



# Technical Assistance Report

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Project Number: 47287-001  
Capacity Development Technical Assistance (CDTA)  
December 2013

## Republic of Indonesia: Aligning Asian Development Bank and Country Systems for Improved Project Performance

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 27 November 2013)

Currency unit	–	rupiah (Rp)
Rp1.00	=	\$0.000088
\$1.00	=	Rp11,793

## ABBREVIATIONS

ADB	–	Asian Development Bank
AMDAL	–	analisis mengenai dampak lingkungan (environmental impact assessment)
BAPPENAS	–	Badan Perencanaan dan Pembangunan Nasional (National Development Planning Agency)
CSR	–	country safeguard review
CSS	–	country safeguard systems
ICB	–	international competitive bidding
RPJMN	–	Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
SPS	–	Safeguard Policy Statement
TA	–	technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Capacity development technical assistance (CDTA)
<b>Targeting classification</b>	–	General intervention
<b>Sector (subsectors)</b>	–	Public sector management (public administration, decentralization)
<b>Themes (subthemes)</b>	–	<b>Capacity development</b> (institutional development, organizational development), governance (public administration–national and decentralized, economic and financial governance), economic growth (promoting economic efficiency and enabling business environment)
<b>Location (impact)</b>	–	Rural (medium), urban (medium), national (high)

## NOTE

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

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## I. INTRODUCTION

1. The capacity development technical assistance (TA) will help align Government of Indonesia and Asian Development Bank (ADB) systems—social and environmental safeguards, procurement, and project preparation and start-up—to improve project performance.<sup>1</sup> The government requested the TA through dialogue between the National Development Planning Agency (BAPPENAS) and ADB. The concept paper for the TA was approved on 6 November 2013. The design and monitoring framework is in Appendix 1.

## II. ISSUES

2. ADB's infrastructure portfolio in Indonesia is growing, and its performance can be enhanced if project preparation and implementation challenges can be overcome. Better alignment of ADB and government systems and procedures will expedite and improve project readiness and quality at entry, strengthen performance during administration, and increase development effectiveness. Safeguards and procurement activities are the two largest project preparation and implementation concerns, and they would benefit from greater harmonization. The government has its own laws, regulations, and institutional arrangements for safeguards and procurement. ADB also has its own policies and procedures. The dissonance between ADB and government systems and the resulting complications lead to project preparation and implementation delays, which reduce development effectiveness. Indonesia's recent achievements in strengthening its own safeguard and procurement frameworks also provide a compelling rationale for greater alignment of ADB and government systems.

3. A high level of project readiness not only for safeguards and procurement, but also implementation arrangements, financing, budgeting, and many other activities is essential to create a seamless flow between project preparation, approval, start-up, and implementation. Greater alignment of ADB and government project cycles and business processes will boost preparation efficiency and the ability to meet project readiness criteria, and accelerate project approvals, start-up, and implementation, which will all result in stronger development impact.

4. **Country safeguard systems.** To support its infrastructure development, Indonesia has its own country safeguard systems (CSS) for involuntary resettlement and the environment. Notably in January 2012, the government promulgated Law No. 2/2012 on Land Acquisition for Development in the Public Interest (Land Acquisition Law) and subsequently prepared its implementing regulations.<sup>2</sup> The Land Acquisition Law provides clear, time-bound procedures with the objective to accelerate land acquisition through eminent domain. The law has significantly improved the CSS for resettlement with greater protection of the rights of property owners through consultation and fair compensation, and it also deals with compensation for non-titled property holders. The provisions under the Land Acquisition Law are substantially more aligned with ADB's Safeguard Policy Statement (SPS, 2009) than the previous government resettlement policy framework. Yet several gaps between the Land Acquisition Law and the SPS remain with regard to the law's application to ADB-financed projects.

5. The CSS for a project-specific environmental impact assessment (AMDAL) and related activities in Indonesia are more developed than for resettlement and are aligned to a large degree

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<sup>1</sup> The TA first appeared in the business opportunities section of ADB's website on 6 November 2013. A fact-finding mission was conducted from 7 October to 5 November 2013 (intermittent).

<sup>2</sup> CSS means a country's legal and institutional framework, consisting of its national, subnational, or sector implementing institutions and relevant laws, regulations, rules, and procedures that pertain to the policy areas of environmental and social safeguards. ADB. 2009. *Safeguard Policy Statement*. Manila.

with ADB safeguards. The primary policy provision for AMDAL is Law No.32/2009 on Environmental Protection and Management under the Ministry of Environment. A well-developed consulting practice exists to support preparation and execution of required environmental activities, and government capacity for management and regulation is improving. Scope exists to use environmental CSS in ADB-financed projects.

