

ASIAN DEVELOPMENT BANK

TAR: INO 35120

TECHNICAL ASSISTANCE

TO THE

REPUBLIC OF INDONESIA

FOR

**STRENGTHENING PROCUREMENT POLICIES, LEGAL FRAMEWORK,
AND INSTITUTIONS**

October 2001

CURRENCY EQUIVALENTS

(as of 10 September 2001)

Currency Unit	–	Rupiah (Rp)
Rp1.00	=	\$0.000111
\$1.00	=	Rp9035

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (National Development Planning Board)
CGI	–	Consultative Group for Indonesia
CPAR	–	country procurement assessment review
KADIN	–	Kamar Dagang Dan Industry (chamber of commerce and industry)
Keppres	–	keputusan presiden (presidential decree)
LPJK	–	Lembaga Pembinaan Jasa Konstruksi (construction industry service board)
MSRI	–	Ministry of Settlement and Regional Infrastructure
NPPO	–	national public procurement office
SOE	–	state-owned enterprise
TA	–	technical assistance
TOR	–	terms of reference

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The country program for The Republic of Indonesia for the year 2001 includes advisory technical assistance (TA) to help the Government strengthen the policies, legal framework, and institutions involved in public sector procurement. At the request of the Government, an Asian Development Bank (ADB) Fact-Finding Mission visited Indonesia 16–20 July 2001 and reached an understanding on the objectives, scope, costs, financing, implementation arrangements, and terms of reference for the TA.¹ The TA framework is in Appendix 1.

II. BACKGROUND

2. Since mid-1994, public procurement in Indonesia has been carried out in accordance with national procurement regulations issued through a presidential decree (Keppres) and associated technical guidelines. On 21 February 2000, a new presidential decree (Keppres 18/2000) was issued as an important step to reform the procurement system. It promotes the basic principles of procurement: transparency, open and fair competition, economy, and efficiency. In addition to the reforms initiated through Keppres 18/2000, the construction law (Law 18/1999) and the presidential decree pertaining to approval of construction contracts (Keppres 12/2000) contain important procurement provisions.² More importantly, Government Regulation 105/2000, the decentralization law, has procurement provisions for local governments. Under this regulation, local governments can develop their own regulations for procuring goods and services.

3. These initiatives have improved public procurement and addressed important issues related to decentralization of governance. However, regulations in Indonesia still do not lead to an efficient, transparent, streamlined procurement regime that is consistent with internationally accepted principles and practices. The legal framework is fragmented and characterized by overlapping and sometimes contradictory laws and regulations (para. 2). Noneconomic considerations such as spreading work among as many firms as possible are overemphasized. This has led to a system of procurement that is not market-driven, is prone to corruption and collusion, and fails to result in the best value for public funds. With the decentralization of projects and the greater autonomy given to local governments, there is a need to strengthen procurement institutions and set national standards.

4. Two recent events are motivating procurement reform in Indonesia. The first is the World Bank's country procurement assessment review (CPAR).³ The CPAR recommends (i) enacting a procurement law, (ii) establishing a national public procurement office (NPPO), (iii) publishing a procurement bulletin, (iv) phasing out policies that are contrary to competitive procurement, (v) improving procurement procedures to increase competition and efficiency, (vi) building professional capacity, (vii) strengthening enforcement, and (viii) preparing for decentralization. The second event is the meeting of the Consultative Group for Indonesia (CGI) in Tokyo in October 2000. The meeting identified financial reform and procurement reform as two priorities. Responsibility for procurement reform has been delegated to the National Planning Development Board (BAPPENAS). To fulfill the Government's obligations to the CGI and to address the recommendations of the CPAR, BAPPENAS established a steering committee,

¹ The TA first appeared in *ADB Business Opportunities* in June 2001.

² The construction law is applicable only to the construction industry and associated activities. Indonesia does not have a law that regulates other sectors involved in public sector procurement.

