

Executive Agency for Upstream Oil & Gas Activities

BPMIGAS

**WORK PROCEDURE GUIDELINES TO
SUPPLY CHAIN MANAGEMENT IN
PRODUCTION SHARING CONTRACT CONTRACTORS**

No.: 007 REVISION-I/PTK/IX/2009

Book Two

PROCUREMENT OF GOODS/SERVICES GUIDELINES

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CHAPTER I GENERAL

1. TERMS AND DEFINITION

- 1.1. Budget is the fund allocated by a PSC Contractor for commissioning the procurement of certain goods/services.
- 1.2. State-owned (BUMN)/local government-owned (BUMD) business entity is a business entity which at least 51% of its capital or shares are owned by the Indonesian government or the provincial government.
- 1.3. General bank is a bank conducting conventional commercial activities and/or is based on the Islamic principles, which provides services in funds transmission.
- 1.4. National General Bank is a general bank which majority shares (50% + 1) are owned by or derived from the Indonesian government and/or owned by or derived from Indonesian citizens/institutions.
- 1.5. Specific Goods are goods or equipment irreplaceable with other similar goods or equipment due to technical or operational reasons.
- 1.6. Tender/Bid Document is the document that stipulates at least the scope of work, terms and conditions, procedure of procurement process and administrative requirements, used as a guideline by bidders in preparing and submitting the proposals and by the Procurement Committee / Internal Team in conducting evaluation on the proposals.
- 1.7. Cost of finished material is the cost to manufacture a product consisting of directly used materials, direct labors and indirect manufacturing costs.
- 1.8. Consultancy Service is a professional consultant service in order to achieve certain objectives which results in the form of software, advice or recommendation as the result of data and/or situational analysis, prepared systematically based on Terms of Reference established by the end-user.
- 1.9. Other Services are all kinds of work and/or provision of services other than consultancy, projects/contracting services and supply of goods.
- 1.10. Contracting Service is a service which technical planning, establishment of specifications and supervision of the commissioning are carried out by the user, while the entire process and commissioning including the supply of required personnel, equipment and materials are carried out by the Supplier.
- 1.11. Work Service is part of Contracting Services, Other Services and/or Consultancy Services in the form of physical works, including but not limited to:
 - 1.11.1. Engineering and design works;
 - 1.11.2. Utilization of personnel;
 - 1.11.3. Utilization of mound and development yards;
 - 1.11.4. Utilization of factories and/or workshops and/or dockyards for fabrication of components or parts of components of production facilities;
 - 1.11.5. Carrying out construction and/or assembly and/or installation of production facilities;
 - 1.11.6. Quality control;
 - 1.11.7. Utilization of laboratories for tests, evaluations and/or studies;
 - 1.11.8. Carrying out survey;
 - 1.11.9. Certification of operational feasibility;
 - 1.11.10. Utilization of building and transporting equipment including required fuel;
 - 1.11.11. Utilization of transportation services;
 - 1.11.12. Utilization of workshops for maintenance and/or repair of machines and/or production facilities;

- 1.11.13. Utilization of offices and other supporting facilities;
- 1.11.14. Utilization of consumables used in carrying out the work. Excluded in this term are the goods that are of the main requirement in the contracting services, building components, material for building components or spare parts in repair works.
- 1.12. Specific Service is a service that requires particular technology and/or expertise and can only be provided and/or carried out by one particular Supplier of such service.
- 1.13. Emergency Situation is a situation as stipulated in BPMIGAS Work Guideline stipulating the Emergency Situation.
- 1.14. Force Majeure is a situation or condition beyond power or control of parties bound in a Contract causing the parties stating the Force Majeure unable to carry out the whole or part of their obligations according the Contract. Force Majeure is including but not limited to natural disasters/act of God (i.e. flood, earthquake, landslide or epidemics), wars, riots, sabotage or revolution.
- 1.15. Urgent Situation is an operation failure taking place abruptly that may impede the oil/gas production either partially or entirely and/or cease the operational activities either partially or entirely.
Urgent situation occurs because of, amongst all but not limited to, equipment failure, plant shut down, well shut down, process upset, start up delay or situation that will potentially impede the operational activities and may cause a loss to the state if not resolved at once.
Urgent Situation shall be declared by the PSC Contractor's highest authorized officer on site and reported to BPMIGAS immediately.
- 1.16. Critical Situation is a situation stipulated in BPMIGAS Work Guideline stipulating a critical situation.
- 1.17. Clarification is an inquiry made by the Procurement Committee/Internal Team to bidders on a bid proposal material, during the bidding process, insofar that it does not change the substance of the proposal.
- 1.18. Consortium is a combination of 2 (two) or more individuals, companies, organizations or a combination of any of the aforementioned, carrying out an activity, business or joint financing, in order to achieve certain objective within certain period of time by putting together each member's resources, whereas each Consortium member remains independent.
- 1.19. Contract is an agreement to carry out the provision of goods/services by and between a PSC Contractor and a Supplier of goods/services in the form of legally binding written agreement. Contract may be in the form of Purchase Order/Service Order, Service Contract or Agreement.
- 1.20. Qualification is the legal status and business, financial, personnel, equipment and HSE abilities supported by complete legal documentation.
- 1.21. Scope of Work is part of the Tender Document describing the specifications and/or function of goods or work including the volume/quantity and duration intended to generate something.
- 1.22. Procurement Committee is a committee set up and endorsed by the authorized officers to conduct the selection of Suppliers of goods/services within a PSC Contractor.
- 1.23. Post-qualification is a qualification assessment process that the Procurement Committee undertakes after the bid price evaluation.
- 1.24. Authorized Officer is the highest officer in the organization of a PSC Contractor or a structural officer of a PSC Contractor duly authorized by the highest authority of the PSC Contractor.

- 1.25. Complex Work is the work that requires sophisticated technology and/or has a high risk and/or uses specifically engineered equipment and worth more than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
- 1.26. Procurement Management is a function and/or organization appointed to manage the procurement activities in a PSC Contractor.
- 1.27. Supplier of Goods/Services is a business entity, consortium of several business entities or individuals having the capability to supply the goods/services as per requirement of a PSC Contractor according to its business sector and qualification and having business license issued by the authorized government institution(s).
- 1.28. Conflict of Interest is a situation where the personnel of a PSC Contractor individually and/or collectively, as personals or acting for the interest of the company or its affiliates, use their authority directly or indirectly to influence the procurement process and/or decision by prioritizing/giving advantage to their own interest and/or the interest of their group and/or collaborators and/or corporation (including its affiliates) and/or particular Suppliers.
- 1.29. Foreign Company is a company established not under the laws of the Republic of Indonesia
- 1.30. National Company is a company established under the laws of the Republic of Indonesia.
- 1.31. Post Bidding is a variation or addendum or reduction of requirements by the Procurement Committee/Internal Team or a variation/addendum/reduction of a Bid Proposal completeness and/or data in an open tender, restricted tender or direct selection by bidders, submitted after the bid closing date. Post Bidding is prohibited.
- 1.32. Prequalification is a qualification assessment process conducted prior to submission of bid proposals.
- 1.33. Domestic Production is all kinds of goods/services including design and engineered products fabricated, built or made by companies manufacturing and/or directly investing in Indonesia.
- 1.34. Internal Team is a team within the Procurement Management established and endorsed by the Head of Procurement Management or other authorized offer. The Internal Team has the requirements, responsibilities and main duties similar to those of the Procurement Committee but lower authority and work scope.
- 1.35. Domestic Content Ratio is the ratio of domestic content in goods/services and combined goods and services, declared in percentage.
- 1.36. Supplier's Representative is a person who acts for and on behalf of the Supplier according to the Articles of Association or legally has the capacity to represent the Supplier in the procurement process.

2. GENERAL POLICY

- 2.1. To obtain the required goods/services effectively and efficiently.
- 2.2. To carry out the procurement of goods/services self-sufficiently or through Suppliers of goods/services.
- 2.3. To carry out the procurement of goods/services within the territory of the Republic of Indonesia according to the prevailing laws and regulations in Indonesia.
- 2.4. To maximize the use of domestic products and competency and to commission the work in Indonesia.
- 2.5. To do the payment to Suppliers via banks domiciled in Indonesia by giving priority to National General Banks. Parties binding themselves in a Contract, either as the payer or the payee, shall have bank accounts in Indonesia by prioritizing the use of National General Banks. PSC Contractors in production phase shall use General Banks owned by BUMN/BUMD.

- 2.6. To endorse business capabilities and give business opportunities to National Companies, especially small-scale enterprises including small cooperatives.
- 2.7. To create a healthy, organized and controllable competitive environment, by promoting the transparency in conducting the procurement of goods/services.
- 2.8. To expedite the process of procurement of goods/services.
- 2.9. To implement the health, occupational safety and environmental (HSE) rules in the oil and gas upstream environment.
- 2.10. To improve the performance and responsibilities of the officers who organize, carry out and supervise the procurement of goods/services.

3. SCOPE OF ACTIVITIES

- 3.1. The scope of activities of the procurement of goods/services encompasses the preparation of procurement planning, selection of Suppliers, contract administration, patronage of Suppliers and dispute settlement (if any).
- 3.2. This Guideline is applicable to all procurement activities except the procurement of land and legal counsel/advocate services. Procurement of insurance service shall follow the provisions in this Guideline and be supplemented with specific procedures.

CHAPTER II AUTHORITY AND MONITORING

1. PSC CONTRACTORS IN EXPLORATION PHASE

- 1.1. The PSC Contractors in the exploration phase are authorized to conduct and make decision in the procurement of goods/services.
- 1.2. The procurement procedures shall follow the procedures stipulated in this Guideline.
- 1.3. The PSC Contractors are obliged to submit a report on the procurement activities as stipulated in Chapter XV.

2. PSC CONTRACTORS IN PRODUCTION PHASE

- 2.1. PSC Contractors in the production phase are authorized to conduct and make decision in the procurement of goods/services, provided that the following procurements obtain prior approval from BPMIGAS:
 - 2.1.1. The procurement plan packages for tender, direct selection or direct appointment, exceeding Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million) each. The procedures are stipulated in Chapter V Clause 2.
 - 2.1.2. The procurement plan conducted directly with a Foreign Company overseas as stipulated in Chapter IV Clause 3.2.2.
 - 2.1.3. Decision on the tender winner for tender packages higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
 - 2.1.4. Modification of the Scope of Work in the Contract for drilling and EPC/EPCI activities and its parts causing an increase in value, whereas:
 1. Initial Contract Value exceeds Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), and the total accumulated increase is higher than 10% of the Initial Contract Value or US\$ 5,000,000 (US Dollar five million).
 2. Initial Contract Value is lower than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), but the total accumulated increase combined with the Initial Contract Value becomes higher than Rp 50,000,000,000 (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
 - 2.1.5. Cancellation of procurement plan that has been approved by BPMIGAS.
- 2.2. The procurement procedures shall follow the procedures stipulated in this Guideline.
- 2.3. The PSC Contractor shall submit a report on the procurement activities as set out in Chapter XV.

3. MONITORING

BPMIGAS carry out current and post-audit the MONITORING on the procurement activities within the PSC Contractor. Should the final audit conducted by BPMIGAS or the State auditors indicates that the execution and procedures of the procurement does not adhere to and/or is not in line with the provisions stipulated in this Guideline, the PSC Contractor will receive the following sanction:

- 3.1. The PSC Contractor will receive a Warning Letter from BPMIGAS. The responsible authorized officer and personnel in the End-User and/or Procurement functions will further receive a Warning Letter from the PSC Contractor's Director/Highest Authorized Officer.
- 3.2. In the event that such a violation occurs more than twice, the authorized officer and/or personnel from the End-User and/or Procurement functions and/or other personnel, proven involved and accountable, will receive administrative sanction corresponding to their accountability.
- 3.3. Part of the cost declared as "overpriced" for the procurement activities shall not be recorded as PSC costs and is automatically excluded from the recovery cost payable to the PSC Contractor in the following year. Particularly for PSC Contractors in exploration phase, this provision applies since its block is declared as commercially ready for development. "Overpricing" may be defined as follows:
 - 1.3.1. The value set out in preparing Owner Estimate (OE) is 10% higher than normalized price, based on the provisions of OE preparation, with an exception that when the agreed value in the Contract is proved to meet the criteria; and/or
 - 1.3.2. The Contract Value exceeds the tolerated revised OE, according to the provisions in preparing OE and/or negotiation.

CHAPTER III

UTILIZATION OF DOMESTIC PRODUCTS AND COMPETENCY

1. GENERAL

- 1.1. In conducting the procurement activities, the PSC Contractor shall maximize the use of domestic goods, services and human resources.
- 1.2. The PSC Contractor shall utilize, prioritize or endorse domestic goods that meet the quantity, quality, delivery and price schedules, being cognizant with the provisions in Number 5 of this Chapter and the list of Domestic Goods published by the Ministry of Industry.
 - 1.2.1. The PSC Contractor shall accommodate the technical quality of Domestic Goods/Services that meet the minimal requirements.
 - 1.2.2. PSC Contractor shall make use of the Indonesian National Standard as much as possible.
 - 1.2.3. PSC Contractor shall calculate the acceptable production or PENYERAHAN period when preparing a procurement plan.
- 1.3. The PSC Contractor shall maximize the use of domestic services and human resources by:
 - 1.3.1. Requiring most of the work for services be carried out in Indonesia.
 - 1.3.2. Including National Companies when conducting the procurement of goods/services, except stipulated otherwise as in Chapter IV Number 3.2.2.
- 1.4. The PSC Contractor shall determine the target for the use of Domestic Content.
 - 1.4.1. The target for the use of Domestic Content is the ratio between the potential use of Domestic Content and the total value of procurement of goods/services within a certain period or certain work packages.
 - 1.4.2. In preparing the List of Procurement Plan, the PSC Contractor shall include the target for the use of Domestic Content. Such a target in WP&B is one of the key performance indicators of a PSC Contractor in the current year agreed with BPMIGAS. In addition to the annual target, the PSC Contractor along with BPMIGAS shall agree to the 5-yearly Target for the Use of Domestic Content, prepared every 5 (five) years.

2. DOMESTIC COMPONENTS OF GOODS/SERVICES

- 2.1. In manufacturing domestic products and carrying out service works in the country, the use of foreign elements or components is still allowed. Domestic components consist of domestic goods and domestic services.
- 2.2. Domestic goods are the value of raw material and directly used material from local manufacturers used in the processing, fabrication, assembly and finishing of a job carried out in Indonesia and also the engineering and processing costs until they become finished goods.
- 2.3. Domestic services are the value of services used in finishing a job in Indonesia consisting of the costs of use of equipment, goods, supporting facilities, ideas, design, software and personnel including experts from Indonesia.
- 2.4. Taxes, levies, transportation (including packaging, packing, Insurance and handling fees) cost for the delivery, profit and other costs that are not direct components in producing the goods/services are not domestic content.
- 2.5. Imported goods sold in Indonesia or by local companies are neither Domestic Goods nor Domestic Content.
- 2.6. Expatriates, even though domiciled in Indonesia, are not domestic content.

3. DOMESTIC CONTENT RATIO

- 3.1. Domestic Content Ratio for Goods is the ratio between the cost of domestic components and the total cost of a product.
- 3.2. Domestic Content Ratio for Services is the ratio between the value of domestic components of services and the total bid value in Other Services or the ratio between the domestic components of services and the bid value of services in Contracting Services.
- 3.3. Combined Domestic Content Ratio is the result of the ratio between Domestic Goods added with Domestic Services divided by the total bid value in Contracting Services or Other Services.
- 3.4. Domestic Content is used as a basis for price preference.
- 3.5. The amount of Domestic Content Ratio for Goods is stated in a valid certificate or statement letter issued by a government institution in industrial field or by the Supplier of goods/services.
- 3.6. The amount of Domestic Content Ratio for Services is stated in the form of statement letter declaring the Supplier's commitment to achieve the said Domestic Content by the end of the Service Contract/Service Order.
- 3.7. In a proposal of goods, Suppliers offering goods with 25% or higher domestic content shall provide a copy of certificate/statement letter stipulated in Clause 3.5 above. If such a certificate or statement letter is not enclosed in a bid proposal, then the Domestic Content Ratio for Goods such a proposal will not be taken into account during the bid evaluation.
- 3.8. Domestic Content Ratio of the use of equipment in executing the Contracting Services and Other Services are calculated as follows:
 - 3.8.1. The use of equipment manufactured locally and owned by a National Company or Indonesian citizen is considered as 100% domestic content.
 - 3.8.2. The use of equipment manufactured overseas and owned by a National Company or Indonesian citizen is considered as 100% domestic content.
 - 3.8.3. The use of equipment manufactured locally and owned by a Foreign Company or foreign citizen is considered as 75% domestic content.
 - 3.8.4. The use of equipment manufactured overseas and owned by a Foreign Company or foreign citizen is considered as 0% domestic content.
- 3.9. Domestic Content Ratio of Consultancy Services is calculated based on the use of services of Indonesian national personnel, including the cost of goods/services to support the Indonesian national personnel.

4. LIST OF DOMESTIC GOODS/SERVICES

In order to support the effort to maximize the use of domestic goods and services and the procurement process, BPMIGAS prepared the List of Must Use Goods and the List of Domestic Goods and Services

- 4.1. List of Must Use Goods:
 - 4.1.1. List of Must Use Goods contains information on primary goods that are required in oil and gas exploration and production activities and already produced by local companies with Domestic Content Ratio plus Corporate Advantage Quality (CAQ) min. 40% and meet the minimum technical quality standards.
 - 4.1.2. List of Must Use Goods is prepared based on the following:
 1. Inventory List of Domestic Goods published by the department of industry.
 2. Local manufacturers submitting a statement to PSC Contractor or BPMIGAS about their having produced the primary goods required in oil and gas exploration and production activities with Domestic Content

Ratio plus CAQ achieved min. 40%. In this case, the manufacturer must provide a copy of Domestic Content Certificate issued by the department of industry. PSC Operator or BPMIGAS may request for a confirmation from the department of industry regarding the validity of the domestic content informed by the manufacturer. Once confirmed, the goods will be included in the List of Must Use Goods.

- 4.1.3. The data in the List will be used as a reference in the procurement activities until any change is made to the list.
- 4.2. List of Domestic Goods
 - 4.2.1. List of Domestic Goods contains information about:
 1. The primary goods required in oil and gas exploration and production activities that meet the minimum technical quality standard with minimum Domestic Content Ratio 25% but the accumulation of Domestic Content and CAQ is less than 40%.
 2. The goods supporting the oil and gas exploration and production activities that meet the minimum technical quality standard and are manufactured locally with minimum Domestic Content Ratio 25%.
 - 4.2.2. Information about Domestic Content is obtained from:
 1. Inventory List of Domestic Goods and/or statement letters issued by the department of industry.
 2. Domestic Content data proven by the submission of goods for the Contract made by PSC Operator in the last 7 (seven) years.
 3. Local manufacturers submitting a statement to PSC Contractor or BPMIGAS about their having produced goods with Domestic Content Ratio minimum or higher than 25%. In this case, the manufacturer must provide a copy of Domestic Content Certificate issued by the department of industry. PSC Operator or BPMIGAS may request for a confirmation from the department of industry regarding the validity of the domestic content informed by the manufacturer. Once confirmed, the goods will be included in the List of Domestic Goods.
 - 4.2.3. The data in the above list shall be used as a reference in the procurement activities until any change is made to the list.
- 4.3. List of Domestic Services contains information about:
 - 4.3.1. Types of work in Contracting Services and Other Services required by PSC Operator that have been completed by a National Company or a consortium between National Company and Foreign Company in the oil and gas upstream, government, state-owned companies or any other places in the Indonesian territory in the last 7 (seven) years, with minimum Domestic Content Ratio for Services or Combined Domestic Content Ratio 30%.
 - 4.3.2. Information about Domestic Services is obtained from:
 1. Inventory List of Domestic Services and/or statement letters issued by the relevant governmental institution.
 2. Domestic Content data proven by the completion of service work for a Contract made by PSC Operator in the last 7 (seven) years.
 3. Supplier of Services submitting to PSC Contractor BPMIGAS information on the achievement of Domestic Content for Services or Combined Domestic Content for Goods and Services amounting to or higher than 30%.
 - 4.3.3. The data in the list is final and used as a consideration in the procurement activities until any change is made to the list.

- 4.4. BPMIGAS will periodically collaborate with PSC Contractor to update and send PSC Contractor the Lists of Must Use Goods, Domestic Goods and Domestic Services.
- 4.5. Should the lists in clause 4.1., 4.2. and 4.3. are not available, the procurement process shall be conducted using the approach of prioritizing or endorsing Domestic Goods as stipulated in Clause 5.2. and 5.3. in this Chapter.
- 4.6. Program to promote the use of Domestic Goods/Services.
 - 4.6.1. BPMIGAS and PSC Contractor shall conduct a joint research to expand and update the list of domestic goods/services that meet the minimum technical requirements.
 - 4.6.2. For the procurement of goods/services that are required continually with contract period for more than 1 (one) year, a requirement to increase the Domestic Content achieved from year to year shall be applied, i.e. technology transfer such as replacing the expat personnel with Indonesian nationals. Should it be not possible, a solid reason must be given and approved by the Authorized Officer.
 - 4.6.3. PSC Contractor upon the request of Supplier shall give an opportunity to Supplier to do a testing to the Domestic Goods based on adequate and accountable requirements by considering the impact to the operations.
 - 4.6.4. BPMIGAS shall actively encourage PSC Operator to be able to fulfill the Domestic Content target declared in WP&B and/or AFE.

5. UTILIZATION OF DOMESTIC GOODS

The PSC Contractor in fulfilling the requirement for goods shall adhere to the following procedure:

- 5.1. Obligation to Utilize Domestic Goods
 - 5.1.1. The PSC Contractor shall utilize domestic goods in the event that:
 1. In the List of Must Use Goods in Clause 4.1., there is at least 1 (one) manufacturer producing the required good with minimum Domestic Content Ratio Plus CAQ 40%; and
 2. The required quantity, minimum quality standard and delivery time are achieved; and
 3. Bid price in the evaluation and/or after negotiation is within the normalized threshold.
 - 5.1.2. The Procurement procedure:
 1. Basically, it is conducted with a Restricted Tender method for Domestic Goods with min. 25% Domestic Content by inviting all local manufacturers or sole distributors appointed by the local manufacturers that manufacture and/or sell products recorded in the List of Must Use Goods and the List of Domestic Goods.
 2. The price preference is used in the final price evaluation.
 3. When the procurement process fails, the next steps shall be:
 - a. Procurement process proceeds to a tender by including Domestic Goods having min. 10% domestic content ratio.
 - b. Bidders that declare having or offering goods with domestic content lower than 25% but higher than 10% shall state the production location and types of domestic components of goods offered.
 - c. The price preference will be used in the evaluation to determine the final evaluation price.
 - d. If the tender fails, a re-tender is continued with a direct selection or a direct appointment to Supplier submitting the bids without changing the bids.

- 5.1.3. The procurement is conducted by PSC Contractor:
 - 1. For a Joint Contract among several PSC Contractors for 1 – 3 years duration, using joint contract strategy in the form of Call off Order or Price Agreement.
 - 2. For meeting the requirement of 1 PSC Contractor when the activity stipulated in the above Clause 5.1.3 and Procurement coordinated by BPMIGAS have yet to take place.
 - 3. For meeting the short-term requirement of PSC Contractor or the requirement of PSC Contractor in exploration phase.
 - 5.1.4. The Procurement is coordinated by BPMIGAS:
 - 1. In order to optimize the use of Must Use Goods in the upstream environment, BPMIGAS may, for the interest of some or all PSC Contractors, carry out the procurement of main requirements for exploration and production activities.
 - 2. The contract duration is between 1 (one) to 3 (three) years.
 - 3. Using a joint contract strategy in the form of call off order or price agreement.
 - 5.1.5. The PSC Contractor shall make it mandatory for Suppliers of Contracting Services/Other Services to utilize the Must Use Domestic Goods. During the procurement process, Supplier may apply provisions and procedures similar to those in this Guideline.
- 5.2. Prioritizing the use of domestic goods
- PSC Contractor shall prioritize Domestic Goods when:
- 5.2.1. For the required goods, there is at least 1 (one) local manufacturer with min. domestic content 25% and in the List of Must Use Goods in Clause 4.1, there is no manufacturer producing such goods with min. Domestic Content Ratio plus CAQ 40%; and
 - 5.2.2. The required quantity, minimum quality standard and delivery schedule are met;
 - 5.2.3. The bid price or after price negotiation is within the tolerated normalization threshold;
 - 5.2.4. The package value is higher than Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand).
 - 5.2.5. The procurement procedure:
 - 1. Basically, it is conducted with an Open Tender method by including Domestic Goods with min. 10% Domestic Content. Bidders that declare having goods with domestic content lower than 25% but higher than 10% shall inform the location of production and types of domestic components of the offered goods during registration.
 - 2. Price Preference shall be used in determining the final price evaluation. The Price preference is given to goods with min. 25% Domestic Content.
 - 3. In the event of a failed tender, the procurement process is continued to a re-tender by including Suppliers of Domestic Goods and Suppliers of Foreign Goods without altering the Owner Estimate.
 - 4. In the event of a failed re-tender, the re-tender shall proceed to Direct Selection or Direct Appointment of the Supplier submitting the bid, without changing the bid.
- 5.3. ENDORSING THE UTILIZATION OF DOMESTIC GOODS
- The PSC Contractor shall endorse the utilization of Domestic Goods in the event that:

- 5.3.1. For the required goods, there is at least 1 (one) local manufacturer with minimum 25% domestic content and according to the List of Must Use Goods and List of Domestic Goods in Clause 4.1. and 4.2., there is no manufacturer producing such goods with min. 25% Domestic Content Ratio; and
- 5.3.2. The required quantity, minimum quality standard and delivery schedule are met;
- 5.3.3. The bid price or negotiation price is within the tolerated normalization limit;
- 5.3.4. The package value exceeds Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand).
- 5.3.5. The procurement procedure:
 1. Basically, it is conducted with an Open Tender method by including Domestic Goods without minimum Domestic Content requirement. During registration, bidders shall declare the location of production and types of domestic components of the offered goods.
 2. The price preference shall not be used in determining the final price evaluation.
 3. In the even of failed tender, the procurement process is continued to a re-tender by including Suppliers of Domestic Goods and Suppliers of Foreign Goods without modifying the Owner Estimate.
 4. In the event of failed re-tender, the re-tender shall proceed to Direct Selection or Direct Appointment to a Supplier submitting the bid, without changing the bid.

4.4. WAIVING THE PRICE PREFERENCE

The procurement is conducted with an Open Tender method by waiving the price preference in determining the final price evaluation, if:

- 4.4.1. It is believed that there is no local manufacturer producing the goods with the required specifications; or
- 4.4.2. The procurement is conducted with Direct Appointment method; or
- 4.4.3. The procurement value is maximum RP 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand) and it is neither the result of a package division nor the procurement of Domestic Goods included in the List of Must Use Goods. The procurement of Must Use Goods shall adhere to the provisions in Clause 5.1. in this Chapter.

6. UTILIZATION OF DOMESTIC SERVICES

6.1. Procedure for utilizing domestic services is as follows:

- 6.1.1. National Companies may participate in the procurement of Contracting and Other Services with the following conditions:
 1. If the capability of one of the National Companies does not suffice, the said National Company is advised to form a consortium with other National Companies.
 2. The National Company or its consortium may collaborate with a Foreign Company by establishing a consortium or subcontracting some parts of the job to Foreign Company. In the even that a consortium is formed with a Foreign Company, the consortium agreement shall stipulate the technology transfer program from the foreign member to the national member(s).
 3. The National Company or its consortium shall undertake at least 30% of the work based on the value of Work Services, and at least 50% of the

physical work of the services based on the value of Work Services to be conducted in Indonesia.

4. Supplier of Services shall maximize the use of national subcontractors, Indonesian national personnel, domestic facilities and goods/equipment. Supplier of Services may be mandated to cooperate with national subcontractors in order to promote the capability and capacity of work facilities, either in terms of volume or HSE capability.
5. National Company having its majority shares (more than 50%) are owned by an Indonesian citizen or BUMN/BUMD companies and meeting the provisions in Clause 3 and 4 above will be given the price preference on National Company status. The calculation of Price Preference on National Company status is conducted after completing the calculation of final evaluation price based on Domestic Content achievement.

6.1.2. The procurement procedure:

1. For the procurement of services higher than Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand):
 - a. Partaken by National Company willing to commit to the minimum 35% Domestic Content achievement.
BPMIGAS may periodically increase the Domestic Content percentage that the Bidders shall commit to.
 - b. In the event of failed tender due to lack of bidders willing to fulfill the requirement in Clause (a), a re-tender shall be subsequently conducted by inviting National Companies willing to commit to the minimum 30% Domestic Content achievement.
 - c. The Price evaluation shall use the Price Evaluation based on Domestic Content method by calculating the price preference based on the Domestic Content commitment in the bid proposal, pursuant to the provision in Clause 8 of this Chapter.
 - d. In the event of failed re-tender, a Direct Selection or Direct Appointment shall be subsequently conducted according to the tender procedure.
2. For the procurement of services up to Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand), price evaluation is conducted by comparing the bid price from the bidders without calculating the price preference.

6.1.3. The procurement procedure for Integrated Construction Services:

Digressing from the provisions in Clause 6.1.1, for integrated construction services covering the engineering, procurement and construction (EPC) or engineering, procurement, construction and installation (EPCI), with project value higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five billion), the following shall be adhered to:

1. The participants shall be National Companies, consortium of National Companies and/or consortium of National and Foreign Companies.
2. Applicants shall be willing to declare their commitment to the minimum 35% Domestic Content requirement.
3. The National Company shall carry out minimum 50% of the work based on the value of the work.

- In the event that no national construction company declares its ability to fulfill the requirement in Clause (a) during registration, then 30% of the work shall be carried out by the National Company.
4. At least 50% of the physical work based on the value of the work shall be carried out in Indonesia. In the event that no bidder is capable of fulfilling such a requirement and/or there are no work facilities available or fully available in the Indonesian territory, the bidders make take the following course of action:
 - a. Cooperate with other companies in Indonesia to expand or promote the available capacity in Indonesia to the extent that it can be utilized to carry out some or the entire work; and or
 - b. Draw up an agreement that the bidders shall carry out its part in other Contract(s) by utilizing facilities available in Indonesia, whether it is part of the Contract in Indonesia or in other countries, which value is equal with the work the bidders are supposed to carry out in Indonesia. Such a statement shall be supported by showing the evidence of cooperation to utilize the facilities owned by the companies in Indonesia and be witnessed by the relevant Indonesian authorities.
 - c. Provisions in Clause (a) and (b) shall be put in writing as a mandatory requirement in the Contract and PSC Contractor is obliged to ensure that such provisions will be fulfilled by the Supplier.
 - d. If Supplier of Goods/Services is unable to fulfill its obligation until the Contract is terminated, the following shall apply:
 - The final payment equal to the value of Supplier's unfulfilled obligation and maximum 5% shall be retained until the obligation is fulfilled for maximum 3 (three) years. The sum of retained payment may be disbursed gradually proportional to the percentage of obligation fulfilled.
 - The project cost being operational cost based on PSC shall be differed until the obligation is fulfilled for as long as 3 (three) years. The amount of retained cost is equal to the value of remaining obligation unfulfilled by Supplier.
 - e. If such a commitment is not completed in 3 (three) years from the date of handover, the remained payment retained shall not be paid to Supplier and considered settled. The Supplier will also be blacklisted.
 5. National Company having its majority shares (more than 50%) owned by an Indonesian citizen or BUMN/BUMD companies and meeting the provisions in Clause (a) and (b) above will be given the price preference on National Company status. The calculation of Price Preference on National Company status is conducted after completing the calculation of final evaluation price based on Domestic Content achievement.

7. DOMESTIC CONTENT STATEMENT

7.1. REGISTRATION STAGE

- 7.1.1. In the event that the required goods are known to have been manufactured in locally, Bidders shall, during registration, declare that they have produced and/or will propose Domestic Goods along with the supporting evidence, such as Domestic Content certificate or proof of location of fabrication.

- 7.1.2. Supplier of Services shall state in writing that it is capable to achieve the required minimum Domestic Content of Services or Combined Domestic Content stipulated by PSC Contractor.

7.2. BIDDING STAGE

- 7.2.1. Bidders shall declare in their proposals:

1. The percentage of Domestic Content of Goods and/or the committed percentage of Domestic Content of Services in the technical proposal along with the details; and
2. The value and percentage of Domestic Content of Goods and/or the value and percentage of the committed Domestic Content of Services along with the details in the commercial proposal.
3. In a Contracting Services/Project tender, the percentage and value of Domestic Content of Goods and Services shall be provided separately.
4. Statement of Domestic Content in the technical and/or commercial proposal shall at least the same with that submitted during registration.

- 7.2.2. Statement of Domestic Content of Goods:

1. Bidder offering goods with Domestic Content equal or higher than 25% shall provide the following evidence:
 - a) Domestic Content Certificate issued by the department of industry; or
 - b) Listed in the Inventory List of Domestic Goods/Services issued by the department of industry; or
 - c) Listed in the List of Must Use Goods or the List of Domestic Goods issued by BPMIGAS.
2. Bidder offering goods with Domestic Content lower than 25% shall provide as evidence a statement letter regarding the fabrication location, Domestic Content achieved and domestic components of the offered goods.

- 7.2.3. Statement of Domestic Content of Services:

Bidders shall declare in their proposals the commitment to fulfill the required Domestic Content in the execution of the offered job, in the form of statement in the bid letter complete with the details of domestic content of each section of the job.

- 7.2.4. The Statement of Domestic Content shall be signed by the Director of the Supplier on a stamp duty, complete with a statement certifying the accuracy of the Domestic Content calculation and supported by the detailed calculation as stipulated in Attachment No. FL-012A, FI-012B and FI-012C.

- 7.2.5. For the bid submission using two-envelope or two-stage system:

1. In the administrative and technical proposal (first envelope), the Bidders shall declare the percentage of Domestic Content of Goods or commitment for the percentage of Domestic Content of Services or both, complete with the details of Domestic Content of each section/part of the job.
2. In the commercial proposal, the percentage and value of Domestic Content shall be provided, complete with the details of domestic content of each section/part of the job.

3. In the Two Envelope system, the percentage of Domestic Content declared in the commercial proposal shall be the same with that in the technical proposal.
4. In the Two Stage system, the percentage of Domestic Content declared in the commercial proposal shall be the same with that in the technical proposal, and if a technical negotiation takes place, it shall be in accordance with the result of the technical negotiation.
5. In the technical negotiation, the percentage of Domestic Content of Goods and/or the committed Domestic Content of Services declared in the bid proposal shall not be decreased.

7.2.6. In the case of the Domestic Content Statement in the commercial proposal being inconsistent with that in the technical proposal:

1. When the Two Envelope system is used:
 - a) If the Domestic Content Statement in the commercial proposal is higher than that in the technical proposal, then the percentage of Domestic Content in the technical proposal shall be used as the grounds for price evaluation and the value of Domestic Content in the commercial proposal shall be included in the Contract.
 - b) If the Domestic Content Statement in the commercial proposal is lower than that in the technical proposal, then the value of Domestic Content in the commercial proposal is used as the grounds for price evaluation and the percentage of Domestic Content in the technical proposal shall be included in the Contract.
2. When the Two Stage system is used:
 - a) If the Domestic Content Statement in the commercial proposal is higher than that in the technical proposal and/or technical negotiation, then the percentage of Domestic Content of the evaluation and/or technical negotiation result shall be used as the grounds for price evaluation and the value of Domestic Content in the commercial proposal shall be included in the Contract.
 - b) If the Domestic Content Statement in the commercial proposal is lower than that in the technical proposal and/or technical negotiation, then the value of Domestic Content in the commercial proposal shall be used as the grounds for bid evaluation and the percentage of Domestic Content of the evaluation and/or technical negotiation result shall be included in the Contract.

