



**MINISTRY OF PUBLIC WORKS AND HOUSING (MPWH)**  
**DIRECTORATE GENERAL OF HIGHWAYS (DGH)**

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**WESTERN INDONESIA NATIONAL ROADS  
IMPROVEMENT PROJECT (WINRIP)**

IBRD Loan No.8043-ID

**SUPPLEMENT TO THE  
PROJECT MANAGEMENT MANUAL (PMM)  
AND  
PROJECT IMPLEMENTATION PLAN (PIP)**

**February 2019**

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## Acronyms

BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Board)
BBPJN	<i>Balai Besar Pelaksanaan Jalan Nasional</i> (Regional Project Implementation Unit)
BPJN	<i>Balai Pelaksanaan Jalan Nasional</i> (Regional Project Implementation Unit)
BP	Bank Procedures
BPK	Indonesian Supreme Audit Institution
CSC/CMC	Construction Supervision/Construction Management Consultants
CTC	Core Team of Consultants
CQS	Consultants' Qualification Selection
DGH	Directorate General of Highways
DRND	Directorate of Road Network Development
DSC	Design and Supervision Consultants
DL	Disbursement Letter
ECOP	Environmental Codes of Practice
ESMF	Environmental and Social Management Framework
Gol	Government of Indonesia
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IFR	Interim Financial Report
IRM	Immediate Response Mechanism
LARPF	Land Acquisition and Resettlement Policy Framework
LKPP	National Public Procurement Agency
MPWH	Ministry of Public Works and Housing
NCB	National Competitive Bidding
OP	Operational Policy
OPCS	Operations Policy and Country Services
PAD	Project Appraisal Document
PIP	Project Implementation Plan
PIU	Project Implementation Unit

PDO	Project Development Objective
PMU	Project Management Unit
PMM	Project Management Manual
QCBS	Quality and Cost Based Selection
STEP	Systematic Tracking of Exchanges in Procurement
SC	Steering Committee
SPSE	Sistem Pengadaan Secara Elektronik
WINRIP	Western Indonesia National Roads Improvement Project
WB	World Bank

## I. Objective and Scope

This document presents the Supplement to the Western Indonesia National Roads Improvement Project (WINRIP) Project Management Manual (PMM) and Project Implementation Plan (PIP). It defines the scope, activities, implementation, financial and procurement arrangements for Component 4 of the WINRIP to comply with the provisions of schedule 2, section I, B.4 of the Loan Agreement for Loan 8043-ID.

The Supplement also aims at complying with Operations Policy/Bank Procedures (OP/BP) 8.00 and Operations Policy and Country Services (OPCS) guidance for including Contingent Emergency Response Monitoring Components in Standard Investment projects. Contingent financing is an important instrument in this regard, providing incentives to prevention and preparedness activities and allowing a rapid response once an emergency occurs. Such contingent components can finance the emergency response and/or specific emergency works, goods and services. In the event of an emergency, contingent components are implemented following the rapid response procedures governed by OP/BP 8.00. Once triggered, OP/BP 8.00 facilitates rapid utilization of loan proceeds by minimizing the number of processing steps and modifying fiduciary and safeguard requirements to support rapid implementation.

In accordance with the aforementioned provisions, this Supplement emphasizes the need to achieve the project's development objective, to specify the conditions and arrangements to make use of the contingent component as well as contingent windows and allocation of financing.

The Supplement begins with a description of the general project context and it continues with the presentation of implementation arrangements, the definition of important terms linked to emergencies and road works, the procedure to trigger Component 4, a description of financial management and procurement procedures.

## **II. General Project Context**

This section presents the general project context. It starts with the presentation of the project's status, the natural disaster leading to trigger the Contingency for Disaster Risk Response, and the Project Development Objective (PDO), the results framework and it continues with the project beneficiaries, description of project components, its financing arrangements and the safeguards it triggers.

### **2.1 Project Status**

The civil works implementation progress has increased in the last years; however, the project continues behind schedule given the significant initial delays. Fourteen out of eighteen road packages are completed and three are well advanced reaching physical progress above 85%. The remaining road package was terminated, and it will be completed under package 21A (under bidding process). Some additional minor civil works to complement road packages 5 are also under bidding process (package 5A). In the review meetings held in July and September 2018, it was agreed that the Directorate General of Highways (DGH) would request an eleven-month closing date extension to complete the works under packages 5A and 21A, and the cancellation of US\$25 million.

### **2.2 Natural Disaster in Central Sulawesi in September 2018**

On September 28, 2018, a magnitude 7.4 earthquake struck the island of Sulawesi with its epicenter located approximately 80km away from Palu City, the capital of Central Sulawesi Province. Nearly 30 minutes post the earthquake; a major tsunami hit the shores of Palu City, Donggala District, and its surrounding areas along the coast. This event caused major destruction to infrastructures such as roads, bridges, airport building, water supply, and other public facilities including hospitals and schools. Landslides and liquefaction subsequently occurred impacting on mountainous and urban areas. Over 2,000 people lost their lives in the disaster and about 206,000 people were displaced. The World Bank (WB) initially estimated the overall infrastructure damages in USD 531 million (IDR 8 trillion), being USD 165 million (IDR 2.5 trillion) related to public assets.