6. ADB has supported the government in strengthening safeguards through dedicated TA projects and project-oriented capacity building during project preparation and implementation. These TA projects include (i) Enhancing the Legal and Administrative Framework for Land, which supported preparation of the Land Acquisition Law,<sup>3</sup> and the ongoing (ii) Strengthening and Use of Country Safeguard Systems with two subprojects: (a) Strengthening the Capacity of Indonesia's AMDAL System; and (b) Capacity Development for Social Safeguard Preparation and Implementation in Water Resources and Energy in Indonesia.<sup>4</sup> This latter, ongoing TA strengthens the capacity of Indonesian agencies for using their existing CSS. Building on this TA support and on improvements to Indonesia's own CSS, BAPPENAS requested the use of CSS for ADB-financed projects.<sup>5</sup> ADB's SPS endorses the use of CSS supported by a country safeguard review (CSR) through equivalence (legal and policy) and acceptability (capacity) assessments to detect gaps and to prepare time-bound action plans with remedial measures and capacity building to ensure compliance with the SPS.

7. **Country procurement systems.** ADB requires that ADB-financed projects follow ADB procurement procedures. Under national competitive bidding, ADB allows the use of national procurement systems provided that the national procedures are consistent with ADB procurement guidelines. Both ADB and the government have well-developed procurement procedures that are standardized for public sector agencies. However, project-specific practice often indicates inadequate understanding of and ability to execute procurement activities. This is often due to different procedures and practices applied between ADB and government procurement systems. These differences often delay project implementation and result in inefficient public expenditure and diminished development impact.

8. ADB proposes to carry out a country and sector procurement risk assessment to identify procurement processes (including e-procurement) that could undermine project implementation and/or achievement of project outcomes. This approach is designed to yield recommendations that strengthen national procurement systems and improve the use of ADB resources. An important part of it is to assess government procurement regulations so as to improve alignment between ADB and government procurement procedures for better use of country procurement systems. ADB has helped strengthen government procurement systems through earlier TA projects, such as (i) Procurement Policies, Legal Framework, and Institutions, which assisted BAPPENAS in establishing the National Public Procurement Agency with capacity building,<sup>6</sup> and (ii) Support for the State Audit Reform Sector Program, which helped the procurement agency develop the government's e-procurement system.<sup>7</sup>

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<sup>3</sup> ADB. 2009. *Technical Assistance to the Republic of Indonesia for Enhancing the Legal and Administrative Framework for Land*. Manila (TA 7038-INO).

<sup>4</sup> ADB. 2011. *Technical Assistance for Strengthening and Use of Country Safeguard Systems*. Manila (TA 7566-REG).

<sup>5</sup> BAPPENAS requested the use of CSS for ADB-financed projects in correspondence to ADB on 23 July 2013.

<sup>6</sup> ADB. 2001. *Technical Assistance to the Republic of Indonesia for Strengthening Procurement Policies, Framework, and Institutions*. Manila (TA 3720-INO).

<sup>7</sup> ADB. 2004. *Technical Assistance to the Republic of Indonesia for Support for State Audit Reform Sector Program*. Manila (TA 4474-INO).

9. **Project readiness and start-up.** BAPPENAS plays a key role in the selection, approval, and implementation of projects financed by ADB and other development partners. Instrumental to BAPPENAS' programming are the Blue Book, which contains all the projects for foreign-assisted funding under the national government's Medium-Term Development Plan (RPJMN), and the Green Book, which confirms the readiness of the projects in a given year that can proceed to loan negotiations.<sup>8</sup> To help screen projects for the Green Book and progress to loan negotiations, BAPPENAS has a set of readiness criteria that includes preparation of AMDAL, resettlement plans, implementation plans, financing, and disbursement plans.<sup>9</sup> Many of the readiness criteria are consistent with ADB business processes, yet better alignment of scheduling, resources, and outputs for project preparation and start-up would bolster the ability to meet readiness criteria and improve implementation.

10. To meet BAPPENAS' readiness criteria and strengthen project preparation and start-up, greater alignment is also needed between the ADB project cycle and business processes and other government procedures, including annual line agency planning, budgeting, counterpart staffing, preparation of detailed engineering design, and recruitment of project management consultants. In many cases, local government involvement also needs to be coordinated and integrated with ADB project preparation and start-up activities. Improving ADB's and the government's ability to work together effectively within existing cycles and processes, as well as exploring options to advance preparation and start-up activities (such as detailed engineering design), will reduce project delays, accelerate progress and disbursement, and deepen development impact. A comprehensive assessment of the activities and procedures related to the BAPPENAS readiness criteria and other government processes for project preparation and start-up is needed to achieve all this.