7.3. During the price negotiation process, the percentage and value of Domestic Content of Goods and/or the committed Domestic Content of Services as declared in the bid proposal shall not be decreased.

7.4. Bidders are fully responsible for the accuracy of the Statement of Domestic Content value declared.

8. PRICE PREFERENCE BASED ON DOMESTIC CONTENT

8.1. Domestic Goods/Services are given the price preference as a sign of appreciation.

8.2. The Price Preference is used as one of the tools to compare the bid price in the price evaluation stage for bid proposals that have passed the administrative and technical requirements.

- 8.3. The price preference is given if Domestic Content of Goods is min. 25% or the commitment to Domestic Content of Services is min. 30%. The goods/services having domestic content less than the said conditions are not given the price preference based on Domestic Content.
- 8.4. In the procurement of goods, Domestic Goods shall be given the price preference based on Domestic Content maximum 15%, calculated proportionally based on the achievement of Domestic Content.
- 8.5. In the procurement of Other Services and Consultancy Services, Domestic Services shall be given the price preference based on Domestic Content maximum 7.5%, calculated proportionally based on the achievement of Domestic Content.
- 8.6. In the procurement of Contracting Services, the price preference is calculated for each component of goods and services pursuant to the provisions in Clause 8.3 – 8.5 above.
- 8.7. In the procurement of Services, for National Companies meeting the requirements stipulated in Clause 6.1.1.5 and 6.1.3.5 of this Chapter, in addition to being given the price preference based on Domestic Content stipulated in Clause 8.5 or 8.6 above, it will also be given a Status Preference as a National Company as follows:
 - 8.7.1. Coefficient of 7.5% if carried out by the National Company without forming a consortium with a Foreign Company and at least 50% of the work is carried out in Indonesia.
 - 8.7.2. Coefficient of 5% if carried out by a consortium consisting of the National and Foreign Companies, whereas:
 - 1. The National Company acts as the lead company in the consortium; and
 - 2. Minimum 50% of the work is carried out by the National Company; and
 - 3. Minimum 50% of the work is carried out in Indonesia.
- 8.8. The price preference on the company status is not applicable if the conditions stipulated in Clause 8.7.2 or 8.7.3, are not met.

9. SUPERVISION ON THE EXERCISE OF PROCUREMENT OF DOMESTIC GOODS/SERVICES

- 9.1. The PSC Contractor shall undertake the supervision in the contract commissioning stage by monitoring and encouraging the Supplier to fulfill the obligation agreed in the Contract pertaining to the Domestic Content commitment.
- 9.2. Supplier of Goods/Services failing to fulfill the Domestic Content commitment agreed in the Contract shall receive administrative and financial penalties as stipulated in Chapter XIII Clause 5.6.2., except when such a failure is caused by:
 - 9.2.1. An addendum in the scope of work causing a decrease in Domestic Content; or
 - 9.2.2. Other technical reasons agreed by the PSC Contractor and BPMIGAS.
- 9.3. The PSC Contractor shall submit a written report on the exercise of procurement of domestic goods/services to BPMIGAS using Form SC.07/SC.09 in Attachment FL-007/FL-009.
- 9.4. BPMIGAS periodically undertakes the supervision on the realization of Domestic Content in the procurement activities of PSC Contractors based on the report stipulated in Clause 9.2.

CHAPTER IV PROCUREMENT STRATEGY

The procurement strategy is stated in the form of work package preparation policy, including the stipulation of tender package, sources of goods/services and type of Contract. A job can be carried out using the appropriate contract type based on the payment method consideration or form of commitment. The contract strategy establishment takes into account among others the usage value of goods/services required, risks against operations, market condition, the balance between rights and responsibilities between PSC Contractor and Supplier of Goods/Services and the opportunity given to National Company to participate.

In drawing up a contract, some forms of contract may be combined according to the requirement by considering the effectiveness of target achieved as well as cost efficiency.

1. PROCUREMENT PLANNING

- 1.1. The procurement planning stage shall:
 - 1.1.1. Consider the operational requirement and condition.
 - 1.1.2. Calculate the economic factor by taking cognizance of the following:
 - 1. Procurement optimization by determining the procurement strategy, i.e. lease, purchase, lease and purchase, contract out or self-building;
 - 2. Type of contract, quality, quantity and period of time;
 - 3. Time management and procurement timing;
 - 4. Business risks;
 - 5. Nifty and efficient technology;
 - 1.1.3. Maximize the use of domestic products and competency and engage with National Company.
 - 1.1.4. Consider the HSE rules applied in the oil and gas upstream activities.

2. PREPARATION OF WORK PACKAGE

- 2.1. A work package is the requirement of goods/services needed by a PSC Contractor to carry out one of exploration/production activities and/or other related activities.
- 2.2. The requirement of goods/services of several activities and/or several PSC Contractors may be merged into 1 (one) procurement package, provided that:
 - 2.2.1. It is done based on technical, economic, effectiveness and efficiency consideration calculate qualitatively; and
 - 2.2.2. It is not the type of work which according to its nature and value shall be carried out by Small Enterprise, including small cooperatives; and
 - 2.2.3. It is not an endeavor to evade the obligation to utilize domestic products/competency.
- 2.3. SPLITTING A PACKAGE INTO SEVERAL PROCUREMENT PACKAGES:
 - Splitting a package in order to evade the responsibility to conduct a tender and/or authority boundaries is not allowed. Splitting a package into several packages is allowed insofar as:
 - 2.3.1. It is a separation of several service works which technically can be accounted for, such as separation of electrical, mechanical and engineering works in a project; or
 - 2.3.2. It is an effort to maximize the utilization of Domestic Goods/Services, by splitting the Domestic Goods/Services package from the main work package.

- 2.3.3. To fulfill the requirement for replenishment of supplies;
- 2.3.4. The packages are part of a Complex Work which execution requires various qualifications; or
- 2.3.5. To avoid the entire work to be dominated by one Supplier.

3. PROCUREMENT SOURCES

3.1. LOCAL SOURCES

In the procurement of goods/services, the PSC Contractor shall include National Companies and utilize domestic products and competency as stipulated in Chapter III.

3.2. FOREIGN SOURCES

3.2.1. Importing is allowed when:

- 1. The required products is not yet manufactured locally;
- 2. The domestic product quality does not meet the minimum technical requirements based on technical evaluation, such as quality testing conducted by an independent evaluation agency; or
- 3. After negotiation process in the initial bid, the domestic product price is still higher than the Owner Estimate, and after a re-tender by including imported products, the domestic product price resulted from the calculation of price evaluation based on Domestic Content preference is still higher than the lowest CIF rate of the imported product. This provision is not applicable to the procurement of Domestic Goods listed in the List of Must Use Goods.

3.2.2. The procurement of information technology software can be carried out directly with the Foreign Company overseas insofar as:

- 1. The goods/services are bound to the licensing/proprietary right; and
- 2. There is no local supplier acting as an agent or representative or the principal/license/proprietary right owner is not willing to appoint an agent or representative in Indonesia.

The PSC Contractor shall obtain BPMIGAS approval prior to conducting this kind of procurement.

3.2.3. Foreign Company is invited to the procurement process by adhering to the provisions in Chapter IV Clause 3.2.2 above and Chapter VI Clause 5.3.1.4 and 5.3.4.4.

4. CONTRACT TYPES AND VALIDITY

4.1. CONTRACT TYPES BASED ON PAYMENT METHOD

4.1.1. Lump sum Contract

A Lump sum Contract is a contract for the procurement of goods/services for the completion of a certain job in a certain period of time with a firm value. All risks that may occur during the period of contract are fully at the account of the Supplier to the extent that they are in accordance with the drawings and specifications.

4.1.2. Unit Price Contract

- 1. A Unit Price Contract is a contract for the procurement of goods/services for the completion of the whole job in a certain period of time based on a fixed unit price or a fixed price formulation for each unit of goods, equipment of element of the job with certain technical specification.
- 2. The payment is based on the quantity of goods, equipment or works ordered and supplied or completed by Supplier.

3. If required, the temporary estimate of the quantity of goods, equipment or work volume may be determined.
4. The decrease or increase of work volume is allowed based on the result of joint examination on the required work.

4.1.3. Cost Plus Fee Contract

1. A Cost plus Fee Contract is a service contract for the completion of the whole job in a certain period of time, whereas each work and its volume are not confirmed.
2. The payment is made based on the actual cost paid by the Supplier including material purchasing, provision of equipment and/or personnel and others, plus the fee mutually agreed by both parties.
3. The fee may be in the form of certain sum of money or certain percentage of the agreed value.

4.1.4. Cost Plus Incentives Contract

1. A Cost plus Incentives is a contract for the completion of a job using certain criteria as the target to be achieved.
2. The payment is based on the cost agreed in the Contract plus a reward. The reward is a certain amount of money agreed when the objectives stipulated in the Contract are achieved.
3. Generally, a cost plus incentives contract also specifies sanction/penalty should the minimum target is not achieved.

4.1.5. Percentage Contract

1. A Percentage Contract is an agreement/contract for consultancy serviced in construction or certain contracting services where the consultant receives a fee based on a certain percentage out of the physical contracting/construction work.
2. This contract is used for a consultancy work which method is not fixed yet, or has yet to have a standard operating procedure, or the output type or volume is yet to be determined.

4.1.6. Turn Key Contract

A Turn Key Contract is a contract for the procurement of goods/services for the completion of the whole job in a certain period of time with a fixed price until all construction/equipment/manufacturers and the main system, as well as its supporting system are functional according to the determined performance criteria.

4.2. CONTRACT TYPES BASED ON THE COMMITMENT

4.2.1. Joint Contract

1. A Joint Contract is a contract among several PSC Contractors or a Contract between BPMIGAS as a coordinator of several PSC Contractors and a certain Supplier to complete 1 (one) or several jobs, stipulated in an agreement that has been planned in the first place, or the use of an active contract of a PSC Contractor by another PSC Contractor.
2. An agreement between PSC Contractors or between BPMIGAS and several PSC Contractors can be executed in the beginning of a Contract or during an active contract. The agreement to execute a joint contract during an active contract can only be done to utilize an excess capacity and/or idle/window period of an active contract without modifying other

terms and conditions. In the event of utilization of idle period, increasing the work volume is allowed.

The detailed description is available for review in Attachment JK-001.

4.2.2. Partnership or Strategic Alliance Contract

1. A Partnership or Strategic Alliance Contract is a contract for the procurement of goods/services between PSC Contractor and Supplier of Goods/Services for the completion of the whole job in order to achieve the target in a certain period of time.
2. Partnership contract subscribes to the profit and risk sharing, honesty and fairness principles based on the commitment stipulated in the Contract.

The detailed description is available for review in Attachment JK-002.

4.2.3. Call Off Order Agreement

1. A Call Off Order Contract is a contract for the procurement of goods/services for a period of 1 year or more, whereas the Supplier shall supply the goods/services in the type and amount requested by PSC Contractor at any time.
2. The Contract shall stipulate the estimated quantity and value of an order, yet the user will only pay for the goods/services ordered.
3. The agreed price and payment method shall use the Unit Price Contract system.

The detailed description is available for review in Appendix JK-003.

4.2.4. Price Agreement

1. A Price Agreement is a contract with 1 (one) Supplier acting as a manufacturer or sole agent, made based on the unit price of goods or equipment issued officially by the manufacturer/principal. The agreement is valid for a certain period of time for 1 (one) group of specific goods/services. The unit price may be revised in a certain period of time.
2. Price agreement is applicable to:
 - a. The frame contract signed by and between BPMIGAS and the manufacturers of goods, equipment or machineries widely used by several PSC Contractors in order to obtain the most efficient price. The agreed price is used as the basis of order contract by PSC Contractor. The procurement exercise shall use the Direct Appointment method.
 - b. The purchase contract of spare parts of currently used main equipment or machinery. The procurement shall use the Direct Appointment method to the sole agent of the said spare parts or the supplier appointed by the manufacturer.
 - c. The maintenance service contract for the currently used main equipment or machinery and it can be conducted by direct appointment to the sole supplier appointed by the manufacturer.
3. The determination of agreed price and payment system shall use the Unit Price Contract system. The price may be a fixed price or a price formula.
4. The procurement exercise using the price agreement does not require a bid bond and performance bond.

The detailed description is available for review in Appendix JK-004.

4.2.5. Multi Standing Agreement

1. A Multi Standing Agreement is a unit price contract of goods/services with more than one vendor in the same period of time for similar goods/services in terms of specifications, size and capability in a certain contract period.
2. It is applicable in the procurement of frequently used consumable items or services which nature is routine and frequent. One procurement package shall consist of only 1 (one) group of similar type/usage.
3. The unit price shall not be higher than Rp 10,000,000,- (ten million rupiahs) or US\$ 1,000 (US Dollar one thousand). For certain goods/services, e.g. drill bits, medical equipment, which have obtained prior approval from BPMIGAS, higher unit price is allowed.

The detailed description is available for review in Appendix JK-005.

4.3. CONTRACT VALIDITY

The contract validity is principally adjusted to meet the operational requirement by considering the economic factor yet taking cognizance of the opportunities for the Suppliers.

CHAPTER V PLANNING

1. PROCUREMENT PLANNING

- 1.1. Planning the procurement of goods/services shall be based on the work plan in the Plan of Development (POD) and/or Work Program and Budget (WP&B) approved by BPMIGAS.
- 1.2. The procurement process is conducted by using the work plan in WP&B as a reference for the type of procurement activities.
- 1.3. In preparing WP&B, the PSC Contractor prepares the list of procurement plan containing the plan for procurement activities valued higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
 - 1.3.1. The procurement plan list describes the procurement plan for:
 1. The requirement of goods/services for the current fiscal year; and
 2. The requirement of goods/services for the following year, but the procurement activity shall be commenced or exercised (several) fiscal year(s) in advance.
 - 1.3.2. The list shall also stipulate the estimated Domestic Content percentage of:
 1. Every item of the procurement plan; and
 2. The entire procurement plan in the current year.Domestic Content percentage is the ratio between the total value of the estimated use of Domestic Products against the total value of the procurement plan.
 - 1.3.3. Procurement plans having contract validity for more than 1 (one) year shall already be included in the Contract's procurement plan list in the first or previous year.
 - 1.3.4. The procurement plan list is open for revision. In the event that the procurement plan revision causes the estimated Domestic Content percentage to decrease, a clarification shall be provided.

2. SUBMISSION OF PROCUREMENT PLAN

- 2.1. The procurement requiring BPMIGAS approval shall be submitted by PSC Contractor to BPMIGAS by enclosing the following documents:
 - 2.1.2. Work plan that is in accordance with the approved WP&B;
 - 2.1.3. The outcome of the discussion about the technical aspect of the procurement scope of work with the related BPMIGAS function which technical details are not approved yet in WP&B;
 - 2.1.4. The time management plan of the procurement process including the qualification assessment;
 - 2.1.5. The exercise of a direct selection or a direct appointment shall be justified based on the provisions in Chapter X Clause 3 and 4.
 - 2.1.6. Summary of the procurement strategy encompassing:
 1. Scope of work and specification.
 2. Conditions and provisions in order to maximize the use of Domestic Goods/Services, including:
 - a. The provision to comply with, prioritize or endorse the use of Domestic Goods/Services.
 - b. The provision about the obligation of Supplier of Services to propose the manufacturers list or vendors list.
 3. Terms and conditions of qualification and provisions of Bidders.

4. Procurement method and the reason for choosing such a method.
 5. Criteria and bidding evaluation procedures.
 6. Contract strategy, form and validity.
 7. Provisions on payment method, covering:
 - a. Payment scheme.
 - b. Sanction and penalty.
 - c. Price adjustment formulation (if any).
 8. Provisions on dispute settlement procedures.
- 2.1.7. Preparation method and data source supporting the Owner's Estimate calculation
- 2.1.8. If required, BPMIGAS may request for a copy of Instruction to Bidders and draft contracts.
- 2.2. BPMIGAS will give notes on the completeness status of the documents based on the list of documents submitted by PSC Contractors.
- 2.3. The approval of the procurement plan by BPMIGAS covers aspects stipulated in Clause 2.1 above, with the following conditions:
- 2.3.1. BPMIGAS shall already give its approval or rejection by 10 (ten) working days at the latest from the day of receipt of complete documents stated by BPMIGAS.
 - 2.3.2. The 10 (ten) working days duration is excluding the time required by PSC Contractors to complete additional inquiries from BPMIGAS.
 - 2.3.3. In certain circumstances, particularly for very complex works, BPMIGAS may advise PSC Contractors that the evaluation will take longer than the standard 10 (ten) days.
 - 2.3.4. If until after 10 (ten) working days or another period time advised by BPMIGAS, the submitted documents are not complete and/or not proper, PSC Contractors shall re-submit the work plan.
 - 2.3.5. BPMIGAS approval is valid for a duration of 60 (sixty) calendar days starting from the date of the approval letter. PSC Contractors may request for another extension to the approval validity which is not more than 30 (thirty) calendar days. If after the extension the procurement process has not commenced and PSC Contractors still have a requirement for the procurement, PSC Contractors shall re-submit the work plan.
 - 2.3.6. PSC Contractors may continue the procurement process if after the time limit for approval stipulated in Clause 2.3.1. – 2.3.4 above BPMIGAS does not respond.

CHAPTER VI

SUBJECTS OF PROCUREMENT OF GOODS/SERVICES

1. AUTHORIZED OFFICERS

1.1. REQUIREMENTS FOR AUTHORIZED OFFICERS

- 1.1.1. Possess the capability to carry out one or more functions to establish work packages and scope, procurement strategy and method, endorse Owner Estimate and determine and decide the tender winner;
- 1.1.2. Shall comply with the basic principles and business ethics of supply chain management;
- 1.1.3. Shall sign and/or adhere to the integrity pact or other similar pacts pursuant to the prevailing rules in every PSC Contractor.

1.2. RESPONSIBILITY

- 1.2.1. Shall be responsible for the exercise of procurement of goods/services according to the basic principles and business ethics of supply chain management.
- 1.2.2. Shall maximize the use of domestic products and competency.

1.3. DUTIES AND AUTHORITY OF PROCUREMENT OFFICERS

- 1.3.1. Approve/determine/endorse the project/activity plan and schedule for the current fiscal year;
- 1.3.2. Approve/determine/endorse the work/service packages which procurement will be carried out;
- 1.3.3. Appoint/assign the Procurement Committee/Internal Team;
- 1.3.4. Approve/determine/endorse the criteria, references and conditions of the procurement;
- 1.3.5. Endeavour to maximize the utilization of domestic products and competency and include the National Companies in the procurement of goods/services;
- 1.3.6. Allow business opportunities for small-scale enterprise, including small cooperative.
- 1.3.7. Approve/determine/endorse Owner Estimate, procurement schedule, location and method;
- 1.3.8. Determine the amount of down payment;
- 1.3.9. Determine the winner of the procurement of goods/services;
- 1.3.10. Answer and respond to objection from Bidders;
- 1.3.11. Appoint the tender winner;
- 1.3.12. Endorse Contracts or Power of Attorney to the attorney of Self-Management;
- 1.3.13. Control and supervise the contract implementation;
- 1.3.14. Approve the payment to Suppliers based on the Contracts or to the attorney of Self-management;
- 1.3.15. Deliver the completed project's assets along with its supporting documents either directly or through the authorized officer to the user;
- 1.3.16. Sanction the Suppliers according to the prevailing regulations;
- 1.3.17. Prepare and submit the completion/activity report of the procurement of goods/services to BPMIGAS as stipulated in Chapter XV.

1.4. THE AUTHORIZED OFFICERS ARE NOT ALLOWED TO:

- 1.4.1. Determine the specifications of goods/services, criteria, conditions or procedures of the procurement that leads to giving advantage to 1 (one)

potential Supplier and/or certain parties, and/or undertake other actions which can be categorized as a conflict of interest.

- 1.4.2. Be the member of the Procurement Committee/Internal Team for the scope of work in which the officers are authorized to determine the Procurement Committee/Internal Team and/or to determine/appoint the tender winner.

2. END-USERS OF GOODS/SERVICES

2.1. End-user is a function that requires the goods/services to support its activities.

2.2. REQUIREMENTS

- 2.2.1. Comply with the basic principles and business ethics of supply chain management;
- 2.2.2. Sign and adhere to the integrity pact or other similar pacts pursuant to the prevailing rules in every PSC Contractor.

2.3. RESPONSIBILITIES

- 2.3.1. Responsible for the planning of requirement, management and utilization of goods/services effectively and efficiently according to the basic principles and business ethics of supply chain management.
- 2.3.2. Maximize the utilization of domestic products and competency.

2.4. DUTIES AND AUTHORITY

- 2.4.1. Establish the plan and schedule of requirement of goods/services based on the project or activity plan in the current fiscal year and the following years;
- 2.4.2. Propose the requisition for the procurement process of goods/service packages required;
- 2.4.3. Prepare the procurement criteria plan, references and conditions;
- 2.4.4. Endeavour to maximize the use of domestic products and competency;
- 2.4.5. Prepare Owner Estimate;
- 2.4.6. Control, supervise and evaluate the contract implementation;
- 2.4.7. Utilize the assets that have been delivered or services procured by the Suppliers effectively and efficiently.

2.5. END-USERS ARE NOT ALLOWED TO:

- 2.5.1. Determine the specifications of goods/services, criteria and conditions in the Tender Document that lead to the attempt to evade the use of Domestic Goods/Services.
- 2.5.2. Determine the specifications of goods/services, criteria and conditions in the Tender Document that lead to giving certain advantage to 1 (one) potential Supplier and/or certain parties, and/or undertake other actions which can be categorized as a conflict of interest.
- 2.5.3. Influence the procurement process either internally or outside the PSC Contractor's organization which can be categorized as a conflict of interest.

3. PROCUREMENT MANAGEMENT

3.1. Management of the Procurement of Goods/Services is a function responsible for the sourcing of goods/services, procurement strategy planning, the effective and efficient supply of goods/services and contract administration.

3.2. REQUIREMENTS

- 3.2.1. For PSC Contractors in the production phase, the procurement management organization shall not be within the end-user's organization;

- 3.2.2. Be able to plan a strategy and master the procurement procedures;
- 3.2.3. Understand the market situation and condition of the goods/services required by PSC Contractors;
- 3.2.4. Comply with the basic principles and business ethics of supply chain management;
- 3.2.5. Sign and adhere to the integrity pact or other similar pacts pursuant to the prevailing rules in every PSC Contractor.

3.3. RESPONSIBILITIES

- 3.3.1. Responsible for the planning and sourcing of goods/services, strategy planning and exercise of the effective and efficient procurement of goods/services and contract administration.
- 3.3.2. Maximize the utilization of domestic products and competency.

3.4. DUTIES AND AUTHORITY

- 3.4.1. Prepare the procurement planning based on the requirement from the end-users of goods/services or the activities of the ongoing fiscal year and/or the following years;
- 3.4.2. Prepare the Tender Document including the procurement criteria and requirements based on input from the end users and related regulations;
- 3.4.3. Manage data as one of references in preparing Owner Estimate;
- 3.4.4. Manage contract administration;
- 3.4.5. Prepare and deliver the procurement report according to the rules;

3.5. THE PROCUREMENT MANAGEMENT IS NOT ALLOWED TO:

Influence the procurement process either internally or outside the PSC Contractor's organization which may be categorized as a conflict of interest.

4. PROCUREMENT COMMITTEE/INTERNAL TEAM

- 4.1. Procurement Committee/Internal Team is established and endorsed by the Authorized Officers.

4.2. REQUIREMENTS

- 4.2.1. Comply with the basic principles and business ethics of supply chain management;
- 4.2.2. Understand the whole job and master the procurement guidelines and the content of the Tender Document;
- 4.2.3. Sign and/or adhere to the integrity pact or other similar pacts pursuant to the prevailing rules in every PSC Contractor;
- 4.2.4. Not related by marriage with the authorized officers;
- 4.2.5. The status and working relationship of Chairman, Secretary and members of the Procurement Committee/Internal Team:
 - 1. PSC Contractors in production phase:
 - a. The chairman and secretary shall be Indonesian nationals. Members may consist of expatriate employees;
 - b. The chairman, secretary and members shall be permanent employees;
 - c. The chairman, secretary and other members shall already have undertaken trainings and are certified in the procurement for oil and gas industry in Indonesia by BPMIGAS or other institutions appointed by BPMIGAS;

2. PSC Contractors in the exploration phase:
 - a. The chairman shall be a permanent employee and may be held by an expatriate;
 - b. The secretary and members shall be Indonesian nationals and permanent or non-permanent employees of the PSC Contractors;
 - c. 2/3 (two third) of the members, including the chairman and secretary, shall already have undertaken trainings and are certified in the procurement for oil and gas industry by BPMIGAS or other institutions appointed by BPMIGAS.

4.2.6. The Procurement Committee consists of at least 5 (five) fixed members and shall be of odd number, consisting of:

1. Chairman cum member;
 2. Secretary cum member, from the procurement function;
 3. Member from the legal function;
 4. Member from work planning function;
- And at least 1 (one) member from:
5. Finance function;
 6. End-user function;
 7. Other functions as required.

To maintain the sustainability and continuity of the process, the Procurement Committee members for one certain procurement package shall be fixed.

4.2.7. If required, the Procurement Committee may be equipped with 1 (one) Vice Chairman which duty is to carry out the functions of a Chairman in the event that the Chairman is unable to perform temporarily.

4.2.8. If required, the Procurement Committee may be assisted by the non-member technical personnel to evaluate the technical or other aspects.

4.2.9. The Internal Team consists of at least 3 (three) persons from the procurement management function and shall be of odd number.

4.2.10. If required, based on the consideration on the workload, the Procurement Committee may be equipped with Administrative Sub-Committee which duty is to represent the Procurement Committee in carrying out administrative works.

4.3. RESPONSIBILITIES

4.3.1. The Procurement Committee/Internal team is responsible for the procurement exercise through the bidding, direct selection, direct appointment and other procurement methods;

4.3.2. The selection of Suppliers up to Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand) may be performed by the Internal Team in the procurement function which responsibilities and main duties are similar to those of the Procurement Committee.

4.3.3. Prioritize the utilization of domestic products and competency.

4.3.4. The Procurement Committee/Internal Team reports to the Authorized Officers.

4.4. MAIN DUTIES

4.4.1. Prepare the Tender Documents, qualification assessment documents including the criteria and procedures of bid evaluation;

4.4.2. Ensure the fairness and validity of Owner Estimate;

4.4.3. Prepare the schedule and method and determine the bidding location;

- 4.4.4. Announce the tender through the PSC Contractor's official announcement boards, and/or newspapers and if possible electronic media.
- 4.4.5. Prepare the list of Suppliers that meet the qualifications and classification (business sector and sub-business sector) to be invited to bid;
- 4.4.6. Conduct and endorse the qualification assessment result fairly and transparently, and encourage fair competition;
- 4.4.7. Explain and prepare the minutes of pre-bid meeting on the content of the Instruction to Bidders, including the bidding requirements, bid submission method and evaluation procedures;
- 4.4.8. Open the bid proposals, prepare the bid opening official report and announce or inform the failed/disqualified Bidders;
- 4.4.9. Evaluate the proposals, clarify, negotiate and determine the Bidders ranking and prepare the official report of the procurement evaluation;
- 4.4.10. Propose the nominated bidders for the tender/direct selection/direct appointment to the Authorized Officers;
- 4.4.11. Respond to protests and objections from the Suppliers;
- 4.4.12. Prepare reports on the procurement process and result to the Authorized Officers.

4.5. THE PROCUREMENT COMMITTEE/INTERNAL TEAM ARE NOT ALLOWED TO:

- 4.5.1. Conduct a procurement process or procedures that leads to giving certain advantage to 1 (one) Supplier of Goods/Services and/or certain parties, and/or undertake other actions that may be categorized as a conflict of interest;

4.6. TERM

The term of the Procurement Committee shall be terminated pursuant to the assignment.

5. SUPPLIERS OF GOODS/SERVICES

5.1. CLASSIFICATION OF SUPPLIERS OF GOODS/SERVICES

- 5.1.1. Supplier of Goods, Contracting Services, Supplier of Other Services and Consultancy Services are classified into 4 groups as follows:

1. **"Small enterprise"** including small cooperatives is for companies or cooperatives that meet the following requirements:-
 - a. Incorporated under the laws of the Republic of Indonesia with business activities within the territory of Indonesia; and
 - b. Possess net assets maximum Rp 500,000,000,- (five hundred million rupiahs), excluding land and building as a place of business or annual sales revenue maximum Rp 2,500,000,000,- (two billion five hundred million rupiahs) or US\$ 250,000(US Dollar two hundred and fifty thousand); and
 - c. Owned by Indonesian nationals; and
 - d. Independent, not a subsidiary or branch office being owned, controlled or part of medium or large enterprises directly or indirectly; or
 - e. Small cooperatives that own business units in the contracting services, provision of goods, consultancy or other services.
2. **"Medium enterprise"** is for companies or cooperatives that meet the following requirements:-

- a. Incorporated under the laws of the Republic of Indonesia with business activities within the territory of Indonesia; and
 - b. Possess net asset from more than Rp 500,000,000 (five hundred million rupiahs) to maximum Rp 10,000,000,000,- (ten billion rupiahs), excluding land and building as a place of business or annual sales revenue from more than Rp 2,500,000,000,- (two billion and five hundred million rupiahs) or US\$ 250,000 (US Dollar two hundred fifty thousand) to max. Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million); and
 - c. Owned by Indonesian nationals; and
 - d. Independent, not a subsidiary or branch office being owned, controlled or part of small or large enterprises directly or indirectly; or
 - e. Cooperatives that own business units in the contracting services, provision of goods, consultancy or other services.
3. **"Large enterprise"** is for companies or cooperatives that meet the following requirements:-
- a. Incorporated under the laws of the Republic of Indonesia; and
 - b. Possess net asset more than Rp 10,000,000,000,- (ten billion rupiahs), excluding land and building as a place of business or annual sales revenue more than Rp 50,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million); or
 - c. Cooperatives that meet the criteria in Clause 5.1.1.3 (a) and (b) above and own business units in the contracting services, provision of goods, consultancy or other services.
 - d. Large enterprise covers private or state-owned companies, joint venture and foreign companies conducting business activities within the territory of Indonesia.
4. **"Foreign enterprise"** as the partner of national companies in the form of consortium, subcontractor to the national companies or acts as the principal in the procurement of goods.
- 5.1.2. Classification of bidders forming a consortium is determined based on the total accumulation of net assets and annual sales revenue of all consortium members.
- 5.1.3. Particularly for the procurement of construction services, classification of suppliers shall comply with the prevailing laws and regulations of Construction Services.
- 5.2. BUSINESS SECTORS OF SUPPLIERS OF GOODS/SERVICES
- 5.2.1. Business sector categorization for suppliers of goods/services is as follows:-
- 1) Supplier of goods;
 - 2) Supplier of contracting services;
 - 3) Supplier of other services;
 - 4) Supplier of consultancy services.
- 5.2.2. In the qualification process, Suppliers shall declare their sub business sector according to the basic competence/specialization they have by providing supporting data, i.e. evidence of working experience, business affiliations, ownership of facilities to support the business. Such data will be examined and verified by the Procurement Committee/Internal Team in the qualification assessment stage.

- 5.2.3. For the purpose of process simplification and standardization, Sub business sectors in the PSC Contractors setting are specified in Appendix No. PQ-003.

5.3. LIMIT OF VALUE OF PROJECTS/ACTIVITIES OF SUPPLIERS OF GOODS/SERVICES

The limit of value of projects/activities that can be commissioned by Suppliers of Goods/Services according to their classification is as follows:-

5.3.1. Procurement of Goods

- 1) Small Enterprise may participate in the procurement exercise valued up to Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand)
- 2) Medium Enterprise may participate in the procurement exercise valued from more than Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand) up to Rp 2,500,000,000,- (two and a half billion rupiahs) or US\$ 250,000 (US Dollar two hundred and fifty thousand).
- 3) Large Enterprise may participate in the procurement exercise that exceeds Rp 2,500,000,000,- (two and a half billion rupiahs) or US\$ 250,000.
- 4) Foreign enterprise may participate in the procurement of imported goods exceeding Rp 25,000,000,000,- (twenty five billion rupiahs) or US\$ 2,500,000 (US Dollar two and a half million), and is required to collaborate with National Companies in the form of agency or consortium. Such collaboration shall be formalized in the form of agreement and be part of the bid proposal and a binding element in the Contract.

5.3.2. Contracting Services/Projects

- 1) Small Enterprise may participate in the procurement exercise valued up to Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand).
- 2) Medium Enterprise may participate in the procurement exercise valued from more than Rp 1,000,000,000,- (one billion rupiah) up to Rp 5,000,000,000,- (five billion rupiahs) or between US\$ 100,000 (US Dollar one hundred thousand) and US\$ 500,000 (US Dollar five hundred thousand).
- 3) Large enterprise may participate in the procurement exercise that exceeds Rp 5,000,000,000,- (five billion rupiahs) or US\$ 500,000 (US Dollar five hundred thousand).
- 4) In the case of the contract value higher than Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million), Suppliers shall cooperate with small enterprises, including small cooperatives. This requirement must be stipulated in the contract.
For contracts exceeding Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), National Companies shall cooperate with small and/or medium enterprises and may collaborate with Foreign Companies in the form of consortium or subcontract stipulated in an agreement and shall be part of the bid proposal and a binding element in the Contract.

- 5) Projects that require sophisticated technology are exempted from the mandatory requirement to cooperate with small and/or medium enterprises.

5.3.3. Other Services

Small Enterprise including small cooperatives may participate in the procurement exercise valued up to Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand).

- 1) Medium Enterprise may participate in the procurement exercise valued from more than Rp 1,000,000,000,- (one billion rupiah) up to Rp 5,000,000,000,- (five billion rupiah) or between US\$ 100,000 (US Dollar one hundred thousand) and US\$ 500,000 (US Dollar five hundred thousand).
- 2) Large Enterprise may participate in the procurement exercise exceeding Rp 5,000,000,000,- (five billion rupiahs) or US\$ 500,000 (US Dollar five hundred thousand).

In the case of the contract value higher than Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million), Suppliers shall cooperate with small enterprises, including small cooperatives. This requirement must be stipulated in the contract.

For contract value higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), National Companies shall cooperate with small and/or medium enterprises and may collaborate with Foreign Companies in the form of consortium or subcontract stipulated in an agreement and shall be part of the bid proposal and a binding element in the Contract.

- 3) Projects that require sophisticated technology are exempted from the mandatory requirement of having to cooperate with small and/or medium enterprises.