Following these devastating events, the Government of Indonesia (GoI) decided to request triggering the contingency for disaster risk response component under WINRIP. This will enable the rapid reallocation of loan proceeds to rehabilitate and reconstruct a number of selected damaged road sections across Palu City and Donggala and Sigi Districts.

### **2.3 PDO**

The current PDO is exclusively related to the increase of the effective use of selected national roads along the Western Sumatra Corridor. To reflect the recently envisaged rehabilitation and reconstruction works to be performed along damaged roads in Central Sulawesi, a broader PDO is needed. Thus, the original PDO is maintained but the sentence "to restore the functionality of selected sections of national and sub-national roads in disaster-affected areas in Central Sulawesi" will be added.

Hence, the revised PDO will be: “To increase the effective use of selected sections of national roads along the Western Sumatera Corridor by reducing road user costs and to restore the functionality of selected sections of national and sub-national roads in disaster-affected areas in Central Sulawesi”.

## 2.4 Results Framework

The inclusion of a new project objective, as described above, would lead to the definition of three new indicators as follows:

- (i) PDO indicator: Number of road infrastructure sections recovered to pre-disaster condition;
- (ii) Intermediate indicators: Number of km of rehabilitated/reconstructed national roads in Central Sulawesi; and
- (iii) Intermediate indicators: Number of km of rehabilitated/reconstructed sub-national roads in Central Sulawesi.

## 2.5 Project Beneficiaries

The project beneficiaries comprise:

- (i) The initially ones envisaged under the WINRIP’s Project Appraisal Document (PAD), i.e. “road users in participating provinces, districts and towns in the four provinces included in the WINRIP region (North Sumatera, West Sumatera, Bengkulu and Lampung). Direct beneficiaries of the project include people who live in the vicinity of the project area who directly benefit from the improvement of the road sections financed by the project. The project road sections traverse twelve districts with a total population of more than four million of which around half are women”; and
- (ii) The population of Palu City and Donggala and Sigi Districts affected by the September 2018 earthquake and tsunami, including transporters, passengers and inhabitants. The project road sections traverse one city and two districts with a total population of nearly one million of which around half are women. Indirectly, these works would benefit the Central Sulawesi Province’s overall economy by restoring the functionality of critical national and sub-national roads.

## 2.6 Project Components

The project has the following four components and revised budgets, after triggering the Component 4:

- (i) **Component 1: Betterment and Capacity Expansion of National Roads (US\$ 205 million)**. This Component includes eighteen civil works packages along the national

roads of the Western Sumatra Corridor. As mentioned on the Section 2.1., the majority of these works have been or are about to be completed.

- (ii) **Component 2: Support to the Ministry of Public Works and Housing (MPWH) for the implementation of civil works (US\$20.0 million).** This Component envisages providing support to the MPWH for the implementation of the civil works through the Core Team Consultants (CTC) and Design Supervision Consultants (DSC). In the first project restructuring carried out in February 2016, a new activity on slope protection design and management was added under this Component. The budget of this Component has been increased by US\$3.0million during the third project restructuring performed in December 2018 to cover (i) the CTC and DSC costs until the completion of the civil works in Sumatra and (ii) the CTC **and Construction Supervision Consultants (CSC)** costs during the implementation of the rehabilitation/reconstruction works in Central Sulawesi.
  
- (iii) **Component 3: Road Sector Institutional Development – focusing on the provision of technical assistance and capacity building to strengthen disaster risk mitigation in the road sector (US\$0.0).** This Component was cancelled from the project scope but the Environment and Road Safety Unit, created within the DGH during the project preparation, has been (i) working on disaster management related national norms and standards, (ii) carrying out capacity strengthening, and (iii) conducting disaster risk analysis and mapping across the whole nation.
  
- (iv) **Component 4: Contingency for Disaster Risk Response (US\$25.0 million).** This will enable providing rapid response to the catastrophic events occurred in Central Sulawesi, under streamlined procurement and disbursement procedures. The activities to be financed through this Component are described on the Section V.

## 2.7 Safeguards Triggered by the Project

World Bank Safeguard triggered in this project are:

- (i) Environmental Assessment (OP 4.01);
  
- (ii) Physical Cultural Resources (OP 4.11); and
  
- (iii) Involuntary Resettlement (OP 4.12) safeguards.

### III. Implementation Arrangements

This section describes the implementation arrangements for the WINRIP project in Central Sulawesi, which constitute the operational basis for activities to be carried out during the emergency situation. For the remaining works in Sumatra, the implementation arrangements will not be modified.