11. **Capacity building.** While analysis of how to align ADB and government procedures is required to improve project performance, capacity building for counterparts is also necessary. Often the capacity of the implementing agencies is still insufficient to effectively execute actions related to safeguards and procurement, and project preparation and start-up activities. An effective approach to capacity development is to carry out capacity assessments, draft capacity development plans, and pilot activities that can be scaled up in a larger dedicated effort once lessons are garnered and methods confirmed.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

12. The impact will be greater efficiency and effectiveness in preparing and implementing ADB-financed infrastructure projects in Indonesia. The outcome will be increased alignment of ADB and government systems and procedures to prepare and implement projects.

#### B. Methodology and Key Activities

13. The proposed TA is innovative in its approach to improving project performance through (i) the use of CSS for the first time with an ADB developing member country, (ii) the use of ADB's risk-based approach to adopting country procurement systems, and (iii) better alignment of ADB and government business systems for project preparation and start-up.

<sup>8</sup> The RPJMN and Blue Book will be updated in 2014 for 2015–2019. ADB is providing assistance to the government for infrastructure sector studies to support preparation of the RPJMN update.

<sup>9</sup> BAPPENAS defines its readiness criteria in Regulation 4 of 2011 on Procedures for Planning, Proposing, Assessing, and Monitoring and Evaluating Activities Financed by Foreign Loans and Grants.

14. **Output 1: Country safeguard systems reviewed.** Output 1 will support the CSR for the assessments and action plans to apply CSS for environment and resettlement in ADB-financed projects in the energy, transport, water resources, and water supply and sanitation sectors. ADB's SPS provides guidance to assess and strengthen CSS for application to ADB-financed projects. First, output 1 will support an equivalence assessment that examines the national, sector, and selected subnational legal, regulatory, and administrative frameworks for environment and resettlement CSS. The equivalence assessment will provide the basis for remedial measures to ensure compliance with the SPS. The subprojects under the ongoing TA (footnote 4) will support the equivalence assessment and have already sensitized the government to ADB's CSS approach.

15. Second, the TA will support the CSR in an acceptability assessment to review the government's implementation practice, capacity, and track record in implementing existing CSS under national, sector, and selected subnational agencies. The acceptability assessment will confirm if implementation is consistent with CSS procedures for Indonesia and with those under ADB's SPS. The CSR will provide remedial measures to strengthen the performance of CSS agencies to ensure compliance with the SPS. Based on the equivalence and acceptability assessments, the TA will prepare a time-bound action plan(s) to be agreed by ADB and the government that will (i) define remedial measures to ensure consistency between CSS and SPS, and (ii) specify capacity development activities to ensure acceptable implementation. Consultations will be held with the government and other stakeholders (including civil society) to validate the equivalence and acceptability assessments and the subsequent action plan(s).

16. **Output 2: Harmonized procurement.** Output 2 from the TA will provide a gap analysis of government and ADB procurement guidelines to identify differences such as provisions in bidding documents for procurement of goods, works, and consultants. This analysis will review national competitive bidding documents and their annexes and make recommendations to improve current Indonesian national competitive bidding procedures and documents for more compatible use with ADB-financed projects. The analysis will review the government's guidelines for international competitive bidding (ICB) procedures to assess their alignment with ADB's ICB procedures, and provide recommendations to harmonize government and ADB definitions of ICB and develop mutually acceptable ICB documents. The analysis will include country and sector procurement risk assessments and generate recommendations to improve government procurement systems with an emphasis on efficiency and transparency.<sup>10</sup>

17. **Output 3: Improved project readiness and start-up.** Output 3 will analyze the intersection of BAPPENAS procedures and project readiness criteria with ADB's project cycle and business processes. This analysis will evaluate the backward links to line agency activities required to prepare projects and meet the readiness criteria. This would include review of budget cycles, line agency planning, counterpart staffing, involvement of local governments, and other government actions affecting project preparation. Output 3 will also analyze government and ADB procedures related to project start-up to (i) optimize sequencing and (ii) develop options to accelerate project start-up for such things as feasibility studies, detailed engineering design, consultant recruitment, procurement, and safeguards. More programmatic approaches and vehicles such as project development facilities will also be developed. Output 3 will further draw on best practices from ADB's institutional experience. It will prepare recommendations for (i) an operational guideline with a checklist that aligns existing government and ADB cycles, resources, and outputs for project preparation, approval, and start-up, and (ii) ways to improve existing

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<sup>10</sup> The risk assessments will be based on the Approach to Assessing Country and Sector Procurement Risk (September 2013 draft) of ADB's Operations Services and Financial Management Department.

processes.<sup>11</sup> Output 3 will optimize ADB's and the government's preparation and start-up schedules for infrastructure projects.

18. **Output 4: Capacity development.** The TA will provide capacity development for all outputs. For the use of CSS, capacity building is an integral part of the time-bound action plan(s) and will be targeted at national, subnational, and sector agencies. The approach to CSS will be to develop the most effective capacity development methods, which can then be scaled up. For output 2, targeted capacity building will clarify and promote the use of harmonized procurement systems. Capacity building related to output 3 will target BAPPENAS and line agencies.

