in DGH letter of No. UM.01.03.Db/242 dated 21-Mar-2008; and UM.01.03.Db/895 dated 30-Nov-2009, attached at **Annex 25**.

The Head of Balai as host should facilitate design revision process. The technical justification of the design revision is evaluated jointly by the Technical Assessment Team with members as mention in —~~Matrix~~ *Matrix Table*” based on DGH letter of No: UM.01.03.Db/242 dated 21-Mar-2008. The technical justification is approved by Balai and Minutes of Meeting is signed by the Technical Assessment Team. The Minutes of Meeting will include the statement that —~~Regional~~ *Regional* Supervision Consultants (RSC) is responsible for the technical aspects of proposed variation.”

Contract variation resulting from the design revision will follow the procedures described in sub-section 8.3.4 (Variations).

8.2.2. Pre-Construction Meeting

Within the time specified in the specification, the Contractor shall attend a pre-construction meeting (PCM) with the Employer’s Representative, Engineer, and Engineer’s Assistants (if any), to discuss both technical and non technical matters relating to the project. The meeting agenda shall include (but not be limited to) the following:

- a. Introductions
- b. Exchange of Organization Charts and contract details – Employer’s, Contractor’s, Engineer’s
- c. Site Issues – Right of Access to the Site, Sources of Materials, Location of Base Camp
- d. Permits
- e. Submittals
- f. Final Construction Documents
- g. Phasing and Milestones
- h. Work Plan, including:
 - Outline Construction Schedule indicating the timing and sequence of the principal activities comprising the Works
 - Mobilization Plan
 - Relocation Plan
 - Health and Safety Plan
 - Quality Plan

- Traffic Management and Safety Plan
 - Inspection and Testing Plan
 - Environment and Social Management Plan
- i. Communication and correspondence
 - j. Coordination meetings, schedule and frequency
 - k. Reporting and monitoring

Within 28 days of commencement, the Contractor shall submit to the Engineer for his approval a detailed mobilisation program (including bridge strengthening program, if any) under GC Sub-Clause 8.3 and as specified in Section 1.2 and 1.12 of the General Specification.

The mobilisation program shall be completed within 90 days from the Commencement Date of the Works except that the quality control facilities or services shall be installed and operational within 60 days.

8.2.3. Integrity Pact for Awarded Contracts

After the completion of bidding process, during the preparation of draft contract for approval of Minister of Public Works, the authorised representative of the successful Contractor, the nominated official of the Employer (Satker/Contract Officer) and the representative of the Engineer (RSC TL or CSE) are also required to sign a new Integrity Pact for Implementation. The signed Integrity Pact is to be sent to AusAID along with the signed contract for issue of NOL for Contract and Disbursement.

The sample form of Integrity Pact for awarded contract is attached in Annex 24 (Integrity Pact for Awarded Contract).

8.2.4. Preconditions for Commencement of Works

Upon signing of Civil Works contract, the Contract Officer/PPK of the works contract will advise the Satker of RSC Consultants for need to start preparation for mobilisation of Field Supervision Teams. This letter will also be copied to RSC Team Leader, so the arrangements for mobilisation of team can be started. It is preferable that civil works shall not commence until the Site Supervision Engineer from RSC has been mobilised and appointed as the Engineer's Assistant. In case of delay in mobilisation and/or approval of SSE, the CSE will be required to act as Acting SSE as a temporary arrangement.

The contractual conditions under GC Sub-Clause 8.1 that need to be satisfied for commencement of works include signing of contract agreement, delivery to the Contractor of reasonable evidence of the Employer's Financial arrangements under GC Sub-Clause 2.4 and receipt by the Contractor of the Advance Payment under GC Sub-Clause 14.2.

Other significant condition is that there is no dispute or objection on land acquisition and compensation, and the site is handed over to the Contractor.

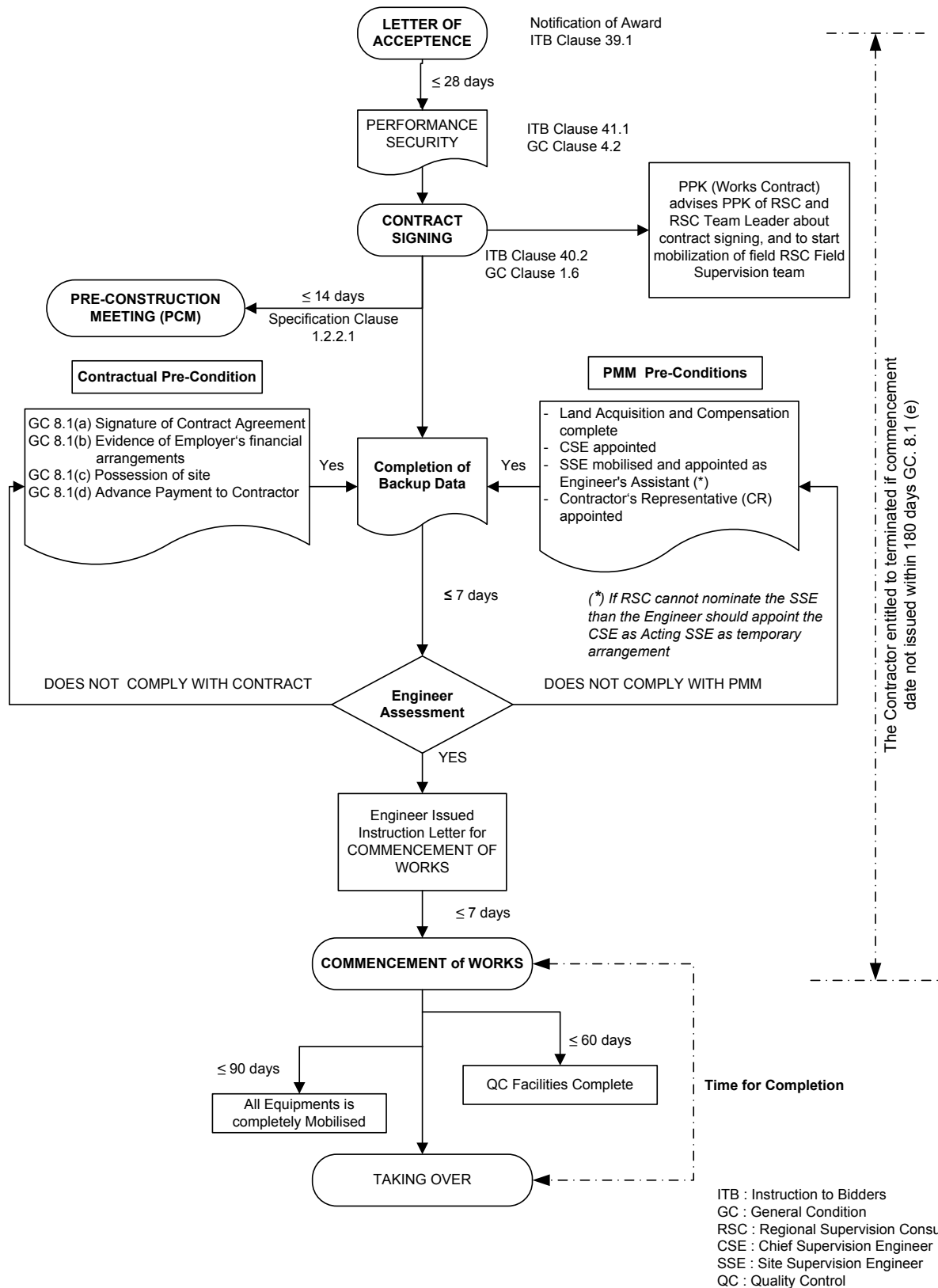
GC Sub-Clause 4.3 stipulates that the Contractor's Representative (CR) has to be appointed by the Contractor prior to the Commencement Date. It also requires that in case of replacement of nominated CR, particulars of the nominated person need to be submitted for consent of the Engineer. In case of unsuitable nomination or in the absence of a suitable CR, the Contractor must designate a temporary CR so the letter for Commencement Date can be issued.

Once all contractual conditions are met, and data is sent to the Engineer, the Engineer will complete the assessment of compliance with contractual requirements and within 7 days from completion of backup data, issue the letter notifying the commencement of works.

The Commencement Date should be maximum 7 days from the date of issue of letter for Commencement Date.

An indicative flow chart for pre-construction activities is shown in **Figure 8.1**.

Figure 8-1 Indicative Time Line for Commencement of Works



8.3. Contract Administration

The typical sequence of contract events is shown in **Figure 8-6**. This section highlights essential provisions of the General Conditions (GC). Administrators should refer to the actual Contract Documents for the complete set of provisions, in the respective Contract for Works, Goods and Consultant Services.

8.3.1. Contract Price

GC Clause 14 covers Contract Price and Payment, referring also to GC Sub-Clause 12.3:

For each item of work, the appropriate rate or price for the item shall be the rate or price specified for such item in the Contract or, if there is no such item, specified for similar work.

Any item of work included in the Bill of Quantities for which no rate or price was specified shall be considered as included in other rates and prices in the Bill of Quantities and will not be paid for separately.

However, a new rate or price shall be appropriate for an item of work if four criteria apply:

- a. the measured quantity of the item is changed by more than 25% from the quantity of this item in the Bill of Quantities or other Schedule, AND
- b. this change in quantity multiplied by such specified rate for this item exceeds 0.25% of the Accepted Contract Amount, AND
- c. this change in quantity directly changes the Cost per unit quantity of this item by more than 1%, AND
- d. this item is not specified in the Contract as a ~~fixed~~ rate item";

OR the following three criteria all apply:

- a. the work is instructed under GC Clause 13 [Variations and Adjustments], AND
- b. no rate or price is specified in the Contract for this item, AND
- c. no specified rate or price is appropriate because the item of work is not of similar character, or is not executed under similar conditions, as any item in the Contract.

Each new rate or price shall be derived from any relevant rates or prices in the Contract, with reasonable adjustments to take account of the matters described above, as applicable. If no rates or prices are relevant for the derivation of a new rate or price, it shall be derived from the reasonable Cost of executing the work, together with profit, taking account of any other relevant matters.

Until such time as an appropriate rate or price is agreed or determined, the Engineer shall determine a provisional rate or price for the purposes of Interim Payment Certificates as soon as the concerned Works commences.

8.3.2. Advance Payments

GC Sub-Clause 14.2 provides that the Employer shall make an advance payment, as an interest-free loan for mobilisation and cash flow support, when the Contractor submits the required guarantee. The total advance payment, the number and timing of instalments (if more than one), and the applicable currencies and proportions, shall be as stated in the Contract Data.

No breakdown of the utilisation of the Advance Payment shall be required.

The Contract Data states that the Advance Payment shall be maximum 10% of the Accepted Contract Amount payable in the currencies and proportions in which the Accepted Contract Amount is payable. The advance payment shall be repaid through 20% deductions from the interim payments determined by the Engineer.

The Contractor shall ensure that the guarantee is valid and enforceable until the advance payment has been repaid, but its amount shall be progressively reduced by the amount repaid by the Contractor as indicated in the Payment Certificates. If the terms of the guarantee specify its expiry date, and the advance payment has not been repaid by the date 28 days prior to the expiry date, the Contractor shall extend the validity of the guarantee until the advance payment has been repaid.

The method for applying deductions is as follows:

- a. deductions shall commence in the next interim Payment Certificate following that in which the total of all certified interim payments (excluding the advance payment and deductions and repayments of retention) exceeds 30% of the Accepted Contract Amount less Provisional Sums; and
- b. deductions shall be made at the amortisation rate (20%) stated in the Contract Data of the amount of each Interim Payment Certificate (excluding the advance payment and deductions for its repayments as well as deductions for retention money) in the currencies and proportions of the advance payment until such time as the advance payment has been repaid; provided that the advance payment shall be completely repaid prior to the time when 90 per cent (90%) of the Accepted Contract Amount less Provisional Sums has been certified for payment.
- c. If the advance payment has not been repaid prior to the issue of the Taking-Over Certificate for the Works or prior to termination under GC Clause 15 [Termination by Employer], GC Clause 16 [Suspension and Termination by Contractor] or GC Clause 19 [Force Majeure] (as the case may be), the whole of the balance then outstanding shall immediately become due and in case of termination under GC Clause 15 [Termination by Employer] and Sub-Clause 19.6 [Optional Termination, Payment and Release], payable by the Contractor to the Employer.

8.3.3. Interim Payments

Interim Payment Certificates under GC Sub-Clause 14.3 are referred to as ~~“Monthly Certificates”~~ in Section 1.6 of the General Specifications, and commonly referred to as ~~“M”~~.

The Contractor shall submit a Statement in six copies to the Engineer after the end of each month, in a form approved by the Engineer, showing in detail the amounts to which the Contractor considers himself to be entitled, together with supporting documents which shall include the report on the progress during this month in accordance with Sub-Clause 4.21 [Progress Reports].

Each Monthly Statement shall be dated on the last day of the calendar month, but the sum claimed shall be based on the value of work completed up to and including the twenty-fifth day of the particular monthly period. The monthly statement shall be issued to the Engineer no later than the last day of each calendar month. (Gen Spec 1.6.2).

If Contractor fails to provide supporting data to the satisfaction of the Engineer, or is otherwise late in his submission then the actual payment date may be delayed and the Engineer will not be held responsible for any such delay in payment. (G Spec 1.6.1).

The Engineer is not bound to issue an Interim Payment Certificate if the amount is less than 1% of Accepted Contract Amount (GC Sub-Clause 14.3)

There is a time limit for the Employer to pay the Interim Payment Certificate (GC Sub-Clause 14.7), and delays will result in charges to the Employer.

A model Interim Payment Certificate is given in **Annex 17**.

8.3.4. Variations and contract amendment

During implementation, changes in contract may be necessary to address changes in quantity or characteristic of any item of work, changes due to mismatch between design drawings and actual site conditions, changes in design, modifications resulting from field engineering, omission of items, additional items, change in cost and changes to the sequence or timing of the execution of the Works. All such changes will be addressed through variations and GC Clause 13 provides contractual provisions of handling variations.

Variations may be initiated by the Engineer at any time prior to issuing the Taking-Over Certificate for the Works, either by an instruction or by a request for the Contractor to submit a proposal. The Contractor shall not proceed with any new or modified work without Engineer's instruction.

In accordance with FIDIC, the involvement of Engineer with the variations is significant as far as assessment of variation, preparation of documentation, issuing instructions to the Contractor and evaluation of revised program for Works are concerned, however the approval of variations and the procedures will follow the guidelines issued by DGH letters No. UM.01.03.Db/242 dated 21-Mar-2008 and UM.01.03.Db/895 dated 30-Nov-2009 (**Annex 25**).

Whether the instruction for preparation of variation is issued by the Engineer, or submitted through a variation request by the Contractor, the Quality and Quantity Engineer of both the Contractor and the field supervision team will prepare the preliminary documentation for review by the SSE. The initial draft is discussed with the Contract Officer (PPK) and the Contractor in a meeting to agree upon the technical justification of the variation and final draft Variation Order (VO) is prepared in consultation with Engineer, Contractor, P2JN and staff from Satker office.

The final draft Variation Order (VO) and technical justification is submitted to the Head of Balai.

The approval of technical justification for design revision will follow the procedures outlined in DGH letter of No. UM.01.03.Db/242 dated 21-Mar-2008; and UM.01.03.Db/895 dated 30-Nov-2009.

The Head of Balai as host should facilitate the meeting for review. The technical justification of the design revision through the Technical Assessment Team with members as mention in —~~Matrix~~ Table" on DGH letters of No: UM.01.03.Db/242 dated 21-Mar-2008. The technical justification is approved by Balai and Minutes of Meeting is signed by the Technical Assessment Team. The Minutes of Meeting will include the statement that *"Regional Supervision Consultants (RSC) is responsible for the technical aspects of proposed variation."*

Upon approval of the draft variation and technical justification, the Head of Satker will advise the SSE through the PPK for issue of —~~Instruction~~ to vary." The draft VO then becomes the Final VO.

At the same time, the SSE will assist PPK in preparation of Contract addendum, which is sent to DJJ (Dit. Jalan dan Jembatan Wilayah Timur or Dit. Jalan Bebas Hambatan dan Jalan Kota) for review for completeness of documentation. Once the documentation is complete, it is sent to Director of Planning for submission to AusAID for NOL to contract addendum.

Upon issue of NOL from AusAID, the addendum is signed by the PPK and the Contractor and becomes part of the Contract.

The addendum should be signed after NOL from AusAID.

For Urban Roads, replace the —~~Balai~~" with Dit. Jalan Bebas Hambatan dan Jalan Kota,

For the proper administrative arrangement, the sequence time needed for the addendum as mentioned in DGH letters No. UM.01.03.Db/242 dated 21-Mar-2008 and UM.01.03.Db/895 dated 30-Nov-2009 is as follows:

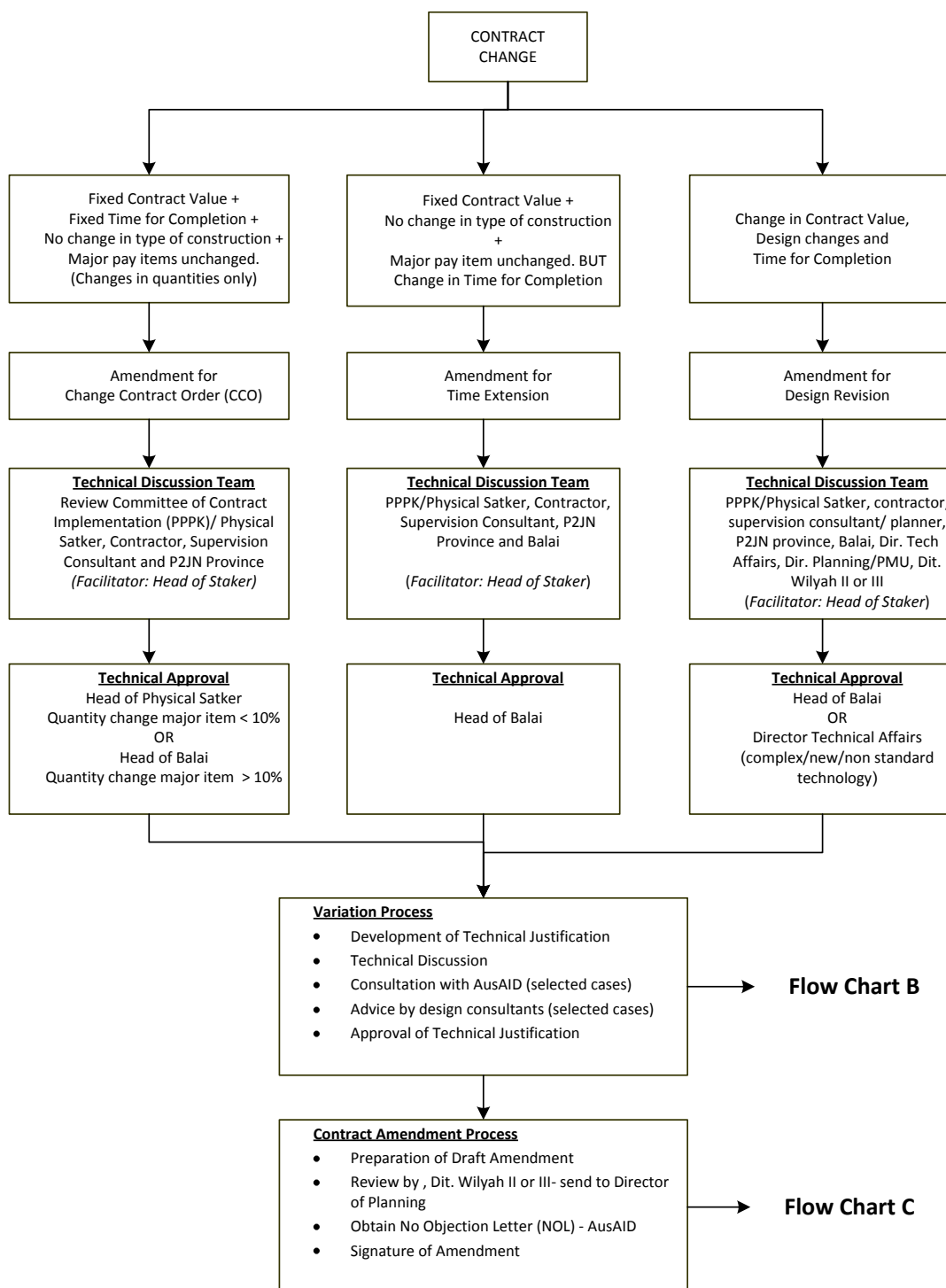
- All process must complete maximal 2 month
- From Balai approval to Addendum signed must complete in 1 month
- The last technical justification for addendum (not the final Addendum), must be complete 2 month before taking over.
- No addendum permit after taking over (previous terminology is Provisional Hand Over / PHO)

The general flowchart for the variation process is presented below in three parts.

- **Figure 8-2** provides the general administrative arrangements for a VO;
- **Figure 8-3** is the variation process; and
- **Figure 8-4** is the Contract Amendment process once a VO is approved.

Figure 8-2

Part A - Administrative Arrangements



Based on:
DGH letter No. UM.0103-Db/242 dated 21 March 2008
DGH letter No. UM.103-Db/895 dated 30 November 2009

Figure 8-3 Part B - Preparation and Approval of Technical Justification

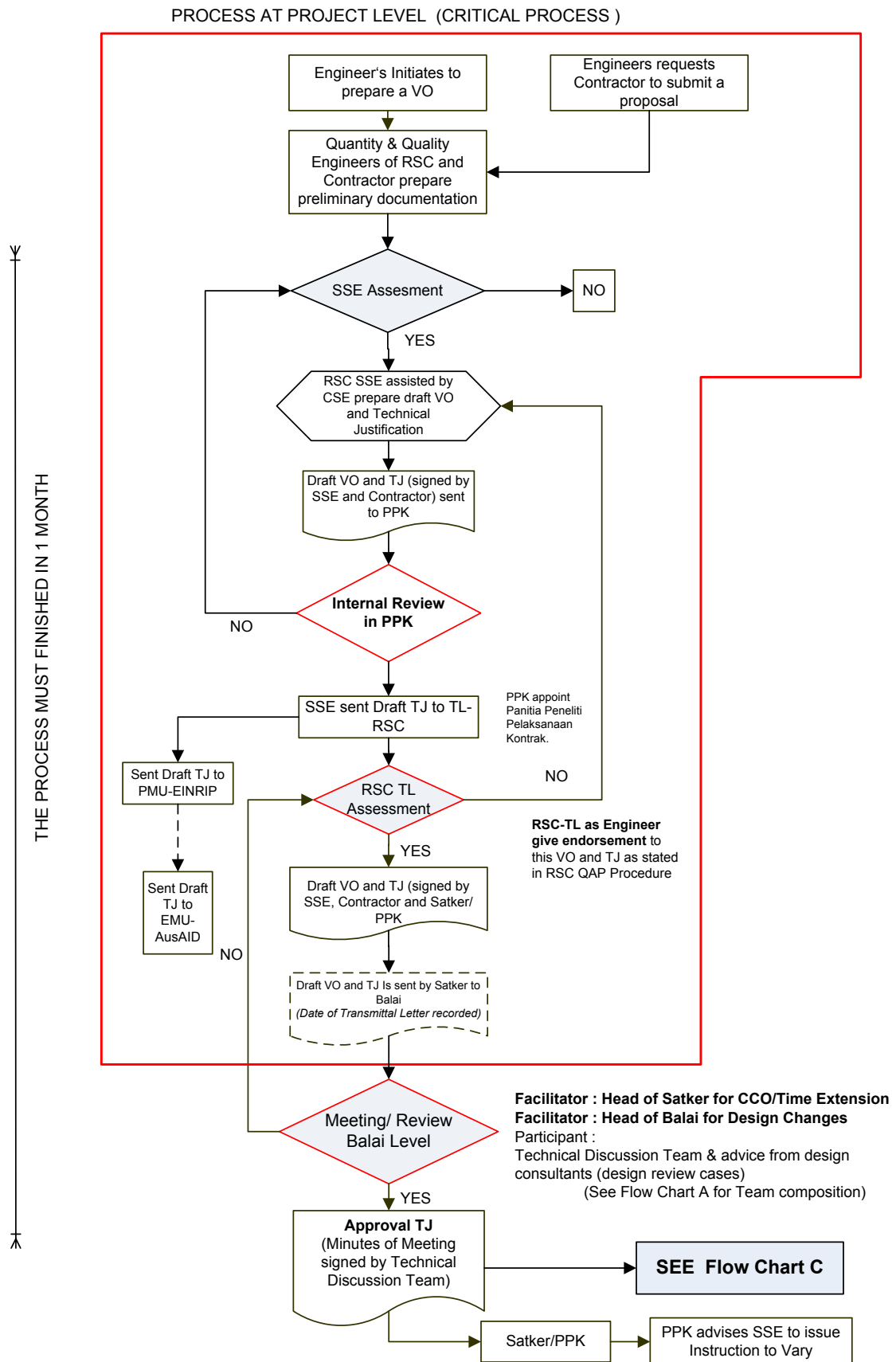
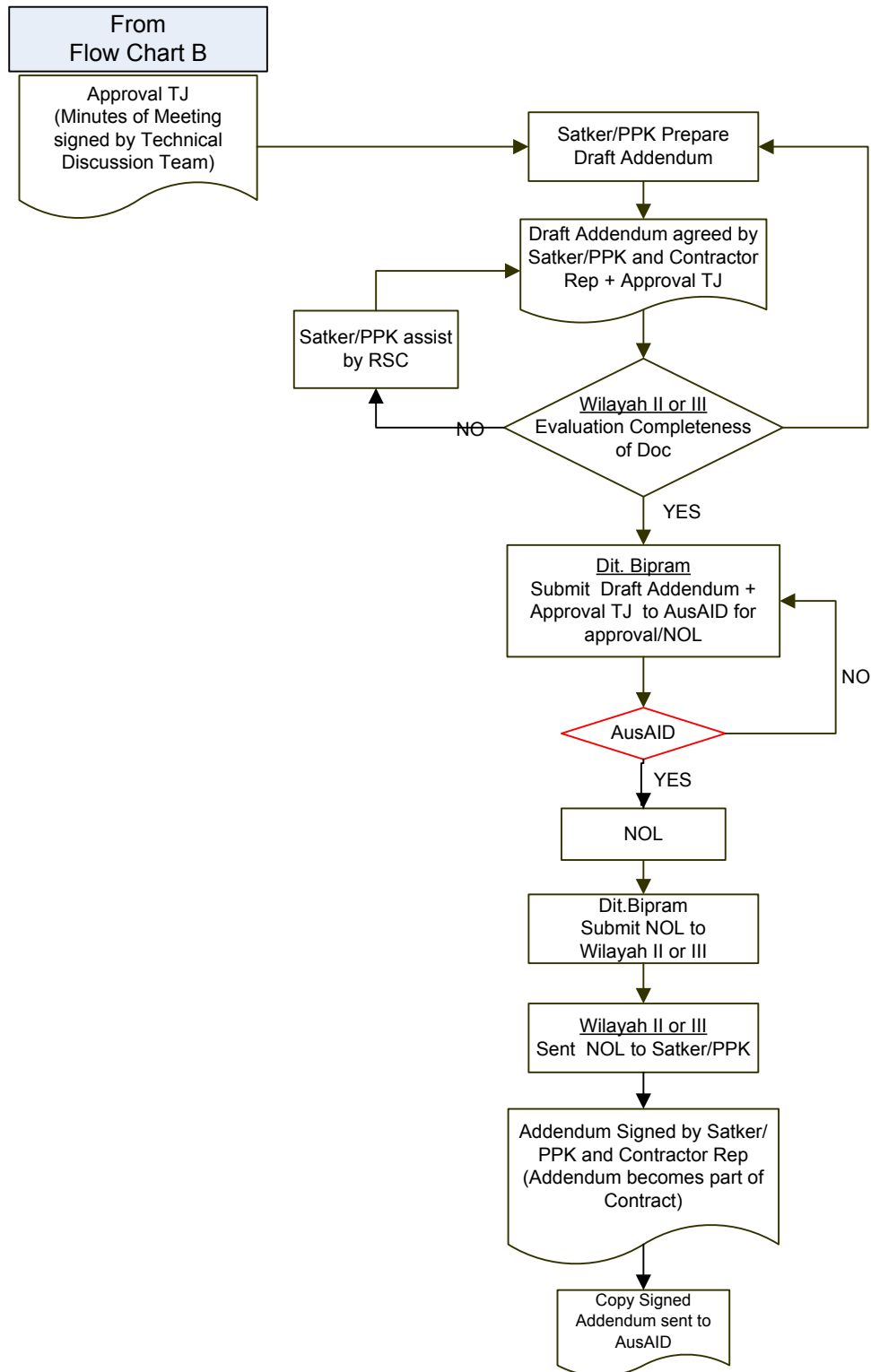


Figure 8-4 Part C - Preparation and Approval of Contract Amendment



Note :

PPK : Pejabat Pembuat Komitmen

Wilayah: Direktorat Bina Pelaksanaan Wilayah, Directorate of Implementation Affairs of Region II & III

VO : Variation Order

TJ : Technical Justification

Technical Review Team members base on DGH Letter No. UM.0103-Db/242 tgl 21 Maret 2008

NOL : No Objection Letter

RSC responsible for Technical Aspect (design, qty calculation)

8.3.5. Price Adjustment

The amount payable to the Contractor shall be adjusted for rises or falls in the cost of labour, goods, and other inputs to the Works for the original time for completion of more than 365 days only, by the addition or deduction of the amount determined by the formulae prescribed below as to refer in the Sub-Clause 13.8 [Conditions of Contract and Particular Conditions]. The adjustment to be applied to the amount otherwise payable to the Contractor, as valued in accordance with the appropriate Schedule and certified in Payment Certificates, shall be determined from formulae for each of the currencies in which the Contract Price is payable. No adjustment is to be applied to work valued on the basis of Cost or current prices (GC Sub-Clause 13.8).

$$K = V \times [I(Ln-Lo)/Lo + f(Fn-Fo)/Fo + m1(M1n-M1o)/M1o + m2(M2n-M2o)/M2o + m3(M3n-M3o)/M3o + e(En-Eo)/Eo]$$

where:

- K = Adjustment amount for the relevant Pay Item
- V = Valuation of work certified for payment as having been completed during the month under consideration based on the product of the net certified quantity and the Unit Prices entered in the Bill of Quantities for the Pay Item concerned but without deduction of any Retention Money and excluding any advances made for materials on site.
- Ln = General Indices for the relevant provincial capital published monthly in the "Indikator Ekonomi", Table 1.3 General Index, applicable at the time of "n".
- Lo = Index as defined in L above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- Fn = Industrial price of cost of high-speed diesel fuel established by "Pertamina Oil Company", applicable at the time of "n".
- Fo = Industrial price as defined in F above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- M1n = Price indices for all kind of quarry and borrow products, published yearly in the "Indeks Harga Perdagangan Besar Indonesia", applicable at the time of "n". The index sources applicable to each Pay Item are defined by the tables listed in the "Price Index Source for Materials". Interim data may be obtained directly from Badan Pusat Statistik (BPS).
- M1o = Index as defined in M1 above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- M2n = Price indices for cement, asphalt and all kind of metals, published yearly in the "Indeks Harga Perdagangan Besar Indonesia" applicable at the time of "n". The index sources applicable to each Pay Item are defined by the tables listed in the "Price Index Source for Materials". Interim data may be obtained directly from Badan Pusat Statistik (BPS).
- M2o = Index as defined in M2 above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- M3n = Price indices for additive, paint, rubber, electrical, steel (when M2 is cement), etc, published yearly in the "Indeks Harga Perdagangan Besar Indonesia" applicable at the time of "n". The index sources applicable to each Pay Item are defined by the tables listed in the "Price Index Source for Materials". Interim data may be obtained directly from Badan Pusat Statistik (BPS).
- M3o = Index as defined in M3 above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- En = Price indices for equipment, published yearly in "Indeks Harga Perdagangan Besar Bahan Bangunan/Konstruksi Indonesia", item 23, Machinery and Spare Parts, applicable at the time of "n". Interim data may be obtained directly from Badan Pusat Statistik (BPS).
- Eo = Index as defined in E above mentioned, but applicable 28 days prior to the latest date for submission of bids.
- n = Current time of the indices, which shall be either those published for the month in which the work was actually carried out or those indices published for the month in which that work was scheduled to be carried out, whichever is the earlier. In the event of a revised construction schedule being approved by Addendum to the contract, the new schedule shall be effective from the month during which the Addendum was signed. The contractual progress schedule is not necessarily the same as any revised programme prepared to satisfy the requirements of Sub-clause 8.3 of the Conditions of Contract and shall only include progress schedules approved by formal Addendum. In the case of Material on Site, the applicable "n" for the price indices of material (M) shall be that for the period during which the Material on Site is certified for payment.

The factors I, f, m1, m2, m3, and e are standard factors included in the Table of Component Cost Factors for Road and Bridge Works in the Section VIII-Particular Conditions (PC) for the relative

components of (l) labor, (f) fuel and lubricants, (m1) all kind of quarry and borrow materials, (m2) manufactured material, (m3) specific manufactured material and (e) equipment. In all cases $l + f + m1 + m2 + m3 + e = 0.85$ where $a = 0.15$ is a nonadjustable element and 0.85 is an adjustable element.

The price indices or reference prices stated in the table of adjustment data shall be used. If their source is in doubt, it shall be determined by the Engineer.

Until such time as each current cost index is available, the Engineer shall determine a provisional index for the issue of Interim Payment Certificates. When a current cost index is available, the adjustment shall be recalculated accordingly.

Price adjustment shall apply only to Selected Pay Items, defined in a Particular Condition of Contract with reference to GC Sub-Clause 13.8, as follows:

The items to be included for price adjustment shall be those listed in Appendix 2a to the Bid. Items shall be eligible for price adjustment on the Rupiah portions only.

Those items shall remain the only items eligible for price adjustment throughout the duration of the Contract, irrespective of whatever changes are made to the Contract by virtue of subsequent Contract Change Orders or Addenda.

For this purpose, Appendix 2a to the Bid includes a Table called "List of Selected Pay Items", which will be completed by PPC at the time of preparing the Engineer's Estimate. For pay items other than defined Selected Pay Items, including all foreign currency items, the Bidder shall be deemed to have included price adjustment in his Bid Prices.

The indices and weightings for the price adjustment formulae in Particular Condition 13.8 shall apply.

8.3.6. Extension of Time for Completion

Under GC Clause 18.4, the Contractor shall be entitled subject to GC Sub-Clause 20.1 [Contractor's Claims] to an extension of the Time for Completion if and to the extent that completion for the purposes of GC Sub-Clause 10.1 [Taking-Over of the Works and Sections] is or will be delayed by any of the following causes:

- a. a Variation (unless an adjustment to the Time for Completion has been agreed under GC Sub-Clause 13.3 [Variation Procedure]) or other substantial change in the quantity of an item of work included in the Contract,
- b. a cause of delay giving an entitlement to extension of time under a Sub-Clause of these Conditions, including Delays Caused by Authorities,
- c. exceptionally adverse climatic conditions,
- d. unforeseeable shortages in the availability of personnel or goods caused by epidemic or governmental actions, or
- e. Any delay, impediment or prevention caused by or attributable to the Employer, the Employer's Personnel, or the Employer's other contractors.

If the Contractor considers himself to be entitled to an extension of the Time for Completion, the Contractor shall give notice to the Engineer in accordance with GC Sub-Clause 20.1 [Contractor's Claims]. When determining each extension of time under Sub-GC Sub-Clause 20.1, the Engineer shall review previous determinations and may increase, but shall not decrease, the total extension of time.

The review of previous determinations is to ensure consistency of evaluation and to avoid overlapping claims for extensions of time.

The procedures to be followed for evaluation of claim for time extension (if not already included in variation claim) will be addressed based on the procedures of the Variations under **Section 8.3.4**.

8.3.7. Rate of Progress

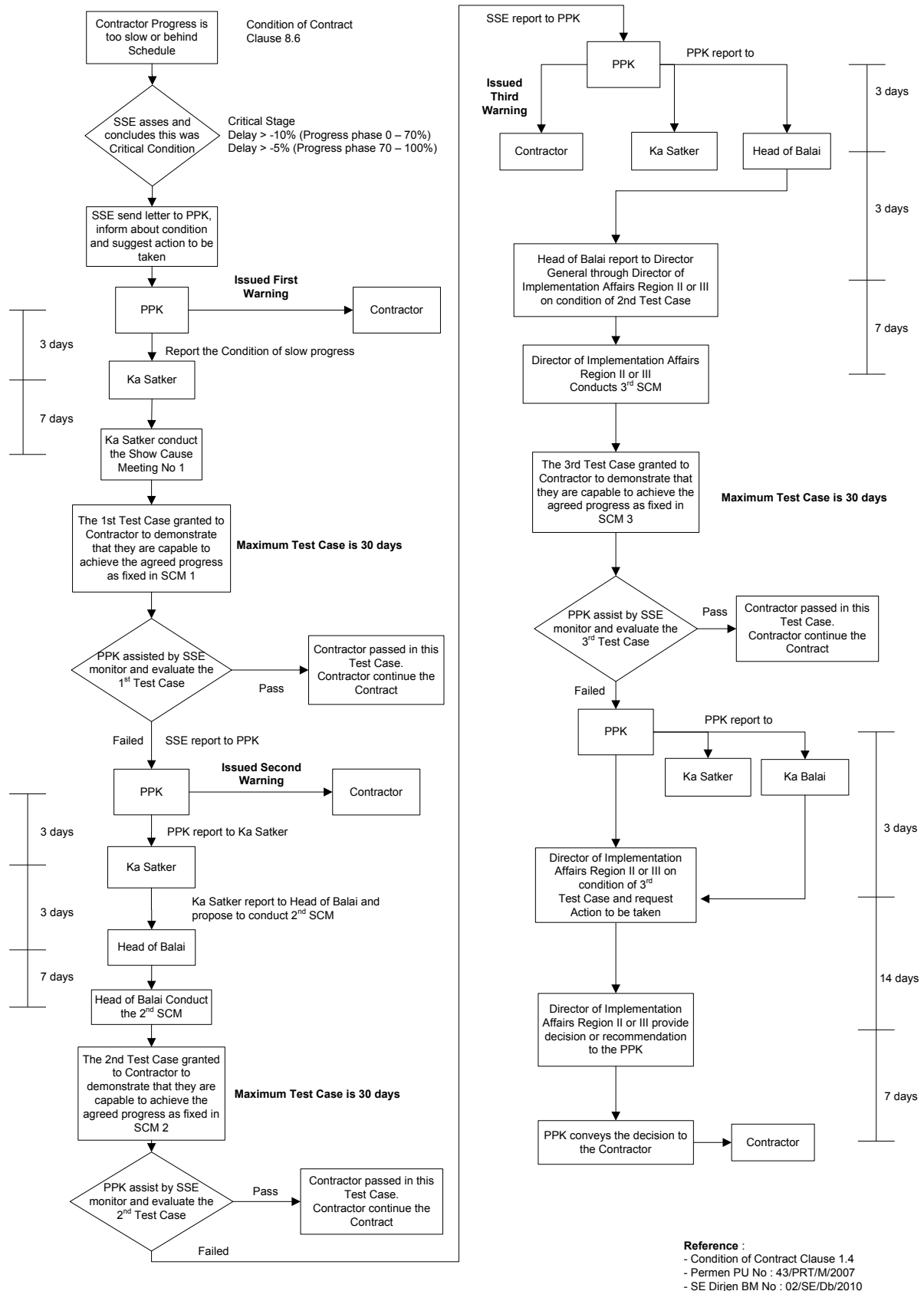
Under GC Sub-Clause 8.6, if, at any time, actual progress is too slow to complete within the Time for Completion, and/or progress has fallen (or will fall) behind the current programme under GC Sub-Clause 8.3, other than as a result of a cause listed in GC Sub-Clause 8.4 [Extension of Time for Completion], then the Engineer may instruct the Contractor to submit, under GC Sub-Clause 8.3, a revised programme and remedial measures describing the revised methods which the Contractor proposes to adopt in order to expedite progress and complete within the Time for Completion.

It has been agreed that in order to follow the requirements of GC Sub-Clause 8.6, the prevailing current law and regulation of GOI will be applicable. This regulation, based on *Minister of Public Works Regulation No 43/PRT/M/2007 re: Standards and Guidelines for Procurement of Construction Services*, is explained in the circular issued by Director General DGH, no. 02/SE/Db/2010 dated 15-June 2010, in which handling of critical packages is done through stages of warning letter, show cause meeting, and Trial period to the Contractor. If after three chances of trial period, the Contract is still in critical stage of progress, then the PPK may terminate the Contract based on Civil Law. The procedure is as follows:

1. A Contract is critical when physical realization is 10% delayed (in period 0-70%) or 5% delayed (in period 70-100%), so within 3 calendar days of this stage reached, the PPK must issue the first warning letter to Contractor and report it in writing to Head of Satker.
2. No later than 7 calendar days after receiving the report from PPK, a Show Cause Meeting Level 1 must be held by Head of Satker to provide opportunity to the Contractor for acceleration in work program and a Trial Period Level 1 is given to the Contractor. The maximum allowable time period for Trial 1 is 30 calendar days. PPK monitors the implementation of Trial Level 1 and if the Contractor fails, then within 3 calendar days after a Trial Period ends, PPK will immediately issue the second warning letter to Contractor and report it to Head of Satker.
3. No later than 3 calendar days after receiving the report from PPK, Head of Satker will propose to Head of Balai Besar/ Balai for holding Show Cause Meeting Level 2.
4. No later than 7 calendar days, since the report was received from Head of Satker, Head of Balai Besar/ Balai should conduct a Show Cause Meeting Level 2 to provide opportunity to the Contractor for acceleration in work program and a Trial Period Level 2 is given to the Contractor. The maximum allowable time period for Trial 2 is 30 calendar days. PPK monitors the implementation of Trial Level 2 and if the Contractor fails, then within 3 calendar days after a Trial Period ends, PPK will immediately give the third warning letter to Contractor and report it to Head of Satker and Head of Balai Besar/ Balai.
5. Within 3 calendar days after the report is received from PPK, Head of Balai Besar/ Balai reports to Director General through the Director of Implementation Affairs Region II or III.
6. No later than 7 calendar days after receiving the proposal from Head of Balai Besar/ Balai the Director of Implementation Affairs Region II or III, on behalf of DG should conduct a Show Cause Meeting Level 3 to provide opportunity to the Contractor for acceleration in work program and a Trial Period Level 3 is given to the Contractor. The maximum allowable time period for Trial 3 is 30 calendar days. PPK monitors the implementation of Trial Period Level 3 and if the Contractor fails, then within 3 calendar days after Trial Period ends, PPK with acknowledgment by Head of Satker immediately report to DG through Director of Implementation Affairs Region II or III with copy to Head of Balai Besar/Balai and also requests consideration for solution of critical package.
7. Director of Implementation Affairs Region II or III on behalf of DG will give consideration for solution of critical package within 14 calendar days since the report from PPK on Trial period Level 3 is received. Within 7 calendar days after receiving the consideration from Director of Implementation Affairs Region II or III on behalf of DG, PPK must convey the decision to the Contractor.
8. Procedure of Contract termination and sanction against Contractor will follow the stipulations in the Contract document.

Figure 8-5 shows the general flowchart to handle the slow rate of progress.

Figure 8-5 General Flowchart in DGH for Slow Progress Handling Mechanism



8.3.8. Delay Damages

If the Contractor fails to comply with GC Sub-Clause 8.2 [Time for Completion], the Contractor shall be subject to notice under GC Sub-Clause 2.5 [Employer's Claims] pay delay damages to the Employer for this default. These delay damages shall be the sum stated in the Contract Data, which shall be paid for every day which shall elapse between the relevant Time for Completion and the date stated in the Taking-Over Certificate. However, the total amount due under this Sub-Clause shall not exceed the maximum amount of delay damages i.e. 10% of the final Contract Price, as stated in the Contract Data. The Employer shall be entitled to terminate the Contract if the delay damages exceed the maximum amount of the delay damages under GC Sub-Clause 15.2 of Particular Condition.

8.3.9. Completion of the Works

—aking Over of the Works” is the term used in GC Clause 10 when the project has been completed and/or is taken over by the Employer.

Except as stated in GC Sub-Clause 9.4 [Failure to Pass Tests on Completion], the Works shall be taken over by the Employer when:

- a. the Works have been completed in accordance with the Contract, including the matters described in GC Sub-Clause 8.2 [Time for Completion] and except for any minor outstanding work and defects which will not substantially affect the use of the Works or Section for their intended purpose, and
- b. a Taking-Over Certificate for the Works has been issued, as described in GC Clause 10.

8.3.10. Suspension and Termination

The GC provides for suspension or termination of the Contract in various ways: GC Clause 15 [Termination by Employer], Clause 16 [Suspension and Termination by Contractor], Clause 19 [Force Majeure]. The underlying intent is to complete the works successfully, but to give both parties fair treatment in case the other party fails, or in case of negative external events.

A. Termination by Employer:

If the Contractor fails to carry out any obligation under the Contract, the Engineer may by notice require the Contractor to make good the failure and to remedy it within a specified reasonable time (GC Sub-Clause 15.1). The Employer shall be entitled to terminate the Contract if the Contractor fails or abandons the work or commits a corrupt practice, under any of more than ten circumstances specified clearly in the GC. In this context, the Contract Officer shall first obtain the approval of the Director General of Highways.

Depending on the event or circumstance, the Employer may terminate the Contract and expel the Contractor from the Site either after giving 14 days' notice to the Contractor, or in certain circumstances may terminate the Contract immediately.

The Employer's election to terminate the Contract shall not prejudice any other rights of the Employer, under the Contract or otherwise.

After termination, the Employer may encash the full amount of the Performance Security and complete the Works and/or arrange for any other entities to do so. The Employer and these entities may then use any Goods, Contractor's Documents and other design documents made by or on behalf of the Contractor. (Particular Conditions 15.2)

The Employer shall also be entitled to terminate the Contract, at any time for the Employer's convenience under GC Sub-Clause 15.5 [Employer's Entitlement to Termination for Convenience].

B. Suspension or Termination by Contractor:

The Contractor may, after giving not less than 21 days' notice to the Employer, suspend work (or reduce the rate of work) unless and until the Contractor has received the Payment Certificate, or reasonable evidence or payment, if:

- a. the Engineer fails to certify in accordance with GC Sub-Clause 14.6 [Issue of Interim Payment Certificates] or
- b. the Employer fails to comply with GC Sub-Clause 2.4 [Employer's Financial Arrangements] or GC Sub-Clause 14.7 [Payment], or
- c. AusAID has suspended disbursements under the loan and no alternative funds are available.

The Contractor's action shall not prejudice his entitlements to financing charges under GC Sub-Clause 14.8 [Delayed Payment] and to termination under GC Sub-Clause 16.2 [Termination by Contractor]. The Contractor shall be entitled to terminate the Contract under any of nine circumstances specified in GC Clause 16.

Depending on the event or circumstance, the Contractor may terminate the Contract either after giving 14 days' notice to the Employer, or in certain circumstances may terminate the Contract immediately.

The Contractor's election to terminate the Contract shall not prejudice any other rights of the Contractor, under the Contract or otherwise.

If any such event is indicated, the Employer shall activate the Disputes procedures.

8.3.11. Disputes

A new feature of the General Conditions for Works is a Dispute Board (DB) comprised of one or three members, or the number indicated in the Contract Data. Refer to GC Clause 20 (Claims, Disputes and Arbitration) in the Standard Bidding Documents for Civil Works [9].

A Dispute Board should be established for every contract, within 28 days after the Commencement Date (GC Sub-Clause 20.2). Under EINRIP, the DB comprises of one member only. If the DB member is not nominated within this time period, then as per contract BANl is the appointing entity. The DB candidates who are members of BANl require the payment of retainer fee for nomination, and since the EINRIP contract documents do not allow for any retainer fee, the nomination could be postponed until there is need for a DB once a dispute arises. The DB will be funded 50% by the Employer and 50% by the Contractor (GC Sub-Clause 20.2). Neither the Employer nor the Contractor acting alone can terminate a DB Member – termination must be jointly agreed.

The criteria for membership of the DB, rights and obligations of the Members, the Employer and the Contractor, and method of payment of the DB members are described in the Appendix to the General Conditions including —AGeneral Conditions of Dispute Board Agreement” as well as the —Procedural Rules”. It is envisaged that the Member will be experienced in Contract Law and Dispute Resolution. For EINRIP there shall be no retention fee.

The non-payment of the retention fee must be included in the Particular Conditions of Contract for each package,

The Appendix is a model for the DB Agreement with each individual Member, which must be signed by three parties: the Employer, the Contractor and the Member. Payment shall include a Daily Fee (while working on a dispute) and Expenses (including travel to the site). The selection of Members and negotiation of rates is up to the Employer and Contractor.

The 50% paid by the Contractor is an overhead item, not a Pay Item. The 50% paid by the Employer shall be added to the Contract amount, so that it can be paid to the Contractor through the Statements. To enable this, a Provisional Sum of 50% of the estimated DB value must be included in the Contract amount.

The amount to be set aside as a Provisional Sum shall be 50% of the total cost below:

- a. Assumed number of members of Dispute Board = 1
- b. Assumed number of field trips to resolve disputes = 3 field trips per contract

- c. Assumed travel from provincial capital to site, say Rp. 5,000,000 per trip = Rp. 15,000,000 per contract (3 round trips)
- d. Assumed Daily Fee inclusive of out of station allowance = Rp. 15,000,000 per day x 8 days = Rp 120,000,000 per contract
- e. Miscellaneous Expenses say Rp 5,000,000
- f. Total Estimated Cost (Rp. million) = 15 + 120 + 5 = Rp 140 m/contract (shared equally between Employer and Contractor)

The Provisional Sum shall be Rp 70 million per contract which sum shall remain unused if the Dispute Board does not operate. However, all contracts must include the Provisional Sum. The actual payments under the Provisional Sum will depend on the agreed rates in the Dispute Board Agreement.

8.4. Quality Assurance

Quality control of materials and works has been vulnerable to abuse in the past, and will be subject to special attention of supervisors and auditors under EINRIP. The Engineer will be required to observe testing by Contractors, and may carry out independent tests. The Bidding Documents require certification of laboratory technicians.

8.4.1. Quality Control by the Contractor

A comprehensive list of equipment to be provided by each Contractor is appended to the technical specifications, if required under the Scope of Works. However, the Contract does not prohibit the Contractor using external testing facilities, either their own or commercial. The Engineer is entitled to observe the Contractor's testing but there is no contractual obligation for the Contractor to make their testing facilities available to the Engineer.

8.4.2. Hold Points

Section 1.4 of the General Specification specifies the Contractor's responsibility for Laboratory Testing Services. Paragraph 1.4.1.5. requires that, at a minimum, the Contractor notify the Engineer that the following work stages have been reached, and the Engineer or his delegate shall inspect and approve the work before the Contractor covers up the work.

- a. Setting out
- b. Ground level (after clearing and grubbing)
- c. Pile tests
- d. Bridge foundation excavation
- e. Steel reinforcement and formwork before concrete casting
- f. Top of subgrade
- g. Top of compacted Base B
- h. Top of compacted Base A inclusive of proof rolling, impact hammer or other test nominated by the Engineer.
- i. Existing asphalt preparation for overlay
- j. Each asphalt layer
- k. Pipe culverts, drainage structures
- l. Subgrade drains, bleeder drain and permeable fill
- m. Underground utilities

The Engineer may nominate other activities for which inspection is required, as a hold point. For each hold point, the Engineer and Contractor shall agree the procedure, place and time for giving of notice to inspect.

8.4.3. Quality Assurance by the Engineer

Under EINRIP, the Team Leader of the Regional Supervision Consultant team will be responsible for quality assurance for all works. Chief Supervision Engineers (CSE) will be responsible for a number of civil works contracts, with authority delegated in writing by the Engineer. They will direct and supervise the Field Supervision Team (FST) for each contract.

The Team Leader of the RSC will prepare and implement a Quality Assurance Plan that will identify measures to ensure the consistent achievement of proper standards of supervision across all contracts and FSTs. This Plan will be implemented in the field by the CSEs, under the supervision of the Team Leader according to procedures that will be specified in the QA Plan.

The PMSC will monitor and report on the implementation and effectiveness of the QA Plan.

8.4.4. Technical and Financial Audits Consultant (TFAC)

AusAID will directly engage a consultant to conduct Technical and Financial audits during civil works implementation to examine the quality and effectiveness of implementation, including environmental aspects. The Technical and Financial Audit Consultant (TFAC) will provide report to AusAID and DGH and MPW will impose available sanctions on Contractors based on the outcomes of these audits. AusAID reserves the right to withhold or cancel reimbursements from the loan relating to a particular sub-project where adequate measures are not taken to avoid poor quality works.

As far as possible, audits will be scheduled to take place at Hold Points (Section 8.4.2) so that the results can improve the remainder of the works, and the result of technical audit shall be taken into consideration by the persons evaluating each package for Taking Over.

All Audit Reports will be shared with other Auditors (IG, MPW, BPKP, etc), in order to reduce the number of audit tests that may disturb the works and reduce the duplication of tests.

The objects, method of tests and schedule for audit will be set out in the Terms of Reference for the TFAC, following discussions with DGH. The equipment, personnel and operational cost will be provided by TFAC.

TFAC is to be given free access to all parts of the works, and contractors' and consultants' facilities for the conduct of their investigations. For this purpose, Director of Planning will inform the Directors of Implementation Affairs Region II and III and the relevant Balai/Balai Besar offices about the TFAC audit visit and the proposed schedule.

8.4.5. Technical and Financial Audit Response Procedure

Technical and Financial Audit Consultant (TFAC) Reports are expected to identify deficiencies and non-conformities in the works undertaken by the Civil Works Contractor (CWC); deficiencies in procedures and implementation by the CWC which are leading to problems, and deficiencies in the performance of the supervision function by RSC. It is essential that all such failings are clearly identified and quickly rectified so that the finished quality of the works is not impaired.