5.3.4. Consultancy Services

- 1) Small Enterprise may participate in the procurement exercise valued up to Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand)
- 2) Medium Enterprise may participate in the procurement exercise valued from more than Rp 500,000,000,- (five hundred million rupiah) or US\$ 50,000 (US Dollar fifty thousand) up to Rp 2,500,000,000,- (two and a half billion rupiahs) or US\$ 250,000 (US Dollar two hundred and fifty thousand).
- 3) Large Enterprise may participate in the procurement exercise exceeding Rp 2,500,000,000,- (two and a half billion rupiahs) or US\$ 250,000 (US Dollar two hundred and fifty thousand).
- 4) Foreign Enterprise may participate in the procurement that exceeds Rp 10,000,000,000,- (ten billion rupiahs) or US\$ 1,000,000 (US Dollar one million), and is required to collaborate with National Companies in the form of consortium or subcontract stipulated in an agreement and be part of the bid proposal and a binding element in the Contract.

5.4. QUALIFICATIONS OF SUPPLIERS OF GOODS/SERVICES

- 5.4.1. The qualification requirements stipulated are the minimum requirements for the job, in order to accomplish a fair competition. For complex works,

additional requirements may apply, such as special equipment, specialists or particular work experience.

5.4.2. Suppliers of Goods/Services shall sign a statement letter on a stamp duty declaring that all information submitted in the qualification process is true, and if it is later found to be false, the Suppliers shall be disqualified as candidates and blacklisted.

5.4.3. The qualification requirements of Suppliers of Goods, Contracting Services and Other Services are:

1. Possess:
 - a. Articles of Association and its amendments endorsed by the authorized institution/department;
 - b. Letter of Domicile;
 - c. Valid business license issued by the authorities, i.e. Business License in Trading for trading services or Business License in Construction Services. For the procurement of construction services in particular, Bidders shall also submit the Company Registration Certificate and certificates in construction services issued by construction services associations recognized by the National Construction Services Development Agency.
2. Provide a statement letter on:
 - a. Not being under supervision of the court, insolvent, the business is not suspended and is not serving a court sentence;
 - b. Not being in court proceedings or arbitration with the concerned PSC Contractors and/or BPMIGAS.
3. In the case that the Suppliers establish a partnership in the form of consortium or agency, the Suppliers shall have an agreement stipulating the ownership percentage, rights and responsibilities of the parties and the party representing the consortium (lead firm);
4. The Suppliers shall have settled the last annual tax payment by submitting a copy of tax payment evidence for Article 25 or Article 21/23 and VAT;
5. Experienced in performing the works similar to that in the procurement package, either in oil and gas industry or in the others, at least 1 (one) in the last 7 (seven) years, either as main contractors, consortium members or subcontractors. This provision is not applicable to domestic manufacturers of goods;
6. Have a good performance, not listed in the Red List of the concerned PSC Contractors and/or Blacklist of other PSC Contractors;
7. Belong to the classification of Suppliers of Goods/Services in accordance with the package value, proven by the last year's balance sheets, particularly net assets and annual sales revenue;
8. Suppliers in Small Enterprise category, including small cooperatives, shall have business sector in line with the sub-sector of the procurement package;
9. Suppliers in Medium and Large Enterprise categories shall fulfill the Basic Capability (BC) requirement in the related sub-sector as follows:
 - a. Contracting Services shall fulfill the BC = 2NPt;
 - b. The Provision of Goods or Other Services shall fulfill the BC = 5NPt, with the following terms:

BC = Basic Capability:

 - For the procurement of a single project or goods/services and the procurement of accumulated goods/services for a period

of not more than 12 (twelve) months, the BC value shall be at least equal to the estimated package value.

- For the procurement of goods/services or accumulated goods/services for a period of more than 12 (twelve) months, the BC value shall be at least equal to the estimated average package value for a period of 12 (twelve) months.
- For the procurement of goods/services for a long-term contract [more than 5 (five) years], the BC shall be at least equal to the contract value for a period of 5 (five) years.

NPt = Nilai Pengalaman Tertinggi Pekerjaan/Highest Contract Value in the sub-sector similar to that in the procurement package that has been completed in the last 7 (seven) years, in the form of:

- Single contract value for a single project/activity or the procurement of goods/services with the contract duration not more than 12 (twelve) months.
 - Accumulated contract value for a period of 1 (one) calendar year (1 January to 31 December) for the procurement of accumulated goods/services with contract duration more than 12 (twelve) months.
- c. In the case of a consortium/agency, the BC of the consortium members/agent shall be taken into account.
- d. The BC of subcontractor is not considered as part of BC calculation.
- e. Suppliers of Goods/Services shall enclose the BC calculation document in the Bid Proposals.

The BC calculation procedure is available for review in Appendix PQ-002.

10. Contracting Services in particular shall submit the list of active/ongoing projects, the sufficient Remaining Financial Capability (RFC) and Remaining Package Capability (RPC) if required;

The procedures to calculate RFC and RPC are available for review in Appendix PQ-002.

11. Complex Work packages may apply an additional requirement, i.e. supporting letters from national private or state-owned banks to participate in the procurement at least 10% of the estimated Contract Value for Contracting Services and 5% of the estimated Contract Value for the procurement of Goods or Other Services, except for Suppliers of Goods/Services in Small Enterprise category including small cooperatives;

12. For the execution of Construction Work Services in particular:

- a. The executor of Front End Engineering Design /FEED Services Contract shall not participate in the procurement of goods and services of construction works or monitoring services of the same package;
- b. The executor of monitoring services shall not participate in the procurement of FEED services and the procurement of goods and services of construction works of the same package;
- c. The FEED services, procurement of goods and construction works may be integrated with prior approval from BPMIGAS.

5.4.4. The qualification requirements for Suppliers of Consultancy Services :

- 1. Possess:
 - a. Articles of Association and its amendments endorsed by the authorized institution/department;

- b. Letter of Domicile;
 - c. Valid business license issued by the relevant authorities.
2. Provide a statement letter on:
 - a. Not being under supervision of court, insolvent, the business is not suspended and is not serving a court sentence;
 - c. Not being in court proceedings or arbitration with the concerned PSC Contractors and/or BPMIGAS.
3. In the case that the Suppliers of Consultancy Services will establish a partnership in the form of consortium, the Suppliers shall have an agreement stipulating the ownership percentage, rights and responsibilities of the parties and the party representing the consortium/joint venture (lead firm);
4. The Suppliers shall have settled the last annual tax payment by submitting a copy of tax payment evidence for Article 25 or Article 21/23 and VAT;
5. Experienced in performing consultancy works similar to that in the procurement package, either in oil and gas industry or in the others, in the last 7 (seven) years, either as main contractors, consortium members or subcontractors; with an exception for consultancy works valued up to Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand);
6. Have a good performance and not listed in the List of Suppliers of Consultancy Services being sanctioned by the concerned PSC Contractors;
7. Belong to the classification of Suppliers of Consultancy Services in accordance with the package value, proven by the last year's balance sheets
8. Suppliers of Consultancy Services in Small Enterprise category, including small cooperatives, shall have business sector in line with the sub-sector of the procurement package;
9. Suppliers of Consultancy Services in Medium and Large Enterprise categories and Large Enterprise shall fulfill the Basic Capability (BC) requirement with the following formulation:
 - a. Consultancy Services shall fulfill the $BC = 3NPt$; with the following terms:
BC = Basic Capability, the BC value is at least equal to the estimated procurement package value;
NPt = Nilai Pengalaman Tertinggi Pekerjaan/Highest Contract Value in the sub-sector similar to that in the procurement package that has been completed in the last 7 (seven) years;
 - b. In the case of consortium/agency, the BC of the consortium members/agent shall be taken into account.
 - c. The BC calculation document shall be attached to the Bid Proposals.
 - d. The BC calculation procedure and examples are available for review in Appendix PQ-002.
10. Possess the capability to provide the facilities, equipment and personnel required to perform the job.
11. Specialists assigned to carry out the consultancy work shall meet the following requirements:
 - a. Graduates from state or private universities accredited by the authorities or universities overseas endorsed by the government institution in charge of the higher education, proven by a copy of diploma and/or possess certificates for the relevant skills;

- b. Possess relevant experience described in the CV that is accountable, signed by the CV owners and known by the director should the CV owners are employed by the company;
 - c. Expatriate personnel shall comply with the prevailing manpower and immigration regulations.
12. Own permanent, clear address which is reachable by postal services.

5.5. OTHER PROVISIONS

- 5.5.1. Suppliers of Goods/Services which participation may cause a conflict of interest to the PSC Contractors and/or the Procurement Committee/Internal Team and/or the Authorized Officers and/or the End-users are not allowed to participate.
- 5.5.2. Affiliations:
 - 1. Suppliers of Goods/Services affiliated with other Suppliers are not allowed to participate together in one procurement package. The affiliation may also be viewed from the ownership and/or management status, including appointment of the same attorney by Bidders.
 - 2. The provision in Clause 1 is basically not applicable to State/Regional-government-owned Companies, except when:
 - a. Some of the shares of one Bidder are owned by another Bidder whereas the shares of latter are not entirely owned the state;
 - b. Some of the shares of several Bidders are owned by one shareholder, whereas the shareholder is not owned or is not entirely owned by the state.
 - 3. The affiliations shall be identified during registration stage. If such affiliations are identified after the bid opening, then the affiliated Bidders shall decide one Bidder to proceed while the other affiliates shall withdraw without having the bid bond liquidation rules applied to them.
 - 4. Government employees, employees of the Bank of Indonesia, state-owned institutions, BUMN/BUMD companies and PSC Contractors shall not participate as Suppliers of Goods/Services except in representing state/regional-government-owned companies.

5.6. LIST OF CAPABLE SUPPLIERS OF GOODS/SERVICES

- 5.6.1. In simplifying the procurement exercise, the PSC Contractor shall prepare the List of Capable Suppliers of Goods/Services (LCS). The list shall contain all basic information on the required Suppliers of Goods/Services used as a reference in determining the capability of Suppliers to participate in the procurement activities through the qualification assessment on the classification, sectors and sub sectors.
- 5.6.2. Suppliers of Goods/Services may register to PSC Contractor to be listed in the LCS by submitting the required administrative data, i.e.:
 - 1. Articles of Association and its amendments duly endorsed;
 - 2. Business License in accordance with the subsector as required by the regulations;
 - 3. Company data (refer to Appendix PQ-001);
 - 4. Copy of Tax File Number;
 - 5. List of experience in carrying out the provision of goods and/or works;
 - 6. Latest year's balance sheets.
- 5.6.3. The PSC Contractor shall assess the Basic Capability of Suppliers based on the administrative data submitted by Suppliers. The PSC Contractor may verify and evaluate the accuracy of data submitted by Suppliers, including the

domicile of business. Qualified Suppliers shall be recorded in the LCS and given a Vendor Registration Letter (VRL) by the PSC Contractor.

- 5.6.4. Registered Suppliers shall submit the most updated valid data to replace the expired one.
- 5.6.5. In the procurement process, the PSC Contractor may use the LCS as a reference without requesting the required data again from the registered Suppliers. Suppliers will only have to enclose a copy of VRL and other additional documents if required. The PSC Contractor may use the LCS of other PSC Contractors for the procurement purposes.

CHAPTER VII OWNER ESTIMATE

In the procurement of goods/services, the PSC Contractors shall prepare an Owner Estimate (OE) calculated professionally.

Basically, the Owner Estimate shall already be available by the time the bidding process starts. With the exception of the Complex Works, the OE shall already be available and endorsed by the Authorized Officers during the commercial bid opening.

1. GENERAL PROVISIONS

- 1.1. OE is prepared by considering the cost of domestic production.
- 1.2. OE is made by referring to the proper market rate valid when the OE is being prepared.
- 1.3. Total OE value is no longer confidential after the commercial bid opening. The OE details are classified for the Bidders.
- 1.4. OE is used as one of the benchmarks in determining the tender winners.

2. PREPARATION BASICS AND PROCEDURES

- 2.1. The OE is prepared and signed by the function that plans the procurement (users, planners, procurement) and endorsed by the Authorized Officers.
- 2.2. The OE is prepared carefully, using the following references:
 - 2.2.1. Price of Domestic and Foreign Goods/Services obtained directly through internet or other means. In the event that the goods are already manufactured locally, the OE is made based on the domestic market rates and compared to proper average international rate with CIF conditions final port destination in Indonesia added with the price preference based on Domestic Content proportionally.
 - 2.2.2. Price list or quotation from manufacturers, sole agents or manufacturer-appointed agents, stores, workshops, fabricators or other reliable sources.
 - 2.2.3. Analysis result of the job's unit cost (cost structure).
 - 2.2.4. The last purchase/Contract price by taking cognizance of the progress and/or inflation factors.
 - 2.2.5. Estimates prepared by the consultants.
 - 2.2.6. Reliable (written) source of information
- 2.3. The OE shall not include incidentals, miscellaneous, income tax and VAT of Suppliers.
- 2.4. Service Works shall calculate the risk and profit but avoid the multiple profit calculation.
- 2.5. In the procurement of goods, an OE calculation shall calculate all cost components until the destination port/final delivery.
- 2.6. For the procurement of goods, if comparing with the rates overseas is required, the comparison can be conducted by the price built up against free on board (FOB) base rate.
An example is available in Appendix CP-001.

CHAPTER VIII PROCUREMENT DOCUMENTS

1. STRUCTURE OF PROCUREMENT DOCUMENTS

1.1. Documents to select Suppliers of Goods/Services consist of:

- 1.1.1. Qualification assessment document, and
- 1.1.2. Tender Document

1.2. REFERENCED REGULATIONS

Selection Documents shall clearly stipulate the referenced regulations and the procurement requirements shall adhere to the provisions stipulated in this Guidelines and related regulations.

1.3. LANGUAGES USED IN THE SELECTION DOCUMENTS

- 1.3.1. The language used in the Selection Documents is Indonesian or bilingual, i.e. Indonesian and English.
- 1.3.2. Should there be any different interpretation between both languages, the legally binding language is the Indonesian language.
- 1.3.3. The use of English language is allowed for technical terms or specifications of goods/services or in connection with technical drawings.

2. QUALIFICATION ASSESSMENT DOCUMENTS

2.1. The qualification assessment documents shall at least stipulate:

- 2.1.1. The requirements of applicants.
- 2.1.2. The qualification requirements, as stipulated in Chapter VI Clause 5.4 on the qualification of Suppliers of Goods/Services.
- 2.1.3. Procedures on qualification assessment, assessment on administrative, capital, personnel, equipment and experience aspects.
- 2.1.4. Evaluation method, using pass/fail or scoring system.

2.2. In the event that the qualification assessment is conducted using prequalification method, qualification assessment documents shall also stipulate the time and place to collect and submit the qualification questionnaire.

2.3. In the event that the qualification is conducted using post-qualification method:

- 2.3.1. Qualification documents are submitted as part of the administrative requirements of bid proposals.
- 2.3.2. In the administrative evaluation stage, the Procurement Committee/Internal Team shall ensure that all qualification requirements are enclosed as part of the complete bid proposals.
- 2.3.3. The qualification assessment is conducted after the price evaluation is completed.

The qualification questionnaire is available for review in Appendix PQ-001.

3. TENDER DOCUMENTS

3.1. The Tender Document shall consist of:

- 3.1.1. Bid Invitation to Suppliers of Goods/Services, and
- 3.1.2. Instruction to Bidders

3.2. BID INVITATION TO SUPPLIERS OF GOODS/SERVICES

3.2.1. The Bid Invitation to Suppliers of Goods/Services shall at least stipulate:

1. Place, date, day and time for collecting the Tender Document.
2. Place, date, day, time for elucidation/pre-bid meeting.
3. Place, date, day, time for bid proposal submission.
4. Address to where the bid proposals shall be submitted.

3.2.2. In the event that the qualification assessment is conducted using prequalification method, the invitation to qualified Suppliers shall be sent in writing or put on the PSC Contractor's message board.

3.2.3. In the event that the qualification assessment is conducted using post-qualification method, the invitation to Suppliers registered for the tender and meeting the business sector and sub-business sector requirements, shall be sent in writing or put on the PSC Contractors' message board.

3.3. INSTRUCTION TO BIDDERS (ITB)

The ITB shall consist of:

3.3.1. General requirements:

1. Address, phone/fax number/email address of the Procurement Committee/Internal Team;
2. Requirements for Suppliers of Goods/Services
3. Bid letter format and submission method;
4. Evaluation method and procedures;
5. Terms/restriction of bid substance (mandatory or optional) shall be stipulated clearly in the Tender Document;
6. Negotiation method;
7. Administrative and/or financial sanctions in the event that the Suppliers fail to fulfill their obligations, and/or breach the terms and conditions;
8. Sanction to Suppliers submitting false protest/objection;
9. Bid validity;
10. Determination of forum and place for dispute settlement;
11. Provisions on utilization of importation facilities;
12. Provisions stipulating that Bidders will not conduct monopoly and unfair competition, use illegal goods and violate business ethics;
13. Provisions on Contract termination;
14. Provisions on reward (if any);
15. Timing and bidding location;
16. Provisions on dispute settlement procedures, including the reference/jurisdiction used in dispute settlement.

3.3.2. Administrative requirements

Administrative requirements consist of:

1. Offer Letter signed by the authorized officer according to the Articles of Association or the mandates;
2. Documents required in the Bid Document;
3. Statement of authenticity of the bid proposal and supporting documents.

3.3.3. Technical requirements, i.e.:

1. Scope of Work.
2. Nature and description of work to be carried out, including the referenced framework in the case of consultancy services;
3. Types and quality of required materials;

4. Technical specifications and drawings not leading to particular brands/products. The exception is given to specific and standard goods/services and approved brands. The status as specific, standard or approved brands shall be declared in writing as part of the supply chain management policy of PSC Contractors and approved by BPMIGAS.
 5. Domestic Content requirements:
 - a. Minimum Domestic Content requirement to be met by Bidders;
 - b. Obligation to maximize domestic products and competency by submitting the utilization of domestic products and competency program in the form of Statement on the Percentage of Domestic Content of Goods and/or the committed percentage of Domestic Content of Services.
 - c. The provisions on the procedures to monitor the realization of Domestic Content commitment and sanction in the event that such a commitment is not fulfilled.
 6. Provisions on methods to perform the job and special requirements applied in performing the job according to the prevailing laws and regulations.
 7. Provisions on the physical evaluation procedures (if required), according to the prevailing regulations.
 8. Provisions on alternative proposals.
 9. Provisions on exceptions/variations/conditions in bid proposals.
- 3.3.4. Commercial requirements:
1. Commercial bid letter signed by the authorized officers according to the Articles of Association or the mandates on a stamp duty with proper value in accordance with the regulations;
 2. Bid currency;
 3. Currency conversion structure applied in the case that Suppliers are allowed to submit bid proposals in different currencies;
 4. Price evaluation system used and provisions on price normalization (if applicable);
 5. Payment method:
 - a. Provisions that the payment shall be made to Suppliers of Goods/Services through accounts in banks domiciled in Indonesia by giving priority to National General Banks. Parties bound in the Contracts shall have a bank account domiciled in Indonesia either as the payers or the payees. For PSC Contractors in the production phase, payment transactions shall use State/regional government-owned general banks.
 - b. Payment terms.
 - PSC Contractors shall do the payment according to the terms agreed in the Contract. This provision is valid only when the required invoices received are complete and correct.
 - If PSC Contractors are late in fulfilling their obligation to pay according to the terms stipulated in the Contract, Suppliers of Goods/Services may impose a penalty as much as 1‰ (one per mil) per calendar day, of the amount due, with maximum limit of 5% (five percent). The penalty shall not be recorded as operating expenses according to the Sharing Contracts.
 - c. Provisions on down payment as stipulated in Chapter XIII Clause 2.8.4.

6. Bid bond percentage, validity and conditions.
7. Performance bond percentage, validity and conditions.
8. Maintenance bond percentage, validity and conditions.
9. Provisions to declare the amount of domestic content, either in technical proposals or price proposals. In bid submissions using two-envelope system, the Domestic Content Statement in the price proposals shall be the same with that in the technical proposals. In bid submissions using two-stage system, the Domestic Content in the price proposal shall be the same with the agreement during technical evaluation or technical negotiation.

- 3.3.5. Pro forma Contract as stipulated in Chapter XIII of this Guideline.
- 3.3.6. HSE requirements according to the prevailing regulations.
- 3.3.7. Delivery terms, and/or date of handover/submission of works.
- 3.3.8. Provisions on penalties imposed on delayed delivery and/or job completion.
- 3.3.9. Minutes of pre-bid meeting (if any), completed with additional information, clarification, correction or amendments of the TB which are an inseparable part of the ITB.

4. TENDER DOCUMENT FEE

- 4.1. During the collection of ITT/ITB document in tender and direct selection exercises, the Suppliers shall pay:
 - 4.1.1. Rp 250,000,- (two hundred and fifty thousand rupiahs) for bid packages estimated higher than Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand) up to Rp 5,000,000,000,- (five billion rupiahs) or US\$ 500,000 (US Dollar five hundred thousand).
 - 4.1.2. Rp 500,000,- (five hundred thousand rupiahs) for bid packages estimated higher than Rp 5,000,000,000,- (five billion rupiahs) or US\$ 500,000 (US Dollar five hundred thousand).
- 4.2. The Tender Document fee is not applicable if the procurement process is conducted using the e-Bidding method.
- 4.3. The Tender Document fee shall be recorded in the PSC Contractor's accounts and calculated to deduct operating expenses. The PSC Contractor shall report in every 3 (three) months to BPMIGAS' procurement monitoring/control function regarding the sum of tender document fees charged.
- 4.4. The Tender Document fee is refundable should the PSC Contractor cancel the tender prior to contract award. The refund can be collected by returning the Tender Document and presenting the original receipt.

CHAPTER IX BONDS

Basically, every bid proposal in the tendering process or other procurement methods having value equivalent to that in tendering process shall be supported by a bid bond. A contract which value is equivalent to the tender value shall also be supported by a performance bonds.

For construction service contracts in particular, during the maintenance phase, the Suppliers of Goods/Services shall either defer some of the invoice or submit the maintenance bond as a guarantee for performing the mandatory maintenance.

1. BID BONDS

- 1.1. Suppliers of Goods/Services shall submit a bid bond in the following events:
 - 1.1.1. The procurement of goods/services is conducted using the tender method.
 - 1.1.2. The procurement shall use direct selection or direct appointment method as a follow-up of failed tenders.
- 1.2. For the procurement of goods/services conducted using direct selection method worth higher than Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand), a requirement to submit the bid bond may apply.

1.3. CONDITIONS OF BID BONDS

- 1.3.1. The Bid Bond value is from 1% to 3% of bid price. The bid bond value higher than 3% will not lead to disqualification;
- 1.3.2. The currency used in the bid bond shall be the same with that in bids;
- 1.3.3. Issued by guarantors, i.e. General Banks (except BPR / credit banks) in Indonesia, by giving priority to National General Banks, or insurance companies. Bid bonds issued by insurance companies shall meet the following criteria:
 1. The insurance companies shall:
 - a. Have a license from the Ministry of Finance to issue surety bonds;
 - b. Have a surety bond program and be reinsured by a bona fide insurance company overseas in accordance with the prevailing Decree of the Minister of Finance.
 2. The insurance companies shall produce a statement letter declaring it will pay the claim immediately when requested by the PSC Contractor.
 3. The bid bonds shall be constructed as a warranty policy in the form of:
 - a. Bid bonds; or
 - b. Counter bank guarantees (CBG) which are bid bonds issued by General Banks based on the surety bond issued by insurance companies.
 4. The bid bonds shall stipulate that the bond can be liquidated or forfeited only by presenting the original bid bond.
 5. The authenticity of a bid bond shall be guaranteed by a statement letter issued by the insurance company.
- 1.3.4. The Guarantors shall stipulate the unconditional bond clause, allowing the obligee to liquidate the bond without waiting for the settlement between the

guarantors and principals/suppliers pursuant to Article 1832 of the Civil Law and digressing from Article 1831 of the Civil Law.

- 1.3.5. The bid bond validity shall not be less than the bid validity. Should the bid bonds expire while the bid evaluation process is not completed, the PSC Contractor may request the Suppliers to extend their bid bond validity for a certain period of time until the Contract is expected to be issued. The request for a bid bond extension shall be sent to the Bidders or tender winners not later than 5 (five) working days prior to the expiry of the bonds.
- 1.3.6. The name of Suppliers stipulated in the bid bonds shall be identical with the Bidders' name.
- 1.3.7. The amount of the bid bond shall be written in nominal and words. Should the nominal amount is different with the amount in words, the bid proposal will be disqualified.
- 1.3.8. The PSC Contractor conducting the procurement shall be stipulated in the bid bonds as the obligee;
- 1.3.9. Bid title and reference number stipulated in the bond shall be identical with the bid title and reference number.
- 1.3.10. In the case that the Supplier withdraws from the tender, its bid bond shall be liquidated by PSC Contractors and calculated to deduct operating expenses. The PSC Contractor shall report in every 3 (three) months to BPMIGAS' procurement monitoring/control function the number of value of bid bonds liquidated.

2. PERFORMANCE BONDS

- 2.1. Prior to signing Contracts higher than Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000(US Dollar fifty thousand), the Supplier of Goods/Services shall submit a performance bond.
- 2.2. The provisions on the obligation to submit the bid bonds are not applicable to:
 - 2.2.1. House, office or warehouse lease contracts;
 - 2.2.2. Insurance service contracts;
- 2.3. When the performance bonds are accepted by PSC Contractors, the tender winners' bid bonds shall be returned.
- 2.4. Provisions on performance bonds:
 - 2.4.1. The performance bond value shall be 5% (five percent) of the Contract value. For high risk works, performance bond value can be higher than 5% (five percent) and maximum 10% (ten percent)
 - 2.4.2. The performance bond for the bid price lower than 80% (eighty percent) of the OE shall be increased at least 5% (five percent) up to 10% (ten percent) of 80% (eighty percent) of the OE.
 - 2.4.3. For Contracts for the procurement of goods/services with contract duration more than 1 (one) year, the following performance bond may apply:
 1. In the first year:
 - a. The performance bond value shall be 5% (five percent) and maximum 10% (ten percent) of the total contract value;
 - b. Performance bond validity is in accordance with the contract duration or for 1 (one) year period;
 2. In the second and subsequent years:
 - a. The performance bond value shall be 5% (five percent) and maximum 10% (ten percent) of the remaining contract value;
 - b. The performance bond validity is in accordance with the remaining contract duration or for 1 (one) year period.

3. In the event that the performance bond validity is determined to be 1 (one) year, then at least 2 (two) weeks prior to the performance bond expiry date, the Supplier shall submit the performance bond for the subsequent year.
4. The provisions on the performance bond shall be stipulated in the Tender Document, clarified in the pre-bid meetings and stipulated in the Contract.
- 2.4.4. For Lump Sum and Turnkey Contracts, the performance bond value shall be 5% (five percent) and maximum 10% (ten percent) of the total value during the duration of the Contracts.
- 2.4.5. For Call Off Order Contracts, the performance bond value shall be 5% (five percent) and maximum 10% (ten percent) of the estimated annual use determined by PSC Contractors.
- 2.4.6. The performance bond percentage shall not change during the Contract execution.
- 2.4.7. The currency used in the performance bonds shall be the same with that in the Contracts.
- 2.4.8. Issued by General Banks (except BPR/People's Credit Banks), particularly National General Banks as priority, domiciled in the Republic of Indonesia.
- 2.4.9. The performance bond validity shall be the same with the guaranteed period, including the verification period for the Domestic Content achievement in service works, plus at least 1 (one) months.
- 2.4.10. The name of the PSC Contractor as the Project Owner shall be stipulated in the performance bonds as the obligee.
- 2.4.11. The name of the Supplier of Goods/Services stipulated in the performance bond shall be identical with the one performing the Contract.
- 2.4.12. The performance bond value shall be expressed in nominal and words. If there is any inconsistency, Suppliers shall replace the performance bonds with the corrected one.
- 2.4.13. The issuer shall certify that the performance bond can be liquidated promptly pursuant to Article 1832 of the Civil Code and digressing from Article 1831 of the Civil Code.
- 2.4.14. The Supplier of Goods/Services shall provide a statement certifying the authenticity of the performance bond signed by the President Director or other authorized officers according to the Articles of Association and its amendments.
- 2.4.15. In the case of delayed completion or delivery and the penalty has reached the maximum but the job can be continued and completed, the performance bond shall not be liquidated.
- 2.4.16. In the event that the Supplier withdraws or is considered to be incapable to complete the job by the PSC Contractor, the performance bond shall be liquidated and credited to PSC Contractor's accounts to be calculated as a deduction to operating expenses. PSC Contractors shall report to BPMIGAS Controlling/Monitoring function the amount of performance bonds collected.
- 2.4.17. The performance bond can be collected by Suppliers:
 1. After the job or delivery is completed; and
 2. After the evidence of the achievement of Domestic Content for Services has been approved; and
 3. Pursuant to the Notice of Contract from PSC Contractors.

If a performance bond is not collected within 30 (thirty) calendar days after the date of notice, the PSC Contractor is not responsible for the loss, damage or misuse of such a performance bond.

3. DOWN PAYMENT BONDS

- 3.1. In the case of the down payment is provided, the Supplier of Goods/Services shall submit a down payment bond.
- 3.2. The amount of down payment bonds shall be equivalent to the amount of down payment given.
- 3.3. Down Payment Bonds shall be issued by General Banks (excluding BPR/People's Credit Banks), particularly National General Banks, domiciled in the Republic of Indonesia.
- 3.4. The Down Payment Bond shall be returned to the Supplier when the official report on the completion of the first phase of the job has been made.

4. MAINTENANCE BONDS

- 4.1. For construction works, a provision may be made to retain some of the payment for the delivery of goods/work as much as 5% (five percent) of the total contract value as a maintenance bond. In the case of Complex Works, the amount to be retained can be set higher than 5% (five percent) and maximum 10% (ten percent).
- 4.2. When the job is 100% completed, the payment to the Supplier may be made as follows:
 - 4.2.1. For Non-Complex Construction Works :
 1. 95% (ninety five percent) of the Contract value, while the remaining 5% (five percent) is retained during the maintenance period; or
 2. 100% (one hundred percent) of the Contract Value, however the Supplier shall submit a maintenance bond equivalent to 5% (five percent) of the Contract value
 - 4.2.2. For Complex Works:
 1. 90% (ninety percent) of the Contract value, while the remaining 10% (ten percent) is retained during the maintenance period; or
 2. 100% (one hundred percent) of the Contract value, however the Supplier shall submit a maintenance bond equivalent to 10% (ten percent) of the Contract value.
- 4.3. To replace the retained payment, an agreement can be arranged to use a maintenance bond to guarantee the maintenance period. The maintenance bond shall be issued by General Banks (excluding BPR/People's Credit Banks) domiciled in the Republic of Indonesia, by giving priority to National General Banks.
- 4.4. The validity of the maintenance bond shall be at least equivalent to the duration of the maintenance period.
- 4.5. Should the Supplier not carry out the mandatory maintenance during the required maintenance period, the PSC Contractor reserves the right to use the retained fund or liquidate the maintenance bond to pay the repairs or maintenance.

CHAPTER X

METHODS AND PROCEDURES TO SELECT SUPPLIERS OF GOODS/CONTRACTING/OTHER SERVICES

The selection of Suppliers of Goods/Contracting/Other Services is principally conducted by open tenders. In certain circumstances as stipulated in the Guidelines, the selection of Suppliers of Goods/Services can be carried out by restricted tenders, direct selections, direct appointments, procurement cards, e-Procurement or self-management.

The selection of Suppliers of Goods/Services by open and restricted tenders and direct selection shall include at least 1 (one) qualified National Company.

1. OPEN TENDERS

1.1. An Open Tender is the procurement of goods/services conducted openly in public, referring to the basic principles of supply chain management by prior announcement on the PSC Contractor's announcement boards, printed media and, if possible, electronic media.

1.2. TENDER REQUIREMENTS:

- 1.2.1. Carried out for the procurement of goods/services higher than Rp 500,000,000,- (five hundred million rupiahs) or USD 50,000 (US Dollar fifty thousand)
- 1.2.2. Partaken by Suppliers of Goods/Services meeting the competency and capability qualifications as stipulated in the Tender Document.
- 1.2.3. The procurement valued up to Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand):
 1. Priority is given to Suppliers of Goods/Services in Small Enterprise category, including small cooperatives listed in the List of Capable Vendors (LCV).
 2. In the case of procurement of Domestic Goods listed in the Must Use Category, the provisions in Chapter III Clause 5.1.2 shall apply.
 3. In the case of procurement of Goods/Services utilizing high risk or specific technology, such as certain chemicals, information technology software, or goods/services with particular requirements, Suppliers of Goods/Services from other categories may be invited to bid.
- 1.2.4. In the event that the qualification assessment is conducted using the prequalification system, there shall be at least 3 (three) Suppliers of Goods/Services qualified and submitting the bid proposals.
- 1.2.5. In the event that the qualification assessment is conducted using the post qualification system, there shall be at least 3 (three) Suppliers of Goods/Services submitting the bid proposals and there shall be at least 1 (one) qualified Supplier.
- 1.2.6. Price negotiation is conducted when, after the commercial opening, there is none of the bid price is equivalent or lower than the OE.

1.3. PROCEDURES OF OPEN TENDERS

Procedures of open tenders start from the tender announcement to tender winner appointment pursuant to the provisions in Chapter XI of this Guideline.

2. RESTRICTED TENDERS

- 2.1. A Restricted Tenders is conducted by inviting through an announcement at least 3 (three) candidates meeting certain criteria.
- 2.2. The restricted tender method may be conducted for the procurement of goods/services meeting the following conditions:
 - 2.2.1. The procurement of goods with inter-manufacturers tender. In the case that the manufacturers do not carry out the marketing themselves, the manufacturers may appoint one distributor to act for and on behalf of them.
 - 2.2.2. It is widely known that the number of Suppliers of Goods/Services capable of doing the job is limited.
 - 2.2.3. The procedures of restricted tenders are essentially similar to the process of open tenders, except in the announcement that stipulates the criteria of Bidders and the name of Suppliers invited. If after the announcement there is a Supplier found to be meeting the criteria and qualification requirements but not listed in the announcement and has yet to register, the said Supplier shall be put in the list.
 - 2.2.4. The qualification assessment is conducted using the prequalification method.

3. DIRECT SELECTION

- 3.1. A Direct Selection is the procurement exercise inviting at least 3 (three) Suppliers of Goods/Services.
- 3.2. The Direct Selection may be carried out by inviting at least 2 (two) Suppliers of Goods/Services provided that one of the following conditions is met:
 - 3.2.1. It is a procurement exercise for the Must-Use Domestic Goods where there are only 2 (two) qualified domestic manufacturers.
 - 3.2.2. It is widely known that there are only 2 (two) Suppliers capable of providing the goods or performing the job.
 - 3.2.3. It is a follow-up to tenders declared failed for having only 2 (two) Bidders submitting the proposals and it is widely known that there are only 2 (two) Suppliers capable of performing the job.
 - 3.2.4. It is a follow-up to re-tenders declared failed for having only 2 (two) Bidders submitting the bid proposals.