### C. Cost and Financing

19. The TA is estimated to cost \$1,600,000, of which \$1,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-others). The government will provide counterpart support in the form of counterpart staff, review of outputs, office space, workshop and consultation support, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

### D. Implementation Arrangements

20. BAPPENAS will be the executing agency. Implementing agencies will include the Ministry of Public Works (Directorates of Human Settlements, Transport, and Water Resources), State-owned Power Company, National Public Procurement Agency, the National Land Agency, and the Ministry of Environment. For the CSR, an ADB working group has been established.<sup>12</sup> The government will set up (i) a TA steering committee for overall TA policy guidance, (ii) a CSS working group to assist the CSR process, and (iii) technical working groups for outputs 2 and 3.

21. The TA will require 105 person-months of consulting services (21 person-months international and 84 person-months national) over an implementation period of 19 months (6 January 2014 to 31 July 2015). Consultant recruitment will be through individuals and, for output 1, through the combination of individuals and a firm using (i) quality- and cost-based selection at a ratio of 80:20 and (ii) a simplified technical proposal. Consultants will be engaged in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference are in Appendix 3. Procurement will be in accordance with ADB's Procurement Guidelines (2013, as amended from time to time), and the procured equipment will be turned over to the government upon TA completion. TA funds will support workshops, capacity development activities, and ADB CSR staff as resource persons for CSS workshops and training. All disbursements will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

## IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,500,000 on a grant basis to the Government of Indonesia for Aligning Asian Development Bank and Country Systems for Improved Project Performance, and hereby reports this action to the Board.

<sup>11</sup> The recommendations and operations manual would also include relevant findings from outputs 1 and 2. Output 3 will also provide support to BAPPENAS with procedural recommendations to improve processes related to the Blue and Green Books during the RPJMN updating period.

<sup>12</sup> In line with ADB's SPS, the CSR working group includes representatives from the Southeast Asia Department, Office of the General Counsel, and Regional Sustainable Development Department.

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Greater efficiency and effectiveness in preparing and implementing ADB-financed infrastructure projects in Indonesia</p>	<p>By 2018. Approvals and start-up delays in implementing ADB-financed projects have declined by 50%</p> <p>90% of the project portfolio is approved by the ADB Board as scheduled</p>	<p>Reports from: BAPPENAS</p> <p>Relevant government line ministries</p> <p>ADB</p>	<p><b>Assumption</b> Continued commitment and participation by national and local governments to strengthen CSS and improve procurement systems</p> <p><b>Risk</b> Insufficient ownership by local government to develop needed capacity for CSS and better procurement</p>
<p><b>Outcome</b> Increased alignment of ADB and government systems and procedures to prepare and implement projects</p>	<p>By 2015. Action plans to implement CSS for resettlement and environment, and procurement system endorsed by the government and approved by ADB</p> <p>Better alignment of ADB and government procurement procedures, including NCB document annexes and ICB definitions.</p> <p>ADB and government procedures, processes, and resources for project preparation and start-up are 75% aligned.</p>	<p>Reports from: BAPPENAS</p> <p>National Land Agency</p> <p>NPPA</p> <p>Relevant government line ministries</p> <p>ADB</p>	<p><b>Assumption</b> Effective coordination between relevant government agencies to develop CSS, improve procurement practices, and optimize project preparation and start-up procedures</p>
<p><b>Outputs</b> Output 1: Country safeguard systems reviewed</p>	<p>Equivalence assessment completed and endorsed by BAPPENAS and relevant government agencies and accepted by ADB (Q1 2015)</p> <p>Acceptability assessment completed and endorsed by BAPPENAS and relevant government agencies and accepted by ADB (Q1 2015)</p> <p>Action plans on the use of CSS completed and endorsed by BAPPENAS and relevant government agencies and accepted by ADB (Q2 2015)</p>	<p>BAPPENAS</p> <p>ADB Consultants' reports</p>	<p><b>Assumption</b> BAPPENAS, government agencies, and other stakeholders execute required actions to support TA outputs</p> <p><b>Risk</b> Lack of counterpart staff and adequate consultation to achieve consensus on TA outputs</p>
<p>Output 2: Harmonized procurement</p>	<p>Gap analysis between ADB and government procurement procedures is accepted by NPPA and ADB (Q3 2014)</p>	<p>BAPPENAS</p> <p>NPPA</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks								
	<p>Country and sector procurement risk assessment is completed and accepted by NPPA and ADB (Q2 2015)</p> <p>Recommendations to align procurement procedures and documentation are accepted and piloted by ADB and government (Q4 2015)</p>	ADB Consultants' reports									
Output 3: Improved project readiness and start-up	<p>Recommendations to align and optimize ADB and government procedures and resources for project preparation and project start-up implemented (Q4 2014)</p> <p>Optimized project processing and start-up schedules for infrastructure projects agreed by ADB and government (Q1 2015)</p> <p>ADB staff operations manual for infrastructure project processing and start-up activities utilized (Q4 2014)</p>	<p>BAPPENAS</p> <p>Relevant government line ministries</p> <p>ADB Consultants' reports</p>									
Output 4: Capacity development	<p>CSS capacity building for national and selected subnational agencies based on CSS action plan (starting Q2 2014 until TA closure)</p> <p>Procurement capacity building (starting Q3 2014)</p> <p>Procurement capacity building materials developed and utilized by government officials (starting Q4 2014 until TA closure)</p> <p>Awareness and capacity development plan and materials to support output 3 by Q4 2014, and utilized by Q1 2015 until TA closure.</p>	<p>BAPPENAS</p> <p>National Land Agency</p> <p>NPPA</p> <p>Relevant government line ministries</p> <p>ADB Consultants' reports.</p>									
<b>Activities with Milestones</b>			<b>Inputs</b>								
<p><b>Output 1</b></p> <p>1.1 Establish Indonesia CSS environment, and resettlement team made up of ADB and government staff (month 1)</p>			<p><b>ADB (TASF-other sources): \$1,500,000</b></p>								
			<table border="1"> <thead> <tr> <th data-bbox="1122 1682 1268 1745">Item</th> <th data-bbox="1268 1682 1442 1745">Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1122 1745 1268 1787">Consultants</td> <td data-bbox="1268 1745 1442 1787">1,014</td> </tr> <tr> <td data-bbox="1122 1787 1268 1829">Equipment</td> <td data-bbox="1268 1787 1442 1829">20</td> </tr> <tr> <td data-bbox="1122 1829 1268 1885">Training</td> <td data-bbox="1268 1829 1442 1885">315</td> </tr> </tbody> </table>	Item	Amount (\$'000)	Consultants	1,014	Equipment	20	Training	315
			Item	Amount (\$'000)							
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Training	315										
	1,014										
	20										
	315										