To ensure that the TFAC process findings are beneficial to the construction quality and supervision standards, it is important that a formal Audit Response Procedure is maintained to ensure that all parties promptly undertake the actions that are required of them.

The Contract Officer (PPK) for each package will be responsible for ensuring that the compliance and rectification measures to address the audit findings are fully implemented and completed in a timely manner.

The Procedure has the following main activities:

1. Audit Close Meeting – initial advice/verification of draft Audit Findings to PPK, RSC, Contractor
2. Preparation and distribution of Audit Report to all parties

3. Audit Response Meeting – PPK convenes meeting of RSC and Contractor to review rectification measures and time schedule
4. Implementation, Monitoring and Reporting of Rectification Measures – RSC and Contractor implement required measures, monitored by PPK. RSC reports on the satisfactory completion of the required response, PPK reports conclusion to DGH.
5. DGH formally respond to AusAID.

1. Audit Closing Meeting

An Audit Closing Meeting will be held at each site where an audit has been conducted. It will be held at the end of audit while the audit team is still in the field. The meeting will be chaired by the PPK, and the TFAC team will present the draft Audit Findings to all parties (PPK, RSC and Contractor), in order to make sure that all parties are:

- Verified the audit findings to PPK, RSC, and contractor
- Advised of the findings and the reasons/basis for them
- Given an opportunity to correct possible misinterpretations or misunderstandings by the Auditor, and/or disagree with the Auditor's conclusions
- Able to contribute to discussions about actions required to rectify the issues identified by the Audit.
- The Audit Forms presented in this meeting will be signed at least by the PPK, RSC and the Contractor, to acknowledge the audit findings.

2. Preparation/Distribution of TFAC Audit Report

The Auditor will then prepare and submit the final TFAC Audit Report to AusAID who will formally submit the report to DGH through Director of Planning. Then through him the report will be forwarded to DGH, Inspectorate General of Public Works, Director of Implementation Affairs Region II/III, Head of Balai, Head of Satker, PPK, RSC and the Contractor.

The Audit Forms presented in the Audit Closing Meeting will be attached in the TFAC Final Audit Report. Every finding in the Audit Forms will be explained in details and compiled into a list of audit findings.

The list of findings, as presented in the TFAC Audit Report, will be the handling basis for follow-up of TFAC audit findings and monitoring report by other parties, if needed.

3. Audit Response Meeting

Once the TFAC Audit Report is formally issued, the PPK will convene the Audit Response Meeting, to be chaired by the PPK, at the project location or PPK office. This meeting will provide a formal opportunity for the RSC and the Contractor to review the audit findings, and for the RSC to confirm the rectification measures required, and the time schedule for execution of these rectification measures. The minutes of the meeting will document the time period allocated and agreed for completion of rectification.

The role of the PPK as Chairman is to facilitate and oversee the discussion, record the decisions reached by the RSC, and advise the parties that he will be monitoring the satisfactory and timely completion of all rectification measures required to satisfy the Audit Findings.

4. Implementation, Monitoring and Reporting of Rectification Measures

The RSC will supervise the rectification of deficiencies, damage, or other works errors performed by the Contractor and on their completion will prepare a TFAC Audit Compliance Report. The RSC compliance report will be issued by the Chief Supervision Engineer (CSE) to the PPK, within the time period agreed at the Audit Response meeting. This report will document the satisfactory completion of all rectification works undertaken by the Contractor, and measures taken by the RSC and the Contractor to correct unsatisfactory work practices and procedures. Copies of all Engineer's Instructions, test results and correspondence related to the Audit Response should be attached to this report.

The PPK will closely monitor the performance of both the RSC and the Contractor in these activities, and will make such interventions as are required to ensure that all required measures are proceeding to the agreed time schedule. Instruction letters from PPK to RSC should be attached to PPK report.

Once the PPK is fully satisfied that all required actions have been satisfactorily completed, he will report to Director of Implementation Affairs for Region II/III, DGH, attaching the RSC's TFAC Audit Compliance Report.

5. DGH Response to Audit Findings

On receipt of the PPK's Report, Directorate of Roads Implementation for Region II/III DGH will check the completeness of TFAC Audit Compliance Report noting the satisfactory to the TFAC audit findings.

Then Director of Roads Implementation for Region II/III will submit this report to Director of Planning to be forwarded to AusAID.

Director of Planning will submit the Report for Audit Response to AusAID by attaching a copy of TFAC Audit Compliance Report. The same reports will also be submitted to the Inspectorate General of MPW.

Time Schedule for Audit Response

As may be seen in the Time Schedule required for these activities, careful time management by all parties, but principally the PPK, will be essential to ensure the proper completion of all required rectification works within a reasonable timeframe.

Proposed Time Frame is presented as follows:

No.	Procedure / Process	Time Frame	Cumulative (days)	Responsibility	Output
1.	Audit Closing Meeting	1 day		TFAC team	Draft Audit Forms signed by all three parties
2	AusAID receives Final Audit Report	7 days		TFAC team	-
3.	AusAID submits formally to DGH	3 days	1	AusAID	TFAC Audit Report
4.	Director of Planning sends Audit Reports to DGH, Inspectorate General MPW, and Director of Roads Implementation for Region II/III	3 days	4	DGH (Bipram)	TFAC Audit Report sent to PPK
5.	Director of Roads Implementation sends Audit Reports to Head of Balai, Satker, PPK, RSC and Contractor.	3 days	7	Dir of Roads Implementation Region II/III	TFAC Audit Report sent to PPK
6.	PPK copies Report to RSC, Contractor, calls meeting to review	5 days	12	PPK	Invitation for Audit Response Meeting
7.	Audit Response Meeting	1 day	13	PPK	-
8.*	PPK, RSC agree rectification measures, issue Instructions and schedule to Contractor and Site Supervision team	3 days	16	RSC	Instructions to Contractors

No.	Procedure / Process	Time Frame	Cumulative (days)	Responsibility	Output
9.	Contractor implements, RSC monitors and report to PPK on completion Site Supervision Team implements and CSE reports to PPK	21 days	37	Contractor/RSC	-
10.	RSC Report to PPK on Audit Compliance and rectification	3 days	40	RSC SSE	RSC TFAC Audit Compliance Report
11.	PPK Reviews and once satisfied sends to Director of Roads Implementation Region II/III, DGH Head office	2 days	42	PPK	PPK report on audit compliance
12.	Director of Roads Implementation for Region II/III sends the TFAC Audit to Director of Planning	2 days	44	Dir of Roads Implementation Region II/III	Dir of Roads Implementation letter with TFAC Audit Compliance Reports
13.	DGH send to AusAID formally as a response to TFAC Audit (copy to IG)	3 days	47	DGH (Bipram)	Dir of Planning Letter with TFAC Audit Compliance Reports

* Note on 9 above:

Some rectification measures, if of emergency nature, have to be undertaken immediately upon the advice during the audit finding. However, these will need to be properly recorded and documented during audit compliance process.

It may not be possible to totally rectify some findings (process issues) within the report time frame. For these progresses should be reported with a further scheduled date for rectification and monitoring. Issue of the report should not be delayed and must be submitted within 7 weeks of receipt of the Audit Report by DGH (Step 3).

8.4.6. GPS Mapping

All surveys, tests, technical audits, etc shall use GPS instruments for location reference. These will be used to pinpoint their exact coordinates (latitude-longitude). The PMSC and RSC will be expected to be literate in this technology, and with related map presentation.

8.5. Management of Consultant Services

8.5.1. Management of PMSC Services

Important aspects of implementation of PMSC Services include the following.

A. Quality Assurance

The PMSC shall conduct reviews of the performance of the RSC, to ensure the effectiveness of the RSC Quality Assurance Plan (QAP) which shall comply with the quality assurance provisions of the General Conditions of Contract, General Specification and Special Specifications, and shall include the test types, the frequency of testing, conditions for acceptance and inspection at —Hdl Points” (see **Section 8.4.2**).

B. Monthly Reporting

In discussion with the PMU, Implementing Agencies, and AusAID, the PMSC is required to develop a monthly Project Progress Report that satisfies the needs of all stakeholders, and ensure the timeliness and accuracy of all reports.

8.5.2. Management of RSC Services

Important aspects of implementation of RSC Services include the following.

A. Mobilisation

The PMU, supported by the PMSC, will provide a mobilisation briefing to key RSC staff Chief Supervision Engineers on (i) the role of the FIDIC Engineer; (ii) the role of field supervisors; (iii) responsibilities of head office; and (iv) the EINRIP ACAP, including terms of audits, sanctions etc. The RSC must provide comprehensive training for all its project staff.

B. Project Officers

Due to the wide distribution of supervision services in Eastern Indonesia, the following arrangements shall be made for management of the RSC:

- a. Directorate of Roads and Bridges, Eastern Region shall administer the Work Unit for the RSC Contract. RSC services, including those related to works in Metropolitan areas, shall be managed by this Work Unit.
- b. The DGH Balai in Makassar shall provide one staff as Project Officer to handle those activities required to be carried out in Makassar, including:
 - Recording of consultant staff activities at the Makassar office
 - Other tasks to be assigned by the Eastern Region to administer the Work Unit for the RSC Contract.
- c. The Construction Work Unit for each sub-project shall provide one staff as Project Officer to handle those activities required to be carried out at each project location, including:
 - Recording of consultant staff activities at the sub-project office
 - Other tasks to be assigned by the Eastern Region to administer the Work Unit for the RSC Contract.
- d. The cost of Project Officer Services which fulfils the Incremental Operating Cost criteria (see **Section 6.1.3**) must first be budgeted by the related Work Units.

C. Monthly Reporting

The RSC's Monthly Report shall include the following data:

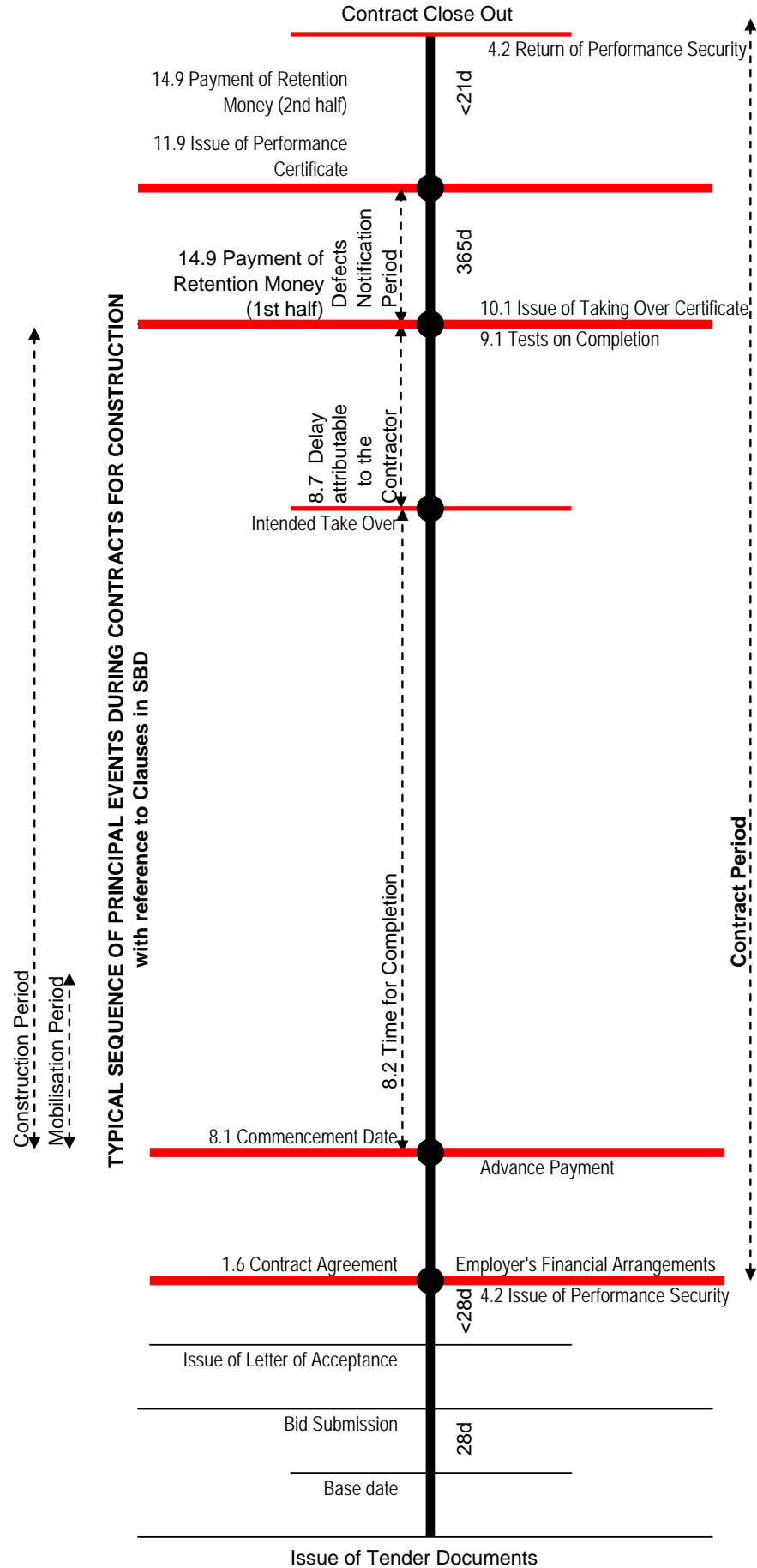
- a. The price of each Contract under supervision, the amount of each approved Contract Addendum, and an estimate of the total value of pending Claims.
- b. Summary of actual and scheduled physical progress for each contract, with a graphical representation of progress over the whole contract period.
- c. Key dates for the contract, comparing actual and scheduled.
- d. Key physical parameters for the contract, comparing actual and scheduled.
- e. Interim Payment amounts approved by the Engineer, as adjusted for Advance Payments, Retention, etc, with dates of approval.
- f. A summary of payment data, and the copies, from forms SPM, SP2D-LS RK and SP2D-LS RM which the Work Unit shall provide monthly to the RSC (see **Section 9.4.2.4**).
- g. A narrative for each contract of up to 200 words, including key events, an explanation of contract amendments, scheduling and quality problems, if any.

D. Contractual Liability

The RSC is employed under a contract with DGH that includes provisions that liability of the Consultant towards the Client is limited to “gross negligence or wilful misconduct” up to the value of the Consultant's contract. The Consultant must also maintain third party insurance and professional liability insurance, among others.

Figure 8-6 Typical Sequence of Construction Contracts, and Related ESS Activities

1. Pre-Contract Period	2. Pre-Construction Period	3. Physical Construction Period	4. Post-Construction Period
1.1 Conduct Screening 1.2 Conduct Consultations 1.3 Conduct Detailed Studies 1.4 Complete Land Acquisition 1.5 Integrate ESS with Designs	2.1 Apply E/S Studies and Procedures 2.2 Review Contractor Plans 2.3 Disseminate Public Information 2.4 Conduct Consultations	3.1 Monitor Implementation of Environmental Management Requirements 3.2 Monitor Implementation of Agreements on Social Aspects 3.3 Evaluate Monitoring & Consultation Results 3.4 Document Activities in Monthly Reports	4.1 Evaluate Compliance 4.2 Document Results
ESS Responsibility PPC, DGH, BAPPEDA, BAPEDALDA	ESS Responsibility DGH, RSC	ESS Responsibility DGH/RSC, Contractor, BAPEDALDA, PMSC	ESS Responsibility RSC, PMSC, BAPEDALDA, DGH



Chapter. 9 FINANCIAL MANAGEMENT

9.1. Regulations on Financial Sector

Guidelines for financial management for EINRIP refer to:

1. Law No 17 year 2003 on Government Finance.
2. Ministry of Finance Decree No. 35/KMK.07/2003 concerning planning, implementation/management and monitoring of forwarding Government's foreign loan to Regional Government.
3. Director General of Treasury Regulation No PER- 66/PB/2005 on GOI Payment Mechanism.
4. Government Regulation No 24 year 2005 on Government accounting standard (Government official gazette year 2005 No. 49 supplement for Government official gazette No 4503).
5. Minister of Finance Regulation No. 134/PMK.06/2005 on Guidelines for Payment of the GOI Payment Management.
6. Minister of Public Works Regulation No.02/PRT/M/2006 on Guidelines for management of Bookkeeping and Preparation of Financial Report within the Ministry of Public Works.
7. Minister of Public Works Regulation No.06/PRT/M/2006 on Guidelines for Management of Foreign Loan/Grant Withdrawal within the Ministry of Public Works.
8. Minister of Public Works No. 08/PRT/M/2006 on Guidelines for Management Procedure for Taxes Collection and Reporting in Management of GOI Payment within Ministry of Public Works.
9. Government Regulation No. 2 year 2006 regarding procedure for providing loan and/or receiving grant and forwarding of foreign loan and/or grant.
10. Minister of Finance Regulation No. 52/PMK.010/2006 on procedure for grant provision to the Regional Government.
11. Minister of Finance Regulation No. 143/PMK.05/2006 on management Procedure for withdrawal of Foreign Loan and/or Grant.
12. Minister of Finance Regulation No. 97/PMK.06/2007 on Classification and Codification of Government Owned Items.
13. Minister of Finance Regulation No. 120/PMK-06/2007 on Management of Government Owned Items.
14. Minister of Finance Regulation No.171/PMK.05/2007 on accounting System of the Central Government Financial Report.
15. Director General of Treasury Regulation No. 13/PB/2008 on Guideline for management of Loan Channelisation and Disbursement of Eastern Indonesia National Road Improvement Project (EINRIP) AIPRD-L002.
16. Director General of Treasury Regulation No. Per-51/PB/2008 on Guidelines for Preparation of Financial Report of Government Ministry/Agency.

9.2. Planning and Budgeting

9.2.1. Loan Category

'Project Loan Agreement' contains breakdown/ types of expenditure or called "category" as follows:

- Category 1 : Civil Works
This category used for financing civil works
- Category 2 : Goods
This category used for financing goods procurement
- Category 3 : Incremental Operation Costs
This category used for financing other cost for PMU needs
- Category 4 : Implementation Support
This category used for financing consultancy services
- Category 5 : Unallocated
This category used for financing physical and price contingencies expenditures.

9.2.2. Loan Allocation

9.2.2.1. Loan EINRIP

In line with the statement in Project Loan Agreement (September 2007) AusAID will finance EINRIP projects amounting to total AUD 300 million. In the 2011 amendment to the Loan Agreement, the allocation of categories has been modified. **Table 9-1** gives the category allocation in original loan agreement, whereas **Table 9-2** presents the revised allocation for categories.

Table 9-1 Financing Category and Percentage of Loan EINRIP AIPRD-L002 (2007)

Code of Category	Description	Portion of Expenditure (in AUD)	Remarks
1	Civil Works under Part 1 of the Project	229,700,000	89% Loan
2	Goods		
	a. Under Part 1 (iv) of the Project	9,900,000	89% Loan
	b. Under Part 2 (iv) of the Project	300,000	89% Loan
3	Incremental Operating Cost under Part 2 (v) of the Project	700,000	89% Loan
4	Consultants services		
	a. Under Part 2 (i) of the Project	6,300,000	100% Loan
	b. Under Part 2 (ii) of the Project	17,000,000	100% Loan
	c. Under Part 2 (iii) of the Project	1,200,000	100% Loan
5	Unallocated	34,900,000	100% Loan
Total		300,000,000	

Table 9-2 Revised Financing Category and Percentage of Loan (2011 Amendment)

Code of Category	Description	Portion of Expenditure (in AUD)	Remarks
1	Civil Works under Part 1 of the Project	267,993,778	89% Loan
2	Goods		
	a. Under Part 1 (iv) of the Project	5,006,222	89% Loan
	b. Under Part 2 (iv) of the Project	-	89% Loan
3	Incremental Operating Cost under Part 2 (v) of the Project	700,000	89% Loan
4	Consultants services		
	a. Under Part 2 (i) of the Project		
	b. Under Part 2 (ii) of the Project	26,300,000	100% Loan
	c. Under Part 2 (iii) of the Project		
5	Unallocated	-	-
Total		300,000,000	

9.2.2.2. Counterpart Funding (GOI)

Counterpart funding from the Government of Indonesia amounts to A\$ 30 million (or in equivalent rupiah) for loan-financed activities, as well as the wholly-Government funded activities related to the Project.

Land acquisition and training are critical to the Project and will be fully funded by Government of Indonesia in line with the Loan Agreement.

Other items which will be funded by GOI under the Loan Agreement include the cost of Republic of Indonesia staff, office, administrative costs. Some of these costs may be eligible for loan financing under the category IOC.

Staff, office and administrative costs not covered under IOC, include:

- Salaries and routine allowances of all officials, including PMU staff. Per Diem out-of-station allowances are eligible for loan funding under the category IOC.
- Office establishment and operation costs that can not readily be assigned to activities under the Project, such as construction, maintenance, and utilities for Government offices where officials are working on EINRIP.
- Insurance for Government officials, buildings and equipment.

Amount of counterpart funds as well as EINRIP Loan based on original loan signed in 2007 is illustrated in **Table 9-3**.

Table 9-3 Project Financing Plan (Original 2007 Loan)

Category	Cost Group	GOA (A\$m.)	GOI (A\$m.)				Total A\$m.
		Physical *)	Share %	Physical	VAT	Share %	
1. Civil Works							
National Roads	NR	229.7	89%	28.6	2.9	11%	261.2
<i>Sub Total</i>		229.7		28.6	2.9		261.2
2. Goods							
Bridge Trusses	BT	9.9	89%	1.2	0.1	11%	11.3
Equipment	EQ	0.3	89%	0.0	0.0	11%	0.3
<i>Sub Total</i>		10.2		1.3	0.1		11.6
3. Incremental Operating Costs							
PMU	OC	0.7	89%	0.1	0.0	11%	0.8
<i>Sub Total</i>		0.7		0.1	0.0		0.8
4. Consultants' services							
Project Management Support	PM	6.3	100%	0.0	0.0	0%	6.3
Regional Supervision	RS	17.0	100%	0.0	0.0	0%	17.0
Procurement Advisory Services	PA	1.2	100%	0.0	0.0	0%	1.2
<i>Sub Total</i>		24.5		0.0	0.0		24.5
5. Unallocated							
Physical Contingencies		11.5	100%	0.0	0.0	0%	11.5
Price Contingencies		23.4	100%	0.0	0.0	0%	23.4
<i>Sub Total</i>		34.9		0.0	0.0		34.9
TOTAL LOAN-RELATED COST		300.0		30.0	3.0		333.0
Land Acquisition	LA	0.0	0%	26.1	2.6	100%	28.7
Training and Workshops	TW	0.0	0%	1.0	0.1	100%	1.1
TOTAL 100% GOI COST		0.0		27.1	2.7		29.8
TOTAL PROJECT COST		300.0		57.1	5.7		362.8

Note: *) Excluding not collected VA

Revised amount of counterpart funds based on loan amendment signed in 2011 is illustrated in **Table 9-4**.

Table 9-4 Project Financing Plan (2011 Amendment Loan)

Category	Cost Group	GOA (A\$m.)	GOI (A\$m.)				Total A\$m.
		Physical *)	Share %	Physical	VAT	Share %	
1. Civil Works							
National Roads	NR	267.99	89%	33.12	3.31	11%	304.42
<i>Sub Total</i>		267.99		33.12	3.31		304.42
2. Goods							
Bridge Trusses	BT	5.01	89%	0.62	0.06	11%	5.69
Equipment	EQ	0	89%	0	0	-	0
<i>Sub Total</i>		5.01		0.62	0.06		5.69
3. Incremental Operating Costs							
PMU	OC	0.7	89%	0.1	0.0	11%	0.8
<i>Sub Total</i>		0.7		0.1	0.0		0.8
4. Consultants' services							
Three consultants combined allocation (PMSC, PAS and RSC)	Cs	26.3	100%	0.0	0.0	0%	26.3
<i>Sub Total</i>		26.3		0.0	0.0		26.3
5. Unallocated							
Physical Contingencies		0.0	100%	0.0	0.0	0%	0.0
Price Contingencies		0.0	100%	0.0	0.0	0%	0.0
<i>Sub Total</i>		0.0		0.0	0.0		0.0
TOTAL LOAN-RELATED COST		300.0		33.84	3.4		337.2
Land Acquisition	LA	0.0	0%	26.1	2.6	100%	28.7
Training and Workshops	TW	0.0	0%	1.0	0.1	100%	1.1
TOTAL 100% GOI COST		0.0		27.1	2.7		29.8
TOTAL PROJECT COST		300.0		60.94	6.1		367.0

The percentage Loan portion on shared financing activities is the percentage required to ensure that the GOI contribution at the end of the Project reaches the amount specified in the Loan Agreement. The Loan portion has been set in the original Project Financing Plan (**Table 9-3**), and may be adjusted during the Project. Percentages shall have only two decimal places (for example 89%, 90%).

Periodic Meetings of AusAID and GOI will update the GOI contribution, and if necessary revise the percentage Loan portion on specified activities to achieve the updated GOI contribution.

Implementation of EINRIP activities is by the Central Government implemented by the Project Unit of the Directorate General of Highways, MPW.

Allocated portion of Loan Fund Source (civil works, goods, IOC) is 89% and of Counterpart Fund is 11%.

Consultancy Services of 100%, is fully financed from Loan Fund Source

Payment for activities in implementation should be proportional.

9.2.3. Budget Preparation and Implementation

In line with the Law No. 17 year 2003 regarding the Government finance and Law No. 1 year 2004 on Government Treasury: defined that implementation of APBN for a particular financial year initiated with preparation and legalization of budget implementation documents. The budget implementation documents hereinafter referred to as the annual GOI Budget (DIPA) which is prepared by Pengguna Anggaran/Kuasa Pengguna Anggaran (PA/KPA) – (Budget User/authorized Budget User) based on the RKA-KL (Rencana Kerja Anggaran – Kementerian/Lembaga) approved by the House of Representatives and on the Presidential Regulation regarding the Central Government Budget Details.

This DIPA is legalized by Ministry of Finance.

9.2.3.1. DIPA Preparation Procedure

1. General Provision

DIPA is a budget Implementation document prepared by PA/KPA. DIPA is legalized by Director General of Treasury or Head of Regional Office of Directorate General of Treasury on behalf of Minister of Finance. DIPA is applied for a single budget year and contains some quantified information which functions as the basis of activities for implementation and budgeting formulation.

In addition, DIPA may be utilized as the controlling tool, reporting implementation, supervision as well as a Government's accounting tool. Ceiling limit in DIPA is the maximum amount of expenditure that cannot be exceeded and it's application should be held responsible.

Refer to above definition, DIPA provide a unity of work plan details for Budget User established by Government Ministry/Agency and legalized by Ministry of Finance/Director General of Treasury.

Documents used as the basis for preparation of detailed activities and budget in DIPA include:

a. Law on APBN (GOI Budget)

Budget allocation in APBN provides a ceiling for a Government Ministry/Agency which can be allocated in DIPA of Work Units in related Government Ministry/Agency.

b. Presidential Regulation on the Central Government's Budget details provides the basis in DIPA formulation for each Work Institution within the Government Line Ministry/Agency. Under Presidential Regulation on the Central Government's Budget details, Budget is broken down into Work Institutions and expenditure types, for each budget unit of Government Ministry/Agency.

- c. RKA-KL which has been approved by the House of Representatives (DPR), and has been discussed with the Directorate General of Budget. Final RKA-KL which has been discussed with Directorate General of Budget serve as the basis for preparation of the DIPA concept in order to ensure that the budget unit in DIPA concept has complied to the budget formulation principles which has been agreed during the RKA-KL discussion with Directorate General of Budget.

- d. Standard Accounting Flow Chart

Standard in a Standard Accounting Flow Chart should be taken into considerations in preparation of DIPA concept in order to ensure that the Work Plan has been made in line with the code and detail standard regulated in provision on Government accounting.

2. Key Materials of DIPA Concept

Key materials of DIPA include: organization, function, treasury official, budget usage details, fund withdrawal plan and income estimate.

1) Organization

Budget allocation in DIPA concept is established for each government ministry/agency in line with its organization structure. Budget details are arranged respectively from Budget Section (government ministry/agency), Organisation Unit (Satminkal/ Unit of Echelon 1), and Work Unit. DIPA concept formulation, based on organisation, is carried out to undertake assignments in order to achieve the target of Government Ministry/Agency's program in line with organisation's vision and mission.

Definition of Budget Section, Organisation Unit and Work Unit are as follows:

a. Budget Section Code

Budget Section Code is a Code nominated by the Ministry/Agency of Budget User as stipulated in APBN Law. Government Ministry/Institution, in this case, act as the Budget User, (Ministry of Public Works dominate the Budget Section Code 33).

b. Organisation Unit Code

Organisation Unit Code is an Echelon 1 (one) Unit in Government ministry/Agency which is responsible for attaining function key tasks and particular program of the related Government Ministry/Agency (04: Directorate General of Highways).

c. Work Unit Code/Satker (Individual Work Unit Code)

Work Unit Code is a section of a particular Organisation Unit within Government Ministry/Agency which undertakes one or several activities of a program. Work Unit, in this case, form a front-line Organisation Unit of Government Ministry/Institution or SNG (Regional Government) which receive a KPA to undertakes assignments, function, program and mission of a Pengguna Anggaran (PA) (example: 497081 Satker of Directorate Road and Bridge of Eastern Region, so the DIPA Code of Work Unit is 33.02.497081).

d. Budget

Budget is an annual financial plan of a Satker for undertaking such assignments, function, program and mission. Work Unit also forms a Unit of Finance and Management Entity that carries out planning and is held accountable.

2) Function

Function provides a quantitative breakdown of fund allocation to respond to function/program/activities undertaken and the target/output as a result of such function/program/activities implementation. The qualitative function breakdown as set out in DIPA is useful to correlate DIPA

with performance achievement of Work Unit in line with assignment and budget authorization from Pengguna Anggaran/ Budget User.

In order to meet the inclusion of function material, so in DIPA concept should contain the breakdown of function and sub-function, activities program and sub-program, target and output indicator.

a. Function and Sub-Function

Function is a realization of governmental assignment in particular area undertaken in order to achieve the National Development Objective. Sub-function provides a further spelling-out of that function.

b. Program

Program provide a spelling-out of Government Ministry/Institution policy which contain one or several activities by using resources provided in order to achieve quantified result in line with mission undertaken by institution or community under the said Government Ministry/Institution Coordination.

c. Activity and sub-Activity

Activity is a component of program undertaken by one or several Work Units as a part of quantified target achievement under a program that consists of some resources mobilisation action either personnel (manpower resource), capital items, including equipment and technology, fund or any combination of all resources as an input to produce the output in form of goods and services.

Sub-Activity provides a component of activities that support the output achievement effort and objective of the said activity. Activity can consist of one or more sub-activities because those activities posses one or more different types and different units of output. Any one or other sub-activity may be distinguished based on output differences, so that the scale of activity output is not always forming adding-up of sub-activity scales in a single activity.

d. Target

Target is a performance or objective to be achieved from the mobilization of resources and budget in a single program or activity. Target is formulated quantitatively. Target in the DIPA concept is formulated based on a program and activity target. Program target provides a program target of Government ministry/Institution and the related echelon 1 unit. Meanwhile, the activity target provides a target that will be achieved by Work Unit in order to undertake activity within the said DIPA.

e. Output and Output Indicator

Output provides a clear and quantified result as an outcome of sub-activity implementation in achieving activity target by Work Unit. Output indicator is unit cost/quantity and/or quality price of the achieved output come directly from activity implementation. Output may be differentiated into output of sub-activity and activity.

3) Treasury Officer

Treasury Officer is a finance manager in a Work Unit assigned as an authorized budget user to verify and issuing a payment bill request (SPM) as well as undertake treasury assignments.

Treasury Officer consists of the Authorized Budget User, SPM Signatory Officials (Officials responsible to check invoices and sign SPM payment request) and Treasurer (Officials responsible to handle payments).

a. Kuasa Pengguna Anggaran – Authorized Budget User (KPA)

- 1) Kuasa Pengguna Anggaran is an official assigned and appointed by Pengguna Anggaran – Budget User to undertake program and activity and authorized to use budget in DIPA (the annual GOI budget).
- 2) Kuasa Pengguna Anggaran serves as a manager to manage and take responsibility for activities implementation and budget expenditure in DIPA.
- 3) The Official qualified to be assigned and installed as Kuasa Pengguna Anggaran is the head of Work Unit or other appointed official within the said Work Unit.

b. SPM Signatory Official

SPM Signatory Official is an official assigned and appointed by a PA/KPA to undertake verification on a claim payment request to the Government and thereafter issuing SPM as allocated in related DIPA.

c. Treasurer

Treasurer is an official assigned and appointed by a PA/KPA to receive, keeping, paying, bookkeeping and taking responsibility of cash fund for the Government expenditure in order to implement APBN within office/Work Unit/Government Ministry/Agency.

Breakdown of Work Unit Assignment and Authority

a. Head of Work Unit

Key Assignments of a Head of Work Unit include undertaking all work plan contained in DIPA, leading the Work Unit organisation for achieving the major mission, establishing the Work Unit Assignment Schedule Implementation Report to be submitted to The Minister and carrying out the required measures in case of KKN (Corruption Collusion and Nepotism).

b. Official Responsible for Making Commitments of Fund

Key assignment of the Contract Officer is to undertake a contract cause receiving and expending fund as contained in DIPA through issuing decree, ordering letter, contract, letter of acceptance and other forms of legal binding.

c. Official authorized to submit SPP

Key assignment of an official authorized to submit SPP include preparation of minutes of Works/Goods inspection, minutes of payment as a completeness of claim evidence from the legal payment receiver to be submitted to official making

d. Official Authorized to signing SPM (payment request)

Key assignment of an official authorized to issue SPM include undertaking verification on SPP either from the budget aspect, the formal correctness aspect of evidence in SPP or material correctness aspect of the proposed payment request and preparing SPM to be submitted to KPPN (treasury office).

e. Treasurer

Key assignment of a treasurer include to receive, keep and make payments from his account, undertake bookkeeping and establish report on account management under his authority.

In appointing the said official, it should be noted that the existing authority on item a, b, and c cannot superimpose the authority on item d and e. Such separation meant that the internal control applied which is built in on the Work Unit Organisation.

Preparation of Budget Usage Details

In order to undertake the work plan the inclusion of work plan items of budget into the DIPA concept should reflect interrelated function, subfunction, and activity program of the sub-activity with output unit and output indicator.

For the budget usage need, presentation of work plan and budget contents into the DIPA concept should be in line with the Government's accounting standard (Bagan Akun Standar) and fund payment/disbursement provisions through APBN mechanism.

Based on above objective, procedure for presentation of work plan and budget into details of budget usage in DIPA concept are as follows:

- a. Presentation of activities program, sub-program and Akun group.

Program, activity, sub-activity and akun group in DIPA concept should have connection between one and other in order to achieve the work unit performance and should meet the activities program of sub-activity on the established work plan and budget kegiatan.

- b. Akun Placement and Expenditure Type

In order to accountability of budget implementation performance by the PA/KPA and preparation of financial report, Akun placement should be in line with the type of established expenditure. Inappropriateness of expenditure type placement in DIPA concept will lead to delay of fund disbursement due to requirements for adjustment.

Type of expenditure provides an economic classification in the government financial statistical standard. The Government expenditure performance status will be determined through the type of expenditure in the form of result and output goods and services caused by the resource mobilization through the government expense/expenditure. Classification of expenditure types will differentiate the resource performance mobilized and output from either government asset or non-asset.

Details of Akun usage in type of expenditure refer to Bagan akun Standard.

- c. Filling-up of Authority Code

Budget implementation authority includes:

- 1) Authority given to the central government work unit consists of :

- a) Central Office Authority (Kantor Pusat = KP): is the authority to undertake activities contained in DIPA given to the work unit within the central office of government ministry/agency.
- b) Regional Office Authority (Kantor Daerah = KD): is the authority to undertake activities contained in DIPA delegated to the regional office of the central work unit.

- 2) Authority given to the Regional Government Work Unit (Satuan Kerja Perangkat Daerah = SKPD) include:

- a) Deconcentration Authority (DK): is an authority to undertake activities contained in DIPA Deconcentration delegated to the head of Provincial Government agency/ service.
- b) Higher Level Assistance (Tugas Pembantuan Authority = Tp): is an authority to undertake activities contained in DIPA tugas pembantuan delegated to the head of the Sub National Government (government agency/service of province/Kabupaten/Kota).

- 3) Establishment of Output Indicator Counting Target

- a) Establishment of target in DIPA should be in line with the target contained in work and budget plan. Target should be quantitative and quantified.

- b) Output Indicator Counting in DIPA should in line with the result and output unit counting in the work and budget plan.
- 4) Establishment of Fund Source of Payment Office and Fund Withdrawal Procedure
 - a) Fund Source in DIPA classified into three categories as follows:
 - 1. Counterpart Fund (Rupiah Murni)

Fund source of domestic sources fund i.e. non loan and/or grant is used to accommodate expenditure financed by ordinary budget of APBN.
 - 2. Non Tax Government Income (Penerimaan Negara Bukan Pajak = PNBPN)

PNBPN Fund Source used to accommodate expenditures financed by PNBPN. Reimbursement of expenditure should refer to the permissible maximum limit of fund reimbursement in related PNBPN.
 - 3. Foreign Loan and Grant (Pinjaman/ Hibah Luar Negeri = PHLN)

PHLN fund source used to accommodate expenditures financed by PHLN. On each expenditure financed by PHLN should mention the registration number of PHLN and procedures of fund withdrawal.
 - b) Payment Office

Payment Office needs to be included in DIPA which mention of the Code of Kantor Pelayanan Perbendaharaan Negara (KPPN) assigned to undertake payment/ reimbursement of fund.
 - c) Procedures of Fund Withdrawal

Procedures of fund withdrawal are needed for the expenditure financed by PHLN. Withdrawal procedures include direct payment and/or special account.
- d. Establishment of Fund Withdrawal Plan

Inclusion of fund withdrawal plan figure on page III of DIPA based on the monthly work plan of a work unit in line with the real need. Therefore, the work unit in establishment of the fund withdrawal plan should take its attention, as follows:

 - a) For Employee remuneration, due to the withdrawal tend to be constant, so the establishment of the withdrawal plan may be made as prorata divided by total months of a single year including the thirteenth month.
 - b) For the expenditure outside of employee remuneration, inclusion of withdrawal plan in line with withdrawal/payment plan in order to undertake activities include the impress fund/ provision money (Uang Persediaan = UP) withdrawal plan and the monthly direct payment withdrawal plan.
 - c) The fund withdrawal plan should be updated quarterly and submitted to the regional treasury office of the Directorate General of Treasury as the material for updating the plan account in related DIPA.
- e. Establishment of Income Forecast

Income plan cover an estimate monthly tax income and PNBPN at each work unit. Inclusion of the estimate tax income will include an income from taxes and duties managed by the unit work within the Directorate General of Tax and Directorate General of Duties.

PNBP includes an income received from results of activities implementation in DIPA covering all income of non-tax either functional PNBP or general PNBP, as an example: for the tax income the prognosis estimate in APBN should be included.

f. Record Filling-up

Filling up the records in the inclusion of description on expenditure details that require particular treatment and/or special requirements during the process of reimbursement and include:

- a) Activities and blockaded fund allocation
- b) Other matter need to be presented in DIPA notes.

9.2.3.2. *DIPA Discussion and Authorization*

1. DIPA Review

Discussion of DIPA may include as follows:

- a. Review of DIPA provide a sequence of evaluation process and procedures undertaken by The Directorate General of Treasury/regional Office of Directorate General of Treasury over DIPA concept proposed by PA/KPA of a Unit Work in order to ensure the consistency of DIPA concept with the Presidential regulation regarding the Central Government's expenditure budget function, and the principle of payment/ reimbursement as well as the government accounting standard.
- b. In undertaking DIPA review concept, the central office of Directorate General of Treasury/regional office of Directorate General of Treasury does not require to evaluate the correctness of the cost counting in the proposed DIPA concept, because the correctness of cost counting from the PA in DIPA concept is the full responsibility of PA/KPA.

Objective of DIPA review activities include:

- a. To ensure the compliance of inclusion and presentation of work and budget plan within organization, function, sub-function, program, activities, sub-activities of expense types as well as activities/sub-activities location between DIPA concept and details in the presidential regulation on the central government budget details.
- b. To ensure the presentation of work and budget plan has been in line with the payment principle in APBN mechanism.
- c. To ensure the presentation of work and budget plan has been in accordance with the government accounting principles as required in the finance report establishment.
- d. To ensure the PA/KPA establish a fund withdrawal plan in line with the budget usage plan in the DIPA concept.
- e. To make sure the PA/KPA establish an estimate income which will be received from budget implementation as contained in DIPA.

2. Authorization of Government Ministry/ Agency DIPA

Definition of DIPA authorization includes:

- a. Authorization of DIPA provides a determination by BLN on DIPA concept established by the PA/KPA. It contains the statement that the budget is available in APBN for the work and budget plan in related DIPA and it will be the basis for payment incurred from APBN.
- b. Authorization of DIPA conducted by issuing the DIPA authorization Letter signed by:
 - 1) Director General of Treasury on behalf of the Minister of Finance for the central Office/ Central Work Unit and the DIPA Tugan Pembantuan.

- 2) The head of the regional office of Directorate General of Treasury on behalf of the Minister of Finance for the DIPA of Regional Office/Vertical Work Unit and DIPA of Deconcentration Fund.

9.2.3.3. *DIPA Implementation*

1. Assignment of Treasury Official

Toward the authorized DIPA by Director General of Treasury/Head of Regional Office of Directorate General of Treasury, Minister/Agency Leader as a Budget User appoints the Official of Authorized Budget User as a Work Unit in the related agency by issuing the decree.

The authorized Budget User is the Head of Work Unit accountable to manage activities in line with work and budget plan established in DIPA.

Minister/Head of Agency may delegate his authority to the authorized Budget User to appoint

- a. Official that is given the authority to undertake action leading to budget expenditure/activities authority/commitment making;
- b. Official that is given the authority to verify claims to the Government and signing SPM;
- c. Treasurer to undertake treasury assignments in order to the government budget implementation.

2. Formulation of Activity Operational Guideline (POK)

In order to a smoothness of activities implementation established in DIPA, following the legalization of DIPA by Director General of Treasury/Head of Regional Office of Directorate General of Treasury, PA/KPA issues the Activities Operational Guideline (POK) which is the further spelling-out of DIPA.

3. DIPA Revision

In case of DIPA require any revision, the PA/KPA may undertake revision of DIPA, then proposed to the Director General of Treasury/ Head of regional office of Directorate General of Treasury for approval.

Procedure for finalization and legalization of DIPA revision regulated in the Ministry of Finance regulation on the procedure of the Central Government's Budget Details Revision and revision of Budget Implementation List.

9.2.3.4. *Critical Matters on DIPA Formulation Stage*

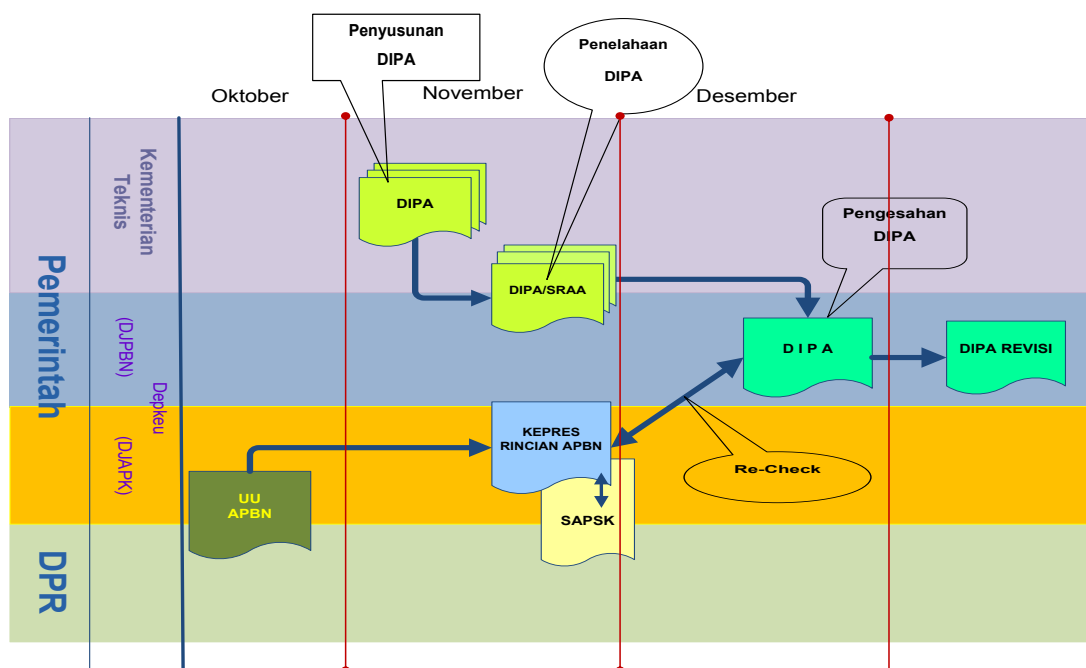
a. Netto or Bruto Figure

Figure contained in DIPA of EINRIP loan (21594001) provide a netto. It means that the figure excluded any related-to-expense tax such as Value Added Tax (PPN) and other taxes in line with the applied tax provisions. While in the counterpart DIPA, it is should be formed by the bruto figure because it is including PPN. This is because that there is a regulation mentions that PPN of any loan is uncollected.

b. Fund Source

Figure contained in DIPA should clearly indicate the source of Budget such as APBN Rupiah Source (for the counterpart fund) or a Foreign Loan/Grant source (PHLN). This is critical to know because that matter is connected with a particular matter in its implementation (PLN: RK 21594001) and RM counterpart Fund.

Figure 9-1 Flow Chart of DIPA



c. Procurement Procedure

Inclusion of the budget figures in DIPA is greatly influenced by the procedure of budget implementation which will be carried out through procurement of Goods/Services. Inclusion of figures in DIPA to be implemented will be different between the figures inclusion which will be performed and self management or contract procedure.

d. Expenditure Allocation

Expenditure will be stated as meeting requirements if the allocation from the particular budget allocation is in line with the related budget classification. Nevertheless, in case the expenditure partly or entirely financed by PHLN (Loan), it should be taken into attention the portion which will be incurred to PHLN and category of expenditure allocation and the counterpart fund portion which is allocated from APBN rupiah budget or other budgets. The Loan category will not be mentioned in DIPA, but in the loan agreement (NPLN), therefore the special attention should be taken during preparation of commitments

e. Expenditure Payment Procedure

In order for an expenditure incurred from APBN the payment conducted through the procedure of the direct payment (LS) to the third party and/or cash payment through imprest fund (UP) available in the account of expenditure treasurer.

Expenditure disbursement from PHLN of a special account, generally equal to the procedure of payment in APBN Rupiah Murni except it just allowed for payment request in the foreign currency and/or opening the letter of credit (LC).

f. Tax aspect

Each expenditure on APBN disbursement which related to tax on the expenditure should be paid. The tax includes VAT/PPN, Penjualan Barang Mewah (PPnBM), Bea Masuk/Bea Masuk Tambahan (BM/BMT) dan Pajak Penghasilan (PPh). PPN, PPnBM and BM/BMT provide a tax of the consumers' burden, in this case Project Manager the budget allocation of those taxes should be provided in DIPA. However, for expenditure financed by PHLN, provision of PPN, PPnBM and BM/BMT in DIPA receive an exception, and such as PPN and PPnBM will not be collected, BM/BMT is exempted from tax, while PPh provide a tax for the third party and not directly the burden of the budget, but specifically for expenditure coming from loan (PHLN), the related PPh be bourne by the Government.

9.3. Fund Withdrawal/ Disbursement Mechanism

9.3.1. Legal Basis

Withdrawal /disbursement of Fund coming from APBN refer to the Ministry of Finance Regulation No. 134/PMK.06/2005, dated 27 December 2005 regarding the Guideline of APBN implementation in payment and the Director General on Treasury Regulation No. PER-66/PB/2005 on the Payment Implementation Mechanism on the incurred from APBN.

9.3.2. Assignment of Official Responsible for Fund Withdrawal/ Disbursement

In order to undertake the fund withdrawal/disbursement contained in DIPA every early budget year, the Minister as the Budget User (PA) should issues decision to legally assign an Official as the Authorized Budget User (KPA) for the Work Unit.

The key assignment of the Work Unit Head is to undertake all work plan contained in DIPA, to lead the work Unit Organization that can achieve the major mission, prepare the implementation report of the work plan of the unit to be submitted to the Minister and undertake required measures in case KKN (Collusion, Corruption and Nepotism) occurs.

Key officials of the Work Unit are:

- a. Head of the Work Unit (Contract Officer - PPK)
- b. Official authorised to prepare the commitment (Pejabat Pembuat Komitmen/PPK)
- c. Official authorised to propose SPP.
- d. Official authorised to signing SPM.
- e. Treasury Official.

In appointing the said official, attention should be taken that authority mentioned in items a, b and c, cannot assume concurrently with authority in items d or e. These separations are intended that the built-in internal control is created within the Work Unit Organization.

9.3.3. Payment Procedure on Incurred from APBN

Payment procedure incurred from APBN is regulated as follows:

Direct Payment to the third party (Contractor for Goods/Services)

Direct payment is a payment made by KPPN to the right party based on SPM-LS issued by KPA in line with the legal expenditure evidences. Direct payment to the right party generally initiated with the following stages.

1) Establishment of Binding with the third party/ Contractor

Head of the Work Unit as the authorised Budget User (KPA) undertake the work plan set up in DIPA by holding the procurement process of Goods/services up to the signing of the procurement Goods/Services contract with the third party.

In order to identify the progress rate of the goods/services contract by the third party, the KPA should scrutinize the progress rate of project. The result of checking is included in Minutes of Checking Work Achievement completed with the witness statement on the work progress achieved.

2) Establishment of SPP (payment request)

Based on Minutes of checking work achievement, the accountant officer for the activities implementation submits SPP to KPA as the employer to be forwarded to the official issuing SPM.

SPP completed with:

- a) Contract document,

- b) Claim Evidence,
- c) Official minutes of work completion, contain work identity, number and date of contract, work location, contract price, number and date of DIPA, work accomplishment stage, witness statement on work achievement and claim payment recommendation for the accomplished work.
- d) Official minutes of work result inspection.
- e) Official minutes of payment.
- f) Tax factor attached with SSP
- g) Bank security (from advance payment and/or retention).

3) Preparation of SPM and Direct Payment (LS)

Authorised official issues SPM undertake the following:

1. Carry out testing/checking on SPP and its attachments. Testing carried out in order to identify :
 - a) Validity of attached documents
 - b) Availability of budget ceiling in Output budget item (MAK) consistent with DIPA.
 - c) Consistency of work results with the work plan in DIPA.
 - d) Correctness of the claim right from the third party (corresponding to the name of payment receiving right, claim value, prompt payment schedule to ensure that the claim still valid)
 - e) Activities objective and/or target achievement in line with the performance indicator contained in DIPA or the technical specification in the contract.

2. Preparation of SPM

Whenever SPP and attached documents is declared meeting requirements, the SKS head or the authorized official prepares and signs SPM LS attached with the valid evidence submitted to appointed KPPN office.

SPM LS is attached with the following:

- a) Contract Document/ Letter of acceptance.
- b) Letter of statement from authorized Budget User or the official appointed to manage the winning partner.
- c) Official minutes of work completion/official minutes work taking over and official minutes of work result completion inspection.
- d) Official minutes of payment
- e) Evidence approved by KPA or other appointed official.
- f) Tax Factor with its SSP which has been signed by the SPM signer and tax obligator.
- g) Bank security (for advance payment and/or retention)

4) Issuing of SP2D by KPPN.

KPPN has received SPM LS from KPA carry out substantial examination and formal examination on SPM-LS with attachment. Whenever the said SPM-LS declared that it is meeting requirements, then

KPPN issues SP2D to the related operational Bank in order to transferring from KPPN account to the third party account. Unfulfilled documents will be sent back to the sender.

5) Payment through Imprest fund

In EINRIP expenditure using payment through Imprest Fund is IOC.

In order to manage the Imprest Fund, the Minister as the Budget User should appoint the treasurer in advance.

6) Procedure to obtain the Imprest Fund is as follows:

Imprest Funds of Advance Payment is handed over/ extended to treasurer, revolving in nature, for financing a day-to-day office operational activities amounting to 1/12 with maximum 50 million rupiah for the ceiling limit up to 900 million rupiah, 1/18 with maximum 100 million rupiah for the ceiling limit up to 2.4 billion rupiah, 1/24 with maximum 200 million rupiah for the ceiling more than 2.4 billion rupiah.