3.3. CONDITIONS OF DIRECT SELECTION

- 3.3.1. A Direct Selection is conducted for the procurement of goods/services valued from beyond Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand) up to Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand).
- 3.3.2. A Direct Selection exceeding Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand) may be conducted if one of the following conditions is met:
 - 1. For the installation of telephone, gas and water for residential and office facilities.
 - 2. As a follow-up to failed re-tenders.
 - 3. For the initial lease or relocation of residential, office or warehouse facilities.
 - 4. The procurement of domestically manufactured residential or office furniture.
 - 5. Supported by written justification approved by the authorities, when meeting one of the following conditions:

- a. It is the procurement of Must Use Domestic Goods where there are only 2 (two) manufacturers.
 - b. To resolve an Urgent Situation of which may cause the loss of opportunity for higher profit in connection with the major exploration and production operations if the work is not carried out.
 - c. Standardization of goods/equipment resulting in the requirement of goods/equipment similar to those already installed, and may be fulfilled by several approved brands. The standardization of goods/services established shall be in accordance to the standardization rules issued by BPMIGAS.
6. Supported by written justification approved by the local highest authority, in the following cases:
- a. It is widely known that there are only 2 (two) Suppliers of Goods/Services capable of performing the job; or
 - b. It is a follow-up to failed re-tenders as there are only 2 (two) Bidders submitting the bid proposals and it is widely known that there are only 2 (two) Suppliers capable of performing the job.

3.4. DIRECT SELECTION PROCEDURE

- 3.4.1. The Direct Selection exercise is carried out by the Procurement Committee/Internal Team in accordance to its authority.
- 3.4.2. The Direct Selection is conducted by inviting the candidates from:
 1. List of Capable Vendors (LCV); or
 2. Sources other than LCD by conducting prequalification in advance:
- 3.4.3. The qualification assessment on the candidates is conducted using the prequalification system.
- 3.4.4. There shall be at least 2 (two) bid proposals submitted and 1 (one) qualified bid proposal. When there is only 1 (one) bid proposal submitted, the next step is to conduct evaluation according to the Direct Selection procedures.
- 3.4.5. A price negotiation may be conducted without changing the scope of work. The negotiation practice shall be pursuant to the negotiation procedures in the open tender process. In the case of bid price being lower than OE, the price negotiation may only be conducted with the first lowest bidder.
- 3.4.6. The order of the process from the clarification/pre-bid meeting to the award shall adhere to the tender procedure, except:
 1. Clarifications/pre-bid meetings are conducted when deemed necessary.
 2. There is only 1 (one) protest period within 3 (three) working days from the tender winner announcement and is applicable to procurement packages higher than Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand).

4. DIRECT APPOINTMENT

- 4.1. A Direct Appointment is the procurement exercise conducted by directly appointing 1 (one) Supplier of Goods/Services.
- 4.2. Conditions of a Direct Appointment:
 - 4.2.1. A Direct Appointment may be conducted for the procurement value up to Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand). Direct Appointment for procurement packages higher than Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand) may be conducted in the following conditions:
 1. Non deferrable works due to an Emergency Situation.

- a) The PSC Contractor's highest authority shall declare the emergency situation and report it to BPMIGAS in 24 (twenty four) hours, complete with the request for consent to conduct the procurement of goods/services required to resolve the situation.
 - b) Such a procurement process does not require prior approval from BPMIGAS.
 - c) When the emergency situation is resolved, the PSC Contractor shall report all of the procurement exercise conducted.
 - d) Expenses recorded as operating expenses in the Contract Sharing scheme shall be calculated after an audit is conducted by BPMIGAS.
2. As a follow-up to a failed re-tender having only 1 (one) Bidder submitting the bid proposal.
3. As a follow-up to a failed Direct Selection having only 1 (one) Bidder submitting the bid proposal.
4. Certain jobs supported by justification approved by the highest authority of the PSC Contractor, which are:
 - a. Urgent jobs as a result of non deferrable, abrupt situation which shall be carried out immediately.
 - b. The procurement of particular goods/services widely known to be conducted by only 1 (one) Supplier of Goods/Services.
 - c. In a situation when there is a lack of drilling rigs and seismic survey vessels, while in Indonesia there are such equipment with the possibility to be exported as the contracts are about to end.
 - d. For the extension to the lease of housing, office, warehouse, yard (including shore base) or port.
5. Certain works supported by written justification approved by the Authorized Officer and meet at least one of the following requirements:
 - a. For unpredicted, additional works with the standard price already in place by using the unit price in accordance with the price applied in the Contract and such jobs are technically an inseparable part from the previous works pursuant to the written opinion of the technical function that has the competency in the field.
 - b. For unpredicted, additional works without any standard price, but due to the homogeneity it is necessary to preserve the continuity of the performance pursuant to the written opinion of the technical function that has the competency in the field.
 - c. Unavoidable additional works in order to complete the initial work and with the standard price in place using the unit price applied in the Contract insofar as it is professionally accountable
 - d. In the event that the continuity of the ongoing work is required, while the tender or direct selection process is not completed, with the following provisions:
 - The duration shall be only until 1 (one) day prior to the commencement date of the job based on the new Contract; and
 - Not exceeding 6 (six) months accumulatively. The execution of this jobs shall not be done in order with an addition to the scope of work for the similar interest.
 - e. The procurement of specific goods/services which can only be fulfilled by particular manufacturers or suppliers of services, such as the procurement of goods/services related to the license ownership/proprietary rights, i.e. information technology software.

- f. Standardization of goods/services resulting in a requirement of goods/services similar to the ones already installed. The standard of goods/equipment established shall be in accordance to the standardization provisions issued by BPMIGAS.

4.3. PROCEDURE OF DIRECT APPOINTMENT

- 4.3.1. The Direct Appointment exercise may be conducted directly by the Procurement Committee/Internal Team in accordance to their authority.
- 4.3.2. Procurement packages up to Rp 25,000,000,- (twenty five million rupiahs) or US\$ 2500 (US Dollar two thousand and five hundred) may be conducted in cash or other methods without binding Contracts.
- 4.3.3. Procurement packages higher than Rp 25,000,000,- (twenty five million rupiahs) or US\$ 2500 (US Dollar two thousand five hundred) shall be conducted with Contracts.
- 4.3.4. In the case of utilization of procurement cards, procurement packages up to Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand) may be conducted without Contracts.
- 4.3.5. The order of the Direct Appointment process higher than Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand) starting from the Request for Proposal shall follow the tender procedures, except:
 1. Clarifications/Pre-bid meetings are conducted only when deemed necessary.
 2. Price negotiation may be conducted and clarifications and negotiation in other aspects prior to price negotiation are allowed. Negotiations shall not alter the objectives of the job.
 3. Protest period is not applicable.
 4. The timing is adjusted to the requirements
 5. Notice of tender result is not required unless it is a continuation of failed retenders or failed direct selection.
- 4.3.6. Procurement of specific goods/services:
 1. The determination for a requirement of specific goods/services is stipulated in a written policy by PSC Contractors which approved by BPMIGAS.
 2. The users of such goods/services shall prepare a complete technical specification and technical analysis that such goods/services are not replaceable by other goods/services and/or pursuant to the regulations may be provided by certain Suppliers.
 3. Exercised to sole suppliers of specific services or suppliers of specific goods as long as it is carried out by manufacturers/branch officers/business units/sole agents/agents/distributors as the agents of the specific brands/goods, with the following requirements:
 - a) Proven by agency agreements or appointment letters from the manufacturers or authorized representatives of the manufacturers and/or statement letters from the authorized institutions;
 - b) The Bid Price shall be supported with the price list issued by the principals, i.e. the manufacturers or representatives of the manufacturers.

5. PROCARD

- 5.1. Procurement using a procurement card (procard) is the exercise of procurement of goods/services by way of direct appointment by using the procard media as the means of payment without having to issue contracts, orders or purchase orders.
- 5.2. The procedures for the procurement using the Procard are available in Appendix MP-001.

6. ELECTRONIC PROCUREMENT (E-PROCUREMENT)

- 6.1. E-Procurement is a procurement exercise using an electronic network (Internet or intranet or electronic data interchange (EDI)). The e-Procurement exercise consists of e-Bidding and e-Reverse Auction (E-RA).

- 6.2. The procedures for e-Procurement are available in Appendix MP-002 with the following provisions:

- 6.2.1. The use of e-Procurement shall still give opportunities to Small Enterprise including small cooperatives and endorse national companies and prioritize the utilization of domestic products and competency.
 - 6.2.2. The exercise shall apply the transparency and fair competition concept.

6.3. E-BIDDING

- 6.3.1. E-Bidding is a procurement exercise which delivery of information and/or procurement data either from PSC Contractors or Suppliers of Goods/Services, starting from the announcement to the bid evaluation result, is conducted by means of electronic media, i.e. Internet, intranet and/or electronic data interchange (EDI).
 - 6.3.2. E-Bidding may be carried out for the procurement higher than Rp 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand).
 - 6.3.3. In the case of public or restricted tender methods, the announcement shall also be made in PSC Contractors' official announcement boards and/or mass media according to the prevailing rules.
 - 6.3.4. For the procurement valued up to Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million), certain documents may be conditioned to be submitted in sealed envelopes, such as bid price letters and bid bonds.
 - 6.3.5. For the procurement valued higher than Rp 20,000,000,000,- (twenty billion rupiahs), the technical proposal and bid price letters as well as bid bonds shall be submitted in sealed envelopes at the time and place stipulated in the Instruction to Bidders.
 - 6.3.6. Bidders determined as tender winners are required to submit all required documents.
 - 6.3.7. The process starting from the announcement to tender award shall follow the procedures of direct selection or direct appointment.

6.4. E-REVERSE AUCTION (e-RA)

- 6.4.1. E-Reverse Auction is a tender process whereas the commercial bid opening is continued with an endeavor to decrease the price through electronic media for qualified bids.
 - 6.4.2. May be used for the procurement of goods/services higher than Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand).
 - 6.4.3. Shall not be used for the procurement of personnel.

- 6.4.4. Used by ways of open tender, restricted tender or direct selection, by two envelope or two stage submission system.
- 6.4.5. The process starting from the announcement to the tender award shall follow the tender procedures with the following provisions:
 - 1. Bids passing the administrative and technical evaluation stage and with qualified commercial proposals are given the opportunity to compete 'real time', by submitting the bid price more than one time which keeps dropping down in a ascertained period of time on electronic media (online).
 - 2. All bidders shall submit the last e-RA bid price in writing along with the Domestic Content Statement in the format stipulated in the e-RA Tender Documents. Bidders that fail to submit the bids are considered to withdraw and the bid bonds shall be forfeited.
 - 3. The ranking of bid proposals is based on the Price Evaluation based on Domestic Content stated in the written proposals stipulated in Clause 6.4.5 (2) above.
- 6.4.6. Suppliers of Goods/Services participating in the e-Procurement shall sign a statement latter declaring that they will adhere to the e-Procurement rules and procedures stipulated by PSC Contractors.

7. SELF-MANAGEMENT

- 7.1. Self-Management is a job which execution is planned and performed using own personnel and equipment and is self-monitored or the execution is delegated to other parties.
- 7.2. Types of jobs to be carried out by the PSC Contractors themselves include but not limited to education and training, courses, seminars, workshops;
- 7.3. The exercise of self-management may be delegated to governmental bodies, research institutions, universities, national community groups or NGOs. Self-Management shall not be delegated to business entities.
Types of work to be delegated to:
 - 1. Governmental bodies, are:
 - a) Location mapping, escort of explosives, management of airport control tower
 - b) Work site security
 - c) Certification and verification of Domestic Content
 - 2. Governmental bodies, research institutions and universities, are:
 - a) Personnel hiring selection
 - b) Research, study and development in accordance with the specification;
 - 3. Community groups, i.e. delegation of certain works to community groups in the event of community development.
 - 4. National non-governmental organizations (NGOs) registered at the Department of the Interior, i.e. services in promoting the public participation in education, counseling, application and dissemination of basic or intermediate technology effective for the public interest.

A delegated Self-Management shall be carried out with an authorization letter/Power of Attorney complete with the description of the rights and obligations of each party.

7.4. SELF-MANAGEMENT PROCEDURES

- 1.4.1. The exercise of Self-Management by the PSC Contractor is conducted pursuant to the regulations of each PSC Contractor.

- 1.4.2. The exercise of the delegated Self-Management:
 1. The selection of Attorneys is in accordance with the policies of each PSC Contractor by observing the relevant rules and regulations;
 2. The PSC Contractor shall directly appoint 1 (one) Attorney by providing an authorization letter to carry out certain works. The authorization letter shall stipulate the responsibilities, duties, rights and obligations of each party, type and scope of work and payment terms;
 3. The procurement of goods/services including the procurement of experts required by the Attorneys shall utilize the provisions applicable to the Attorneys.
 4. The achievement of the performance target is reported and evaluated regularly, in accordance with the agreement between PSC Contractors and their Attorneys;
 5. On site monitoring is carried out by the Attorneys;
 6. Payments are basically made by regular advances which shall be accounted for by the Attorneys. The payments may also be made as stipulated in the agreement between the parties in accordance with the nature of the work.

CHAPTER XI

PROCEDURE OF OPEN TENDERS

1. ANNOUNCEMENT

- 1.1. Tender announcement is published on the PSC Contractor's announcement board. Tenders exceeding Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand) shall also be announced in the printed media and if possible electronic media, i.e. BPMIGAS website.
- 1.2. The tender announcement shall include the following:
 1. Name and address of the PSC Contractor conducting the tender;
 2. Tender title and reference number and brief description of the tendered goods/services.
 3. Tender requirements, i.e. classification, sector and sub sector, ownership and management structure, business license and the Tender Document fee (if applicable);
 4. For Contracting Services and Other Services in particular, the Suppliers' commitment to fulfill the required minimum Domestic Content stipulated by PSC Contractors;
 5. Place, day, date and closing date for registration as participants;
 6. Place, day, date and time for qualification and/or Tender Document collection.

2. REGISTRATION OF SUPPLIERS OF GOODS/SERVICES

- 2.1. Suppliers shall register during the stipulated period by completing all requirements, i.e. submitting the copies of Articles of Association and its amendments.
- 2.2. If the number of registered Suppliers is less than 3 (three), the Procurement Committee/Internal Team may extend the registration period as needed. If until the closing date of the extended registration period the number of registrants remains less than 3 (three), the Procurement Committee/Internal Team shall prepare an official report of the failed tender. A re-tender shall be subsequently conducted starting with the re-tender announcement.
- 2.3. During the registration period, the possible affiliations among bidders shall already be identified.
- 2.4. Registration is open to all business entities having business sector and sub business sector in accordance with the tendered work.
- 2.5. Suppliers forming a consortium shall register as a consortium. In the event that the prequalification system is used, the consortium shall already be established prior to prequalification assessment.
- 2.6. Business entities registered to participate in tenders higher than Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one thousand) shall submit:
 - 2.6.1. Domestic Content statement
 1. For the procurement of goods, Suppliers declaring that they already have or will offer Domestic Products with Domestic Content equal to or higher than 25% (twenty five percent) shall submit a copy of Domestic Content certificate issued by the Department of Industry; or
 2. For the procurement of contracting services, other services and consultancy services, Bidders shall submit a statement letter committing to achieve the minimum Domestic Content stipulated by PSC Contractors.

- 2.6.2. A statement letter declaring adherence to the regulations on utilization of domestic products and competency as stipulated in Chapter III of this Guideline. Registered business entities declining to comply with the above provision shall not be considered for further process.
- 2.7. The Procurement Committee/Internal Team shall make the list of registrants qualified for the next process.

3. QUALIFICATION ASSESSMENT

Qualification assessments intend to find out the capability of Suppliers in administrative, technical, human resources, HSE and financial aspects. Qualification documents are made in accordance with the scope of work being tendered. The qualification requirements for Suppliers shall be pursuant to the provisions in Chapter VI Clause 5.4 of this Guideline.

For Suppliers listed in the List of Capable Vendors (LCV) and considered qualified by the Procurement Committee/Internal Team, are not required to undergo the prequalification process, except to complete the obsolete documents.

Qualification assessment is conducted through prequalification or post qualification process.

3.1. PREQUALIFICATION

- 3.1.1. The prequalification exercise is conducted by the Procurement Committee/Internal Team and may be assisted by the related parties either from within PSC Contractor or independent external parties.
- 3.1.2. The Procurement Committee/Internal Team shall set out and advise the PQ participants on the submission period of required qualification documents and qualification assessment period.
- 3.1.3. PQ participants shall submit the qualification documents according to the stipulated date, time and place.
- 3.1.4. PQ participants shall be able to prove and guarantee the accuracy of the data provided in the qualification submittal.
- 3.1.5. The Procurement Committee/Internal Team of PSC Contractors shall verify the qualification documents submitted by Suppliers.
- 3.1.6. The Procurement Committee/Internal Team of PSC Contractors conducts the qualification assessment by assessing the competence and/or capability of Supplier based on the submitted prequalification documents. The Procurement Committee/Internal Team may conduct a visit to Suppliers' supporting facilities if required.
- 3.1.7. During the verification and qualification assessment processes, the Procurement Committee/Internal Team may clarify or request for additional documents required in the qualification document within a certain period of time. Bidders may also provide additional documents requested or not requested by the Procurement Committee/Internal Team. Submission of additional documents by Suppliers is not categorized as Post-Bidding.
- 3.1.8. In the event that the Suppliers are registered as a consortium, the qualification assessment shall be conducted on the capability of the entire consortium members.
- 3.1.9. For similar scope of work, the assessment result of other PSC Contractors in the last 2 (two) years may be used, provided that such assessment used the same or higher assessment criteria.
- 3.1.10. The Procurement Committee/Internal Team shall issue the List of Suppliers that have passed the prequalification.

- 3.1.11. When the number of qualified Suppliers is less than 3 (three), the tender is declared failed. A re-tender is subsequently conducted by publishing a re-tender announcement and exercising a repeat prequalification process.
- 3.1.12. The Procurement Committee/Internal Team shall announce on the PSC Contractors' official announcement boards or notify the participants in writing about the prequalification result, the time and place for Tender Document collection and the pre-bid meeting schedule.
- 3.1.13. In a re-tender process, Suppliers that have passed the qualification assessment and are invited to register again for the re-tender are not required to undergo the prequalification process.
- 3.1.14. Inquiry about the failure to pass the prequalification can only be submitted by the failed participants to the Procurement Committee/Internal Team 2 (two) working days at the latest from the date of prequalification result notice. The inquiry shall be made in writing and signed by the Suppliers' authorized officers. The Procurement Committee will then invite the inquiring Suppliers to clarify or provide a written response within 3 (three) working days upon receipt of the above inquiry. The tendering process shall be continued after the Procurement Committee/Internal Team has given clarification and recorded the result in the clarification official report or has sent the written response to the inquiring Supplier.
- 3.1.15. Qualified Suppliers shall collect the Tender Document at the stipulated schedule.
- 3.1.16. For the complex procurement above than Rp 1,000,000,000.000,- (one trillion rupiahs) or US\$ 100,000,000 (US Dollar one hundred million), the prequalification can be carried out prior to the tender announcement. The prequalification assessment result is only applicable for the job fixed prior to the tender exercise and is valid for not more than 2 (two) years. During the tender grace period, inclusion of new participants is not allowed except when one or more participants withdraw, causing the total number of participants to be less than 3 (three). This prequalification exercise shall get prior approval from BPMIGAS.

3.2. POSTQUALIFICATION

- 3.2.1. The assessment in the post qualification process is essentially similar to that in the prequalification process.
- 3.2.2. Qualification assessment is conducted on 3 (three) proposals having the best bid price based on the price evaluation.
- 3.2.3. Qualification assessment is based on the required qualification documents submitted along with the commercial proposal.
- 3.2.4. The authenticity and accuracy of all data in the qualification documents submitted by Bidders shall be guaranteed by the Bidders.
- 3.2.5. In the post qualification evaluation process, submission of additional document or replacement of submitted document as part of bid proposal is not allowed. Suppliers undertaking such action shall be categorized as "post-bidding".
- 3.2.6. Inquiry regarding the failure in post qualification assessment is considered as objection in the bidding process as stipulated in Clause 14 of this Chapter.

4. CLARIFICATION (PRE-BID MEETING)

- 4.1. The Tender Documents clarification shall be conducted by at least 2 (two) members of the Procurement Committee/Internal Team and may be assisted by other internal

parties of interest or independent external parties, at the stipulated place and time, attended by at least 1 (one) Bidder's representative.

- 4.2. Clarifications are given by the Procurement Committee/Internal Team to:
 - 4.2.1. Bidders that have passed the prequalification assessment.
 - 4.2.2. Bidders registered in post qualification tenders.
- 4.3. In the exercise of procurement of services above Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand), or in the exercise of procurement of goods, the pre-bid meeting is held when deemed necessary by considering the technical and HSE risks or the complexity of the scope of work/specifications. If a pre-bid meeting is not carried out and Supplier requires a clarification, a written request shall be submitted 4 (four) days prior to the bid closing date at the latest.
- 4.4. Clarifications shall be given clearly and to be understood. In this particular event, Suppliers may inquire matters related to the Tender Document and tender exercise.
- 4.5. Suppliers may visit the work site if needed.
- 4.6. The result of the pre-bid meeting and other information, including its addendum, shall be put into the minutes of pre-bid meeting which is an inseparable part of the Tender Document.

The minutes is signed by the present Procurement Committee/Internal Team and representatives of Suppliers and circulated to all bidders as stipulated in Clause 4.2 of this Chapter.
- 4.7. The PSC Contractor may have particular arrangements with regard to the obligation of Bidders to attend and the criteria of the Bidders' representatives attending the pre-bid meeting. Such arrangements shall be stipulated in the Tender Document.
- 4.8. In the event that there is a modification to the contents of the Tender Document and/or additional information after the pre-bid meeting, the Procurement Committee/Internal Team shall issue an addendum to Tender Document which is an inseparable part of the Tender Document and shall be notified to the qualified Bidders.
- 4.9. Pre-bid meetings may be conducted more than once as needed within the stipulated timeline.
- 4.10. In the case of re-tenders with no new bidders, the Procurement Committee/Internal Team may consider not to conduct pre-bid meetings.

5. PROTESTS

- 5.1. Protest is an objection raised by the Suppliers submitted at least 3 (three) working days prior to the bid closing.
- 5.2. It shall be submitted in writing by providing evidence supporting the protest.
- 5.3. It can only be submitted against:
 1. Deviation of the content of the Tender Document and bidding process from the regulations and provisions of the procurement of goods/services and/or the prevailing laws.
 2. Requirements, criteria or procurement procedures leading to 1 (one) supplier or certain products.
 3. Corruption, collusion and nepotism among bidders, between Bidders and members of the Procurement Committee/Internal Team and/or the Authorized Officers.
- 5.4. Clarification requests, questions or objection submitted by Bidders pertaining to the above clauses shall be considered as protests.

5.5. Response to protests:

- 5.5.1. The Procurement Committee/Internal Team shall respond in writing or conduct a clarification meeting, 5 (five) working days at the latest starting from 1 (one) working upon receipt of the protest letters.
- 5.5.2. Should the content of the protest be true, the Procurement Committee/Internal Team shall rectify the Bid Document and/or the bidding process
- 5.5.3. The Procurement Committee/Internal Team shall not respond to protests not meeting the above requirements and the bidding process is continued after the protests are believed to be untrue.

5.6. The bidding process is continued:

- 5.6.1. After the clarification meeting is conducted or the response to the protest is sent to the bidders submitting the protest; or
- 5.6.2. When the protest is believed to be untrue; or
- 5.6.3. After a correction is applied to the Tender Document and/or the bidding process.

6. BIDS

Bids are submitted in sealed envelopes consisting of bid price letter, administrative requirements and description of technical and commercial proposals along with the supporting documents.

6.1. Bid Price Letter

- 6.1.1. The bid price and value shall be fixed and binding.
- 6.1.2. The Bid Letter shall comply with the requirements stipulated in the Tender Document and be affixed with stamp duties, dated and signed by the Director pursuant to the Articles of Association or its amendments or by the authorized representatives of the Suppliers.
- 6.1.3. In the bid price letters, the amount of the bid price shall be clearly written in numerals and in words.
 - 1. The amount in numerals shall correspond with that in words.
 - 2. Should there be any discrepancy between the numbers and the words, the valid bid price shall be the one corresponding with that in the detailed schedule of price and rates.
 - 3. In the case of no detailed schedule of price and rates, the amount in words in the bid letters shall be used.
 - 4. If the amount in numerals, words and detailed schedule of price are all different, the bid shall be disqualified.
- 6.1.4. The Bid price letter shall be completed with:
 - 1. The details of Domestic Content Value calculation stated in Form SC-12A (Goods), SC-12B (Other Services) or SC-12C (Contracting Services), complete with the Domestic Content details of the pertinent goods and services.
 - 2. Bid Bond pursuant to the prevailing provisions.

6.2. Administrative and other supporting documents shall be enclosed as administrative requirements stipulated in the Tender Document.

6.3. Technical proposal and its supporting documents, i.e.

- 6.3.1. The technical specification of goods/services including the brands and types of goods/equipment offered is a fixed proposal.
In complex construction works, brands and types of equipment may be established during the detailed engineering design phase, referring to the brands and types stipulated in the Tender Document and/or Bid Proposals.

- 6.3.2. Commitment on percentage of use of domestic products and competency stated in Form CS-12A (Goods), SC-12B (Other Services) or SC-12C (Contracting Services), complete with the domestic content details of the pertinent goods and services.
In the case of bid submission using two envelope or two stage systems, the Statement of Domestic Content of Goods and Statement of Domestic Content Commitment are expressed in percentage without value and are part of the administrative and technical proposals (first envelope)
- 6.3.3. Documents pertinent to the HSE program.
- 6.3.4. Other required documents stipulated in the Tender Document.
- 6.4. Statement letter on the authenticity of the proposals signed by the director of the Suppliers pursuant to the Articles of Association or the authorized representatives.
- 6.5. In tenders using prequalification system, qualification documents shall no longer be enclosed in the bid proposals. Suppliers determined as the winning candidates shall submit qualification documents that are already obsolete prior to the tender winner announcement. This does not classify as post bidding.

7. SUBMISSION OF BIDS

Bid submission shall use sealed envelopes. The Procurement Committee/Internal Team shall determine one of three submission procedures as follows: one-envelope, two-envelope or two-stage systems. The system used shall be clearly stated in the Tender Document and explained in the pre-bid meetings.

7.1. One-Envelope System

- 7.1.1. This system is recommended for the procurement of goods/services with clear technical specifications and assumption that most Suppliers invited to bid are capable of carrying out the work.
- 7.1.2. The bid submission shall use one plain brown envelope containing the bid price letter, administrative documents, technical and commercial proposals and other required supporting documents stipulated in the Tender Document;
- 7.1.3. The front part of the envelopes shall only be marked with the address of the Procurement Committee/Internal Team stipulated in the Tender Document, tender title and reference number.

7.2. Two-Envelope System

- 7.2.1. This system is recommended for the jobs which work scope and/or technical specification are fixed but still require further technical evaluation. In this process, technical negotiation and/or submission of additional bid proposals are not allowed.
- 7.2.2. The bid submission shall use one sealed, plain brown envelope containing Envelope I (First Envelope) and Envelope II (Second Envelope). Each envelope shall be sealed.
- 7.2.3. Envelope I (First Envelope) shall contain the complete administrative requirements, technical proposal and required supporting documents. The front part of the envelope shall be marked "Administrative and Technical Data".
- 7.2.4. Envelope II (Second Envelope) shall contain the bid price and detailed price schedule as well as other supporting documents stipulated in the Tender Document, such as the bid bond. The front part of the envelope shall be marked "Bid Price Data".

- 7.2.5. The front part of the cover envelopes shall only be marked with the address of the Procurement Committee/Internal Team stipulated in the Tender Document, tender title and reference number

7.3.Two-Stage System

- 7.3.1. This system is recommended for the procurement of complex works, using a design system that is not (yet) standardized, hence may require a lot of technical adjustments. The submission of bids in this system shall be conducted in two stages;
- 7.3.2. In the First Stage, the submission is made in one sealed envelope containing the administrative requirements, technical proposal and supporting documents stipulated in the Tender Document.
The front page of the envelope shall be marked "Administrative and Technical Data", tender title and reference, and with the address of the Procurement Committee/Internal Team stipulated in the Tender Document.
- 7.3.3. In the Second Stage, the submission is made in one sealed envelope containing the bid price and detailed price schedule as well as supporting documents stipulated in the Tender Document, such as the detailed calculation of Domestic Content value and the bid bond. The bid price calculation is made based on the technical proposal and other provisions agreed in the evaluation process and/or negotiation in the First Stage. The front part of the envelope shall be marked "Bid Price Data", tender title and reference number and with the address of the Procurement Committee stipulated in the Procurement Committee.
- 7.4. Bid proposals shall be submitted to the Procurement Committee/Internal Team at the time and place stipulated in the Instruction to Bidders. Proposals submitted after the bid closing are not acceptable and declared unable to bid;
- 7.5. Bid proposals shall be submitted directly by the Suppliers to the Procurement Committee/Internal Team or by postal or courier service. Submission of bid proposals shall not be addressed to or through the members of the Procurement Committee/Internal Team, Authorized Officers or employees of PSC Contractors.

8. BID OPENING

- 8.1. The bid opening is conducted at the time stipulated in the Tender Document. The opening of bids is conducted in a meeting attended by at least 2 (two) members of the Procurement Committee/Internal Team.
- 8.2. The Procurement Committee/Internal Team shall declare before the present Suppliers that the bid submission is closed and they shall proceed to the bid opening.
- 8.3. After the bid closing, any additional amendments or bid proposals are not accepted, except for the insufficient stamp duty and date which shall be completed during the bid opening by the Suppliers' representatives.
- 8.4. The submission of original bid bonds after the bid closing is allowed if stipulated in the Tender Document. In this particular case, a copy of the bid bond shall be enclosed in the bid proposals.
- 8.5. The bid opening can be carried out if there are at least 3 (three) Suppliers submitting the bids, excluding the Suppliers that decline, and attended by at least 1 (one) bidder.
- 8.6. In the event that there is no Supplier representative present:

- 8.6.1. The bid opening shall be postponed for at least 1 (one) working day.
- 8.6.2. If until the stipulated time there is still no bidder present, the bid opening shall still be conducted. The minutes of the bid opening shall be signed by the Procurement Committee/Internal Team.
- 8.7. If the number of bids submitted is less than 3 (three) and it is widely known that there are only less than 3 (three) Suppliers of Goods/Services, an official report on the failed tender complete with its justification shall be made. The tender process shall later be conducted as follows:
 - 8.7.1. Direct selection to bidders submitting the bids, if there are only 2 (two) bids submitted, or
 - 8.7.2. Direct appointment to bidders submitting the bids, if there is only 1 (one) bid submitted.
- 8.8. During the bid opening, bidders are allowed to look into the proposals of other bidders and take notes within a certain time stipulated by the Procurement Committee/Internal Team.
- 8.9. The Procurement Committee/Internal Team shall prepare and read out the bid opening minutes. The minutes, after being read out or displayed to Suppliers' representatives, shall be signed by the present Procurement Committee/Internal Team and Suppliers' representatives. Copies of the minutes shall be disseminated to all bidders.
- 8.10. **BID OPENING IN ONE-ENVELOPE SYSTEM**
 - 8.10.1. The Procurement Committee/Internal Team shall conduct the bid opening before the Suppliers' representatives.
 - 8.10.2. The completeness of all required administrative, technical, commercial, commitment to utilization of domestic products and competency documents and also bid bonds of all submitted bids shall be checked and recorded in the bid opening summary.
- 8.11. **BID OPENING IN TWO-ENVELOPE SYSTEM**
 - 8.11.1. The Procurement Committee/Internal Team shall open the sealed envelopes containing Envelope I and Envelope II before the present Suppliers.
 - 8.11.2. The Procurement Committee/Internal Team shall open Envelope I and check for the completeness of administrative and technical requirements of the submitted bids and record it in the bid opening of First Envelope summary.
 - 8.11.3. If any commercial or supporting bid price document is found in the Envelope I (First Envelope), the bid proposal shall be disqualified.
 - 8.11.4. The Envelope II (Second Envelope) shall be kept by the Procurement Committee/Internal Team and opened when the bids are considered to have passed/met the administrative and technical requirements.
 - 8.11.5. The Envelope I evaluation result shall be announced on PSC Contractors' announcement board and/or notified in writing to the bidders by the Procurement Committee/Internal Team on the same day and date.
 - 8.11.6. In the case of bidders submitting a protest against the administrative and technical evaluation result, the Procurement Committee/Internal Team shall respond to the said protest as stipulated in Clause 14 of this Chapter.
 - 8.11.7. Envelope II (Second Envelope) of bids that fail to pass the administrative and/or technical evaluation shall not be opened and the bidders shall be requested to collect the envelopes in a certain period of time. If the envelopes are not collected within the stipulated period of time, the Procurement Committee/Internal is not liable for the documents' availability.

8.11.8. Bidders passing the administrative and technical evaluation will be invited to the opening of Envelope II (Second Envelope).

8.11.9. The Procurement Committee/Internal Team shall open the Envelope II before the invited Suppliers' representatives. The commercial proposals shall be checked for their completeness, the Domestic Content value, bid bonds and bid price shall be read out. This shall be recorded in the Second Envelope bid opening minutes. The copy of the summary shall be circulated to bidders which commercial proposals are opened.

8.12. BID OPENING OF TWO-STAGE SYSTEM

8.12.1. First Stage

1. The Procurement Committee/Internal Team in charge shall open the First Stage envelopes before the Suppliers' representatives.
2. The proposals shall be checked for their completeness and recorded in the bid opening summary. The copy of the summary shall be circulated to the bidders.
3. The evaluation result of the First Stage shall be announced on the PSC Contractors' announcement board or notified to the Bidders by the Procurement Committee/Internal Team on the same day and date.
4. If there is only 1 (one) bid passing the First Stage, the tender shall be declared failed.
5. In the case of bidders submitting a protest against the administrative and technical evaluation result, the Procurement Committee/Internal Team shall respond to the said protest as stipulated in Clause 14 of this Chapter.
6. Bidders that have passed the First Stage evaluation will be invited to submit the bid price and the required documents.

8.12.2. Second Stage

1. The Procurement Committee/Internal Team in charge shall open the Second Stage envelopes before the Suppliers' representatives.
2. The completeness of the proposals is checked and the Domestic Content and bid bond value as well as the bid price are read out and recorded in the Second Stage Bid Opening minutes. Copy of the minutes shall be disseminated to the bidders.
3. If there is more than 1 (one) proposal passing the First Stage, while only 1 (one) bidder submitting the bid proposal or only 1 (one) qualified bid proposal in the Second Stage, the bidding process shall continue.

8.13. DISQUALIFICATION OF BIDS

The bids shall be disqualified if they do not fulfill the administrative requirements or bid submission provisions as stipulated in the Tender Documents, i.e.:

8.13.1. The bid bonds are not enclosed in the commercial proposals.

8.13.2. The bid bonds do not fulfill the requirements stipulated in the Tender Document.

8.13.3. In the case of bid letters:

1. Not signed by the directors/authorized officers as stipulated in the Articles of Association/its amendments or power of attorney; or
2. Not signed by the officers authorized to represent the consortium/joint cooperation according to the consortium/cooperation agreement; or
3. Not stating the bid validity or stating the bid validity less than that stipulated in the Tender Document; or

4. In the case of two-envelope system, the bid price data is enclosed in Envelope One; or
 5. In the case of two-stage system, the bid price data is enclosed in the First Stage envelopes; or
 6. No list of quantity and/or unit price details is available (for Unit Price Contracts).
- 8.13.4. Suppliers that do not agree the total contract value as the result of arithmetic correction or change of bid ranking, and/or amendment of bid bond value as the result of the implementation of the said arithmetic correction.
- 8.13.5. The bids are submitted through or addressed to individual members of the Procurement Committee/Internal Team, Authorized Officers or employees of PSC Contractors.