Activities with Milestones	Inputs						
1.2 Recruit consultants (months 1 and 2) 1.3 Ongoing CSS consultation with stakeholders during assessments (month 3 throughout TA) 1.4 Produce draft report on CSS equivalence assessment for resettlement and environment (months 2–8) 1.5 Produce draft report on CSS acceptability assessment for resettlement and environment (months 2–8) 1.6 Produce final report on acceptability and equivalence assessments (months 9–15) 1.7 Prepare a time-bound action plan to rectify CSS gaps and build capacity based on acceptability and equivalence assessments (months 4–10) 1.8 Conduct stakeholder consultations to confirm assessment and action plan (months 6–10) 1.9 Final action plan accepted by the government and approved by ADB (months 11–18)	<table border="0"> <tr> <td>Administration</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Contingency</td> <td style="text-align: right;">131</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>1,500</b></td> </tr> </table>	Administration	20	Contingency	131	<b>Total</b>	<b>1,500</b>
Administration	20						
Contingency	131						
<b>Total</b>	<b>1,500</b>						
<p><b>Output 2</b></p> 2.1. Recruit procurement consultants (months 1–2) 2.2. Prepare analysis of gaps between ADB and government procurement procedures (months 2–9) 2.3. Prepare country and sector procurement risk assessment (months 2–9) 2.4. Draft final report and recommendations to align ADB and government procurement procedures (months 6–10) 2.5 Conduct consultation on the recommended procedures to align ADB and government procurement procedures (months 7–10) 2.6 Final recommendations for procurement procedures alignment and procurement risk assessments accepted (months 11–18) 2.7 Piloting of harmonized procurement procedures (month 10 to end of TA)	<p>Note: The Government of Indonesia will provide counterpart support in the form of a steering committee and counterpart staff, review of outputs, office space, workshop and consultation support, and other in-kind contributions.</p>						
<p><b>Output 3</b></p> 3.1 Recruit project preparation and management consultants (months 1–2) 3.2 Review readiness criteria and procedures of BAPPENAS and relevant agencies, and prepare recommendations to align and optimize ADB and government procedures and resources for project preparation and start-up (months 2–10) 3.3 Prepare ADB staff operations manual for infrastructure project processing and start-up activities (months 6–10) 3.4 Conduct consultation on the recommendations to align ADB and government project preparation and start-up procedures (months 7–10) 3.5 Prepare optimized project processing and start-up schedules for ADB infrastructure projects (months 9–12)							
<p><b>Output 4</b></p> 4.1 Prepare CSS capacity building plan and materials and implement capacity building with relevant stakeholders (month 4 until end of TA) 4.2 Prepare procurement capacity building plan and materials and implement capacity building with relevant stakeholders (month 7 until end of TA) 4.3 Prepare project preparation and start-up capacity building plan and materials and implement capacity building with relevant stakeholders (month 7 until end of TA)							