³ World Bank. 2001. *Indonesia: Reforming the Public Procurement System*. Report No. 21823-IND. East Asia and Pacific Region, Operational Services Unit, Jakarta, Indonesia.

supported by a secretariat and three working groups organized along the thematic lines of (i) legal and policy development, (ii) institutional development, and (iii) human resource development. The Government feels that the third area (human resource development) is being adequately addressed under an ongoing ADB TA.⁴ However, the first two areas require additional support. Accordingly the TA will complement the ongoing TA by addressing the legal, policy, and institutional needs.

5. The Government has identified a number of weaknesses in the public procurement system that need to be addressed within the two themes of legal and policy development, and institutional development. With decentralization, there is a need to establish uniform, national standards, under which local governments can independently procure goods and services. Keppres 18/2000 needs to be revised to remove its anticompetition provisions, make it consistent with international best practices, and eventually to elevate it to the status of a government regulation or law. The prequalification system, currently conducted through the construction industry service board (LPJK) for works and the Indonesian chamber of commerce and industry (KADIN) for goods, is in need of reform. Contractor qualifications are not kept current, contractors commonly misrepresent their credentials, and the prequalification process is often used to ensure that firms share the work rather than to determine who is most qualified.

6. The Government and aid agencies believe that the proposed NPPO is a necessary element in its program to address identified weaknesses in the procurement system. Its role will be to establish, maintain, monitor, and enforce national policies and standards on a broad range of procurement issues (for example, green procurement, electronic procurement, and inclusion of International Labour Organisation core labor standards). The CPAR recommends that NPPO be ultimately responsible for (i) developing standard procurement documents, (ii) publishing the procurement bulletin, (iii) establishing a procurement-monitoring function, (iv) disseminating procurement policies, (v) resolving disputes, (vi) publishing an annual procurement report, and (vii) conducting sample ex post facto procurement audits. Some work has been done to assess the public procurement offices used in other countries (Australia, Germany, UK, and US). More needs to be done in developing an organizational structure, formulating terms of reference, and estimating staffing and resource requirements. In parallel with structuring NPPO, the more urgent functions identified by the CPAR need to be put in place. Of these, the development of standard documents will begin next year with assistance from the Australian Agency for International Development (AusAID). Publication of the procurement bulletin and establishment of the monitoring function are to start under the TA. The remaining functions, which are beyond the scope of the TA, will be implemented once NPPO is operational.

7. Other ADB-sponsored interventions, while not specifically directed at procurement, deal with related governance issues.⁵ Technical assistance is currently being prepared to assist the Ministry of Settlement and Regional Infrastructure (MSRI) to equip an inspectorate general to address corruption, while assistance planned for processing in 2001 will strengthen public financial management, the treasury, and accounting. Multilateral and bilateral sources are supportive of initiatives for strengthening procurement. AusAID is developing a 12-month

⁴ TA 3471-INO: *Improving Public Sector Procurement*, for \$780,000, approved on 25 July 2000.

⁵ (i) Loan 1677-INO: *Community and Local Government Support Sector Development Program*, for \$200 million, approved on 25 March 1999. The project includes three TA grants: (a) *Capacity Building to Support Decentralized Administrative Systems*, (b) *Capacity Building for Setting Up District-Level Financial and Budgetary Systems*, and (c) *Capacity Building for Participatory Planning, Monitoring and Evaluation*. (ii) TA 3394-INO: *Public Expenditure Management and the Implications of Decentralization*, for \$225,000 approved on 25 January 2000. (iii) TA 3381-INO: *Establishment of an Anticorruption Commission*, for \$1.0 million, approved on 28 December 1999. (iv) TA 3472-INO: *Governance Audit of the Public Prosecution Service*, for \$1.0 million, approved on 21 July 2000.

program to be implemented through its Technical Assistance Management Facility. It is proposed to focus on the construction industry, assisting MSRI in developing standard procurement documents, and on the procurement of goods, assisting BAPPENAS. Germany has proposed a procurement adviser to assist BAPPENAS for up to six years with NPPO. The World Bank continues to encourage implementation of its CPAR recommendations, but at this time has no plans to finance technical assistance or other interventions targeting procurement reform. The TA will complement all of the above initiatives of ADB and other external sources, as well as those of the Government to improve governance and reform public sector procurement.