9. BID EVALUATION

- 9.1. The Procurement Committee/Internal Team is allowed to conduct administrative, technical and commercial clarifications without but to change the bid materials or undertake any action of post bidding nature.
- 9.2. In the First Stage of two-Stage system, the Procurement Committee/Internal Team may conduct technical clarification and verification without changing, adding or subtracting the technical bids causing the proposals initially not meeting the minimum technical requirements to be qualified technically. Technical negotiations may only be conducted to proposals that meet the minimum technical requirements and shall be limited to the supporting details or components only.
- 9.3. After the bid opening, the Procurement Committee/Internal Team is not allowed to add or subtract the Tender Document, including the evaluation criteria and procedures.
- 9.4. Bidders are not allowed to add or subtract the submitted bids, or amend the offer after the bid opening.
- 9.5. If the bidders add, subtract or amend the proposals, the said proposals shall be disqualified, except as a follow up of clarifications and negotiation conducted in the first stage in the Two-Stage system.
- 9.6. The Bid evaluation is conducted in order, started from the administrative evaluation, technical evaluation and bid price evaluation.
- 9.7. In the case of post qualification system, assessment on the fulfillment of qualification requirements is part of the administrative evaluation. In the bid submission using two-envelope or two-stage system, assessment on the fulfillment of qualification requirements is part of the administrative bid price evaluation. The qualification assessment is conducted after the price evaluation is completed.
- 9.8. ADMINISTRATIVE EVALUATION
 - 9.8.1. The proposals are considered to meet the administrative requirements if:
 1. They meet the administrative requirements stipulated in the Tender Document.
 2. The content of documents submitted by the bidders is confirmed to be true; the authenticity of such documents shall be guaranteed by the bidders and still valid.
 - 9.8.2. The technical evaluation shall be conducted to the bid proposals that have fulfilled the administrative requirements.
- 9.9. TECHNICAL EVALUATION
 - 9.9.1. The evaluation procedures and factors to be assessed shall be pursuant to the Tender Document.

- 9.9.2. If there is anything unclear or doubtful found during the technical evaluation, the Procurement Committee/Internal Team shall seek clarification.
- 9.9.3. The Procurement Committee/Internal Team shall conduct evaluation on the technical aspects, such as:
 - 1. Nature and scope of work;
 - 2. Type, quality and quantity of materials, equipment and personnel to be utilized;
 - 3. Technical specifications and drawings;
 - 4. Percentage of Domestic Content of Goods and/or commitment on percentage of Domestic Content of Services;
 - 5. Fulfillment of particular requirements in performing the job pursuant to the laws and regulations;
- 9.9.4. Alternative bids:
 - 1. Alternative bids are proposals that differ from the main proposals in terms of technical specifications, conditions of job execution and/or delivery of goods.
 - 2. If the Tender Documents indicate that submission of alternative bids is allowed:
 - a. The number of alternative bids to be submitted by bidders shall be limited pursuant to proper and fair consideration.
 - b. Main and alternative bids shall be evaluated equally.
 - c. Bid bond value shall fulfill the requirements based on the highest bid price of the submitted bids.
 - d. In tenders using two-envelope and two-stage systems, the pass or fail status of the main and/or alternative bids shall be conveyed in the administrative and technical evaluation result;
 - e. Commercial proposals are the inseparable part of main or alternative technical proposals. In the commercial proposals, Suppliers are not allowed to include any technical conditions or provisions for delivery of goods/services other than the ones passed in the technical evaluation stage or agreed in the technical negotiation stage.
 - f. Only one proposal out of main or alternative proposals to be appointed as the winning candidate.
 - 3. If the Tender Documents do not allow the submission of alternative proposals but the Suppliers submit such alternative proposals:
 - a. The submitted proposals shall be disqualified;
 - b. Main proposals shall be clearly identified or marked or otherwise disqualified.
 - c. Proposals to be evaluated are the main ones, while the alternative proposals shall not be evaluated;
 - 4. If the Tender Documents do not indicate about alternative proposals but the Suppliers submitted such alternative proposals, Clause 9.4.4.3 shall apply.
- 9.9.5. Evaluation of Bids with Exceptions/Conditions:
 - 1. In the event that the Tender Documents allow bids with exceptions/conditions:
 - a. Bids with conditions are allowed in the two-stage system bid submission and applicable only for the technical proposals including the terms and conditions of the bid.

- b. The Procurement Committee/Internal Team may conduct clarifications, verification and/or technical negotiation on the exceptions and/or conditions proposed by the Suppliers.
 - c. All exceptions/conditions in the bids shall be elaborated in specific sheets that shall be easily identified by the Procurement Committee/Internal Team and are an inseparable part of the bids.
Should the Suppliers place the exception and/or conditions of the bids in parts other than the said specific sheets, their bids shall be disqualified.
 - d. The acceptance or rejection of exceptions/conditions proposed in the bids shall be determined in the first stage evaluation.
2. In the event that the Tender Documents indicate that no exception/conditions allowed, bids with exceptions/conditions shall be disqualified.
 3. If the Tender Documents do not indicate about bids with exceptions/conditions and the Suppliers submit their bids with exceptions/conditions, such bids shall be disqualified.
 4. In the event of re-tenders having only 1 (one) bid submitted with exceptions/conditions not in line with the provisions stipulated in the Tender Documents, the Procurement Committee/Internal Team may conduct clarifications, verification and/or negotiation on the Contract draft and take opportunities and risks into account.

9.9.6. Evaluation on the Domestic Content Statement

1. If the Domestic Content statement in the technical proposals is lower than the minimum requirement stipulated in the Tender Document, the proposals shall be disqualified.
2. The Procurement Committee may conduct or request for verification to the authorities in the industry field in respect of the Domestic Content of Goods. Such verification may also be carried out by PSC Contractors using the service of qualified independent survey institutions. Verification is part of the bid evaluation and is not classified as post bidding.
3. Bidders may submit an objection to the Procurement Committee in respect of the Domestic Content submitted by other bidders. Such an objection shall be submitted as a protest against the technical evaluation. In this respect, the Procurement Committee may verify or request for verification from the department of industry.
4. Verification on the percentage of Domestic Content may only be conducted to the percentage of Domestic Content of Goods. Statement of Domestic Content of services is a commitment to be fulfilled during the performance of the work and is not to be verified during the technical bid evaluation stage.
5. The verification result is final and shall impact the commercial bid evaluation if:
 - a) The Domestic Content verification result is equivalent or higher than the statement in the bids submitted by the bidders, the Domestic Content value in the bids shall remain as the basis of the bid evaluation. The Domestic Content value stipulated in the bids is the one stipulated in the Contracts.
 - b) The Domestic Content verification result is lower than the statement in the bids submitted by the bidders, the Domestic Content verification result shall be the basis of the evaluation. The Domestic

Content value stipulated in the Contracts is the one submitted by the bidders plus 10% (ten percent) provided that the total sum shall be maximum 100% (one hundred percent).

9.9.7. In the technical evaluation stage, the parties shall not conduct post-bidding. In the exercise of technical negotiation in the two-stage system tenders, amendments of bid materials and/or submission of additional documents to support the technical proposals are allowed and not classified as post-bidding.

9.9.8. The process shall continue to the commercial evaluation if:

1. In tenders using one-envelope and two-envelope systems there is at least 1 (one) technically qualified bidder.
2. In tenders using two-stage system there are at least 2 (two) technically qualified bidders. Should the aforementioned condition is not met, the tender shall be declared as a failed tender.

9.9.9. In the two-envelope and two-stage systems, the Procurement Committee/Internal team shall prepare the evaluation summary and administrative and technical evaluation result to be further endorsed by the Authorized Officers.

9.9.10. The administrative and technical evaluation result in two-envelope and two-stage systems shall be announced in the PSC Contractors' message boards or notified to the Suppliers by the Procurement Committee/Internal Team.

9.10. COMMERCIAL EVALUATION

9.10.1. Commercial Evaluation System

The commercial evaluation basically uses the lowest bid price evaluation system. In certain circumstances, life cycle cost system or performance and price evaluation may be used.

1. Lowest Bid Price Evaluation
Based on this procedure, the proposed tender winner is the bid with the lowest Domestic Content Evaluation Price or normalized price.
2. Evaluation of cost during particular operational period (life cycle cost)
 - a) Based on this procedure, the nominated bid is the one with the lowest sum of Domestic Content Price Evaluation and Net Present Value (NPV) of operational and maintenance costs during particular utilization period (life cycle cost)
 - b) The elements of operational and maintenance costs during the period of operations shall be stated in the Tender Documents.
 - c) The normalized price shall be used for evaluation purposes only and is not the Contract value.
 - d) This evaluation system is used particularly for the procurement of high valued equipment.
3. Performance and Price Evaluation
This evaluation method is intended to appoint the bid that promises the lowest price of output unit. This method is only applicable in the evaluation of goods with performance efficacy or production facilities which output is countable mathematically.
 - a) For goods:

The cost of output unit is calculated as follows:-

The bid price per unit

The number of output per unit

b) For production facilities:

The cost of output unit is calculated as follows:-

The bid price

The output per period of time

9.10.2.Arithmetic correction:

The Procurement Committee/Internal Team shall make correction to any error in adding, subtracting and multiplying the volume and unit price with the following conditions:

1. If there is an error in the multiplication of the volume and unit price of work, the correction may be applied provided that the proposed unit price is not changed.
2. If there is an error in adding/subtracting the bid value, the correction may be applied.
3. Arithmetic correction may change the total bid price or bid ranking.
4. Should the arithmetic correction change the total bid price causing the bid bond value less than 1% (one percent) of the corrected total bid price, such a bid bond shall be replaced/amended so that the value will be at least 1% (one percent) of the corrected total bid price.
5. Should the Suppliers accept the corrected total bid price, they shall provide the statement of agreement signed on the stamp duty by their representatives.
6. Should the Suppliers not accept the corrected total bid price or the change of bid ranking and/or bid bond value as the result of the above arithmetic correction, the bids shall be disqualified.
7. Should the Suppliers state that they are not willing to accept the result of the arithmetic correction even if they are willing to fulfill their obligation according to the initial bids, the bids shall be disqualified.
8. The arithmetic correction is not classified as post bidding.

9.10.3.Special provisions for Unit Price Contracts:

1. Proposals that are not completed with the detailed list of volume and unit price shall be disqualified.
2. List of volume and unit price of every item of goods/services shall be completed unless stipulated otherwise in the Tender Document.
3. List of volume and unit price of every item of goods/services in the proposals shall be fixed and unchangeable.
4. For the type of work in which the unit price is not applicable, it shall be stipulated in the proposals that such work are already included in other components. The omission of such a stipulation shall be considered as no offer of the intended work which leads to disqualification, except in the event when partial proposal are allowed.
5. Evaluation shall be conducted on the total bid value and an arithmetic correction shall take place should there be an error in the calculation.

9.10.4.Special provisions for Lump sum or Turnkey Contracts:

1. For the proposals that do not provide the volume or the offered volume is not in accordance with the request, the work volume shall be adjusted according the one stipulated in the Tender Document. The work shall be

carried out in accordance with the volume stipulated in the Tender Document, with the unit price and total contract value that are stipulated in the proposals and legally binding.

2. Should the bidders decline these provisions, their proposals shall be disqualified.

9.10.5.If the bid price of one or some of the bidders is lower than 80% (eighty percent) of the OE:

1. Basically, proposals with bid price lower than 80% (eighty percent) of OE shall be disqualified.
2. Having certain consideration, the Procurement Committee/Internal Team may conduct clarification and verification to the bidders in order to ensure that the bid price is fair.
 - a. Should the bid price is considered to be fair, the proposals may be declared qualified. The Procurement Committee/Internal Team shall prepare a written analysis to support the conclusion.
 - b. Should the Procurement Committee/Internal Team can not be certain of the fairness of the bid price, the proposals shall be disqualified.

9.10.6.Price Evaluation in the case of Utilization of Domestic Products.

1. The price evaluation is in essence related to the policy to maximize the use of domestic goods/services, by using Evaluation Price formula based on the domestic content achievement (EP-DC).
2. Price evaluation using the formula of normalized price based on the domestic content achievement:
 - a. Conducted to:
 - The proposed domestic goods in the procurement of domestic goods which are in the Must-Use List and shall prioritize the use of domestic products.
 - The procurement of contracting, consultancy and other services for suppliers offering/committed to the minimum 30% (thirty percent) domestic content.
 - b. The bids' ranks are determined based on the normalized price that has already calculated the preference on Domestic Content.
 - c. The formula of EP-DC is as follows:
 - $EP -DC \text{ for Goods} = (100\% / [100\% + P_g]) \times BP_g$
 - $EP -DC \text{ for Services} = (100\% / [100\% + P_s]) \times BP_s$
 - $EP-DC \text{ Contracting Services} = (EP-DC \text{ Goods}) + (EP-DC \text{ Services})$
 - $EP \text{ Company Status} = \{ (NP \text{ Goods}) + (NP \text{ Services}) \} \times (100\% / [100 + C_{sp}])$

Whereas:

BP_g = Bid Price for Goods

BP_s = Bid Price for Services

P_g = Preferential Coefficient of Goods as stipulated in Chapter III Clause 8.3 and 8.4 of this Guideline.

P_g = DC x 15%

P_s = Preferential Coefficient of Services as stipulated in Chapter III Clause 8.3 and 8.5 of this Guideline.

P_s = DC x 7.5%

Csp = Company Status Preference for national construction services companies, as stipulated in Chapter III Clause 8.7 of this Guideline.

3. Price evaluation by comparing bid price without taking the preference into account is conducted in the case of:
 - a) The procurement of goods with Domestic Content less than 25% (twenty five percent);
 - b) The procurement of goods/services valued maximum Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand).

9.10.7. Normalization

1. Normalization is used to equalize the bid price. Should it be applied, the provisions and calculation method shall be stipulated in the Tender Document.
2. The bid price is equalized by calculating the total cost to be spent by the PSC Contractors or opportunities to gain cutback/profit for the state and/or to operate the goods/equipment and/or certain facilities.
3. The normalized price is calculated by adding the equalized total cost to EP-DC.
4. The normalized price is used only for evaluation purposes in order to determine the bidders rank and is not used as the Contract value.

9.10.8. Certain conditions proposed in the commercial proposals shall not be considered in the evaluation. If the bidders proposing the conditions are appointed as the winners, and if the proposed conditions will benefit the state, such conditions shall be incorporated to the Contract.

9.11. DETERMINING THE BID RANKS

- 9.11.1. The establishment of the bid ranks may be conducted partially based on the lowest price of each item of goods/services in accordance with the stipulated price evaluation procedure.
- 9.11.2. Based on the price evaluation procedure, the Procurement Committee shall prepare the list of 3 (three) best bids based on the EP-DC or normalized price. In the event that there are less than 3 (three) qualified bidders submitting the proposals, the bid rank list shall include all submitted and qualified proposals.
- 9.11.3. In the event that there are 2 (two) or more proposals with equal EP-DC or normalized price, the proposal that has higher domestic content shall be in the higher rank. If the domestic content of each proposal is equal, the proposal that is technically better shall be in the higher rank.

10. BID PRICE NEGOTIATION

- 10.1. An attempt to negotiate shall be carried out when after the price evaluation, including the calculation of EP-DC (when applicable) and/or normalized price, the following occur:
 - 10.1.1. The bid price from the first to the third rank bids is higher than OE. Negotiation is intended to obtain the price lower or maximum equivalent to OE.

10.1.2. The bid price of the first rank bid is lower than OW but still higher than the proper lowest bid price. Negotiation is conducted in order to get a lower price closer to the lowest bid price.

10.1.3. Negotiation shall be conducted by the Procurement Committee/Internal Team.

10.4. NEGOTIATION METHODS

10.4.1. Direct

1. Direct and verbal negotiation is conducted by and between the Procurement Committee/Internal Team with the representatives of the Suppliers authorized to make a decision in the negotiation. Direct negotiation with one of the Suppliers may be conducted in some stages until an agreement or disagreement is reached.
2. Direct negotiation may be concluded by written negotiation.

10.4.2. Written

1. The representatives of the Suppliers shall submit at the stipulated time, in a sealed envelope, the bid price in writing, dated, stamp-duty affixed and duly signed by the authorized officers of the Suppliers. The submission of the offer can only be done once.
2. The Procurement Committee/Internal Team shall open the offer before the representatives of the Suppliers and prepare the minutes of negotiation.

10.5. NEGOTIATION EXERCISE

10.5.1. Basically the negotiation is conducted in stages. In certain circumstances in which expediting the procurement process is taken into consideration, the negotiation may be conducted simultaneously.

10.5.2. In the event that the bid price of the first rank bid is lower than OE but still higher than the lowest bid price, negotiation shall be conducted only with the first rank bid.

10.5.3. Negotiation stages

1. Price negotiation is conducted to the Suppliers in the first rank and if necessary up to the third rank according to the EP-DC ranking or the result of the normalized price calculation.
2. Price negotiation is conducted initially to the first rank bids. When a price agreement is reached and the negotiation result is lower or equivalent to OE, there will be no negotiation conducted to the other Suppliers.
3. If there is no concurrence in the negotiation with the first rank bidders as the result of the negotiation is still higher than OE, the negotiation shall proceed to the second rank bidders and so on up to the third rank bidders.
4. Negotiation may be conducted directly or in writing.

10.5.4. Simultaneous negotiation

1. A simultaneous negotiation may take place in the following cases:
 - a. The price in the national or international market has dropped more than 10% (ten percent) of the OE; or
 - b. The price in the national or international market has increased more than 10% of the OE, in the national or international market and/or all bid price is more than 10% higher than the OE; or
 - c. There is a shortage of certain goods/services in the national and international market which if not available immediately may cause a delay in the PSC Contractors' operations;

- d. The exercise of stage negotiation in tenders using two stage system does not reach an agreement as the bid price is still higher than the OE; or
- e. In the event that the number of Suppliers capable of performing the work is believed to be limited and the stage negotiation exercise does not reach an agreement.

Situations in item a, b and c require a prompt decision in order to prevent the loss of opportunity to acquire the goods/services that are of mandatory requirement and/or prevent the failure or delay in the PSC Contractors' primary operational activities. The exercise shall be supported with a justification that such conditions have occurred.

- 2. Simultaneous negotiation exercise
 - a. For the procurement valued higher than Rp 100,000,000,000,- (one hundred billion rupiahs) or US\$ 10,000,000 (US Dollar ten million), prior approval from the PSC Contractors' highest authority is required;
 - b. Conducted in writing to the 3 (three) bidders from the first to the third rank based on EP-DC or normalized price;
 - c. The Procurement Committee/Internal Team shall open the commercial proposals before the representatives of the Suppliers they negotiate with at the same time;
 - d. Negotiation shall only be conducted once.

10.6. In the case of Unit Price Contract strategy, negotiation may be conducted for:

10.6.1. The entire package value, in the case that the package of the contract is basically one whole package.

10.6.2. The price of each item of goods/services, in the event that the contract covers the items that are not bound as a whole, such as Call-Off Order contracts, Price Agreements, etc.

10.7. The result of the price negotiation shall not reduce the committed domestic content percentage, alter the scope of work and the technical bid specifications. In the two stage system, the result of the price negotiation shall not reduce the committed Domestic Content percentage, alter the scope of work and/or technical specifications agreed in the technical evaluation stage and/or technical negotiation.

10.8. The negotiation result can only be agreed upon when the bid price is lower or equivalent to the OE.

10.9. If the result of the negotiation with the first to third rank bidders is still higher than the OE:

10.9.1. An analysis shall be conducted on the OE. If the OE is deemed to be not in line with the current market condition, the OE may be corrected with a maximum 10% increase and supported by the market analysis as required in the OE preparation procedure.

10.9.2. Bids with the lowest and proper negotiation result and are lower than the corrected OE shall be concluded as the nominated bids.

10.10. When a price agreement has been reached, the Suppliers are obliged to submit the updated bid price and Domestic Content calculation signed by the Suppliers' director or representative on a stamp duty.

- 10.11. Should there be no negotiation price lower or equivalent to the OE or corrected OE, the negotiation shall be declared as failed.
- 10.12. In the price negotiation exercise, the minutes of the negotiation shall be prepared and signed by the Procurement Committee/Internal Team and the Suppliers' representatives.

11. TENDER WINNER NOMINATION

- 11.1. The Procurement Committee/Internal Team shall propose one candidate which bid:
- 11.1.1. meets the requirements in accordance with the Tender Documents and is accountable:
 - 1. The bid in administrative, technical and qualification respects meets the requirements stipulated in the Tender Documents; and
 - 2. Has endeavored in prioritizing the utilization of domestic products and competency.
 - 11.1.2. is the lowest price after the evaluation using the principle of maximum use of domestic products or the normalization and/or negotiation in accordance with the prevailing regulations.
 - 11.1.3. In the event of shortage of goods/services or fluctuating market condition in which no action being taken and/or decision being made may cause the loss of opportunity to obtain the goods/services resulting in the delay of the PSC Contractor's primary activities and after a negotiation is conducted with 3 (three) lowest bidders simultaneously and there is no bid lower than the OE:
 - 1. An analysis shall be conducted on the OE;
 - 2. If the OE is deemed to be not in line with the current market condition, the OE may be corrected or adjusted supported by the market analysis as stipulated in the OE correction/adjustment procedure. The lowest negotiation price deemed to be proper and is lower than the corrected OE may be concluded as the potential successful bid.
- 11.2. In the case of a Multi Standing Agreement or itemized Unit Price Contract system, there may be more than one nominee.
- 11.3 The nominees in clause 11.1 above shall be concluded in an official report agreed by all the members of the Procurement Committee/Internal Team. In the case of no consensus reached, the decision shall be made based on the meeting agreed by at least two third of the members. The substance of the disagreement shall be recorded in the report.
- 11.4 In the case of two or more bidders having equal EP-DC or normalized bid price, the Procurement Committee/Internal Team shall select the bidder offering higher Domestic Content. If the Domestic Content is equal, the Supplier which is technically better shall be selected.
- 11.5 After the potential successful bidders have been determined:
- 11.5.1. The Procurement Committee/Internal Team shall prepare the Tender Minutes that record the result of the tendering exercise, covering:
 - 1. The date, tender title and reference number, names of Suppliers participating in the tender, bid price and/or corrected bid price, negotiation price (if any) and the Domestic Content commitment as well

as the bid evaluation result, including the number of bidders passing or failing in each evaluation stage;

2. Name, address and Tax Identification Number of every nominated bidder, contract value, Domestic Content commitment and contract validity;
3. OE value or corrected OE value;
4. Information deemed necessary pertaining to the tender exercise.

The minutes shall be completed with the Tender Exercise Summary form (Form SC-03), Appendix No. FL-003.

11.5.2. The minutes shall be signed by at least two third of the members including the Chairman of the Procurement Committee/Internal Team.

11.5.3. The Procurement Committee/Internal Team shall propose the candidates to the Authorized Officer complete with the Tender Minutes and additional information that are deemed necessary, to be taken into consideration in deciding the winner by the Authorized Officer or to be proposed to BPMIGAS.

12. ESTABLISHING THE TENDER WINNER

12.1. Based on the advice of the Procurement Committee/Internal Team, the Authorized Officer shall:

12.1.1. Determine the tender winner when it is within the PSC Contractors' authority.

12.1.2. Approve and submit the nominated tender winner to BPMIGAS if it is the authority of BPMIGAS.

12.2. If the Authorized Officer is of a different opinion with regard to the nominee, he shall discuss with the Procurement Committee/Internal Team in order to get the final decision.

12.3. The tender winner nomination is submitted by attaching the following documents:

1. Minutes of pre-bid meeting (if any);
2. Bid opening summary;
3. Minutes of negotiation (if any);
4. Tender minutes;
5. Copy of List of Procurement Plan;
6. OE or corrected and endorsed OE;
7. Tabulated technical evaluation of each bidder;
8. Tabulated comparison of bid details of three lowest bid candidates (if any) with the detailed OE or corrected OE;
9. Domestic Content calculation form (Form SC-12A/SC-12B/SC-12C);
10. Tender Exercise Summary (Form SC-03);
11. Commitment letter from the Suppliers to perform the Contract pursuant to the final objectives if the bid price is lower than 80% (eighty percent) of OE;

12.4. The tender winner nomination letter that requires BPMIGAS approval shall be signed by the PSC Contractor's highest authority. The letter shall be supported by documents stipulated in clause 12.3 above and:

12.4.1. Statement letter signed by the highest authority of the PSC Contractors or authorized officers stating that:

1. The scope of work and technical specification is in line with the work plan approved by BPMIGAS;

2. The offered bid price is considered to be proper compared to the OE that has been prepared carefully;
 3. The process has been carried out in accordance with the Tender Document and applicable rules and there is no indication of collusion, corruption or nepotism
- 12.4.2. Statement letter from the highest authorized offer from the end user function stating that there is no action indicating a conflict of interest in determining the specifications of goods/services, the terms and conditions of the Contract, OE preparation and the exercise of technical bid evaluation;
 - 12.4.3. Minutes of tender exercise including the process, deliberation in the evaluation and negotiation as per Appendix FL-003;
 - 12.4.4. Bid submission from the proposed successful bidders;
 - 12.4.5. Tabulated source of fund;
 - 12.4.6. Detailed revision of the Tender Document;
- 12.5. BPMIGAS shall already have given its approval or rejection on the tender winner plan at the latest 20 (twenty) days upon receipt of the documents declared as complete by BPMIGAS. Should the submitted documents be not complete, such documents shall be returned to the PSC Contractors;
 - 12.6. In certain circumstances, particularly for Very Complex Works, BPMIGAS shall notify the PSC Contractors that the examination will take longer than the standard 20 (twenty) working days.
 - 12.7. If during the 20 (twenty) days of examination BPMIGAS requires additional information (clarification) and/or supporting documents, the counting of examination days shall be halted and started again after the clarification and/or additional supporting documents have been received by BPMIGAS.
 - 12.8. PSC Contractors may continue the procurement process when, after 20 (twenty) days as stipulated above, BPMIGAS gives neither approval nor rejection.
 - 12.9. BPMIGAS approval covers the following scope:
 - 12.9.1. That the procurement process has been conducted in accordance with the provisions in the Guideline to Procurement of Goods/Services for PSC Contractors and the procurement plan approved by BPMIGAS and is in line with the Tender Document.
 - 12.9.2. That the scope of work is in accordance with the procurement plan approved by BPMIGAS.
 - 12.9.3. That the proposed bid price is the outcome of the procurement process that is in line with the provisions and within the fair, tolerated limit against the OE.
 - 12.9.4. That there has been an endeavor to maximize the use of domestic goods/services.
 - 12.10. In the event that BPMIGAS disapprove of the proposed tender winners yet the PSC Contractors continue the procurement process, the costs incurred pertaining to the procurement activities shall not be recorded as Production Sharing Contract operational activities.

13. ANNOUNCEMENT OF TENDER WINNER

The decision regarding the tender winner shall be announced on the PSC Contractor's announcement board or notified in writing to the Suppliers once the decision is received by the Procurement Committee/Internal Team.

14. PROTESTS

14.1. SUBMISSION OF PROTESTS

- 14.1.1. Bidder's protest against the decision in a tender may be submitted during the protest period with regard to:
 - 1. The result of administrative and technical evaluation in tenders using Two Envelope or Two Stage system; and/or
 - 2. The decision on tender winner.
- 14.1.2. The protest may only be made against:
 - 1. The failure in the post qualification assessment.
 - 2. Deviation from the provisions and procedures stipulated in the Tender Documents and/or prevailing BPMIGAS rules regarding the procurement of goods/services
 - 3. Made-up tender process which impedes a fair competition.
 - 4. Abuse of power by the Procurement Committee/Internal Team and/or Authorized Officers.
 - 5. Practices of collusion, corruption or nepotism among the bidders, between the bidders and members of the Procurement Committee/Internal team and/or Authorized Officers;
- 14.1.3. The Procurement Committee/Internal Team does not have any obligation to respond to protests irrelevant to clause 14.1.2 above and the procurement process can be continued.
- 14.1.4. Requests for clarification and inquiries by the bidders that challenge or demure the administrative, technical and commercial evaluation result shall be treated as a protest.
- 14.1.5. The protest shall be submitted in writing by the bidders, signed by the company directors signing the bids or their mandates, supported by reliable evidence.

14.2. PROTEST PERIOD

- 14.2.1. The protest period for tenders using One Envelope System is 3 (three) working days after the tender winner announcement date. Protests may cover the administrative and technical evaluation result as well as the appointment of tender winner. Protests may only be raised by bidders submitting the bids.
- 14.2.2. Protests in Two Envelope or Two Stage system can be done as follows:
 - 1. Administrative & technical evaluation result: shall be done within 3 (three) working days, starting from the date of notification of administrative and technical evaluation result. Protests may only be raised by bidders submitting the bids.
 - 2. The commercial evaluation result in the tender winner appointment stage: shall be done within 3 (three) working days, starting from the date of notification of tender winner. Protests may only be raised by bidders that have passed the technical evaluation.
 - 3. Protests pertaining to the administrative and technical evaluation result raised during the protest period after the tender winner announcements are not acceptable and will be waived.

- 14.2.3. The Procurement Committee/Internal Team does not have any obligation to respond to protests unrelated to clause 14.2.1 and 14.2.2 above and the procurement process can be continued.

14.3. RESPONSE TO PROTESTS

- 14.3.1. If a protest occurs, the Procurement Committee/Internal team shall review the evaluation process and result and provide the response.

1. If the protest against the bid conditions or one of the bidders appointed as the tender winner is found to be true, the said bidder's bid proposal shall be disqualified and a re-evaluation shall be conducted to other qualified bids.
2. If the protest raised is not in accordance with the above provisions and not supported by evidence and/or the substance of the said objection or protest can not be proven to be true by the protesting bidders, the Procurement Committee/Internal Team does not have any obligation to respond. The protesting bidders shall be banned from the procurement activities in the related PSC Contractors for 12 (twelve) months.

- 14.3.2. The response to the protest shall be provided in writing not later than 5 (five) working days starting from the date when the objection is received. If after 5 (five) working days no response is given, a repeat protest may be submitted to the PSC Contractors' Authorized Officers with the Authorized Officers' supervisor in copy and PSC Contractors' internal control function. The repeat protest may be submitted not later than 3 (three) working days starting from the response deadline.

- 14.3.3. If the protesting bidders refute the response to the protest against the appointment of tender winner, the said bidders may submit 1 (one) appeal addressed to the PSC Contractors' highest authority or the superior of the Authorized Officers with BPMIGAS in copy. The appeal shall be submitted not later than 3 (three) working days starting from the day the response is conveyed. If the appeal is submitted past the said period, it will be considered as "no appeal" and the appointment of tender winner process may be continued;

- 14.3.4. The Authorized Officers shall respond to the appeal not later than 5 (five) working days upon receipt of the appeal;

- 14.3.5. The tender winner appointment process shall be put off until the response to the protest or appeal is conveyed;

- 14.3.6. The tendering process shall proceed when:

1. There is no protest, repeat protest or appeal within the stipulated period of time
2. The protests, repeat protests or appeals have been addressed and are believed to be incorrect;
3. Protests raised are not in line with the above requirements and/or the substance of such protest can not be proven to be true by the protesting bidders.

14.4. ESTABLISHING THE TENDER WINNER WITHOUT THE PROTEST PERIOD

Appointment of a tender winner is conducted without the protest period when:

- 14.4.1. In the Two Envelope system, there is only one bidder passing the technical and commercial evaluation or a consensus is reached in the price negotiation stage.

- 14.4.2. In the Two Envelope system, there are more than 1 (one) bidder passing the technical evaluation yet only one commercial bid and the bid price is accepted or a consensus is reached in the price negotiation stage.

15. AWARDS

- 15.1. The Authorized Officers shall issue the Letter of Award. The awarded bidder shall accept the award in 5 (five) working days;
- 15.2. If the awarded bidder withdraws or rejects the award or refuses to sign the contract within the period of time stipulated in clause 15.1 above or refuses to fulfill its bid proposal, the bid bond shall be forfeited and a penalty shall be imposed on the bidder as stipulated in Chapter XIV regarding the patronage of suppliers. The next steps shall be:
- 15.2.1. The second rank bidder may be appointed to carry out the work. If its bid price is higher than the first rank bidder and/or the OE or corrected OE, a negotiation shall be conducted. The award to the second rank bidder can only be realized if the bid price or negotiation price is not higher than the OE or corrected OE.
- 15.2.2. If the second rank bidder declines the award after the result of the negotiation has been agreed, its bid bond shall be forfeited and a penalty shall be imposed on the bidder as stipulated in Chapter XIV regarding the Management of Suppliers of Goods/Services.
- 15.2.3. If the third rank bidder also declines the award, its bid bond shall be forfeited and a penalty shall be imposed on the bidder as stipulated in Chapter XIV regarding the Management of Suppliers of Goods/Services. The tender shall be declared as failed and a re-tender shall subsequently be conducted.

16. RETURNING THE BID BONDS

- 16.1. The bid bonds are basically available for collection by Suppliers in 3 (three) days after the award, except:
- 16.1.1. For tender winners, the bid bond shall be swapped with the performance bond when the contract is to be signed.
- 16.1.2. For second and third rank bidders based on the commercial evaluation result, the bid bond shall be available 15 (fifteen) working days after the date of award.
- 16.1.3. If within 30 (thirty) days after the award the bid bonds are not collected, the PSC Contractors shall not be held liable for the loss, damage or misuse of such bid bonds.

17. FAILED TENDERS

- 17.1. A tender shall be declared as failed when:
- 17.1.1. In a tender using the prequalification method, the number of Suppliers that are registered or qualified is less than 3 (three);
- 17.1.2. In the bid submission stage:
1. In One Envelope system, the number of suppliers submitting the bid is less than 3 (three);
 2. In Two Stage system:
 - a. In the first stage, the number of Suppliers submitting the bid is less than 3 (three);
 - b. In the second stage, no bid submitted.
- 17.1.3. In the bid evaluation stage:
1. No bid is administratively qualified;

2. No bid is technically qualified;
3. In a tender using Two Stage system, there is only 1 (one) bid passing the technical evaluation.
4. No agreement is reached in the negotiation process;
5. In a tender using post qualification evaluation system, the first, second and third rank bidders do not meet the qualification requirements;
6. The allocated budget is not sufficient;
7. The tender exercise is proven to be not in accordance with the terms in the Tender Document;
8. The first, second and third rank bidders refuse to carry out the work.

17.2. FOLLOW-UP TO FAILED TENDERS

In the case of a failed tender, the Procurement Committee/Internal Team shall conduct 1 (one) retender.