Figure 9-2 Direct Disbursement Mechanism (LS)

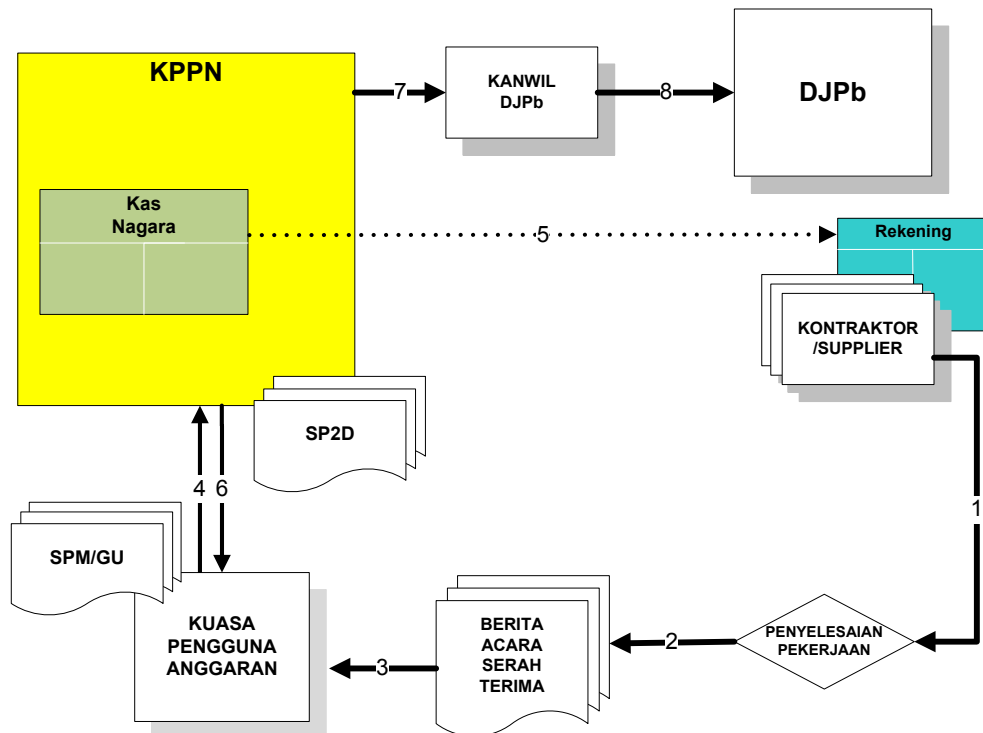
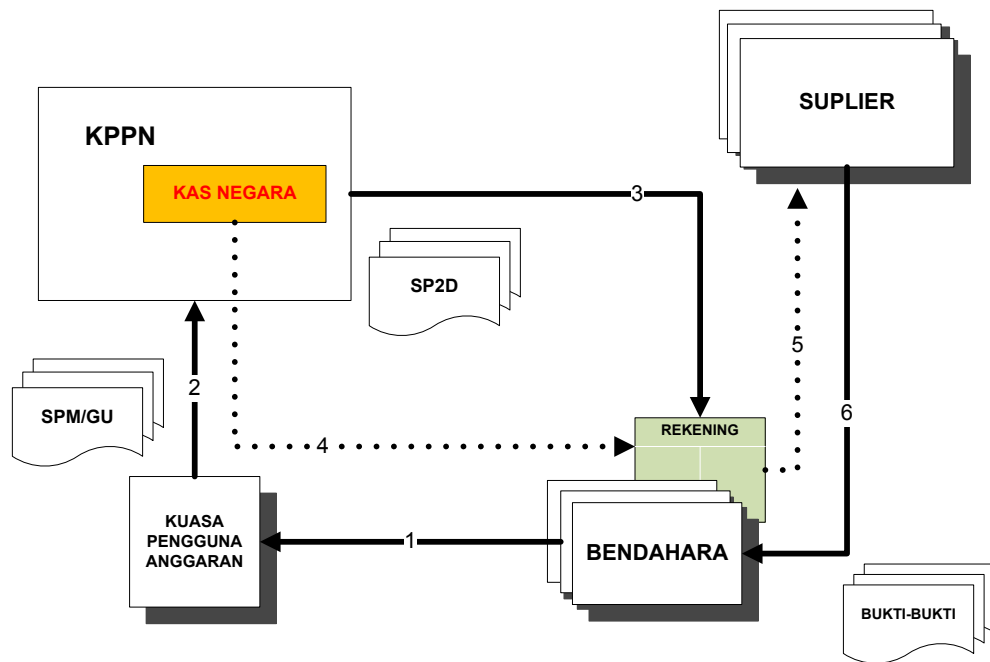


Figure 9-3 Disbursement Mechanism for Imprest Fund (UP)



9.3.4. Drawdown from Loan

Drawdown from loan is withdrawal of funds from foreign loan or grant and stipulated under the regulation of Directorate General of Treasury No. 13/PB/2008.

9.3.4.1. Basic Principles from Drawdown from Loan/Grants

Basic principles for drawdown from loan/grants are as follows:

1. Withdrawal of foreign loan/grants is implemented through APBN mechanism.
2. All Withdrawal funds or part of funds from foreign loan/grant is in accordance with budget allocation as arranged in the DIPA.
3. If the withdrawal amount of foreign loan/grants exceeds the budget allocation in DIPA, PA/KPA may propose for DIPA revision in accordance with the regulations.

9.3.4.2. Procedures for Drawdown from Foreign Loan/ Grant

Withdrawal of foreign loan/grant can be implemented through the following procedure: L/C opening, Direct Payment, Special Account and Reimbursement.

1. L/C opening

This is by opening Letter of Credit where Lending Agency/Grant (PHLN) will directly pay to the appointed commercial bank. This system is applied for purchasing imported goods/equipments.

2. Direct Payment

Direct payment is done through KPPN VI (special) on request of PA/KPA by proposing withdrawal application to the PPHLN to pay directly to the intended partners.

3. Special Account

Special Account is done with opening an account by the Minister of Finance in Bank Indonesia or designated Bank to temporarily accommodate the foreign loan/grant in form of initial deposit for financing activities in a particular period and propose replenishment after use to the PPHLN.

4. Reimbursement

Reimbursement is done through the payments made by PPHLN for reimbursement of funds that finance activities conducted through State General Treasurer (Bendahara Umum Negara/ BUN) account or State Treasury account.

9.3.4.3. *Procedures for Drawdown of EINRIP Funds*

Payment with Special Account procedure can be done in two ways:

a. Direct Payment in Rupiah or Foreign Currency

Procedures for drawdown of Special account through direct payment are similar with procedures for drawdown funds in rupiah. Payment for rupiah is proposed to local KPPN while drawdown funds for foreign currency must be proposed to KPPN VI in Jakarta (KPPN khusus).

b. Payment in cash from Imprest Fund available in the Expenditure Treasurer.

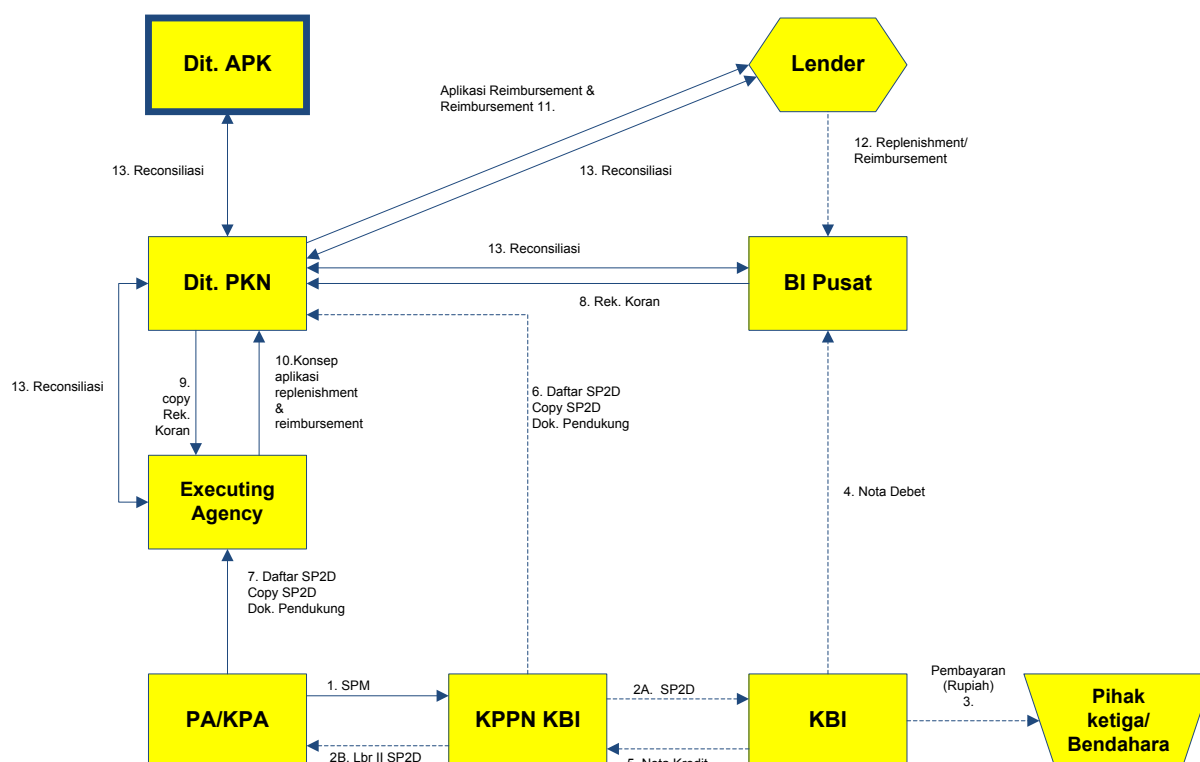
The procedure is similar with payment procedure in Rupiah.

Drawdown for EINRIP loan in Special Account is done with the following procedures:

- a. Director General of Treasury establishes a Special Account in Bank Indonesia based on NPPHLN.
- b. Based on request from PA or KPA, Director General of Treasury apply to PPHLN to charge an initial deposit for financing activities during particular period or with an amount specified in NPPHLN.
- c. PA/KPA proposes to KPN SPW with the supporting documents as attachment.
- d. Based on SPM as mentioned in letter c above; KPPN issue SP2D or SKM RK L/C and submit it to Bank Indonesia or Bank.
- e. Based on SP2D, Bank Indonesia or Bank will charge the Special Account.
- f. If funds in the Special Account are insufficient, there will be backlog that must be explained.
- g. For replenishment of Special account, Director General of Treasury applies Withdrawal Application (WA) to PPHLN attached with supporting documents as required in the NPHLN.
- h. Directorate General of Debt Management and Bank Indonesia received NOD (Notice of Disbursement) or other associated documents from PPHLN as realization for drawdown of loan.
- i. In case of remaining funds in the Special Account after closing account, the remaining funds will be returned to AusAID account.

Figure 9-4

Payment Mechanism Reimbursed from Special Account



9.3.5. Taxes

9.3.5.1. Taxes in Payment/ Drawdown of Loan

Legal basis for Taxation in government projects funded by foreign loan/grant are as follow:

- Law No. 6/1983 re Tax administration as revised latest in Law No. 16/2000.
- Law No. 7/1983 on Income Taxes as revised latest in Law No. 17/2000
- Law No. 18/2000 re Second revision of Law No. 8/1983 on PPN & PPn BM (Value added Tax and Luxury Tax).
- Regulation No. 25/2001 re Third Revision of Government Regulation No. 42/1995 on Import Duty, VAT, and Luxury Tax relating to Work Units funded by Foreign Loan/Grant.

In the process of withdrawal/drawdown of funds from APBN Rupiah or APBN PHLN, in the preparation of contract or SPK it is necessary to consider the tax calculation and provision in contract/SPK. Regulation in Taxation aspect especially taxes of contract/SPK funded by PHLN will be considered by Head of Working units (Kasatker) as budget user in executing agency. Taxes aspects that should be considered are:

- a. Taxes related with payment such as Value Added Tax (PPN), Luxury Tax (PPnBM), Import Duty/Additional Import Duty (BM/BMT) and Personal Income Tax (PPh).
- b. Generally, VAT, Luxury Tax (PPnBM) and BM/BMT are cost included in the contract and shall be paid on contract. Cost for VAT, PPnBM and BM/BMT shall be provided in DIPA. In the contrary, Personal Income Tax is not a cost component in contract shall be paid by goods/service supplier.
- c. For payment/withdrawal of funds from contract which entirely or partially funded with PHLN, the related VAT is not collected.

9.3.6. Calculation of Payments in Contract

9.3.6.1. Calculation of Payments in Contract

a. Payment portion

Payment portion on contract which is funded partially or entirely in EINRIP is calculated with net contract value (excluded VAT) with requirements from Lending Agency.

b. Contract value

To facilitate payment based on loading portion administered by Lending Agency/Grant, the writing format for contract value of documents related to payments such as contract and minutes of payment should be acknowledged.

c. Structure of Contract Value

$$\text{Contract value} = \text{Physical Value} + \text{Value Added Tax (VAT)}$$

The standardized contract value is:

DESCRIPTION	Currency	Currency
1. Value of Contract (110%) Consist of : a. Value of Physical (100%) b. VAT (10%)
2. Value of Physical (100%) Consist of : a. Loan portion (89%) b. GoI portion (11%)
3. Value Added Tax (VAT) Consist of: a. Loan portion (not collected) (10% x 89% /2.a) b. GoI portion (collected) (10% x 11% /2.b)

9.3.6.2. Percentage of Imposition Portion in Payment

Portion for EINRIP loan is calculated from a netto contract price in accordance with applied portion. Based on payment portion defined in —Project Loan Agreement” and Directorate General Regulation No. 13/PB/2008, the contract calculation according to portion is as follows:

1) For contract with AusAID (GoA) loan portion 89% (for category Civil Works, Good, and IOC)

1. Value of Contract (110%)	Rp. 11.000.000
Consist of:	
a. Value of Physical (100%)	Rp. 10.000.000
b. VAT (10%)	Rp. 1.000.000

2. Value of Physical (100%)	Rp. 10.000.000
Consist of:	
a. AusAID/GoA Portion (89% x Rp. 10.000.000)	Rp. 8.900.000
b. Counterpart/Gol Portion (11% x Rp. 10.000.000)	Rp. 1.100.000
3. Value Added Tax (VAT)	Rp. 1.000.000
Consist of:	
a. AusAID/GoA Portion (10% x Rp. 8.900.000)	Rp. 890.000 (Not collected)
b. Counterpart/Gol Portion (10% x Rp. 1.100.000)	Rp. 110.000 (Collected)
2) For contract with AusAID (GoA) loan portion 100% (contract for category Implementation Support/ Consultant Services)	
1. Value of Contract	Rp. 11.000.000
Consist of:	
a. Value of Physical	Rp. 10.000.000
b. VAT 10%	Rp. 1.000.000
2. Value of Physical	Rp. 10.000.000
Consist of:	
a. AusAID/GoA Portion (100% x Rp. 10.000.000)	Rp. 10.000.000
b. Counterpart/Gol Portion (0% x Rp. 10.000.000)	Rp. 0
3. Value Added Tax (VAT) (10% x Rp. 10.000.000)	Rp. 1.000.000
Consist of:	
a. AusAID/GoA Portion (10% x Rp. 10.000.000)	Rp. 1.000.000 (Not collected)
b. Counterpart/Gol Portion (10% x Rp. 0)	Rp. 0

9.3.7. Process Verbal of Payment

9.3.7.1. Format of the Process Verbal of Payment (BAP)

One of the requirements for payment is the Process Verbal of Payment (BAP) is that these are signed by both parties that sign the contract.

Process Verbal of Payment (BAP) contains several informations related with payments on PHLN or counterparts. Information on Minutes of Payment (BAP) consists of:

a. General Information.

- No and date of document for the budget implementation.
- Value, date, and contract no (including addendum)
- Description of works to be paid.

- No of PHLN.
 - No for approval of PPHLN (No Objection Letter).
 - Code and category description
 - Imposed portion of PHLN.
 - Advance payment.
 - Instalment payment.
- b. Data for Requested Payments.
- Value of works up to the proposed BAP (Net).
 - Value of works up to previous BAP (Net).
 - Value of works requested in BAP (Net).
 - Deductions consist of:
 - a) Retention money.
 - b) Refund deposit.
 - Physical payments in the requested BAP (net).
 - VAT of physical value in the requested BAP.
 - Requested BAP payments (brutto).
 - Description of finance sources:
 - Physical of PHLN portion.
 - Physical of counterpart portion.
 - —at collected” VAT on PHLN portion
 - —ollected” VAT on counterpart portion
- c. Recapitulation of Contract Payments.
- This data contain information about:
- Contract value (including addendum).
 - Payments up to previous BAP.
 - Payments as requested in BAP.
 - Payments up to requested payment in BAP.
 - Remaining contract
- Data no.1) to no.6) are described in the physical value and VAT in accordance with each imposed portion.
- Bank Account Number and parties receiving payment
 - Signature from all parties.

9.4. EINRIP Loan Financial Monitoring Report (FMR)

9.4.1. Basis for EINRIP Financial Monitoring Report (FMR)

Preparation of EINRIP financial report based on the following regulations:

- Project Loan Agreement between Commonwealth of Australia and Republic of Indonesia on —An Agreement for Concessional Loan Financing of National Road and Bridge Improvement Works under the EINRIP”, 7 September 2007.

- Disbursement Letter on the Financing No. AIPRD-L002, EINRIP, Additional Instructions: Disbursement”, 6 December 2007
- Disbursement Guidelines for Project Financed under AIPRD Loan, 1 September 2006.
- Director General of Treasury regulation No. 13/PB/2008 on Guideline of Loan Distribution and Disbursement in Eastern Indonesia National Road Improvement Project (EINRIP) AIPRD-L002

Basically, the Government of Indonesia (Directorate General of Highways as EINRIP loan executing agency funded by AusAID) shall apply a Financial Management Information System consisting of reporting, financial transaction record and report (Financial Management Report/FMR) in a format approved by AusAID, which is adequate and reflecting activities, loan sources and expenditures of activities in EINRIP.

Financial Monitoring Report (FMR):

- FMR is a financial report for three months implementation basis from January – March; April – June; July – September; and October – December.
- FMR should be audited with Government of Indonesia accounting standard and in accordance with the format approved by AusAID.
- FMR must be submitted to AusAID not later than 30 days after the end of relevant quarterly.
- Replenishment of Special Account

Replenishment of Special Account is done every 3 months at the same time with FMR submission to AusAID with amount based on a forecast for disbursement for the next 6 (six) months.

All disbursement mentioned in Form 1-E is related to the withdrawal of loan based on the disbursement report by AusAID.

The Government of Indonesia shall:

- 1) Maintain report and financial transaction record in relation with point a), separate report and records which reflect the related expenses.
- 2) Keep all documents (contract, working/purchasing orders, invoices, account, receipts and other documents) that prove the related expenses until at least one year after AusAID receives audit report for the fiscal year in which the last disbursement was made.
- 3) Allow the AusAID representative to verify the report.
- 4) Ensuring these reports and records are included in the annual audit as mentioned in point (2) and the audit report contains separate opinion from auditor whether the statement of expenditure (SOE) or report on schedule 1 of the loan agreement which was sent during the fiscal year can be accepted to support the related disbursement.
- e. Gol must prepare and submit the **Financial Monitoring Report (FMR)** to AusAID using their format.

9.4.2. Financial Monitoring Report (FMR)

9.4.2.1. Basic Principles of FMR

1. FMR is the financial report that provides useful information for AusAID and also information for things include:
 - Funds paid to the project have been used properly
 - Project implementation in accordance with budget planning

- Budget cost does not exceed the budget in loan agreement.
2. Financial information must be related with physical and procurement progress. This is to ensure the consistency between physical and financial progress.
 3. Monitoring of project expenses in relation with physical progress is an important aspect to ensure the financial management was according with physical progress achieved on site.

9.4.2.2. *Correlation between FMR and Fund Disbursement/ Replenishment of Special Account*

Correlation between FMR and funds disbursement are as follow:

- Form of FMRs contain funds forecast for 6 months and will become reference for the replenishment of special account.
- In preparing the Project Cash Forecast (Form C: Project Cash Forecast), Working Units/Satker should not overestimate or underestimate as this will influence the availability of funds in the Special Account.

Relation between FMR with funds disbursement is:

- If the fund in special account is not sufficient/ empty then SP2D issued by KPPN and Bank Indonesia is imposed to bridging account in Bank Indonesia, and it will become backlogs and to be reimbursed by the Directorate General of Highways.
- Based on this SP2D, for submission of FMR to AusAID and at the same time to request of reimbursed from Special Account and/or bridging account BI is done by reimbursement.

9.4.2.3. *Form and Content of FMR*

- a. Financial Monitoring Report (FMR) should be prepared by Gol is the FMR with form and content approved by AusAID.
- b. Financial Monitoring Report contains information about:
 - 1) Source of funds and uses of funds for the reported period which shows separate loan provision and also describes the differences between realization and budget plan.
 - 2) Cumulative physical progress for the reported period and describes the differences between project realization and planning.
 - 3) Procurement status is reported at the end of reported period.

9.4.2.4. *Type of FMR Forms*

FMR consists of several forms prepared by PMU and Executing Agency as follow:

- Financial Report
 - Form 1-A : Project Sources and Uses of Funds
 - Form 1-B : Cumulative Uses of Funds by Project Activity
 - Form 1-B1 : Project Uses of Funds by Category
 - Form 1-C : Project Cash Forecast
 - Form 1-D : Special Account Activity Statement
 - Form 1-E : Disbursement and Expenditures Status for Loan Funds
 - Form 1-F : Summary Sheet for Payments

- Project Progress Report
 - Form 2 : Unit of Output by Project Activity
- Procurement Management
 - Form 3-A : Procurement Process Monitoring for Works & Goods
 - Form 3-B : Procurement Process Monitoring for Consultant Services
 - Form 3-C : Contract Expenditure Report for Works & Goods
 - Form 3-D : Contract Expenditure Report for Consultant Services
 - Form 3-E : Contract Expenditure Report for Incremental Operating Cost

a. Forms prepared by PIU/Satker

1. Financial Reports:

- Form 1-A : Project Sources and Uses of Funds
- Form 1-B : Cumulative Uses of Funds by Project Activity
- Form 1-B1 : Project Uses of Funds by Category
- Form 1-C : Project Cash Forecast
- Form 1-F : Summary Sheet for Payments

2. Physical Project Progress Report consists of:

- Form 2 : Unit of Output by Project Activity

3. Procurement Management Report:

- Form 3-C : Contract Expenditure Report for Works & Goods (for Satker of Civil Works)
- Form 3-D : Contract Expenditure Report for Consultant Services (for Satker of Consultant Services)

Considering submission deadline of FMR to AusAID is 30 days, Satker/Working Units are expected to submit their FMRs to PMU/PMSC at least 15 days after the end of relevant quarter, and submit 1 (one) copy of FMR to RSC.

b. Forms prepared by PMU/PMSC

1. Financial Reports:

- Form 1-A : Project Sources and Uses of Funds
- Form 1-B : Cumulative Uses of Funds by Project Activity
- Form 1-B1 : Project Uses of Funds by Category
- Form 1-C : Project Cash Forecast
- Form 1-D : Special Account Activity Statement
- Form 1-E : Disbursement and Expenditures Status for Loan Funds
- Form 1-F : Summary Sheet for Payments

2. Project Progress Report

- Form 2 : Unit of Output by Project Activity

3. Procurement Management Report:

- Form 3-A : Procurement Process Monitoring for Works & Goods
- Form 3-B : Procurement Process Monitoring for Consultant Services
- Form 3-C : Contract Expenditure Report for Works & Goods
- Form 3-D : Contract Expenditure Report for Consultant Services
- Form 3-E : Contract Expenditure Report for Incremental Operating Cost

9.4.2.5. *Associated Institutions which will require FMR*

- AusAID as donor/lender;
- Directorate General of Highways as Executing Agency;
- Directorate of General of Treasury, Finance Department as borrower;
- BPKP, Inspectorate General of Public Works as auditor; and
- Satuan Kerja (Satker)/ Working Units as Budget user.

9.4.3. Financial Management Information System (FMIS)

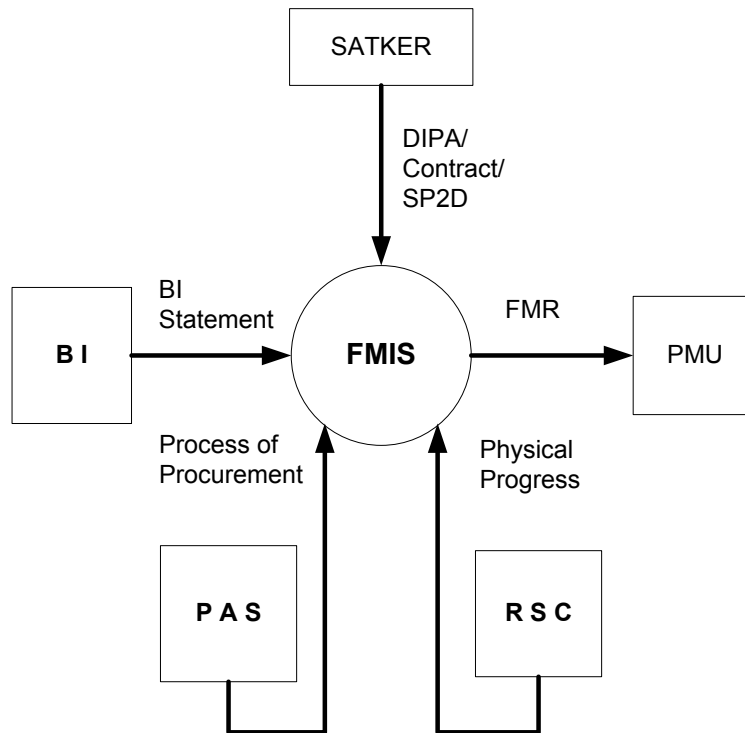
Financial Management Information System (FMIS) EINRIP is an application program created by Project Management Unit (PMU) to facilitate the process of financial planning, monitoring, evaluation and reporting (FMR). It is expected with FMIS that data processing will be faster, accurate and ensure file safety.

FMIS Program includes menus of Project Cost and Financing, Master Data, Cash Forecast, Payment, Budgeting (DIPA), BI Statement, Plan/Progress, Procurement Plan, Financial Monitoring Report (FMR). This program application also facilitates data transfer by exporting and importing data.

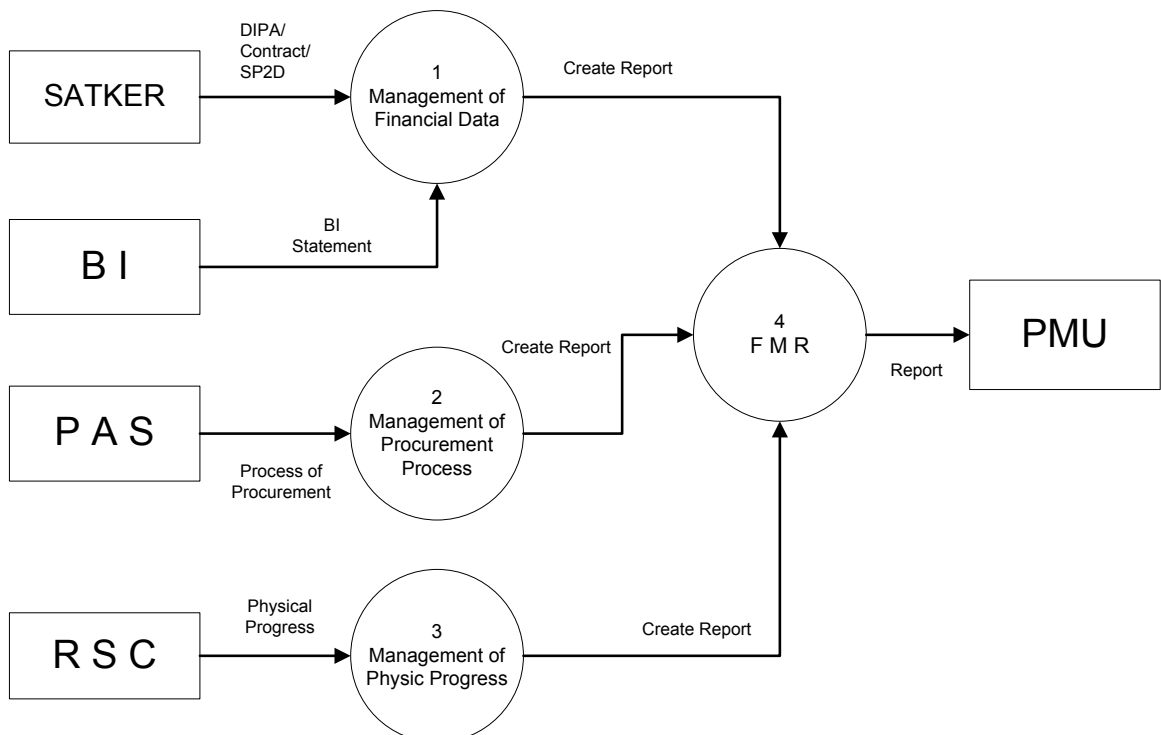
Benefit of FMIS for FMR preparation include:

1. Simplicity in preparation of cash forecast
2. Simplicity in reconciliation of special account data.
3. Simplicity in report preparation.
4. Simplicity in monitoring data procurement process, payment and physical progress.
5. Data security more assured as well as simplicity in data flow.

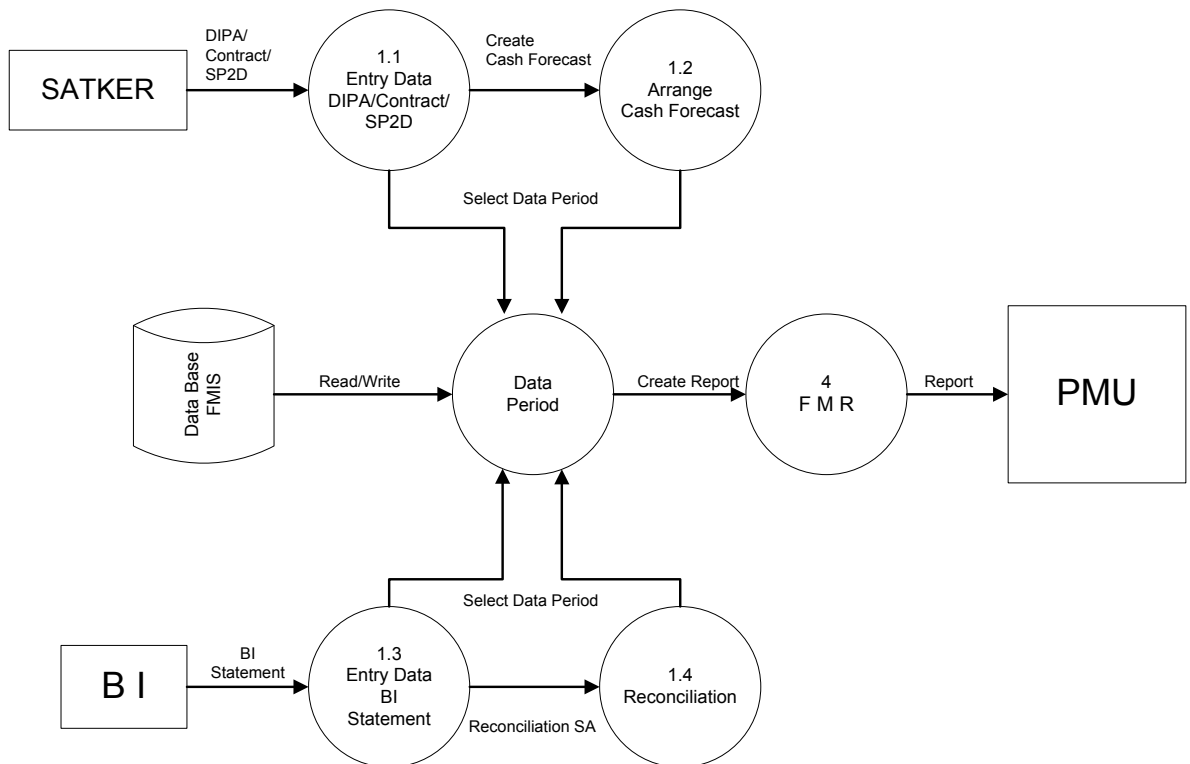
Data Flow Diagram FMIS



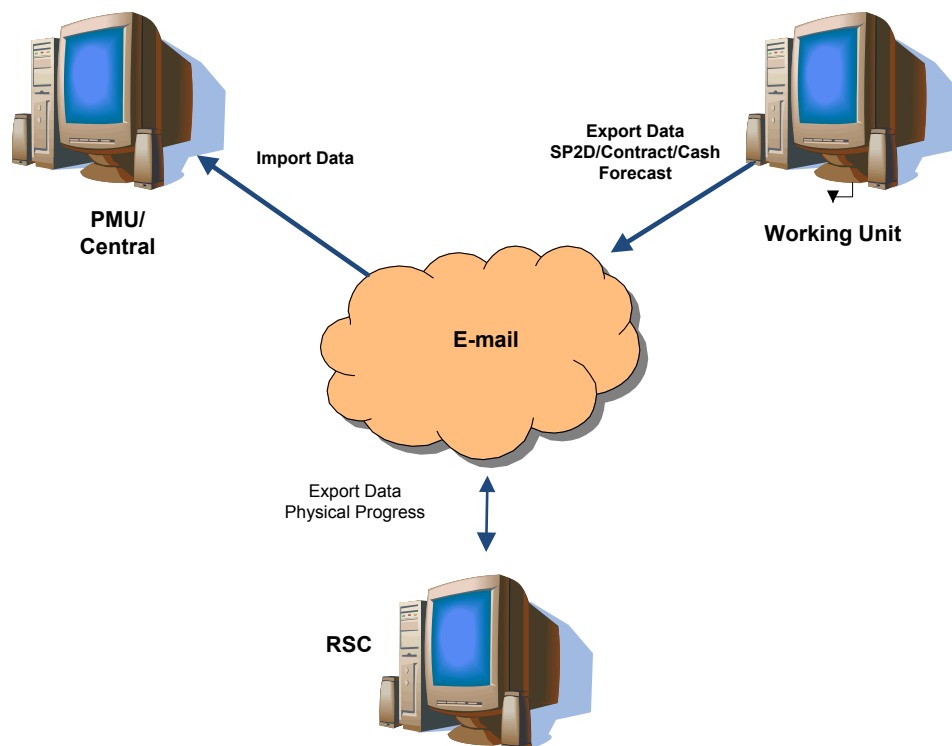
Process of FMIS



Managing Financial Data



Implementation of FMIS Application



Function of FMIS for PMU:

1. Establish cash forecast.
2. Importing payment file.
3. Importing Physical progress file from RSC.
4. Validation of payment data/physical progress.
5. Whenever data anomaly occurs, verification required.
6. Entry data Reksus,
7. Carry out reconciliation process.
8. Preparation FMR

Task and Function of Work Unit:

1. Collecting data SP2D/Contract
2. Undertake verification of data.
3. Entry and data correction
4. Export file,
5. Printing report
6. Transmitting file export through e-mail to the central/PMU

9.5. Reporting and Accountability of Agency Accounting System (SAI) Introduction

In line with the government regulation No. 24, year 2005 on Government Accounting Standard which is outlined in the Minister of Finance Regulation regarding Accounting System and the Central Government Report, preparation of a financial report should refer to the Agency Accounting System (SAI).

Agency Accounting System consists of:

1. Financial Accounting System (SAK)
 2. Management Information System and Government Owned Items Accounting (SIMAK-BMN)
- To operate this Financial Accounting System, the Government Ministry/Agency must establish an accounting Unit include:
 1. Unit of Authorized Budget User Accounting (UAKPA)
 2. Unit of Regional Budget User Assistant Accounting (UAPPA-W)
 3. Unit of Echelon 1 Budget User Assistant Accounting (UAPPA-E1)
 4. Unit of Budget User Accounting (UAPA)
 - To operate management information system and government owned items accounting (SIMAK-BMN). Government Ministry/Agency must establish accounting Unit, include:
 1. Unit of Authorized Item User Accounting (UAKPB)
 2. Unit of Regional Item User Assistant Accounting (UAPPB-W)

3. Unit of Echelon 1 Item User Assistant Accounting(UAPPB-E1)

4. Unit of Item User Accounting (UAPB)

Each Work Unit/SNVT must establish:

- Unit of Authorised Budget User (UAKPA)
- Unit of Authorised Item User Accounting (UAKPB)

Financial Report is a kind of responsibility of a government financial management during one period. Financial report includes:

1. Budget Realization Report (LRA) is a report which describes a realization of income, expenditure and finance during a single period.
2. Balance is a report which presents information on government financial position such as Asset, Debt and fund equity at a particular date.
3. Record on Financial Report (CaLK) is an unseparated part from a financial report which present information on description of a financial report posts for purpose of appropriately expose.

Activities undertaken by UAKPA

No.	Activities
1	Recording Documents source: DIPA/SPM/SP2D/etc.
2	Printing daily transaction register
3	Receive ADK BMN from UAKPB and posting valid transaction data
4	Printing and verification of master book
5	Printing LRA, send together with ADK to KPPN
6	Reconciliation with KPPN, produce BAR, correcting report if required.
7	Printing Balance and LRA, send along with ADK to UAPPA-W/UAPPA-E1
8	Prepare CaLK and SOR send along with LK to UAPPA-W/UAPPA-E1

Activities undertaken by UAKPB

No.	Activities
1	Recording source documents : SPM & SP2D, SP3, BAST, etc
2	Submit report of BMN to UAKPA
3	Reconciliation with functionary of UAKPA
4	UAKPB undertake report checking of BMN toward financial report
5	Printing Balance and LBMN, send along with ADK to UAPPB-W/UAPPB-E1
6	Preparing CRB and recording on government owned items and SOR, send along with LK to UAPPB-W/UAPPB-E1

Cases required to be taken into attention in Agency Accounting System Reporting:

1. All cases must be considered, whether or not the works that are undertaken is a single year or multi years contract. In case of single year (single period/finish within one year), recording BMN on Simak-BMN is carried out at the time of construction completion, so that it is directly to be the Definitive Asset. In case of Multi years contract, recording BMN method in SIMAK BMN includes:
 - Advance payment is the beginning of such recording referred to as the works is under construction (KDP).

- Value of KDP will increase with any payment of Monthly Certificate (MC) recorded in development transaction KDP.
- If such package has been paid 100% and PHO (Taking Over of the Work) has been held, then the total contract payment, then the structure must be of the government owned item in line with the Asset type (road/bridge/structure etc), recorded through Construction Completion Transaction.

Vehicle Procurement:

Works contracts in the physical as well as consulting services are to not include the procurement of equipment and machinery (official vehicles, etc), due to the procurement of these equipment and machinery has the potential to be not recorded in the BMN Asset Equipment and Machinery, but will be incorporated into the recording Asset of Road, Irrigation, and Network for procurement contracts included in the physical, or Intangible Asset in the consultant services. This is not in accordance with Government Regulation No. 24/2006 and Regulation of the Minister of Finance No. 171/PMK.06/2007.

In supporting the activities of inventory, Head of Satker/ Contract Officer (PPK) maker must perform maintenance and security of documents BM/KN and security of goods both physically and administratively, including opinions of land certificates. The result of the work financed with Loan funds EINRIP, an inventory of goods and As Built Drawing Road/ Bridge must be submitted to the Office Leger Way DGH. For projects involving the National Road and the conduct of land acquisition, the original land certificate shall be given to the Secretariat of DGH and completed project/package must be handed over to the DGH.

9.6. Auditing

Loan agreement requires that the GoI must have audited financial report in accordance with regulation from section 4.09 (b) General conditions of AIPRD by independent auditor and received by AusAID. Each audit of financial report should include a period of one calendar year (January – December), and next for the first audit should include a period between the effective date of agreement to 31 December 2008. The audited financial report for this period should be submitted to AusAID at least six months after the end of this period.

Audit on EINRIP are as follow:

- Consolidated Financial Audit Report done by BPKP (Bidang Pengawasan Instansi Pemerintah Bidang Perekonomian/Deputy for Government Offices of the Economical Affairs)
- Technical Audit by Inspectorate General of Public Works Department
- Audit/Evaluation of Anti Corruption Action Plan by BPKP (Deputy for Investigation)
- Independent Technical and Financial Audit by Technical and Financial Audit Consultant under AusAID.

Contractor shall be audited in accordance with conditions in the contract. Audit by independent auditor was written in **Annex 14** (Remind the Tender participants for Civil works).

According to the Laws of the Republic of Indonesia, all government institutions are potentially subject to audit by National Auditor Boards – Badan Pemeriksa Keuangan (BPK). BPK is an external audit responsible for all state-owned company, institutions in central and sub national government.

The second audit is presented in the form of a report containing opinion of the reviewed financial report. Opinion might be a statement on the reviewed financial report:

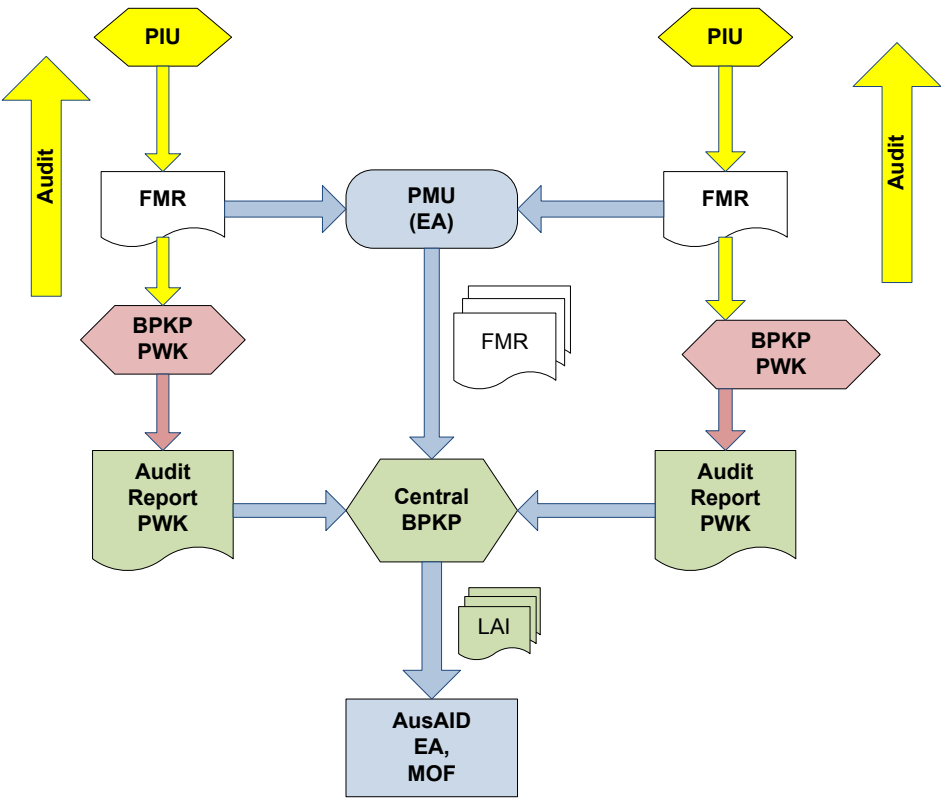
- Reliable (*unqualified opinion*),
- Reliable with several notes to be considered (*qualified opinion*),
- Unreliable (*adverse opinion*), or
- For some reason, refuse to give opinion (*disclaimer*).

Note: *Auditor Opinion* will be sent to *AusAID* at least 6 (six) months after the financial year or submission of this report shall not later than June.

The Disbursement Guidelines for projects financed under the AIPRD Loan Program Para 4.5 provided: “Failure to provide Audited Financial Statements”. If the Republic of Indonesia fails to provide any of the audited Financial Statements required in accordance with, and within the period of time specified in, the Project Loan Agreement, the Commonwealth may at its discretion decide not to accept applications for withdrawal supported by Summary Reports, even if such report are accompanied by Records.

Mechanism of Special Audit

Figure 9-5 Mechanism of Special Audit



9.7. Filing System

All project documents such as tender documents, contracts, payments, implementation and other documents related to the project must be stored neatly and safe for a minimum period of 5 (five) years from the expiration of contract. During this period the unit head, budget user, PPK and PMU must be able to show these documents at any time if there is inspection. If project/working units is liquidated, all project documents will be handed over to the direct supervisor.

Chapter. 10 SUMMARY OF REPORTING

This chapter summarises the reporting responsibilities grouped by Agency issuing the report, and Agency receiving the report. Reporting requirements are greatest for Social Safeguards and Environmental Safeguards, so these are described in **Section 10.1**.

The specification of reporting includes:

- a. frequency (monthly, quarterly or event-related);
- b. responsible agency (reports are grouped together in **Section 10.2** for each agency);
- c. agency to be sent the report (grouped together in **Section 10.3** for each agency);
- d. topic (with cross-reference to related reporting details in this PMM);
- e. Format (whether free text or standard format, specified in which document).

10.1. Social and Environmental Safeguard Reporting

10.1.1. Land Acquisition and Resettlement

Seven types of report on Land Acquisition and Resettlement are required by the ESS:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP;
- b. Tracer Study;
- c. Compensation Monitoring Report;
- d. LARAP Progress Report;
- e. LARAP Internal Monitoring and Evaluation Report;
- f. LARAP External Monitoring and Evaluation Report;
- g. Input to Quarterly Project Report: Status of LARAP implementation.

The specifications for each report are as follows:

A. Frequency:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP – One document to be prepared during project preparation prior to land acquisition.
- b. Tracer Study – One document to be prepared only if land acquisition and/or settlement has occurred within 2 years prior to EINRIP loan signing.
- c. Compensation Monitoring Report – Monthly during land acquisition process.
- d. LARAP Progress Report – Monthly during land acquisition process.
- e. LARAP Internal Monitoring and Evaluation Report – Monthly during land acquisition process.
- f. LARAP External Monitoring and Evaluation Report – 3 Reports: At commencement of land acquisition, at completion of land acquisition/start of construction, at completion of construction: for 15% of selected contracts.
- g. Input to Quarterly Project Report: Status of LARAP implementation – Quarterly.

B. Responsible Agency:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP – PCC or sub consultants on behalf of appropriate Kabupaten or Kota and in consultation with DGH.
- b. Tracer Study – PCC on behalf of appropriate Kabupaten or Kota and in consultation with DGH.
- c. Compensation Monitoring Report – PMU or designated representative in the field.
- d. LARAP Progress Report – Land Acquisition Committee (LAC) of responsible Kabupaten.

- e. LARAP Internal Monitoring and Evaluation Report – Internal Monitoring Team comprising representatives from Local Government, PAP/PAH, NGO/University.
- f. LARAP External Monitoring and Evaluation Report – Separate independent consultants, NGO's and University/Research institutions.
- g. Input to Quarterly Project Report: Status of LARAP implementation – PMU.

C. Agency to be Sent the Report:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP – All agencies.
- b. Tracer Study – All agencies.
- c. Compensation Monitoring Report – All agencies.
- d. LARAP Progress Report – All agencies.
- e. LARAP Internal Monitoring and Evaluation Report – All agencies.
- f. LARAP External Monitoring and Evaluation Report – All agencies.
- g. Input to Quarterly Project Report: Status of LARAP implementation – All agencies.

D. Topic:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP – As defined in ESS paragraph 4.4.
- b. Tracer Study – As defined in ESS paragraph 4.5.
- c. Compensation Monitoring Report – Progress of delivery of compensation package to each project affected person/project affected household.
- d. LARAP Progress Report – General progress of land acquisition, consultation with PAP/PAH and summary of compensation payments.
- e. LARAP Internal Monitoring and Evaluation Report – As defined in the ESS paragraph 8.1.
- f. LARAP External Monitoring and Evaluation Report – Independent and external monitoring of processes, compensation paid, institutional responsibilities, grievance procedures etc.
- g. Input to Quarterly Project Report: Status of LARAP implementation – Status of LARAP implementation.

E. Format:

- a. Land Acquisition and Resettlement Action Plan (LARAP) or Simplified LARAP – Standard format in accordance with ESS paragraph 4.4.
- b. Tracer Study – To be specified by PPC when Tracer Study required.
- c. Compensation Monitoring Report – Introduction followed by standard format: to be specified by PPC.
- d. LARAP Progress Report – Introduction followed by standard format: to be specified by PPC.
- e. LARAP Internal Monitoring and Evaluation Report – Introduction followed by standard format covering subjects referred to in d. above.
- f. LARAP External Monitoring and Evaluation Report – To be specified by PPC.
- g. Input to Quarterly Project Report: Status of LARAP implementation – Standard format to be specified by PPC.

10.1.2. Environmental Management and Monitoring

Two types of report on environmental safeguards are required by the ESS:

- a. AMDAL (Analisa Mengenai Dampak Lingkungan): Environmental Impact Assessment.

- b. UKL/UPL (Upaya Pengelolaan Lingkungan/Upaya Pemantauan Lingkungan: Environmental Mitigation and Monitoring Plan.

The specifications for each report are as follows:

A. Frequency:

- a. AMDAL: One report to be prepared and submitted during project preparation.
- b. UKL/UPL: One report to be prepared and submitted during project preparation.

B. Responsible Agency:

- a. AMDAL: PPC or appointed sub consultants on behalf of appropriate Kabupaten or Kota and in consultation with DGH.
- b. UKL/UPL: PPC on behalf of appropriate Kabupaten or Kota and in consultation with DGH.

C. Agency to be Sent the Report:

- a. AMDAL: All agencies.
- b. UKL/UPL: All agencies.

D. Topic:

- a. AMDAL: As specified in Ministry of Environment Regulation No. 11/2006.
- b. UKL/UPL: As specified in Ministry of Environment Regulation No. 11/2006.

E. Format:

- a. AMDAL: As specified in Ministry of Environment Regulation No. 11/2006.
- b. UKL/UPL: As specified in MSRI Regulation No. 17 year 2003 (UKL/UPL).

10.2. Reporting by Each Agency

This section does not include reporting on Social Safeguards or Environmental Safeguards described in **Section 10.1**, nor routine reporting under Government regulations.

10.2.1. Project Management Unit

- a. **Project Launch Workshops:** The PMU shall invite contractors and other stakeholders to attend Project Launch Workshops (**Section 4.2.5**).
- b. **Key Officials:** The PMU should inform AusAID in writing the names of key officials after receipt of information from Heads of each Construction Work Unit (**Section 2.3.1**).
- c. **Procurement:** The PMU will forward the Original Procurement Plan and each updated Plan to AusAID for approval. The PMU will send the approved Procurement Plans to each Work Unit appointed to manage a component of EINRIP (**Section 4.1.3**).
- d. **Loan Effectiveness** must be declared by AusAID before contracts can be awarded. The PMU will send a copy of the declaration of Loan Effectiveness to all concerned Work Units as soon as received (**Section 3.1.3**).
- e. **Internal Control of Budgets:** the PMU shall report budget shortfalls and excesses in the Monthly Project Progress Reports.
- f. **Design Revisions.** The PMU shall submit significant revisions (over 10% cumulative changes in cost since the original approved design) to AusAID for approval (**Section 3.4.3**).
- g. **Project Implementation Schedule.** During implementation this schedule will be updated each six months by the PMU (**Section 1.4**).

- h. **Training:** PMU will monitor and report training related to EINRIP in the Project Progress Reports (**Section 2.3.2**).
- i. **Project Progress Report:** PMU shall submit a monthly Project Progress Report (PPR) to AusAID.
- j. **Financial Monitoring Report:** PMU shall submit a quarterly Financial Monitoring Report (FMR) to AusAID, Directorate General of Highways (Executing Agency) and Directorate General of Treasury (**Section 9.4.2.4**).

10.2.2. Head of Work Unit

- a. **Dissemination of Project information:** Each time a Notice Board is updated, the Satker should inform the Balai and the PMU of the details of the information placed on the Notice Board (**Section 2.6.2**).
- b. **Key Officials:** At the start of each year and each time there is a change of personnel, the Head of each Construction Work Unit should inform the PMU in writing the names of key officials (**Section 2.3.1**).
- c. **Financial Report:** Each Work Unit shall submit to PMU a quarterly Financial Monitoring Report (FMR) at least 15 days after the end of relevant quarter and shall give a copy of FMR to RSC (**Section 9.4.2**).
- d. **Agency Accounting System (SAI):** Each Work Unit shall submit a government financial management report including budget realization report (LRA), Balance and record on Financial Report (CaLK) to Directorate General of Highways (**Section 9.5**).
- e. **Record of Payments Issued:** Each Work Unit shall submit to PMU a monthly list of all SPM-RK issued, including the EINRIP cost code and shall give a copy to RSC (**Section 9.4.2.4.a**).

10.2.3. Contract Officer (Pejabat Pembuat Komitmen)

- a. **Control of Financial Progress:** The progress report should be prepared by the Contract Officer at the end of every month based on the contract records, and sent to PMU no later than the 15th of the following month, with an explanation for all significant differences between physical and financial progress.
- b. **Addendums on Ongoing Contracts:** The actual value of Addendums for ongoing Contracts is required for Loan Cost to Completion. For this purpose each Contract Officer must inform PMU of all signed Addendums.
- c. **Completion of Procurement:** At the end of each procurement exercise, the Procurement Committee should prepare a report to the Balai and to the PMU. The report should include comments on activities and experience related to semi e-procurement, and a copy should be sent to PUSDATA (**Section 5.3.6**).

10.2.4. Treasurer (Bendahara)

- a. **Internal Control of Payments:** the Treasurer shall reconcile Payment Documents (SPM and SP2D) monthly, and work with KPPN in reconciling Budget Realisation Reports (LRA) with the Cash Flow Report (LAK) (**Section 9.5**).
- b. **Financial Progress Reporting:** The Work Unit shall provide the Supervision Consultant (RSC) with a copy of payment data each month, to enable the RSC to maintain records of financial progress as required in its Terms of Reference (**Section 9.4.2.4**).

10.2.5. Chairman of Procurement Committee

- a. **Opening of Bids:** The Committee shall send one sealed copy of B id Documents to PMU within 24 hours after the time of the bid submission (**Section 5.2.5**)
- b. **Record of Bid Opening:** At the same time, the Procurement Committee should send one copy of the completed Form 4 (Record of Bid Opening) to each Bidder (**Section 5.2.5**)

10.3. Summary of Information Received by Each Agency

This section does not include reporting on Social Safeguards or Environmental Safeguards described in **Section 10.1**.