8. ADB's strategy for Indonesia identifies governance as one of seven key priorities and singles out improved procurement reform as a governance issue.⁶ It suggests targeting capacity building measures in key institutions as a main modality. The TA has been designed in line with these recommendations. It will address the legal, policy, and institutional aspects of procurement. By strengthening the capability to carry out procurement, the TA will improve project implementation, reduce corruption, and contribute to better governance.

III. THE TECHNICAL ASSISTANCE

A. Objective

9. As part of ADB's overall effort in governance, in line with the Government's intent to strengthen public-sector procurement, and in coordination with interventions proposed by other aid agencies, the TA will focus on strengthening the legal, policy, and institutional aspects of public procurement. Through a range of measures in these areas, the TA will reduce procedural delays; improve the quality of procured goods; reduce the cost of procurement; and increase fairness, accountability, and transparency. All these will raise the effectiveness of public sector investment.

B. Scope

10. The TA will assist the Government to reform public sector procurement, in line with the recommendations of the CPAR, in accordance with the obligations to the CGI, and in response to the decentralization program. Outputs and deliverables of the TA will include improved national regulations (to be incorporated in Keppres 18/2000), recommendations to strengthen the prequalification system, and formulation of NPPO (structure, resources, functions, authorities, and responsibilities). Specifically, the TA will accomplish the following:

- (i) Develop consistent, national, public procurement standards, to be incorporated in Keppres 18/2000 and applied at both the national and local levels. The activities will include a review of procurement provisions in Government Regulation 105/2000 (the decentralization law) to determine adjustments to make it and Keppres 18/2000 consistent and to clearly define responsibilities and authorities at the local and central levels. The TA will propose mechanisms for setting standards, monitoring, and ensuring application (for example, through incentives and sanctions), particularly as they relate to the role of NPPO.
- (ii) Develop improvements to Keppres 18/2000 to address current weaknesses such as market segmentation and provisions contrary to competition, and make it

⁶ ADB. 2001. *Country Strategy and Program Update (2002-2004)*, Indonesia. August 2001.

consistent with international best practices. Environmental issues, electronic commerce, and labor standards as they relate to procurement will be addressed. The revised decree will be developed and justified through consultation, analysis, and research, and will be drafted in a form suitable for implementation as a government regulation or law.

- (iii) Assess the current system of certification and prequalification as conducted by LPJK and KADIN, and recommend alternative approaches to strengthen the prequalification system in an environment of decentralized procurement. Recommendations will be developed after consultations with the stakeholders (LPJK, KADIN, contractors, suppliers, ministries involved in procurement, state-owned enterprises [SOE], and local governments).
- (iv) Continue the Government's work of defining the functions, authorities and responsibilities of NPPO; and addressing the issue of how this central agency will develop, monitor, and enforce national standards at the central and local levels. Among the activities are developing a suitable organizational structure (possibly with decentralized offices); assessing staffing, resource, and budgetary requirements; defining its functions; and formulating terms of reference for its operation. Recommendations will be developed through workshops and consultations with various stakeholders (government ministries and departments, the private sector, SOE, and local governments).
- (v) Assist with developing two identified functions of NPPO: (a) developing a web-based publication of a procurement bulletin that will eventually advertise all public procurement activities in Indonesia (the TA will also consider the need for print-based publication); and (b) designing a procurement monitoring function. The TA will assist through the design of a database of procurement actions, complaints, and performance of contractors and suppliers.
- (vi) Support the training of government officials, including attendance at seminars, workshops, and meetings. Workshops will be used to solicit inputs on strengthening prequalification, revising regulations, determining the functions of NPPO, and other matters addressed by the TA, and to disseminate the results of that work.

C. Cost Estimates and Financing Plan

11. The total cost of the TA is estimated at \$625,000 equivalent, of which \$360,000 is the foreign exchange cost and \$265,000 equivalent is the local currency cost (Appendix 2). The Government has requested ADB to finance \$500,000 equivalent, of which the foreign exchange component is \$360,000 and the local currency component is \$140,000 equivalent. The TA will be financed on a grant basis from the ADB-funded TA program. An estimated \$125,000 equivalent will be provided in-kind by the Government for office space, office supplies, local communications, data, and counterpart staff.