The GoI established and will keep the umbrella Steering Committee (SC), formed by the *Badan Perencanaan Pembangunan Nasional* (BAPPENAS, National Development Planning Board), the Ministry of Finance (MOF), the MPWH, and the DGH to guide and oversee the development of road infrastructure, traffic and transport. This SC reports to the Ministerial-level Committee on Policy for the Acceleration of Infrastructure Development. The Sub-Committee is chaired by the BAPPENAS Deputy for Infrastructure, who also chairs the roads steering group. The SC appointed the DGH within the MPWH as the Executing Agency for the Project. The MOF is in charge of approval of the project's budget, administration of the special account and the loan account.

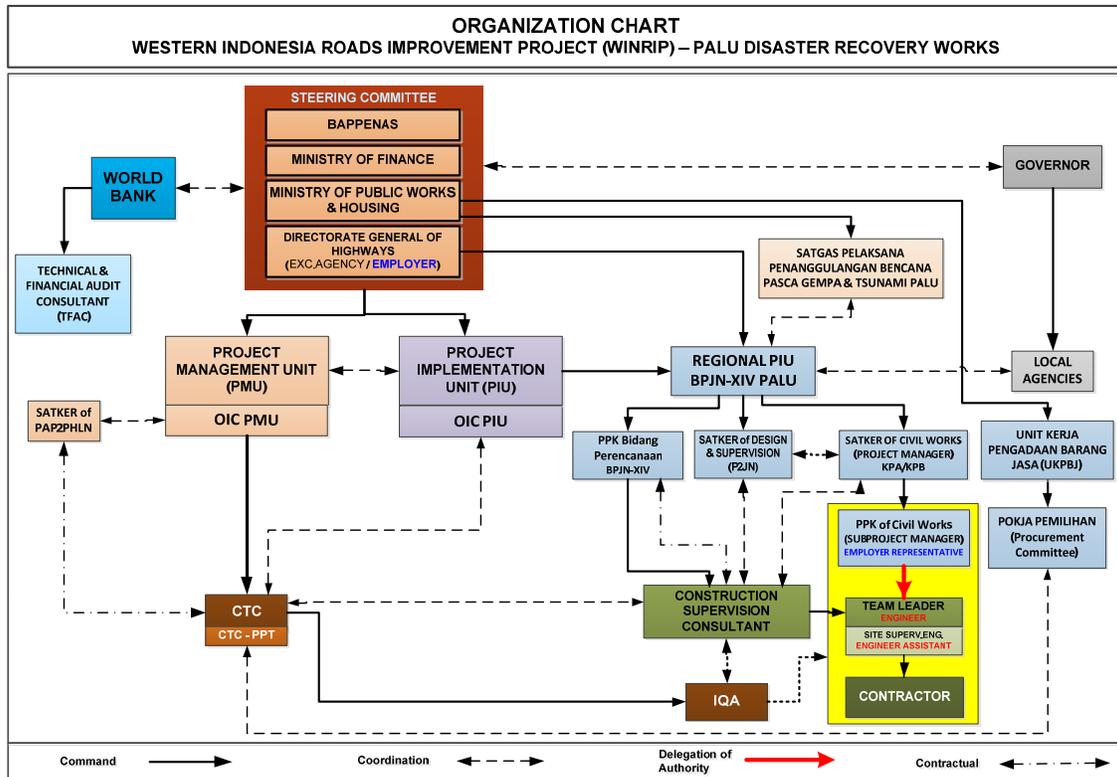
The Directorate of Road Network Development (DRND), within the DGH, through its Sub-Directorate of Planning Integration and Network Systems will be in charge of day-to-day implementation of all components of the project. This Sub-Directorate is dedicated to the preparation and implementation of Foreign Loan Projects. The DRND's Director will be the head of the PMU and will delegate her/his authority to the appointed Officer in Charge (OIC). The PMU will be responsible for day-to-day coordination of all WINRIP activities, with the Director General of Highways being ultimately responsible for WINRIP. The Directorate of Road Preservation, within the DGH, will be responsible to manage the project components related to civil works design and implementation. The Director of Road Preservation will be the head of the Project Implementation Unit (PIU). She/he will delegate her/his authority to the Head of *Balai Pelaksanaan Jalan Nasional* (BPJN) XIV Palu, as Regional PIU, who will be directly responsible to manage day-to-day civil works design and implementation.

The DRND and its PMU will be supported by the CTC, who will assist with all aspects of project and financial management, monitoring, evaluation and reporting, and ensure that these functions are undertaken in a timely fashion. The CTC will assist with detailed project preparation for the reconstruction and rehabilitation works to be carried out in Central Sulawesi and will assist in the management of the Construction Supervision (CSC) during the supervision of these works. The CTC and CSC will need to closely cooperate during the project implementation.

The CSC will be appointed by **BPJN XIV Palu**. The CSC will assist the immediate Project Managers (Saters)/Sub-Project Managers (PPKs), appointed by the central Government, in all aspects of the procurement and implementation of the civil works. Moreover, the CSC will act as Supervisory Engineer for all employment contracts. The CSC will establish and maintain representatives in **Satker PJN Central Sulawesi** until completion of each sub-project.