10.3.1. Project Management Unit

- a. **Dissemination of Project information:** Each time a Notice Board is updated, the Satker should inform the PMU of the details of the information placed on the Notice Board (**Section 2.6.2**).
- b. **Requests for Information:** The Provincial P2JJ or the Balai should send any requests for information from the public in writing to the PMU, and the PMU should record all requests, and respond within one week of receiving each request (**Section 2.6.2**).
- c. **Key Officials:** At the start of each year and each time there is a change of personnel, the Head of each Construction Work Unit should inform the PMU in writing the names of key officials (**Section 2.3.1**).
- d. **Opening of Bids:** The Committee shall send one sealed copy of Bid Documents to PMU within 24 hours after the time of the bid submission (**Section 5.2.5**).
- e. **Completion of Procurement:** At the end of each procurement exercise, the Procurement Committee should prepare a report to the PMU/Balai. (**Section 5.3.6**).
- f. **Record of Special Account (BI Statement):** Directorate General of Treasury shall submit a copy of special account to PMU (**Section 9.4.3**).
- g. **Financial Monitoring Report:** Each Work Unit shall submit to PMU a quarterly Financial Monitoring Report (FMR) and a monthly record of payment through internet (**Section 9.4.2**).
- h. **Record of Payments Issued:** Each Work Unit shall submit to PMU a monthly list of all SPM-RK issued, including the EINRIP cost code (**Section 9.4.2.4.a**).
- i. **Control of Financial Progress:** The progress report should be prepared by the Contract Officer at the end of every month based on the contract records, and sent to PMU no later than the 15th of the following month, with an explanation for all significant differences between physical and financial progress.
- j. **Independent Audits:** AusAID will inform PMU of the schedule of all audits to be carried out with advance notice of at least 14 days. AusAID will also inform PMU of the names of auditors (**Section 10.4.4**).

10.3.2. Balai

- a. **Dissemination of Project information:** Each time a Notice Board is updated, the Satker should inform the Balai of the details of the information placed on the Notice Board (**Section 2.6.2**).
- b. **Completion of Procurement:** At the end of each procurement exercise, the Procurement Committee should prepare a report to the PMU/Balai. (**Section 5.3.6**).

10.3.3. Head of Work Unit

- a. **Finance Regulations:** Each Work Unit shall check each month at MOF's Directorate General of Treasury website <http://www.perbendaharaan.go.id/> to keep up to date with regulations on financial procedures.

10.4. Monitoring of Management Actions

In addition to specific reporting by project implementing agencies, a number of general management actions should be monitored by PMU.

10.4.1. Monitoring of AusAID Reviews

Timely review by AusAID is important for the timely management of the Project as a whole. PMU shall keep a record of dates of all letters of submission of materials to AusAID for review and approval, and

the dates of replies. The record of materials sent for review shall include a list of all attachments, and their source.

10.4.2. Monitoring of Project Communications

Communications between agencies shall also be monitored by PMU, to avoid delays or misunderstandings and to determine their causes.

10.4.3. Monitoring and Evaluation of Benefits

Chapter 5 of the PIP [26] describes the separate and independent Monitoring and Evaluation programme for which AusAID is providing grant funding support, intended to establish the extent to which EINRIP supports economic and social development in Eastern Indonesia (described in **Section 2.5.2**). The Consultant providing the services will determine the survey methods and schedule, and will inform the local authorities before road surveys or social surveys are conducted.

Apart from providing access to sub-project sites and information, no additional assistance by Project officials is presently anticipated to be required.

10.4.4. Monitoring of Grant-funded Activities

AusAID is solely responsible for management of Grant-funded activities related to EINRIP. The Grants are not recorded in GOI budgets, so are not included in the scope of financial management by the PMU or MOF.

However, Audit activities require coordination with project implementing agencies, so PMU should be aware of their activities. For this purpose, AusAID will inform PMU of the schedule of all audits to be carried out with advance notice of at least 14 days. AusAID will also inform PMU of the names of auditors.

LIST OF NAMES AND INSTITUTIONS

a. Initiator

Directorate of Planning, Directorate General of Highways, Ministry of Public Works

b. Editor

September 2011 – Project Management Support Consultant (PMSC)

September 2008 – Project Preparation Consultant (PPC) – EINRIP

c. Reviewer

Based on the Decree of the Director of Planning, Directorate General of Highways, Ministry of Public Works No.: 1055A/KPTS/Bp-08/2007, dated 28 September 2007.

No.	Topics	Names
1	<p>Procurement</p> <p>a. Consultant</p> <p>b. Civil Works/Goods</p>	<p>Ir. Herman Darmansyah, MT</p> <p>Ir. Beni Fariati HMR, MT</p> <p>Ir. Solo Riyadi Limbong</p> <p>Ir. Prihartono, MSc</p> <p>Ir. Rahman Arief Dienaputra, MEng</p> <p>Ir. Hari Suko Setiono, MEngSc</p> <p>DR.Ir. Didik Rudjito, MSc</p> <p>Rien Marlia, ST, MT</p> <p>Siti Zulaeka, ST</p> <p>Ir. Ch. Kornel MTS, MEngSc</p> <p>Ir. Deded P. Sjamsudin, MEngSc</p> <p>Ir. Haryono</p> <p>Ir. M. Hatta Latief, MEngSc</p> <p>Ir. Riel J. Mantik, MEngSc</p> <p>Ir. Agustinus Silalahi, MT</p> <p>Didik Hardiono, ST. MT</p> <p>Said Arbi, ST</p>
2	<p>Implementation</p> <p>a. Consultant</p> <p>b. Civil Works/Goods</p>	<p>Ir. Herman Darmansjah, MT</p> <p>Ir. Beni Fariati HMR, MT</p> <p>Ir. Solo Riyadi Limbong</p> <p>Ir. Prihartono, MSc</p> <p>Ir. Rachman Arief Dienaputra, MEng</p> <p>Ir. Hari Suko Setiono, MEngSc</p> <p>DR.Ir. Didik Rudjito, MSc</p> <p>Rien Marlia, ST, MT</p> <p>Siti Zulaeka, ST</p> <p>Ir. Ch. Kornel MTS, MEngSc</p> <p>Ir. Deded P. Sjamsudin, MEngSc</p> <p>Ir. Haryono</p> <p>Ir. M. Hatta Latief, MEngSc</p>

No.	Topics	Names
		Ir. Riel J. Mantik, MEngSc Ir. Agustinus Silalahi, MT Didik Hardiono, ST, MT Said Arbi, ST
3	Environmental	Ir. Jani Agustin, MSc Ir. Nurmala Simanjuntak, MEngSc
4	ACAP	Ir. Iqbal Pane Ir. Youla M. Wawolangi Ir. Slamet Wiyono, Dipl.HE Ir. Ambardy Effendi
5	Web Site EINRIP	Ir. Kms. M. Nur Asikin, MT Ir. Hario Kuncoro, MEngSc Suci Rosilawati, S. Kom Yohanes Richwanto, ST
6	Finance	Puja Semedi, BE., SE., CES Ir. Sundayani Djuwitaningsih, MM
7	Training	Ir. Bambang A.A. Nusrihardono Noeryanto, MEngSc

d. Reviewer of September 2011 Revision

No.	Topics	Names
1	Procurement	Ir. Triss Prasadhawaty S., MSc Harun Al-Rasyid Suharjanto, ST, MM June Mendoza Haryanto Citro Oktaviano Dewo SP, ST Zakki Warasaka
2	Implementation	Dr. Ir. Jawali Marbun, M.Sc Ir. Muktar Napitupulu, MSc, MIHT Efrizal Effendi Ir. T. Anshar, SE, CES Tony Obdam Abid Kazmi Fahmi Cahyono (AusAID) Teguh Wijoyono (AusAID)
3	Finance	Ir. Sundayani Djuwitaningsih, MM Drs. Judiono Deni Susilawan Ida Dewayanti (AusAID)

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- 42/1995 re Import Duty, VAT, Luxury Tax and Income Tax related to Work Units funded by Foreign Loan/Grant as amended by KepMenKeu No. 486/KMK.04/2000)". 2000.*
24. *"Surat Edaran Direktur Jenderal Pajak Nomor SE-19/PJ.53/1996 perihal Pajak Pertambahan Nilai dan pajak Penjualan atas Barang Mewah dalam rangka Pelaksanaan Satuan Kerja yang dibiayai dengan Hibah/Dana Pinjaman Luar Negeri (Circular of Director General of Taxes No. SE-19/PJ.53/1996 re VAT/Luxury Tax related to Work Units funded by Foreign Loan/Grant)". 1996.*
 25. *"Keputusan Menteri Permukiman dan Prasarana Wilayah No. 310/KPTS/M/2002 tentang Pedoman Pemeriksaan Keuangan (Decree of Minister of Settlements and Regional Infrastructure No. 310/KPTS/M/2002 re Guidelines for Auditing)". 2002.*
 26. *"Project Implementation Plan, Version 12, 18 June 2007". 2007.*

Annexes

ANNEX 1

Terminology

Number of pages = 3

Referred to in Acronyms and Abbreviations

General Terminology and Definitions	
Anti Corruption Action Plan (ACAP) is	a set of actions to promote transparency and fairness and to minimise corruption in EINRIP, covering information disclosure (project website and notice boards), procurement arrangements (including semi e-procurement), implementation arrangements (strengthened supervision and audits), and community feedback and response to corruption (complaints handling and sanctions).
Annual Works Programme (AWP) is	a list of multi-years works prepared each year by the PMU for implementation under EINRIP funding, after approval by AusAID.
Contract Officer is	the official within a Work Unit whose function is to sign and administer a contract.
Detailed Engineering Design is	the process of survey and design following the Design Specification established for EINRIP.
Design Updating/Revision is	a process, not including Simplified Design, which may be initiated by the Engineer if site conditions have changed since the original design, shall be properly supported by required field surveys, environmental and social impact evaluation and revision of Contract Documents, shall be completed prior to completing procurement, and shall be subject to NOL from AusAID.
Eligibility is	fulfillment of criteria or procedures relating to nationality of Contractors and Subcontractors (but not their suppliers or staff), avoidance of restrictive practices, blacklisting and ownership of entities who bid for goods/works/services under EINRIP, as specified in the Project Management Manual.
Environmental and Social Safeguards are	the criteria and procedures specified in the Environmental and Social Safeguards guidelines issued in relation with EINRIP
The Employer is	the staff appointed by the Directorate General of Highways to carry out the tasks of Employer specified in Contract Documents under EINRIP
The Engineer is	the Team Leader of the Regional Supervision Consultant
Financial Monitoring Report (FMR) is	the quarterly report specified in the Project Management Manual as the basis for replenishment of the Special Account in Bank Indonesia which shall be used for channelling Loan funds
Land Acquisition and Resettlement Action Plan is	the process specified in the Environmental and Social Safeguards which shall be followed by DGH and Local Authorities where a design encroaches on land and/or buildings, a report on completion of which shall be submitted together with the Bid Evaluation report before submittal to AusAID for NOL to Award of Contract
Misprocurement is	an evaluation by AusAID that the process of procurement or implementation of a contract has deviated so significantly from procedures specified for EINRIP that the said goods/works/services will not be funded from the Loan, and the value of such will be deducted from the remaining available Loan proceeds.
No Objection Letter (NOL) is	a letter from the Donor (Government of Australia represented by AusAID) to DGH as Executing Agency stating their no objection to certain actions including those specified in the PMM.

General Terminology and Definitions	
Post-qualification is	a screening of Bidders for Goods/Works after they have submitted their bids, based on criteria of work experience, past performance on similar contracts, and the Bidder's financial capability
Special Account (or Designated Account) is	an account within Bank Indonesia used only to hold Loan funds for EINRIP, in Australian Dollars. Funds may be drawn down to meet Rupiah expenditure or for foreign currency payments.
Replenishment is	the topping up of the Special Account by AusAID based on quarterly Financial Monitoring Reports which gives a forecast of disbursement for the next six months, less funds still available on Special Account, and accounts for previous expenditure.
Reimbursement is	the process of MOF requesting to AusAID repayment of expenditure related to the Loan which was debited to an SBUN (Sub-Bendahara Umum Negara) account, which only occurs when funds in the Special Account are insufficient.
Work Unit is	the unit of administration of the Executing Agency that is responsible for a budget line item.

Terminology relating to Civil Works Contracts*		
English		Bahasa Indonesia
Previous Terms	New Terms	
Advance Payment Bond	Advance Payment Security	Jaminan Uang Muka
Bid Bond	Bid Security	Jaminan Penawaran
-	Surety Bond	Jaminan berupa Asuransi bukan Garansi Bank
Commencement of Works	Commencement Date	Tanggal Mulai Kerja
Construction Period	Time for Completion	Jangka Waktu Pelaksanaan
Contract Change Order	Variations	Variasi
Contract Price	Accepted Contract Amount	Nilai Kontrak yang Diterima (nilai yang tercantum pada Surat Pemberitahuan Pemenang, sebagaimana dirubah sewaktu-waktu karena arti Contract Price sekarang adalah termasuk semua Penyesuaiannya)
Engineer Representative	Assistants (Assistants of the Engineer)	Wakil Direksi Pekerjaan
Notice of Award	Letter of Acceptance	Surat Pemberitahuan Pemenang
Performance Bond	Performance Security	Jaminan Pelaksanaan
Advance Payment Bond	Advance Payment Security	Jaminan Uang Muka
-	Retention Money Security	Jaminan Uang yang Ditahan
Provisional Hand Over	Taking Over	Serah Terima (dulu : Serah Terima Sementara)
Maintenance Period, Warranty Period, Defect Liability Period	Defects Notification Period	Masa Pemberitahuan Cacat Mutu (dulu : Masa Pemeliharaan)
Final Handover	Expiry date of Defects Notification Period	Tanggal berakhirnya Masa Pemberitahuan Cacat Mutu (dulu: Serah Terima Akhir)
Defect Liability Certificate	Performance Certificate	Sertifikat Kinerja (diterbitkan 28 hari setelah —Serah Terima Akhir—)

* Based on the Contract Documents, but not to be used in the place of the Contract Documents

ANNEX 2

Disbursement Letter

Number of pages = 13

Referred to in Overview, Section 9.3 and Section 9.3.1.2



6 December 2007

Minister for Finance
Ministry of Finance of the Republic of Indonesia
Jl. Lapangan Banteng Timur No. 2 – 4
Jakarta 10710, Indonesia

Re: Financing No AIPRD-L002, Eastern Indonesia National Road Improvement Project. Additional Instructions: Disbursement

I refer to the Project Loan Agreement between the Commonwealth of Australia (the "Commonwealth") and the Republic of Indonesia for the above-referenced project, dated 7 September 2007. As indicated in Section IV of Schedule 2 to the Project Loan Agreement, the Commonwealth may specify by notice to the Republic of Indonesia additional instructions regarding the withdrawal of the proceeds of Financing No AIPRD-L002 ("Project Loan"). This letter ("Disbursement Letter"), as may be revised from time to time, constitutes the additional instructions.

The attached Disbursement Guidelines for Projects Financed under the AIPRD Loan Program, dated 1 September, 2006, ("AIPRD Disbursement Guidelines", **Attachment 1**), are an integral part of the Disbursement Letter. The manner in which the provisions in the AIPRD Disbursement Guidelines apply to the Project Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the AIPRD Disbursement Guidelines and, unless otherwise defined in this letter, the capitalised terms used have the meanings ascribed to them in the AIPRD Disbursement Guidelines.

I. Disbursement Arrangements

- (i) **Disbursement Methods (section 2).** The following Disbursement Methods may be used under the Project Loan:
 - Reimbursement
 - Advance
- (ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is the Closing Date specified in the Project Loan Agreement. Any changes to this date will be notified by the Commonwealth.
- (iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Disbursement Condition(s) in the Project Loan Agreement.

II. Withdrawal of Loan Proceeds

- (i) *Authorised Signatures (subsection 3.1).* A letter in the form attached (Authorised Signatures, **Attachment 2**) should be furnished to the Commonwealth at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorised to sign Applications:

Attention: Senior Representative
AusAID
Australian Embassy Jakarta
Jl H.R. Rasuna Said Kav. C15-16
Jakarta Selatan 12940
Indonesia

2. *Applications (subsections 3.2-3.3).* Please provide completed and signed applications for withdrawal, together with supporting documents, using the form provided (Application for Withdrawal, **Attachment 3**), to the address noted below:

Attention: Senior Representative
AusAID
Australian Embassy Jakarta
Jl H.R. Rasuna Said Kav. C15-16
Jakarta Selatan 12940
Indonesia

- (i) *Minimum Value of Applications (subsection 3.5).* The Minimum Value of Applications for reimbursement is one hundred thousand Australian Dollars (AUD 100,000).

- (ii) *Advances (sections 5 and 6).*

- Type of Designated Account (subsection 5.3): Segregated
- Currency of Designated Account (subsection 5.4): Australian Dollars
- Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): Bank Indonesia
- Ceiling (subsection 6.1): Thirty-six million Australian Dollars (AUD 36,000,000)

III. Reporting on Use of Loan Proceeds

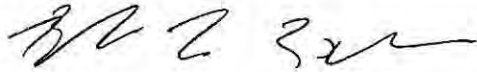
- (i) *Supporting Documentation (section 4).* Supporting documentation should be provided with each application for withdrawal as set out below:

- (1) A completed copy of the completed Financial Monitoring Report (See Attachment 4, FMR: Templates, Guidelines and User Information, as updated during the implementation of the Project)

- (ii) *Frequency of Reporting Eligible Expenses Paid from the Designated Account (subsection 6.3):* Monthly.

If you have any queries in relation to the above, please contact me or another member of my team using the above reference.

Yours sincerely,



Blair Exell
Senior Representative
AusAID
Australian Embassy Jakarta
JI H.R. Rasuna Said, Kav. C15-16
Jakarta 12940
Indonesia

Attachments

1. *Disbursement Guidelines for Projects Financed under the AIPRD Loan Program*, dated 1 September, 2006
2. Template for the Authorised Signatures Letter
3. Application for Withdrawal template
4. *Financial Monitoring Report: Templates, Guidelines and User Information*, Dated 6 December 2007

Cc with copies:

Dr. Rachmat Walujanto
Director General for External Funds Management
Ministry of Finance

Drs. Herry Purnomo
Director General for Treasury
Ministry of Finance

Dr. Maurin Sitorus
Director for External Funds Management
Ministry of Finance

Mr Taufik Widjoyono
Director of Program Development, DG Highways
Ministry of Public Works



Australia Indonesia Partnership

Kemitraan Australia Indonesia



DISBURSEMENT GUIDELINES
FOR PROJECTS
FINANCED UNDER THE AUSTRALIA-INDONESIA
PARTNERSHIP FOR RECONSTRUCTION AND
DEVELOPMENT LOAN PROGRAM

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT
1 September 2006

Contents

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Disbursement Guidelines
for Projects Financed under the AIPRD Loan Program
1 September 2006

Purpose

1.1 The purpose of these Guidelines is to set out the Commonwealth's procedures for disbursement of loan proceeds for projects. Specifically, the Guidelines explain: (a) the different methods used by the Commonwealth to disburse loan proceeds, (b) the requirements for withdrawal from the Project Loan Account, (c) the types of supporting documentation that the Republic of Indonesia may be required to provide to demonstrate the use of loan proceeds for eligible expenses, (d) the criteria for establishing designated accounts, (e) the terms and conditions applicable to advances, (f) the types of actions that the Commonwealth may take if it determines that loan proceeds are not needed or have been used for ineligible purposes, and (g) the consequence of refunds.

1.2 In these Guidelines, the term "loan" includes loan and grant, the term "Project Loan Agreement" includes the Project Loan Agreement or Project Grant Agreement, and the term "Project Loan Account" includes the Project Loan Account or Project Grant Account.

Disbursement Methods

2.1 The Commonwealth establishes disbursement arrangements for an operation in consultation with the Republic of Indonesia and taking into consideration, *inter alia*, an assessment of the Republic of Indonesia's financial management and procurement arrangements, the procurement plan and cash flow needs of the operation, and its disbursement experience with the Republic of Indonesia.

2.2 The Commonwealth disburses proceeds from the Project Loan Account established for each loan, to or on the order of the Republic of Indonesia, using one or more of the disbursement methods set forth below, as determined by the Commonwealth.

- (a) **Reimbursement:** the Commonwealth may reimburse the Republic of Indonesia for expenses eligible for financing pursuant to the Project Loan Agreement ("eligible expense") that the Republic of Indonesia has pre-financed from its own resources;
- (b) **Advance:** the Commonwealth may advance loan proceeds into a designated account of the Republic of Indonesia to finance eligible expenses as they are incurred and for which supporting documents will be provided at a later date (see Section 5, "Designated Accounts");
- (c) **Direct Payment:** the Commonwealth may make payments, at the Republic of Indonesia's request, directly to a third party (e.g., supplier, contractor, consultant) for eligible expenses; and
- (d) **Special Commitment:** the Commonwealth may pay amounts to a third party for eligible expenses under special commitments entered into, in writing, at the Re-

public of Indonesia's request and on terms and conditions agreed between the Commonwealth and the Republic of Indonesia.

3. Withdrawal of Loan Proceeds

3.1 *Authorised Signatures.* Before loan proceeds may be withdrawn or committed from the Project Loan Account, the authorised representative of the Republic of Indonesia (as designated in the Project Loan Agreement) must furnish to the Commonwealth: (a) the name(s) of the official(s) authorised to sign applications for withdrawal and applications for a special commitment (collectively, "Applications"), and (b) the authenticated specimen signature(s) of the official(s). The Republic of Indonesia must indicate clearly if more than one signature is required on Applications, and must notify the Commonwealth promptly of any changes in signature authority.

3.2 *Applications.* Applications must be provided to the Commonwealth in such form and include such information as the Commonwealth may reasonably request. Application forms are available from the Commonwealth upon request.

3.3 For withdrawal from the Project Loan Account for advances, the Republic of Indonesia should provide an original signed application for withdrawal. For withdrawal from the Project Loan Account for reimbursements and direct payments and for reporting on the use of advances, the Republic of Indonesia should provide an original signed application for withdrawal together with one copy of supporting documents (See Section 4, "Supporting Documentation Requirements"). For a special commitment from the Project Loan Account, the Republic of Indonesia should provide an original signed application for a special commitment together with one copy of the letter of credit. The Commonwealth reserves the right not to accept or review duplicate copies of Applications and supporting documents and may at its discretion return or destroy the duplicates.

3.4 *Electronic Delivery.* The Commonwealth may authorise the Republic of Indonesia to use electronic means, in a manner and on terms and conditions specified by the Commonwealth, to deliver Applications and supporting documentation to the Commonwealth. Applications and supporting documentation delivered in accordance with this subsection will be deemed to have been provided to the Commonwealth for the purposes of satisfying the requirements of subsections 3.2 and 3.3 of these Guidelines.

3.5 *Minimum Value of Applications.* The Commonwealth establishes a minimum value for Applications for reimbursement, direct payment, and special commitment. The Commonwealth reserves the right not to accept Applications that are below such minimum value.

3.6 *Loan Disbursing Period.* The Commonwealth processes Applications only after the Project Loan Agreement has been declared effective, in accordance with the terms of the Project Loan Agreement. The expenses for which the Applications are made must be:

- (a) *paid* for on or after the effective date of the Project Loan Agreement; and
- (b) *incurred* on or before the closing date specified or referred to in the Project Loan Agreement ("Closing Date"), except as otherwise specifically agreed with the Commonwealth.

3.7 Disbursement Deadline Date. The loan disbursing period ends on the final date established by the Commonwealth for receipt by the Commonwealth of applications for withdrawal and supporting documentation (the "Disbursement Deadline Date"). The Disbursement Deadline Date may be the same as the Closing Date, or up to four months after the Closing Date. Normally, to support orderly project completion and closure of the Project Loan Account, the Commonwealth does not accept applications for withdrawal or supporting documentation received after the Disbursement Deadline Date. The Republic of Indonesia should promptly inform the Commonwealth of any expected implementation delays or exceptional administrative issues before these dates. The Commonwealth notifies the Republic of Indonesia of any exception that the Commonwealth may make to the Disbursement Deadline Date.

3.8 Disbursement Conditions. If the Project Loan Agreement contains a disbursement condition for a specific expense category, the Commonwealth will disburse loan proceeds for that category only after the disbursement condition has been fulfilled and the Commonwealth has notified the Republic of Indonesia to this effect.

Supporting Documentation Requirements

4.1 The Republic of Indonesia provides supporting documentation to the Commonwealth to show that loan proceeds have been or are being used to finance eligible expenses.

4.2 For special commitments, the commercial bank provides its confirmation directly to the Commonwealth that conditions for release of payments committed for withdrawal have been met.

4.3 Types of Supporting Documentation. The Commonwealth requires either copies of the original documents evidencing eligible expenses ("Records") or summary reports of expenses ("Summary Reports") in such forms and substance as the Commonwealth may specify. Records include such documents as invoices and receipts. A Summary Report may be either (a) the interim un-audited report required under the Project Loan Agreement ("Interim Financial Report") or (b) a statement of expenditure summarising eligible expenses paid during the stated period ("Statement of Expenditure"). In all cases, the Republic of Indonesia is responsible for retaining the original documents evidencing eligible expenses and making them available for audit or inspection.

4.4 The Commonwealth determines the types of supporting documentation that the Republic of Indonesia should provide, taking into consideration the disbursement method used. The supporting documentation may be the following:

- (a) **For applications for reimbursement:** (i) Interim Financial Reports, (ii) Statements of Expenditure, (iii) Records, or (iv) Records required by the Commonwealth for specific expenses and Statements of Expenditure for all other expenses;
- (b) **For reporting on the use of advances:** (i) Interim Financial Reports, (ii) Statements of Expenditure, (iii) Records, or (iv) Records required by the Commonwealth for specific expenses and Statements of Expenditure for all other expenses;
- (c) **For applications for direct payments:** Records; and

- (d) Any other supporting documentation that the Commonwealth may request by notice to the Republic of Indonesia.

4.5 Failure to Provide Audited Financial Statements. If the Republic of Indonesia fails to provide any of the audited Financial Statements required in accordance with, and within the period of time specified in, the Project Loan Agreement, the Commonwealth may at its discretion decide not to accept applications for withdrawal supported by Summary Reports, even if such reports are accompanied by Records.

5. Designated Accounts

5.1 The Republic of Indonesia may open one or more designated accounts into which the Commonwealth may, at the Republic of Indonesia's request, deposit amounts withdrawn from the Project Loan Account for the purpose of paying for eligible expenses as they are incurred ("Designated Account"). Before the Commonwealth authorises establishment of a Designated Account, the Republic of Indonesia must have adequate administrative capability, internal controls, and accounting and auditing procedures to ensure effective use of the Designated Account.

5.2 The Commonwealth may decide not to permit the use of Designated Accounts in new projects if the Republic of Indonesia has failed to refund undocumented advances in the Designated Account of any other loan to the Republic of Indonesia within two months of the Disbursement Deadline Date for such loan.

5.3 Type of Designated Account. A Designated Account may be established in one of the two ways set out below, as appropriate for the operation concerned, as determined and notified by the Commonwealth.

- (a) **Segregated Account:** this is an account of the Republic of Indonesia, into which only proceeds of the loan may be deposited; or
- (b) **Pooled Account:** this is an account of the Republic of Indonesia into which the loan proceeds and proceeds of other financing for the operation (e.g., Republic of Indonesia resources and/or financing by other development partners) may be deposited.

5.4 Currency of the Designated Account. Designated Accounts must be in a currency acceptable to the Commonwealth. The Commonwealth may agree to local currency Designated Accounts when, *inter alia*, the expenses to be financed are primarily in local currency. The Republic of Indonesia bears all risks associated with foreign exchange fluctuations between (a) the currency of denomination of the loan and that of the Republic of Indonesia's Designated Account, and (b) the currency of denomination of the Republic of Indonesia's Designated Account and the currency or currencies of project expenses.

5.5 Financial Institution. Designated Accounts must be opened and maintained in a financial institution acceptable to the Commonwealth, on terms and conditions acceptable to the Commonwealth. To be acceptable to the Commonwealth, the financial institution proposed by the Republic of Indonesia should generally meet all the following requirements:

- (a) be financially sound;
- (b) be authorised to maintain the Designated Account in the currency agreed between the Commonwealth and the Republic of Indonesia;
- (c) be audited regularly, and receive satisfactory audit reports;
- (d) be able to execute a large number of transactions promptly;
- (e) be able to perform a wide range of banking services satisfactorily;
- (f) be able to provide a detailed statement of the Designated Account;
- (g) be part of a satisfactory correspondent banking network; and
- (h) charge reasonable fees for its services.

5.6 The Commonwealth reserves the right not to accept a financial institution for the opening and/or maintenance of a Designated Account if such institution has asserted or asserts a claim to set off, seize or attach proceeds of any Commonwealth loan on deposit in a Designated Account maintained by it.

6. *Use and conditions applicable to advances*

6.1 ***Ceiling.*** The Commonwealth notifies the Republic of Indonesia of the maximum amount of loan proceeds that may be on deposit in a Designated Account (the "Ceiling"). The Commonwealth, at its discretion, may establish the Ceiling as either (a) a fixed amount, or (b) an amount that is adjusted from time to time during project implementation based on periodic forecasts of project cash flow needs.

6.2 ***Applications for Advances.*** The Republic of Indonesia may apply for an advance in an amount up to the Ceiling less the aggregate amount of those advances previously received by the Republic of Indonesia for which the Republic of Indonesia has not yet provided supporting documentation. Normally, to support orderly closure of the Project Loan Account, the Commonwealth does not advance loan proceeds into the Designated Account after the Closing Date.

6.3 ***Frequency of Reporting Eligible Expenses Paid from the Designated Account.*** The Republic of Indonesia reports on the use of loan proceeds advanced to the Designated Account at intervals specified by the Commonwealth by notice to the Republic of Indonesia ("Reporting Period"). The Republic of Indonesia should ensure that all amounts deposited in the Designated Account are accounted for and their use reported prior to the Disbursement Deadline Date. After this date, the Republic of Indonesia must refund to the Commonwealth any advances still unaccounted for or remaining in the Designated Account.

6.4 ***Withholding Advances.*** The Commonwealth is not required to make any deposit into the Designated Account if:

- (a) The Commonwealth determines that payment of the deposit would result in exceeding the Ceiling (see subsection 6.2, "Applications for Advances");
- (b) The Commonwealth is not satisfied that the Republic of Indonesia's planned project expenses justify the deposit. The Commonwealth may, by notice to the Republic of Indonesia, adjust the amount it deposits or withhold further deposits into the Designated Account until it is satisfied that the financial needs of the project warrant further deposits;

- (c) The Republic of Indonesia fails to take action required pursuant to the determinations made by the Commonwealth under subsections 7.1 and 7.2 of these Guidelines;
- (d) The Republic of Indonesia fails to provide any of the audited Financial Statements required in accordance with, and within the period of time specified in, the Project Loan Agreement;
- (e) The Commonwealth determines that all further withdrawals of the amounts of loan proceeds should be made by the Republic of Indonesia directly from the Project Loan Account; or
- (f) The Commonwealth has notified the Republic of Indonesia of its intention to suspend in whole or in part the Republic of Indonesia's right to make withdrawals from the Project Loan Account.

6.5 Excess Advances. If at any time the Commonwealth determines that any amount deposited in the Designated Account will not be required to cover further payments for eligible expenses ("Excess Amount"), it may, at its discretion, require the Republic of Indonesia to take one of the two actions listed below. Upon notification by the Commonwealth, the Republic of Indonesia must promptly take the action requested:

- (a) Provide evidence satisfactory to the Commonwealth within a period specified by the Commonwealth that the Excess Amount will be used to pay for eligible expenses. If the evidence is not furnished within the time period specified, the Republic of Indonesia must promptly refund the Excess Amount to the Commonwealth; or
- (b) Refund the Excess Amount promptly.

7. Ineligible Expenses

7.1 Ineligible Expenses Generally. If the Commonwealth determines that any amount of the loan was used to pay for an expense that is not eligible pursuant to the Project Loan Agreement ("ineligible expense"), the Commonwealth may, at its discretion, require the Republic of Indonesia to take one of the two actions listed below. Upon notification by the Commonwealth, the Republic of Indonesia must promptly take the action requested:

- (a) Refund an equivalent amount to the Commonwealth; or
- (b) Exceptionally, provide substitute documentation evidencing other eligible expenses.

7.2 Ineligible Expenses Paid from the Designated Account. If the Commonwealth determines that any payment out of the Designated Account was not justified by the evidence furnished to the Commonwealth or was made for an ineligible expense, the Commonwealth may, at its discretion, require the Republic of Indonesia to take one of the actions listed below. Upon notification by the Commonwealth, the Republic of Indonesia must promptly take the action requested:

- (a) Provide the additional evidence requested by the Commonwealth;
- (b) Deposit an equivalent amount into the Designated Account;
- (c) Refund an equivalent amount to the Commonwealth; or

- (d) Exceptionally, provide substitute documentation evidencing other eligible expenses.

8 Refunds

8.1 Republic of Indonesia's Decision to Refund. The Republic of Indonesia may, upon notice to the Commonwealth, refund all or any amount of the loan on deposit in the Designated Account to the Commonwealth for credit to the Project Loan Account.

8.2 Consequence of Refunds. The Commonwealth shall determine whether refunds made to the Commonwealth in accordance with Sections 6 and 7 and subsection 8.1 of these Disbursement Guidelines will be credited to the Project Loan Account for subsequent withdrawal or for cancellation.

8.3 Other Obligations Unaffected by Refunds. Refunds of amounts of the loan do not affect any remedies of the Commonwealth under the Project Loan Agreement.

[Letterhead]
Directorate General of Treasury
Ministry of Finance of the Republic of Indonesia
JI. Lapangan Banteng Timur No. 2 – 4
Jakarta 10710, Indonesia

[DATE]

Senior Representative
AusAID
Australian Embassy Jakarta
JI H.R. Rasuna Said Kav. C15-16
Jakarta Selatan 12940
Indonesia

Attention: [Senior Representative]

Dear [Senior Representative]:

Re: Financing No AIPRD-L002 (Eastern Indonesia National Road Improvement Project (EINRIP))

I refer to the Project Loan Agreement (“Agreement”) between the Commonwealth of Australia (the “Commonwealth”) and the Republic of Indonesia, dated 7 September 2007, providing the above Project Loan. For the purposes of Section 2.03 of the AIPRD General Conditions, as defined in the Agreement, any [one¹] of the persons whose authenticated specimen signatures appear below is authorised on behalf of the Republic of Indonesia to sign applications for withdrawal under this Project Loan.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours sincerely,

/ signed /

[Position]

¹ Instruction to the Republic of Indonesia when sending this letter to the Commonwealth: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

ANNEX 3

Anti-Corruption Action Plan

Number of pages = 13

Referred to in Sections 2.2.3, 2.7.2, 9.1.1, and 9.2.4

**Republic of Indonesia
Ministry of Public Works
Directorate General of Highways**

**Anti-Corruption Action Plan for
EINRIP**

Measure	Summary	Responsibility
A. INFORMATION DISCLOSURE		
Establishment of project website	<p>The PMU is responsible for establishing a project website before the procurement of civil works contracts can commence. All information on the website will be provided in the relevant language (English and/or Indonesian). Project information to be disclosed on the website (and updated monthly) includes:</p> <ul style="list-style-type: none"> o Project Management Manual o Annual procurement plans for MPW Jakarta and each province o Tender documents for all procurement o Notification of details of contracts awarded (company, value of contract, scope and location of services) o Summary audit findings approved by the 6-monthly meetings between MOF, MPW and AusAID o Monthly Project Progress Report (progress of civil works on each sub-project) o Quarterly Financial Monitoring Reports (expenditure on each sub-project) o Information on the EINRIP complaints handling mechanism, including post, telephone, fax and email contact details in both the MPW Directorate of Planning and the MPW Inspectorate General's Office. o Information on any AusAID complaints handling mechanism, including contact details. o In relation to anonymous complaints, the website must include the following statement: "If you prefer to remain anonymous, you may wish to make use of a free email service (such as Hotmail or Yahoo) to create an email account using a pseudonym. This way, we will be able to correspond with you as necessary, to seek clarification or additional information. This would be helpful for us in pursuing your allegation." o Quarterly status report on complaints handling (numbers received and actioned 	PMU (initial set-up and ongoing maintenance of information)

Measure	Summary	Responsibility
	<p>only)</p> <ul style="list-style-type: none"> Report on sanctions imposed on contractors or consultants under Section E of this ACAP. 	
Dissemination of project information	<p>The Project Manager for each civil works contract is responsible for making project information available to communities in the project area before commencement of civil works. As a minimum, the Project Manager must establish a noticeboard outside each District Office in the project area containing the name of the contractor, brief description of works, value of contract, percentage completion and percentage of contract paid (updated monthly), details of complaints handling mechanisms (MPW and AusAID) and EINRIP website address.</p> <p>The monthly project progress reports will be made available to civil society and media at the provincial and district levels on request.</p> <p>All information on the project website will also be made available upon request to interested persons/organisations.</p>	PMU, Project Manager
E-procurement	<p>MPW's Semi E-Procurement system will be used for all procurement. Prior to the commencement of procurement under EINRIP, MPW will ensure that the following enhancements to the Semi E-Procurement system are in place:</p> <ul style="list-style-type: none"> Automated email notification to all registered bidders of the availability of any additional document relating to the particular procurement exercise; Automated acknowledgement of receipt of email notification to all registered bidders of the availability of documents; The list of companies that registered for bidding must be kept confidential; "Registration for Prequalification" in the e-procurement system shall be re-named "Registration of Interest", and the contents revised to avoid implying 	MPW Pusat Pengolahan Data, PMU, Provincial MPW offices

Measure	Summary	Responsibility
	<p>prequalification necessarily takes place; and</p> <ul style="list-style-type: none"> An English translation of the official Guideline for Users shall be provided on the e-procurement site. <p>Where sub-national procurement committees are unable to upload tender documents to the Semi E-Procurement system, the PMU will do this for them.</p> <p>When using the Semi E-Procurement system, all bids are to be submitted in hard copy.</p> <p>If full transaction-based e-procurement becomes possible under Indonesian law, it will be implemented for EINRIP, with AusAID's prior approval and provided that the system complies with the requirements of "E-bidding Requirements for MDB Loans, Grants and Credits" dated May 2005.</p> <p>For all procurement exercises, tender documents will also be available in hard copy.</p>	
B. OVERSIGHT & MONITORING		
Strengthened supervision of civil works	<p>The MDB/FIDIC Harmonised Contract will be used for all civil works, with the role of Engineer being filled by the Team Leader of the RSC.</p> <p>MPW will take all necessary actions to appoint the Engineer for each contract. MPW will provide details of all arrangements in relation to the delegation of the authority of the FIDIC Engineer (under the MDB/FIDIC Harmonised Contract) to AusAID for NOL. No subsequent changes can be made to these arrangements without AusAID's prior written approval.</p>	MPW

Measure	Summary	Responsibility
	<p>The Team Leader, as the Engineer, will delegate necessary authorities to each Chief Supervision Engineer, including responsibility for authorising payment certificates (clauses 14.2, 14.6 of the MDB/FIDIC contract).</p> <p>Civil works will not commence until the RSC is mobilised and a Chief Supervision Engineer appointed.</p> <p>The PMSC will be responsible for monitoring the RSC's performance. This will include monitoring the adequacy of supervision of environmental requirements.</p> <p>The evaluation process for the RSC contract and AusAID's NOL will give weight to the following:</p> <ul style="list-style-type: none"> ▪ the adequacy of remuneration of field staff (to reduce incentive for collusion); ▪ qualifications, experience and background of the person(s) nominated as Chief Supervision Engineer(s). <p>The PMU, supported by the PMSC, will provide a mobilisation briefing to key RSC staff and Chief Supervision Engineers on:</p> <ul style="list-style-type: none"> (i) the role of the FIDIC Engineer; (ii) the role of field supervisors; (iii) responsibilities of head office; (iv) the EINRIP ACAP, including terms of audits, sanctions etc. <p>Comprehensive training to all RSC staff will be provided by the RSC.</p>	
Ad hoc third party advice	<p>AusAID will be able to draw on the World Bank's External Supervision Team (see SRIP ACAP) to advise on and identify the risks of fraud and corruption at an early stage. AusAID will be able to draw on this team on an ad hoc, troubleshooting basis.</p>	AusAID

C. MITIGATION OF FRAUD & COLLUSION RISKS		
Strengthen efficiency and accountability of procurement process for consultant contracts	<p>MPW will work with an external Procurement Agent engaged by AusAID to support the MPW procurement committee in the selection process for following contracts:</p> <ul style="list-style-type: none"> o Project Management Support Consultant (PMSO); o Regional Supervision Consultants (RSC) and o Procurement Advisory Services (PAS) <p>(All of these procurement exercises will be exempt from AIPRD eligibility criteria.)</p> <p>The role of the Procurement Agent is to support the MPW procurement committee by providing procurement services at key points in the selection process, including providing recommendations to the Committee on shortlisting and technical evaluation.</p> <p>In the event of a difference of opinion between the Procurement Agent and the MPW procurement committee in relation to the recommendation for (i) shortlisting or (ii) which firm should be selected for award, the parties will seek to resolve the difference holding the principles of a timely and accountable procurement process paramount. The Heads of Procurement Committees will be held responsible by the Minister of Public Works for their procurement decisions.</p>	AusAID, MPW
Strengthen capacity of provincial procurement committees to undertake procurement of civil works contractors	<p>MPW will engage a consultant to provide Procurement Advisory services. The Procurement Advisory Services will be selected using the Procurement Agent.</p> <p>The Procurement Advisors will provide the following services to provincial MPW offices in relation to EINRIP civil works procurement:</p> <ul style="list-style-type: none"> o Develop and oversee implementation of measures/protocols to avoid fraud and collusion in tender processes, including at the shortlisting stage; o Attend bid opening for all procurement exercises and retain in a safe place a 	MPW, Inspectorate General, PAS

	<p>sealed copy of all technical and financial proposals received. If the Adviser is unable to attend bid openings for any reason, they are to appoint a Public Notary (Notaris) to discharge their functions;</p> <ul style="list-style-type: none"> ○ Implement a monitoring system to identify collusive trends, including monitoring implementation of the integrity pact for each procurement exercise; ○ Develop and implement processes to avoid delays; ○ Provide assistance with the progressive implementation of e-procurement in the provinces; ○ Work with MPW on reviewing and implementing improvements to the procurement system; and ○ Provide procurement training and capacity building. <p>In addition, the Procurement Advisors will assist procurement committees with quality control before tender documents are submitted to AusAID for no objection.</p>	
Anti-corruption measures to be included in all procurement exercises	<p>The following will apply to all EINRIP procurement:</p> <ul style="list-style-type: none"> ○ Each Annual Procurement Plan for EINRIP must be approved by AusAID before any procurement can commence. Any subsequent amendments to the Plan must receive AusAID's prior written approval. ○ All tender notifications must be advertised in national newspapers readily available in the province in which procurement is being undertaken, and in relevant provincial newspapers, on the MPW Semi E-Procurement system, on the EINRIP website, UNDB on-line and dg Market websites. ○ No pre-bid conferences will be held, except with AusAID's prior written approval. ○ Specific contract conditions for EINRIP will be agreed in advance between AusAID and DGH. If the contract is translated, the English version will take precedence; ○ A bidder cannot be excluded from bidding on the basis of past performance unless there is evidence of due process in relation to the performance complaint and AusAID has provided prior written approval to the exclusion of the bidder. ○ MPW must keep strictly confidential the list of companies that have registered 	MPW

	<p>for bidding until bid opening.</p> <ul style="list-style-type: none"> ○ There will be no pre-qualification of bidders. Post-qualification criteria will be agreed between AusAID and DGH before procurement commences. ○ An integrity pact in the form of 'Form 2' Chapter V of Presidential Decree 80/2003 will be signed by the Project Manager and each member of the procurement committee before the tender advertisement is placed. ○ An integrity pact in the form of 'Form 2' Chapter V of Presidential Decree 80/2003 will be signed by each bidder and submitted with their bid. ○ The request for NOL to contract award will include copies of 'Form 2' Chapter V of Presidential Decree 80/2003 signed by relevant parties. ○ Representatives from relevant local civil society organisations will be invited to each bid opening. At least seven days advance notification regarding the date and location of bid opening will be provided. ○ The Project Management Manual will include/specify requirements to ensure procurement exercises are conducted in a timely manner and sanctions for breach of these requirements. AusAID and MPW will ensure that the deadlines are adhered to on all procurement exercises. ○ The "long-list" (list of all bids received) and reasons for any bid being declared non-responsive will be provided to AusAID as part of the NOL process. <p>The following will apply to all EINRIP civil works procurement:</p> <ul style="list-style-type: none"> ○ AIPRD eligibility criteria will apply to all civil works procurement ○ The harmonised MDB/FIDIC Conditions of Contract, March 2006, will be used for all civil works procurement. ○ AusAID will conduct prior review for all procurement. ○ The Project Manager for each contract must submit the draft owner's estimate to the PMU for review of its accuracy at least 14 days before the bid document is issued. The bid document must not be issued without PMU approval of the owner's estimate. The owner's estimate will be provided to all bidders. <p>The following will apply to all EINRIP procurement of consultancy services:</p> <ul style="list-style-type: none"> ○ ICB conditions apply to procurement of all consultancy services;
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Strengthened financial and procurement capacity of provincial Project Implementation Units	<ul style="list-style-type: none"> Shortlisting criteria must be developed and submitted to AusAID for NOL before the invitation for expressions of interest is advertised. 	
	<p>Each PIU/Satker will include a qualified procurement specialist and a financial management specialist whose duties will include ensuring adequate record keeping for audit purposes.</p> <p>The Project Management Manual will include a financial management action plan setting out, among other things, internal controls and strengthened payment validation procedures, as well as development of and training in EINRIP Financial Management.</p> <p>The financial management action plan will also specify the broad financial parameters for EINRIP, including:</p> <ul style="list-style-type: none"> Categories of eligible expenditure; and Requirements for Contractors, such as setting up a separate account that is only permitted to hold EINRIP funds and is auditable by the independent auditor. <p>MPW will conduct training of project staff in procurement and financial management, including the requirements of this ACAP.</p>	PMU
Improved financial and technical project audits	<p>AusAID will engage a private sector accounting firm as the independent auditor for EINRIP. The independent auditor will undertake external project audits with a focus on:</p> <ul style="list-style-type: none"> Detecting corruption and collusion in procurement processes (including sample audits of procurement processes) and during contract implementation; Detecting non-compliance with key financial management requirements, with a focus on the process for validating payments to contractors; Detecting misappropriation of funds. 	AusAID & MPW

	<p>The independent auditor will also conduct annual audits of the special purpose project financial statements. AusAID will consult MPW on the scope of services for the independent audit contractor.</p> <p>AusAID will engage a firm to conduct sample technical audits during civil works implementation to examine the quality and effectiveness of implementation, including environmental aspects. MPW will impose available sanctions on contractors based on the outcomes of technical audits. AusAID reserves the right to withhold loan payments relating to a particular sub-project where adequate measures are not taken to avoid poor quality works.</p> <p>As far as possible, audits will be scheduled so that the results can be used to improve the remainder of the works, and the results of technical audit shall be taken into consideration by the persons evaluating each package for Provisional Handover.</p> <p>The criteria and timeframe of the technical and financial audits will be described in the PMM.</p>	
<p>Government to government communications protocol in relation to corruption cases.</p>	<p>Once every 6 months there will be a meeting between MPW (Secretary General), Ministry of Finance (Director General, Treasury) and AusAID (Minister Counsellor) to discuss key audit report findings including those relating to fraud and corruption. The meeting will review the actions already taken in response to those findings and require further actions as necessary, including:</p> <ul style="list-style-type: none"> ▪ a change to EINRIP procedures; ▪ disciplinary action against contractor/consultant and/or Government officials involved; referral of case for investigation/ prosecution by the Independent Auditor and/or relevant Government agency 	<p>AusAID, MPW, Ministry of Finance</p>

D. COMPLAINTS HANDLING		
Enhanced procedures	complaints handling	<p>Regulation of the Minister for Public Works No.323/PRT/M/2005 "Concerning a Mechanism for Handling the Information from the Public relating to Public Works" will be implemented for EINRIP with the following enhancements:</p> <ul style="list-style-type: none"> Complaints may be submitted by post, telephone, fax or email to either the MPW Directorate of Planning (PMU) or the MPW Inspectorate General. The party the complaint is submitted to is responsible for handling the complaint. Anonymous complaints are permitted. The identity of informants will be kept confidential. MPW will implement procedures to ensure this requirement is strictly enforced. All complaints will be responded to within 7 days of receipt. Complaints will be referred in a timely manner to the independent audit firm or relevant Government of Indonesia agencies for investigation and prosecution as appropriate. Complaints deemed possible serious infringements may be further investigated by AusAID. The status of all complaints will be recorded and consolidated into a monthly report by the Inspectorate General. This report will be provided to AusAID via the PMU and the Director General.. <p>In addition, AusAID may establish a complaints handling mechanism to deal with complaints that are submitted directly to AusAID. In general, these complaints will be referred back to MPW for investigation and follow up.</p>
E. SANCTIONS & REMEDIES		
Sanctions for companies		<p>As a condition of loan effectiveness, MPW must develop guidelines satisfactory to</p>
		MPW Inspectorate General and Director General of

	<p>AusAID setting out the sanctions that will be applied to consultants and contractors found to be involved in corrupt conduct associated with the project. These will include:</p> <ul style="list-style-type: none"> Where evidence of fraud, collusion or corruption is found, MPW will immediately terminate the contract and may impose additional sanctions such as claiming forfeiture of the Performance Security, and/or blacklisting of the company. Cases where evidence of corruption is found and sanctions are imposed may be publicised on the EINRIP website. 	Highways
Sanctions for public officials	<p>As a condition of loan effectiveness, MPW must develop guidelines satisfactory to AusAID setting out the sanctions that will be applied to public officials found to be involved in corrupt conduct associated with the project. The sanctions will include relieving the officer of his/her duties on EINRIP during the investigation period.</p>	MPW
Suspension of sub-projects	<p>The project may be suspended in any geographic location where corruption cases are not dealt with effectively.</p>	MPW, AusAID
Misprocurement	<p>AusAID will not declare misprocurement without first sharing and discussing all information with MPW's Inspectorate General (IG). It is understood that Minister for Public Works may forward the information to the Police (in the case of ordinary crime) or to the Attorney General (in the case of corruption).</p>	IG, AusAID, MPW

The following Table lists the ACAP measures relating to procurement, and refers to the chapters of the PMM where their implementation is described. The mark “–” indicates that the measure is not applicable to that category of procurement.

References to Anti-Corruption Measures in Procurement

Measure	Civil Works	Goods	Consultants
Semi e-procurement will be used for all procurement	4.2.1, 4.2.3	4.2.3	4.2.4
A Procurement Agent engaged by AusAID will support the MPW procurement committee	–	–	4.1.7
MPW will engage a consultant to provide Procurement Advisory services.	2.4.3, 4.1.1, 4.1.6	2.4.3, 4.1.1, 4.1.6	–
Each Work Unit will include a qualified procurement specialist	2.3.1	2.3.1	2.3.1
Procurement Plans must be approved by AusAID before any procurement can commence	4.1.3	4.1.3	4.1.3
All tender notifications must be advertised in national newspapers, on the MPW Semi E-Procurement system, on the EINRIP website, UNDB on-line and dg Market websites.	5.2.1	6.2.6	Figure 7-1
No pre-bid conferences will be held, except with AusAID's prior written approval	4.2.5, 5.1.2	4.2.5, 6.2.2, 6.2.8	4.2.5
Specific contract conditions for EINRIP will be agreed in advance between AusAID and DGH. If the contract is translated, the English version will take precedence	5.1	–	–
A bidder cannot be excluded from bidding on the basis of past performance unless there is evidence of due process in relation to the performance complaint and AusAID has provided prior written approval to the exclusion of the bidder.	4.1.3	4.1.3	4.1.3
MPW must keep strictly confidential the list of companies that have registered for bidding until bid opening.	5.2.3	6.2.6	–
There will be no pre-qualification of bidders. Post-qualification criteria will be agreed between AusAID and DGH before procurement commences.	5.3.2	6.2.10	–
An integrity pact in the form of 'Form 2' Chapter V of Presidential Decree 80/2003 will be signed by the Contract Officer and each member of the procurement committee before the tender advertisement is placed.	4.1.8, 5.2.2	4.1.8, 6.2.6	4.1.8
The request for NOL to contract award will include copies of 'Form 2' Chapter V of Presidential Decree 80/2003 signed by relevant parties.	4.3.1	4.3.2	4.3.3
There will be advance public notification of each bid opening to allow all interested members of the public to attend.	2.6.2	–	–
The Project Management Manual will specify requirements to ensure procurement exercises are conducted in a timely manner and sanctions for breach of these requirements. AusAID and MPW will ensure that the deadlines are adhered to on all procurement exercises.	4.1.6	4.1.6	–
The “long-list” (list of all bids received) and reasons for any being declared non-responsive will be provided to AusAID as part of the NOL process.	4.3.1 b. ii. 4	4.3.2	4.3.3
AIPRD eligibility criteria will apply to all civil works procurement	5.2.1	–	–
The harmonised MDB/FIDIC Conditions of Contract, March 2006, will be used for all civil works procurement.	5.1	–	–
AusAID will conduct prior review for all civil works procurement	4.3.1	–	–
The Contract Officer for each civil works contract must submit the draft owner's estimate to the PMU for review of its accuracy at least 14 days before the bid document is issued. The bid document must not be issued without PMU approval of the owner's estimate. The owner's estimate will be provided to all bidders.	5.1.5	–	–
ICB conditions apply to procurement of all consultancy services	–	–	4.1.2 C, 7.1.1
Shortlisting criteria must be developed and submitted to AusAID for NOL before the invitation for expressions of interest is advertised	–	–	4.3.3

ANNEX 4

Outline of Agenda for GOI-AusAID Meetings

Number of pages = 1

Referred to in Sections 2.2.3, 2.7.2, 9.1.1, and 9.2.4

Outline of Agenda for Meetings between AusAID and GOI

Topics required by Loan Agreement for 6-monthly Meetings

Item	Topic	Supporting Documents	Prepared by	Loan Ref.	PMM reference
1	Adequacy of GOI funds	An assessment of taxes in the light of any changes in applicable GOI tax laws	PMU, MOF, AusAID	3.4	Section 9.2.5
2	Audit report findings, disciplinary actions	Audit reports, Proposals for disciplinary actions, Complaints received	AusAID, MPW and Auditors, PMU	Schedule 2, Section I, Part C, Clause 3	Sections 11.2.1, 2.6.3, 2.6.1
3	Decisions on publication of audit findings on website	Proposals and considerations in support of decisions	AusAID, MPW	ACAP	Section 11.2.1

Additional topics for Annual Meeting, to monitor overall Project progress

4	EINRIP procedures, PMM	Proposals by either party for improvement to procedures and updating of PMM	PMU, AusAID, PMSC	-	All
5	Time schedule for implementation	Expected dates of completion of all contracts, Updated chart	PMU and consultants	Schedule 2, Section I, Part C, Clause 4	Section 1.4, Figure 1-1
6	Loan Status	Updated Loan Forecast, Proposals for Reallocation of Loan Proceeds, Financial Monitoring Reports (FMR)	PMU and consultants	Schedule 2, Section I, Part C, Clause 4	Sections 9.1.2, 9.5.3, 9.5.4, Annex 28
7	Loan and GOI sharing percentages	Updated GOI contribution (Item 1. above); Decisions on Reallocation (Item 6. above)	PMU and consultants	-	Section 9.1.2

ANNEX 5

Training Program for EINRIP Implementation

Number of pages = 7

Referred to in Section 2.3.2

1. NEED FOR TRAINING PROGRAM

One of the major risks to effective project implementation and management derives from the likelihood that project management staff do not have adequate training in or experience of the management of large-scale projects.