ADB = Asian Development Bank, BAPPENAS = National Development Planning Agency, CSS = country safeguard systems, ICB = international competitive bidding, NCB = national competitive bidding, NPPA = National Public Procurement Agency, Q = quarter, TA = technical assistance, TASF = Technical Assistance Special Fund.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	504.0
ii. National consultants	386.0
b. International and local travel	100.0
c. Reports and communications	24.0
2. Equipment <sup>b</sup>	20.0
3. Training, seminars, and conferences	290.0
4. ADB staff as resource persons for country safeguard review	25.0
5. Miscellaneous administration and support costs	20.0
6. Contingencies	131.0
<b>Total</b>	<b>1,500.0</b>

The technical assistance (TA) is estimated to cost \$1,600,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of a steering committee and counterpart staff, review of outputs, office space, workshop and consultation support, and other in-kind contributions. The value of government contributions is estimated to account for 6% of the total TA cost.

<sup>a</sup> Financed by ADB's Technical Assistance Special Fund (TASF-other sources).

<sup>b</sup> Equipment to be purchased includes computers and software, computer video projectors, printers and photocopiers, and will be procured in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Equipment will be turned over to the executing agency upon completion of the TA.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS<sup>1</sup>

### A. Output 1: Country Safeguard Systems

1. **Country safeguard specialist and team leader** (national, 8 person-months, intermittent).<sup>2</sup> Tasks include the following:
  - (i) Review and approve the methodology for equivalence and acceptability assessments as set forth in the Safeguard Policy Statement (SPS, 2009) of the Asian Development Bank (ADB).
  - (ii) Review the analyses of Indonesia's legal framework (laws, decrees, and regulations) related to environment and involuntary resettlement, and its gaps with the SPS—prepared under the ongoing technical assistance<sup>3</sup>—and other relevant studies. Review capacity to carry out safeguards activities
  - (iii) Oversee preparation of recommendations for gap-filling or legal or administrative reforms and capacity activities to meet full equivalence with ADB's SPS.
  - (iv) Organize and administer consultations, country workshops, and other events with key agencies, supporting agencies, and interest groups (e.g., nongovernment organizations and development partners).
  - (v) Finalize the action plans by indicating necessary improvements to the legal framework and capacity building, with milestones, budget, responsible agencies or parties, and resources needed to implement the action plan. Secure government endorsement.
  
2. **Senior country safeguard systems equivalence assessment specialist** (international, 4 person-months, intermittent). Tasks include the following:
  - (i) Organize equivalence assessments for environment and involuntary resettlement.
  - (ii) Direct and assist compilation of a comprehensive inventory of national, selected regional, and sector-specific legal instruments (laws, regulations, and other mandatory instruments).
  - (iii) Prepare an inventory (assisted by national legal specialists) of the national legal policy framework, including all constitutional provisions, laws, regulations, binding case law, and other mandatory legal instruments related to involuntary resettlement and environment.
  - (iv) Prepare equivalence assessment for national legal instruments using procedures set forth in ADB's SPS and guidance note on country safeguard review (CSR).
  - (v) Recommend gap-filling measures in the legal framework that would attain full equivalence with ADB safeguard benchmarks.
  - (vi) Lead consultation workshops to review draft findings and recommendations. Based on the results of consultation, prepare with government counterparts a time-bound action plan to bring Indonesia's legal framework into full equivalence with ADB safeguard benchmarks.
  - (vii) Help prepare a capacity development plan for the use of CSS in line with the action plan, and provide guidance for implementation.
  
3. **Resettlement legal specialist** (national, 4 person-months). Tasks include the following:

<sup>1</sup> For output one the national consultants will be recruited through firm. The international consultants are recruited as individual consultants.

<sup>2</sup> More detailed terms of reference with recommended qualifications have been prepared for actual consultant recruitment. Consultants for output 4 (capacity development) are embedded in the consulting packages for the first three outputs.

<sup>3</sup> ADB. 2011. *Technical Assistance for Strengthening and Use of Country Safeguard Systems*. Manila (TA 7566-REG).