The afore-mentioned arrangements are summarized in the Figure 1.

**Figure 1. Project implementation Arrangements of WINRIP in Central Sulawesi.**



- *Satker PAP2PHLN* stands for Administrative and Implementation Development of International Grant and Loan Control Project Manager.
- *Satgas Pelaksana Penanggulangan Bencana Pasca Gempa dan Tsunami Palu* stands for Task Force Team for Post - Earthquake and Tsunami Disaster Management in Palu.
- *Unit Kerja Pengadaan Barang dan Jasa* stands for Task Unit for Procurement of Good and Services.
- *PPK Perencanaan Satker BPJN XIV* stands for PPK of Planning for BPJN XIV.
- *CTC-PPT* stands for CTC – Project Procurement Team.

#### IV. Definition of Road Emergency Works

The GoI Law No.24/2007 on Emergency Response provides the following definitions:

**Emergency:** An emergency is an event or series of events that threaten and disrupt the lives and livelihood caused by natural factors and / or non-natural factors or human factors that resulted in human casualties, environmental damage, loss of property, and psychological impact.

**Natural disaster:** An event or a series of events caused by nature such as earthquake, tsunami, volcanic eruption, flood, drought, typhoon, and landslide.

**Disaster emergency response:** A series of prompt actions during the disaster to deal with negative impacts, such as rescuing and evacuating victims and material possessions, providing basic necessities and protection, taking care of refugees, salvaging and recovering infrastructure and facilities.

**Disaster emergency status:** A situation set by the Government for a certain period of time on the recommendation of the Agency given the task of disaster management.

**The Government:** The President of the Republic of Indonesia, who shall hold executive powers of the Unitary State of The Republic of Indonesia as referred to in the 1945 Constitution of the country.

According to the Guidance Note of the DGH on Emergency Disaster Management Response No.02/P/BM/214:

**Disasters affecting roads and bridges:** Event or series of events that results in impaired function or breakdown of roads and bridges, due to environmental natural factors, resulting in disruption of traffic of goods and people, and that causes losses due to impaired social and economic activities of the affected society.

The International Directions for the Control and Management of Road Works provide the following technical definitions:

**Road works:** Repairs, maintenance, alterations, improvements, installations or any other works to, above or under a public road. Road works include any works on the carriageway and footpath, where public road and footpath space is temporarily unavailable for public use. This can include the placement of skips on a public road or footpath.

**Emergency road works:** Road works the carrying out of which is immediately required in order to prevent, or reduce the risk of loss, injury or damage to persons or property during an emergency.

## V. Description of Works/Activities to be Financed through the Component 4

Given the revised PDO, the activities to be financed under Component 4 are circumscribed to road-related activities along the Western Sumatera Corridor and Central Sulawesi Province. In general, these activities include emergency road works to restore the functionality of selected sections of national and sub-national roads in disaster-affected areas in Central Sulawesi. Specifically, the activities proposed include:

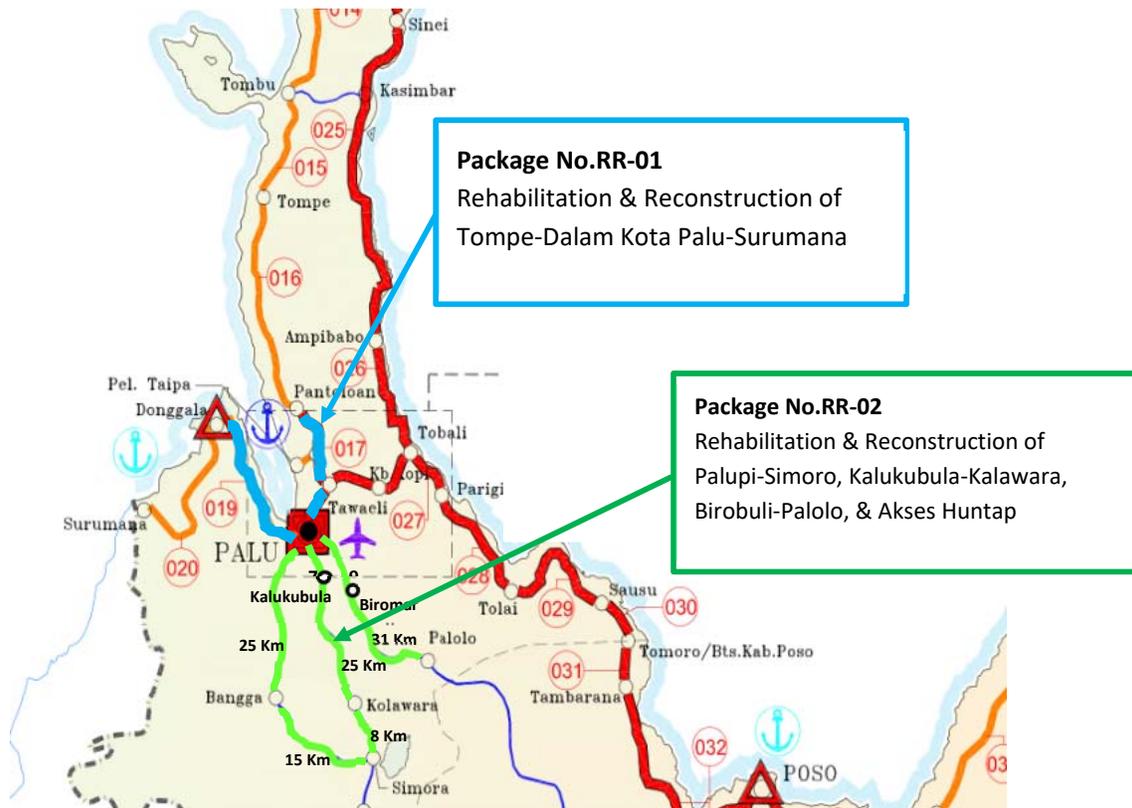
- (i) Rehabilitation and reconstruction of approximately **81.17 kilometers** of roads, including drainage systems, some works in minor bridges and the construction of retaining/sea walls (hazards-proofing structure), in Palu City and Donggala and Sigi Districts in Central Sulawesi (see Table 1 and Figure 2 for further details); and
- (ii) Provision of Construction Supervision Consultants to assist to the DGH in supervision of the civil works in Central Sulawesi. They will have the ‘Engineer’ role under the FIDIC style contract. They shall establish and maintain representatives in Palu until completion of each Sub-Projects.