Procedures to mitigate these risks include the need to conduct comprehensive training of staff in all participating entities involved with the procurement, financial management and supervision of the project.

In response to this need, an Annual Training Program has been prepared, which identifies the major training requirements to be addressed. This program builds on previous training programs prepared and implemented by DGH to strengthen management staff and support the implementation of loan programs like EINRIP.

Funding to support implementation of the Training Program will come from APBN funding that provides for ongoing training activities supported by DGH

2. OUTLINE OF EINRIP TRAINING PROGRAM

The Annual Training Program to support EINRIP will include both intensive courses and refresher training and workshops, highlighting new and poorly-understood aspects of the procedures and safeguards. It does not include technical topics, other than environmental management¹.

The Training Program includes the following components, summarised and described below:

1. **Procurement Training:** for the Procurement Committees of each entity
2. **Training in Project Management:** Annual course for prospective key staff.
3. **Refresher Training in Project Management:** Annual refresher course for key staff of project units
4. **Project Management Manual (PMM) Training:** Initial training/annual refresher training in use of PMM
5. **Training in Reporting for FMR:** Initial training/subsequent refresher training in the details of monthly financial and other reporting requirements for FMR and other financial management aspects of the project
6. **Environmental Workshops:** Annual workshops to disseminate environmental management and monitoring procedures to contractors, consultants and key project staff.
7. **Training in Treasury (Brevet A):** Annual training for Finance staff of project units

¹ ADB is presently funding training of officials in West, Central, South and East Kalimantan, as well as South-East and North Sulawesi in the following topics: Soil Investigations for Roads and Bridges, Bridge Inspection and Rehabilitation, Routine Maintenance of Roads and Bridges, Supervision of Road Construction, IRMS, BMS, Road Drainage, and Monitoring of Environmental and Social Impacts.

2.1 Procurement Training Component

a. Purpose of Training

To make sure that members of Procurement Committees in each participating entity are fully familiar with requirements of Keppres 80/2003 and WB Procurement Guidelines, plus provisions of PMM regarding procurement (including the Anti-Corruption Action Plan, ACAP).

The intention is to provide in-depth training once a year, before the main tendering activity, and timed to ensure that this is not delayed. Training is proposed to be held in July of each year (2007-2009), with a possible further program in 2010 depending on whether there are remaining packages to be tendered.

For AWP1, the first training session will be organised by PMU/PPC, and will be held soon after completion of the EINRIP Loan Agreement, after the PMU and Procurement Committees for AWP1 have been established.

b. Who Receives Training?

Procurement training is for members of Procurement Committees. Recognising that it may be not possible/unnecessary to provide detailed training for all members, it is intended that at least 3 members of the committee will participate, at least 1 of which will be the Chairperson or Secretary. Procurement Committees from the following Agencies will be involved in the initial training program:

- Procurement committees for National road periodic maintenance, betterment, and/or bridge projects, from Dinas PU in the provinces in which national road and bridge programs will be implemented;
- Procurement committees for goods and for consultant services, from DGH.

For each year, up to 15 procurement committees will be required to participate, involving around 60 staff.

Staff who attend this Training will not be required to repeat the training in later years.

c. Form and Content of Training Program

A classroom training format will be required for procurement training. Experienced staff (10) from DGH/PPC/PAS will deliver the training program.

The program will have the following features:

- Class size 25 max (total 2 classes)
- Lecture/ tutorial format, requiring 1 lecturer, 2-3 tutors per class
- Training period 2 days, including practical sessions

- 2 Training teams will require 3 days each at 2 locations for Provincial committees, probably Banjarmasin and Makassar.
- 1 Training team will require 2 days each for 2 courses for Central procurement committees, in the vicinity of Jakarta.

Particular attention will need to be given to the provisions of the ACAP, because the Procurement Committees will be the “front line” in implementing the ACAP. Materials will need to be prepared to provide for this important item.

2.2 Training in Project Management

Head of Work Units, Commitment Officers and Treasurers in the project administrative units (SatKer) at National/Provincial level are required to have attended a special training program before being appointed.

a. Purpose of Training

To train candidates for future appointment as key project staff in all aspects of project management.

b. Who Receives Training?

Prospective key staff (Heads of Work Units, Commitment Officers and Treasurers) who do not yet have a certificate in project management. The candidates will be selected from officials of the public works agencies in Eastern Indonesia

Typically, class sizes are limited to 70 people, and it is assumed that one class will be required in each year. Classes are proposed to be held in Surabaya.

c. Form and Content of Training Program

A classroom format will be used. The course will last one month, and be divided into modules from all aspects of road and bridgework project management, including financial management, office administration, and human resources management.

2.3 Refresher Training in Project Management

a. Purpose of Training

To give staff currently occupying key positions in Work Units a brief updating in latest developments in project management.

b. Who Receives Training?

Key staff (Heads of Work Units, Commitment Officers and Treasurers). The candidates will be selected from :

- Key staff of the 5 Balai in Eastern Indonesia

- Key staff of P2JJ in all 15 project Provinces
- Key staff of SatKer in all 15 project provinces

Class sizes are limited to 25 people, and it is assumed that five classes will be required in each year (125 persons). Classes are proposed to be held in Banjarmasin or Makasar.

c. Form and Content of Training Program

A classroom format will be used. The course will last 3 days, and case studies of recent project failures and successes will be presented, with lessons learned.

2.4 Project Management Manual (PMM) Dissemination

a. Purpose of Training

To introduce senior and line management staff to the provisions of the PMM, and the need to properly and fully observe these during EINRIP project implementation.

b. Who Receives Training?

All groups participating in project implementation should be included in the audience addressed by this component. This will include:

- Heads and key staff of the 5 Balai in Eastern Indonesia
- Heads of P2JJ in all 15 project Provinces
- Project Managers/Sub project managers and staff for each SatKer (at least 3 people per package including Central level packages)

As many as 6 staff in each participating entity might be involved, totaling around 200 people for the initial dissemination of the PMM. A copy of the PMM will be provided for each agency, and for each SatKer (but not for each participant in the training).

The Workshops will be structured in such a way that staff of different areas of specialty are not involved in areas that are not of relevance to them. Staff who attend will not be required to repeat the training in later years, unless there are changes in the PMM.

c. Form and Content of Training Program

A Workshop/Seminar format is appropriate to the larger numbers involved. Participants need to be told of the content, but do not need to be trained in its use.

Regional Workshops lasting for 2 days (1 day for subsequent Workshops) will be held at 3 major centres. They will be held in Feb/March, so as to introduce

newly appointed staff (particularly staff of Project Implementation Units) to the details of the PMM.

Workshops will be presented by PMU, using DGH/PPC/PMSC/PAS staff. At the same Workshops but at separate times, Training in Reporting for FMR will be conducted.

2.5 Training In Reporting for Financial Management Report

a. Purpose of Training

To provide staff at project level with training in the preparation and submission of monthly reports on disbursements, procurement activities and project progress.

b. Who Receives Training?

Staff to receive this training will include:

- Staff of the units involved in recording and reporting project performance information of each project (2 persons per project)
- Kepala Bagian Keuangan in each Province (1 per entity)

This is likely to involve around 100 people.

Staff who attend this Training will not be required to repeat the training in later years, unless there are changes in financial procedures.

c. Form and Content of Training Program

Regional workshops (4) lasting for 2 days will be provided by DGH staff. After the first Workshop, annual refresher workshops of 1 day will be sufficient. The Workshops will be held immediately after the PMM Workshops.

2.6 Environmental Management Workshops

a. Purpose of Training

To provide involved staff and consultants with information on the Environmental Special Clauses in the contracts, and to enhance their awareness of their responsibilities under the project.

b. Who Receives Training?

Staff to receive this training will include:

- Project Managers/Sub project managers and staff for each SatKer (3 staff)
- Supervising consultants (2 staff from each province)

- Contractors (2 staff from each package)

This is likely to involve around 160 people.

c. Form and Content of Training Program

Regional workshops lasting for 1 day will be provided by DGH (2 staff) assisted in 2007 by PPC and subsequently by PMSC/RSC.

2.7 Training in Treasury (Brevet A)

a. Purpose of Training

To give staff currently occupying key financial positions in Work Units a course in the in treasury management.

b. Who Receives Training?

Key financial staff (Treasurers, SPM Issuing Officers and Accountants). The candidates will be selected from :

- Key staff of the 5 Balai in Eastern Indonesia
- Key staff of SatKer in all 15 project provinces

Class size is limited to 40 people. The class is proposed to be held in Makassar

c. Form and Content of Training Program

A classroom format will be used. The course will last 2 days.

ANNEX 6

List of Files for PMU Website

Number of pages = 1

Referred to in Section 2.6.1

List of Files for PMU Website

Category	Subcategory		Files
General EINRIP Files			<ul style="list-style-type: none"> a. General EINRIP Description b. Annual Procurement Plan c. ACAP d. ESS e. Audit Findings f. Press Releases
	Specific Project	General Information	<ul style="list-style-type: none"> a. Project Description b. Location Plan c. Owner's Estimate d. Current Project Status (updates required)
		Environmental / Social	<ul style="list-style-type: none"> a. LARAP b. AMDAL c. UKL/UPL d. Tracer Study
		Procurement	<ul style="list-style-type: none"> a. Tender Announcement b. Bid Documents c. Minutes of Bid Opening d. Clarifications e. Announcement of Proposed Winner f. Announcement of Winner
		Audit	<ul style="list-style-type: none"> a. Audit Findings (if applicable)

1. Tender Announcement
2. Bidding Documents comprising:
 - Part 1 – Bidding Procedures
 - Part 2 – Works Requirements
 - Part 3 – Conditions of Contract and Contract Forms
3. Contract Locality Plan.

ANNEX 7

Guidelines for Sanctions

Number of pages = 19

Referred to in Sections 2.7.1 and 3.1.3

**Republic of Indonesia
Ministry of Public Works
Directorate General of Highways**

**Eastern Indonesia National Road Improvement
Project (EINRIP)**

**Guidelines to Sanctions
for
Project Implementation**

December 2007

1. INTRODUCTION

1.1 Background

Transparency and accountability are highlighted as core principles of the AIPRD partnership loan agreement. The Indonesian Government maintains its goal of eradicating corruption and the Australian Government's aid program provides support for achieving this.

The EINRIP project goal is improvement of the national road network to an appropriate standard commensurate with the expenditure, i.e. value for money. Past experience shows that corruption in various forms, in this type of infrastructure project, will result in sub-standard construction and poor quality roads. The EINRIP project incorporates several features to reduce the opportunities for corruption and monitor the quality of construction.

Key features include

- increased transparency of project information,
- improved and increased supervision and audit and
- strengthened procurement processes

These features are included in the Anti Corruption Action Plan (ACAP) for EINRIP, which has been formally adopted by the Sec. Gen. of Ministry of Public Works on behalf of the Government of Indonesia.

The project aims for the highest standards of construction and transparent implementation through professional behaviour of all those involved in the project.

However, despite the best intentions it is recognised that, in the first instance, significant improvements will only be achieved by increased supervision and audit, supported by the threat of sanction. Monitoring to scrutinise performance will be made effective by the rigorous application of law, regulations, contractual requirements and professional standards. Impartial and unrelenting enforcement supported by appropriate sanction will ensure a reduction in corrupt activities and give improved quality of outputs.

The guidelines below are intended to provide a framework for application of the various legal, contractual and administrative procedures that exist to help achieve the project goals. The existence of rules and regulations on their own will not guarantee the application of appropriate remedies. This requires a willingness and commitment on the part of the bodies responsible for monitoring implementation and assessing performance to respond directly to identified transgressions, and actively pursue the appropriate course for remedy including applying the available sanctions.

1.2 Context: The Anti Corruption Action Plan (ACAP)

The EINRIP Anti Corruption Action Plan is adopted by GOI and incorporated into the Loan Agreement. It is intended to ensure that anti corruption measures are an integral part of project implementation.

The ACAP states that as a condition of loan effectiveness:

Sanctions for companies: MPW must develop guidelines satisfactory to AusAID setting out the sanctions that will be applied to consultants and contractors found to be involved in corrupt conduct associated with the project. These will include:

- Where evidence of fraud, collusion or corruption is found, MPW will immediately terminate the contract and may impose additional sanctions such as claiming forfeiture of the Performance Security, and/or blacklisting of the company.
- Cases where evidence of corruption is found and sanctions are imposed may be publicised on the EINRIP website.

Sanctions for public officials: MPW must develop guidelines satisfactory to AusAID setting out the sanctions that will be applied to public officials found to be involved in corrupt conduct associated with the project. The sanctions will include relieving the officer of his/her duties on EINRIP during the investigation period.

Indonesia has in recent years developed its legal framework and improved legislation to combat corruption, and relevant laws include:

- Law No. 20 of 2001 Eradication of the Crime of Corruption
- Law No. 31 of 1999 Law on Corruption
- Law No. 18 of 1999 Construction Industry Law.

2. SANCTIONS

Transgressions or wrongdoing in relation to project implementation can generally be divided into three categories or levels:

- Breaking the law – criminal activity
- Breach of contract, professional negligence, non-compliance with contractual requirements (specifications, terms of reference, etc.)
- Behaviour or circumstances that are indicative of wrongdoing

a. Legal Sanction

All project participants:

Clearly, in the first instance where the law is broken this should be a matter for legal recourse. In terms of project related activities it is the responsibility of the enforcing agency to report the matter to the appropriate authorities and follow through with all actions necessary to secure a prosecution where it can be sustained.

b. Contractual Sanction

Contractors and Consultants

Secondly in terms of contract implementation there are remedies within both the Civil Works Construction Contract and the Consultants Services Contract that can be applied where appropriate regarding the behaviour and performance of companies and their personnel. The provisions of the contracts must be fully and impartially applied. These generally apply to compliance with specifications and contractual requirements that can be physically measured or determined in order to trigger the remedy. There are also recognised standards of professional performance and competence that can be used to gauge the acceptability of work and services.

Government Employees

All government employees are required to work in a manner consistent with reasonable standards of care and professionalism. There are Government regulations related to behaviour and performance of public employees that can be applied for cases that are not an obvious breach of the law. These government regulations should be fully enforced in relation to any project activities.

c. Sanction as a Preventative Action

There will undoubtedly be occurrences where:

- there is not yet sufficient evidence, or
- there is reasonable suspicion.

If there is sufficient indication of parties having engaged in corrupt, fraudulent, collusive, coercive, then some form of action is required to maintain the integrity of project implementation. The contracts for both Civil Works and Consultants include provisions that allow the Client/Engineer to remove personnel from site or terminate the contract. Therefore it is not necessary to prove a criminal or corrupt activity in order to invoke this type of sanction.

However this remedy should be used responsibly and impartially with due process in order to implement the project in an effective and transparent manner.

3. GUIDELINES TO APPLICATION OF SANCTIONS

It is anticipated that information about wrongdoing requiring the application of sanctions will primarily stem from reports from individuals or third parties. This will to some extent depend on the level of transparency of project implementation. This can be increased by ensuring that information about what is going on in the project (contract bids, contract implementation, reports of physical and financial progress etc.) is provided to the public, and that there is an easily accessible and properly administered complaints procedure.

The complaints procedure uses the PMU e-mail and mailing addresses as the repository for complaints (see EINRIP website). All reported allegations of fraud, collusion or corruption should be gathered by PMU and properly addressed.

Depending on the allegations, follow-up actions can include:

- Investigation by PMU staff,
- Referral to Inspectorat Jendral,
- Referral to Director General DGH
- Referral to Ausaid audit team
- Referral to legal counsel and/or the police

This may lead to the need for further investigation, rejection, prosecution or sanction.

All complaints and allegations shall be properly catalogued and recorded until resolution. Anonymous complaints shall be accepted and the identity of other complainants shall be kept confidential. Should a case result in sanction, the name of those sanctioned and the company can be disclosed. AusAID will be notified in writing of all investigations and their outcomes.

After investigation, the PMU shall request the sanction set out herein be applied by the appropriate authority. In general, a Contract (for consultants and for contractors) gives authority to "the Client" to take the necessary actions for sanction – require staff be replaced, termination of contract etc. Should the appropriate authority not co-operate in this respect within 28 days, AusAID funding for the project may be suspended until an appropriate resolution is reached. .

In the event that the evidence of wrongdoing is very limited, but there are clear indications that something irregular has been occurring, in the interest of maintaining integrity within the project, the replacement of staff can be required without disclosing the reasons.

If at any stage there is a complaint against the PMU (including allegations of their failure to act on other complaints), this shall be investigated in the first instance by the Director of Planning DGH.

Any investigations by Inspectorate General/DGH that are not resolved within six months of being submitted or are deemed serious infringements may be further investigated by AusAID.

3.1 Sanctions to be applied to Contractors

If there is sufficient evidence to clearly indicate fraud, collusion or corruption, appropriate measures should be taken to institute legal proceedings against the accused parties.

Examples:

- i. *Submission of forged documents - bank guarantee, insurances, etc.*
- ii. *Witness testimony of payments to/from any of the parties,*
- iii. *documentary evidence of wrongdoing.*

Contract remedies in respect of corruption, collusion, fraud, coercion and obstructions are clear and will be implemented to the fullest extent and are also stipulated with respect to compliance with contractual obligations, technical specifications and general engineering practice. This type of remedy should be considered normal contract implementation and is the responsibility of the Engineer (see **Appendix 1**).

In other cases where:

- There is not sufficient hard evidence of fraud, collusion or corruption but there is a clear indication of something wrong, or
- As in the first case above but the incident has not been referred to legal recourse, or is rejected by AG;

the following sanctions shall be applied:

- Such contractor's staff that are deemed to be responsible/negligent shall be removed from their posts with immediate effect, and replaced with a suitable, agreed candidate at no additional cost to the Employer.
- Persons that are removed in such a manner shall not be employed in any other position anywhere on the project.
- Any firm having 3 persons removed in such a manner shall have their contract terminated (refer to Contract Clause), and will not be employed again on the project.

Examples:

- i. *If inspection or check testing clearly shows that work previously certified as being in accordance with the specifications are in fact sub-standard*
- ii. *If it is clear that records have been falsified*

Note: Contractual remedies for repair and reinstatement of sub-standard work shall be used to compel the contractor to rectify all faults and deficiencies, so as to ensure full compliance with standards and specifications.

3.2 Sanctions to be applied to consultants

If there is sufficient evidence to clearly indicate fraud, collusion or corruption, appropriate measures should be taken to institute legal proceedings against the accused parties.

Examples:

- i. *Submission of forged documents – bank guarantees, insurances, etc.*
- ii. *Witness testimony of payments to/from any of the parties,*
- iii. *Documentary evidence of wrongdoing.*

The consultant's contract provides remedies for dealing with incompetent, negligent or unprofessional behaviour (see **Appendix 2**).

In other cases where:

- There is not sufficient hard evidence of fraud, collusion or corruption but there is a clear indication that unprofessional behaviour has occurred, or
- As in the first case above but has not been referred to legal recourse, or is rejected by AG

the following sanctions shall be applied

- Such consultant's staff that are deemed to be responsible/negligent shall be removed from their posts with immediate effect, and replaced with suitable candidate at no additional cost to the Employer.
- Persons that are removed in such a manner shall not be employed in any other position anywhere on the project.
- Any firm having 3 persons removed in such a manner shall have their contract terminated (refer to Contract Clause), and will not be employed again on the project.

Examples:

- i. *If inspection or check testing clearly shows that work previously certified as being in accordance with the specifications is in fact sub-standard*
- ii. *Site visits indicate that supervision staff are not properly carrying out required routine duties - daily diaries, regular site inspection, etc.*
- iii. *Timesheets and/or invoicing misrepresents staff and equipment resources on site*

3.3 Sanctions to be applied to Government Officers

If there is sufficient evidence to clearly indicate fraud, collusion or corruption, appropriate measures should be taken to institute legal proceedings against the accused parties.

Examples:

- i. *Witness testimony of payments to/from any of the parties,*
- ii. *Documentary evidence of wrongdoing.*

In cases where there is a clear case of unprofessional behaviour or incompetence then the full use of internal DGH disciplinary measures should be applied, including dismissal where appropriate (see **Appendix 3**).

In other cases where:

- there is not sufficient hard evidence of fraud, collusion or corruption but there is a clear indication that unprofessional behaviour has occurred, or
- As in first case above but has not been referred to legal recourse, or is rejected by AG

the following sanctions shall be applied:

- Such government staff that are deemed to be responsible/negligent shall have any responsibilities for EINRIP project withdrawn with immediate effect.
- Persons that are removed in such a manner shall not be given responsibilities in any other position anywhere on the project.

Examples:

- If inspection of records clearly shows unexplained delays in processing of payments*
- Continued reports or allegations of collusion with or intimidation/coercion of consultants, contractors, etc.*

3.4 Sanctions for non compliance with procurement schedules

In all cases of procurement an evaluation report must be submitted to AusAID within one month of proposal/bid submission.

Extension of bid validity requires no objection from AusAID. Extension for more than 2 months will not be permitted.

Undue or excessive delays during any part of the procurement process may result in cancellation of the procurement exercise.

APPENDIX 1: CONTRACTUAL REMEDIES FOR NON COMPLIANCE ETC.

CIVIL WORKS CONDITIONS OF CONTRACT

The Clauses listed below provide the basis for the imposition of sanctions in accordance with the Contract for Civil Works.

- Clause 1.15 Inspections and Audits by AusAID** The Contractor shall permit AusAID and/or persons appointed by AusAID to inspect the site and/or accounts and records of the contractor.....
- Clause 4.2 Performance Security (Spec CoC)** The Employer shall be entitled to encash the full amount of the performance security after a notice of termination under sub-clause 15.2
- Clause 4.3 Contractors Representative** The Contractor shall appoint a contractor's representative if consent is subsequently withdrawn...in terms of Clause 6.9the Contractor shall submit the name and particulars of another suitable person.....
- Clause 6.9 Contractor's Personnel**The Engineer may require the Contractor to remove any person employed on the Site or Works, including the Contractors representative... who
- Clause 7.9 Remedial Works** Notwithstanding any previous test or certification the Engineer may instruct the contractor to: remove from site and replace any plant or materials which is not in accordance with the contract, remove and re-execute any work which is not in accordance with the contract....
- Clause 11.4 Failure to Remedy Defects** If the Contractor fails to remedy any defect or damage within a reasonable time.....the Employer may, at his option:
1. Carry out the work himself and the contractor shall pay to the Employer all reasonable costs incurred
 2. Require the Engineer to determine a reasonable reduction in the contract price
 3. If the defect damages or deprives the Employer of any major part of the works, terminate the contract, ... the Employer shall then be entitled to recover all sums [paid for the works.....
- Clause 15.2 Termination by the Employer** The Employer shall be entitled to terminate the contract ... immediately ... if the Contractor.....gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value as an inducement or reward for doing or forbearing to do any action in relation to the contract or for showing or forbearing to show favour or disfavour to any person in relation to the contract.
- Clause 15.6 Corrupt or Fraudulent Practices** If the Employer determines that the Contractor has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices, in competing for or executing the Contract, then the Employer may, after giving 14 days notice to the Contractor, terminate the Contractor's employment under the contract and expel him from the Site and

the provisions of Clause 15 shall apply as if such expulsion had been made under sub-clause 15.2 [Termination by the Employer]

Should any employee of the contractor be determined to have engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the execution of the works, then that employee shall be removed in accordance with sub-clause 6.9 [Contractor's Personnel]

For the purposes of this sub-clause:

- a. "corrupt practices" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- b. "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- c. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- d. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- e. "obstructive practice" is
 - a) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, collusive or coercive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - b) acts intended to materially impede the exercise of the inspection and audit rights provided for under sub-clause 1.15 [Inspections and Audits by AusAID]

Footnote – "parties" as used above in Clause 15 is intended to include Government Officials.

APPENDIX 2: CONTRACTUAL REMEDIES FOR IMPROPER BEHAVIOUR ETC.

CONSULTANT SERVICES GENERAL CONDITIONS OF CONTRACT

The Clauses listed below provide the basis for the imposition of sanctions in accordance with the Consultant Services Contract.

Clause 1.11 Fraud and Corruption

1.11.1 Definitions: It is AusAID policy to require that Borrowers, as well as Consultants under AusAID financed contracts, observe the highest standard of ethics during the execution the contract. In pursuance of this policy AusAID:

Defines, for the purposes of this provision, the terms set forth below as follows:

- i. "corrupt practices" means the offering, receiving or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the selection process or in contract execution;
- ii. "fraudulent practice" means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract;
- iii. "collusive practices" means a scheme or arrangement between two or more consultants, with or without the knowledge of the borrower, designed to establish prices at artificial, non-competitive levels;
- iv. "coercive practice" means harming, or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract;

1.11.2 Measures to be taken: AusAID will:

- a. cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower were engaged in corrupt, fraudulent, collusive or coercive practices during the selection process or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to AusAID to remedy the situation;
- b. sanction a Consultant, including declaring the Consultant ineligible, either indefinitely or for a stated period of time, to be awarded an AusAID financed contract if at any time it determines that the Consultant has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, an AusAID financed contract;

1.11.3 Commissions and Fees : AusAID will:

require the successful Consultant to disclose any commissions or fees that may have been paid or are to be paid to agents, representatives, or commission agents with respect to the selection process or execution of the contract. The information disclosed must include at least the name and address of the agent, representative or commission agent, the amount and currency and the purpose of the commission or fee.

2.8 Suspension The Client may, by written notice of suspension to the Consultant suspend all payments to the Consultant hereunder if the consultant fails to perform any of its obligations under this contract.....

- 2.9 Termination** The Client may terminate this contract in case of the occurrence of any of the events specified in paragraph (a) through (g) of this clause
- a.
 - b.
 - c.
 - d. If the Consultant, in the judgement of the Client, has engaged in corrupt or fraudulent practices in competing for or in executing this contract.
 - e. If the Consultant submits to the Client a false statement which has a material effect on the rights, obligations or interests of the Client.
 - f.
 - g. If the Client, at its sole discretion and for any reason whatsoever, decides to terminate this contract.
- 3.1.1 Standards of Performance:** The Consultant shall perform the Services and carry out their obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices the Consultant shall always act, in respect of any matter relating to this contract, as faithful adviser to the Client and shall at all times support and safeguard the Client's legitimate interests in any dealings with sub-consultants or third parties.
- 3.4 Liability of the Consultant:** Subject to additional provisions, if any, set forth in the SC, the consultant's liability under this contract shall be provide by the applicable law.
- 4.5 Removal and/or replacement of Personnel**
- a.
 - b. If the client finds that any of the Personnel has committed serious misconduct or has been charged with having committed a criminal action or has reasonable cause to be dissatisfied with the performance of any of the personnel then the Consultant shall, at the Client's written request specifying the grounds therefore, forthwith provide as a replacement a person with qualifications and experience acceptable to the Client.

APPENDIX 3: GOVERNMENT REGULATIONS AND DISCIPLINARY SANCTIONS

The following tables provide the sanctions for government officials.

CRITERIA FOR VIOLATIONS FOR SANCTIONS FOR GOVERNMENT OFFICIALS WORKS IMPLEMENTATION

- R-1 : Oral Admonition
R-2 : Written Admonition
R-3 : Statement of Dissatisfaction
S-1 : Postponement of routine salary increase for maximum 1 year
S-2 : Reduction of salary by 1 year's routine adjustment for maximum 1 year
S-3 : Postponement of increase in public service classification for maximum 1 year
B-1 : Demotion to one level lower in public service classification for maximum 1 year
B-2 :
B-3 :

No	Indicative Examples	Type of Sanction									Remarks
		R-1	R-2	R-3	S-1	S-2	S-3	B-1	B-2	B-3	
I	PREPARATIONS										
1	Negligent in design check prior to bidding Carried out with the Project Consultant to review detail design and volumes of work in line with field conditions Lack of care in recommending bid document revisions if necessary			●							
II	TENDERING										
1.	Negligent in Preparations for Procurement a. Preparing contract packages b. Announcing contract packages c. Preparing implementation time schedules d. Appointing procurement committee e. Determining the method of procurement f. Determining and approving Bidding Documents, Owner's Estimate, Terms of Reference	●	↔	↔	↔	↔	↔	↔	↔	●	Type of sanction to be applied depends on seriousness of the negligence
2.	Lack of care in advertising for bids Lack of care in registering Bidders	●	↔	●							

No	DETAIL	Type of Sanction									Remarks
		R-1	R-2	R-3	S-1	S-2	S-3	B-1	B-2	B-3	
3.	<p>Negligent in conducting pre-bid meetings, which should include at least the following:</p> <ul style="list-style-type: none"> o Method of procurement and evaluation o Events/actions which may disqualify a Bidder o Conditions for and methods of sub-contracting o Amount, Type of Provider and Validity period for securities o Field visit, if practical o Method and deadline for submittal of Bids o Required attachments to the Bids 		●								Pre-bid meetings not normally allowed for EINRIP All relevant information must be included in bid documents
4.	<p>Negligent in Receiving Bids, for example:</p> <ul style="list-style-type: none"> o The place of receipt changes without warning o There are obstacles to receipt of bids o Receipt of Bids is closed at the incorrect time 			●							These are serious events that will require re-bidding
5.	<p>Negligent in Opening Bids, for example</p> <ul style="list-style-type: none"> o Not attended by witnesses from the Bidders o Documents not witnessed by initialling 			●							These are serious events that will require re-bidding
6.	<p>Evaluation of Bids:</p> <ul style="list-style-type: none"> o Arithmetic correction not carried out on all Bids that are received o Evaluation of 3 Lowest Bids not carried out in line with procedures 			●							These are serious events that will require re-bidding

No	DETAIL	Type of Sanction									Remarks
		R-1	R-2	R-3	S-1	S-2	S-3	B-1	B-2	B-3	
7.	Incorrect Qualification: <ul style="list-style-type: none"> Administrative data Operating permits Legal basis of establishment of firms Financial data Personnel data Company experience data Working capital 			●							If this involves incorrect disqualification of bidders then re-bidding will be required
8.	Incorrect announcement of Award by the Procurement Committee/Official or in not properly informing the Bidders after the finalisation of award (NOL)		●								
9.	Negligent in not responding to objections from Bidders or complaints from the public within 5 working days after receiving the objection/complaint			●							
10.	Incorrect Proposals for the Award of Contract			●							
11.	Incorrect Approval of the Award of Contract			●							
III	CONTRACT										
1.	Lack of care in Preparing Contract Documents a. Contents and text of the Letter of Agreement b. All documents which form part of the contract c. Securing "No Objection Letter" from lender	●									
2	Negligence in reviewing the Performance Security- Performance Security to be submitted within 28 days of letter of acceptance with Period of Validity until 28 days after the end of the defects notification period		●								

No	DETAIL	Type of Sanction									Remarks
		R-1	R-2	R-3	S-1	S-2	S-3	B-1	B-2	B-3	
IV	MANAGEMENT OF CONSTRUCTION										
1	Lack of care in preparation for implementation The Employer must handover the site to the contractor prior to commencement of works (all land acquisition, etc. must be complete)		●								
2	Incorrect Advance Payment Advance payment to be authorised in accordance with the contract, after certification by the Engineer (consultant)		●								
3	Negligent in review of implementation regarding the quantity or quality of works, based on contract documents and the works program: Review the Engineer's application of Clause 8			●							
4	Negligent in determining or notifying Force Majeure (Clause 19) The Employer (or Contractor) must inform within 14 days from the date of occurrence of disaster, enclosing the declaration of disaster by the relevant authority		●								
5	Negligent in Payment for Completed Works (Clause 14) Authorisation of payment to the Contractor should be made after certification by the Engineer (consultant), in accordance with the contract, Undue delays in authorising payment to the contractor must be avoided			●							
6	Lack of care in reviewing Variations in Works If significant variations are made by the Engineer, the contract may be amended. Employer should check revisions including: - Addition/reduction to the volume of works - Addition/reduction of the scope of works			●							

No	DETAIL	Type of Sanction									Remarks
		R-1	R-2	R-3	S-1	S-2	S-3	B-1	B-2	B-3	
7	Lack of care in reviewing Price Adjustment: Adjustments for changes in cost under Clause 13.8 (<i>escalation</i>) must be applied according to the contract, for example: <ul style="list-style-type: none">- Contract period should > 12 months- Applied only to correct pay items- Applied to the contract or addendum implementation schedule (program)- For works delayed by the contractor, use the index from the original contract schedule			●							
8	Failure to act in accordance with Clause 15 of the contract - Termination of Contract by the Employer The Employer is entitled to terminate if- <ul style="list-style-type: none">- Contractor is in breach of contract (see Clause 15.2 a – e)- Corruption/Collusion/Nepotism is proven (Clause 15.2f)			●							
9	Lack of care in reviewing Extension of Time : Extensions of time should be granted in accordance with Clause 8.4 Employer should review correctness of recommendation of the Engineer. Delay damages must be imposed in accordance with the contract			●							

ANNEX 8

Establishment of Steering Committee

Number of pages = 6

Referred to in Section 3.1.3



MENTERI NEGARA
PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BAPPENAS

KEPUTUSAN

MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL
NOMOR KEP. 335 /M.PPN/06/2007

TENTANG

PEMBENTUKAN TIM PENGARAH DAN TIM PENDAMPING KOORDINASI
PERENCANAAN DAN KEBIJAKAN PEMBANGUNAN TRANSPORTASI JALAN

MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL,

- Menimbang : a. bahwa untuk merencanakan pembangunan di bidang transportasi jalan perlu dilakukan secara komprehensif, terpadu dengan melibatkan seluruh *stakeholder*;
- b. bahwa untuk meningkatkan efisiensi dan efektifitas dalam perencanaan, pemantauan, evaluasi pembangunan transportasi jalan perlu dilakukan koordinasi perencanaan yang terpadu dan bersifat lintas sektoral;
- c. bahwa untuk melaksanakan koordinasi antar instansi terkait dalam perencanaan pembangunan transportasi jalan perlu dibentuk Tim Pengarah dan Tim Pendamping Koordinasi Perencanaan dan Kebijakan Pembangunan Transportasi Jalan;
- d. bahwa pejabat-pejabat yang namanya tercantum dalam Lampiran Keputusan ini dianggap mampu dan memenuhi syarat untuk melaksanakan tugas sebagai anggota Tim Pengarah dan Tim Pendamping Koordinasi Perencanaan dan Kebijakan Pembangunan Transportasi Jalan;
- Mengingat : 1. Undang-Undang Nomor 17 Tahun 2003 tentang Keuangan Negara (Lembaran Negara Republik Indonesia Tahun 2003 Nomor 47, Tambahan Lembaran Negara Republik Indonesia Nomor 4286);
2. Undang-Undang Nomor 25 Tahun 2004 tentang Sistem Perencanaan Pembangunan Nasional (Lembaran Negara Republik Indonesia Tahun 2004 Nomor 104, Tambahan Lembaran Negara Republik Indonesia Nomor 4421);
3. Peraturan Pemerintah Nomor 2 Tahun 2006 tentang Tata Cara Pengadaan Pinjaman dan/atau Penerbitan Hibah serta Penerusan Pinjaman dan/atau Hibah Luar Negeri;
4. Keputusan Presiden Nomor 103 Tahun 2001 tentang Kedudukan, Tugas, Fungsi, Kewenangan, Susunan Organisasi, dan Tata Kerja

Lembaga ...

Lembaga Pemerintah Non Departemen sebagaimana telah beberapa kali diubah, terakhir dengan Peraturan Presiden Nomor 64 Tahun 2005;

5. Peraturan Presiden Nomor 9 Tahun 2005 tentang Kedudukan, Tugas, Fungsi, Kewenangan, Susunan Organisasi, dan Tata Kerja Kementerian Negara Republik Indonesia sebagaimana telah beberapa kali diubah, terakhir dengan Peraturan Presiden Nomor 90 Tahun 2006;
6. Peraturan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional Nomor PER. 001/M.PPN/09/2005 tentang Organisasi dan Tata Kerja Kementerian Negara Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional;
7. Peraturan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional Nomor PER.005/M.PPN/06/2006 tentang Tata Cara Perencanaan dan Pengajuan Usulan serta Penilaian Kegiatan yang Dibiayai dari Pinjaman dan/atau Hibah Luar Negeri;
8. Peraturan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional Nomor PER.007/M.PPN/12/2006 tentang Pedoman Penyusunan Rencana Anggaran dan Biaya (RAB) Kegiatan Kementerian Negara Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional;
9. Peraturan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional Nomor PER.001/M.PPN/03/2007 tentang Mekanisme dan Prosedur Kementerian Negara Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional dalam Proses Penyiapan, Pemantauan dan Evaluasi Kegiatan yang Dibiayai dari Pinjaman dan/atau Hibah Luar Negeri;

MEMUTUSKAN:

Menetapkan : KEPUTUSAN MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL TENTANG PEMBENTUKAN TIM PENGARAH DAN TIM PENDAMPING KOORDINASI PERENCANAAN DAN KEBIJAKAN PEMBANGUNAN TRANSPORTASI JALAN.

PERTAMA : Membentuk Tim Pengarah dan Tim Pendamping Koordinasi Perencanaan dan Kebijakan Pembangunan Transportasi Jalan, yang selanjutnya disebut Tim Pengarah dan Tim Pendamping, dengan susunan keanggotaan sebagaimana tersebut dalam Lampiran I dan Lampiran II Keputusan ini.

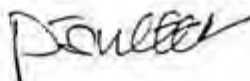
KEDUA ...

- KEDUA** : Tim Pengarah bertugas:
- a. memberikan pengarah dan petunjuk arah kebijakan yang terkait langsung maupun tak langsung dengan substansi perencanaan pembangunan transportasi jalan;
 - b. memberikan petunjuk dalam mengatasi setiap hambatan dan permasalahan dengan memberikan arahan pemecahan serta rekomendasi;
 - c. melaksanakan pertemuan paling sedikit sekali dalam tiga bulan disesuaikan dengan kebutuhan;
 - d. bertanggung jawab dengan melaporkan hasil-hasil pelaksanaan kepada Menteri Negara Perencanaan Pembangunan Nasional/ Kepala Badan Perencanaan Pembangunan Nasional.
- KETIGA** : Tim Pendamping bertugas:
- a. merumuskan kebijakan jangka panjang, jangka menengah, dan jangka pendek dalam perencanaan pembangunan transportasi jalan;
 - b. memonitor dan mengevaluasi pelaksanaan proyek agar dapat dicapai efisiensi dan efektivitas pembangunan transportasi jalan;
 - c. melaksanakan koordinasi dengan instansi terkait dan memberikan masukan dan petunjuk teknis tentang langkah-langkah yang diperlukan dalam rangka kelancaran dan pencapaian sasaran pembangunan transportasi jalan;
 - d. melaksanakan pertemuan paling sedikit dua kali dalam tiga bulan disesuaikan dengan kebutuhan;
 - e. bertanggung jawab dengan melaporkan hasil-hasil pelaksanaan pekerjaan kepada Ketua Tim Pengarah secara berkala.
- KEEMPAT** : Ketua Tim Pengarah dapat membentuk Sekretariat dan Kelompok Kerja yang disesuaikan dengan kebutuhan.
- KELIMA** : Dengan adanya Keputusan ini, maka Surat Keputusan Menteri Negara Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional Nomor KEP. 297/M.PPN/09/2002 tentang Pembentukan Tim Pengarah dan Tim Teknis Kebijakan Perencanaan Pembangunan Transportasi Jalan dicabut dan dinyatakan tidak berlaku lagi.

KEENAM : Keputusan ini berlaku sejak tanggal ditetapkan dan berlaku surut sejak tanggal 1 Juni 2007, dengan ketentuan apabila di kemudian hari terdapat kekeliruan dalam Keputusan ini akan diadakan perubahan dan perbaikan sebagaimana mestinya.

Ditetapkan di Jakarta
pada tanggal 28 Juni 2007

MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL, *et*



PASKAH SUZETTA

Tembusan Keputusan ini disampaikan kepada Yth:

1. Menteri Perhubungan;
2. Menteri Pekerjaan Umum;
3. Menteri Keuangan;
4. Menteri Dalam Negeri;
5. Kepala Kepolisian Negara Republik Indonesia;
6. Kepala Badan Pengawasan Keuangan dan Pembangunan;
7. Kepala Biro Hukum, Bappenas;
8. Kepala Biro Perencanaan, Organisasi, dan Tata Laksana, Bappenas;
9. Yang bersangkutan.

LAMPIRAN 1

KEPUTUSAN MENTERI NEGARA PPN/

KEPALA BAPPENAS

NOMOR KEP. 335 /MPPN/06/2007

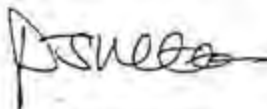
TANGGAL 28 JUNI 2007

SUSUNAN KEANGGOTAAN

TIM PENGARAH KOORDINASI PERENCANAAN DAN
KEBIJAKAN PEMBANGUNAN TRANSPORTASI JALAN

- Ketua : Deputi Bidang Sarana dan Prasarana, Bappenas;
Wakil Ketua I : Direktur Jenderal Bina Marga, Dep. Pekerjaan Umum;
Wakil Ketua II : Direktur Jenderal Perhubungan Darat, Dep. Perhubungan;
Sekretaris merangkap : Direktur Transportasi, Bappenas.
Anggota :
Anggota :
1. Deputi Bidang Politik, Hukum, dan Hankam, Bappenas;
2. Deputi Bidang Otonomi Daerah dan Pengembangan Regional, Bappenas;
3. Sekretaris Jenderal Dep. Perhubungan, Dep. Perhubungan;
4. Sekretaris Jenderal Dep. Pekerjaan Umum, Dep. Pekerjaan Umum;
5. Direktur Jenderal Bina Pembangunan Daerah, Dep. Dalam Negeri;
6. Direktur Jenderal Anggaran, Dep. Keuangan;
7. Direktur Jenderal Perbendaharaan, Dep. Keuangan;
8. Direktur Jenderal Pengelolaan Utang Dep. Keuangan;
9. Direktur Lalu Lintas Polri, Mabes Polri;
10. Kepala Badan Pengatur Jalan Tol, Dep. Pekerjaan Umum.

MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL,




FASKAH SUZETTA

LAMPIRAN II
KEPUTUSAN MENTERI NEGARA PPN/
KEPALA BAPPENAS
NOMOR KEP. 335 /M.PPN/06/2007
TANGGAL 28 JUNI 2007

SUSUNAN KEANGGOTAAN
TIM PENDAMPING KOORDINASI PERENCANAAN DAN
KEBIJAKAN PEMBANGUNAN TRANSPORTASI JALAN

- Ketua : Direktur Transportasi, Bappenas;
Wakil Ketua I : Direktur Bina Program Ditjen Bina Marga, Dep. Pekerjaan Umum;
Wakil Ketua II : Direktur Keselamatan Ditjen Perhubungan Darat, Dep. Perhubungan;
Sekretaris merangkap Anggota : Kasubdit Program dan Anggaran Ditjen Bina Marga Dep. Pekerjaan Umum.
Anggota :
1. Direktur Pertahanan dan Keamanan, Bappenas;
 2. Kepala Biro Perencanaan Dep. Pekerjaan Umum, Dep. Pekerjaan Umum;
 3. Kepala Biro Perencanaan Dep. Perhubungan, Dep. Perhubungan;
 4. Direktur Bina Program Ditjen Bina Marga, Dep. Pekerjaan Umum;
 5. Direktur Bina Teknik Ditjen Bina Marga, Dep. Pekerjaan Umum;
 6. Direktur Jalan Perkotaan dan Jalan Bebas Hambatan Ditjen Bina Marga, Dep. Pekerjaan Umum;
 7. Direktur Jalan dan Jembatan Wilayah Barat Ditjen Bina Marga, Dep. Pekerjaan Umum;
 8. Direktur Jalan dan Jembatan Wilayah Timur Ditjen Bina Marga, Dep. Pekerjaan Umum;
 9. Direktur Pengembangan Wilayah Ditjen Bina Pembangunan Daerah, Dep. Dalam Negeri;
 10. Wakil Direktur Lalu Lintas Polri, Mabes Polri;
 11. Direktur Pelaksana Anggaran Ditjen Perbendaharaan, Dep. Keuangan;
 12. Direktur Anggaran I Ditjen Anggaran, Dep. Keuangan;
 13. Direktur FHLN Ditjen Pengelolaan Utang, Dep. Keuangan.

MENTERI NEGARA PERENCANAAN PEMBANGUNAN NASIONAL/
KEPALA BADAN PERENCANAAN PEMBANGUNAN NASIONAL, 



PASKAH SUZETTA

ANNEX 9

Establishment of Project Management Unit

Number of pages = 4

Referred to in Section 3.1.3



**DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA**

Jalan Pattimura No. 20, Kebayoran Baru - Jakarta Selatan 12110, Telepon : (021) 7221950

SURAT KEPUTUSAN DIREKTUR JENDERAL BINA MARGA

Nomor : 23 / Kpts / Db / 2008

**TENTANG
PENUNJUKAN/PENGANGKATAN PEJABAT/PEGAWAI
PROJECT MANAGEMENT UNIT - PMU
EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)**

DIREKTUR JENDERAL BINA MARGA

Menimbang :

- a. Bahwa berdasarkan Surat Keputusan Menteri Pekerjaan Umum Nomor : 324/KPTS/M/2007 tanggal 1 Agustus 2007 tentang Pembobasan dan Pengangkatan Pejabat Pimpinan Eselon II.a di lingkungan Departemen Pekerjaan Umum, maka perlu ditetapkan kembali PMU EINRIP untuk mengkoordinasikan seluruh kegiatan yang termasuk di dalam lingkup EINRIP.
- b. Bahwa untuk itu perlu ditunjuk/diangkat kembali para pejabat/pegawai di lingkungan Direktorat Jenderal Bina Marga sebagai anggota Project Management Unit (PMU) EINRIP.
- c. Bahwa pejabat / pegawai yang namanya tercantum dalam lampiran Surat Keputusan ini dianggap cakap dan memenuhi syarat untuk diserahi tugas Project Management Unit (PMU).
- d. Bahwa untuk itu perlu dikeluarkan Surat Keputusan Direktur Jenderal Bina Marga.

Mengingat :

1. Undang-undang No.43 Tahun 1999 tentang Perubahan atas Undang-undang Nomor 8 Tahun 1974 tentang Pokok-Pokok Kepegawaian
2. Peraturan Pemerintah No. 20 Tahun 1975 tentang Wewenang Pengangkatan, Pemindahan, dan Pemberhentian Pegawai Negeri Sipil.
3. Peraturan Presiden RI No.9 Tahun 2005 tentang Kedudukan, Tugas, Fungsi, Susunan Organisasi dan Tata Kerja Kementerian Negara Republik Indonesia.
4. Peraturan Presiden RI No.10 Tahun 2005 tentang Unit Organisasi dan Tugas Eselon I Kementerian Negara Republik Indonesia, sebagaimana telah diubah dengan Peraturan Presiden RI Nomor 15 tahun 2005.
5. Peraturan Menteri Pekerjaan Umum Nomor 01/PRT/M/2008 tentang Organisasi dan Tata Kerja Departemen Pekerjaan Umum
6. Naskah Perjanjian Pinjaman Luar Negeri, Loan AusAID/AIPRD-L002 tanggal 7 September 2007.

MEMUTUSKAN

Menetapkan :

- Pertama : Menunjuk/mengangkat para pejabat/pegawai yang tercantum pada lampiran Surat Keputusan ini untuk melaksanakan tugas jabatan dengan ketentuan bahwa kepada yang bersangkutan diberlakukan segala hak, kewajiban, dan tanggung jawab yang ada pada jabatan tersebut.

Kedua : Rincian Tugas dari masing-masing jabatan adalah :

- Ketua PMU.
Memberi pengarahan terhadap kegiatan PMU sesuai kebijakan yang digariskan oleh Steering Committee, dan bertanggung jawab pada Dirjen Bina Marga Departemen Pekerjaan Umum.
- Koordinator Pelaksana Harian PMU.
Membantu Ketua PMU dalam memberi pengarahan kegiatan PMU, memberikan saran tindak turun tangan, dan membantu pengambilan keputusan/kebijakan. Bertanggung jawab pada Ketua PMU.
- Ketua Pelaksana Harian PMU.
Bertugas melaksanakan semua kegiatan manajemen, koordinasi, monitoring dan membuat laporan atas kegiatan yang telah dilakukan. Bertanggung jawab pada Koordinator Pelaksana Harian PMU.
- Tugas-Tugas Asisten PMU :
 - o Asisten Perencanaan dan Pengadaan.
 - a. Melaksanakan kajian/review terhadap usulan proyek yang akan disampaikan ke AusAID/AIPRD untuk mendapatkan persetujuan.
 - b. Menyampaikan Standard Operation Procedures (SOP) dan Petunjuk Pelaksanaan kepada Proyek.
 - c. Melaksanakan monitoring dan evaluasi atas hasil pelelangan yang akan disampaikan ke AusAID/AIPRD.
 - d. Mempersiapkan dan identifikasi perencanaan dan program yang akan diusulkan ke proyek EINRIP.
 - e. Bertanggung jawab pada Ketua Pelaksana Harian PMU.
 - o Asisten Pelaksanaan dan Pengawasan.
 - a. Monitoring dan evaluasi terhadap kualitas dan pelaksanaan pekerjaan dari proyek.
 - b. Mengevaluasi dan merekomendasikan atas review dan revised design yang diusulkan oleh proyek yang akan diusulkan ke AusAID/AIPRD.
 - c. Monitoring pelaksanaan Anticorruption Action Plan.
 - d. Bertanggung jawab pada Ketua Pelaksana Harian PMU.
 - o Asisten Pelaporan Keuangan.
 - a. Menyiapkan, menyimpan dan monitoring data-data akuntansi termasuk prosedur, audit, dokumen, konsolidasi neraca sesuai permintaan dan prosedur AusAID.
 - b. Memonitor status penyerapan per Loan Category.
 - c. Menyiapkan laporan empat bulanan, dan tahunan untuk keseluruhan proyek untuk disampaikan kepada AusAID/AIPRD sesuai guidelines.
 - d. Bertanggung jawab pada Ketua Pelaksana Harian PMU.
 - o Asisten Monitoring dan Manajemen Lingkungan.
 - a. Melaksanakan penyaringan dan memberikan rekomendasi dari aspek lingkungan terhadap usulan proyek yang akan disampaikan ke AusAID/AIPRD.

- b. Mengawasi, mengevaluasi, dan menyiapkan laporan terhadap pelaksanaan kegiatan yang terkait dengan aspek lingkungan, social, dan safeguard issue.
- c. Bertanggung jawab pada Ketua Pelaksana Harian PMU.

Ketiga : Untuk mendukung kelancaran tugas PMU dibantu oleh Project Management Support Consultant (PMSC) dengan kontrak yang dilakukan oleh Satuan Kerja Pembinaan dan Pengembangan Program Jalan dan Jembatan.

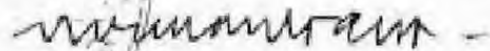
Keempat: Dengan ditetapkannya Surat Keputusan ini, maka Surat Keputusan Direktur Jenderal Bina Marga Nomor : 41/KPTS/Db/2007 tanggal 27 Juni 2007 dinyatakan tidak berlaku lagi.

Kelima : Segala Biaya akibat dikeluarkannya Surat Keputusan ini dibebankan pada Satuan Kerja Pembinaan dan Pengembangan Program Jalan dan Jembatan.

Keenam : Surat Keputusan ini mulai berlaku sejak tanggal 30 Januari 2008 dengan ketentuan apabila di kemudian hari terdapat kekeliruan dalam Surat Keputusan ini, akan diadakan perbaikan sebagaimana mestinya.

Ditetapkan di : Jakarta
Pada Tanggal : 22 Juni 2008

DIREKTUR JENDERAL BINA MARGA



A. HERMANTO DARDAK
NIP. 110025773

Salinan Surat Keputusan ini disampaikan kepada Yth. :

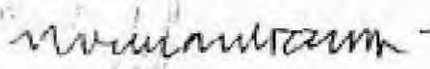
1. Menteri Pekerjaan Umum
2. Sekretaris Jenderal Departemen Pekerjaan Umum
3. Inspektur Jenderal Departemen Pekerjaan Umum
4. Direktur Jenderal Perbendaharaan, Departemen Keuangan
5. Deputi Bidang Sarana dan Prasarana, Bappenas
6. Kepala Biro Keuangan, Departemen Pekerjaan Umum
7. Kepala Biro Kepegawaian, Departemen Pekerjaan Umum
8. Sekretaris Direktorat Jenderal Bina Marga
9. Para Direktur di Lingkungan Direktorat Jenderal Bina Marga
10. Kepala Dinas PU / Bina Marga Propinsi
11. Yang bersangkutan untuk diketahui
12. Pertinggal.