18. RE-TENDERS

- 18.1. A re-tender is conducted once and the process shall commence shortly after a tender is declared as failed.
- 18.2. A re-tender is conducted by inviting the previous Bidders or both new and previous bidders. In the event that new participants are invited, the process shall be started with the announcement stage. The previous participants shall register again and participants declared to have passed the qualification assessment no longer need to go through such an assessment. New participants shall undergo the qualification assessment.
- 18.3. In tenders using Two Stage system:
 - 18.3.1. If the bid price is higher than the OE and the gradual negotiation does not result in a price agreement, a simultaneous negotiation or a re-tender for the second stage only by inviting administratively and technically qualified bidders may be conducted.
 - 18.3.2. If there is neither bid submitted nor qualified commercial bid, a re-tender for the second stage only can be conducted by inviting bidders whose bids are declared to have met the administrative and technical requirements.
- 18.4. In the case of a re-tender of works valued up to Rp 1,000,000,000,- (one billion rupiah) or US\$ 100,000 (US Dollar one hundred thousand) and no bid submitted or after the negotiation the bid price is still higher than the OE, a second re-tender can be conducted by inviting medium sized Suppliers.
- 18.5. Re-tender for the procurement of goods:
 - 18.5.1. In the event that the procurement of Must Use Goods fails:
 1. Another re-tender shall be conducted by including Domestic Goods having minimum 10% (ten percent) Domestic Content.
 2. The price evaluation shall be conducted by calculating the price preference to determine the final evaluation price.
 - 18.5.2. In the event that the procurement prioritizing the use of domestic products fails:
 1. Another re-tender shall be conducted by including the suppliers of domestic foreign goods without altering the OE.
 2. The price evaluation shall be conducted by calculating the price preference to determine the final evaluation price. The price preference is given to goods having at least 25% Domestic Content.

- 18.6. In the event that the procurement of Contracting Services/Other Services fails, another re-tender shall be conducted by including National Companies willing to commit to the achievement of minimum 30% Domestic Content.
- 18.7. In the event that the procurement of Goods/Contracting Services/Other Services without price preference calculation fails, another re-tender shall be conducted with the same requirements.
- 18.8. If the re-tender in clause 18.5 or 18.6 or 18.7 fails, the next procurement process shall be as follows:
 - 18.8.1. Direct Selection by conducting negotiation for the submitted bids, when there are 2 (two) bids submitted; or
 - 18.8.2. Direct Appointment by conducting evaluation and/or negotiation for the submitted bid, when there is only 1 (one) bid submitted; or
 - 18.8.3. Cancel the tender and hold a new tender with a possibility for changes in the scope of work.

19. TENDER CANCELLATION

- 19.1. Tender cancellation shall be avoided if possible. It can only be done by the PSC Contractors if one of the following conditions is met:
 - 19.1.1. Change of scope of work due to the work plan change or failed re-tender;
 - 19.1.2. A court's ruling with permanent legal effect on the related tender exercise;
 - 19.1.3. The allocated budget is insufficient;
 - 19.1.4. The procurement process is not conducted in accordance with the Tender Document or prevailing laws and regulations;
 - 19.1.5. Occurrence of collusion, corruption and nepotism;
- 19.2. In the event of cancellation of construction services work tenders and the tendering process has reached to the award stage, the awarded Suppliers may claim for a reimbursement for the bid preparation costs. Such costs shall be calculated using one of the following provisions:
 - 19.3.1. Maximum equivalent to the bid bond value if the PSC Contractors have not issued the Work Order or Letter of Intent (LOI); or
 - 19.3.2. Equivalent to the compensation value stipulated in the contract draft which is part of the Tender Document, if the PSC Contractors have issued the Work Order or Letter of Intent (LOI).

20. REPEAT ORDER

Repeat order using the previous tender's result for other / different work packages is not allowed.

21. TENDER DURATION

- 21.1. The tender process from the announcement to the contract signing shall be in the period of 6 (six) months with the exception of the Complex Works and valued more than Rp 1,000,000,000,000,- (one trillion rupiah) or US\$ 100,000,000 (US Dollar one hundred million).
- 21.2. The registration period shall be 3 (three) working days after the announcement date.
- 21.3. The last day to collect the document shall be at least 2 (two) working days after the registration closing date.
- 21.4. The clarification (pre-bid meeting) shall be conducted at least 2 (two) working days after the last day for bid collection.
- 21.5. Bid submission shall be at least 4 (four) working days after the clarification/pre-bid meeting.

CHAPTER XII

METHODS AND PROCEDURES OF PROCUREMENT OF CONSULTANCY SERVICES

1. GENERAL CONDITIONS

- 1.1. The activities of consultancy services encompass services in planning, construction, construction supervision, survey, testing, macro/micro studies, production and industry, operational consultancy, maintenance and rehabilitation, information, management, HSE, research, training and other professional services.
- 1.2. The consultancy service may be carried out in all activities in accordance with the subsector of the work stipulated in Appendix No. PQ-003.
- 1.3. The consultancy service shall be in nature on a non-regular basis, in a certain period of time and prioritizing the local consultants.
- 1.4. The procurement shall be joined by the Suppliers willing to commit to minimum 35% Domestic Content.
- 1.5. In the event that the procurement fails as the number of bidders willing to meet the provision in Clause 1.4 above is less than the minimum requirement, a re-tender shall be conducted by inviting Suppliers willing to commit to minimum 30% Domestic Content.
- 1.6. In the case of services of which no National Companies are capable, the National Companies may utilize international foreign experts or establish cooperation in the form of consortium or subcontract with international foreign consultants.
- 1.7. Foreign Enterprise may participate in the procurement valued higher than Rp 10,000,000,000,- (ten billion rupiahs) or US\$ 1,000,000 (US Dollar one million) with an obligation to cooperate, in the form of consortium or subcontract, with national companies stipulated in an agreement which will be part of the bid proposal and a binding element in the Contract.
- 1.8. The consultancy service shall be performed in Indonesia, except for activities that are not yet or unfeasible to be performed in Indonesia.
- 1.9. The Suppliers of consultancy services are among others consultancy service companies, industrial service and banks having R&D unit with special expertise, individual consultants, business entities owned by state or private-owned universities, cooperatives.
- 1.10. TOR and OE of the Consultancy Service are prepared based on the competency and used as a reference in the bid evaluation, clarifications and/or negotiation with the potentially selected consultants. It is possible to have a difference between the results of the negotiation and the TOR and OE such as the classification, number of experts to use, number of man-months and unit cost of personnel, insofar as it does not alter the target, objective and output.

2. PREPARATION OF TENDER DOCUMENTS

The Tender Document for the procurement of consultancy service shall consist of:

- 2.1. INVITATION TO BID
The invitation letter to submit the administrative, technical and commercial proposals addressed to the suppliers of consultancy service.
- 2.2. INSTRUCTION TO BIDDERS (ITB)
The ITB shall include things stipulated in Chapter VIII clause 3.3 in the technical requirements stipulating the Term of Reference (TOR) with the following provisions:
 - 2.2.1. The objectives of TOR are:

1. To explain the objectives and scope of the consultancy service and the expertise required;
 2. As a reference and information for the consultants invited to participate in the tender in order to prepare the administrative requirements, technical and commercial proposals.
 3. As a reference in the proposal evaluation, clarifications and negotiation with the potential select consultants, Contract drafting and evaluation of the consultants' performance.
- 2.2.2. The TOR shall at least include the following:
1. The preliminary description outlining the project/activity to be performed, such as the background, objectives, location;
 2. The supporting data such as data related to the exercise of the project, such as the basic data, technical standard, studies previously conducted and applicable rules and regulations;
 3. The objectives and scope of work describing the objectives to achieve, other outputs, equipment and material to be provided by the consultant, scope of authority granted to the consultant, estimated duration to complete the work, qualifications of experts to be provided by the consultant and schedule of every stage of work performed;
 4. Types and number of reports required (preliminary, interval and final reports);
 5. Other things such as facilities provided by the user to help the continuity of the consultant's works, the requirement of collaboration with other consultants (if required) and guidance to field data collection.

3. OWNER ESTIMATE

The OE preparation shall comply with the provisions in Chapter VII – OE which consists of the core components:

- 3.1. Personnel costs (remuneration);
- 3.2. Non personnel direct costs (direct reimbursable costs) covering office rental, travels, courier charges, permits and licenses, communications, accommodation, etc.

4. METHODS OF PROCUREMENT OF CONSULTANCY SERVICES

- 4.1. The procurement of consultancy services is conducted using the Open Tender, Restricted Tender, Direct Selection, Direct Appointment and Self-Management methods.
- 4.2. The procedures and consideration in selecting the open tender, restricted tender, direct selection and direct appointment methods are in principle pursuant to the procedures stipulated in Chapter X, unless specifically stipulated otherwise.

5. PREPARATION OF SELECT SUPPLIERS / SHORTLIST

- 5.1. The Procurement Committee/Internal Team shall prepare the Shortlist based on the prequalification process.
- 5.2. The Shortlist shall consist of suppliers of consultancy service having equal qualifications and sub sector and passed the prequalification or individual consultants having special expertise.
- 5.3. Procedures to prepare the Shortlist are as follows:
 - 5.3.1. Using the Tender method:
 1. The Procurement Committee/Internal Team shall announce the tender plan;

2. The participants registered shall be at least 3 (three). If the registered participants is less than 3 (three), a re-tender shall be conducted;
 3. The Procurement Committee/Internal Team carry out the prequalification to the registered participants by examining and assessing the participants' qualification data;
 4. Participants passing the prequalification assessment will be on the Shortlist;
- 5.3.2. Using the Direct Selection Method:
1. The Procurement Committee/Internal Team invites the participants;
 2. The participants invited shall be at least 3 (three). If the number of registered participants is less than 3 (three), the Procurement Committee/Internal Team shall invite other participants;
 3. The Procurement Committee/Internal Team shall carry out the prequalification to the registered participants by examining and assessing the participants' qualification data;
 4. Participants passing the prequalification assessment will be on the Shortlist;
- 5.3.3. Using the Direct Appointment method:
- The Procurement Committee/Internal Team shall invite one supplier of consultancy services/individual consultant.

6. SUBMISSION OF BIDS

Submission of bids may be conducted using Two Envelope system – except for individual consultants, the One Envelope system may be used – submitted to the Procurement Committee/Internal Team in the stipulated place and schedule.

7. BID EVALUATION SYSTEM

The bid evaluation shall use the quality or technical and commercial quality or lowest price evaluation system. The bid evaluation system shall be stipulated in the Tender Document.

7.1. QUALITY EVALUATION SYSTEM

The quality evaluation system is an evaluation based on the best score of the technical proposals proceeded to clarifications and technical and commercial negotiations.

The procurement of consultancy services with quality evaluation system is used for consultancy works that are complex, require sophisticated technology and innovation or which scope of work is difficult to establish in the TOR. In this case, the quality of the proposals determines the outcome entirely.

The order is as follows:

- 7.1.1. The bid opening is in accordance with the bid opening procedure for Two Envelope System stipulated in Chapter XI clause 8.11;
- 7.1.2. Evaluation on administrative requirements and technical proposals:
 1. The evaluation on the completeness of the administrative requirements is conducted in accordance with the stipulations in the Tender Document;
 2. The evaluation on the completeness of the administrative requirements shall be pursuant to the administrative evaluation procedure as stipulated in Chapter XI Clause 9.7;

7.1.3. Technical bid evaluation

1. Technical clarifications

Clarifications are conducted to get assurance and/or clarity in technical respect, in order to achieve the best results by focusing on the quality of the work and experts carrying out the job and consideration for requirement of proportional supporting equipment. Clarifications shall not change the TOR.

The technical aspects to be clarified are:

- a. Scope and achievement target of the consultancy service;
- b. Methods to handle the work and work plan;
- c. Qualifications of the experts;
- d. Organization of the exercise;
- e. Knowledge transfer program;
- f. Schedule of the exercise;
- g. Personnel assignment schedule;
- h. Supporting facilities;
- i. Commitment of Domestic Content percentage for services;

2. Technical bid assessment

- a. Conducted by giving the merit point on fundamental elements in the technical proposals by focusing on the value given to those elements;

- b. Fundamental elements to be assessed and weighed:

Fundamental Elements	Value (%)
Consultant's experience	10-20
Approach and methodology	20-45
Qualification of the expert	45-60
Total	100

The establishment of value used for each element in the above range is based on the type of service work to be carried out. For the analysis study service, the consultant's experience and methodological approach need to be emphasized, whilst for supervision and technical planning services, it is the expert's qualification that needs to be emphasized more.

- c. The consultant's experience

- The assessment is conducted on the consultant's experience in conducting works similar to the one required in the TOR in the past 7 (seven) years.
- Working experience in Indonesia and/or projects located in Indonesia shall get an additional score.
- The experience shall be described clearly by providing information about the name of the project/activity, brief project/activity scope and data, project owner, value and duration (month and year).
- The assessment is also conducted on the number of ongoing projects/works being carried out by the consultant. This is intended to find out the experience and measure the capability/capacity of the consultant in performing the job. The

experience shall be supported by reference from the previous user referencing the consultant's performance.

- Elements to be assessed are the experience in carrying out the similar project/work, the experience in carrying out the project/activity in Indonesia and/or overseas, owned managerial capability and facilities, company's capacity by among all focusing on the permanent experts.

d. Approach and Methodology

It intends to assess the consultant's comprehension regarding the scope of work/service requested in the TOR, objectives, quality of the methodology and deliverables. The elements to be assessed are:

- Comprehension of the service stipulated in the TOR. The assessment mainly covers the comprehension of the project's objectives, scope and consultancy service required (fundamental elements indicated in the TOR) and familiarization of the field;
- The quality of the methodology. The assessment mainly covers:
 - The accuracy to identify the problems and solution proposed and remains to refer to the TOR's requirements;
 - Consistency between the methodology and the work plan;
 - Appreciation to innovation;
 - Interpretation on the TOR particularly regarding the available data, number of man-months, job description, duration, reports required, type of expertise, number of experts required, work program, work schedule, assignment schedule, organization and the requirement for supporting facilities;
- Deliverables
The assessment covers: analysis, drawings, technical specifications and calculation, reports proposed in the bid;
- Consultants proposing new ideas in order to promote the output as stipulated in the TOR causing the change of TOR will receive additional points.

e. Qualification of the expert

The assessment is conducted on the proposed consultant expert to carry out the job by focusing on the type of expertise, requirements and number of experts stipulated in the TOR. The elements to be assessed are:

- Education; the expert shall be a graduate from state or accredited private universities, or overseas universities that have been accredited, proven by the copy of diploma;
- Type of expertise (specialization) proven by certificates in line with the requirements in the TOR;
- Professional working experience in accordance with the requirement in the TOR, supporting by references from the users;

- Other aspects, such as mastery in English, Indonesian (for foreign consultants), familiarity of the local customs, rules, situation, condition and traditions.
- Qualification of the experts that is more than what is required in the TOR shall not receive additional points.

Value and assessment for each sub-element shall be further established by the Procurement Committee/Internal Team.

3. Preparation and Announcement Of Technical Bid Ranks

- a. Based on the technical bid evaluation result, the Procurement Committee/Internal Team shall determine the ranks of the consultants stipulated in the technical bid evaluation summary and select consultants which technical proposals are of equal score or exceed the passing grade;
- b. The Procurement Committee/Internal Team shall report the technical evaluation result to the Authorized Officer for approval;
- c. Based on the decision of the Authorized Officer, the Procurement Committee/Internal Team shall notify all bidders in writing their ranks along with the technical score.

7.1.4. Protests

Bidders having objection with the announcement of the administrative requirements and technical bid evaluation result are given the opportunity to submit a written protest not later than 3 (three) working days after the announcement date.

Further details regarding the protest are stipulated in Chapter XI clause 14. The process shall be continued to the commercial bid (second envelope) opening.

7.1.5. Commercial Bid Opening

1. The Procurement Committee/Internal Team will only open the second envelope of consultants with the highest technical rank passing or equal to the passing grade.
2. If deemed necessary, a negotiation for the technical bid can be conducted and followed by clarification and commercial negotiation.

7.1.6. Clarification and Negotiation

The clarification and negotiation shall not change the target, objective and output nor shall it exceed the OE or corrected OE, with the following conditions:

1. The commercial clarification and negotiation may be conducted together with the technical negotiation.
2. The commercial clarification and negotiation are conducted in order to obtain a reliable price agreement yet still maintain the expected result in accordance with the technical bid proposed by the consultant.
3. Aspects to be clarified and negotiated about are the consistency between the work plan and category of expenses, activity volume and category of expenses, unit price and market/fair price.
4. The negotiation for the personnel unit price may be conducted based on the audited payroll and/or income tax payment slip of the consultant's experts.

5. The personnel unit cost is on time unit basis calculated based on attendance with the conditions of 22 (twenty two) working days in 1 (one) months and 8 (eight) work hours in 1 (one) day.
6. If the clarification and negotiation with the first rank consultant do not lead to an agreement, the Procurement Committee/Internal Team shall proceed to opening the proposal of the second technical rank consultant and if necessary to clarification and negotiation and so forth up to the third technical rank bid.
7. The Procurement Committee/Internal Team shall prepare the minutes of clarification and negotiation and report the clarification and negotiation result to the Authorized Officers.
8. The Procurement Committee/Internal Team shall propose the nominated tender winners to the Authorized Officers.

7.1.7. Nomination of Tender Winner

1. The Authorized Officers shall determine the bidder to be awarded based on the proposal of the Procurement Committee/Internal Team.
2. The Procurement Committee/Internal Team shall then publish the awarded bidder on the PSC Contractor's announcement board and/or notify the bidder in writing.

7.1.8. Protests

- a. Protest can only be done by bidders passing the technical evaluation.
- b. The protest period for the commercial evaluation result and bid award is 3 (three) working days after the bid award date.
- c. Further details regarding the protest are stipulated in Chapter XI clause 14.

7.1.9. Awards

1. The Authorized Officer shall issue a Letter of Award. The awarded bidder shall accept the award in 5 (five) working days;
2. If the awarded bidder withdraws or refuses to be awarded or to sign the contract within the stipulated time and is not willing to fulfill the terms and conditions stipulated in the bid and/or terms and conditions resulted from the negotiation agreement, the bid bond shall then be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the patronage of Suppliers. The next steps are:
 - a. The commercial proposal of the second rank technical bid will be opened. If it is higher than that of the first rank bid and/or the OE or corrected OE, a negotiation shall be conducted. Awarding the second rank bid can be conducted only if its bid price or negotiation price does not exceed the OE or corrected OE;
 - b. If the second rank candidate declines the award, the bid bond shall be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the patronage of Suppliers. The commercial proposal of the third rank technical bid shall subsequently be opened. If the bid price of the third rank bid is higher than that of the first rank or the OE or corrected OE, a negotiation shall be conducted. Awarding the third rank bid can be conducted only if the bid price or negotiation price does not exceed the OE or corrected OE;
 - c. If the third rank candidate also declines the award, the bid bond shall be forfeited and a penalty shall be imposed as stipulated in

Chapter XIV regarding the management of Suppliers. The tender shall later be declared as failed and a re-tender shall be carried out.

7.1.10. Cancellation of Award

1. The award shall be cancelled and the bid bond shall be forfeited if the awarded consultant:
 - a. replaces the team leader or more than 30% (thirty percent) of its experts; or
 - b. withdraws; or
 - c. is unable to meet the conditions stipulated in the Tender Document.
2. In the event of cancellation of award:
 - a. A technical negotiation, clarification and commercial negotiation with the second rank consultant shall be carried out;
 - b. If the second rank candidate also withdraws, a technical negotiation, clarification and commercial negotiation with the third rank candidate shall be carried out;
 - c. If the third rank candidate withdraws, a re-tender shall be conducted.

7.1.11. Returning the Proposals

1. The unopened commercial proposals shall be returned to the bidders after the protest period for the administrative and technical evaluation result is over, with the exception to the commercial proposals of the second and third rank bidders which shall be returned after the Contracts signing.
2. The technical proposals of bidders that do not get awarded shall be returned after the protest period is over; and
3. The Procurement Committee/Internal Team and Authorized Officers are obligated to keep the confidentiality of each proposal.

7.2. TECHNICAL AND COMMERCIAL QUALITY EVALUATION SYSTEM

The technical and commercial-based evaluation system is an evaluation based on the combination of scores of the technical and commercial proposals, followed by the technical clarification and commercial negotiation.

The technical and commercial-based evaluation system is used for works which scope, output, assignment period, etc. can be calculated in the TOR. The amount of the OE can also be calculated. The process shall be in the following order:

- 7.2.1. The procedures for the administrative and technical proposal (first envelope) opening and evaluation shall adhere to the procedures of the procurement of consultancy services using quality evaluation system.
- 7.2.2. The technical evaluation assessment/evaluation shall use the merit point system, then select the proposals that are of equal or exceeding the passing grade;
- 7.2.3. The preparation and announcement of technical evaluation ranks:
 1. Based on the technical bid evaluation, the Procurement Committee shall determine the ranks of the consultants stipulated in the technical bid

- evaluation summary and select consultants which technical proposals are of equal score or exceed the passing grade;
2. The Procurement Committee/Internal Team shall report the technical evaluation result to the Authorized Officer for approval;
 3. Based on the decision of the Authorized Officer, the Procurement Committee/Internal Team shall notify all bidders in writing their ranks along with the technical score.
- 7.2.4. Protests against the administrative and technical evaluation result:
Bidders having objection with the announcement of the administrative requirements and technical bid evaluation result are given the opportunity to submit a written protest not later than 3 (three) working days after the announcement date.
Further details regarding the protest are stipulated in Chapter XI clause 14. The process shall be continued to the commercial bid (second envelope) opening.
- 7.2.5. Commercial bid (second envelope) opening and evaluation:
1. The Procurement Committee/Internal Team shall invite bidders passing the technical bid evaluation to attend the commercial bid (second envelope) opening;
 2. The Procurement Committee/Internal Team in the presence of the bidders shall inform the following:
 - a. The consultants that have passed the technical evaluation and their respective technical score;
 - b. Provisions of the technical and commercial bid scoring as stipulated in the Tender Documents;
 3. The Procurement Committee/Internal Team shall open the second envelopes, read out and write down the bid price, Domestic Content and bid bond value of all technically qualified bidders;
 4. The Procurement Committee/Internal Team shall prepare the minutes of commercial bid opening signed by the Procurement Committee/Internal Team and at least 1 (one) representative of the bidder;
 5. The final evaluation price is calculated based on the Domestic Content achievement (EP DC);
 6. Normalization of bid price is done by adding the management cost which will be excluded by the PSC Contractors in EP-DC in the event that the consultancy service is to be carried out overseas;
 7. The scoring of bid price for technically qualified shall use the merit point system based on EP-DC ranks (if no normalization applied) or normalized price (if normalization applied). The lowest EP-DC or normalized price shall be given the highest score (maximum).
- 7.2.6. Combined technical and commercial evaluation:
1. The Procurement Committee/Internal Team shall calculate the combination of technical and commercial bid scores as follows:
Final Score = [Technical Score x Technical Value] +
[Commercial Score x Commercial Value];
Whereas:
 - Technical value is from 0.60 to 0.80
 - Commercial value is from 0.20 to 0.40

- The lowest bid price shall be given the highest commercial score
2. The preparation of the consultants' ranks is based on the calculation of combined technical and commercial scores;
 3. If none of the bids is lower or equivalent to the OE, a negotiation shall be conducted with the consultant having the highest score based on the combined technical and commercial evaluation result. Clarifications shall not change the TOR's targets. The implementation is as follows:
 - a. Based on the minutes of combined technical and commercial bids evaluation, the Procurement Committee/Internal Team shall invite the consultant having the highest score to the technical and commercial negotiation meetings. The first rank consultant shall be given sufficient time to prepare the technical and commercial negotiation;
 - b. The negotiation procedure shall comply with the provisions of procurement of consultancy service using the quality evaluation system.
 - c. The Procurement Committee/Internal Team shall prepare the minutes of negotiation and report the result to the Authorized Officers.

Example:

Calculation of Combined Scoring in Technical Quality & Commercial Evaluation for the Procurement of Consultancy Services

Suppliers	A	B	C
Technical Bid (value: 0.75)			
Technical Bid score	84	82	86
Weighted Technical Bid Score	63.00	61.50	64.50
Commercial proposal (value: 0.25)			
Bid Price (Rp)	1,100,000,000	1,050,000,000	1,200,000,000
DC (%)	40	60	50
Preference (%)	3.00	4.50	3.75
EP-DC (%)	1,067,961,165	1,004,784,689	1,156,626,506
Commercial Bid score	94.08	100.00	86.67
Weighted Commercial Bid score	23.52	25.00	21.72
Combined Technical & Commercial Score	86.52	86.50	86.22

$$1. \text{ Commercial Bid score} = (\text{EP-DC}) / (\text{Lowest EP-DC}) \times 100$$

2. Weighted Technical Bid = Technical score x Technical value
3. Weighted Commercial Bid score = Commercial score x Commercial value
4. Combined Score = Weighted Technical Score + Weighted Commercial Score

7.2.7. Establishing the Bidder to be Awarded

1. The Procurement Committee/Internal Team shall propose the nominated bidder to the Authorized Officers;
2. The Authorized Officers shall determine the awarded bidder based on the proposal of the Procurement Committee/Internal Team.
3. The Procurement Committee/Internal Team shall then announce the awarded bidder on the PSC Contractors' announcement board and/or notify the bidder in writing.

7.2.8. Protest against the bid award:

1. The protest against the bid award can only be done by bidders passing the technical evaluation;
2. The protest period for the commercial evaluation result and bid award is 3 (three) working days after the bid award date.
3. Further details regarding the protest are stipulated in Chapter XI clause 14.

7.2.9. Awards

1. The Authorized Officer shall issue a Letter of Award. The awarded bidder shall accept the award in 5 (five) working days;
2. If the awarded bidder withdraws or refuses to be awarded or to sign the contract within the stipulated time and is not willing to fulfill the terms and conditions stipulated in the bid and/or terms and conditions resulted from the negotiation agreement, the bid bond shall then be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the patronage of Suppliers. The next steps are:
 - a. The commercial proposal of the second rank technical bid will be opened. If it is higher than that of the first rank bid and/or the OE or corrected OE, a negotiation shall be conducted.
 - b. Awarding the second rank bid can only be conducted only if its bid price or negotiation price does not exceed the OE or corrected OE;
 - c. If the second rank candidate declines the award, the bid bond shall be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the patronage of Suppliers. The commercial proposal of the third rank technical bid shall subsequently be opened. If the bid price of the third rank technical bid is higher than the first rank or the OE or corrected OE, a negotiation shall be conducted. Awarding the third rank bid can be conducted only if the bid price or negotiation price does not exceed the OE or corrected OE;
 - d. If the third rank candidate also declines the award, the bid bond shall be forfeited and a penalty shall be imposed as

stipulated in Chapter XIV regarding the Management of Suppliers. The tender shall later be declared as failed and a re-tender shall be carried out.

7.2.10. Cancellation of Award

1. The award shall be cancelled and the bid bond shall be forfeited if the awarded consultant:
 - a. replaces the team leader or more than 30% (thirty percent) of its experts; or
 - b. withdraws; or
 - c. is unable to meet the conditions stipulated in the Tender Document.
2. In the event of the cancellation of award:
 - a. A technical negotiation, clarification and commercial negotiation with the second rank consultant shall be carried out;
 - b. If the second rank candidate also withdraws, a technical negotiation, clarification and commercial negotiation with the third rank candidate shall be carried out;
 - c. If the third rank candidate withdraws, a re-tender shall be conducted.

7.2.11. Returning the Bids

1. The technical proposals of bidders that do not get awarded shall be returned after the protest period is over; and
2. The Procurement Committee/Internal Team and Authorized Officers are obligated to keep the confidentiality of each proposal.

7.3. LOWEST PRICE EVALUATION SYSTEM

The lowest price evaluation system is an evaluation based on the lowest bid price of consultants that meet or exceed the technical passing grade. The procurement of consultancy service with the lowest price evaluation system is used for standard consultancy works or works that technically can be carried out using simple methods.

7.3.1. Technical Evaluation

1. The Procurement Committee/Internal Team shall assess the technical proposition and scoring procedure in accordance with the provisions in the procurement of consultancy services based on the quality evaluation system and prepare the list of bidders which score are equivalent to or exceed the technical passing grade;
2. The commercial proposals (second envelope) of technically unqualified bidders will be returned.

7.3.2. Commercial Bid Opening

1. The Procurement Committee/Internal Team in the presence of the bidders shall inform the consultants that have passed the technical evaluation and their respective technical score.

The procedures of technical bid evaluation, ranking, announcement of technical bid evaluation result and protest shall comply with the provisions in the technical and commercial quality evaluation system.

2. The Procurement Committee/Internal Team shall open, read out and write down the bid price (second envelope);
 3. The Procurement Committee/Internal Team shall prepare the minutes of commercial bid opening signed by the Procurement Committee/Internal Team and at least 1 (one) representative of the bidders;
 4. The Procurement Committee/Internal Team shall do the arithmetic correction;
 5. The calculation of Final Evaluation Price is based on the achievement of Domestic Content (EP-DC);
 6. Normalization of bid price is done by adding the management cost which will be excluded by the PSC Contractors in EP-DC in the event that the consultancy service is to be carried out overseas;
 7. The bid ranking is based on the EP-DC.
- 7.3.3. The price negotiation is carried out in accordance with the negotiation procedure in other procurements of goods/services. The price negotiation shall not change the Terms of Reference.
- 7.3.4. Protests
1. The protest can only be done by bidders passing the technical evaluation;
 2. The protest period for the commercial evaluation result and bid award is 3 (three) working days after the bid award date.
 3. Further details regarding the protest are stipulated in Chapter XI clause 14.
 4. Bid Award
 - a. The Authorized Officer shall issue the Letter of Award. The awarded bidder shall accept the award in 5 (five) working days;
 - b. If the awarded bidder withdraws or refuses to be awarded or to sign the contract within the stipulated time and is not willing to fulfill the terms and conditions stipulated in the bid and/or terms and conditions resulted from the negotiation agreement, the bid bond shall then be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the Management of Suppliers. The next steps are:
 - The commercial proposal of the second rank technical bid will be opened.
 - If the bid price of the second rank technical bid is higher than that of the first rank bid and/or the OE or corrected OE, a negotiation shall be conducted.
 - Awarding the second rank technical bid can be conducted only if its bid price or negotiation price does not exceed the OE or corrected OE;
 - If the above second rank candidate declines the award, the bid bond shall be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the management of Suppliers. The commercial proposal of the third rank technical bid shall subsequently be opened. If the bid price of the third rank technical bid is higher than the first rank or the OE or corrected OE, a negotiation shall be conducted. Awarding the

third rank bid can be conducted only if the bid price or negotiation price does not exceed the OE or corrected OE;

- If the third rank candidate also declines the award, the bid bond shall be forfeited and a penalty shall be imposed as stipulated in Chapter XIV regarding the management of Suppliers. The tender shall later be declared as failed and a re-tender shall be carried out.

7.3.5. Cancellation of Award

1. The award shall be cancelled and the bid bond shall be forfeited if the awarded consultant:
 - a. replaces the team leader or more than 30% (thirty percent) of its experts; or
 - b. withdraws; or
 - c. is unable to meet the conditions stipulated in the Tender Document.
3. In the event of cancellation of award:
 - a. A commercial negotiation with the second rank consultant shall be carried out;
 - b. If the second rank candidate also withdraws, a commercial negotiation with the third rank candidate shall be carried out;
 - c. If the third rank candidate withdraws, a re-tender shall be conducted.

7.3.6. Returning the Bid Proposals

1. The technical proposals of bidders that do not get awarded shall be returned after the protest period is over; and
2. The Procurement Committee/Internal Team and Authorized Officers are obligated to keep the confidentiality of each proposal.

8. RE-TENDERS

8.3. In the event that the procurement of consultancy services fails, a retender shall be conducted.

8.1.1. A re-tender shall commence shortly after a tender is declared as failed.

8.1.2. A re-tender shall be conducted by inviting the previous Bidders and/or new suppliers. In the event that new participants are invited, the process shall be started with the announcement stage. The previous participants shall register again and participants declared to have passed the qualification assessment no longer need to undergo such an assessment. New participants shall undergo the qualification assessment.

8.1.3. The price evaluation shall calculate the price preference based on the Domestic Content commitment in the final evaluation price calculation.

8.2. If the re-tender fails, the procurement process shall be conducted as follows:

8.2.1. Direct Selection is conducted by evaluating and/or negotiating the submitted bids, if there are at least 2 (two) bids submitted; or

8.2.2. Direct Appointment by evaluating and/or negotiating the submitted bid if there is only 1 (one) bid submitted; or

8.2.3. Cancel the re-tender and conduct a new tender with a possibility for changes in the scope of work.

9. PROCUREMENT OF INDIVIDUAL CONSULTANCY SERVICE

9.1. The procurement of individual consultancy service is conducted by direct appointment by considering the fair and proper price and the fulfilled requirements as follows:

- 9.1.1. The exercise of the work does not require a teamwork;
- 9.1.2. The consultancy service is not an entirely independent project/activity;
- 9.1.3. The work can only be performed by the specialists in the the field;
- 9.1.4. The consultancy service is a special assignment to give input/advice with regard to the exercise of the project;

9.2. CLARIFICATIONS AND NEGOTIATIONS

The Procurement Committee/Internal Team shall conduct clarification and commercial negotiation with the supplier of individual consultancy service to be appointed as in the procurement of consultancy service using the quality evaluation system. Aspects to be negotiated about are particularly;

- 9.2.1. The consistency of work plan and categories of expenses;
- 9.2.2. Activity category and volume and the amount of expenses;
- 9.2.3. Unit price compared to the market/fair price.

CHAPTER XIII CONTRACTS

1. ISSUANCE OF CONTRACTS

- 1.1. The issuance of non-complex Contracts shall be done within 30 (thirty) days from the bid award date.
- 1.2. The issuance of complex Contracts shall be within 90 (ninety) days from the bid award date.

2. CONTENT OF CONTRACTS

A Contract shall at least stipulate clearly the following:

- 2.1. The Parties signing the Contract:
 - 2.1.1. Clear identity of the Parties.
 - 2.1.2. Consortium members or other types of collaboration that, based on the partnership agreement, are authorized to sign the Contract.
- 2.2. The representative or leading supplier in the case that the Contract is performed by a consortium or other types of collaboration.
- 2.3. Rights, obligations and responsibilities of both Parties in accordance with the concept of the Contract and agreements resulted from the procurement process.
- 2.4. Scope of work including the requirements and technical specifications in accordance with the concept of the Contract and agreements resulted from the procurement process.
- 2.5. Price and value
 - 2.5.1. The price and value shall be firm pursuant to the result of the procurement process.
 - 2.5.2. The provisions of the adjustment of price and value of the work for Contracts which duration is more than 1 (one) year, as a result of price fluctuation or change of prevailing official tariffs. Such provisions shall be stipulated in the Tender Document. If such provisions are not stipulated, the Contract value shall be applicable throughout the Contract period without any changes whatsoever. If the price adjustment causes a PLK to be required, the accumulated additional PLK shall not exceed 10% (ten percent) of the initial Contract value
- 2.6. The commitment of Supplier of Goods/Services in utilizing domestic products/competency, consisting of the following:
 - 2.6.1. Types of goods/services, value and domestic content percentage pursuant to the result of the procurement process.
 - 2.6.2. The obligation of the Supplier to report and prove the achieved Domestic Content.
- 2.7. Commencement date and Contract period, completion or delivery date.