D. Implementation Arrangements

12. ADB will engage international consultants on an individual basis and will engage a firm of domestic consultants using the simplified technical proposal method. Consultants will be recruited in accordance with ADB's *Guidelines on the Use of Consultants* and other

arrangements satisfactory to ADB for engaging domestic consultants. Approximately 6 person-months of international and 40 person-months of domestic consulting services will be required over about 18 months. The consultants will have expertise in institutional reform and public-sector procurement (Appendix 3). The first consultant is expected to be fielded in November 2001 with all consulting inputs completed by the end of May 2003. The consultants will produce three main reports: inception (1-2 months after commencement), interim (8-10 months after commencement), and a final report upon completion of the assignment. Monthly status reports will also be submitted. The TA will begin on 1 October 2001 and be completed on 30 June 2003.

13. The Government has designated BAPPENAS to coordinate the procurement reforms emanating from the CPAR and CGI Tokyo meeting. Accordingly it will be the Executing Agency for the TA, although this does not mean that BAPPENAS will necessarily have NPPO within its organization (that arrangement will be determined during the course of the TA). BAPPENAS will appoint a senior-level official to manage the TA. A steering committee, represented by senior-level officials and chaired by BAPPENAS, will be created to provide overall direction. The steering committee will have representation from the Ministry of Finance, Ministry of Home Affairs and Regional Autonomy, MSRI, other government agencies responsible for procurement (including selected SOEs), associations of contractors and suppliers, and nongovernment organizations. At least two local governments will be identified for representation on the steering committee.

14. BAPPENAS will provide furnished office space and staff to support up to three consultants. A counterpart team will be appointed from government agencies with the necessary expertise to support the TA. The Government will provide data, reports, and other available documentation. Equipment required for the TA (computer equipment for developing the web-site and database), and office equipment (photocopiers, fax machines, and computers) will be procured with TA funds, following ADB's *Guidelines for Procurement*. Much of the equipment will be used to assist the start-up of NPPO and will be transferred to that office after the TA. The TA will fund the cost of workshops and consultative meetings, including conference facilities, travel and subsistence of participants and resource persons, and honorarium for resource persons. The Indonesia Resident Mission will administer payment from its imprest account.