Lampiran : Surat Keputusan Direktur Jenderal Bina Marga
Nomor : 29/keppd/Db/2008
Tanggal : 22 Juli 2008

**SUSUNAN PROJECT MANAGEMENT UNIT (PMU)
EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)**

No.	Nama / NIP.	Jabatan	Unsur PMU
1.	Ir. Taufik Widjoyono, MSc. NIP. 110027568.	Direktur Bina Program	Ketua PMU
2.	Ir. Soebagiono, MSc. (Eng) NIP. 110043577	Kasubdit. Program dan Anggaran	Koordinator Pelaksana Harian PMU
3.	Rien Maria, ST. MT. NIP. 110054134	Staf Dit. Bina Program	Ketua Pelaksana Harian PMU
4.	Rien Maria, ST. MT. Nip. 110054134	Staf Dit. Bina Program	Pjs. Asisten Perencanaan dan Program
5.	Ir. Harun Al Rasyid, MSI. NIP. 110045797	Staf Dit. Jalan dan Jembatan Wil. Timur	Asisten Pelaksana dan Pengawasan
6.	Ir. Sundayani Djuwitaningsih, MM. NIP. 110041635	Kasubag. Verifikasi, Pembukuan, dan Pelaporan	Asisten Keuangan dan Pelaporan
7.	Ir. Nurmala Simanjuntak, MEngSc. NIP. 110041596	Kasi Teknik Lingkungan Wil. Barat	Asisten Manajemen dan Monitoring Lingkungan

DIREKTUR JENDERAL BINA MARGA


A. HERMANTO DARDAK
NIP. 110025773

ANNEX 10

Tax Letter

Number of pages = 7

Referred to in Section 3.1.3



MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
DIRECTORATE GENERAL OF DEBT MANAGEMENT
DIRECTORATE OF EXTERNAL FUNDS

Treasury Building I, 5th
Jalan Lapangan Banteng Timur No. 2-4
Jakarta 10710
Kotak Pos 1138

Telephone : 021 - 3449230 psw
5800
345-8289, 381-3889
Telex : 45789, 44319
Faksimili : 021 - 3512859

25 February 2008

No.: S- 343/PU.2/2008

Mr. Robin Taylor
Director Infrastructure and Regional Development
AusAID, Australian Embassy Jakarta
Jl. H.R. Rasuna Said Kav. C15-16
Jakarta Selatan 12940

Subject: Project Loan Agreement Eastern Indonesia National Road Improvement
Project - Submission of Tax Letter

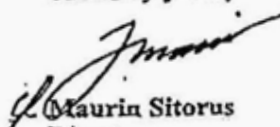
Dear Mr. Taylor,

Referring to your letter dated 15 February 2008, please find enclosed the English Language version of the tables that were provided in our letter dated 14 February 2008. The tables are the revised version of the previous ones that have been sent to you in our letter dated 23 November 2007. The tables have been revised in response to your comments in the letter dated 5 December 2007. The revision among others, omits the mention of the applied tax rates just stating that the tax rates should be according to the prevailing regulations.

We hope that those documents can be accepted and fulfill your requirement for the purpose of loan effectiveness, so that the EINRIP can be implemented soon.

Thank you for your kind cooperation.

Sincerely yours,


Maurin Sitorus
Director,

1. Directorate General of Debt Management;
2. Director General Highways, Ministry of Public Works;
3. Director of Planning, DG Highways;
4. Directorate of Tax Regulation I, DG of Taxes;
5. Directorate of Tax Regulation II, DG of Taxes.

Table of Value Added Tax (VAT) and Sales Tax on Luxury Goods

Category of Tax	Applicable Laws & Regulations	Exemption or Liability?	Likely Value of Exemption or Liability	Taxable Entity/Entities	If exemption, the process for claiming the exemption should be explained in detail. If liable, explanation as to how the GOI will meet the liability should be explained in detail
Value Added Tax (VAT) and Sales Tax on Luxury Goods	Article 16B of Law Number 8 Year 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as lastly amended by Law Number 18 Year 2000.	It is stipulated by the government regulation that tax will not be withheld either partially or entirely, either temporarily or permanently, or tax will be exempted for : 1) the import of Taxable Goods; 2) the use of Taxable Services from abroad within custom area; 3) the use of Intangible Goods from abroad within custom area; 4) the transfer of Taxable Goods and/or Taxable Services.	As long as it is stipulated by the government regulation, tax will be exempted or tax will not be withheld.		As long as it is stipulated by the government regulation, Tax liability will be exempted or will not be withheld. Otherwise the import of Taxable Goods, the use of Taxable Services from abroad within custom area, the use of Intangible Goods from abroad within custom area, and the transfer of Taxable Goods and/or Taxable Services, must be taxed.
	Government Regulation Number 42 of 1995 concerning Duties, Additional Duties, VAT, Sales Tax on Luxury Goods and Income Tax related to the implementation of Government Projects which are funded by Foreign Grant or Loan, as lastly amended by Government Regulation Number 25 of 2001.	VAT or VAT and Sales Tax on Luxury goods will not be withheld for the import and the transfer of Taxable Goods and/or Taxable Services related to the government projects which are funded by foreign grant or loan.	Entire money value of VAT or VAT and Sales Tax on Luxury goods will not be withheld.		As long as it is related to the government projects which are funded by foreign grant or loan, VAT or VAT and Sales Tax on Luxury goods will not be withheld.

the Decree of Ministry of Finance Number 239/KM/K.01/1996 concerning the implementation of Government Regulations Number 42 of 1995 as amended by the Decree of Ministry of Finance Number 466/KM/K.04/2000.	of VAT or VAT and Sales Tax on primary goods will not be applied for: 1) the Import of Taxable Goods; 2) the use of Taxable Services from abroad within custom area; 3) the use of Intangible Goods from abroad within custom area; and 4) the transfer of Taxable Goods and/or Taxable Services. related to government projects which are funded by foreign grant or loan, by the main contractors, consultants or suppliers.	Indirect money value of VAT or VAT and Sales Tax on Luxury goods will not be withheld.	Main contractors, consultants or suppliers	In order to get tax facility, namely VAT or VAT and Sales Tax on Luxury goods will not be withheld, the government project (including the project funded by Subsidiary Loan Agreement) must be registered in the Budget Document (DIPA) or other similar documents. Albeit VAT or VAT and Sales Tax on Luxury goods will not be withheld, however main contractors, consultants or suppliers must issue tax invoices which are stamped by words "PPN dan PPhBM tidak dipungut".
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		For: 1) the import of Taxable Goods; 2) the use of Taxable Services from abroad within custom area; 3) the use of Intangible Goods from abroad within custom area; and 4) the transfer of Taxable Goods and/or Taxable Services related to the implementation of government projects which are partially funded by foreign grant or loan, by the main contractors, consultants or suppliers, VAT or VAT and Sales Tax on Luxury goods will not be withheld only for the portion of fund coming from foreign grant or loan.	VAT or VAT and Sales Tax on Luxury goods will not be withheld only for the portion of fund coming from foreign grant or loan.	Main contractors, consultants or suppliers	
		VAT or VAT and Sales Tax on Luxury goods will be withheld for: 1) the import of Taxable Goods; 2) the use of Taxable Services from abroad within custom area; 3) the use of Intangible Goods from abroad within custom area; and 4) the transfer of Taxable Goods and/or Taxable Services related to the	Entire money value of VAT or VAT and Sales Tax on Luxury goods.	Second layer contractors, consultants or suppliers.	VAT or VAT and Sales Tax on Luxury goods will be withheld by the Taxable Entrepreneurs who transfer Taxable Goods and/or Taxable Services, namely second layer contractors, consultants or suppliers. In case the parties who receive the transfer (main contractor) are VAT Collectors, therefore VAT or VAT and Sales Tax on Luxury goods will be withheld by the VAT Collectors.

Tax on Land and Buildings	<p>1. Law Number 12 Year 1985 concerning Land and Building Tax as lastly amended by Law Number 12 Year 1994.</p> <p>2. The Decree of Ministry of Finance Number 1004/KMK.04/1985 concerning Determination of Statutory Bodies or Representatives of International Organization which use Non Taxable Object of Land and Building Tax.</p>	<p>Implex^a of government projects which are funded by foreign grant or loan, by second layer contractors consultants or suppliers...</p>	<p>AusAID is not Statutory Bodies or Representatives of International Organization which is not imposed by Land and Building Tax Laws and regulations.</p>	<p>As long as AusAID is really has right on land, and/or get benefit on land, and/or own, control, and/or get benefit on buildings, so that AusAID must be imposed by Land and Building Tax.</p>
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Table of Income Tax

Category of Tax	Applicable Laws and Regulations	Exemption or Liability?	Likely Value of Exemption or Liability	Taxable entity/entities	If "exempted", the process for claiming the exemption should be explained in detail. If "liable", explanation as to how the GOI will meet the liability should be explained in detail.
Income Tax	<p>1. Double tax avoidance agreement between Indonesia and Australia.</p> <p>2. Law No. 6/1983 on General Provision of Taxation as amended by Law No. 26/2007</p> <p>3. Law No. 7/1983 on Income Tax as amended a few times and most recently amended by Law No. 17/2001.</p> <p>4. Article 3 of Government Regulation No. 42/1995 on Duties, Additional Duties, VAT, Sales Tax on Luxury Goods, and Income Tax related to the Implementation of Government Projects) funded by Foreign Grant or Loan as lastly amended by Government Regulation No. 25 of 2001.</p> <p>5. Minister of Finance Decree No. 239/KM/K.01/1996 on the Reinforcement of Government Regulation No. 42/1995 on Duties, Additional Duties, VAT, Sales Tax on Luxury Goods, and Income Tax for the implementation of government projects funded by foreign loan or grant as most recently amended by</p>	<p>Exemption:</p> <p>Owed Income Tax on incomes earned by the Main Contractors, Main Consultants and Main Suppliers from work done in order to implement the Government Project loan/grant shall be borne by the Government.</p> <p>Liability:</p> <p>1. Owed Income Tax on incomes earned by the Main Contractors, Main Consultants and Main Suppliers from work done in order to implement the Government Project funded by Nupiah shall be paid by the contractors.</p>	<p>The amount of income tax borne by the Government is calculated based on Income Tax Law.</p> <p>Liability:</p> <p>The amount of income tax paid by the contractors is calculated based on Income Tax Law.</p>	<p>Main Contractors, Main Consultants and Main Suppliers for individual, company, or permanent establishment.</p> <p>Liability:</p> <p>1. Main Contractors, Main Consultants and Main Suppliers for individual, company, or permanent establishment.</p>	<p>Exemption:</p> <p>1. Government provided with government guaranteed Income Tax facility should be registered in Budget Document (DPA) or other similar documents.</p> <p>2. Main Contractors, Main Consultants and Main Suppliers for individual, company, or permanent establishment has to be registered for tax identity (NPWP)</p> <p>In accordance with applicable tax laws and regulations</p>

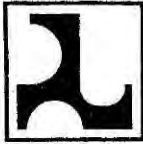
<p>Minister of Finance Decree No. 486/KMK.04/2000</p> <p>6. Director General of Taxation Regulation No. PER 70/PJ/2007 on Other Types of Services and Estimate Net Income as stipulated in Article 23 Item (1) c of Law No. 7/1983 on Income Tax as lastly amended by Law No. 17/2000.</p> <p>7. Director General of Taxation regulation No. KEP- 545/PJ/2000 as amended by Director General of Taxation Regulation No. PER- 15/PJ/2006 for procedure 9 article 21/26 of Law No. 7/1983 on Income Tax as lastly amended by Law No 17/2000</p>	<p>2. Owed income tax on incomes earned by sub-contractors, sub-consultants, and sub-suppliers from the work related to the implementation of government project funded by foreign loan/grant shall be collected, cut or paid in accordance with Income Tax Law.</p>	<p>The amount of income tax paid by the contractors is calculated based on Income Tax Law.</p>	<p>2. Sub-contractors, sub-consultants, and sub-suppliers;</p>	<p>In accordance with applicable tax laws and regulations</p>
	<p>3. Article 21/26 on Owed Income Tax stipulates that Income Tax owed by foreign employees working for Main contractors, Main consultants, and Main suppliers or for sub-contractors, sub-consultants, and sub-suppliers on incomes earned from the work related to the implementation of government project funded by foreign loan.</p>	<p>The amount of income tax paid by employees is calculated based on Income Tax Law.</p>	<p>3. Local and foreign employees working for the Main Contractors, Main Consultants and Main Suppliers or sub-contractors, sub-consultants, and sub-suppliers.</p>	<p>In accordance with applicable tax laws and regulations</p>

ANNEX 11

Establishment of Procurement Committees for Services

Number of pages = 11

Referred to in Section 3.1.3



**DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA**

SATUAN KERJA PEMBINAAN DAN PENGEMBANGAN PROGRAM JALAN DAN JEMBATAN
Jalan Pattimura No. 20 Kebayoran Baru - Jakarta 12110 Telepon : (021) 7200281, 7393928, Fax. 7201760

**SURAT KEPUTUSAN KEPALA SATUAN KERJA
PEMBINAAN DAN PENGEMBANGAN PROGRAM JALAN DAN JEMBATAN
DIREKTORAT JENDERAL BINA MARGA**

NOMOR : 0961 /Bp-05/KPTS/2007

TENTANG

**PEMBENTUKAN PANITIA PENGADAAN JASA KONSULTANSI
PROJECT MANAGEMENT SUPPORT CONSULTANT (PMSO)
UNTUK EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT
(EINRIP)
LOAN EINRIP NO.**

**KEPALA SATUAN KERJA PEMBINAAN DAN PENGEMBANGAN PROGRAM
JALAN DAN JEMBATAN**

- Menimbang** :
1. Bahwa pada Kegiatan Penyiapan Program dan Administrasi Pinjaman Luar Negeri akan dilaksanakan Pekerjaan Jasa Konsultansi untuk Eastern Indonesia National Road Improvement Project (EINRIP) dianggap perlu membentuk kembali Panitia Pengadaan Jasa Konsultansi untuk pekerjaan tersebut di atas.
 2. Bahwa untuk maksud tersebut perlu dikeluarkan Surat Keputusan Kepala Satuan Kerja Pembinaan dan Pengembangan Program Jalan dan Jembatan.
 3. Bahwa para Pejabat/Pegawai yang namanya tercantum dalam lampiran Surat Keputusan ini dipandang cakap dan memenuhi syarat untuk diserahi tugas tersebut.
- Mengingat** :
1. Keputusan Presiden RI No. 42 Tahun 2002 tentang Pedoman Pelaksanaan Anggaran Pendapatan dan Belanja Negara Beserta Penjelasannya.
 2. Keputusan Presiden RI No. 80 tahun 2003 tentang Pedoman Pelaksanaan Pengadaan Barang/Jasa Instansi Pemerintah.
 3. Surat Keputusan Bersama Menteri Keuangan RI dan Kepala Badan Perencanaan Pembangunan Nasional No. S-54/A/2004 dan No. S-247/M.PPW/04/2002 tanggal 10 April 2002 tentang Perubahan Kedua Surat Keputusan Bersama Menteri Keuangan Republik Indonesia dan Kepala Badan Perencanaan Pembangunan Nasional No. S-42/A/2002 dan S-2262/D2/05/2000 Tahun 2000.
 4. Surat Keputusan Menteri Permukiman dan Prasarana Wilayah No. 339/KPTS/M/2003 tanggal 31 Desember 2003, tentang Petunjuk Pelaksanaan Pengadaan Jasa Konstruksi

- Oleh Instansi Pemerintah.
5. Surat Pengesahan Daftar Isian Pelaksanaan Anggaran (DIPA) Direktorat Jenderal Bina Marga Departemen Pekerjaan Umum Tahun Anggaran 2007 No. 1923.1/033-04.0/-/2007 tanggal 13 Juli 2007.
 6. Draft Loan Agreement proyek EINRIP antara Pemerintah RI dan AIPRD.
 7. Surat Keputusan Menteri Pekerjaan Umum No. 79/KPTS/M/2006 tanggal 6 Januari 2006, tentang Pengangkatan Atasan/Atasan Langsung Kepala Satuan Kerja/Kuasa Pengguna Anggaran, Pejabat yang Melakukan Pemungutan Penerimaan Negara, Pejabat yang Melakukan Tindakan Yang Mengakibatkan Pengeluaran Anggaran Belanja/Pejabat Pembuat Komitmen, Pejabat yang Melakukan Pengujian dan Perintah Pembayaran, Bendahara Penerimaan dan Bendahara Pengeluaran di Lingkungan Direktorat Jenderal Bina Marga Departemen Pekerjaan Umum Tahun Anggaran 2007.

MEMUTUSKAN

Menetapkan :

- Kesatu : Pembentukan Panitia Pengadaan Jasa Konsultansi Project Management Support Consultant (PMSC) untuk Eastern Indonesia National Road Improvement Project (EINRIP) Loan EINRIP.
- Kedua : Panitia mempunyai tugas, wewenang dan tanggung jawab :
1. Menyusun dan menetapkan :
 - Rencana kerja dan dokumen lelang termasuk syarat-syarat Pelelangan Pengadaan Jasa Konsultansi;
 - Dokumen lelang berupa antara lain : Surat undangan, prosedur pelelangan termasuk kriteria Pasca Kualifikasi (PQ) dan evaluasi pelelangan, formulir penawaran serta bentuk kontrak;
 - Tata cara penilaian PQ dan evaluasi penawaran;
 - Harga Perkiraan Sendiri (HPS)/Owner Estimate (OE).
 2. Mengadakan pengumuman pelelangan melalui media massa, media cetak dan papan pengumuman resmi untuk penerangan umum.
 3. Memberikan penjelasan mengenai dokumen lelang, membuat Berita Acara Penjelasan.
 4. Melaksanakan pembukaan dokumen penawaran dan membuat Berita Acara Pembukaan Penawaran.
 5. Mengadakan penilaian dan Evaluasi dokumen penawaran serta menentukan peringkat calon-calon pemenang pelelangan dan membuat Berita Acara hasil evaluasi

- pelelangan serta mengusulkan calon pemenang.
6. Mengadakan penilaian PQ peserta lelang yang memenuhi syarat sebagai peringkat calon-calon pemenang pelelangan dan membuat Berita Acara hasil evaluasi pelelangan serta mengusulkan calon pemenang.
 7. Panitia dinyatakan bubar setelah penandatanganan kontrak.

- Ketiga : Dalam melaksanakan tugas-tugas pada diktum Kedua, Panitia akan dibantu oleh Procurement Agent.
- Keempat : Dalam melaksanakan tugas-tugas pada diktum Kedua, Panitia berpedoman pada peraturan/ketentuan yang berlaku.
- Kelima : Panitia bertanggung jawab dan berkewajiban secara berkala memberikan laporan kepada Kepala Satuan Kerja Pembinaan dan Pengembangan Program Jalan dan Jembatan.
- Keenam : Surat Keputusan ini berlaku sejak tanggal ditetapkan, dengan ketentuan :
Segala biaya yang dikeluarkan sebagai akibat dari Surat Keputusan ini dibebankan kepada Kegiatan Penyiapan Program dan Administrasi Pinjaman Luar Negeri.
Jika dikemudian hari ternyata terdapat kekeliruan dalam surat keputusan ini, akan diubah dan diperbaiki sebagaimana mestinya.

DITETAPKAN DI : JAKARTA
PADA TANGGAL : 03 September 2007

KEPALA SATUAN KERJA
PEMBINAAN DAN PENGEMBANGAN
PROGRAM JALAN DAN JEMBATAN



Ir. TAUFIK WIDJOYONO, MSc.

NIP. 110027568

Tembusan : disampaikan kepada Yth.

1. Direktur Jenderal Bina Marga
2. Sekretaris Direktorat Jenderal Bina Marga
3. Kepala Bagian Kepegawaian dan Ortala Setditjen. Bina Marga
4. Kepala Bagian Keuangan Setditjen. Bina Marga
5. Pejabat Pembuat Komitmen Kegiatan Penyiapan Program dan Adm. Pinjaman Luar Negeri
6. Peringgal.

Lampiran Surat Keputusan Satuan Kerja
Nomor : 0901/Bp-05/MPTS/2007
Tanggal : 03 September 2007

**SUSUNAN ANGGOTA PANITIA PENGADAAN JASA KONSULTANSI
PROJECT MANAGEMENT SUPPORT CONSULTANT (PMSC)
UNTUK EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT
(EINRIP)
DENGAN DANA LOAN AIPRD**

NO.	NAMA / NIP	INSTANSI	KETERANGAN
1.	Ir. Hari Suko Setiono, M.Eng.Sc. 110051606	Subdit Program dan Anggaran	Ketua merangkap anggota
2.	Ir. Rachman Arief D, M.Eng. 110053547	Subdit PUM	Sekretaris merangkap Anggota
3.	Ir. Agustinus Silalahi, MT. 110051643	Subdit Program dan Anggaran	Anggota
4.	Ni Komang Rasminiati, ST. 110057405	Subdit PSEK	Anggota
5.	Rien Marlia, ST. MT. 110054124	Subdit PUM	Anggota

**KERALA SATUAN KERJA
PEMBINAAN DAN PENGEMBANGAN
PROGRAM JALAN DAN JEMBATAN**
Ir. TAÚFIK WIDJOYONO, MSc.
NIP. 110027568



**DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA
DIREKTORAT JALAN DAN JEMBATAN WILAYAH TIMUR
SATUAN KERJA DIREKTORAT JALAN DAN JEMBATAN WILAYAH TIMUR**

Jalan Pattimura Nomor 20, Kebayoran Baru Jakarta 12110 Telp. (021) 7396771 - 7394433

**KEPUTUSAN KEPALA SATUAN KERJA DIREKTORAT
JALAN DAN JEMBATAN WILAYAH TIMUR**

NOMOR : 34/KPTS/DJJWT/2007

TENTANG

**PEMBENTUKAN PANITIA PENGADAAN JASA KONSULTANSI
PROCUREMENT ADVISORY SERVICES (PAS)
PADA EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT
(EINRIP)
TAHUN 2007**

MENIMBANG :

1. Bahwa dalam rangka untuk mendapatkan konsultan yang mempunyai pengalaman dan kemampuan sesuai dengan sifat, jenis dan nilai untuk Pelaksanaan Pekerjaan di lingkungan Unit Pelaksanaan Kegiatan Pembinaan Pelaksanaan Jalan dan Jembatan Wilayah timur.
2. Bahwa untuk pelaksanaan pengadaan Jasa Konsultansi yang dimaksud di atas perlu dibentuk Panitia Pengadaan Jasa Konsultansi.
3. Bahwa dalam rangka mencapai efektifitas kinerja Panitia Pengadaan Jasa Konsultansi tersebut diperlukan perubahan susunan keanggotaan panitia dimaksud.

MENINGAT :

1. Keputusan Presiden RI No. 42 tahun 2002, tentang Pedoman Pelaksanaan Anggaran Pendapatan dan Belanja Negara;
2. Keputusan Presiden RI No. 80 tahun 2003 Tentang Pedoman Pelaksanaan Pengadaan Barang/Jasa Pemerintah, jo Peraturan Presiden RI No.70 Th.2005, tentang Perubahan Ketiga atas Keppres No.80 tahun 2003;
3. Keputusan Menteri Pekerjaan Umum No. 111/KPTS/M/2007 tanggal 22 Januari 2007, tentang Perubahan Lampiran Keputusan Menteri Pekerjaan Umum No. 65/KPTS/M/2007 tanggal 11 Januari 2007, tentang Pengangkatan Atasan/Atasan Langsung Kepala Satuan Kerja, Kepala Satuan Kerja/Kuasa Pengguna Anggaran, Pejabat Yang Melakukan Penunngutan Penerimaan Negara, Pejabat Yang Melakukan Tindakan Yang Mengakibatkan Pengeluaran Anggaran Belanja/Pejabat Pembuat Komitmen, Pejabat Yang Melakukan Pengujian dan Perintah Pembayaran, Bendahara Penerimaan dan Bendahara Pengeluaran di Lingkungan Direktorat Jenderal Bina Marga Departemen Pekerjaan Umum Tahun Anggaran 2007.
4. DIPA Tahun Anggaran 2007. No. 0481.0/033-04.0/-/2007 tanggal 31 Desember 2006 pada Kegiatan Pembinaan Pelaksanaan Teknis Jalan dan Jembatan dengan Kode Kegiatan No. 4333.

MEMUTUSKAN

MENETAPKAN :

- Kesatu : Membentuk Panitia Pengadaan Jasa Konsultansi Procurement Advisory Services (PAS) Pada Eastern Indonesia National Road Improvement Project (EINRIP), Sumber Dana Loan AIPRD di Satuan Kerja Direktorat Jalan dan Jembatan Wilayah Timur, Tahun Anggaran 2007.
- Kedua : Tugas, kewajiban dan tanggung jawab panitia :
1. Menyusun dan menetapkan :
 - Jadwal, cara pelaksanaan dan lokasi pengadaan
 - Menyiapkan dokumen pengadaan, dokumen prakualifikasi, tatacara penilaian penawaran dan dokumen pengadaan lainnya seperti Harga Perkiraan Sendiri (HPS) yang dikalkulasikan sesuai keahlian yang disahkan oleh Pejabat Pembuat Komitmen Kegiatan Pelaksanaan Jalan dan Jembatan Wilayah Timur.
 2. Mengadakan pengumuman pelelangan yang akan dilaksanakan melalui media cetak, papan pengumuman resmi untuk penerangan umum dan jika memungkinkan melalui media elektronik.
 3. Menyusun daftar calon peserta penyedia jasa yang memenuhi klasifikasi dan kualifikasi untuk diundang mengikuti pengadaan.
 4. Menyampaikan undangan kepada calon peserta pengadaan lainnya untuk mengikuti Prakualifikasi bila peserta yang mendaftar dan memenuhi syarat pada Prakualifikasi awal kurang dari 3 calon.
 5. Memberikan penjelasan mengenai dokumen pengadaan termasuk syarat-syarat penawaran, cara penyampaian penawaran dan tata cara evaluasi yang dimuat dalam Berita Acara pemberian Penjelasan Pekerjaan.
 6. Melaksanakan Pembukaan Dokumen Penawaran dan membuat Berita Acara Pembukaan Dokumen Penawaran.
 7. Melaksanakan Penilaian Teknis atas Usulan Teknis Konsultansi dan Usulan Biaya Konsultansi untuk pekerjaan paket yang bersangkutan serta mengadakan klarifikasi dan menetapkan urutan atau calon pemenang serta membuat Berita Acara Hasil Pelelangan.
 8. Membuat Laporan mengenai proses dan hasil pelelangan kepada pemberi tugas Kepala Satuan Kerja Direktorat Jalan dan Jembatan Wilayah Timur.
 9. Dalam melaksanakan tugas pada butir 5 diatas, Panitia berpedoman pada peraturan/ketentuan yang berlaku, serta Kerangka Acuan Kerja dan Syarat-syarat dari pekerjaan yang bersangkutan.

Ketiga : Bila dianggap perlu, Panitia dapat menunjuk dan mengangkat pembantu sebagai tim khusus/teknis pelaksanaan pelelangan.

Keempat : Surat Keputusan ini berlaku sejak tanggal ditetapkan dengan ketentuan :

1. Segala biaya yang dikeluarkan sebagai akibat dari keputusan ini dibebankan kepada DIPA Satuan Kerja Direktorat Jalan dan Jembatan Wilayah Timur, Tahun Anggaran 2007.
2. Tugas kepanitiaan dinyatakan selesai setelah pemenang pelelangan ditetapkan.
3. Surat Keputusan Pejabat Pembuat Komitmen Kegiatan Pembinaan Perencanaan dan Pengawasan Teknik Jalan dan Jembatan Wilayah Timur No. Ku.03.01/Pd5-2/06.254 tanggal 21 Juli 2005 dinyatakan tidak berlaku sejak ditetapkannya surat keputusan ini.
4. Jika dikemudian hari ternyata terdapat kekeliruan dalam keputusan ini akan diubah dan diperbaiki sebagaimana semestinya.

DITETAPKAN DI : JAKARTA
PADA TANGGAL : 28 AGUSTUS 2007

KEPALA SATUAN KERJA
DIREKTORAT JALAN DAN JEMBATAN
WILAYAH TIMUR,



K. CHAIRUL TAHER, M.Sc.
NIP. 110020914

Tembusan : disampaikan kepada Yth.

1. Sekretaris Jenderal Dep. Pekerjaan Umum
2. Inspektur Jenderal Dep. Pekerjaan Umum
3. Sekretaris Direktorat Jenderal Bina Marga
4. Direktur Jalan dan Jembatan Wilayah Timur
5. Yang bersangkutan, untuk dilaksanakan
6. Peringgal.

Lampiran Surat Keputusan Kepala Satuan Kerja
Direktorat Jalan dan Jembatan Wilayah Timur
Nomor : 34/KPTS/DJJWT/2007
Tanggal : 28 Agustus 2007

SUSUNAN PANITIA
PENGADAAN JASA KONSULTANSI PROCUREMENT ADVISORY SERVICES (PAS)
PADA EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT(EINRIP)
TAHUN 2007

No.	Nama	Keterangan
1.	Ir. Prihartono, M.Eng.Sc	Ketua
2.	Arie Fibryanto, ST, MT	Sekretaris
3.	Ir. Hari Suko Setiono, M.Eng.Sc	Anggota
4.	Luhut S. Hutagalung, BE,S.Sos,MM	Anggota
5.	Ashari, S.Si	Anggota

DITETAPKAN DI : JAKARTA
PADA TANGGAL : 28 Agustus 2007

Kepala Satuan Kerja
Direktorat Jalan dan Jembatan Wilayah Timur,


Ir. Chairul Taher, MSc.
NIP. 110020914



DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA
DIREKTORAT JALAN DAN JEMBATAN WILAYAH TIMUR
SATUAN KERJA DIREKTORAT JALAN DAN JEMBATAN WILAYAH TIMUR
Jl. Pattimura No. 20 Kebayoran Baru - Telp. / Fax (021) 7396771 Jakarta 12110

KEPUTUSAN KEPALA SATUAN KERJA DIREKTORAT
JALAN DAN JEMBATAN WILAYAH TIMUR

NOMOR : 02 /KPTS/Bb/2007

TENTANG

PEMBENTUKAN PANITIA PENGADAAN JASA KONSULTANSI
ROAD SUPERVISION CONSULTANT (RSC)
PADA EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)
TAHUN 2007

MENIMBANG :

1. Bahwa dalam rangka untuk mendapatkan konsultan yang mempunyai pengalaman dan kemampuan sesuai dengan sifat, jenis dan nilai untuk Pelaksanaan Pekerjaan di lingkungan Unit Pelaksanaan "Kegiatan Pembinaan Pelaksanaan Teknis Jalan dan Jembatan".
2. Bahwa untuk pelaksanaan pengadaan Jasa Konsultansi yang dimaksud di atas perlu dibentuk Panitia Pengadaan Jasa Konsultansi.
3. Bahwa dalam rangka mencapai efektifitas kinerja Panitia Pengadaan Jasa Konsultansi tersebut diperlukan perubahan susunan keanggotaan Panitia dimaksud.

MENGINGAT :

1. Keputusan Presiden RI No. 42 tahun 2002, tentang Pedoman Pelaksanaan Anggaran Pendapatan dan Belanja Negara;
2. Keputusan Presiden RI No. 80 tahun 2003 Tentang Pedoman Pelaksanaan Pengadaan Barang/Jasa Pemerintah, jo Peraturan Presiden RI No. : 70 Th. 2005, tentang Perubahan ketiga atas Keppres No. 80 Th. 2003;
3. Keputusan Menteri Pekerjaan Umum No. : 111/KPTS/M/2007 tanggal 22 Januari 2007, tentang Perubahan Lampiran Keputusan Menteri Pekerjaan Umum No. : 65/KPTS/M/2007 tanggal 11 Januari 2007, tentang Pengangkatan Atasan/Atasan Langsung Kepala Satuan Kerja, Kepala Satuan Kerja/Kuasa Pengguna Anggaran/Kuasa Pengguna Barang, Pejabat Yang Melakukan Pemungutan Penerimaan Negara, Pejabat Yang Melakukan Tindakan yang Mengakibatkan Pengeluaran Anggaran Belanja/Pajabat Pembuat Komitmen, Pejabat yang Melakukan Pengujian dan Perintah Pembayaran, Bendahara Penerimaan dan Bendahara Pengeluaran di Lingkungan Direktorat Jenderal Bina Marga Departemen Pekerjaan Umum Tahun Anggaran 2007.
4. DIPA Tahun Anggaran 2007. No. : 0481.0/033-04.0/-/2007, tanggal 31 Desember 2006 pada Kegiatan Pembinaan Pelaksanaan Teknis Jalan dan Jembatan dengan Kode Kegiatan No. 4333.

- Ketiga : Bila dianggap perlu, Panitia dapat menunjuk dan mengangkat pembantu sebagai tim khusus/teknis pelaksanaan pelelangan.
- Keempat : Surat Keputusan ini berlaku sejak tanggal ditetapkan dengan ketentuan :
1. Segala biaya yang dikeluarkan sebagai akibat dari keputusan ini dibebankan kepada Eastern Indonesia National Road Improvement Project (EINRIP) Loan AIPRD xxxx Tahun 2007.
 2. Tugas kepanitiaan dinyatakan selesai setelah pemenang pelelangan ditetapkan.
 3. Surat Keputusan Pejabat Pembuat Komitmen Kegiatan Pembinaan Perencanaan dan Pengawasan Teknik Jalan dan Jembatan Wilayah Timur No. KU.03.01/Pd5-2/06.254 tanggal 21 Juli 2005 dinyatakan tidak berlaku sejak ditetapkannya surat keputusan ini.
 4. Jika dikemudian hari ternyata terdapat kekeliruan dalam keputusan ini akan diubah dan diperbaiki sebagaimana mestinya.

DITETAPKAN DI : JAKARTA
PADA TANGGAL : 15 JUNI 2007



Tembusan : disampaikan kepada Yth.

1. Sekretaris Jenderal Dep. Pekerjaan Umum
2. Inspektur Jenderal Dep. Pekerjaan Umum
3. Sekretaris Direktorat Jenderal Bina Marga
4. Direktur Jalan dan Jembatan Wilayah Timur
5. Yang bersangkutan, untuk dilaksanakan
6. Pertinggal.

Lampiran Surat Keputusan Kepala Satuan Kerja
Direktorat Jalan dan Jembatan Wilayah Timur
Nomor : 02 / KPTS / Bb / 2007
Tanggal : 15 Juni 2007

SUSUNAN PANITIA
PENGADAAN JASA KONSULTANSI SUMBER DANA LOAN AIPRD XXXX
EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT (AIPRD)
TAHUN 2007

No.	Nama	Keterangan
1.	Ir. S. Riyadi Limbong	Ketua
2.	Arie Fibriyanto, ST, MT	Sekretaris
3.	Ir. Hari Suko Setiono, M.Eng.Sc	Anggota
4.	Ashari, S.Si	Anggota
5.	Luhut S. Hutagalung, BE,S.Sos,MM	Anggota

DITETAPKAN DI : JAKARTA
PADA TANGGAL : 15 JUNI 2007

Kepala Satuan Kerja
Direktorat Jalan dan Jembatan
Wilayah Timur



Ir. Chairul Taher, MSc
NIP. 110020914

ANNEX 12

Procurement Plan for Civil Works/Goods (FMR Form 3-A)

Number of pages = 2

Referred to in 4.1.3

Version No: 1
Date: 4 October 2007

ICB for Goods Packets

Dated: 26 May 2010 (NOL 8 June 2010)

CIVIL WORKS / GOODS						BIDDING PROCESS						CONTRACT PROCESS			
No.	Package No.	Description	Procurement Method	Alloc. Rupiah billion	Allocated Amount AUD Million	Plan versus Actual	Bidding Documentation		Invitation for Bids Date	Bid Opening Date	Bid Evaluation Report & Draft Contract		Contract Signature Date	Disbursement Approval	
							Submitted Date	NOL Procurement			Submitted Date	NOL Award		Submitted Date	NOL Disbursement
Civil Works - Contracts awarded 2008 & 2009															
1	EBL-01	Bali - Tohpati - Kusamba Stage 1	ICB	192	25.6	Plan	25-Jul-08	28-Jul-08	1-Aug-08	15-Sep-08	15-Oct-08	29-Oct-08	19-Nov-08	5-Nov-08	12-Nov-08
						Actual	1-Aug-08	4-Aug-08	8-Aug-08	19-Sep-08	6-Nov-08	26-Nov-08	5-Dec-08	18-Dec-08	11-Dec-08
2	EXB-01	West Kalimantan : Pontianak - Tayau	ICB	105	22.0	Plan	12-Oct-08	17-Oct-08	20-Oct-08	4-Dec-08	3-Jan-09	17-Jan-09	15-May-09	22-May-09	25-May-09
						Actual	22-Aug-08	5-Sep-08	9-Sep-08	29-Oct-08	27-Feb-09	24-Mar-09	29-Apr-09	15-May-09	19-May-09
4	ENB-01A/B	NTB : Sumbawa (Besar - Dypati)	ICB	66	8.7	Plan	12-Oct-08	17-Oct-08	20-Oct-08	4-Dec-08	3-Jan-09	17-Jan-09	9-Feb-09	26-Jan-09	2-Feb-09
						Actual	22-Aug-08	2-Sep-08	4-Sep-08	3-Nov-08	3-Feb-09	18-Feb-09	15-Mar-09	30-Mar-09	1-Apr-09
5	ENB-01C	NTB : Sumbawa Palu - Kiri 70	ICB	537	19.2	Plan	24-Apr-09	1-May-09	5-Jun-09	23-Jul-09	24-Aug-09	7-Sep-09	14-Sep-09	1-Oct-09	9-Oct-09
						Actual	24-Apr-09	30-Apr-09	12-Jun-09	4-Aug-09	15-Oct-09	5-Nov-09	9-Dec-09	10-Dec-09	11-Dec-09
6	ESR-01	South East Sulawesi : Tumpang Kaspote	ICB	123	16.4	Plan	29-Aug-08	3-Sep-08	6-Sep-08	21-Oct-08	5-Dec-08	19-Dec-08	11-Jan-09	28-Dec-08	4-Jan-09
						Actual	12-Aug-08	25-Aug-08	28-Aug-08	5-Nov-08	9-Feb-09	12-Feb-09	2-Apr-09	17-Apr-09	4-May-09
7	ESD-01	South Sulawesi : Sengiang - Impe Impe - Tanumpake	ICB	108	14.4	Plan	17-Apr-09	20-Apr-09	23-May-09	15-Jun-09	14-Aug-09	28-Aug-09	15-Sep-09	5-Oct-09	12-Oct-09
						Actual	17-Apr-09	23-Apr-09	1-May-09	11-Jun-09	26-Sep-09	9-Oct-09	10-Dec-09	11-Dec-09	14-Dec-09
8	ESD-02	South Sulawesi : Bontolungga	ICB	147	19.5	Plan	17-Aug-08	24-Aug-08	27-Aug-08	11-Oct-08	10-Dec-08	24-Dec-08	26-May-09	12-Jun-09	19-Jun-09
						Actual	27-Aug-08	29-Aug-08	3-Sep-08	6-Nov-08	12-Mar-09	8-Apr-09	19-May-09	22-Jun-09	23-Jul-09
9	ESU-01 (Re-tar)	North Sulawesi : Moraga - Taudas	ICB	43	5.7	Plan	14-Mar-09	21-Mar-09	31-Mar-09	21-May-09	10-Jul-09	24-Jul-09	4-Aug-09	12-Aug-09	20-Aug-09
						Actual	2-Mar-09	20-Mar-09	31-Mar-09	4-Jun-09	29-Jul-09	11-Nov-09	2-Dec-09	8-Dec-09	9-Dec-09
10	ENB-02	NTB : Kiri 70 - Cadin Dompu	ICB	46	6.1	Plan	29-Apr-09	1-May-09	12-Jun-09	31-Jul-09	1-Sep-09	16-Sep-09	2-Oct-09	9-Oct-09	16-Oct-09
						Actual	19-May-09	26-May-09	17-Jun-09	4-Aug-09	15-Oct-09	18-Nov-09	14-Dec-09	15-Dec-09	16-Dec-09
11	ENB-03	NTB : Cadin Dompu - Ilango	ICB	75	10.0	Plan	16-Jun-09	22-Jun-09	26-Jun-09	10-Aug-09	11-Sep-09	1-Oct-09	8-Oct-09	15-Oct-09	22-Oct-09
						Actual	3-Jun-09	18-Jun-09	22-Jun-09	25-Aug-09	5-Nov-09	2-Dec-09	19-Dec-09	11-Dec-09	14-Dec-09
12	ESR-02	South East Sulawesi : Kaspote - Bantawa	ICB	90	12.0	Plan	12-Jun-09	18-Jun-09	26-Jun-09	14-Aug-09	14-Sep-09	1-Oct-09	8-Oct-09	15-Oct-09	22-Oct-09
						Actual	12-May-09	20-May-09	5-Jun-09	22-Jul-09	28-Sep-09	6-Oct-09	2-Dec-09	22-Dec-09	23-Dec-09
21	EBL-02	Bali - Tohpati - Kusamba Stage 2	ICB	110	14.7	Plan	19-Jun-09	25-Jun-09	1-Jul-09	25-Aug-09	1-Oct-09	15-Oct-09	22-Oct-09	29-Oct-09	5-Nov-09
						Actual	3-Jun-09	10-Jun-09	23-Jun-09	26-Aug-09	19-Oct-09	5-Nov-09	10-Dec-09	11-Dec-09	14-Dec-09
Civil Works - Contracts to be procured in 2010															
3	EXB-01 (Re-bid)	South Kalimantan : Martapura - Di. Tungkup	ICB	102	13.6	Plan	29-Jan-10	1-Feb-10	4-Feb-10	23-Mar-10	15-Jun-10	6-Jul-10	5-Aug-10	12-Aug-10	19-Aug-10
						Actual	28-Jan-10	11-Feb-10	16-Mar-10	27-Apr-10					
12	ESR-01	Central Sulawesi : Liliwon - Bui	ICB	48	6.5	Plan	8-Jun-09	12-Jun-09	19-Jun-09	15-Jan-10	15-Feb-10	8-Mar-10	10-Jun-10	17-Jun-10	24-Jun-10
						Actual	3-Jun-09	11-Sep-09	5-Oct-09	27-Jan-10	30-Mar-10	12-Apr-10			
14	EXB-02	South Kalimantan : Banjarmasin - Bta Kabang	ICB	54	7.1	Plan	1-Mar-10	4-Mar-10	8-Mar-10	22-Apr-10	22-Jun-10	13-Jul-10	12-Aug-10	19-Aug-10	26-Aug-10
						Actual	12-Feb-09	17-Feb-09	16-Mar-10	27-Apr-10					
17	ESB-03	South Sulawesi : Jenepono - Bantawa	ICB	107	14.2	Plan	24-Jun-09	30-Jun-09	8-Jul-09	20-Aug-09	1-Sep-10	7-Jan-10	8-Feb-10	15-Jun-10	22-Jun-10
						Actual	7-Aug-09	21-Aug-09	27-Aug-09	6-Nov-09	23-Dec-09	11-Jan-10	19-Mar-10	23-Apr-10	
18	ESB-04	South Sulawesi : Bulukumba - Tondong Stage 1	ICB	73	9.7	Plan	10-Jun-10	17-Jun-10	22-Jun-10	3-Aug-10	2-Sep-10	23-Sep-10	21-Oct-10	28-Oct-10	4-Nov-10
						Actual									
19	ESB-05	South Sulawesi : Bulukumba - Tondong Stage 2	ICB	73	9.7	Plan	15-Jun-10	22-Jun-10	28-Jun-10	10-Aug-10	20-Sep-10	11-Oct-10	10-Nov-10	18-Nov-10	25-Nov-10
						Actual									
20	ESB-06	South Sulawesi : Tondong - Sirjai	ICB	66	11.5	Plan	15-Jun-10	22-Jun-10	28-Jun-10	10-Aug-10	20-Sep-10	11-Oct-10	11-Nov-10	18-Nov-10	25-Nov-10
						Actual									
24	ENT-01	NTT - Ende - Aegla	ICB	90	12.0	Plan	8-Jun-10	15-Jun-10	21-Jun-10	3-Aug-10	2-Sep-10	23-Sep-10	25-Oct-10	1-Nov-10	8-Nov-10
						Actual	9-Jun-10	15-Jun-10							
Packages likely to be dropped from EINRIP.															
15	EXB-03	South Kalimantan	J. A. Yari - Di. Tungkup												
16	EXB-04		Dasa Tungkup - Rantau												
22	EXB-05		Barabai - Martani												
23	EXB-06		Martani - Daba												
ICB for Goods															
1	ESB-02	Prefabricated Steel Bridge Material	ICB	43	5.7	Plan	17-Aug-08	24-Aug-08	27-Aug-08	11-Oct-08	10-Nov-08	24-Nov-08	17-Dec-08	3-Dec-08	10-Dec-08
						Actual	22-Sep-08	22-Sep-08	25-Sep-08	6-Nov-08	26-Nov-08	2-Dec-08	15-Dec-08	15-Dec-08	15-Dec-08
Complete															
NCR for Goods															
1		IT	NCR			Decision by DPM that procurement of IT support not required for the Procurement Committee									

ANNEX 13

Procurement Plan for Consultant Services (FMR Form 3-B)

Number of pages = 1

Referred to in Sections 4.1.5 and 9.5.1

EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT

Procurement Plan for Consultant Services

Version No: < insert >

Date: < insert >

CONSULTANCY SERVICES

Title	Proc'nt Method	Lump Sum or Time Based	Estimated Amount AUD	Prior / Post Review	Plan versus Actual	Advertisement of GPN	Advertisement of SPN	TERMS OF REFERENCE			Advertisement for EOI	SHORT LIST	
								Submitted Date	Approved /NOL Date			Submitted Date	NOL Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)
PMSC	QCBS	Time Based		Prior	Original Plan								
					Actual								
RSC	QCBS	Time Based		Prior	Original Plan								
					Actual								
PAS	QCBS	Time Based		Prior	Original Plan								
					Actual								
	Total Estimated Cost :												

r

Plan versus Actual	REQUEST FOR PROPOSAL		Bid Invitation Date	Tech. & Finance Proposal Date *)	Bid Eval. Technical (T)		Bid Combine Tech.&Fin. (T&F Date **)	Prop. for Negotiated Draft Contract		Contract Amount	Name of Consultant	Contract Signing Date
	Submitted Date	Approved /NOL Date			Submitted Date (T)	NOL Date (T)		Submitted Date	Approved /NOL Date			
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
PMSC Plan												
Actual												
RSC Plan												
Actual												
PAS Plan												
Actual												
Total Amount of Contract :												

Note: *) Followed by Technical Bid Opening

**) Financial Bid Opening

ANNEX 14

Reminder to Bidders for Civil Works

Number of pages = 2

Referred to in Sections 5.1.2 and 9.6.1

REMINDER TO BIDDERS FOR CIVIL WORKS

Note: *This is just a reminder, not a part of the bidding documents. If it differs in meaning or wording from the bidding documents, the bidding documents shall prevail.*

1	This tender will use the Ministry of Public Works Semi E-Procurement system. No Pre-Bid Meeting will take place and no site visit will be organized by the Committee.
2	<p>There is no pre-qualification of bidders, and bidding is open to all eligible bidders. Information for post qualification of bidders will be obtained from the documents submitted with the bids or during clarification. No document/information can be added after bid opening except if asked by the Procurement Committee during the clarification and, in case any, will not change the prices or substance of the bid.</p> <p>The Employer will assume that all information in bidding documents is correct and complete. If there is any omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead in the document, the provisions of Clause 3 ITB (Fraud and Corruption) will apply, the bid will be disqualified and the Bidder will be blacklisted for two years.</p>
3	<p>All Bidders found to have a conflict of interest shall be disqualified (ITB 4.3). A bidder may be considered to have conflict of interest with one or more parties in the bidding process, if:</p> <ul style="list-style-type: none"> (a) they have at least one controlling partner in common, or (b) they received or have received any direct or indirect subsidy from any of them, or (c) they have same legal representative for purposes of this bid, or (d) they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another Bidder, or influence to the decision of the Employer regarding this bidding process, or (e) a Bidder participate in more than one bid in this bidding process (f) a Bidder participated as consultant in the preparation of the design or technical specifications of the works that are subject of the bid (g) a Bidder or any of its affiliates has been hired (or is proposed to be hired) by the Employer as Engineer for the Contract Implementation.
4	If necessary, the Procurement Committee will check the reliability of the information and the condition of the proposed equipment, material quarry and reported on-going or past construction contracts to the site. If found that the information is incorrect, the provisions of Clause 3 ITB will apply and the bid may be disqualified.
5	The original bid security must be enclosed with the bid, not held by the Bidder or submitted in a separate envelope. If upon the bid opening, the original bid security is not enclosed with the bid, the bid will be rejected. Photocopy of the bid security is not accepted.
6	In the bidding document for which duty stamp (meterai) is required, failure to attach the stamp or to date the stamp will not cause the bid to be disqualified, but those requirements can be added following the Law No. 13/1985. The absence of Company seal does not cause the bid to be rejected.
7	This is a unit price contract and selected unit prices are subject to the price adjustment provisions of the Conditions of Contract, if the original time for completion exceeds 365 days. The Bidders shall provide unit price analysis of selected pay items. In the event the unit price of the pay item stated in the priced Bill of Quantities is different from in the unit price analysis, the unit price in the priced Bill of Quantities shall prevail.
8	Bidders are reminded to use the forms provided in the Section IV of Bidding Procedure for Letter of Bid and Unconditional Bid Security. If the bidder uses other forms <u>substantially</u> different to the forms mentioned above, the bid may be rejected.
9	Bidders are reminded to submit the bid to the relevant Procurement Committee at the address, date, time and validity as specified in the bid document. Failure to fulfill this provision may result in the bid being rejected.
10	Bidders are reminded to submit Bid Security in the form of Unconditional Bank Guarantee in the amount and validity as specified in the bid document. Failure to fulfill this provision will result in the bid being rejected.

11	Bidders are reminded to check that they attach all required supporting documentation to their bids and complete all forms that are supplied as part of the bidding documents. Failure to do so may result in the Bids being declared substantially not responsive and if so, the bids will be rejected.
12	Bidders are reminded that the bid must be properly signed as specified in the Instruction to Bidders. Bidders must also initial any hand written changes in their Bid Documents, especially in their Bid or priced Bill of Quantities. Failure to do so, will result in their bids being rejected.
13	Bidders are reminded to check whether they have signed the blank Integrity Pact Form distributed with the bid document and included it in their Bid. Lack of a signed Integrity Pact will cause the Bid to be rejected.
14	Bidders are reminded that winning Contractors are auditable by an independent auditor.
15	Bidders are recommended to check carefully the provisions of environment clauses in Section 1.17 of the Technical Specifications, the cost of implementation of which should be included in other Pay Items.
16	Bidders are reminded that some Clauses in the General Conditions have been replaced, and the new clause is shown in the Special Conditions. The General Conditions have not been amended.
17	<p>Bidders are encouraged to submit complaints should they feel the tendering process, including the evaluation was incorrect, unfair or indicated corruption and fraudulent practices. Any one, NGO or even anonymous persons as well as the bidders can submit the complaints at any stage of bidding process. Those complaints can be forwarded through letters or electronic mail to the address below. Those who prefer to remain anonymous, may make use of a free email service (such as Hotmail or Yahoo) in order to seek further clarification and additional information.</p> <ol style="list-style-type: none"> 1. Head of EINRIP Project Management Unit (PMU) Address : Gedung Sapta Taruna, Lantai 8 Directorate of Planning, Directorate General of Highways Jalan Patimura 20 Jakarta Selatan 12110 Fax : 021- 7394631 E-mail : pmu.einrip@yahoo.com 2. Directorate of Roads and Bridges for Eastern Region, Directorate General of Highways Address : Gedung Sapta Taruna, Lantai 8 Jalan Patimura 20 Jakarta Selatan 12110 Fax : 021-7394433 3. Inspectorate General of The Ministry of Public Works Address : Jalan Raden Patah I/1 Lt 7 Jakarta Selatan 12110 Fax : 021-72788184 E-mail : www.pu.go.id/publik/id/saran_pengaduan 4. Australian Agency for International Development (AusAID) Address : Australian Embassy Jln H.R. Rasuna Said Kav C 15-16, Jakarta 12940 Fax : 021-3927274 E-mail : andrew.dollimore@ausaid.gov.au

ANNEX 15

Forms for Recording Civil Works Bids and Evaluation

Number of pages = 18

Referred to in Sections 5.2.5, 5.3.1, and 5.3.4

Bid Evaluation Standard Forms

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Bid Evaluation Report
Standard Cover

Bid Evaluation Report
and
Recommendation for Award of Contract

Name of Project: East Indonesia National Road Improvement Project
(EINRIP)

AusAID Loan No.: _____

Contract Name: _____

Identification Number: _____

Date of Submission of Bid: _____

Letter of Transmittal

The contract is subject to prior review. The bid evaluation report should be attached with a Letter of Transmittal from the Directorate General of Highways, Ministry of Public Works. The letter should highlight conclusions and offer any additional information that would help to expedite review by AusAID. In addition, any unresolved or potentially contentious issues should be highlighted. The letter should be sent to [.....], who is responsible for the loan, and has been designated by AusAID for such correspondence.