2.8. Terms and conditions for payment:

- 2.8.1. The provisions stipulating that the payment shall be made to the Supplier through bank accounts in the Republic of Indonesia by prioritizing the use of National General Banks. The Parties bound in the Contract shall have bank accounts in banks domiciled in the Republic of Indonesia either as the payers or the payees.
- 2.8.2. Duration and payment stage pursuant to the Tender Documents as stipulated in Chapter VIII Clause 3.3.4.5.
- 2.8.3. Currency used for the payment
- 2.8.4. Down Payment:
 - 1. The PSC Contractors shall establish the basic criteria for disbursement of down payment as part of their supply chain management policy;
 - 2. If a down payment is provided:
 - a. Priority is given to Small Enterprises or business entities owned by universities/research institutions;
 - b. It can also be given to:
 - BUMN or BUMD;
 - The tender winner as a realization of the agreement made in the procurement process including negotiation process.
 - c. The maximum amount shall be 20% (twenty percent).
 - 3. The down payment is to be utilized fully for the execution of the project.
 - 4. The down payment is considered as the first phase payment. The next payment is made in the second phase based on the payment schedule stipulated in the Contract.
 - 5. If it is given to non-small enterprises, the maximum amount of down payment shall be 10% (ten percent).
 - 6. The down payment is disbursed after the Supplier has provided the Down Payment Guarantee as stipulated in Chapter IX Clause 3.
- 2.8.5. The PSC Contractors shall fulfill their obligation to pay the Supplier and do not associate it with the incomplete formality process from BPMIGAS.

2.9. The Performance Bond shall be in line with the Tender Document as stipulated in Chapter IX Clause 2.

2.10. Penalties

Suppliers that are late in completing the work/delivering the goods shall receive the following penalties:

- 2.10.1. The minimum penalty shall be 1‰ (one per mill) of the Contract value for each delayed day.
- 2.10.2. The maximum penalty shall be 5% (five percent). If deemed necessary, for high risk projects/activities, the penalty imposed can be higher than 5% (five percent) and maximum 20% (twenty percent) of the Contract value.
- 2.10.3. In the case of Contracts of rental and/or use of equipment which duration is more than 12 (twelve) months, the penalty for the delay shall be calculated as the percentage of penalty multiplied with the Contract value for 12 (twelve) months.
- 2.10.4. In the case of Contracts stipulating that the delivery of goods/services may be done partially or in principle to be completed / delivered partially, the penalty for the delay shall be calculated based on the value of goods/services that are delivered behind schedule.
These provisions are applicable when they are stipulated in the Tender Documents and not applicable in Lump Sum and Turn Key Contracts.

- 2.10.5. If the penalty has reached the maximum but the work can be continued and completed, no additional penalty shall apply, but the Supplier shall be put in the yellow or red category as stipulated in Chapter XIV.
- 2.10.6. Suppliers that fail to fulfill their Domestic Content commitment as stipulated in the Contract shall receive the penalty stipulated in Chapter XIII clause 5.6.2 of this Guideline.
- 2.11. The provision on insurance, taxes and duties and other import-related levies.
- 2.12. The provision on early termination:
 - 2.12.1. Shall use clear grounds and criteria, such as the maximum penalty imposed and at the discretion of the PSC Contractor, the work is not feasible for completion.
 - 2.12.2. The provision of penalty to be paid by the PSC Contractor to the Supplier as a consequence of early contract termination (if any), shall not be recorded as a PSC operational expense.
- 2.13. The provision on dispute settlement.
- 2.14. The provision on Contract amendments.
- 2.15. The provision on sublet:
 - 2.15.1. The Supplier is not allowed to transfer or subcontract:
 - 1. The primary work and/or more than 50% (fifty percent) of the value of the work in Contracting or Other Services to other suppliers;
 - 2. The procurement of goods and/or equipment in the provision of goods or wage contract.If the above are violated, the Supplier shall be put in Red List category as stipulated in Chapter XIV.
 - 2.15.2. Sublet of part of the work shall obtain written approval from the PSC Contractor.
 - 2.15.3. The above provision is waived for:
 - 1. The result of amalgamation, merger or acquisition executed by other companies after the Contract is effective proven by valid and reliable supporting documents. The sublet shall cover all rights and responsibilities including the completion of the work.
 - 2. The exercise of the work shall be designed in the beginning by the PSC Contractor using a subcontract system.
- 2.16. The provision on the obligation to cooperate with small enterprises including small cooperatives:
 - 2.16.1. If the Contract value is higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), the Contract shall stipulate:
 - 1. The Supplier's obligation to cooperate with small enterprises including the local small cooperatives, such as subcontracting certain parts of the work.
 - 2. The Supplier shall be still held liable for the entire work.
 - 3. The penalty if the Supplier does not comply with the above provisions as stipulated in Chapter XIV clause 4.1.2.
 - 2.16.2. The provisions in clause 2.16 above are not applicable for:
 - 1. The exercise of sophisticated works of which suppliers in the small enterprises category are not capable;

2. The procurement of goods, with the exception of the procurement of various types of goods (bundling).

2.17. Language of the Contract

- 2.17.1. The Contract shall be drawn up in Indonesian language or bilingual, i.e. Indonesian and English.
- 2.17.2. Should there be any difference in the interpretation of the provisions in the Contract, the Indonesian version shall prevail.
- 2.17.3. The technical specification of goods/work and/or other technical terms that, when translated into Indonesia may lead to misinterpretation, or which English version is guaranteed to be more accurate, may use English language.

2.18. Attachments to the Contract

If there are attachments (exhibits, appendices, schedules) in the Contract, it must be stipulated that such attachments are an inseparable part of the Contract.

2.19. Contracts for consultancy services shall clearly stipulate the following:

- 2.19.1. Detailed responsibilities, rights and obligations of both Parties. In the case of collaboration of consultants, the responsibilities of each consultant shall be stipulated;
- 2.19.2. Description of the total cost, number and types of experts, personnel cost unit, timetable of experts and consultant staff and direct costs unit;
- 2.19.3. Proprietary and Intellectual rights of works and data that belong to the state

3. COMMISSIONING OF WORK PRIOR TO CONTRACT

Basically, a work shall be carried out after the Contract has been issued. Commencement of work prior to the Contract can only take place only when:

- 3.1. In a state of emergency, the first rank candidate may be appointed to conduct the work upon written approval from the PSC Contractor's highest authority disregarding the limit of work value. The costs to be recorded as PSC operational expenses shall be calculated after an audit is conducted by BPMIGAS.
- 3.2. In an Urgent Situation, in which the work not commenced at once may cause a loss to the PSC Contractor and/or endanger the environment. In this event:
 - 3.2.1. If the tender winner has been determined, it has to be supported by a sound justification from the Authorized Officers.
 - 3.2.2. If the tender winner is yet to be determined, the first rank candidate may be appointed upon written approval from the PSC Contractor's highest authority.
 - 3.2.3. If the award requires BPMIGAS' approval, the steps in clause 3.2.1 and 3.2.2 shall obtain prior approval from BPMIGAS.
- 3.3. The commissioning shall be as follows:
 - 3.3.1. The request to carry out the work prior to the Contract that has been awarded shall be approved by the officer signing the Contract.
 - 3.3.2. The request to carry out the work prior to the Contract whereas the bid ranks have been determined but yet to be awarded shall be approved the highest authority or authorized officer.

3.3.3. The request to carry out the work prior to the Contract shall be followed by the issuance of Contract.

3.4. In the case that the Contract is yet to be issued, the provisions binding all Parties are the provisions and/or requirements in accordance with the draft contract and consensus in the procurement process.

4. CHANGE OF SCOPE OF WORK (CSW) AND EXTENSION OF CONTRACT DURATION (ECD)

4.1. The change of scope of work (CSW) and extension of contract duration (ECD) shall be avoided whenever possible as all work plans have already been designed professionally.

4.2. CSW is an addition or reduction of volume and type of work and/or Contract period.

4.3. ECD may apply to Contracts which validity is already expired but the volume and Contract value are not yet fully utilized.

4.4. Unavoidable CSW and ECD shall be supported by a reliable justification and reason approved by the PSC Contractor's highest authority or mandates.

4.5. Every commissioning of CSW for engineering, procurement construction and/or installation (EPC or EPCI) or any part of it, and drilling or any part of it, that is unavoidable and the value of the addition exceeds 10% (ten percent) or the value of each CSW package is higher than Rp 5,000,000,000,- (five billion rupiahs) or US\$ 500,000 (US Dollar five hundred thousand), shall be consulted with BPMIGAS technical control/monitoring function.

4.6. CSW in the form of addition of volume and type of work and/or commissioning period of the Contract may be applied if it meets at least one of the following requirements:

4.6.1. The work can not be postponed due to the occurrence of an emergency situation pursuant to the statement of the PSC Contractor's highest authority.

4.6.2. It is an unanticipated work whereas there is already a standard price using the price unit pursuant to the pricing applied in the Contract and, according to the written opinion of the competent technical function, it is technically an inseparable part of the preceding work.

4.6.3. It is an unanticipated additional work and due to its homogeneity, the continuity shall be maintained in line with the written opinion of the competent technical function. There is no standard price and the price establishment shall take the market price into account.

4.6.4. In order to complete the inevitable initial work based on the technical consideration as long as it is professionally accountable.

4.6.5. The continuity of the ongoing work is required, yet the new procurement process is not completed. The duration of this CSW is allowed only until the commencement of work according to the new Contract and shall be for maximum 6 (six) months. This CSW shall not be conducted as the continuity of a Direct Appointment-based CSW or continued with a Direct Appointment-based CSW.

- 4.6.6. It is an unanticipated additional work in order to utilize the window/idle period of the use of equipment in the ongoing Contract by other PSC Contractors. The utilization of this condition is allowed only until the expiry of the Contract.
- 4.7. The accumulated value of the addition shall not exceed 10% (ten percent) of the initial Contract value and Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
- 4.8. In the event that the commissioning of CSW is for the EPC or EPCI projects or any part or it or in order to complete 1 (one) particular well drilling program which are unavoidable and will cause an increase amounting to more than 10% (ten percent) of the initial Contract value, the PSC Contractor shall obtain prior approval from BPMIGAS, with the following conditions:
- 4.8.1. The additional value of Contracts for EPCI projects or parts of them shall not exceed 30% (thirty percent) of the initial Contract value.
- 4.8.2. BPMIGAS may decide to postpone the charging of CSW costs exceeding the 10% (ten percent) limit to the PSC Contractor's operational expense. The provision of this postponement is stipulated separately.
- 4.8.3. In the case of Contract value higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), the request for approval to BPMIGAS may be submitted by the PSC Contractor when:
1. The accumulated value of CSW is about to exceed 10% (percent) of the initial Contract value; or
 2. The accumulated value of CSW is about to exceed Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million); or
 3. The CSW value has exceeded the limit in clause 4.8.3.1 and 4.8.3.2 above and the accumulated additional cost is about to exceed Rp 10,000,000,000,- (ten billion rupiahs) or US\$ 1,000,000 (US Dollar one million) and multiplied subsequently.
- 4.9. In the case of initial Contract value is lower than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), the PSC Contractor shall obtain prior approval from BPMIGAS when the accumulated initial Contract value and CSW value will exceed Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million).
- 4.10. If the PSC Contractor has commissioned the CSW exceeding the limit in clause 4.5 above or the amount which requires prior approval from BPMIGAS pursuant to the abovementioned provisions:
- 4.10.1. The PSC Contractor's highest authority and PIC of the user function shall receive administrative admonition/penalty from BPMIGAS; and
- 4.10.2. The excess or value of CSW that is supposed to be approved by BPMIGAS may possibly not be acknowledged as the PSC expense.
- 4.10.3. If, based on the audit findings, the CSW commissioning is technically inadequate, the costs shall not be charged as the PSC operational expense.
- 4.11. The CSW shall be put in writing in an amendment to Contract signed by the signing parties.

4.12. PROCEDURE:

- 4.12.1. The PSC Contractor shall negotiate with the Supplier the scope of work and cost pertaining to the addition or deduction proposal. For works similar to that in the Contract and on the unit price basis, a negotiation on the cost is not mandatory.
- 4.12.2. The CSW proposal that requires BPMIGAS approval shall be submitted not later than 15 (fifteen) days prior to the commissioning.
- 4.12.3. BPMIGAS shall evaluate the CSW proposal not later than 10 (ten) working days upon receipt of the complete documents in accordance with the list of documents. In certain circumstances, BPMIGAS may advise the PSC Contractor that the evaluation will take longer than 10 (ten) working days. If after 10 (ten) days BPMIGAS do not issue any commentary on the proposal, the PSC Contractor may continue the CSW process. The CSW examination/evaluation result by BPMIGAS shall be the grounds for approval or rejection of the costs being charged as the PSC operational expense.
- 4.12.4. The CSW that requires BPMIGAS approval shall be submitted to the PSC Contractor procurement monitoring function of BPMIGAS and circulated to BPMIGAS technical control/monitoring function for feasibility evaluation in consideration of the operational technical requirement.
 1. The proposal shall consider the market's supply condition, economy, cost, committed production target and fulfillment of the PSC Contract.
 2. The CSW proposal shall at least be furnished with the following:
 - a. Copy of the initial Contract;
 - b. Reliable technical and financial justification/reasons that have been discussed and agreed in writing by the related BPMIGAS function;
 - c. Supporting documents to confirm the justification/reason for the CSW, i.e. modification of the drawings, supporting provisions/regulations, working environment, market survey that supports the price fairness;
 - d. Minutes of negotiation and/or agreed negotiation price;
 - e. Correspondences with the Supplier pertaining to the CSW;
 - f. Form F-006 – Summary of CSW Examination.
 3. The related control/monitoring function of BPMIGAS will approve or deny the CSW proposal based on the consideration of the technical and commercial justification as to whether the change is required or not.
 4. The result of the feasibility evaluation specified in the opinion of BPMIGAS technical control/monitoring function is an absolute condition used by the PSC Contractor procurement control function of BPMIGAS to consider granting the approval.

5. CONTRACT MANAGEMENT

During the execution of the Contract, the person in charge is responsible for controlling and monitoring the execution in accordance with the work scope, cost, duration and other agreed provisions, such as:

- 5.1. Performance evaluation to meet the job specification and duration and giving advice for improvement if required to the Supplier;
- 5.2. Ensuring that the execution of the Contract complies with the prevailing regulations and/or standard engineering practices and HSE provisions.

- 5.3. Managing the Contract administration including the close out, so that the Contract-related documents will be fully recorded and easy to locate. The retention period of the Contract archives shall be in accordance with the prevailing regulations.
- 5.4. Managing the expenses by:
 - 5.4.1. Controlling the issuance of work orders;
 - 5.4.2. Avoiding CSW/ECD if possible;
 - 5.4.3. Preventing excess payments.
- 5.5. Monitoring the Supplier to fulfill its Domestic Content commitment pursuant to the Contract, by requesting for evidence and detailed calculation of the Domestic Content realization from the Supplier carrying out the work as stipulated in Chapter III clause 7.2.4.
 - 5.5.1. The PSC Contractor is in charge to monitor and encourage the achievement of Domestic Content by the Supplier. If in certain phase the Domestic Content achieved is lower than what has been planned, the Supplier shall clarify and submit a plan to fulfill the shortfall.
 - 5.5.2. The Supplier is obliged and responsible for achieve the Domestic Content stipulated in the Contract.
 1. During the delivery of goods, the Supplier of Domestic Products shall prove that the goods have actually been manufactured domestically as stipulated in the Contract and submit a copy of Domestic Content certificate issued by Department of Industry.
 2. The Supplier shall regularly report the Domestic Content achieved to the PSC Contractor according to the stages agreed in the Contract and/or at the end of the Contract, by enclosing the calculation details compared against the calculation details in the Contract and its amendment if any.
 3. The PSC Contractor shall verify the accuracy of the Supplier's statement in No. 1 and 2 above.
 - a. The verification can be conducted by the PSC Contractor or an independent survey body capable of conducting the work.
 - b. For procurement of goods/services higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million), verification by an independent appraisal body agreed by both parties may be stipulated.
- 5.6. Imposing the following penalty:
 - 5.6.1. A fine for the delay in delivering the goods or work as stipulated in Chapter XIII clause 2.10.
 - 5.6.2. Upon completion of Contract, when the actual Domestic Content percentage and value are lower than the commitment stipulated in the Contract, the Supplier shall be imposed with the following administrative and/or financial penalties:
 - 1) Administrative penalty**
 - a. Failure to fulfill the Domestic Content commitment in 1 (one) contract period will result in Red List category penalty, i.e. to be banned from all procurement activities conducted by the PSC Contractor.
 - b. Failure to fulfill the Domestic Content commitment in another contract period within 2 (two) years after receiving the Red List penalty will receive Blacklist category penalty.
 - c. The records above cannot be annulled.

2) Financial penalty

- a. Other than the administrative penalty, Suppliers that fail to fulfill the Domestic Content commitment will also be imposed with a financial penalty if the Contract is awarded based on the ranks in the Domestic Content-based evaluation result albeit the Contract value of the awarded bidder is higher than the lowest bid.
- b. The penalty will be applied as follows:-
 - The actual Domestic Content achieved during the commissioning of the Contract when applied to the bid evaluation does not change the ranks. The amount of penalty is the balance between the EP-DC (Evaluation/Normalized Price) during the award and the actual EP-DC.

Example:

Bidder	Bid				Realization		
	Bid Price	DC	EP-DC	Rank	DC	EP-DC	Rank
A	1,100,000,000	80%	982,142,857.14	I	75%	988,764,044.94	I
B	1,050,000,000	40%	990,566,037.74	II	40%	990,566,037.74	II
C	1,200,000,000	80%	1,071,428,571.43	III	80%	1,071,428,571.43	III

- The actual Domestic Content achieved during the commissioning of the Contract when applied to the bid evaluation changes the ranks. The amount of penalty is the balance between the awarded bid price and the second best bid price, added with the balance between the EP-DC during the award and the actual EP-DC.

Example:

Bidder	Bid				Realization		
	Bid Price	DC	EP-DC	Rank	DC	EP-DC	Rank
A	1,100,000,000	80%	982,142,857.14	I	60%	1,009,174,311.93	II
B	1,050,000,000	40%	990,566,037.74	II	40%	990,566,037.74	I
C	1,200,000,000	80%	1,071,428,571.43	III	80%	1,071,428,571.43	III

The amount of penalty imposed on Bidder A is as follows:

$$\begin{aligned}
 &(\text{Rp } 1,100,000,000 - \text{Rp } 1,050,000,000) + (\text{Rp } 1,009,174,311.93 - \text{Rp } 982,142,857.14) = \\
 &\text{Rp } 50,000,000 + \text{Rp } 27,031,454.79 = \\
 &\text{Rp } 77,031,454.79
 \end{aligned}$$

- If the realization of Domestic Content is lower than the one stipulated in the Contract, and the Suppliers switch their resources/suppliers either partially or entirely from local to overseas, causing the PSC Contractor to utilize importation facilities, the Suppliers will be imposed with additional penalty equivalent to the customs plus PDRI (import fee) of the value of domestic components that the Suppliers do not achieve.

5.6.3. The Suppliers must be informed for any penalty imposed on them. The amount of penalty due to the delay in the delivery of goods/services and/or failure in achieving the Domestic Content commitment will be deducted from the final payment or taken from the performance bond. The amount will also reduce the final Contract value.

- 5.6.4. The PSC Contractors shall report to the control/monitoring function of BPMIGAS every 3 (three) months the amount of penalties they have collected.

6. DISPUTE RESOLUTION

6.1. Definition

Dispute is a difference in opinion pertaining to the procurement process of goods/services or the commissioning of the Contract that occurs between the PSC Contractor and the Supplier.

6.2. Dispute Resolution

6.2.1. Attempts for settlement

1. A dispute shall be best settled by consensus with or without a mediator.
2. If no consensus is reached, it shall be settled in the court of law or arbitration pursuant to the provisions in the Tender Document or Contract.
3. In the case of disputes arising between the Suppliers and/or between the Suppliers and their subcontractors/principals/ workers, the parties involved shall indemnify and hold harmless the PSC Contractor and/or BPMIGAS from all demands/charges/claims that may arise.

6.2.2. The dispute settlement may be conducted through the following:

1. Court proceeding

If during the procurement process or execution of the Contract a lawsuit is filed to the court by a Supplier, the PSC Contractor shall report it to the related BPMIGAS function within 5 (five) working days upon receipt of the lawsuit.

2. Arbitration

- a. If the parties choose a dispute settlement under the Rules of Arbitration, the Tender Document shall already have stipulated the arbitration proceeding by a reputable arbitrary body in Indonesia using its arbitration rules and procedures and is to be conducted in Indonesia.
- b. With prior approval from the Chief of BPMIGAS, the parties may use settlement forums other than the Indonesian Arbitrary Body if the substance of the Contract has a potential for a more complicated dispute. However, the location of the arbitration shall remain in Indonesia.
- c. The PSC Contractor shall report the above matter to the related BPMIGAS function within 5 (five) working days upon receipt of the notice of arbitration.

6.2.3. The PSC Contractor shall refer to the prevailing BPMIGAS rules for any action pertaining to the dispute resolution.

6.2.4. Should the Supplier file a lawsuit to the court or arbitration, during the dispute settlement process until a court ruling with permanent legal effect is made, the said Supplier shall not participate in the procurement of goods/services at:

1. The PSC Contractor involved, if the lawsuit is made against only such PSC Contractor.
2. All PSC Contractors, if the lawsuit is also made against BPMIGAS.

6.2.5. If the court or arbitration ruling is in favor of the PSC Contractor, the Supplier shall be banned for at least 1 (one) year and maximum 2 (two)

years from the date of the ruling with permanent legal effect from the procurement of goods/services at:

1. The PSC Contractor involved, if the lawsuit is made against only such PSC Contractor.
 2. All PSC Contractors, if the lawsuit is also made against BPMIGAS.
- 6.2.6. If the court or arbitration ruling is in favor of the Supplier, the Supplier shall be allowed to participate in the PSC Contractor's procurement activities.

7. CONTRACT CLOSE-OUT

The person in charge of the Contract (Contract user) shall commission the following:

- 7.1. Evaluation on the commissioning of the Contract, i.e.:
 - 7.1.1. Assessment of the level of completed Contract, percentage of completed work and its performance;
 - 7.1.2. Ensure that an amendment has been prepared for every work outside the initial Contract's scope of work prior to the commissioning.
- 7.2. Fulfillment of rights and obligations of each party, i.e.:
 - 7.2.1. Inspect the quantity of goods, equipment, buildings and/or completed work to be delivered by the Supplier to the PSC Contractor;
 - 7.2.2. Inspect and determine the ownership right of the remaining materials and/or equipment as a result of the work performed according to the scope of Contract. In the event of procurement of goods using the Master List:
 1. The remaining material and/or equipment shall be acquired by the PSC Contractor for Lump Sum or Turn Key Contract types;
 2. The remaining material and/or equipment shall be acquired by the Supplier for non Lump sum or Turn Key Contract types, with an obligation to pay the customs and import-related charges;
 - 7.2.3. The minutes of delivery shall be prepared for the delivery of goods, equipment and/or work.
 - 7.2.4. The minutes of delivery shall be prepared for the delivery of goods in the form of scrap/asset/remaining project from the project executor to the PSC Contractor.
 - 7.2.5. Re-export the initially imported equipment used in the commissioning of the Contract.
 - 7.2.6. Establishing the amount of penalty imposed on the Supplier, if applicable. The final payment should all obligations have been fulfilled by the Supplier in accordance with the Contract.
 - 7.2.7. The performance bond shall be returned to the Supplier after the minutes of delivery of goods/work has been signed.
- 7.3. Preparation of report from the Authorized Officer stating that the Contract has been completed and closed out, stipulating among all that all obligations in clause 7.1 and 7.2 have been fulfilled. One copy of the report shall be submitted to BPMIGAS for Contracts which award requires BPMIGAS approval.

CHAPTER XIV

DEVELOPMENT OF SUPPLIERS OF GOODS/SERVICES

Patronage of the Suppliers is intended to endorse the Suppliers, particularly the small enterprises, including small cooperatives in order to promote their capacity and performance. The patronage shall cover the administrative system, stewardship and performance assessment and reward or penalty to the Suppliers.

1. DEVELOPMENT

- 1.1. Development of Small Enterprises including Small Cooperatives
 - 1.1.1. To empower the small enterprises including small cooperatives, a business opportunity is given according to the business sector.
 - 1.1.2. Training

The PSC Contractor may provide trainings to improve the Suppliers' performance and the community's entrepreneurship in respect of:

 - 1. Standard Operating Procedure of the PSC Contractor;
 - 2. Regulations related to the procurement of goods/services;
 - 3. HSE.
- 1.2. In conducting the work, the PSC Contractor if possible may provide a down payment for the small enterprises including small cooperatives.
- 1.3. In high-valued procurement of goods/services, a possibility for a part of the work to be given to the small enterprises including small cooperatives shall be stipulated in the Tender Document.
- 1.4. Suppliers that are in Non-Small Enterprise category shall, if possible, allocate some parts of the job to the small enterprises including small cooperatives in the PSC Contractor's operational sites. This shall be stipulated in their bid proposals.

2. PERFORMANCE EVALUATION

The performance of a Supplier shall be evaluated by the relevant function in the PSC Contractor by the evaluation procedures pursuant to the system and procedures of each PSC Contractor. The basis of the evaluation may also be measured based on:

- 2.1. The response to the invitation to participate in the procurement activities.
- 2.2. Activeness:
 - 2.2.1. Active participation in the procurement activities;
 - 2.2.2. Actively providing information such as information on the development of new technology, equipment and advice for improvement in the procurement process.
- 2.3. The accuracy of the delivery of goods/services in respect of quality, time and price.
- 2.4. HSE implementation in the procurement of goods/services.
- 2.5. Compliance with the ethics of supply chain management.

3. REWARD FOR PERFORMANCE

The PSC Contractor may reward the Suppliers which procedure shall be in accordance with the prevailing rules and procedure of each PSC Contractor. The reward may be in the following form:

- 3.1. Exemption from the selection of participants (prequalification);
- 3.2. Incentive/bonus if stipulated in the Contract and applicable to Service Contracts;
- 3.3. Certificate from the PSC Contractor.

The reward to the Suppliers shall be reported to BPMIGAS by the PSC Contractor.

4. PENALTIES FOR VIOLATION

4.1. CATEGORIES OF VIOLATION

4.1.1. Yellow Category

1. Failure to achieve the committed Domestic Content as stipulated in the Contract pursuant to the provision in Chapter III of this Guideline.
2. Registered in a tender but not collecting the Tender Documents 3 (three) times in a year.
3. Collecting the Tender Documents but no proposal submitted and without any written notice (no response) 3 (three) times in a year.
4. Collecting the Tender Documents but no proposal submitted with written notice ('no quote') 5 (five) times in a year.
5. Getting disqualified twice in a year for having submitted proposals that do not meet the requirements stipulated in the Tender Documents.
6. Withdrawing the submitted bids after the bid opening in a year.
7. No response to clarification request twice in a year.
8. Being late in collecting and signing the Contract twice in a year for more than 10 (ten) working days from the date stipulated by the PSC Contractor.
9. Delay in supplying the goods or carrying out the service as per Contract with no fatal impact to the PSC Contractor's operations twice in a year. The provision of the acceptable delay is stipulated by the PSC Contractor.
10. Failure to supply the goods or carry out the service as per Contract that, at the PSC Contractor's discretion, is considered not to have a critical impact to their operations.
11. Failure to supply the goods or carry out the service due as the Suppliers request for a price increase that is not triggered by regulations imposed by the Indonesian government.
12. Suppliers in non-small enterprise category do not fulfill their obligation to cooperate with non-small enterprises for the procurement higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million) as agreed in the Contract.
13. Submission of written protest or objection to the Procurement Committee/Internal Team not within the stipulated period of time.

4.1.2. Red Category

1. Suppliers proven to have conducted or influenced to do collusion, corruption and nepotism practice or conspired to arrange the price among bidders or with the PSC Contractor's employees.
2. Suppliers proven to have tried to coerce the PSC Contractor using threat or violence.
3. Suppliers supplying goods or conducting services that do not meet the technical specifications and according to the PSC Contractor, have a fatal impact to their operations.
4. Suppliers that decline to supply the goods or commission the work after being awarded without reasons acceptable by the PSC Contractor.
5. Suppliers that decline to deliver some parts of the contracting work or other services to the small enterprises as agreed in the Contract.
6. Suppliers subletting more than 50% (fifty percent) of the work value to other parties.

7. Suppliers supplying the goods or carrying out the service by employing the PSC Contractor's worker.
8. Failure to supply the goods or carry out the service as per Contract that, at the PSC Contractor's discretion, is considered to have a critical impact to their operations.
9. Submission of protest or objection not in accordance with the provisions and/or the substance can not be proven to be true by the parties submitting the protest or objection.
10. Suppliers that neither complete the work nor pay the penalty until the stipulated due date.
11. Suppliers that is proven to have violated the prevailing laws and regulations in conducting the work.
12. Delay in supplying the goods or carrying out the work as per Contract with a fatal impact to the PSC Contractor's operations.
13. Failure to achieve the committed Domestic Content as stipulated in Chapter XIII clause 5.6.2.1.a.
14. Suppliers receiving a warning for a yellow category violation during the valid warning period for a previous yellow category violation.

4.1.3. Black Category

1. Suppliers proven to have forged or manipulated data.
2. Suppliers supplying counterfeit goods, proven by the examination or test conducted by an independent / authorized institutions, manufacturers or manufacturer-appointed parties.
3. Failure to achieve the committed Domestic Content as stipulated in Chapter XIII clause 5.6.2.1.b.
4. Failure to fulfill the commitment to commission the work within the Indonesian territory as stipulated in Chapter III clause 6.1.3.1.c.
5. One of the directors of the Supplier listed in the Articles of Association or its amendment is proven to have committed a crime pursuant to the court ruling with permanent legal effect. As for the information received from the mass media, a clarification shall be conducted with the authorized institutions.
6. Suppliers that have received 2 (two) Red Category penalties within 5 (five) years.

4.2. PENALTIES FOR VIOLATION

4.2.1. YELLOW Category

A warning letter shall be issued and valid for 6 (six) months from the issuance date.

4.2.2. RED Category

1. A letter banning the Supplier from the procurement activity by the PSC Contractor for 1 (one) year shall be issued.
2. When the penalty period has expired, the Supplier shall submit a letter to the PSC Contractor with BPMIGAS in copy requesting to participate in the PSC Contractor's procurement activities.
The letter shall be attached with a plan for improvement to be carried out by the Supplier so that there will be no reoccurrence of such an event. If no request letter submitted, the Supplier still can not participate in the procurement activities.

4.2.3. BLACK Category

1. A letter shall be issued by the PSC Contractor stating that the Supplier and its highest authorized officer are banned from all procurement activities in the PSC Contractor in the next 1 (one) year. The penalty notice shall be delivered with BPMIGAS in copy. Suppliers and their highest authorized officer receiving Black category penalty shall be banned from procurement activities in all PSC Contractors in the next 1 (one) year as stipulated in Chapter VI clause 5.4.3.6 and 5.4.4.6.
2. When the above penalty period has expired, the Supplier may submit a request with BPMIGAS in copy to participate in particular PSC Contractors' procurement activities.
The request letter shall be attached with a plan for improvement to be carried out by the Supplier so that there will be no reoccurrence of such an event. If no request letter submitted, the Supplier still can not participate in the procurement activities of all PSC Contractors.
3. Suppliers that have been imposed with Black category penalty twice from 1 (one) or several PSC Contractors shall be imposed with Black category penalty for good by all PSC Contractors.

4.2.4. In the event of a Supplier being imposed with Red or Black category penalty:

1. The Supplier shall keep fulfilling its obligations as per ongoing Contract.
2. The proposal from the Supplier in the evaluation stage or not yet to be awarded shall be disqualified upon receipt of notice of penalty as stipulated in Chapter VI clause 5.4.3.6 and 5.4.4.6.

CHAPTER XV

REPORTING OF PROCUREMENT ACTIVITIES

1. For monitoring purposes, the PSC Contractors shall submit the monthly report and/or procurement activities data to the PSC Contractors procurement controller of BPMIGAS not later than the second week of the following month, consisting of:
 - 1.1. Report on the procurement of goods activity using Form SC-07 and SC-08 and the procurement of services using Form SC-09 and SC-10;
 - 1.2. CSW/ECP report using Form SC-11;
 - 1.3. Report on the procurement of goods/services for Suppliers in small enterprise category including small cooperatives and non-small enterprise category using Form SC-07 and SC-09;
 - 1.4. Procurement report including the achievement of Domestic Content committed in the Contract. The procurement of goods shall use Form SC.08 and the procurement of services shall use Form SC-09;
 - 1.5. Report on the realization of the achieved Domestic Content in the commissioning using Form SC-12D;
 - 1.6. Copy of Contract;
1 (one) copy of Contract for the procurement of goods/services exceeding Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million) shall be submitted not later than 1(one) week after Contract signing.
 - 1.7. Report of Contract close-out
Report of Contract close-out for Contracts higher than Rp 50,000,000,000,- (fifty billion rupiahs) or US\$ 5,000,000 (US Dollar five million) shall be submitted by the PSC Contractor not later than 3 (three) weeks after the physical work of the Contract is completed.
2. In the case of a PSC Contractor failing to submit the report, the PSC Contractor's highest authority shall receive a written admonition from BPMIGAS. In the event of a reoccurrence after the issuance of the written admonition, the PSC Contractor's directors shall receive a managerial penalty which is to be regulated separately.

APPENDICES

APPENDICES

NUMBER	PROCUREMENT METHOD
MP-001	PROCUREMENT CARD
MP-002	ELECTRONIC REVERSE AUCTION (e-RA)
MP-003	ELECTRONIC BIDDING

NUMBER	TYPE OF CONTRACT
JK-001	JOINT CONTRACT
JK-002	STRATEGIC ALLIANCE
JK-003	CALL OFF ORDER
JK-004	PRICE AGREEMENT
JK-005	MULTI STANDING AGREEMENT

NUMBER	QUALIFICATION ASSESSMENT DOCUMENTS
PQ-001	QUALIFICATION ASSESSMENT QUESTIONNAIRE
PQ-002	CALCULATION PROCEDURE FOR ACTUAL CAPABILITY, PACKAGE CAPABILITY AND BASIC CAPABILITY
PQ-003	LIST OF BUSINESS SECTOR & SUB SECTOR

NUMBER	CALCULATION SAMPLES
CP-001	PRICE BUILT UP
CP-002	EVALUATION PRICE-DOMESTIC CONTENT (EP-DC) FOR GOODS WITH $DC \leq 25\%$
CP-003	EP-DC FOR OTHER SERVICES & CONSULTANCY SERVICE WITH $DC \leq 35\%$
CP-004	EP-DC FOR OTHER SERVICES & CONSULTANCY SERVICE WITH $DC \leq 30\%$
CP-005	EP-DC FOR CONTRACTING SERVICES / PROJECTS WITH COMBINED $DC \leq 35\%$
CP-006	EP-DC FOR CONTRACTING SERVICES / PROJECTS WITH COMBINED $DC \leq 30\%$
CP-007	EP-DC FOR CONSTRUCTION SERVICES WITH COMBINED $DC \leq 35\%$
CP-008	EP-DC FOR CONSTRUCTION SERVICES WITH COMBINED $DC \leq 30\%$

NUMBER	FORMS	FORM NUMBER
FL-001	PROCUREMENT LIST	SC-01
FL-002	CHECK LIST OF SUPPORTING DOCUMENTS : PROCUREMENT PLAN PROPOSAL	SC-02
FL-003	TENDER EXERCISE SUMMARY	SC-03
FL-004	CHECKLIST OF SUPPORTING DOCUMENTS : NOMINATION OF TENDER WINNER	SC-04
FL-005	CHECKLIST OF SUPPORTING DOCUMENTS : CHANGE OF SCOPE OF WORK (CSW) OR CHANGE OF CONTRACT DURATION (CCD)	SC-05
FL-006	SUMMARY OF EVALUATION ON THE CHANGE OF SCOPE OF WORK (CSW) / CHANGE OF CONTRACT DURATION (CCD)	SC-06
FL-007	SUMMARY OF THE EXERCISE OF THE PROCUREMENT OF GOODS	SC-07
FL-008	LIST OF THE EXERCISE OF THE PROCUREMENT OF GOODS	SC-08
FL-009	SUMMARY OF THE EXERCISE OF THE PROCUREMENT OF SERVICES	SC-09
FL-010	LIST OF THE EXERCISE OF THE PROCUREMENT OF SERVICES	SC-10
FL-011	EXERCISE REPORT – CSW / CCD	SC-11
FL-012A	DOMESTIC CONTENT CALCULATION – GOODS	SC-12A
FL-012B	DOMESTIC CONTENT CALCULATION – OTHER SERVICES	SC-12B
FL-012C	DOMESTIC CONTENT CALCULATION – PROJECTS	SC-12C
FL-012D	REPORT ON REALIZATION OF DOMESTIC CONTENT ACHIEVEMENT IN THE PROCUREMENT OF GOODS / SERVICES	SC-12D

PROCUREMENT METHOD PROCUREMENT CARD

1. GENERAL

1.1. OBJECTIVE

This guideline stipulates the procurement of goods/services conducted by direct appointment by using the procurement card.