- (i) Prepare a complete inventory of the national, selected regional, and sector-specific legal frameworks, including all constitutional provisions, laws, regulations, and (as relevant) binding case law and other mandatory legal instruments related to involuntary resettlement that correspond to the ADB equivalence benchmarks for involuntary resettlement.
  - (ii) Based on this inventory prepare an equivalence assessment of regional and sector-specific legal instruments related to involuntary resettlement using procedures set forth in ADB's SPS and guidance note on CSR, including recommendations for gap-filling measures.
  - (iii) Participate in stakeholder consultation workshops on findings and recommendations of the draft equivalence assessment.
  - (iv) Assist the senior CSS equivalence assessment specialist to prepare a time-bound action plan to attain full equivalence with corresponding ADB safeguards.
- 4. Environment legal specialist** (national, 4 person-months). Tasks include the following:
- (i) Prepare a complete inventory of the national, selected regional, and sector-specific legal frameworks, including all constitutional provisions, laws, regulations, binding case law, and other mandatory legal instruments concerning the environment that correspond to the ADB equivalence benchmarks related to the 11 Principles of ADB's Environment Safeguards in the SPS 2009.
  - (ii) Based on this inventory, prepare an equivalence assessment (in matrix and narrative summary formats) of regional and sector-specific environmental legal instruments using procedures set forth in ADB's SPS and guidance note on CSR, including recommendations for gap-filling measures.
  - (iii) Participate in stakeholder consultation workshops on findings and recommendations of the draft equivalence assessment.
  - (iv) Assist in preparing an action plan for equivalence.
- 5. Senior country safeguard systems acceptability assessment specialist** (international, 8 person-months, intermittent). Tasks include the following:
- (i) Develop a method for an acceptability assessment to guide data gathering and analysis of the capacity, procedures, outputs, and outcomes ("implementation effectiveness") of responsible agencies, institutions, and other stakeholders.
  - (ii) Select four projects—one in each of the following areas: roads and transport, water resources, water supply and sanitation, and energy—as case studies that best demonstrate the implementation effectiveness of the institutions and stakeholders involved with respect to each applicable Indonesian legal mandate.
  - (iii) Using data generated by national consultants, recommend gap-filling measures to bring implementation effectiveness into conformity with Indonesian legal requirements.
  - (iv) In coordination with government counterparts, lead the stakeholder consultation process on acceptability findings and recommended gap-filling measures.
  - (v) Taking into account the results of stakeholder consultations and in coordination with government counterparts, prepare a time-bound action plan (national, selected subnational, and sector-specific institutions) to bring implementation effectiveness into full conformity with Indonesian legal requirements.
  - (vi) Assist preparation of the capacity development plan.
- 6. Involuntary resettlement acceptability specialist** (national, 8 person-months). Tasks include the following:

- (i) Undertake a review of selected projects for consistency with Indonesian legal requirements on involuntary resettlement based on project documentation, including supervision, completion and evaluation reports, interviews with responsible agencies and stakeholders, and complemented by site visits to assess the relative implementation effectiveness.
  - (ii) Draft an acceptability report documenting findings and references for each project and point to cross-cutting systemic gaps between Indonesian legal requirements and implementation effectiveness.
  - (iii) Recommend gap-filling measures that would attain full compliance with Indonesian legal requirements.
- 7. Asset appraiser** (national, 3 person-months). Tasks include the following:
- (i) Review cost replacement studies related to resettlement carried out by government agencies, multilateral development agencies, and other agencies, and review appraisal and asset valuations standards prepared by the Indonesian Society of Appraisers (MAPPI) and other Indonesian government agencies.
  - (ii) Prepare recommendations for gap-filling or legal or administrative reform measures related to valuation and compensation to meet the full equivalence with ADB SPS.
  - (iii) Participate in the consultations and workshops with key agencies, supporting agencies, and stakeholders to capture the inputs for the assessment reports and action plans.
- 8. Indigenous peoples specialist** (national, 2 person-months). Tasks include the following:
- (i) Provide input to the selection of four projects (roads and transport, water resources, water supply and sanitation, energy); assist in analyzing the application of CSS policy and principles related to indigenous people, and point to policy issues that need to be reformed.
  - (ii) Provide inputs for the resettlement specialist related to indigenous people in resettlement.
  - (iii) Participate in the consultations and workshops with key agencies, supporting agencies, and interest groups (e.g., nongovernment organizations, development partners).
- 9. AMDAL acceptability specialist** (national, 8 person-months). Tasks include the following:
- (i) Based on the methodology and template developed by the senior international CSS acceptability assessment specialist, help select four case-study projects.
  - (ii) Review the selected projects for consistency with Indonesian legal requirements related to environmental impact assessment (AMDAL) based on project documentation including supervision, completion and evaluation reports, interviews with responsible agencies and stakeholders, and site visits to assess the relative implementation effectiveness.
  - (iii) Draft an acceptability report documenting findings and references for each project and highlight cross-cutting systemic gaps between Indonesian AMDAL legal requirements and implementation effectiveness.
- 10. Environmental acceptability specialist** (national, 3 person-months). Tasks include the following:
- (i) Based on the methodology and template developed by the senior international CSS acceptability assessment specialist, help select four case-study projects and review them for consistency with Indonesian legal requirements related to

prevention and abatement of natural habitat pollution, occupational and community health and safety, and physical cultural resources.

- (ii) Draft an acceptability report documenting findings and references for each project and point to cross-cutting gaps between Indonesian AMDAL requirements and implementation effectiveness.