**Table 1. Proposed Road Rehabilitation and Reconstruction Sub-Projects in Central Sulawesi.**

No.	Sub-project	Administrative Status	Km	Total Cost, excl. Tax (IDR million)
RR-01	Rehabilitation and Reconstruction of Jalan Tompe - Dalam Kota Palu - Surumana	National	48.43	185,747
RR-02	Rehabilitation and Reconstruction of Jalan Palupi - Simoro, Kalukubula - Kalawara, Birobuli - Palolo, Jalan Akses Huntap	Sub-national (City/District)	32.74	161,487
<b>TOTAL</b>			<b>81.17</b>	<b>347,234</b>

US\$ 17.40 million and US\$ 7.60 million will be reallocated from the Disbursement Categories 1 (“Betterment and Capacity Expansion of National Roads”) and 5 (“Unallocated”) respectively to the Disbursement Category 4, related to disaster risk response, resulting in USD 25.00 million allocated under the Disbursement Category 4 (as mentioned on the Section 2.6). The funds of Component 4 will be used to finance 100% of the related reconstruction activity, using the existing standard unit costs for construction approved by a competent agency. Cost estimate includes the Gol taxations.

Figure 2. Location of the Proposed Road Rehabilitation and Reconstruction Sub-Projects in Central Sulawesi.



## VI. Procedure to Trigger the Component 4

The GoI issued the **Presidential Decree No. 28 – 2018** on November 28, 2018 to establish a Disaster Management Task Force to address the situation of emergency after the natural disasters occurred in Nusa Tenggara Barat and Central Sulawesi Provinces. This team is chaired by the Vice President of Indonesia and has been set until December 31, 2020. Some of its main objectives are the fulfillment of basic necessities of affected people, the immediate recovery of essential damaged facilities and infrastructures, and the implementation of disaster risk mitigation measures.

The GoI and the World Bank have agreed that a disaster has occurred, and they have expressed its willingness to address it. This was reflected on the **World Bank Country Director's letter to the MOF dated on October 1, 2018**<sup>1</sup>.

The PMU is currently working in identifying the details of the works and other activities to be financed by the Component 4. A preliminary **emergency response and recovery plan** was submitted to the World Bank on December 13, 2018. This plan includes the:

- (i) type of activity to be financed;
- (ii) the estimated costs;
- (iii) procurement methods;
- (iv) procurement review types; and
- (v) implementation plan/schedule.

As mentioned on the Section 2.2., the GoI decided to trigger the Component 4 under WINRIP to support the rehabilitation and reconstruction of damaged roads in Central Sulawesi. To enable the use of contingency funding, **a request was sent to the World Bank by the MOF on December 14, 2018** indicating<sup>2</sup>:

- (i) the interest of the GoI to activate Component 4 and reallocate US\$ 25 million to it;
- (ii) that a situation of disaster has occurred in Central Sulawesi; and
- (iii) a brief description of the works and activities to be financed and their estimate cost.

The Borrower shall adopt **Supplements** to the PMM, the PIP and the Environmental and Social Safeguards Management Framework (ESMF), in each case satisfactory to the Borrower and the World Bank, which defines the scope of activities, implementation arrangements,

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<sup>1</sup> WINRIP Loan Agreement (December 14, 2011). Schedule 2, Section I, B.4.

<sup>2</sup> WINRIP PMM, Revision 2 (April 2017). Chapter 14.

environmental and social safeguards arrangements and disbursement arrangements for this Component<sup>3</sup>.