IV. THE PRESIDENT'S DECISION

15. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Republic of Indonesia, in an amount not exceeding the equivalent of \$500,000 for the purpose of Strengthening Procurement Policies, Legal Framework, and Institutions, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
Goals <ul style="list-style-type: none"> Improved utilization of scarce development resources 	<ul style="list-style-type: none"> Procurement is sufficiently effective so that it does not cause projects to fail to meet expected economic internal rates of return 	<ul style="list-style-type: none"> Postevaluation of projects by the Asian Development Bank (ADB) and the National Development Planning Board (BAPPENAS) 	<ul style="list-style-type: none"> Ongoing commitment of the Government to implement, review, and keep current public procurement reforms, and to sustain the operation of the national public procurement office (NPPO)
Purpose <ul style="list-style-type: none"> Improve efficiency, transparency, fairness and accountability in procurement by (i) developing national standards in accordance with international best practices, and (ii) establishing the NPPO 	<ul style="list-style-type: none"> Contract award performance will improve from the current level of 81% to 90% within 5 years (excluding program loans) Decline in reported incidents of lack of advertising, unfair treatment of suppliers, collusion, malpractice Independent, fully functional NPPO operational by the end of 2002 	<ul style="list-style-type: none"> Country portfolio review missions Reviews by BAPPENAS Initial outputs of monitoring system to be implemented under the technical assistance (TA) 	<ul style="list-style-type: none"> National standards and revisions to regulations will be fully implemented and adhered to NPPO will have adequate resources and appropriate terms of reference
Outputs <ul style="list-style-type: none"> Improved Keppres 18/2000, providing national standards consistent with international best practices, justified through analysis and consultation Recommendations to strengthen current certification and prequalification system NPPO organizational structure, including necessary resources, budgetary requirements, definition of functions; and terms of reference for its operation Web-based procurement bulletin, and design of a procurement monitoring function. 	<ul style="list-style-type: none"> Implementable regulations that will achieve desired results Recommendations, acceptable to procuring entities in government, with the support of contractors and suppliers An achievable NPPO structure and terms of reference, supported by government agencies (including local) and the private sector A functional system publishing procurement notices and monitoring procurement of selected ADB projects (to be determined by the TA) 	<ul style="list-style-type: none"> ADB TA reviews and completion report ADB TA reviews and completion report ADB TA reviews and completion report ADB TA reviews and completion report 	<ul style="list-style-type: none"> Stakeholders can achieve consensus Recommendations will be implemented and prequalification system maintained and updated Stakeholders can achieve consensus Government adequately articulates requirements Consultants reflect requirement of the system
Activities <ul style="list-style-type: none"> Consulting on legal and regulatory aspects of public procurement Consulting on prequalification and certification Web site and database consulting, design, programming, procurement and implementation Workshops and consultative meetings Training of government officials on topics related to the TA 	<ul style="list-style-type: none"> Academic paper, draft revisions to regulations, national standards Assessment of current set-up, analysis of alternatives, recommendations to strengthen Functional systems Eight workshops and meetings related to development of national procurement standards, revisions to Keppres 18/2000, and TOR for the NPPO Training of 20 officials 	<ul style="list-style-type: none"> Consultant reports Consultant reports Consultant reports Consultant reports Consultant reports Consultant reports 	<ul style="list-style-type: none"> Stakeholders will participate and support Consultants are competent LPJK, KADIN, and private sector will cooperate and participate Consultants are competent and selected technology is correct Appropriate agencies and officials will attend Appropriate resource persons will be recruited Training opportunities can be identified and officials will participate
Inputs <ul style="list-style-type: none"> Consulting: \$240,000 Training: \$100,000 Equipment: \$80,000 Government: \$125,000 Other: \$80,000 			

(Reference in text: page 1, para. 1)

COST ESTIMATES AND FINANCING PLAN
(\$000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	130	—	130
ii. Domestic Consultants	—	80	80
b. International and Local Travel	25	—	25
c. Reports and Communications	5	—	5
2. Equipment	80	—	80
3. Workshops, Consultation Meetings, and Training	50	50	100
4. Contract Negotiations	5	—	5
5. Miscellaneous Administration and Support	5	—	5
6. Contingencies	60	10	70
Subtotal (A)	360	140	500
B. Government Financing			
1. Office Accommodation	—	40	40
2. Counterpart Staff	—	20	20
3. Workshops and Training	—	25	25
4. Miscellaneous Administration and Support	—	15	15
5. Documents and Data	—	10	10
6. Contingencies	—	15	15
Subtotal (B)	—	125	125
Total	360	265	625

Source: Staff estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Consulting Tasks

1. Development of National Procurement Standards and Revised Regulations

1. The consultants will develop consistent, national, public procurement standards to address decentralized procurement. This task will take into account government regulation 105/2000 on decentralization, which authorizes local governments to establish their own procurement regulations. The national standards will accommodate locally conducted procurement, while consistent national standards are being set up. These standards will be incorporated in revisions of Keppres 18/2000. The objective will be to clearly define responsibilities and authorities at the local and central levels. The consultant will propose mechanisms for setting standards, monitoring, and ensuring application (for example, through incentives and sanctions) particularly as they relate to the role of the National Public Procurement Office (NPPO).

2. In developing consistent standards and framework, the related presidential decrees, laws, and government regulations will be evaluated for consistency and importance. They include the construction law (Law 18/1999) and the presidential decree pertaining to approval of construction contracts (Keppres 12/2000). Keppres 7/98 and Keppres 73/98 deal with private sector procurement and are relevant where a government agency is the seller of goods or services (as would be the case in privatization).