Form 1. Identification

1.1 Name of Borrower	<u>Republic of Indonesia</u>
1.2 Loan/Credit number	<u>AIPRD L002</u>
1.3 Date of effectiveness	<u><to be inserted></u>
1.4 Closing date	
(a) original	<u>1 June 2011</u>
(b) revised	
1.5 Name of project	<u>East Indonesia National Road Improvement Project (EINRIP)</u>
1.6 Purchaser (or Employer)	
(a) name	<u>Ministry of Public Works,</u> <u>Directorate General of Highways</u>
(b) address	<u>Jl Pattimura No 20</u> <u>Jakarta Selatan 12110 Indonesia</u>
1.7 Contract number (identification)	
1.8 Contract description	
1.9 Cost estimate ¹	
1.10 Method of procurement (check one)	ICB <input checked="" type="checkbox"/> LIB <input type="checkbox"/> Other <input type="checkbox"/>
1.11 Prior review required	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
1.12 Domestic preference allowed	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
1.13 Fixed price contract	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
1.14 Cofinancing, if any:	
(a) agency name	<u>Government of Indonesia</u>
(b) percent financed by agency	<u>9.09%</u>

1. Cite source and date if other than Project Implementation Plan

Form 2. Bidding Process

2.1 General Procurement Notice	
(a) first issue date	19 September 2007
(b) latest update	Not applicable
2.2 Prequalification, if required	
(a) number of firms pre-qualified	
(b) date of Bank's no-objection	
2.3 Specific procurement notice	
(a) name of national newspaper	
(b) issue date	
(c) name of international publication	
(d) issue date	
(e) number of firms notified	
2.4 Standard Bidding Document	
(a) title, publication date	
(b) date of Bank's no-objection	
(c) date of issue to bidders	
2.5 Number of firms issued documents	
2.6 Amendments to documents, if any	
(a) list all issue dates	
(b) date(s) of Bank's no-objection	
2.7 Date of pre-bid conference, if any	Not applicable
2.8 Date minutes of conference sent to bidders and Bank	

Form 3. Bid Submission and Opening

3.1 Bid submission deadline (a) original date, time (b) extensions, if any	
3.2 Bid opening date, time	
3.3 Record of bid opening, date sent to Bank	
3.4 Number of bids submitted	
3.5 Bid validity period (days or weeks) (a) originally specified (b) extensions, if any (c) date of AusAID's no-objection to extension of bid validity, if required	Not required

Form 4. Bid Prices and Bid Securities (as Read Out)

Form 5. Preliminary Examination³

Form 6. Corrections and Unconditional Discounts

One row for each currency for each Bidder

Bidder	Read-out Bid Price(s)		Corrections		Corrected Bid Price(s)	Unconditional Discounts ²		Corrected/ Discounted Bid Price(s)
	Currency (ies)	Amount(s)	Computational Errors ¹	Missing Prices		Percent	Amount(s)	
(a)	(b)	(c)	(d)	(e)	$(f) = (c) + (d) + (e)$	(g)	(h)	$(i) = (f) - (h)$

Note: Only bids accepted for administrative evaluation (Form 5, column g) should be included in this and subsequent forms. Columns *a*, *b*, and *c* are from Form 4 (columns *a*, *d*, and *e*, respectively).

¹ Corrections in column *d* may be positive or negative.

² If the discount is offered as a percent, column *h* is normally the product of the amounts in columns *f* and *g*. Refer to para. 6(c). If the discount is provided as an amount, it is entered directly in column *h*. A price increase is a negative discount. If the discount is a cross-discount, ignore in this evaluation.

Form 7. Exchange Rates

Currency Used for Bid Evaluation: IDR

Effective Date of Exchange Rate: 28 days prior to submission deadline

Authority or Publication Specified for Exchange Rate: **Bank Notes selling rate officially established by Bank of Indonesia** at :
<http://www.bi.go.id>

1 Australian Dollar = **Indonesian Rupiah**
1 US Dollar = **Indonesian Rupiah**
1 Yen = **Indonesian Rupiah**

Note: Attach copy of exchange rates provided by specified authority or publication.

Form 8. Currency Conversion (Multiple Currencies)

Specify Evaluation Currency: _____

Bidder (a)	Currency(ies) of Bid (b)	Corrected/Discounted Bid Price(s) (c)	Applicable Exchange Rate(s) ¹ (d)	Evaluation Currency	
				Bid Price(s) (e) = (c) x (d)	Total Bid Price ² (f)

Note: This table is to be used for SBDG and Option B of SBDLW. Columns a, b and c are from Form 6, columns a, b and i.

¹ Column d is from Form 7.

² Column f is the sum of bid prices in column e for each bidder.

Form 9. Currency Conversion (Single Currency) (Not Applicable)

Form 11. Domestic Preference for Goods (Not Applicable)

Form 12. Domestic Preference for Works (Not Applicable)

Post Qualification

	Bidder A	Bidder B	Bidder C
2.1 Eligibility			
<i>Nationality (2.1.1)</i>			
<i>Conflict of Interest (2.1.2)</i>			
<i>Bank Ineligibility (2.1.3)</i>			
<i>Government-Owned Entity (2.1.4)</i>			
<i>Ineligibility based on UN Resolution or Law (2.1.5)</i>			
2.2 Historical Contract Non Performance			
<i>History of Non-Performing Contracts (2.2.1)</i>			
<i>Pending Litigation (2.2.2)</i>			
2.3 Financial Situation			
<i>Financial Performance (2.3.1)</i>			
<i>Average Annual Turnover (2.3.2)</i>			
<i>Financial Resources (2.3.3)</i>			
2.4 Experience			
<i>General Construction experience (2.4.1)</i>			
<i>Specific Construction experience (2.4.2-a)</i>			
<i>Production rates (2.4.2-b)</i>			
2.5 Personnel			
2.6 Equipment			

Note for 2.1.1: Nationality includes evaluation of Indonesian ownership share for companies incorporated in Indonesia

Form 13. Proposed Contract Award

1. Lowest evaluated responsive bidder (proposed for contract award). (a) name (b) address		
2. If bid submitted by agent, list actual supplier. (a) name (b) address		
3. If bid from joint venture, list all partners, nationalities, and estimated shares of contract.		
4. Principle country(ies) of origin of goods/materials.		
5. Estimated date (month, year) of contract signing.		
6. Estimated delivery to project site/completion period.		
	Currency(ies)	Amount(s) or %
7. Bid Price(s) (Read-out) ¹		
8. Corrections for Errors ²		
9. Discounts ³		
10. Other Adjustments ⁴		
11. Proposed Award ⁵		
12. Disbursement Category ⁶		

¹ From Form 6, columns *b* and *c*.² From Form 6, column *d*.³ From Form 6, column *h*. Include any cross-discounts. See PMM Section 5.3.3.⁴ All adjustments should be explained in detail.⁵ Sum of the prices in Items 7–10. For single currency bids, express secondary currency amounts as percentages.⁶ From the Loan Agreement.

Bid Opening Checklist

(To be filled out for each bid as it is read out)

Contract Reference: _____

Bid Opening Date: _____ Time: _____

Name of Bidder: _____

- (a) Is outer envelope of bid sealed?
- (b) Is bid form completed and signed?
- (c) Expiration date of bid:
- (d) Is documentary authority for signing enclosed?
- (e) Amount of bid security (:): IDR _____ (
- (f) Describe any ~~Substitution~~,” ~~Withdrawal~~,” or ~~Modification~~” submitted :
None
- (g) Describe any alternative bid made: Not allowed
- (h) Describe any discounts or modifications offered: unconditional 2 % discount
- (i) Additional comments:¹
- (j) Name of bidder or representative present:
- (k) Total bid price: _____ (list currencies and amounts)²

IDR	
Currency 2	
Currency 3	

Signature of responsible official: _____ Date: _____

¹ Read out and record model numbers of equipment.

² If bid is for a package of contracts, the price for each lot or item should be read out.

Eligibility for the Provision of Goods, Works, and Services in Bank-Financed Procurement

Eligible countries are Australia, New Zealand and Indonesia.

Bid Evaluation Summary Checklist

1. Attach bid opening record.
2. Explain any inconsistencies between prices and modifications to prices read out at bid opening (and written into the record) and presented in Form 4.
3. Provide details on eliminating any bids during preliminary examination (Form 5). Copy select pages from bids, as desirable, to show examples of objectionable features.
4. If provisional sums in Form 6 vary among bidders, explain. Explain any substantial corrections for computational errors that may affect the ranking of bidders.
5. Provide a copy of the rates requested for Form 7 and used in Forms 8 or 9.
6. The additions, adjustments, and priced deviations in Form 10 require detailed explanations where they may affect the ranking of bidders.
7. Eligibility for domestic preference as indicated in Forms 11 or 12 must be verified if the ranking of bids is affected. Provide details in an attachment. Exclusions to the calculations for preference should be explained if similarly significant.
8. Explain any cross-discount (para. 7(b)) not read out and recorded at bid opening. In addition, attach copies of any evaluation reports for the other related contracts awarded to the same bidder.
9. Provide detailed reasons for refusing to award a contract to a party other than the lowest evaluated bidder (para. 7(c)).
10. If an alternative bid is accepted, provide a detailed explanation of the reasons for its acceptance, addressing issues of timeliness, performance, and cost implications (para. 7(d)).
11. An attachment to Form 13 should explain adjustments to the price provided on line 10. Explain any changes to scope of bid and contract conditions.
12. Provide evidence of alternative insurance (see footnote 17, Annex I).

13. Attach copies of any correspondence from bidders that raise objections to the bidding and evaluation process, together with detailed responses.
14. Attach copies of any letters to bidders requesting clarifications. Provide copies of responses.
15. Submit bid evaluation with separate evaluation report from consultant, if one was commissioned.
16. Ensure that the bid evaluation report is double-checked, paginated, and complete, and includes a Letter of Transmittal. AusAID will only review reports that are sent to it by the proper authorities.
17. Send by courier or by other swift means.

ANNEX 16

Guidance on Interpretation of Responsiveness

Number of pages = 3

Referred to in Section 5.3.1

GUIDANCE ON INTERPRETATION OF RESPONSIVENESS for Civil Works Bid Evaluation

No.	Issue	Outcome		Additional Advice
		Reject	Accept	
1a.	No. of copies of Bid less than required – original bid not included	√		<i>This is a material deviation (ITB Clause 20.1 and 29.2) This is a case where there is no valid bid, and this is reason to reject it.</i>
1b.	No. of copies of Bid less than required – original bid included		√	<i>Not a material deviation (ITB Clause 29.2)</i>
2.	Pay Item is not shown or shown but with no unit rate or zero unit rate.		√	<i>ITB 14.2 : "if the pay item is not shown or shown in the BoQ but with no unit rate or a zero unit rate, this item shall be deemed covered by the rates for other items and prices in the BoQ"; no adjustment is to be made to the Bid Price. Failure to agree result in, rejection of bid and forfeiture of bid security (BDS Clause 19.7)</i>
3	Wrong quantities used in Bid.		√	<i>Quantities shown in bid shall be corrected and bidder requested in writing to agree to correction. Failure to agree result in, rejection of bid and forfeiture of bid security (BDS Clause 19.7)</i>
4a.	Bidder fails to submit one or more of the Forms 1 to 16 marked * in Appendix 8 of Bid Document, Section IV	√		<i>Non-responsive; the forms marked * in Appendix 8 of Bid Document are mandatory</i>
4b	Bidder fails to complete in full one or more of the Forms 1 to 16 listed in Appendix 8 of Bid Document, Section IV		√	<i>The evaluation shall be completed on the basis of the data provided in the form. Not a material deviation (ITB Clause 30.1)</i>
4c.	Bidder fails to attach support documents requested in the Qualification Information Forms of Section IV, e.g. evidence of access to equipment such as lease or ownership documents.		√	<i>The Bidder shall be requested in writing to provide this missing information. If the Bidder fails to submit, the evaluation shall be completed on the basis of the support data provided. This is not a material deviation (ITB Clause 30.2)</i>
5.	Bidder fails to submit all or part of list of selected pay items and price analysis		√	<i>The Bidder shall be requested in writing to provide this missing information. This is not a material deviation (ITB Clause 30.2)</i>
6.	Bidder fails to submit all or part of information on site organization, work method statement, or time schedules		√	<i>The Bidder shall be requested in writing to provide this missing information. This is not a material deviation (ITB Clause 30.2)</i>
7.	A copy of the JVCA Agreement or Letter of Intent to form a JVCA not submitted	√		<i>Non-responsive; the forms marked * in Appendix 8 of Bid Document are mandatory</i>

No.	Issue	Outcome		Additional Advice
		Reject	Accept	
8a.	Wording of Bidder's Form of Bid substantially different to the form provided in Section IV of Bid Document,	√		<i>This is a material deviation (ITB Clause 29.4). Examples of substantially different include:</i> <ul style="list-style-type: none"> ▪ No signature on bid ▪ Identification No. and Contract Package Description wrong. ▪ Clause added that change the requirements of the bid ▪ Clause confirming that the bid complies with bid validity and did security omitted ▪ No price included ▪ Clause agreeing to execute in accordance with GCC omitted
8b.	Wording of Bidder's Form of Bid different but not substantially different to the form provided in Section IV of Bid Document,		√	<i>This is not a material deviation (ITB Clause 30.1). Examples of differences that are not substantially different include:</i> <ul style="list-style-type: none"> ▪ Spelling and grammar mistake ▪ Address of Bidder not included ▪ Other clauses or requirements omitted (other than as mentioned in 8a. omitted)
9.	Bidder does not initial all changes made to substantial part of Contractor's Bid and unit price in the Bill of Quantity	√		<i>This is a material deviation (ITB Clause 20.2).</i>
10a.	Bidder fails to submit Bid Security or submit only copy of Bid Security or submit Bid Security excluded in the envelope	√		<i>This is a material deviation (ITB Clause 19.1 & BDS 25.3).</i>
10b.	Bid Security Validity Period less than that specified in the bid document	√		<i>Bid Security is not substantially responsive (ITB Clause 19.3)</i>
10c.	Bid Security wording different to examples given in bid document where the different words do materially change the meaning as shown in examples and protection of government to encash guarantee is not limited	√		<i>Bid Security is not substantially responsive (ITB Clause 19.3)</i>
10d.	Bid Security wording different to examples given in bid document where the different words do not materially change the meaning as shown in examples and protection of government to encash guarantee is not limited		√	<i>Bid Security is substantially responsive (ITB Clause 19.3)</i>
10e.	Bid Security amount less than that required in BDS	√		<i>Bid Security is not substantially responsive (ITB Clause 19.3)</i>
11.	Bid is received late	√		<i>ITB 23.1</i>
12.	Envelope for bid is incorrectly marked		√	<i>This is not a material deviation (ITB Clause 29.2).</i>
13.	Wrong description of pay item number on Bill of Quantity		√	<i>Provided the Procurement Committee is satisfied that the BoQ is from the correct Bid Document and there are other indications that this is the correct bid document. This is not a material deviation (ITB Clause 29.2)</i>

No.	Issue	Outcome		Additional Advice
		Reject	Accept	
14.	Ownership of two bidders is same, with same directors, or with same family members.	√		<i>This is a material deviation (ITB Clause 4.3)</i>
15.	Contractor submits bid but fails to attach company seal.		√	<i>This is not a material deviation (ITB Clause 29.2)</i>
16.	Contractor submits bid but fails to attach Rp. Stamp.		√	<i>This is not a material deviation (ITB Clause 29.2)</i>
17.	Contractors have been blacklisted by DGH or debarred by the World Bank, or by other Donors	√	√	<i>Propose to AusAID to disqualify any of the three bidders being post-qualified if found to be on any blacklist, and provide all relevant information. If AusAID agrees, the outcome is Reject. If AusAID disagrees, the outcome is Accept.</i>

ANNEX 17

Model Interim Payment Certificate

Number of pages = 1

Referred to in Section 8.3.3

**REPUBLIC OF INDONESIA
MINISTRY OF PUBLIC WORKS
DIRECTORATE GENERAL OF HIGHWAYS**

Project : **The Eastern Indonesia National Road Improvement Project (EINRIP)**

Package : Interim MC No. :
Contract No. : For the Month of : Year:
Contractor : Date of Submittal :
Engineer : Currency :

SUMMARY						
DIV	DESCRIPTION	CONTRACT AMOUNT			WORK PERFORMED	
		Original	Latest Addendum		Progress to Date	
		(Currency)	(Currency)	%	(Currency)	%
1	General					
2	Drainage					
3	Earthworks					
4	Pavement Widening and Shoulders					
5	Granular Pavement					
6	Asphalt Pavement					
7	Structures					
8	Reinstatement and Minor Works					
9	Daywork					
10	Routine Maintenance					
(A)	Sum of Division 1 to 10					
(B)	Price Adjustment					
(C)	Material On Site					
(D)	Compensation of the Delayed Payment					
(E)	Gross Sum of Certificate up to This Month = (A) + (B) + (C) + (D)					
(F)	Deductions					
1	Retention Money up to This Month = 10% x (A)					
2	Repayment of Adv. Payment up to This Month = 20% x [(A) - 30%xContract Amount (excl.VAT)]					
3	Other Deductions up to This Month					
(G)	Total Sum of Deduction = (F1) + (F2) + (F3)					
(H)	Net Sum of Certificate up to This Month = (F) - (G)					
(I)	Net Sum of Certificate up to Last Month					
(J)	Net Sum of This Monthly Certificate = (H) - (I)					
(K)	VAT on This Monthly Certificate = 10% x (J)					
(L)	Certified Sum of This Monthly Certificate (including VAT) = (J) + (K)					
(M) in words:						
Percentage Achieved	To Date					
	Previous Month					
	This Month					

Portions	Currency	GOI Amount	Loan Amount
(1) Loan = 100/110 x 89% x Certified Sum of This MC (L) =	(.....)		
(2) GOI = 100/110 x 11% x Certified Sum of This MC (L) =	(.....)		
(3) VAT-GOI billed for = 10% x GOI Cost (2) =	(.....)		
(4) VAT-Loan not billed for = 10% x Loan Cost (1) =	(.....)		

Signatures

1. The Contractor

2. The Engineer

3. The Employer's Representative

ANNEX 18

Typical Annual Planning and Budgeting Cycle

Number of pages = 1

Referred to in Section 9.1.4

Typical Annual Planning and Budgeting Cycle

Timetable	Description	Institutions involved	Notes
March	SEB concerning National Development priorities and Indicative cost (ceiling)	Bappenas MoF	As the basis for drafting the Work Plan-KL
April/May	Examination of Work Plan-KL and discussion with DPR	DPR Various Ministries	
May	SE as temporary ceiling for Line Ministries and Institutions	MoF	As the basis for preparing Work Plans (RKA-KL)
May/June	Preparing RKA-KL and discussing with DPR	Line Ministries Institutions	Based on Work Plan-KL and Temporary Ceiling
June	Submit completed RKA-KL to Bappenas and MoF (DG Budgets)	Line Ministries Institutions Bappenas MoF (DG Budgets)	After RKA-KL has been agreed by DPR
June/July	Examination RKA-KL	Line Ministries Institutions Bappenas MoF (DG Budgets)	
End July	Consolidate RKA-KL	MoF	After completing examination
Beginning August	Cabinet meeting, Consolidation of RKA-KL Financial Note and draft Budget Law	Cabinet	
Mid August	Submission of Budget Law to DPR		
September/October	Consideration of Budget Law by DPR	DPR MoF, DG Budgets Budget Committee	
End October	Budget Law enacted		
November	Adjustment of Proposed Work Plans and Budget with Budget as enacted	MoF Line Ministries Institutions	
End November	Keppres setting out the APBN blueprint by: organization, function, sub-function program, activity, sub-activity, and type of cost along with the location of each activity/sub-activity	Drafted by DG Budgets	
Beginning December	Draft DIPA (outline)	Ministries concerned	Based on Keppres APBN blueprint
Mid December	DIPA (outline) submitted to MoF, DG Treasury	DG Treasury	
December	Discussions to coordinate between DIPA outline and Presidential Decree from the APBN blueprint	DG Treasury KL	SP DIPA must be legalized by 31 December

ANNEX 19

Withdrawal Application Form Template

Number of pages = 2

Referred to in Section 9.3



Australia Indonesia Partnership
Kemitraan Australia Indonesia



APPLICATION FOR WITHDRAWAL

Instructions: You can use this form to request a payment and/or document expenses. Please complete and sign this form, and send it (with any required attachments) to AusAID, at the address found in the disbursement letter. For general enquiries, please send an email to accountsprocessing@ausaid.gov.au.

A. Application type and project reference

1. Application type

a. Advance to designated account

(name or number of designated account)

- ☐ Advance to designated account (fill sections A, B, D)
☐ Advance to and documentation of designated account (fill all sections)
☐ Documentation of prior advance(s) to designated account (fill sections A, C, D)

b. ☐ Reimbursement (fill all sections)

c. ☐ Direct payment (fill all sections) (beneficiary's payment/invoice reference)

2. Financing number

3. Borrower reference

B. Payment instructions

4a. Application currency

4b. Application amount

4c. Equivalent payment currency (if different from application currency)

4d. Application amount (in words)

5. Name and address of beneficiary

6. Amount to be paid in installments? Yes ☐ No ☐ (if yes, complete Form 1061, "Requested Schedule for Advance Payments")

7a. Name and address of the beneficiary's bank

7b. Account no. of the beneficiary at the beneficiary's bank

7c. SWIFT code of the beneficiary's bank

8a. Name and address of the intermediary bank

8b. Account no. of the beneficiary at the intermediary bank

8c. SWIFT code of the intermediary bank

9. Special payment instructions (if any)

C. Documentation of eligible expenses

10. Documentation type(s)

- ☐ Interim financial report
☐ Statement of expenditure
☐ Copies of records (e.g. invoices, receipts)

11. Loan/Grant Category and contract reference -- If expenses relate to more than one loan/grant category or contract reference, leave 11a and 11b blank and ensure this information is included in the supporting documentation.

12a. Documentation currency

12b. Documented amount

11a. Loan/Grant Category reference

11b. Contract reference

12c. Documented amount (in words)

D. Assertions and signature

The undersigned certifies, warrants and undertakes the following:

- A. If the undersigned is making a request for an advance to be deposited in a designated account: (1) the amount requested is consistent with the planned project expenses furnished to AusAID; and (2) the documentation for this advance is/will be furnished to AusAID in accordance with the reporting period specified in the related legal agreement(s) or disbursement letter for this project. If the undersigned is documenting expenses paid from a designated account: (a) the expenses covered by the application are eligible for financing out of the proceeds of the loan/grant in accordance with the terms of the related legal agreements; and (b) these expenses have not been financed previously from sources other than the Republic of Indonesia nor will the undersigned request financing for the expenses from any other source in the future.
- B. If the undersigned is making a request for reimbursement or direct payment: (1) the expenses covered by the application are eligible for financing out of the proceeds of the loan/grant in accordance with the terms of the related legal agreement(s); and (2) these expenses have not been financed previously from sources other than the Republic of Indonesia nor will the undersigned request financing for the expenses from any other source in the future.
- C. The undersigned will make all records related to the expenses covered by this Withdrawal Application available for review by auditors and by AusAID staff.

13. By (name of borrower)

14. Date signed

15a. Print name(s) and title(s) of authorised signatory(ies)

15b. Signature(s)

16. Contact details

Name

Phone

Facsimile

Email



Instructions for Completing the Application for Withdrawal Form 1060

NOTES: Application Use: Please use this form to request a payment and/or to document expenses under AIPRD loans or AIPRD grants executed by the Republic of Indonesia and administered by AusAID.

Dual Form Functions: This form has been designed to handle two functions: (1) to request AusAID to make a payment from the Project Loan or Project Grant Account; and (2) to document expenses financed under the Project Loan or Project Grant. In some instances, you will use the form for only one of the functions (e.g. to request an advance to a designated account, to document expenses paid from a designated account) whereas in other instances you will use it simultaneously for both functions (e.g. to request a direct payment or reimbursement and simultaneously document the expenses, to request a new advance to a designated account and concurrently document expenses paid from a previous advance).

Advances: You should request advances to designated accounts on the basis of planned project expenses and the ceiling in the disbursement letter. To ensure that funds are available only when needed, the advances may be paid in periodic installments as provided by you on the "Requested Schedule for Advance Payments" Form 1061. You are required to document the expenses paid from the designated account at the end of (or during, should you so choose) the reporting period indicated in the disbursement letter. Advancing of funds and documenting of expenses are independent functions and you may choose to submit a request for an advance separately and at different times from documenting the expenses. To request an advance, fill out sections A, B and D of the form. To document expenses paid from the advance(s), fill out sections A, C and D.

A. Application Type and Project Reference

1. **Application Type:** Check the applicable type. The sections of the form which need to be completed are shown in parentheses beside each type.
2. **Financing Number:** Insert the number of the Project Loan Agreement or Project Grant Agreement as it appears on the related legal agreement.
3. **Borrower Reference:** Provide your reference for the application for withdrawal. Number applications consecutively, beginning with number one.

B. Payment Instructions

[Fill in this section to request a payment]

- 4a-d. **Application Currency and Amount(s):** Insert the currency name (4a) and the amount of the application – both in figures (4b) and words (4d). These should correspond: (i) for advances, to the currency of the designated account and to the share to be financed by the Project Loan(s)/Project Grant(s) of the amount required for the planned project expenses; and (ii) for direct payments and reimbursements, to the currency and to the share financed by the Project Loan(s)/Project Grant(s) of the expenses covered by the request. If the payment is to be made in a different currency than the currency of the application, enter the currency of payment in field 4c. For example, if the application is for AUD10,000,000 and the payment is to be made for the equivalent amount in IDR, you should enter "Australian Dollars" in field 4a, "10,000,000" in field 4b, "Indonesian Rupiah" in field 4c and "Australian Dollars ten million and 00/100" in field 4d.
5. **Name and Address of Beneficiary:** Give the full name and address of the payment beneficiary.
6. **Amount to be Paid in Installments:** If the advance to a designated account is to be paid in installments, indicate "yes" and attach Form 1061 to this form.
- 7a-c. **Beneficiary's Bank:** Give the full name and address of the beneficiary's bank, the account number of the beneficiary at the bank and the Society for Worldwide Interbank Financial Telecommunication/Bank Identifier Code (SWIFT BIC) of the bank. If the SWIFT BIC is unavailable, provide the sort code of the beneficiary's bank in field 9.
- 8a-c. **Intermediary Bank:** For payments in a currency which is not the currency of the country in which the beneficiary's bank is located, give the full name and address of the beneficiary's bank in the country which issues the currency (known as the intermediary bank), the account number of the beneficiary's bank at the intermediary bank and the SWIFT code of the intermediary bank. If the SWIFT BIC is unavailable, provide the sort code of the intermediary bank in field 9.
9. **Special Payment Instructions:** Precise payment instructions will help to ensure that a payment is made swiftly and correctly. Please give any special instructions that would help to expedite a payment in this field. For example, for banks which are not members of SWIFT, determine directly or through the supplier if another identifier is available such as a sort code and include the reference(s) here.

C. Documentation of Eligible Expenses

[Fill in this section for direct payments, reimbursements and to document expenses paid from an advance]

10. **Documentation Type(s):** Indicate the type of documentation that is attached to the application in accordance with the requirements specified in the disbursement letter. A direct payment requires copies of records (e.g. invoices, bills); a reimbursement or documentation of expenses paid from advances could include an interim financial report, a statement of expenditure, copies of records, or a combination thereof.
- 11a-b. **Loan/Grant Category and Contract Reference:** In cases where the documentation relates to one loan/grant category or contract (i.e. mainly for direct payments), provide the loan/grant category and contract information in these fields. For all other cases, please ensure a breakdown of expenses by category is available in the supporting documentation. If expenses include payments against contracts that are subject to AusAID's prior review, you may attach a list of the payments and related contracts if this cannot be derived from the supporting documentation.
- 12a-c. **Documentation Currency and Amount:** Give the currency name (12a) and amount of documented expenses eligible for AIPRD financing – both in figures (12b) and in words (12c). For direct payments and reimbursements, the documentation currency and amount should be the same as the application currency and amount (see fields 4a, b and d above).

D. Assertions and Signature

13. **Name of Borrower:** Fill in the name of the borrower as it appears in the Project Loan/Project Grant Agreement(s).
14. **Date Signed:** Give the date on which the authorised signatory(ies) sign(s) the application for withdrawal.
- 15a-b. **Name(s) and Title(s) of the Authorised Signatory(ies):** Provide both the name and title of the signatory(ies) and obtain the signature(s) of the authorised signatory(ies).
16. **Contact Details:** Provide contact information in this field of the person/office to contact in case of questions.

Attachments

The following should be attached to this form, as appropriate:

- Requested Schedule for Advance Payments Form 1061 – see field 6
- Supporting documentation – see field 10
- [Optional] Summary of Loan/Grant Category and Contract Information Sheet – see fields 11a and 11b

ANNEX 20

Sample Summary Record of Disbursements

Number of pages = 2

Referred to in Sections 9.4.3 and 9.4.5

PROJECT *****

RECORD OF DISBURSEMENTS FROM LOAN (RK)

Refer 9.4.3

Payment made initially from GoI funds									
SPM-LS and SPM-GU					SP2D				
#	#	Date	Payee	Amount (Rp)	#	Date	Amount	Category	Amount Rp
TOTALS - Annual									
FY 2006 - Rupiah									
FY 2007 - Rupiah									
FY 2008 - Rupiah									
FY 2006									
1.	01843	Aug 24	XYZ	2,930,412,813	925900	Aug 24	213,176,400	Civil works	213,176,400
2.	02836	Dec 4	XYZ	298,446,960	298836	Dec 4	298,446,960	Civil works	298,446,960
3.	03125	Dec 13	XYZ	255,811,680	302845	Dec 13	255,811,680	Civil works	255,811,680
4.	02112	Sept 25	ABC	380,987,675	289409	Sept 25	380,987,675	Consultant	380,987,675
5.	02677	Nov 28	CV Rejeki	77,200,000	294640	Nov 28	77,200,000	Computers	77,200,000
6.	036827	Nov 28	CV Tirta	22,800,000	294640	Nov 28	22,800,000	Computers	22,800,000
7.	03680	Dec 19	PT Komputer	160,000,000	912170	Dec 19	160,000,000	Server	160,000,000
8.	03780	Dec 19	Biro Keuangan (GUP)	1,267,890,098	910897	Dec 19	1,267,890,098	Workshops	986,740,340
9.	03597	Dec 18	XYZ	155,100,000	908139	Dec 18	155,100,000	Civil works	281,149,758
10.	03607	Dec 21	XYZ	99,000,000	908144	Dec 21	99,000,000	Civil works	155,100,000
									99,000,000
FY 2007									
11.	04520	Jan 19	Biro Keuangan (GUP)	662,358,366	923450	Jan 19	70,379,057	Office equipment	2,345,670
12.	05121	Feb 22	ABC	245,690,300	934582	Feb 22	245,690,300	Workshop	68,033,387
13.	05329	Mar 24	XYZ	346,289,009	934545	Mar 25	346,289,009	Consultant	245,690,300
									346,289,009

Reimbursement from Loan and Loan Accounting record									
DJA/SEUN reported				Analysis of Expenditure (A\$)					
Reference	Amount (A\$)	Exchange Rate		Civil Works	Consultants	Goods	IOC		
Cum A\$	411,520.07			139,675.87	52,075.95	74,272.70	145,495.54		
2PB	29,468.68	7,234		29,468.68					
4PB	40,793.73	7,316		40,793.73					
3PB	34,639.36	7,385		34,639.36					
4PB	52,075.95	7,316			52,075.95				
5PB	10,418.35	7,410				10,418.35			
4PB	3,116.46	7,316				3,116.46			
2/SBUN	21,554.63	7,423				21,554.63			
5PB	175,292.42	7,233							
1/SBUN	21,413.78	7,243		21,413.78					136,422.00
5PB	13,360.32	7,410		13,360.32					
5PB	9,386.38	7,498				312.84			
Not yet reported - see Backlog procedure					0.00				9,073.54
Not yet reported - see Backlog procedure									
Summary of Disbursements									
2PB	29,468.68								
3PB	34,639.36								
4PB	95,986.14								
5PB	208,457.48								
1/SBUN	21,413.78								
2/SBUN	21,554.63								
	411,520.07								

PROJECT *****

Refer 9.4.5

RECORD OF DISBURSEMENTS FROM GoI COUNTERPART FUNDING (RM)

Payments made by GoI									
SPM-LS and SPM-GU				SP2D		Expenditure Analysis			
#	#	Date	Payee	Amount (Rp)	#	Date	Amount	Category	Amount Rp
ANNUAL TOTALS									
FY 2006 - Rupiah				359,277,118					
FY 2007 - Rupiah				293,041,281					
FY 2008 - Rupiah				66,235,837					
FY 2006									
1	01842	Aug 24	XYZ	293,041,281	925899	Aug 24	21,317,640	Civil works	21,317,640
2	02835	Dec 4	XYZ	29,844,696	298835	Dec 4	29,844,696	Civil works	29,844,696
3	03124	Dec 13	XYZ	25,581,168	302844	Dec 13	25,581,168	Civil works	25,581,168
4	02111	Sept 25	ABC	38,098,768	289408	Sept 25	38,098,768	Consultant	38,098,768
5	02676	Nov 28	CV Rajeki	7,720,000	294639	Nov 28	7,720,000	Computers	7,720,000
6	036826	Nov 28	CV Tirta	2,280,000	294629	Nov 28	2,280,000	Computers	2,280,000
7	03669	Dec 19	PT Komputer	16,000,000	912169	Dec 19	16,000,000	Server	16,000,000
8	03779	Dec 19	Biro Keuangan (GUP)	126,789,010	910896	Dec 19	126,789,010	Workshops	126,789,010
9	03596	Dec 18	XYZ	15,510,000	908138	Dec 18	15,510,000	Civil works	15,510,000
10	03606	Dec 21	XYZ	9,900,000	908143	Dec 21	9,900,000	Civil works	9,900,000
FY 2007									
11	04519	Jan 19	Biro Keuangan (GUP)	66,235,837	923449	Jan 19	7,037,906	Office equipment	7,037,906
12	05236	Feb 22	ABC	24,569,030	934581	Feb 22	24,569,030	Consultant	24,569,030
13	05228	Mar 24	XYZ	34,628,901	934544	Mar 25	34,628,901	Civil works	34,628,901
14									
15									

Analysis of Expenditure (A\$ at monthly exchange rates)							
Exchange rate (month)	Civil Works		Consultants	Goods	IOC	Land Acquisition (100% GD)	Training (100% GD)
	AWP - 1	AWP - 2					
	18,643	0	8,539	4,513	17,368	0	0

ANNEX 21

Sample Loan Reconciliation Format

Number of pages = 1

Referred to in Section 9.4.4

LOAN RECONCILIATION

Date	Details	Drawdown Per Project Records			Per Statement from AusAID		Difference
		Initial funding	Direct Payments	PB/SBUN	Amount	Date	
March	Initial Deposit - Special Account	5,000,000.00			5,000,000.00	March	0.00
April					5,000,000.00	April	0.00
May					5,000,000.00	May	0.00
June					5,000,000.00	June	0.00
July					FMR #1	3,500,000.00	
August	8,500,000.00	August	0.00				
September	FMR #2	6,300,000.00			8,500,000.00	September	0.00
October					14,800,000.00	October	6,300,000.00
					14,800,000.00		0.00
					14,800,000.00		
					14,800,000.00		
					14,800,000.00		
					14,800,000.00		
					14,800,000.00		

ANNEX 22

Financial Monitoring Report Forms and Guidelines

Number of pages = 17

Referred to in Section 9.5.1



Australia Indonesia Partnership
Kemitraan Australia Indonesia



FINANCIAL MONITORING REPORT

TEMPLATES, GUIDELINES AND USER INFORMATION

EASTERN INDOENESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)

**Australian Agency for International Development
6 December 2007**

Form 1 - A

Project Sources and Uses of Funds

This report shows the total funding obtained from the various sources and the utilization of such funds for the respective Loan Cost Categories applicable to the project.

This report must show totals realized, amounts previously forecast and the variances. For each the report shows Current Quarter, Year to Date and Cumulative to Date.

This report is prepared by PMU (at the centre) and the related Work Unit (in the province).

Actual

1. Current quarter

Source of Funds

Insert here the actual realized loan funds provided during the three months period

Uses of Funds

Insert here the actual realized payments from loan during the current period (per SP2D's issued)

2. Year to date

Source of Funds

Insert here the actual realized loan funds provided from the start of the current government budget year until the date of this report

Uses of Funds

Insert here the actual realized payments from loan from the start of the current government budget year until the date of this report, based on SP2D, analyzed by Loan Cost category.

3. Cumulative to date

Source of Funds

Insert here the actual realized loan funds provided from the start of the project until the date of this report

Uses of Funds

Insert here the actual realized payments from loan from the start of the project until the date of this report, based on SP2D, analyzed by Loan Cost category

Planned

4. Current quarter

Source of Funds

Insert here the planned total loan drawdown for the current quarter

Uses of Funds

Insert here the planned disbursements for the current quarter based on the formal Budget document (DIPA), analyzed by Loan Cost Category

5. Year to date

Source of Funds

Insert here the planned total loan drawdown from the beginning of the current budget year up to the date of this report

Uses of Funds

Insert here the planned disbursements from the beginning of the current budget year up to the date of this report, analyzed by Loan Cost Category.

6. Cumulative to date

Source of Funds

Insert here the planned total loan drawdown from the beginning of the project up to the date of this report

Uses of Funds

Insert here the planned disbursements from the beginning of the project up to the date of this report, analyzed by Loan Cost Category.

Variances

7. Current quarter

Insert here the percentage achievement (Actual against Planned) for the current quarter (column 1 ÷ column 4)

8. Year to date

Insert here the percentage achievement (Actual against Planned) for the budget year to date (column 2 ÷ column 5)

9. Cumulative to date

Insert here the percentage achievement (Actual against Planned) for the project cumulative to date (column 3 ÷ column 6)

Form 1 – B

Cumulative Uses of Funds by Project Activity

This report shows the use of funds by project activity (sub category) and region (for the civil works). There are three sections which record

- Current Quarter
- Year To Date
- Cumulative To Date

This report is prepared by PMU (at the center) and the related Work Unit (in the province).

Instructions for completing Form 1 - B

Category/Province/Description

1. Insert here the number, province (only for Civil Work) and description of each category which must be in accordance with the defined Loan Cost Categories.

Current Quarter (IDR)

2. GOI
Insert here the total GOI expenditure for the current quarter.
3. AusAID
Insert here the total GOA expenditure for the current quarter.
4. Total
Insert here the total expenditure for the current quarter.

Year To – Date (IDR)

5. GOI
Insert here the total GOI expenditure from the start of the current government budget year until the date of this report.
6. AusAID
Insert here the total GOA expenditure from the start of the current government budget year until the date of this report.
7. Total
Insert here the total expenditure from the start of the current government budget year until the date of this report.

Cumulative To-Date (IDR)

8. GOI
Insert here the total GOI expenditure from the beginning of the project up to the date of this report.
9. AusAID
Insert here the total GOA expenditure from the beginning of the project up to the date of this report.
10. Total
Insert here the total expenditure from the beginning of the project up to the date of this report.

Eastern Indonesia National Road Improvement Project
Cumulative Uses of Funds by Project Activity
for the period

AIPRD L-002

In IDR

Category/Province	Current Quarter			Year To – Date			Cumulative To – Date		
	GOI	AUSAID	TOTAL	GOI	AUSAID	TOTAL	GOI	AUSAID	TOTAL
1	2	3	4	5	6	7	8	9	10
1. Civil Works National Roads Project									
Sub Total Civil Works									
2. Goods Bridge Truss Equipment									
Sub Total									
3. Incremental Operating Costs –PMU									
Sub Total IOC									
4. Implementation Support Project Management Support Regional Supervision Procurement Advisory Services									
Sub Total Implementation Support									
TOTAL									

Form 1 – B1

Project Uses of Funds by Category

This report contains further information about the actual use of funds as shown on Form 1-A and Form 1-B. It analyses utilization by funding source (Loan and Counterpart funding respectively) and shows what amounts eligible for loan funding have not yet been debited to Special Account. Thus it identifies one important element of ‘Backlog’. Finally it shows the amounts actually debited to Special Account including the expenditures for the current period which must match Form 1-D, box 11.

There are three sections which record:

- Current Quarter
- Year to Date
- Cumulative to Date

Instructions for completing Form 1 – B1

For each section, Current Quarter, Year to date and Cumulative to Date, the following columns must be completed:

1. Uses of Funds (by Category)
Insert the list of Loan Cost Categories and their identifying numbers.
2. Total (IDR)
Insert here the total expenditure in Rupiah
3. GOI Counterpart (IDR)
Insert here the amount in Rupiah of expenditure (if any) borne by government by way of counterpart funding, including taxes.
4. SBUN (IDR)
Insert here any expenditure, in Rupiah, eligible for loan funding which has or will be reimbursed to government through SBUN rather than Special Account.
5. Outstanding (IDR)
Insert here any expenditure, in Rupiah, which will be reimbursed from Special Account but has not yet been debited to Special Account according to the bank statements received from Bank Indonesia.
6. Charged to Special Account (in IDR)
Insert here the amounts, in Rupiah, which have been reimbursed through Special Account.
7. Charged to Special Account (in A\$)
Insert here, in Australian Dollars, the actual amounts debited to Special Account according to bank statements received from Bank Indonesia. The total amount shown for the Current Quarter must match the amount shown on Format 1-D box 11.

Eastern Indonesia National Road Improvement Project

Project Uses of Funds by Category

for the period

AIPRD L-002

Uses of Funds (by category)	Expenditures in the Current Quarter					Charged to Special Account	
	Total IDR	GOI Counterpart IDR	SBUN IDR	Outstanding *) IDR		IDR	A\$
						6	7
1	2 = (3+4+5+6)	3	4	5			
1. Civil Works							
2. Goods							
3. Incremental Operating Costs –PMU							
4. Implementation Support							
Total Uses of Fund							

Form 1 – C

Project Cash Forecast

1. Disbursement category
Insert here the number and description of each disbursement category which must be in accordance with the defined Loan Cost Categories (eg Works, Goods)
2. Cash Requirement for quarter ending (mm/dd/yy)
Insert here the forecast expenditure in Rupiah for the first three months (ie from the date of the FMR)
3. Cash Requirement for quarter ending (mm/dd/yy)
Insert here the forecast expenditure in Rupiah for the second three months. (ie. from the end of the period per 2 above until the date six months after the date of the FMR)
4. Total Cash requirement for 6 months ending (mm/dd/yy)
Insert here the total forecast expenditure for the six month period (ie. column 2 plus column 3).
5. GoI Cash requirement
Insert here the part of the forecast Rupiah requirement to be funded by GoI.
6. Loan Cash Requirement
Insert here the part of the forecast Rupiah requirement to be funded by loan.
7. Loan Cash Requirement (Australian Dollars)
Insert here the expected cost of column 6 in A\$

Note: In the box below column 6, insert the exchange rate (estimated) used in converting figures in column 6 for insertion in column 7.

SAMPLE FORM 1 - C

PROJECT CASH FORECAST
Quarter ending

Disbursement Category	Cash requirement in Rupiah		Funding Source - Rupiah		Cash Requirement Australian Dollars
	Quarter ending	6 months ending	GoI	Loan	
	2.	3.	4.		5.
1.					
Civil works					
Goods					
Incremental Operating Costs					
Consultants					
As per Format 1-A, Item 15					

Estimated Exchange Rate used Rupiah/A\$

Form 1 – D

Special Account Activity Statement

This format is completed by PMU, because the information it contains relates to total loan position so that Heads of Work Units (*Kepala Satker*) and Officials responsible for making commitments (*Pejabat Pembuat Komitmen*) cannot be asked to complete.

Clarification of the respective boxes is as follows:

PART I

1. Cumulative advance to end of current reporting period Insert here the cumulative total of payments/disbursements for replenishment which have already been transferred by PHLN to the Special Account as at the end of the current reporting period (end of the current quarter).

2. Cumulative expenditures to end of last reporting period Insert here the cumulative total of project disbursements from Special Account up to the end of the last reporting period (end of last quarter).

This box must be reconciled with the figures shown on Format IFR 2

3. Outstanding advances to be accounted (1-2) Insert here the total of (1) minus (2). This must be the same as (8)

PART II

4. Opening SA balance at beginning of reporting (as of) Insert here the opening balance on Special Account at the beginning of the reporting period as shown per the bank statement from Bank Indonesia.
eg. For the FMR for period January to March 2008, the opening balance is that shown at 31 December 2007.

5. Add/Subtract : Cumulative adjustment (if any) Insert here the cumulative adjustment (if any) as at the end of the current quarter.
Note: Adjustments can result from eg:
 1. Charges
 2. Errors in debiting Special Account
 3. Ineligible expenditure
 4. Refunds to Special Account

6. Advances from the PHLN during reporting period Insert here transfers into Special Account from PHLN during the current reporting period.
These comprise credits to Special Account based on applications already submitted to PHLN.

7. Add 5 and 6 Subtotal of (5) plus (6).

- | | | |
|-----------------|--|---|
| 8. | Outstanding advances to be accounted for (4+7) | Outstanding advances to be accounted for.
This must be the same as box (3). |
| 9. | Closing SA balance at end of current reporting (as of) | Insert here the closing balance on Special Account at the end of the current reporting period as shown by the bank statement from BI. |
| 10. | Add/Subtract: Cumulative adjustment | Insert here any adjustment, cumulative to the end of the current reporting period. |
| 11. | Expenditures for current reporting period | Insert here the total project expenditures from Special Account during the current reporting period. This total should match that shown on Format IFR 2 (Current quarter). |
| 12. | Add 10 and 11 | Subtotal (10) and (11) |
| 13. | Add 9 and 12 | Subtotal (9) and (12) . This must be the same as (8). If not, the difference must be explained in (14). |
| 14. | Difference (if any) 8 - 13 | Explain any difference as shown in (13) |
| PART III | | |
| 15. | Total amount forecast to be paid for loan funded expenditure | The total forecast payments expected for loan funded expenditure during the next six months (that is, two quarterly reporting periods).
This total is obtained from Format 1 D |
| 16. | Less: Closing SA balance after adjustment | The closing balance on Special Account as shown by the bank statement from Bank Indonesia |
| 17. | Direct payments/SC payments (if any) | Estimated total of expenditure to be disbursed by Direct Payment by PHLN (ie. not through Special Account) |
| 18. | Add 16 + 17 | Subtotal (16) minus (17) |
| 19. | Cash Requirement from PHLN for next six months | Funds required to be transferred by PHLN to Special Account to meet forecast expenditure needs for the next six months this is the total of (15) minus (18). <ul style="list-style-type: none"> • If the total is negative, no transfer of funds will be made • If the total is positive, it must be ‘rounded’ and shown in box (20). |

**SAMPLE
FORM 1 - D**

SPECIAL ACCOUNT ACTIVITY STATEMENT
Quarter from to

Bank account No.

Part I

- | | | | |
|----|---|------------|----------------------|
| 1. | Cumulative advances to end of current reporting period | | <input type="text"/> |
| 2. | Cumulative expenditures to end of last reporting period | Form 1 – B | <input type="text"/> |
| 3. | Outstanding advances - to be accounted for | | <input type="text"/> |

Part II

- | | | | |
|-----|--|------------|----------------------|
| 4. | Opening Special Account balance at beginning of reporting period | Statement | <input type="text"/> |
| 5. | Add/subtract cumulative adjustments - if any | | <input type="text"/> |
| 6. | Advances from PPHLN during reporting period | Statement | <input type="text"/> |
| 7. | Add 5 and 6 | | <input type="text"/> |
| 8. | Outstanding advances to be accounted for
<i>Must equal 3</i> | | |
| 9. | Closing balance Special Account at end of reporting period | Statement | <input type="text"/> |
| 10. | Add/subtract cumulative adjustments - if any | | <input type="text"/> |
| 11. | Expenditures for current reporting period | Form 1 – F | <input type="text"/> |
| 12. | Add 10 and 11 | | <input type="text"/> |
| 13. | Add 9 and 12 | | <input type="text"/> |
| 14. | Difference (if any) - 8 minus 13 | | <input type="text"/> |

Part III

- | | | | |
|-----|---------------------------------------|------------|----------------------|
| 15. | Total amount of forecast payments | Form 1 - C | <input type="text"/> |
| 16. | Less: closing balance Special Account | Statement | <input type="text"/> |
| 17. | Cumulative adjustments (if any) | | <input type="text"/> |
| 18. | Add 16 and 17 | | <input type="text"/> |
| 19. | Cash requirement for next six months | | <input type="text"/> |
| 20. | Amount requested (rounded) | | <input type="text"/> |

Explanation of differences

If 3 and 8 differ, give reasons/analysis here

Form 1 – E

Disbursements and Expenditures Status For Loan Funds

1. Loan category

Insert here the number of defined Loan Cost Categories (e.g. Works, Goods)

2. Details of Category

Insert here the name of defined Loan Cost Categories (e.g. Works, Goods)

3. Loan Allocation

Insert here the allocated amount to each category in the loan in A\$, including the unallocated amount

4. Disbursements

Insert here the acceptable expenditures (in AUD) and has been approved by AusAID. This column must be filled for SA Advances as well, the outstanding advances to be accounted for the last reporting period.

5. Expenditures - Current Quarter

Insert here the actual realized payments from loan during the current period (as per SP2D's issued)

6. Expenditures – Cumulative to Date

Insert here the actual realized payments from loan from the start of the project until the date of this report, based on SP2D, analyzed by Loan Cost category.

7. Expenditure not yet replenished

Insert here the expenditures which equivalent value of all backlog items or expenditure not yet replenished (see PMM Section 9.5.3 a.) as at the end of the reporting period, converted to A\$ using the weighted average exchange rate

8. Remaining Amt. of Contract

Insert here the balance amount of contract value which not yet been disbursed by AusAID.

9. Remaining Loan Allocation

Insert here the balance amount of loan allocation (column 3-(column 6-column 7 + column 8). This amount may be positive or negative. If negative, highlight in bracketed (**bold font**).

Eastern Indonesia National Road Improvement Project
Disbursements and Expenditures Status for Loan Funds
for the period

AIPRD L-002

Cat.	Details of Category	Loan Allocation	Disbursement	Expenditures			Remaining Amt. of Contract *)	Remaining Loan Allocation
				Current Quarter	Cumulative to Date	Expend. not yet replenishment		
1	2	3	4	5	6	7	8	9=3-(6-7+8)
1.	Civil Works National Roads							
2.	Goods Bridge Truss Equipment							
3.	Incremental Operating Costs - PMU							
4.	Implementation Support Project Management Support Regional Supervision Procurement Advisory Services							
5.	Unallocated Physical Contingencies Price Contingencies SA Advances							
6.								

Note: *) Total Contract Commitment

Form 1 – F

Detail Expenditures for Contracts Subject to Prior Review

This list forms a report or gives information regarding contracts and payment against them at a point in time or for a given period. This report is prepared by the related Work Unit (at the central/in the province) and sent to PMU.

Instructions for completing Form 1 – F

1. Item No. Number and type of payment
2. Category/Description : Insert here the number and description of each category which must be in accordance with the defined Loan Cost Categories.

Reference Contract (column 3,4,5)

3. Contract No./date : Insert here the number and date of the contract
4. Amount of Contract : Insert here the total value of the contract (including any additions or changes)
5. Name of Supplier/Contractor/Consultant: Insert here the name of the supplier/contractor/consultant.

SP2D GOI (column 5,6,7)

6. Number/Date SP2D GOI: Insert here the number of each SP2D GOI.
7. Amount (Rp): Insert here the amount of SP2D GOI.

SP2D GOA/PLN (column 8,9,10,11)

8. Number/Date SP2D GOI: Insert here the number of each SP2D GOA which was paid in foreign currency.
9. Amount (Rp): Insert here the rupiah amount (as in special account) of SP2D GOA which was paid in foreign currency.
10. Number/Date SP2D GOI: Insert here the number of each SP2D GOA which was paid in IDR.
11. Amount (Rp) : Insert here the amount of SP2D GOA which was paid in IDR.

Reference Special Account (RKBI) (column 12,13)

12. Booked Date/ Date SA, Page-No: Insert here the Booked Date, Date Special Account and Page No.
13. Amount (AUD \$): Insert here the value in Australian Dollars which has been debited to Special Account.

Total Invoice

Total Invoice: Insert here the total invoice (Column 7+ Column 9 or Column 7+ Column 11) (in IDR).