Below is a summary of the roles and responsibilities to trigger the Component 4:

**Table 2. Roles and Responsibilities to Trigger the Component 4.**

<b>Role</b>	<b>Responsibilities</b>
Gol	Declaring the disaster emergency status.
SC	The SC is responsible for identifying the risks generated by the disaster, the dependencies of the risk within the project, its context and consequences. The MOF manages the State Contingency Budget and plays a key role in determining allocations of funding to disaster affected areas.
Gol Working Group (DRND)	The Central Government Working Group assists in identifying and determining the context, consequence, impact, timing, and priority of the risk. They determine which risks requires mitigation and contingency plans.
PMU	<ul style="list-style-type: none"> <li>• Determine the potential impact of the disaster affecting roads and bridges and advise the Central Government Working Group;</li> <li>• During the life of the project, the PMU continually monitors the projects for potential risks. The PMU is in charge of requesting re-categorization of funds from the World Bank, a request that is accompanied by a detailed plan;</li> <li>• Coordinate and management of the implementation of Component 4;</li> <li>• Maintain and operate the existing Special Account for the implementation of Component 4;</li> <li>• Withdraw money from the Special Account;</li> <li>• Submit to the Bank a list with the proposed activities to be financed under Component 4;</li> <li>• Submit consolidated quarterly and annual financial management reports for Component 4;</li> <li>• Cooperate with the external auditors, ensuring that all financial accounts, records and reports, and other relevant documents including all internal control reports are available for review; and</li> <li>• Select, hire and manage consultants based on the related technical assistance plan.</li> </ul>
The World Bank	<ul style="list-style-type: none"> <li>• Provide assistance in the identification of activities to be financed under Component 4; and</li> <li>• Review the emergency response plans.</li> </ul>

<sup>3</sup> WINRIP Loan Agreement (December 14, 2011). Schedule 2, Section I, B.4.

## **VII. Supplement to the Project’s Disbursement and Financial Management Procedures**

The objective of this section is to define the policies and procedures governing the use of financial resources for contingency that corresponds to the Component 4 of the project.

As mentioned on the Section VI, the MOF sent a request to the World Bank on December 14, 2018 to enable the use of contingency funding indicating that a situation of natural disaster has occurred in Central Sulawesi. This writing request will allow making emergency financing available through the Immediate Response Mechanism (IRM). The request needs to be supported by basic information concerning the nature of the crisis or emergency, urgent financing needs and the Borrower’s response. By including the Contingency for Disaster Risk Response and by reaching agreements with the Bank regarding implementation arrangements, WINRIP is eligible for accessing the IRM.

The PMU is responsible for ensuring that the financial management and disbursement policies and procedures governing this project are fully and successfully applied to the management of the financial resources mobilized through Disbursement Category 4 “Works, goods, Non-Consulting Services, Consultants’ Services and Incremental Operating Costs” in support of the disaster occurred in Central Sulawesi. These policies and procedures are detailed in Section 8 of the latest WINRIP PMM (Revision 2, April 2017).

The PMU also needs to make sure to follow the mechanisms regulated by the Ministry of Finance under *Permenkeu* no. 105/PMK.05/ 2013 regarding mechanism for budget implementation on disaster recovery and the OP/BP 8.00 Rapid Response to Crises and Emergencies.

Disbursement Category 4 had initially no funds allocated to it. But, as described on the Section V of this Supplement, USD 25.00 million has been recently allocated to it to support the road rehabilitation and reconstruction works in Central Sulawesi. It can finance works, goods, non-consulting services, consultants’ services and incremental operating costs to provide preparedness and rapid response to the mentioned disaster. No are new expenditures will be added.

No withdrawal from Disbursement Category 4 will be made before the fulfillment of the two disbursement conditions outlined in the Loan Agreement, which are:

- (i) The Borrower has declared a disaster, emergency or catastrophic event through the relevant national, Province or Local Government lever or other authority, and the Bank and the Borrower have agreed to use the proceeds of the loan under Part 4 of the project with respect thereto; and

- (ii) The World Bank and the Borrower have entered into a written arrangement and/or the Borrower has adopted a supplement to the PMM, the ESMF, the Land Acquisition and Resettlement Policy Framework and the Environmental Codes of Practice and any other documents are required by the Borrower and the Bank, and a supplement to the PIP, in each case satisfactory to the Bank and the Borrower, which defines the scope, activities, implementation arrangements, environmental and social safeguards arrangement and disbursement arrangements for the activities under Part 4 of the Project.

Before submitting a Withdrawal Application for Component 4, the GoI must have submitted a request to activate Component 4 following an emergency situation (letter from MOF dated on December 14, 2018) and the World Bank must agree in writing to reallocate funds to Component 4 and use the proceeds of the loan under Part 4 of the project with respect to this emergency.