**11. Action plan coordinator** (national, 3 person-months, intermittent). Tasks include the following:

- (i) Based on the results of the equivalence assessment and on recommended gap-filling measures, assist the senior equivalence specialist in identifying suitable legal and administrative tools to fill the gaps and attain equivalence with ADB safeguards.
- (ii) Recommend a timetable for implementation of legal and administrative reform measures.
- (iii) Assist the senior acceptability specialist in determining suitable capacity building and other measures to achieve compliance with existing and prospective legal safeguard requirements.

**12. Stakeholder consultation and communications specialist** (national, 4 person-months, intermittent). Tasks include the following:

- (i) Identify CSR stakeholders (government ministries, directorate, and administrative units nationally and regionally; academics; and civil society organizations).
- (ii) Help organize stakeholder consultation workshops to obtain input into a draft CSR.
- (iii) Ensure the effective use and dissemination of knowledge products through a series of facilitated discussions with selected stakeholders.

**B. Output 2: Harmonized Procurement**

**13. Public procurement specialist** (international, 4 person-months, intermittent). Tasks include the following:

- (i) Assess the gap between ADB and national and sector procurement procedures, and assess strengths and weaknesses in country procurement systems from the perspective of the legal and regulatory framework, the institutional framework and management capacity, procurement operations, and integrity.
- (ii) Identify and evaluate national and sector-specific procurement risks.
- (iii) Propose risk mitigation and management strategies and/or activities.
- (iv) Develop recommended national procurement documents that are acceptable to ADB, including changes to the national competitive bidding documents annexes.
- (v) Help develop a training plan for agreed national procurement procedures.

**14. Public procurement specialist and program coordinator** (national, 10 person-months). Tasks include the following:

- (i) Liaise with National Public Procurement Agency, ADB, and government agencies to deliver TA outputs and outcomes.
- (ii) Provide quality control over all TA milestones and outputs.
- (iii) Support the gap analysis and training activities carried out by the specialists.

**15. Procurement training specialist** (national, 10 person-months). Tasks include the following:

- (i) Assist in gap analysis and training activities carried out by respective specialists.
- (ii) Based on an assessment of gaps between ADB and national procurement systems, develop and deliver a capacity development program.

- (iii) Procure and set up equipment and software for e-learning purposes, and provide logistics support for training and technical inputs to the training events.
- (iv) Organize and administer workshops, document their conclusions, and coordinate with consultants and government to prepare TA inception and completion reports.

**C. Output 3: Optimized Project Readiness and Start-Up**

- 16. Project management specialist** (international, 5 person-months, intermittent). Tasks include the following:
- (i) Analyze BAPPENAS readiness criteria and line agency procedures for project preparation in comparison with ADB project preparation and project start-up.
  - (ii) Identify all ADB and government steps, approvals, time requirements, sequencing, and resource requirements for project preparation and start-up.
  - (iii) Present findings to the government and consult with stakeholders to confirm bottlenecks and processes and to define opportunities to improve the processes and procedures for project preparation and start-up.
  - (iv) Prepare an ADB staff operations manual for project processing and start-up activities in Indonesia. Prepare a similar guideline for government.
  - (v) Apply the findings and guidance from the ADB staff operations manual and analysis to ADB's infrastructure pipeline and prepare optimized project processing and start-up schedules for ADB projects.
- 17. Project management specialist** (national, 8 person-months, intermittent). Tasks include the following:
- (i) Develop detailed inventory and/or mapping of all ADB and government steps, approvals, time requirements, sequencing, and resource requirements for project preparation and start-up, and then prepare a generic optimized schedule for ADB project preparation aligned with ADB processes.
  - (ii) Organize and administer workshops and other events to support the consultants.
  - (iii) Prepare an ADB staff operations manual for infrastructure project processing and start-up activities. Prepare a similar guideline for BAPPENAS and line ministries.
  - (iv) Prepare optimized project processing and start-up schedules. Consult with the government to obtain agreement on the proposed schedule.
- 18. Public finance and fund flow specialist** (national, 4 person-months, intermittent). Tasks include the following:
- (i) Assess the budgeting processes, fund flow mechanisms, and sequencing of national and local governments in their project preparation and start-up actions.
  - (ii) Make recommendations to reduce bottlenecks and improve processes for public finance and fund flow.
  - (iii) Analyze financial management risks related to project preparation and start-up, and recommend mitigating measures.
- 19. Public infrastructure specialist** (national, 5 person-months, intermittent). Tasks include the following:
- (i) Work with line agencies to review technical issues in infrastructure development, detailed engineering design and construction supervision, and ongoing management practices and procedures in relation to project start-up activities.
  - (ii) Make recommendations to improve practices and procedures and point to opportunities to accelerate project start-up, including options for advanced detailed engineering design.