3. The consultants will draft improvements to Keppres 18/2000 to address current weaknesses (such as market segmentation and provisions contrary to competition), and to make it consistent with international best practices. The implications for procurement of environmental issues (green procurement) electronic commerce (e-procurement), and labor standards (such as core labor standards of the International Labour Organisation) will be considered. The improved decree will be developed and justified through consultation, analysis, and research, and will be drafted in a form suitable for implementation as a government regulation or law. Consultations will be through workshops and meetings attended by representatives of government departments, ministries and agencies, state-owned enterprises (SOEs), and the private sector. To organize these events, the consultants will recruit resource persons and arrange seminar facilities, travel, and accommodation of participants.

2. Strengthening Certification and Prequalification of Contractors and Suppliers

4. The consultants will assess the current system of certification and prequalification as conducted by the construction industry service board (LPJK) for contractors and the chamber of commerce and industry (KADIN) for suppliers of goods, and identify strengths and weaknesses. After consulting the stakeholders (LPJK, KADIN, contractors, suppliers, ministries involved in procurement, SOEs, and local governments). The consultants will develop recommendations outlining alternative approaches to strengthen the prequalification system in a decentralized procurement environment. The consultants will organize the necessary workshops and meetings, including recruiting resource persons and arranging seminar facilities, travel, and accommodation of participants.

3. Structuring NPPO

5. The Government has assessed the approaches of selected countries (Australia, Germany, UK, and US) to operating public procurement offices. A working paper has been completed outlining a proposed structure, describing goals and objectives, and identifying a strategic plan. According to the

work plan, consultations are to be conducted in the second half of 2001, and a legal draft prepared for the constitution of NPPO. The consultants will continue the work of the Government in defining the functions, authorities, and responsibilities of NPPO. This task will include developing a suitable organization structure; assessing staffing, resources, and budgetary requirements; defining functions; and formulating terms of reference (TOR) for its operation. The recommendations should identify opportunities for reallocating resources from functions with lower priority, to minimize or eliminate the need for incremental staff and funding. The consultants will identify funding mechanisms that ensure sustainable operation, including users-pay arrangements. Recommendations will be developed through workshops and consultative meetings with various stakeholders (government ministries and departments, the private sector, SOEs, and local governments).

4. Developing NPPO Capabilities

6. The consultants will assist with the development of a web-based publication of a procurement bulletin that will eventually advertise all public procurement activities in Indonesia. The need for a print-based publication will be assessed, if deemed necessary, and recommendations on whether this may be handled through existing publications or through a separate bulletin will be made. The work will identify the processes for collating public procurement notices, assembling, and posting them on a web site in a timely manner. The consultants will design and implement the system on a pilot basis, posting (as a minimum) procurement notices for selected ADB-financed projects.

7. The consultants will assist with design of the procurement monitoring function, primarily a database to track procurement actions, complaints, and performance of contractors and suppliers. The work will identify the processes for collecting the required data, structuring the database, and developing monitoring functions such as tracking of indicators, data analysis features, and reporting. The consultants will design and implement the system on a pilot basis, monitoring (as a minimum) procurement activities under selected projects financed by the Asian Development Bank (ADB).

8. These tasks will be coordinated with other initiatives and pilot projects on electronic procurement that are expected to test the application of web-based systems for advertising procurement opportunities and distributing procurement documents. Coordination will also be required with MSRI and other procuring agencies that are now publishing procurement opportunities through web sites.

5. Local-Level Strengthening

9. It will be necessary to disseminate central policies to the local level and to strengthen local institutions to work effectively within the developed legal framework. The consultants will develop a strategy for a nationwide training program to be conducted within the districts. This program will include estimating required resources, identifying funding, and proposing a schedule.