Once these steps are completed, the PMU will submit a completed Withdrawal Application requesting the World Bank to advance the resources allocated to Disbursement Category 4 to the project's designated account to finance eligible expenditures as they are incurred. The supporting documents will be provided at a later date. The PMU will ensure that all amounts from Disbursement Category 4 advanced to the designated account are accounted for and their use reported prior to the project's Disbursement Deadline Date. The PMU will use the existing financial management reporting processes and procedures as identified in Section 8 of the latest WINRIP PMM.

Current Interim Financial Reports (IFRs) format will be mostly maintained - it could be slightly reviewed to reflect the changes requested by the GoI under this emergency situation.

The Disbursement Letter (DL) may need to be revised and reissued if there is anything relating to disbursement arrangements under this Contingent Component that is not included in the DL previously issued.

### **7.1 Disbursement**

Advances to the designated accounts are based on the needs of the project up to a limit that takes into consideration the planned project expenditures, required cash flow, potential delays or difficulties in banking transfers in complex situations, communication difficulties in working in remote or inaccessible areas, and other risk factors.

### **7.2 Fund Withdrawal into the Special Account**

The current disbursement arrangement will be maintained. Disbursements will be on the basis of withdrawal applications submitted by the PMU. Such requests should contain post-

disaster reconstruction expenditure forecasts, including a projection of the quarterly breakdown of use of the funds.

Although additional funding can be justified by the emergency and the impact of the disaster, it is important to note that it is by no means guaranteed.

### **7.3 Reporting**

The PMU will maintain the current quarterly IFR reporting during the implementation of the post-disaster works. Upon completion of the emergency road works and activities, the PMU will submit a detailed report to the World Bank, containing details of expenditures. If necessary, the World Bank may request for supplementary information related to the reported expenses, for instance the expenses can be broken down into items, list of approved reconstructions and/ or supporting documents for a particular expense.

## **VIII. Supplements to the Project's Procurement Procedures**

### **8.1 Procurement Responsibilities and Methods**

The PMU is responsible for ensuring that the procurement policies and procedures governing the WINRIP project are fully and successfully applied to the contracting of goods, works and consulting and non-consulting services related to emergency response and recovery plan. Procurement under Component 4 of the ongoing WINRIP will continue to be governed by the World Bank Guidelines: "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" (Procurement Guidelines) dated January 2011; the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" (Consultant Guidelines) dated January 2011; and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011; and the provisions of the Financing Agreement. These policies and procedures are detailed in Sections 5 and 6 of the PMM.

Using the proceeds allocated to Disbursement Category 4, the emergency response and recovery plan may finance an emergency civil works, goods and associated services. Such emergency and response recovery plan would also include a procurement plan, including contract packaging, estimated cost, procurement methods, prior review thresholds, and time schedule suitable for the specific emergency civil works, goods and associated services.

Considering the urgency nature of the response and recovery activities included under Component 4, streamlined procurement arrangements, including use of simplified procurement methods, have been agreed to facilitate timely implementation of the procurement processes, as described in the following sections.

### **8.2 Scope of Procurement Methods Expected under Component 4**

Based on the information available at this time, it is expected that the procurement will include procurement of works, and selection of consultants for supporting the urgent needs of the response and recovery effort. No large value contract falling in the Bank's International Competitive Bidding (ICB) threshold is expected.

### **8.3 Procurement Capacity of the Executing Agency**

Balai XIV will be responsible for carrying out the procurement activity under Component 4. While its experience in carrying out procurement processes under World Bank's guidelines will be likely limited, the PMU at central level, assisted by the CTC, will provide them support. Procurement training, specifically for Component 4, will be provided before starting the implementation. During the implementation of Component 4, and if specifically requested by

the project executing agency, the World Bank can also provide Hands-on Expanded Implementation Support.

#### **8.4 Procurement methods for Goods, Works and Non-Consultant Services**

In procuring the goods, works and non-consulting services required for meeting the urgent needs of the response and recovery activities under Component 4, the following procurement methods can be used:

- (i) National Competitive Bidding (NCB) – as per Paragraphs 3.3-3.4 of the Procurement Guidelines and the NCB Annex provided in the original operational manual and Loan Agreement of WINRIP;
- (ii) Direct Contracting – as per Paragraph 3.7 of the Procurement Guidelines;
- (iii) Shopping – as per Paragraph 3.5 of the Procurement Guidelines. In case it is not possible to obtain three quotations, the PIU should document the reason and may continue with the procurement process;
- (iv) Force Account (for works) – as per Paragraph 3.9 of the Procurement Guidelines;
- (v) Framework Agreements – as per Paragraph 3.6 of the Procurement Guidelines;
- (vi) Government’s e-Catalogue (for goods) - if the required goods are currently available in the e-Catalogue;
- (vi) United Nations Agencies – as per Paragraph 3.10 of the Procurement Guidelines; and
- (vii) Community Participation – as per paragraph 3.19 of the Procurement Guidelines.