Eastern Indonesia National Road Improvement Project
Detail of Expenditures for Contracts Subject to Prior Review
for the period

[illegible]

ANNEX 23

Loan Status Report and Exchange Rate Scenarios

Number of pages = 2

Referred to in Sections 9.5.3

EASTERN INDONESIA REGION TRANSPORT PROJECT (EIRTP-1) IBRD Loan 4643 IND

ESTIMATED PROJECT COSTS

SCENARIO U.S. \$1 = Rp. 9,250

Category	Description	Estimated Final Cost in U.S. \$**	GOI portion	Loan portion	Loan allocation	Balance
1A Civil Works		9,250				
	Cost including approved escalation: Rp	2,077,401,171,907	3712	3,254,422 *	156,500,000	(1,993,851)
	includes tax		70%	157,598,851		
	AWP-1 disbursed	Rp				
	not yet disbursed	Rp				
	AWP-2 disbursed	Rp				
	not yet disbursed	Rp				
	AWP-3 disbursed	Rp				
	not yet disbursed	Rp				
	Contractual escalation estimated at 7%	2,293,703	30%	688,111	1,605,592	(1,561,982)
	Fuel price adjustment estimated at 20%	87,677	30%	26,303	61,374	(61,374)
1B Civil Works	Accident Blackspots	-	30%	-	-	-
2 Goods						
	Bridge Trusses	10,076,768				
	IT Equipment	8,330,696	9.1%	937,539	9,139,230	560,770
	Traffic Survey Equipment - disbursed	196,204	20%	756,154	7,581,542	
	not yet disbursed	275		156,930		
	not yet disbursed	2,540,825		35	220	
	not yet disbursed	441,500,000	9.1%	4,554	45,536	
	not yet disbursed	1,378,132,500	9.1%	125,500	1,355,001	
3 Incremental Operating Costs						
	PMU	688,829				
	disbursed	572,937	20%	175,614	513,216	286,784
	not yet disbursed	7,784		152,435	420,502	
	Technical Audits	-	20%	-	-	
	not yet disbursed	108,109	20%	21,622	86,488	
4 Consultants						
	7 TAs & 15 DSCs - disbursed	30,644,820				
	not yet disbursed	25,546,746	9.1%	2,785,893	27,858,927	1,141,073
	not yet disbursed	5,076,731	9.1%	2,322,431	23,224,315	
	not yet disbursed	3,300,000		441,521	8,615,210	
	not yet disbursed	800,000		0	-	
	not yet disbursed	1,600,000		0	-	
	not yet disbursed	1,440,000	9.1%	1,940	18,403	
	not yet disbursed	-		0	-	
5 Fee		2,000,000			2,000,000	
6 Unallocated		0			-	
TOTAL		274,783,024		71,902,637	198,777,190	1,222,810

* In 2001 advances paid by loan 3712 Rp.33,601,634,964 and GOI Rp. 8,760,664,073

** Including Tax

Loan IBRD 4643 - IND - Variation of Estimated US\$ Loan costs with future Rupiah Exchange Rates

		Exchange Rp/US:	8,500	8,750	9,000	9,250	9,500	10,000
Category	Loan Amount	Estimated Expenditure per Category (US\$)						
1-A Civil Works	156,500,000	159,356,616	158,737,213	158,152,221	157,598,851	157,074,605	156,104,750	
1-B Civil Works	-	-	-	-	-	-	-	-
2 Goods	9,700,000	9,258,809	9,216,672	9,176,875	9,139,230	9,103,567	9,037,589	
3 Incremental	800,000	521,396	518,513	515,791	513,216	510,776	506,262	
4 Consultants	29,000,000	28,179,393	28,066,467	27,959,814	27,858,927	27,763,350	27,586,531	
5 Fee	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
6 Unallocated	2,000,000	-	-	-	-	-	-	-
Contractual Escalation *	-	1,747,262	1,697,340	1,650,192	1,605,592	1,563,340	1,485,173	
Fuel Price Adjustment *		66,789	64,881	63,079	61,374	59,759	56,771	
Total	200,000,000	201,130,265	200,301,086	199,517,973	198,777,150	198,075,396	196,777,076	

Balance of loan funds

Break-even: contract price escalation	(\$1,130,265)	deficit	(\$301,086)	\$482,027	surplus	\$1,222,810	surplus	\$1,924,604	surplus	\$3,222,924
Civil Works incl both types of escal	161,170,668	0%	160,499,434	159,805,492	10%	159,285,817	15%	158,697,704	20%	157,646,694

Estimate of work incomplete 30 June 2006

Estimated balance due to incomplete work

	3,988,379	3,872,462	3,764,913	3,663,159	3,566,780	3,468,422
	2,856,113	3,571,396	4,246,940	4,885,969	5,491,364	6,111,346

*** Assumptions**

- 1 Disbursement to 20 June 2006 at actual cost, remaining at exchange rate shown (all categories); all works completed on schedule (see Note 7)
- 2 Contractual Escalation not yet paid assumed at 7% for eligible packages
- 3 Fuel Price Adjustment of non-escalated packages ongoing at 1 Oct 05 assumed to be 20%
- 4 TRAMS services are not funded under EIRTP-1
- 5 All packages of traffic survey equip (TRAME) are funded under EIRTP-1
- 6 Break-even escalation rates produce \$200 m total cost
- 7 Estimated value of work incomplete at 30 June 2006 (bottom line above) replaces "Balance of loan funds" above

ANNEX 24

Integrity Pact for Awarded Contracts

Number of pages = 1

Referred to in 8.2.4.

INTEGRITY PACT

(Awarded Contracts)

NAME OF WORKS/PROJECT:

We, the undersigned, as the authorised signatory of the Contract on behalf of the Employer and the Contractor, for the works to be carried out in the project/Satuan Kerja certify that:

- a. We have not, and will not, in any way be involved in corrupt, collusive, coercive, fraudulent, obstructive or other illegal activities with any other party in relation to the procurement process, implementation and completion of the above Works;
- b. We will report to the relevant authorities if we become aware of any indication of corrupt, collusive, coercive, fraudulent, obstructive or illegal activities in relation to the procurement process, implementation and completion of the above Works;
- c. We undertake to act at all times in an honest, transparent and professional manner, and to devote our best efforts to achieving the best possible results at all stages during the procurement process, implementation and completion of the above Works;
- d. If we violate any of the undertakings of this Integrity Pact, we are prepared to accept any moral sanctions, administrative sanctions, to pay compensation and/or to face criminal charges in accordance with the relevant regulations.

For and on behalf of EMPLOYER

Name: _____
Position: _____

Signed on: _____
At: _____

Name: _____
Position: _____

Signed on: _____
At: _____

For and on behalf of CONTRACTOR

Name: _____
Position: _____

Signed on: _____
At: _____

Name: _____
Position: _____

Signed on: _____
At: _____

ANNEX 25

DGH Letters and Circulars

a) *English translation of selected pages(not included in Bahasa version of Annexes)*

b) *Scanned copy of the letters*

DGH letter No. UM.01.03.Db/242 dated 21-Mar-2008

DGH letter No. UM.01.03.Db/895 dated 30-Nov-2009

DGH letter No. 02/SE/Db/2010 dated 15-June 2010

Number of pages = 14

Referred to in 8.2.1(Design Revision), 8.3.4 (Variations and contract amendment) and 8.3.7 (Rate of Progress)

Report Structure for Technical Justification

(Translation from Letter UM.01.03.Db/895 dated 30-Nov-2009)

Technical Justification of Design Revision will be discussed with the Technical Assessment Team as a result from agreement between Contract Reviewer Committee with Contractor, prepared with writing structure as follow:

- 1) **At least Technical Justification** consist as follows :
 - a) **Background**
 - b) **Legal basis**
 - c) **Contract data**
 - d) **Technical issues and recommendation** (by Contract Reviewer Committee)
 - e) **Discussion and Recommendation** (by Technical Assessment Team)
 - f) **Conclusion** (at least including contract value proposed , target width/length and period of works (fixed or changes)

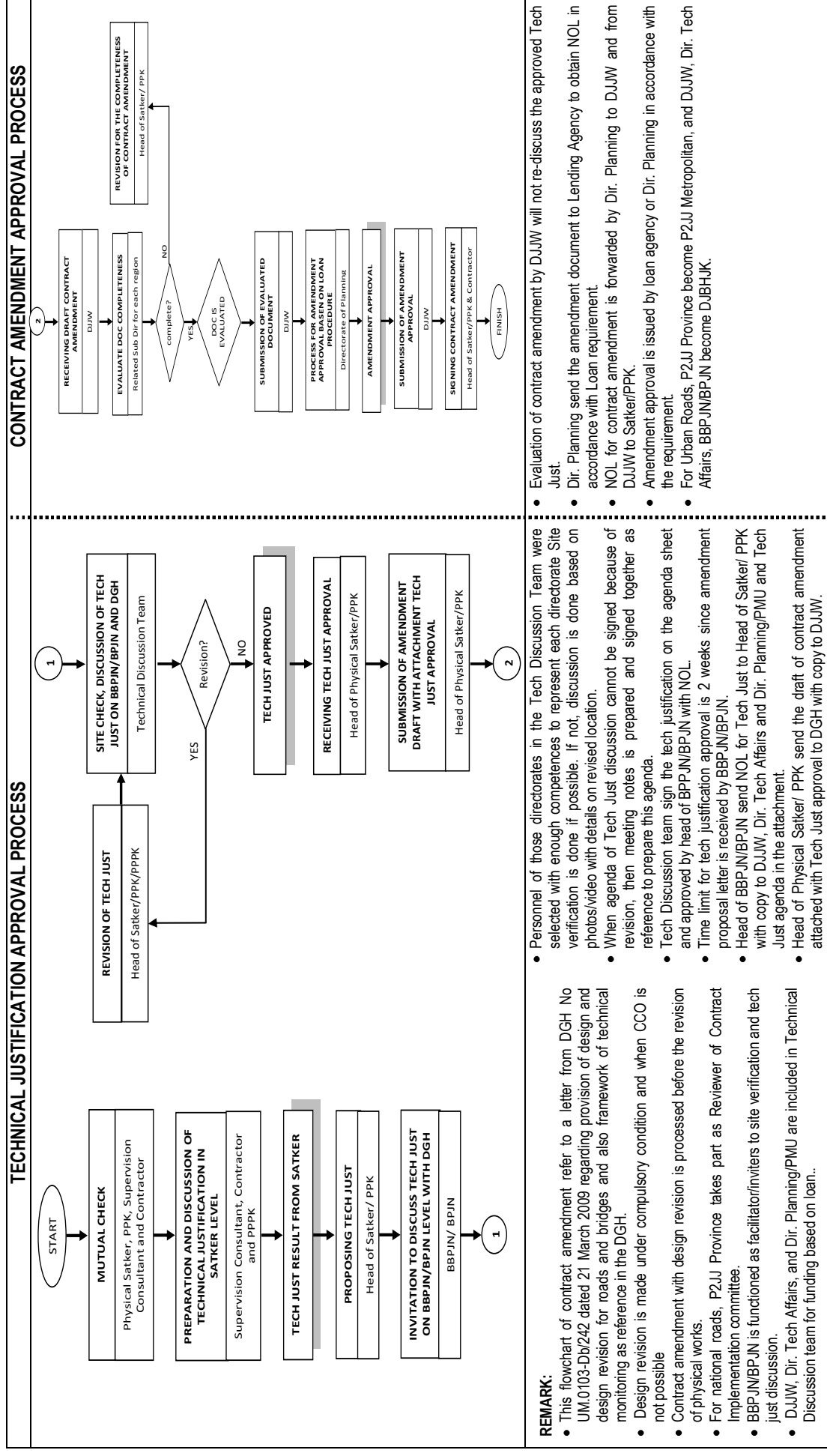
Minutes of Meeting is signed by Technical Assessment Team.

- 2) **Attachment** consist of:
 - a) **Project Location Map**
 - b) **Cost Summary** (quantity and price) (signed by Contract Reviewer Committee and contractor based on correction from Technical Assessment Team)
 - c) **Table of Problems and Detailed Description** (consist of stationing, works item, problem details, discussion result and follow-up recommendation)
 - d) **Strip Map** (Original and Revision)
 - e) **Typical Cross Section** (Original and Revision)
 - f) **Resume and Volume calculation**
 - g) **Analysis of the latest unit price** (if available)
 - h) **Technical calculation, survey data and laboratory test**
 - i) **Information on construction type**: upper structure, low structure, original foundation and revision (particularly for bridge)
 - j) **Supporting pictures**
 - k) **Other information**

Note:

Writing Structure for Technical Justification for amendment contract with time changes/extension can use the relevant item from the above structure

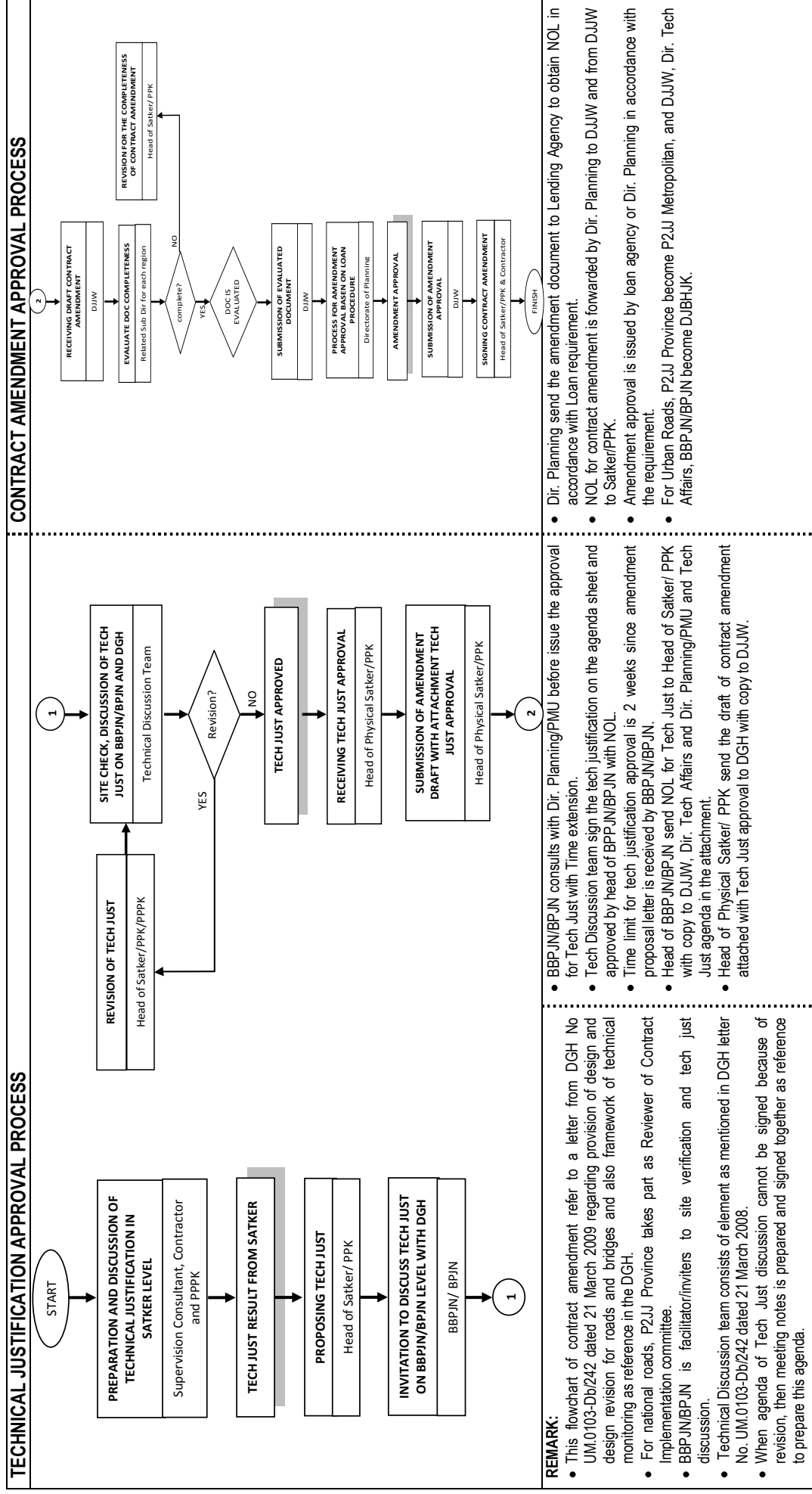
FLOWCHART OF CONTRACT AMENDMENT WITH DESIGN REVISION **(Funding Sources from LOAN for Works with Non Complex/New/Non Standard Technology)** **(Translation from Letter UM.01.03.Db/895 dated 30-Nov-2009)**

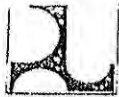


FLOWCHART OF CONTRACT AMENDMENT WITH TIME CHANGES/EXTENSION

(Funding Sources from LOAN)

(Translation from Letter UM.01.03.Db/895 dated 30-Nov-2009)





DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA
Jl. Pattimura 20, Kebayoran Baru – Telp./ Fax (021)7205387 Jakarta 12110

Jakarta, 21 Maret 2008

Nomor : UM 0103-DB/242
Lampiran : 2 (dua) berkas

Kepada Yth.

- 1) Para Direktur di Lingkungan Direktorat Jenderal Bina Marga
- 2) Para Kepala Balai (Besar) Pelaksanaan Jalan Nasional Seluruh Indonesia

di

Tempat

Perihal: Penyampaian Ketentuan Desain dan Revisi Desain Jalan dan Jembatan, serta Kerangka Acuan Kerja Pengawasan Teknis untuk Dijadikan Acuan di Lingkungan Ditjen Bina Marga

Untuk pelaksanaan pengadaan jasa pemborongan dan layanan konsultasi pekerjaan jalan dan jembatan Sumber Dana APBN, dengan ini disampaikan produk terlampir untuk dijadikan acuan terutama bagi para Salaker/PPK/Pengguna Jasa di lingkungan Direktorat Jenderal Bina Marga, meliputi:

- 1) Ketentuan Desain dan Revisi Desain Jalan – Jembatan edisi DJJ/08/02, yang terdiri dari:
 - Wewenang Penyiapan dan Legalisasi Dokumen Detailed Engineering Design (DED) Jalan dan Jembatan;
 - Kriteria Desain Jalan dan Jembatan; dan
 - Matrix Prosedur dan Wewenang Perubahan Teknis.
- 2) Kerangka Acuan Kerja Pengawasan Teknis edisi KAK/Sup/03/01.

Demikian untuk dipergunakan dengan penuh tanggung jawab.

Direktur Jenderal Bina Marga

A. Hermanto Dardak
NIP. 110 025 773

Tembusan: disampaikan Kepada Yth.

1. Sesditjen Bina Marga, Departemen Pekerjaan Umum
2. Peringgal.

**PROSEDUR & WEWENANG PERUBAHAN KONTRAK DENGAN CCO, PERUBAHAN WAKTU DAN REVISI DESAIN
UNTUK PEKERJAAN FISIK JALAN & JEMBATAN DENGAN SUMBER DANA APBD & LOAN**

No	Type Perubahan Kontrak	Usulan	Fasilitator	Tim Pembahas Teknis	Persetujuan Teknis	Keterangan
1.	Amandemen (Perintah Perubahan Kontrak / Contract Change Order / CCO)	Penyedia jasa atau satker fisik	Satker fisik	Panitia Peneliti Pelaksanaan Kontrak (PPPK)/ Satker fisik, Kontraktor, Konsultan Supervisi dan P2J Provinsi	Ka Satker fisik atau Ka Balai	<input type="checkbox"/> Nilai Kontrak Tetap. <input type="checkbox"/> Waktu pelaksanaan tetap <input type="checkbox"/> Jenis konstruksi tidak berubah, tidak ada item pekerjaan yang baru dan target tetap. <input type="checkbox"/> Mata Pembayaran Utama (Major Pay Item) tidak berubah <input type="checkbox"/> Kuantitas boleh berubah maksimum 10% per Major Pay Item terhadap kuantitas awal. Jika perubahan kuantitas > 10% maka wewenang persetujuan CCO berada pada Balai. <input type="checkbox"/> Proses Amandemen sampai dengan persetujuan teknis paling lama 2 (dua) minggu sejak usulan diterima. Bila dalam jangka waktu tersebut persetujuan teknis belum terbit maka dianggap setuju.
2.	Amandemen (Perubahan / perpanjangan waktu)	Satker fisik	Satker fisik	PPPK/Satker fisik, Kontraktor, Konsultan Supervisi, P2J Provinsi dan Balai.	Ka Balai	<input type="checkbox"/> Nilai Kontrak Tetap <input type="checkbox"/> Terjadi diluar kendali Kontraktor (mis : Kebijakan, Keadan Kahar) <input type="checkbox"/> Jenis konstruksi tidak berubah, tidak ada item pekerjaan yang baru dan target tetap. <input type="checkbox"/> Proses Amandemen sampai dengan persetujuan teknis paling lama 2 (dua) minggu sejak usulan diterima. Bila dalam jangka waktu tersebut persetujuan teknis belum terbit maka dianggap setuju.
3.	Amandemen (Revisi desain)	Satker fisik	Balai	* APBN (murni) : PPPK/Satker fisik, Kontraktor, Konsultan Supervisi / Perencana, P2J Provinsi, Balai, Dit. Bintek*), Dit. Biproan*), Dit. Jalan dan Jembatan Wilayah*) * Loan (dengan / tanpa pendamping APBN/APBD) : PPPK / Satker fisik, Kontraktor, Konsultan Supervisi / Perencana, P2J Provinsi, Balai, Dit. Bintek, Dit. Biproan / PMU, Dit. Jalan dan Jembatan Wilayah	Ka Balai atau Dit. Bintek**)	<input type="checkbox"/> Revisi desain : mencakup perubahan desain termasuk jenis konstruksi yang dapat ber implikasi terhadap perubahan target, biaya, waktu <input type="checkbox"/> Revisi desain : dilaksanakan bila menurut analisis Balai terdapat : <ul style="list-style-type: none"> • Kebutuhan : perubahan / penambahan jenis konstruksi; • Kebutuhan : perubahan target panjang / lebar ; • Kebutuhan : perubahan volume yang signifikan selama CCO tidak memungkinkan; • Bencana alam. <input type="checkbox"/> Proses Amandemen sampai dengan persetujuan teknis paling lama 1 (satu) bulan sejak usulan diterima. <input type="checkbox"/> Persetujuan teknis diterbitkan paling lama 1 (satu) bulan sebelum waktu pelaksanaan berakhir.

Catatan :

- Untuk amandemen Jalan Kota Metropolitan, Dit. Jalan Bebas Hambatan dan Jalan Kota menggantikan Balai, Dit. Bintek, Dit. Jalan dan Jembatan Wilayah,
- serta P2J Metropolitan menggantikan P2J Provinsi.
- Materi pembahasan amandemen dipersiapkan oleh Panitia Peneliti Pelaksanaan Kontrak (PPPK).
- Bila terdapat perubahan target atau biaya, untuk APBN (murni) Dit. Jalan dan Jembatan Wilayah (koordinator) dan Dit. Biproan memberikan persetujuan amandemen,
- *) Dit. Bintek, Dit. Biproan, Dit. Jalan dan Jembatan Wilayah turut serta membahas revisi desain bila menggunakan teknologi kompleks / baru / non standar atau terdapat perubahan target.
- **) Dit. Bintek memberikan persetujuan teknis bila menggunakan teknologi kompleks / baru / non standar.



**DEPARTEMEN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA**

Jl. Pattimura 20, Kebayoran Baru - Telp./ Fax (021) 7221950 Jakarta 12110

Nomor : UM.0103-Db/895
Lampiran : 5 (lima) lembar

Jakarta, 30 November 2003

Kepada Yth.:

1. Direktur Bina Teknik, Ditjen Bina Marga
2. Direktur Jalan dan Jembatan Wilayah Barat, Ditjen Bina Marga
3. Direktur Jalan dan Jembatan Wilayah Timur, Ditjen Bina Marga
4. Direktur Bina Program, Ditjen Bina Marga
5. Direktur Jalan Bebas Hambatan dan Jalan Kota, Ditjen Bina Marga
6. Kepala Balai Besar Pelaksanaan Jalan Nasional I - VII, dan X
7. Kepala Balai Pelaksanaan Jalan Nasional VIII dan IX

di-

Tempat

Perihal : Penyampaian Petunjuk Pelaksanaan/ Bagan Alir Amandemen Kontrak dengan Revisi Desain dan Perubahan/ Perpanjangan Waktu Sumber Dana APBN dan Loan

Mengacu kepada Surat Direktur Jenderal Bina Marga Nomor UM.0103-Db/242 Tanggal 21 Maret 2008, Perihal Penyampaian Ketentuan Desain dan Revisi Desain Jalan dan Jembatan serta Kerangka Acuan Kerja Pengawasan Teknis untuk Dijadikan Acuan di Lingkungan Direktorat Jenderal Bina Marga, dan berdasarkan pembahasan yang intensif antara Direktorat Bina Teknik, Direktorat Jalan dan Jembatan Wilayah Barat dan Timur, Direktorat Bina Program, Direktorat Jalan Bebas Hambatan dan Jalan Kota, serta Balai Besar/ Balai Pelaksanaan Jalan Nasional, bersama ini kami sampaikan petunjuk pelaksanaan/ bagan alir amandemen kontrak dengan revisi desain dan perubahan/ perpanjangan waktu sumber dana APBN dan Loan (terlampir) dengan penjelasan sebagai berikut:

1. Prosedur petunjuk pelaksanaan/ bagan alir amandemen kontrak dengan revisi desain dan perubahan/ perpanjangan waktu dimaksudkan untuk memberikan penjelasan lebih rinci Surat Direktur Jenderal Bina Marga Nomor UM.0103-Db/242 Tanggal 21 Maret 2008 terkait revisi desain sehingga dapat menghindari kemungkinan multi tafsir.
2. Bagan alir ini masing-masing digunakan untuk amandemen kontrak dengan revisi desain sumber dana APBN (lampiran 1), amandemen kontrak dengan revisi desain sumber dana Loan (lampiran 2), amandemen kontrak dengan perubahan/ perpanjangan waktu sumber dana APBN (lampiran 3), amandemen kontrak dengan perubahan/ perpanjangan waktu sumber dana Loan (lampiran 4), dan struktur penulisan justifikasi teknik (lampiran 5) merupakan hasil pembahasan dan kesepakatan bersama Direktorat di lingkungan Ditjen Bina Marga serta seluruh Balai Besar/ Balai Pelaksanaan Jalan Nasional I s.d. X.
3. Akurasi dan kecepatan proses amandemen kontrak sangat bergantung kepada Balai Besar/ Balai Pelaksanaan Jalan Nasional I s.d. X sebagai fasilitator dan pihak yang memberikan persetujuan justifikasi teknik, sehingga ketentuan jangka waktu justifikasi teknik revisi desain tidak lebih dari 1 (satu) bulan dan justifikasi teknik perubahan/ perpanjangan waktu tidak lebih 2 (dua) minggu, dapat dicapai.
4. Dengan diterbitkannya petunjuk pelaksanaan/ bagan alir amandemen kontrak ini, para Kasatker/ PPK serta pihak terkait lainnya (Konsultan dan Kontraktor) diminta untuk segera mengaplikasikannya di lapangan.
5. Selanjutnya para Direktur dan Kepala Balai Besar/ Balai Pelaksanaan Jalan Nasional I s.d. X dapat mendistribusikan dan mensosialisasikannya kepada para stakeholders.

Demikian disampaikan untuk dapat dijadikan acuan dengan sebaik-baiknya, atas perhatiannya diucapkan terima kasih.

DIREKTUR JENDERAL BINA MARGA

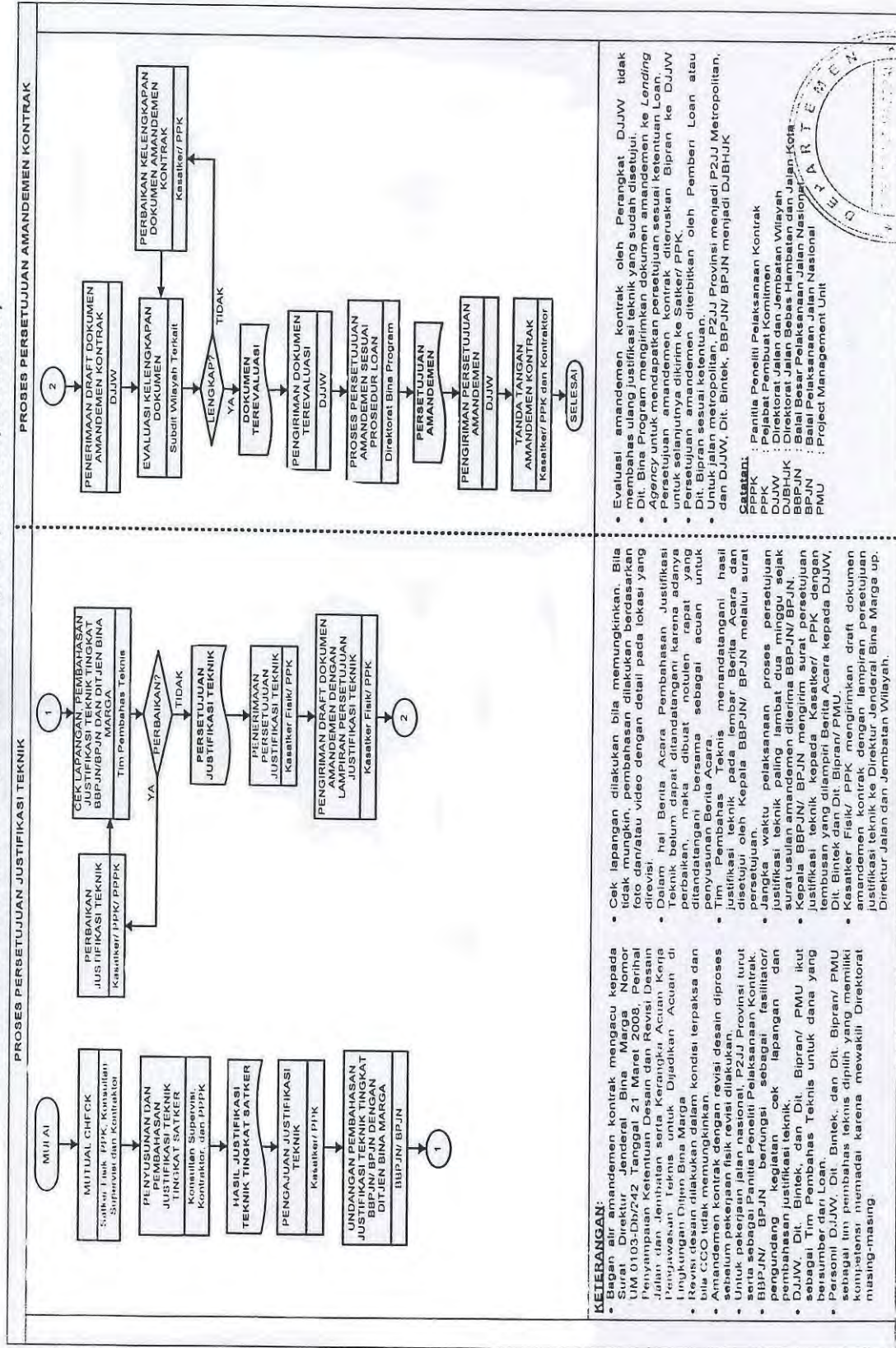


Tembusan disampaikan kepada Yth.

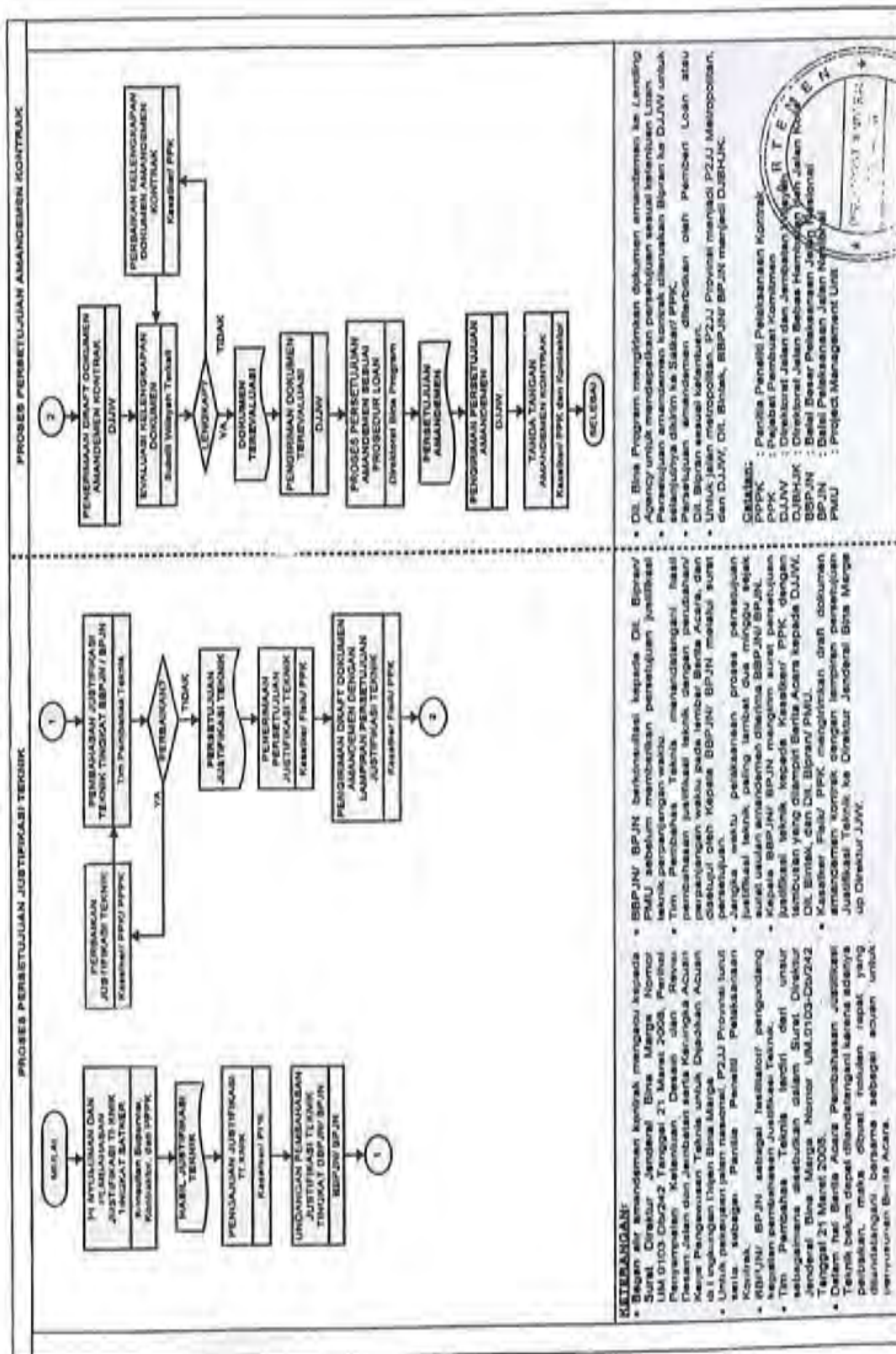
1. Bapak Menteri Pekerjaan Umum (sebagai laporan)
2. Bapak Inspektur Jenderal Departemen Pekerjaan Umum
3. Sekretaris Direktorat Jenderal Bina Marga
4. Peringgal

BAGAN ALIR . .MANDEMEN KONTRAK DENGAN REVISI DESAIN

(Sumber Dana LOAN untuk Pekerjaan Bukan Teknologi Kompleks/Baru/Non Standar)







STRUKTUR PENULISAN JUSTIFIKASI TEKNIK

Justifikasi Teknis Revisi Desain yang dibahas bersama oleh Tim Pembahas Teknik merupakan hasil kesepakatan Panitia Peneliti Pelaksanaan Kontrak dengan kontraktor, disusun dengan struktur penulisan sebagai berikut:

1) Berita Acara:

Paling tidak mencakup informasi mengenai:

- a) Latar belakang;
- b) Dasar hukum;
- c) Data kontrak;
- d) Permasalahan teknis dan usulan penanganan (oleh Panitia Peneliti Pelaksanaan Kontrak);
- e) Hasil pembahasan dan rekomendasi (oleh Tim Pembahas Teknik);
- f) Kesimpulan (paling tidak mencakup usulan nilai kontrak (tetap atau berubah), target panjang/ lebar dan waktu pelaksanaan).

Berita Acara ditandatangani oleh Tim Pembahas Teknik

2) Lampiran terdiri dari:

- a) Peta lokasi proyek;
- b) Rekapitulasi biaya (kuantitas dan harga) (ditandatangani oleh Panitia Peneliti Pelaksanaan Kontrak dan Kontraktor berdasarkan koreksi oleh Tim Pembahas Teknik);
- c) Tabel permasalahan dan pembahasan rinci (menunjukkan: stasioning, item pekerjaan, permasalahan rinci, hasil pembahasan, dan rekomendasi tindak lanjut);
- d) Strip map (original dan revisi);
- e) Typical cross section (original dan revisi);
- f) Resume dan perhitungan volume;
- g) Analisa harga satuan yang baru (bila ada);
- h) Perhitungan teknis, data survey dan pengujian laboratorium;
- i) Informasi jenis konstruksi: bangunan atas, bangunan bawah. Pondasi original dan revisi (khusus untuk jembatan);
- j) Photo-photo pendukung;
- k) Hal-hal lain yang terkait.

Catatan:

Untuk Amandemen Kontrak akibat Perubahan/ Perpanjangan Waktu, struktur penulisan justifikasi teknik digunakan item yang relevan di atas.





KEMENTERIAN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA

Jalan Pattimura No. 20 Kebayoran Baru - Jakarta 12110 Telp. (021) 7221950
Jakarta, 15 Juni 2010

Kepada yth.

1. Sekretaris Direktorat Jenderal dan para Direktur
2. Para Kepala Balai Besar/ Balai Pelaksanaan Jalan Nasional
3. Para Kuasa Pengguna Anggaran/ Kepala Satuan Kerja
4. Para Pejabat Pembuat Komitmen

Di

lingkungan Direktorat Jenderal Bina Marga

Perihal: Tata Cara Penanganan Paket Kritis

SURAT EDARAN

No: 02 / SE / Db / 2010

Menunjuk pada Peraturan Menteri Pekerjaan Umum No 43/PRT/M/2007 tentang Standar dan Pedoman Pengadaan Jasa Konstruksi, Buku I Standar Dokumen Pelelangan Nasional Pekerjaan Jasa Pelaksanaan Konstruksi (Pemborongan) Kontrak Harga Satuan dengan ini disampaikan Surat Edaran Direktur Jenderal Bina Marga tentang Tata Cara Penanganan Paket Kritis sebagai berikut:

1. Penanganan paket kritis dilakukan melalui tahap pemberian surat peringatan, rapat pembuktian, dan uji coba kepada Penyedia Jasa. Jika dalam 3 (tiga) kali kesempatan uji coba, paket tersebut masih kritis maka Pejabat Pembuat Komitmen (PPK) dapat melakukan pemutusan kontrak secara sepihak dengan mengesampingkan Pasal 1266 Kitab Undang-Undang Hukum Perdata.
2. Prosedur pemberian surat peringatan, rapat pembuktian dan uji coba dilakukan sebagai berikut:
 - a. Apabila kontrak telah memasuki kondisi kritis, yaitu ketika realisasi fisik pelaksanaan terlambat 10% (pada periode 0-70%) atau terlambat 5% (pada periode 70-100%), maka selambat-lambatnya dalam waktu 3 (tiga) hari kalender sejak diketahuinya kondisi kritis, PPK memberikan Surat Peringatan Pertama kepada Penyedia Jasa dan melaporkan secara tertulis kepada Kepala Satuan Kerja selaku Atasan Langsung.
 - b. Selambat-lambatnya 7 (tujuh) hari kalender sejak diterimanya laporan dari PPK, Kepala Satuan Kerja harus mengadakan Rapat Pembuktian Tingkat I untuk membahas program percepatan yang disusun oleh Penyedia Jasa dan selanjutnya Penyedia Jasa melakukan Uji Coba Tingkat I dalam suatu jangka waktu yang disepakati paling lama adalah 30 (tiga puluh) hari kalender.
 - c. PPK melakukan pemantauan terhadap pelaksanaan Uji Coba Tingkat I dan apabila Penyedia Jasa gagal, maka dalam waktu selambat-lambatnya 3 (tiga) hari kalender setelah masa uji coba berakhir, PPK

segera memberikan Surat Peringatan Kedua kepada Penyedia Jasa dan melaporkan hasil tersebut kepada Kepala Satuan Kerja.

- d. Selambat-lambatnya 3 hari kalender setelah menerima laporan dari PPK, Kepala Satuan Kerja mengusulkan kepada Kepala Balai Besar/Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja, untuk mengadakan Rapat Pembuktian Tingkat II.
- e. Selambat-lambatnya 7 (tujuh) hari kalender sejak diterimanya usulan dari Kepala Satuan Kerja, Kepala Balai Besar/Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja, mengadakan Rapat Pembuktian Tingkat II untuk membahas program percepatan yang disusun oleh Penyedia Jasa dan selanjutnya Penyedia Jasa melakukan Uji Coba Tingkat II dalam suatu jangka waktu yang disepakati, paling lama adalah 30 (tiga puluh) hari kalender.
- f. PPK melakukan pemantauan terhadap pelaksanaan Uji Coba Tingkat II dan apabila Penyedia Jasa gagal, maka dalam waktu selambat-lambatnya 3 (tiga) hari kalender setelah masa uji coba berakhir, PPK segera memberikan Surat Peringatan Ketiga kepada Penyedia Jasa, dan melaporkan kepada Kepala Satuan Kerja dan Kepala Balai Besar/Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja.
- g. Selambat-lambatnya 3 (tiga) hari kalender sejak diterimanya laporan dari PPK, Kepala Balai Besar/Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja melaporkan kepada Direktur Jenderal Bina Marga melalui Pembantu Atasan Kepala Satuan Kerja
- h. Selambat-lambatnya 7 (tujuh) hari kalender sejak menerima usulan dari Kepala Kepala Balai Besar/Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja, Pembantu Atasan Kepala Satuan Kerja atas nama Direktur Jenderal Bina Marga mengadakan Rapat Pembuktian Tingkat III untuk membahas program percepatan yang disusun oleh Penyedia Jasa dan selanjutnya Penyedia Jasa melakukan Uji Coba Tingkat III dalam suatu jangka waktu yang disepakati, paling lama adalah 30 (tiga puluh) hari kalender.
- i. PPK melakukan pemantauan terhadap pelaksanaan Uji Coba Tingkat III dan apabila Penyedia Jasa gagal maka dalam waktu selambat-lambatnya 3 (tiga) hari kalender setelah masa uji coba berakhir, PPK dengan diketahui oleh Kepala Satuan Kerja segera melaporkan kepada Direktur Jenderal Bina Marga melalui Pembantu Atasan Kepala Satuan Kerja dengan tembusan kepada Kepala Balai Besar/ Balai Pelaksanaan Jalan Nasional/Atasan Langsung Kepala Satuan Kerja dan sekaligus meminta pertimbangan untuk penyelesaian paket kritis.
- j. Pembantu Atasan Kepala Satuan Kerja bertindak atas nama Direktur Jenderal Bina Marga memberikan pertimbangan penyelesaian paket kritis dalam waktu selambat-lambatnya 14 (empat belas) hari kalender sejak menerima laporan dari PPK tentang hasil Uji Coba Tingkat III.
- k. Selambat-lambatnya 7 (tujuh) hari kalender sejak menerima pertimbangan dari Pembantu Atasan Satuan Kerja atas nama Direktur Jenderal Bina Marga, PPK harus memberikan keputusan kepada Penyedia Jasa.

3. Prosedur pemutusan kontrak dan penerapan sanksi kepada penyedia jasa mengikuti aturan yang ditetapkan dalam dokumen kontrak.

Demikian Surat Edaran ini dibuat untuk digunakan sebagai pedoman dalam pelaksanaan tugas sebagaimana mestinya.

Ditetapkan di Jakarta
Pada tanggal 15 Juni 2010

DIREKTUR JENDERAL BINA MARGA



Tembusan:

1. Menteri Pekerjaan Umum
2. Sekretaris Jenderal Kementerian Pekerjaan Umum
3. Inspektur Jenderal Kementerian Pekerjaan Umum
4. Kepala Badan Pembinaan Konstruksi Kementerian Pekerjaan Umum

ANNEX 26

Updating of Roles and Assignment of Project Management Unit (DG Decree 19 November 2010)

Number of pages = 4

Referred to in 2.2.1



**KEMENTERIAN PEKERJAAN UMUM
DIREKTORAT JENDERAL BINA MARGA**

Jalan Pattimura Nomor 20, Kebayoran Baru - Jakarta 12110 Telepon (021) 722 1950

SURAT KEPUTUSAN DIREKTUR JENDERAL BINA MARGA

Nomor : 43 /KPTS/Db/2010

**TENTANG :
PENUNJUKAN/PENGANGKATAN PEJABAT/PEGAWAI
PROJECT MANAGEMENT UNIT - PMU
EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)**

DIREKTUR JENDERAL BINA MARGA

Menimbang :

- a. Bahwa dengan ketentuan pinjaman Luar Negeri dari Aus AID /AIPRD- Loo2 untuk proyek Eastern Indonesia National Road Improvement Project (EINRIP), maka diperlukan suatu Project Management Unit (PMU) untuk mengkoordinasikan seluruh kegiatan yang termasuk didalam lingkup proyek tersebut.
- b. Bahwa PMU tersebut diatas harus dapat mengkoordinasikan seluruh kegiatan proyek EINRIP di Ditjen. Bina Marga dan Instansi-instansi terkait.
- c. Bahwa untuk itu perlu ditunjuk/diangkat para pejabat/pegawai di lingkungan Direktorat Jenderal Bina Marga sebagai anggota Project Management Unit (PMU) EINRIP.
- d. Bahwa pejabat/pegawai yang namanya tercantum dalam lajur 2 dianggap cakap dan memenuhi syarat untuk disertai tugas/jabatan pada lajur lampiran Surat Keputusan ini dianggap cakap dan memenuhi syarat untuk disertai tugas/jabatan pada lajur 4 pada lampiran Surat Keputusan ini.
- e. Bahwa untuk itu perlu dikeluarkan Surat Keputusan Direktur Jenderal Bina Marga.

Mengingat :

1. Undang-undang Nomor 43 Tahun 1999 tentang Perubahan atas Undang-undang Nomor 8 Tahun 1974 tentang Pokok-Pokok Kepegawaian.
2. Peraturan Pemerintah No. 20 Tahun 1975 tentang Wewenang Pengangkatan, Pemindahan, dan Pemberhentian Pegawai Negeri Sipil.
3. Peraturan Presiden RI Nomor : 47 Tahun 2009 tentang Pembentukan dan Organisasi Kementerian Negara.
4. Peraturan Presiden RI Nomor : 64/M Tahun 2007 tentang Pembebasan dan Pengangkatan Pejabat Pimpinan Eselon I di lingkungan Departemen Pekerjaan Umum.
5. Peraturan Menteri Pekerjaan Umum Nomor 01/PRT/M/2008 tentang Organisasi dan Tata Kerja Departemen Pekerjaan Umum
6. Naskah Perjanjian Luar Negeri Loan AusAID/AIPRD-L002 tanggal 7 September 2007.
7. Surat Keputusan Direktur Jenderal Bina Marga Nomor : 47/KPTS/Db/2009 tanggal 26 Oktober 2009 tentang Penunjukan/Pengangkatan Pejabat/Pegawai Project Management Unit – PMU Eastern Indonesia National Road Improvement Project (EINRIP).

MEMUTUSKAN

Menetapkan :

Pertama : Menunjuk/mengangkat para pejabat/pegawai yang tercantum pada lampiran Surat Keputusan ini untuk melaksanakan tugas jabatan dengan ketentuan bahwa kepada yang bersangkutan diberlakukan segala hak, kewajiban, dan tanggungjawab yang ada pada jabatan tersebut.

Kedua : Rincian Tugas dari masing-masing jabatan adalah :

- **Penanggung Jawab :**
Memberi pengarahan terhadap kegiatan PMU sesuai kebijakan yang digariskan oleh Steering Committee, dan bertanggung jawab pada Dirjen Bina Marga Departemen Pekerjaan Umum.
- **Koordinator :**
Membantu Penanggung Jawab dalam memberi pengarahan kegiatan PMU, memberikan saran tindak turun tangan, dan membantu pengambilan keputusan/kebijakan. Bertanggung jawab pada Penanggung Jawab.
- **Sekretaris.**
Membantu Koordinator dalam memberikan pengarahan kegiatan PMU, memberikan saran tindak turun tangan. Bertanggung jawab kepada koordinator.
- **Ketua Pelaksana Harian :**
Bertugas melaksanakan semua kegiatan manajemen, Koordinasi, monitoring dan membuat laporan atas kegiatan yang telah dilakukan. Bertanggung jawab pada Koordinator.
- **Tugas-Tugas Asisten PMU**
 - **Asisten Perencanaan dan Program.**
 - a. Melaksanakan kajian/review terhadap usulan proyek yang akan disampaikan ke AusAID/AIPRD untuk mendapatkan persetujuan.
 - b. Menyampaikan Standard Operation Procedures (SOP) dan Petunjuk Pelaksanaan kepada proyek.
 - c. Melaksanakan monitoring dan evaluasi atas hasil pelelangan yang akan disampaikan ke AusAID/AIPRD.
 - d. Mempersiapkan dan identifikasi perencanaan dan program yang akan diusulkan ke proyek EINRIP.
 - e. Bertanggung jawab pada Ketua Pelaksana Harian.
 - **Asisten Pelaksana dan Pengawasan.**
 - a. Monitoring dan evaluasi terhadap kualitas dan pelaksanaan pekerjaan proyek.
 - b. Mengevaluasi dan merekomendasikan atas review dan revised design yang diusulkan oleh proyek yang akan di usulkan ke AusAID/AIPRD.
 - c. Monitoring pelaksanaan Anticorruption Action Plan.
 - d. Bertanggung jawab pada Ketua Pelaksana Harian.
 - **Asisten Keuangan dan Pelaporan**
 - a. Menyiapkan, menyimpan dan monitoring data-data akuntansi termasuk prosedur, audit, dokumentasi, konsolidasi neraca sesuai permintaan dan prosedur AusAID.
 - b. Memonitor status penyerapan per Loan Category.
 - c. Menyiapkan laporan empat bulanan, dan tahunan untuk keseluruhan proyek untuk disampaikan kepada AusAID/AIPRD sesuai guidelines.
 - d. Bertanggung jawab pada Ketua Pelaksana Harian.

- Asisten Manajemen dan Monitoring Lingkungan
 - a. Melaksanakan penyaringan dan memberikan rekomendasi dari aspek lingkungan terhadap usulan proyek yang akan disampaikan ke AusAID/AIPRD.
 - b. Mengawasi, mengevaluasi, dan menyiapkan laporan terhadap pelaksanaan kegiatan yang terkait dengan aspek lingkungan, sosial, dan safeguard issue.
 - c. Bertanggung jawab pada Ketua Pelaksana Harian.
- Pendamping
 Bertugas sebagai penghubung pelaksana kegiatan PMU terhadap Direktorat/Instansi terkait.

Ketiga : Untuk mendukung kelancaran tugas PMU dibantu oleh Project Management Support Consultant (PMSO) dengan kontrak yang dilakukan oleh Pejabat Pembuat Komitmen Kegiatan Penyiapan Program dan Administrasi Pinjaman Luar Negeri Satuan Kerja Direktorat Bina Program.

Keempat: Dengan ditetapkannya Surat Keputusan ini, maka Surat Keputusan Direktur Jenderal Bina Marga Nomor : 47/KPTS/Db/2009 tanggal 26 Oktober 2009 dinyatakan tidak berlaku lagi.

Kelima : Surat Keputusan ini mulai berlaku sejak tanggal 1 September 2010 dengan ketentuan apabila di kemudian hari terdapat kekeliruan dalam Surat Keputusan ini, akan diadakan perbaikan sebagaimana mestinya.

Ditetapkan di : Jakarta
 Pada Tanggal : 19 November 2010.



Salinan Surat Keputusan ini disampaikan kepada Yth. :

1. Menteri Pekerjaan Umum
2. Sekretaris Jenderal Departemen Pekerjaan Umum
3. Inspektur Jenderal Departemen Pekerjaan Umum
4. Direktur Jenderal Perbendaharaan, Departemen Keuangan
5. Deputi Bidang Sarana dan Prasarana, Bappenas
6. Deputi Bidang Otonomi Daerah dan Pengembangan Regional, Bappenas
7. Direktur Jenderal Bangda, Depdagri
8. Kepala Biro Keuangan, Departemen Pekerjaan Umum
9. Kepala Biro Kepegawaian, Departemen Pekerjaan Umum
10. Sekretaris Direktorat Jenderal Bina Marga
11. Para Direktur di Lingkungan Direktorat Jenderal Bina Marga
12. PPK Kegiatan Penyiapan Program dan Administrasi Pinjaman Luar Negeri
13. Kepala Dinas PU / Bina Marga Propinsi
14. Yang bersangkutan untuk diketahui
15. Peringgal.

Lampiran Surat Keputusan Direktur Jenderal Bina Marga

Nomor : 43 / KPTS / DB / 2020

Tanggal : 19 November 2020

**SUSUNAN PPU & PROJECT MANAGEMENT UNIT (PMU)
EASTERN INDONESIA NATIONAL ROAD IMPROVEMENT PROJECT (EINRIP)**

NO.	NAMA / NIP.	INSTANSI	UNSUR PMU
1.	Ir. Harris H. Batubara, MEngSc. NIP. 110033710	Dit. Bina Program	Penanggung Jawab
2.	Ir. Soebagiono, MSc.(Eng). NIP. 110043577	Dit. Bina Program	Koordinator
3.	Ir. Budi Harimawan, MEngSc. NIP. 110046366	Dit. Bina Program	Sekretaris
4.	Rien Marlia, ST. MT. NIP. 110054124	Dit. Bina Program	Ketua Pelaksana Harian
5.	Ir. KGS. Saiful Anwar, MT. NIP. 110046246	Dit. Bina Program	Asisten Perencanaan dan Program
6.	Ir. Harun Al Rasyid, MSi. NIP. 1100	Dit. Bina Program	Asisten Pelaksana
7.	Ir. Nurmala Simanjuntak, MEngSc. NIP. 110041596	Dit. Bina Teknik	Asisten Manajemen dan Monitoring Lingkungan
8.	Ir. Sundayani Djuwitaningsih, MM. NIP. 110041635	Sekretariat Ditjen. Bina Marga	Asisten Keuangan dan Pelaporan
9.	Ir. Muktar Napitupulu, MSc., NIP. 110043353	Dit. Bintek	Pendamping Bintek Jalan
10.	Ir. Effendi Radia, MT. NIP. 110052490	Dit. Bintek	Pendamping Bintek PSP
11.	Arie Arnaldy, ST.MT NIP. 110045589	Dit. Jalan dan Jembatan Wilayah Timur	Pendamping Wilayah Timur

**DIREKTUR JENDERAL BINA MARGA**
Ir. DJOKO MURIYANTO, MSc.
NIP. 110032358