B. Skills, Expertise, and Responsibilities

1. International Consultants (6 person-months)

10. The international consultants (possibly two individuals) will be primarily responsible for providing expert input on internationally accepted procurement practices to revise Keppres 18/2000, assessing the prequalification process (referred to as licensing or certification in Indonesia), and setting up NPPO. The specialists will have expertise in current procurement regulation and law and hold a university degree in a related discipline such as business, law, or engineering. The consultants will advise on the legal and regulatory aspects of procurement for complex and geographically diverse

projects, covering civil works, procurement of services and equipment, and consultant recruitment. The consultants will be required to introduce international practices and must be knowledgeable in international standards, and procedures of ADB and other international financing institutions.

2. Domestic Consultants

a. Institutional Expert (16 person-months)

11. The consultant will have (i) expertise on regulations, laws, procedures, and practices followed in Indonesia, to support revisions to Keppres 18/2000, strengthen the prequalification/licensing process, and set up the NPPO, and (ii) full knowledge of the institutions involved in procurement, including the legal, financial, technical, and coordination aspects. The consultant will assist with overall management of the TA, primarily coordinating workshops and meetings, and documenting their conclusions.

12. The consultant will manage the work of the web site and database designers, developing the requirements for procurement advertising and monitoring, and ensuring that these requirements are reflected in the design. The expert will need to be flexible to accommodate different possible arrangements for implementing the functions of the NPPO. The consultant will also assess the needs for a printed version of the procurement bulletin and, if required, recommend ways in which it may be handled.

b. Public Sector Procurement Specialist (12 person-months)

13. The consultant will provide expert input on Indonesian procurement practices. The specialist should have experience, preferably with a government agency, in project management and local procurement methods, and will advise on the technical aspects of prequalification and procurement for civil works, and procurement of services, equipment, and consulting services. The consultant should be familiar with the procedures of ADB and other international financing institutions, and have a strong background in implementing projects at the local level in areas such as roads, irrigation, water supply, and possibly other sectors.

c. Web Site Designer (6 person-months)

14. The web site designer will develop the web-based procurement bulletin functions (including developing the web site) for processing procurement notices, posting notices, archiving, and researching (such as search, statistics, reporting, etc.). Input processes such as form design and user input and updating features, and linking to related web sites (such as the ADB site, United Nations Development Business, World Bank Development Gateway, etc.) will be part of the design. The objective is to provide a fully functional system, which will be pilot-tested using procurement notices from selected ADB projects. The consultant will train Government officials in managing and maintaining the system, and expanding it to accommodate all Government procurement notices.

d. Database Designer (6 person-months)

15. The database designer will develop the procurement monitoring function, including tracking key indicators, and research features (such as search, statistics, reporting, etc.). Input processes such as form design and user input and updating features, and linking to related databases will be part of the design. The objective is to provide a fully functional system, which will be pilot-tested using procurement actions from selected ADB projects. The consultant will train Government officials in

managing and maintaining the system, and expanding it to accommodate all Government procurement activities.

C. Outputs, Deliverables, and Schedule

16. All study reports as well as all correspondence, notes and memos between consultants, the Executing Agency, and ADB will be in English. An inception report will be provided approximately 1-2 months after the starting date. The report will summarize the initial findings and present any proposed modifications to the work plan for the duration of the TA, including the staffing plan and schedule. Monthly progress reports will provide a statement of activities and progress during the reporting period, difficulties encountered, and measures taken to overcome them. The monthly reports will also relate the outcomes of training activities and indicate activity plans for the subsequent month.

17. An interim report, to be submitted about 8-10 months after TA inception, will provide a detailed summary of work completed. It will give the consultant's views on issues facing successful completion of the TA and recommend adjustments to the work plan. The draft final report, to be submitted about 14-15 months after inception, will report on the outputs of the consultants' work as described in the terms of reference, and give analysis and recommendations for follow-on work. The report will document the TA outputs and also the consultants' views on various issues and potential problems with procurement in general, and in implementing NPPO and the procurement law, specifically. The final report will be submitted about 18 months after the start of the TA, after comments from the Executing Agency and ADB have been incorporated.

18. Fifteen copies of each report will be submitted—3 to ADB and 12 to the Executing Agency. All data collected during the study will be documented, collated, and presented as annexes. Electronic data and software developed under the TA will be provided on disk in a readily usable format.