#### **8.5 Selection Methods for Consultant Services**

In procuring consultant services required for meeting the urgent needs of the response and recovery activities under Component 4, the following selection methods can be used:

- (i) Quality and Cost Based Selection (QCBS) – as per Section II of the Consultant Guidelines;
- (ii) Consultants’ Qualification Selection (CQS) – as per Paragraph 3.7 of the Consultant Guidelines;
- (iii) Single-source Selection (including acquiring the required services through modifications/amendments of ongoing World Bank-financed contracts for similar services) – as per Paragraph 3.8 of the Consultant Guidelines;

- (iv) Individual Consultants Selection – as per Section V of the Consultant Guidelines; and
- (v) United Nations Agencies – as per Paragraph 3.15 of the Consultant Guidelines.

Whereas the above flexible procurement methods for works, goods, non-consulting services and consultant services are applicable for use under Component 4 to facilitate timely procurement, the executing agency is also allowed to use, if they choose to do so, any of the other procurement methods that are already provided in the operational manual under the ongoing WINRIP.

#### **8.6 Additional Provisions for Streamlining Implementation of Component 4**

The project executing agency has the option to choose and apply any of the following additional provisions in the procurement and contracting processes:

- (i) Minimum time for preparation and submission of bid/proposal may be shortened;
- (ii) Bid Security is not mandatory, instead of it, bid securing declaration can be applied (if needed);
- (iii) Performance security is not mandatory for goods contracts and small works contracts; and
- (iv) Advance payment amount can be applied up to 40% of contract price. Advance payment security is required.

#### **8.7 Initial Procurement Plan**

Based on the available information, a preliminary procurement plan has been prepared which broadly lists the contract packages envisaged at this time to be procured under Component 4. This plan shall be included in the Systematic Tracking of Exchanges in Procurement (STEP) and will be updated from time to time during implementation of Component 4 and when the specific procurement needs become clear. The initial procurement plan and subsequent updates approved by the World Bank will be published on the project executing agency's website and also on the World Bank's external website.

#### **8.8 Procurement/Contract Documents**

For procurement of works, goods and non-consulting services under NCB method, the harmonized model NCB bidding documents that have been agreed between the World Bank and the national public procurement agency, LKPP, shall be used. For procurement methods other than NCB, such as Direct Contracting and Shopping, the Government's standard

Procurement documents, including form of contract, issued by the MPWH and/or the LKPP may be used, subject to incorporation of the World Bank's mandatory provisions against Fraud and Corruption, and the World Bank's right to inspect bidders/contractors /consultants' documents. These mandatory provisions are specified in clause 4.1 of the Instructions to Bidders Section, Chapter IV.2, and clause 4.1 and Clause 77 of the Conditions of Contract of the harmonized model NCB bidding documents. For selection of consultants, the Bank's Standard Request for Proposal, which has been modified and agreed by the Bank for use through MPWH's e-procurement system, *Sistem Pengadaan Secara Elektronik (SPSE)*, shall be used.

### **8.9 Due Diligence and Oversight**

The World Bank will conduct, as part of Supervision, an enhanced ex-post review of the contracts that were awarded under Component 4. This will include the review, after contract award, of a larger sample of contracts, including but not limited to all the related procurement and contract documents, complaints if any, and the reasonableness of the prices at which the contracts were awarded. The World Bank will also review the financial audit reports submitted by the Indonesian Supreme Audit Institution (BPK) which will include procurement audit. The internal audit and oversight mechanisms of the project executing agency will also continue applying. Given the flexible procurement arrangements under Component 4 that are intended for facilitating timely procurement processes, it becomes even more crucial that the project executing agency exercises extra care, prudence and due diligence in applying these flexible arrangements during the procurement and contract implementation processes under Component 4.

### **8.10 Maintaining Procurement and Contract Records**

The project executing agency shall maintain in an organized and systematic manner the complete records of all documentation related to the procurement and contract implementation processes, including but not limited to the original invitations to submit bid/quotation, the bids/quotation received, evaluation reports, contract award notifications, signed contract, contractors' invoices, payments made, complaints received and their responses, etc. and make them readily available for ex-post review by the World Bank and audit by BPK.

### **8.11 Procedural aspects**

- (i) Once the state of emergency is declared, the Bank has agreed to the requested reallocation and the other conditions to trigger Component 4 have been complied with, the Borrower needs to submit to the World Bank the emergency response and recovery plan described in section VI;

- (ii) The Bank will then review the emergency response and recovery plan, which includes also the procurement plan;
- (iii) When the procurement process is subject to post-review, the Bank needs to receive the Detailed Design and Engineering Estimate / Terms of Reference and Budget;
- (iv) Bank Procurement supervision will be carried out according to normal procedures as specified in the PMM; and
- (v) The criteria for the selection of firms for emergency works, goods and services on Single Source Selection or Direct Contracting basis should include: (i) priority to on-going contracts in the disaster area (WB-financed, ADB-financed and other donors) performing successfully; (ii) priority to contractors based in the disaster area that have already satisfactorily carried out similar activities; and (iii) priority to firms with sufficient personnel with the adequate technical background to dedicate to the emergency.

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