1.2. DEFINITION

Procurement Card is a means of payment in the procurement of goods/services by direct appointment without using a Contract, Work Order (WO) or Purchase Order (PO).

1.3. SCOPE

This guideline is applicable to the procurement of goods/services by direct appointment at the PSC Contractor.

1.4. CRITERIA

Procurement Card is utilized in the procurement of goods/services with the following criteria:

1.4.1. It is a procurement of goods/services by direct appointment.

1.4.2. The maximum value is RP 50,000,000,- (fifty million rupiahs) or US\$ 5000 (US Dollar five thousand) for every transaction or as per prevailing regulations.

1.4.3. No Contract/WO/PO is used.

1.5. ADVANTAGES

The advantages of using the Procurement Card for PSC Contractors are

1.5.1. Reduce the procurement cost.

1.5.2. Reduce the payment activities.

1.5.3. Simplify the consolidation of payments.

1.5.4. Facilitate the control of expenditure.

1.5.5. Promote work productivity.

1.5.6. Expedite the process and decision making in the procurement of goods/services.

2. PROCEDURE

2.1. ORDER OF GOODS/SERVICES

The procurement of goods/services using the Procurement Card may be carried out as follows:

2.1.1. Directly visit the Supplier's site (Spot) or

2.1.2. Order by fax, phone, e-mail or e-Commerce

2.1.3. Orders by fax shall be signed by the authorized officer. For orders by phone, e-mail or e-Commerce, the Card user only needs to mention the card number, user name and card validity to the Suppliers.

2.2. DELIVERY OF GOODS/SERVICES

2.2.1. The goods may be collected at the Supplier's site or the Buyer may instruct the Supplier to send it to Point of Delivery.

- 2.2.2. As a proof of transaction, the Supplier shall provide the original Delivery Order, original VAT Invoice, original Tax Deposit slip and a copy of receipt when delivering the goods/services to the Buyer.

2.3. PAYMENT

- 2.3.1. Payment from the Guarantor Bank to the Supplier for goods/services to be purchased shall be undertaken by the Bank (on behalf of the PSC Contractor) to the Supplier upon submission of original receipt and proof of delivery to the Bank. Payment may also be conducted based on the schedule agreed between the Bank and the Supplier.
- 2.3.2. From the PSC Contractor to the Guarantor Bank:
 1. Payment for the goods/services to the Guarantor Bank is made after the monthly billing statement is submitted by the Guarantor Bank or as per schedule agreed by both parties.
 2. Payment for Procurement Card facility charges to the Guarantor Bank is made in accordance with the amount and schedule agreed by both parties.

3. SPECIAL INSTRUCTION

3.1. GUARANTOR BANK

Appointment of Guarantor Bank is based on the following minimum criteria:

- 3.1.1. Good reputation in the banking business.
- 3.1.2. Extensive service or cooperation network in Indonesia, hence able to reach the PSC Contractor's operational sites.
- 3.1.3. Possess credit card service facilities.
- 3.1.4. Sufficient technology for the implementation, use, supervision and maintenance of Procurement Card facility.
- 3.1.5. Willing to undertake advance payment to Suppliers for every purchase transaction using the Procurement Card facility.
- 3.1.6. Willing to cooperate with Suppliers recommended by the PSC Contractor.

3.2. Suppliers of Goods/Services

Appointment of Supplier is conducted based on the following minimum criteria:

- 3.2.1. Availability of goods/services required by the PSC Contractor.
- 3.2.2. Possess Tax File Number and is a Taxable Entrepreneur.
- 3.2.3. Possess Price List, brochures or other similar means that inform the goods/services offered and commonly used by the PSC Contractor or other oil and gas companies.
- 3.2.4. Willing to accept the payment method using Procurement Card facility.

3.3. Installation of Procurement Card facility

- 3.3.1. Installation of Procurement Card facility is carried out only when the written agreement between the PSC Contractor (Card User), Suppliers and Guarantor Bank is duly signed.
- 3.3.2. The written agreement between the Card User and Guarantor Bank shall at least stipulate the number of cards to be issued, names of appointed Card User, Project Manager and Buyer, credit limit, maximum value per transaction and validity of the Procurement Card to be issued.

4. INTERNAL MONITORING

- 4.1. The appointment of an employee as a candidate for Procurement Card user may be conducted based on the PSC Contractor's internal rules by considering the following:

- 4.1.1. The employee's integrity.
- 4.1.2. Daily roles and responsibilities of the employee
- 4.1.3. Maximum total purchase every month.
- 4.1.4. Limitation of goods/services of which procurement may utilize the Procurement Card facility.
- 4.1.5. Special Standard Operating Procedure (SOP) for using the Procurement Card facility.

4.2. PENALTY

- 4.2.1. Misuse of the Procurement Card by the User may be imposed with penalty in the form of revocation of the Card or other actions in accordance with the rules prevailing in the Company.
- 4.2.2. Penalty applied to the misuse of the Procurement Card by the Supplier may be in the form of termination of business relationship or exclusion of the Supplier from the PSC Contractor's List of Registered Vendors.

5. USE OF PROCUREMENT CARD

- 5.1. For the procurement of goods/services which value is less than the maximum value allowed for a direct appointment, the Card User may contact the Supplier by phone, fax, e-mail, e-Commerce or directly visit the Supplier's site to purchase the required goods/services.
- 5.2. Upon receipt of order the Card User and verify its validity, the Supplier shall deliver the ordered goods/services along with the Tax Invoice, Tax Payment Slip and copy of receipt to the Point of Delivery. The User may also collect the goods directly at the Supplier's site.
- 5.3. The Supplier may process the billing by sending the original receipt, copy of DO and invoice to the Guarantor Bank in order to get the payment for the sold goods/services on the same day or formerly agreed schedule.
- 5.4. Pursuant to the agreement, the Guarantor Bank shall send the monthly billing to the PSC Contractor for the payment of all purchase transactions done in the current month. The payment to the Guarantor Bank shall be made in accordance with the agreed schedule.

6. VAT INVOICE PAYMENT MECHANISM

The payment mechanism for VAT Invoices for the procurement of goods/services which purchase is similar to that of other procurement methods.

7. PERFORMANCE BENCHMARK

The benchmark for the performance and the final result of the use of Procurement Card can be viewed from the following aspects:

- 7.1.1. A more expeditious procurement exercise.
- 7.1.2. Lower procurement cost.
- 7.1.3. Increasing creativity in the performance and service of the procurement officers.

8. TERMS

- 8.1.1. Guarantor Bank is the banking institution providing the Procurement Card facility to PSC Contractors and Suppliers of Goods/Services for the procurement of goods/services by direct appointment.
- 8.1.2. Suppliers of Goods/Services are companies or co-ventures commissioning the procurement of goods/services consisting of Contractors, Suppliers, Consultants, Small Enterprises and Cooperatives.

- 8.1.3. Card User is the officer authorized by the relevant institution to conduct the procurement of goods/services directly using the Procurement Card.
- 8.1.4. User of Goods/Services is the officer authorized as the job owner assigning the Supplier to commission certain undertakings in order to fulfill the requirement of certain goods/services in the PSC Contractor.
- 8.1.5. Buyer is the PSC Contractor undertaking the purchase of goods/services from the Supplier.
- 8.1.6. Tax Payment Slip is the document used by the Tax Payers to pay the tax payable to the State Treasury or other payment sites appointed by the Minister of Finance and/or to report to the Directorate General of Taxation (Law No. 6 /1983 on the General Provisions and Procedures of Taxation).
- 8.1.7. VAT (Value Added Tax) is the tax incurred from the utilization of production factors in every channel of the company in preparing, producing, distributing and trading the goods or delivery of service to consumers (Law No. 8/1983 on the VAT for Goods and Services and Sales Tax for Luxury Goods).
- 8.1.8. Tax Identification Number is the number given to the Tax Payers upon registration (Law No. 6/1983 on the General Provisions and Procedures of Taxation).
- 8.1.9. Project Manager is the officer appointed by the company to run the Procurement Card implementation project in the Company.

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PROCUREMENT METHOD ELECTRONIC REVERSE AUCTION (e-RA)

1. DEFINITION

Electronic Reserve Auction (e-RA) is a procurement method conducted transparently by using the electronic network whereas the administratively and technically qualified bidders shall compete in real time by submitting their bid price more than once and decreasing in amount in a stipulated certain period of time on an online electronic media.

2. OBJECTIVE

The commissioning of e-RA is intended to obtain a more competitive bid price that reflects the market price through a more efficient process by giving a wider opportunity to bidders to propose their best offer.

3. BASIC PRINCIPLES OF e-RA:

- 3.1. E-RA can be conducted for procurement higher than Rp 1,000,000,000,- (one billion rupiahs) or US\$ 100,000 (US Dollar one hundred thousand) using Open Tender, Restricted Tender or Direct Selection method.
- 3.2. E-RA is conducted only during the commercial bid stage.
- 3.3. It is advisable in the procurement of goods/services that is technically definite and measurable.
- 3.4. It is not feasible for the procurement of manpower service.
- 3.5. The bidders shall understand, be capable and comply with the e-RA procedure stipulated by the PSC Contractor.
- 3.6. During the auction process, the bidders' identity shall be kept confidential.
- 3.7. Prioritize the service of domestic e-RA suppliers.

4. PROCEDURE

4.1. ANNOUNCEMENT

The announcement shall clearly stipulate that the procurement method is to use e-RA.

4.2. TENDER DOCUMENTS:

- 4.2.1. The Tender Document shall stipulate the e-RA procedure clearly in order for the e-RA bidders to understand.
- 4.2.2. Other provisions in the Tender Document shall follow those in the tender method, unless specifically stipulated otherwise in this Guideline.

4.3. REGISTRATION:

- 4.3.1. The registration can be done manually or electronically
- 4.3.2. The registered suppliers shall declare in writing their agreement to participate in the procurement using e-RA method.

4.4. QUALIFICATION OF SUPPLIERS

Qualification assessment of e-RA bidders shall use the prequalification system.

4.5. ELUCIDATION

- 4.5.1. Bidders shall be given complete explanation as to how to submit the bid. They may also receive training if required.

4.5.2. Date, time and duration of the e-RA shall be stipulated by the Procurement Committee and communicated to all bidders.

4.6. BID SUBMISSION SYSTEM:

The submission of bids shall use Two Envelope or Two Stage system:

4.6.1. The submission of administrative and technical proposals shall be conducted in writing in sealed envelopes adhering to the provisions in the Open Tender method.

4.6.2. Evaluation on the administrative requirements and technical bid shall adhere to the provisions in the Open Tender method.

4.7. SUBMISSION OF COMMERCIAL BIDS

Bidders that have passed the administrative and technical evaluation shall be:

4.7.1. Invited to attend the commercial bid opening in the Two Envelope System.

4.7.2. Invited to submit the commercial bids in the Two Stage System.

4.7.3. For tenders up to Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million), the Procurement Committee may determine whether the first submission of the commercial bids to be either in writing or electronically.

4.7.4. For tenders higher than Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million), the bidders shall submit the commercial bids in writing completed with the Bid Bond and statement of Domestic Content percentage and value.

4.7.5. Bid Bond value shall be 1% (one percent) to 3% (three percent) of the first bid price. Proposals submitting Bid Bonds higher than 3% will not be disqualified.

5. E-RA EXERCISE

5.1. For the procurement which value is up to Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million):

5.1.1. The first written commercial bid submission:

3. At the stipulated time, the Procurement Committee shall declare in a meeting before the e-RA participants that the commercial bid submission period has been closed.

4. Upon the commercial bid closing, neither proposal nor amendment will be accepted unless to complete the lack of stamp duty and date. These shortcomings shall be closed during the commercial bid opening.

5. The first commercial bid opening shall be conducted by the Procurement Committee before the bidders.

6. The electronic bid price submission shall be conducted on the same day immediately after the first commercial bid opening,

7. The electronic bid price submission period shall be ascertained. If a communication failure occurs, an extension to the submission period is allowed.

8. At the end of the electronic bid exercise, the Procurement Committee shall notify the bidders that the time is over.

9. At the end of the electronic commercial bid submission, the Procurement Committee shall inform the Owner Estimate.

10. The Procurement Committee shall prepare the minutes of e-RA exercise.

11. Not later than 3 (three) working days starting from the next working day after the commercial proposal bid opening day, all bidders shall submit the final e-RA commercial proposal in writing.

The proposals shall be completed with the Domestic Content statement in the format stipulated in the e-RA Bid Document. Bidders that do not submit the proposal shall be disqualified.

5.1.2. The first electronic commercial bid submission:

The submission procedure is similar to that in Clause 7.a.1) with the exception that the first commercial bid submission shall be conducted electronically.

5.2. For the procurement which value exceeds Rp 20,000,000,000,- (twenty billion rupiahs) or US\$ 2,000,000 (US Dollar two million):

5.2.1. At the stipulated time, the Procurement Committee shall declare in a meeting before the e-RA participants that the commercial bid submission period has been closed. Upon the commercial bid closing, no proposal, amendment or bid bond will be accepted unless to complete the lack of stamp duty and date. These shortcomings shall be closed during the commercial bid opening

5.2.2. The first commercial bid opening shall be conducted by the Procurement Committee before the bidders. If the bid bond value is less than 1% (one percent) of the bid price, the bid shall be disqualified.

5.2.3. The electronic bid price submission shall be conducted on the same day immediately after the first commercial bid opening.

5.2.4. The electronic bid price submission period shall be ascertained. If a communication failure occurs, an extension to the submission period is allowed.

5.2.5. At the end of the electronic commercial bid submission, the Procurement Committee shall inform the Owner Estimate.

5.2.6. At the end of the electronic commercial bid submission, the Procurement Committee shall inform the Owner Estimate.

5.2.7. The Procurement Committee shall prepare the minutes of e-RA exercise.

5.2.8. Not later than 3 (three) working days starting from the next working day after the commercial proposal bid opening day, all bidders shall submit the final e-RA commercial proposal in writing along with the Domestic Content statement in the format stipulated in the e-RA Bid Document. Bidders that do not submit the proposal shall be disqualified.

6. COMMERCIAL EVALUATION

6.1. The Procurement Committee shall evaluate the bid price resulted from the e-RA exercise in accordance with the procedure stipulated in the Open Tender method.

6.2. In the event that the lowest e-RA bid price is still higher than the OE, a re-evaluation on the OE shall be conducted. If the OE is found to be too low, a correction to the OE is allowed in accordance with the rules.

6.3. If the first rank bid price, based on the commercial evaluation result, is still higher than the OE or corrected OR, a re-tender shall be conducted. The re-tender method may use the tender (without e-RA) or e-RA method.

7. ESTABLISHING THE TENDER WINNER AND AWARD

The order from establishing the tender winner to the award and provisions of failed tender and re-tender, including the subsequent process, shall follow the provisions in an Open Tender or Direct Selection.

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JOINT CONTRACT

1. OBJECTIVE

The objective of a joint contract is utilization of a contract together that is mutual in the event of cost efficiency, process acceleration, maximizing the use of domestic products, utilization of excess capacity and optimization of equipment of service stipulated in the contract.

2. DEFINITION

Joint Contract is a Contract between several PSC Contractors or a Contract between BPMIGAS as the coordinator of several PSC Contractors and particular Suppliers to complete 1 (one) or some works stipulated in an agreement already planned in the beginning, or utilization of an ongoing contract of a PSC Contractor by another PSC Contractor.

3. REQUIREMENTS

This Joint Contract is feasible when the following requirements are met:

- 3.1. There is a similar requirement of goods/services from several PSC Contractors.
- 3.2. There is an agreement between several PSC Contractors or between BPMIGAS, several PSC Contractors and the Suppliers.
- 3.3. Goods/services required are within a region or geographically in proximity or in 1 group of Production Sharing Contract in the Indonesian territory.
- 3.4. The agreement between PSC Contractors or between BPMIGAS and several PSC Contractors may be put together at the commencement of the Contract or when the Contract is active. Agreement for a Joint Contract during an ongoing Contract is allowed only to utilize the excess capacity or window/idle period of the ongoing Contract without amending the requirements and other provisions. In the case of utilization of window period, an additional work volume is allowed.

4. PROCEDURE

4.1. JOINT CONTRACT PREPARED IN THE BEGINNING

4.1.1. Preparation:

1. Started by the information/identification of a particular requirement of goods/services required by 2 (two) or more PSC Contractors, planned to execute a Contract collectively by 2 (two) or more PSC Contractors under coordination of BPMIGAS.
2. The decision on the contract coordinator based on the consensus of the parties shall consider the following:
 - a. Being the pioneer of the program;
 - b. Being the largest/longest user of goods/services;
3. PSC Contractors to use the Joint Contract shall prepare a Memorandum of Understand (MOU) coordinated by BPMIGAS. The exercise in the PSC Contractor's group shall be adjusted with the prevailing policy in the group. The MOU shall include but not limited to the following:
 - a. The rights and obligations of all parties;
 - b. Scope of work and/or type of goods required;
 - c. Contract period, arrangement of programs and/or commissioning schedule;

- d. Management of the financial aspect including the payment procedure and cost sharing for the management of joint interests'
 - e. Formalities;
 - f. Provisions of sanction and penalties for the delay in the delivery of goods and/or completion of work;
 - g. Formalities of Work Plan and Budget (WP&B) and Authorization for Expenditure (AFE) shall be the responsibility of each PSC Contractor;
- 4.1.2. Procedure:
 - 1. The procurement exercise is conducted by the Contract coordinator assisted by or jointly with the users of Joint Contract. The procurement procedure shall adhere to the prevailing provisions.
 - 2. The approval of the procurement planning stage and/or tender winner from BPMIGAS is required if the total contract value is beyond the PSC Contractor's authority.
- 4.1.3. Contract Preparation:
 - 1. The procedure to prepare the Contract shall comply with the procedure in the SCM Guideline. Particular matters to be addressed are:
 - 2. The parties in the Contract are PSC Contractors as contract users with/without BPMIGAS coordination jointly with the Suppliers.
 - 3. Work order or delivery of goods can be undertaken by the PSC Contractors severally to the Suppliers and reported to the Contract Coordinator or all orders shall go through the Contract Coordinator.
 - 4. Contract Coordinator shall control and supervise the execution of the Contract, particularly for the utilization of goods/services by the PSC Contractors as Contract Users.
 - 5. The supervision of the commissioning shall be conducted by each PSC Contractor.
 - 6. The payment for the work undertaken shall be billed to each PSC Contractor by the Supplier and reported to the Contract Coordinator or all billings shall go through the Contract Coordinator.
 - 7. The performance bond and penalty for the delay shall be calculated based on the provisions in this Guideline. The allocation of the penalty for the delay shall be in accordance with the provisions in the MOU.
- 4.2. UTILIZATION OF ONGOING CONTRACTS
 - 4.2.1. An ongoing contract by a PSC Contractor may be used by one or some other PSC Contractors based on the similar requirement and excess capacity and/or in the event to utilize the window/idle period. The utilization planning shall be agreed by the parties, in this case the PSC Contractors and the Supplier.
 - 4.2.2. Preparation:
 - 1. The initiative to utilize an ongoing contract may come from:
 - 2. PSC Contractors having the requirement request for information from another PSC Contractor about the possibility of excess capacity and/or window/idle period of an ongoing contract that may be utilized; or
 - 3. The PSC Contractor as the user of an ongoing contract inform other PSC Contractors regarding the excess capacity and/or window/idle period that can be utilized by other PSC Contractors.
 - 4. A Memorandum of Understanding shall be prepared between the PSC Contractor owning the contract and other PSC Contractors that will use such contract.

The commissioning within the PSC Contractor's group shall be adjusted with the group's policy. The MOU shall include but not limited to the following:

- a. The rights and obligations of all parties;
 - b. Scope of work and/or type of goods required;
 - c. Contract period, arrangement of programs and/or commissioning schedule;
 - d. Management of the financial aspect;
 - e. Formalities handling;
 - f. Provisions of sanction and penalties for the delay in the delivery of goods and/or completion of work;
 - g. Formalities of Work Plan and Budget (WP&B) and Authorization for Expenditure (AFE) shall be the responsibility of each PSC Contractor;
5. The PSC Contractor being the initial contract owner shall act as the Contract Coordinator.
 6. The plan to utilize an ongoing contract shall be communicated to and approved by the related Supplier.
 7. The formalities of the Work Plan and Budget (WP&B) and Authorization for Expenditure (AFE) shall be the responsibility of each PSC Contractor.

4.2.3. Implementation

1. The Contractor Coordinator together with the other PSC Contractors shall prepare an amendment to the contract that shall stipulate materials agreed in the MOU.
2. If the amendment will increase the value, it shall be regarded as the Change of Scope of Work (CSW). The provision on the approval or reporting shall adhere to the provisions in Chapter II clause 2.1.3 and Chapter XIII clause 4.
3. The performance bond shall be revised by including the new users as stipulated in the MOU and its value may be increased if necessary.
4. The provision on the importation shall apply in accordance with the prevailing rules in each PSC Contractor,
5. Dispute Resolution
In the event of dispute between one of the PSC Contractors with the Supplier, the settlement shall be conducted by a concurrence. If a concurrence is not reached, the Contract Coordinator shall assist in resolving the dispute and see to it so that it will not meddle with other works being conducted in accordance with the applicable rules.

4.2.4. Reporting

The Contract Coordinator shall submit a report on the initial contract formalities. The reporting of the contract commissioning shall be conducted by each PSC Contractor.

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STRATEGIC ALLIANCE CONTRACT SYSTEM

1. OBJECTIVE

The objective of a Strategic Alliance Contract is to utilize the potential in technical, management, financial, skill, experience and other aspects from the parties synergized to achieve the optimal in respect of the development of particular goods/equipment, security of supply, quality standard and decrement of costs.

2. DEFINITION

A Strategic Alliance Contract is a procurement contract based on a long-term cooperation concept whereas the parties shall have contribution as regard to the funding, resources and/or facilities owned/controlled in order to achieve the strategic goal mutually agreed between the supplier and the user.

3. CHARACTERISTICS

The Strategic Alliance Contract has the following characteristics:

- 3.1. The common commitment and objective;
- 3.2. Based on trust, openness, and mutual benefit (win-win);
- 3.3. Close and interactive cooperation by integrating the process and primary activity;
- 3.4. Giving to each other the benefit of the resources, i.e. technology, expertise and process;
- 3.5. Risk & benefit sharing;
- 3.6. Long-term cooperation;
- 3.7. Continuous performance improvement;
- 3.8. Efficient and effective in the concept design and application.

4. PROCEDURE

The Strategic Alliance Contract shall be commissioned through the planning, market survey, socialization, selection of partners and Contract commissioning stages.

4.1. PLANNING

4.1.1. Determine the strategic goal:

1. The strategic goal is determined by evaluation on the procurement of goods/services in companies having the prospect to provide significant efficiency to the PSC Contractor.
2. Other aspects that can be the benchmarks in the evaluation are:
 - a. The procurement value;
 - b. The role of the goods/services in the operations. The higher the role, the more necessary the strategic alliance contract is;
 - c. The complexity of the procurement and supply chain process affecting the price and cycle time;
 - d. The development of certain new products that in long term will be require to promote the oil and gas production capability;

4.1.2. Conduct evaluation on the internal potential that can be synergized.

4.1.3. Create a procurement model in accordance with the concept of the strategic alliance contract, prepare the initial scope of work and determine the criteria of the partners and prequalification plan.

4.1.4. Prepare the action plan required in the transitional period, i.e. system and process integration (hardware and software).

4.2. MARKET ASSESSMENT

Looking for sources potential for the procurement exercise as follows:

- 4.2.1. Announce the commissioning of the strategic alliance contract via the printed and/or electronic media and invite the identified sources.
- 4.2.2. Conduct the prequalification through the assessment on the interested/potential sources by:
 1. Sending questionnaires;
 2. Site visit to the factories or facilities owned by the candidates;
 3. Discussion/dialogue.
- 4.2.3. The result of the assessment will be used to determine the candidates qualified for the next process.

4.3. SOCIALIZATION

The socialization stage is intended to:

- 4.3.1. Synchronize the perception of all parties involved regarding the strategic alliance contract, such as the scope of work and the rights and responsibilities of all parties;
- 4.3.2. Create the common objective and determine the Key Performance Indicator;
- 4.3.3. Establish the evaluation method in conjunction with the candidates that have passed the assessment.
- 4.3.4. Prepare the Tender Document.

4.4. SELECTION OF PARTNERS

The selection of partners shall use the tender or restricted tender method. The bidders are the candidates that have passed the assessment. If there are only 2 (two) bidders passing the prequalification, it shall proceed to Direct Selection process and if there is only 1 (one) bidder passing the prequalification, the process shall be declared as failed.

4.5. COMMISSIONING OF CONTRACT

- 4.5.1. In the strategic alliance contract, a Joint Performance Control Body shall be formed with the following duties:
 1. To encourage the achievement of performance and a more effective and efficient production.
 2. To supervise, assess and improve the undertakings as stipulated in the Contract.
 3. Assess the performance based on the Key Performance Indicator.
 4. Prepare the report for Number (1) and (2) above.

4.5.2. Contract

In addition to the general provisions, the Contract shall also include the following provisions:

1. Key Performance Indicator
The criteria to be used in the KPI for the commissioning of the contract or the partners' performance are:
 - a. Total Cost Ownership (TCO) value;
 - b. Price of goods/services;
 - c. Inventory or resources used;
 - d. Utilization of domestic goods/services;
 - e. Cycle time;
 - f. Delivery or completion schedule;
 - g. Quality of goods/services;

- h. Health, Safety and Environment.
- 2. The Risks & Rewards arrangement covers the sharing of the achievement in relation to the KPI, whether it is profit/benefit/added value or loss by using the “balanced/proportional” concept and agreed initially. The provision on the penalty shall be stipulated in the Risks & Rewards provisions.
- 3. The arrangement of responsibilities in managing assets utilized in the Contract.
- 4. The arrangement of proprietary rights and intellectual rights on the assets/facilities/patent resulted from the joint financing of which the expenses incurred by the PSC Contractors shall be charged as operational cost.
- 5. List and duties of the Joint Performance Controlling Body.
- 6. Early termination is allowed if the partner does not perform (KPI) in accordance with the agreed provisions continually. In this event, the performance bond will be forfeited.

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CALL OFF ORDER AGREEMENT

1. OBJECTIVE

The objectives of a Call Off Order are to facilitate and expedite the procurement of goods/services and to improve the efficiency by reducing the sources management cost.

2. DEFINITION

A Call Off Order Agreement is a contract for the procurement of goods/services for a relatively long term (one to three years) at a certain value with the agreed unit price, whereas the user may request the supplier to deliver the goods or conduct the work/service when required at any time and the payment is made based on the used goods or completed work.

3. REQUIREMENTS

A Call Off Order is feasible if the following requirements are met:

- 3.1. Applicable to the procurement of consumable items with high frequency or volume of use or service which is regular and frequently required;
- 3.2. There is only 1 (one) group of similar type/use in 1 (one) procurement package;
- 3.3. If the goods/services can be manufactured or commissioned domestically, then the user shall use domestic goods/services.
- 3.4. The procurement shall use the tender or direct selection method in accordance with the applicable rules.

4. PROCEDURE

- 4.1. The PSC Contractor and/or BPMIGAS acting as the coordinator of several PSC Contractors shall determine the type of goods/service to be procured using the Call off Order Agreement.
- 4.2. A prequalification/assessment shall be conducted to find out the capability of potential suppliers to be included in the procurement process, such as the capability to supply the goods/services at any time.
- 4.3. The tender or direct selection process shall adhere to the prevailing rules.

5. CONTRACT PREPARATION

- 5.1. The unit price applicable in the Contract is the price based on the final bid price from the Supplier, after or without negotiation.
- 5.2. The agreed unit price is basically applicable during the Contract period. A provision regarding the possibility of a price adjustment may be included in the Contract. The price adjustment is determined based on a particular formula which is applicable if a particular condition (time, event) occurs. The formula and conditions that allow the price adjustment shall be stipulated in the Contract. If a price adjustment is allowed, the agreed unit price shall be stipulated to be valid for minimum 1 (one) year.
- 5.3. Call off Order contracts may be used to fulfill the requirement of similar goods/services for several activities of 1 (one) PSC Contractor or several PSC Contractors in the form of Joint Contract.

- 5.4. The contract may stipulate the provision on the minimum cumulative order during the contract period.
- 5.5. The contract shall stipulate the payment procedure. The amount of every payment made is in accordance with the volume of goods supplied or service completed.
- 5.6. The contract shall stipulate the provision on penalties and early termination.

6. COMMISSIONING OF CONTRACT

- 6.1. The request to supply the goods shall use a Purchase Order (PO) and the request to conduct a service work shall use a Work/Service Order (SO).
- 6.2. If the Supplier is unable to supply the requested goods or carry out the requested work, the said Supplier shall receive the penalty according to the prevailing regulations.
- 6.3. If the Supplier continually fails to fulfill its obligation, it will be classified in the Red category and the Contract can be terminated earlier.

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PRICE AGREEMENT

1. OBJECTIVE

The objective of a Price Agreement is to facilitate and expedite the procurement of particular goods and services by holding a price agreement for a certain period of time with 1 (one) Supplier.

2. DEFINITION

A Price Agreement is an agreement with 1 (one) supplier acting as the manufacturer or sole agent/distributor made based on the unit price of the goods/equipment officially issued by the manufacturer/principal which prevail in general, for 1 (one) specific group of goods/service for a certain period of time.

3. REQUIREMENTS

3.1. A Price Agreement with a manufacturer is feasible when the following requirements are met:

- 3.1.1. It is a procurement activity for particular goods or equipment widely used in the upstream oil and gas activities in Indonesia.
- 3.1.2. There are either local or international manufacturers willing to undertake the price agreement for more than 2 (two) years.
- 3.1.3. The manufacturer is willing to manufacture or provide an after sales service in Indonesia, including but not limited to:
 1. The provision of spare parts through a national company appointed as an agent or sole agent;
 2. The provision of repairs and workshops, either minor or major repairs (overhaul), in cooperation with national companies.
- 3.1.4. The manufacturer in conjunction with BPMIGAS and the PSC Contractor are willing to endeavor for improvement in order to gain a more effective service and more cost-efficient.

3.2. A Price Agreement with a sole agent/distributor is feasible if the following requirements are met:

- 3.2.1. Applicable to the procurement of specific goods/services;
- 3.2.2. There is a sole agent that is a national company having an agency agreement or agency appointment letter from the manufacturer or is authorized by the manufacturer and meets the prevailing regulations in Indonesia.
- 3.2.3. The availability of a price list issued by the principal, i.e. the manufacturer or other parties authorized by the manufacturer and is applicable in general.

4. PROCEDURE

4.1. STANDARDIZATION OF TYPES OF GOODS/EQUIPMENT

- 4.1.1. PSC Contractors and BPMIGAS shall establish the types of goods, equipment and services that may be procured by the Price Agreement contract, by considering the following conditions:
 1. Widely used by many or a few Contractors; or
 2. The amount of goods, equipment or service required is significant, thus it is economical to utilize a long term price agreement.

- 4.1.2. PSC Contractors and BPMIGAS shall select the variants, specifications, manufacturers (brand) and types of goods or equipment in order to simplify the variety.
- 4.1.3. Based on the selection result, the PSC Contractors and/or in conjunction with BPMIGAS shall determine one or a several types of goods and equipment as the standard of use for a particular requirement.

4.2. ESTABLISHMENT OF TYPES OF SERVICE

- 4.2.1. PSC Contractors and/or BPMIGAS shall determine the type of service to be procured by a Price Agreement with the following criteria:
 - 1. High volume of use and constantly required;
 - 2. The nature of the service is specific as stipulated in this Guideline.

4.3. SELECTION OF SUPPLIERS OF GOODS/SERVICES

- 4.3.1. The selection of suppliers shall basically use the Direct Appointment method to the manufacturers, sole agents or service providers appointed exclusively by the manufacturers.
- 4.3.2. Contractual price establishment:
 - 1. Through direct negotiation with the manufacturer in order to obtain the best price in the procurement of equipment.
 - 2. Through direct negotiation with the manufacturer in conjunction with the sole agent or sole service provider in order to obtain the best price in the procurement of spare parts or machinery repairs.
 - 3. The stipulated price shall be based on the price applied worldwide by the manufacturer.
 - 4. A contractual price may be in the form of fixed price or price formulation based on the price in certain conditions.
- 4.3.3. Commercial Bid
The Procurement Committee shall invite the manufacturer or together with the sole agent or sole service provider to submit the proposal covering at least:
 - 1. Proposal of types of goods/equipment/service complete with the specifications and the possibility for modification;
 - 2. Terms and conditions of sales. The terms and conditions shall not cause the PSC Contractor to be legally bound to the extent that it is not allowed to seek alternative procurement sources;
 - 3. The price or price formulation shall be based on the price list applicable worldwide
- 4.3.4. The Procurement Committee shall evaluate the properness of the bid price by:
 - 1. Comparing it to the price agreed in the previous contract.
 - 2. Comparing it to the price agreed with other buyers, locally or overseas.
 - 3. Normalization calculation and comparing the normalized price to other alternative procurement methods.
- 4.3.5. Conducting negotiation for the submitted proposal, including:
 - 1. Negotiation on the terms and conditions.
 - 2. Negotiation on the price or price formulation.

5. CONTRACT PREPARATION

- 5.1. The applicable unit price or unit price formula in the agreement is based on the price after negotiation.
- 5.2. The contractual unit price shall be valid during the period of the contract stipulated in advance.
- 5.3. Price modification shall be based on the agreed formula and the price applied worldwide by the manufacturer.
- 5.4. Minimum order is not applicable in a Price Agreement.
- 5.5. The Contract shall stipulate the provisions on penalties and early termination.

6. COMMISSIONING OF CONTRACT

- 6.1. The request to supply the goods shall use a Purchase Order (PO) and the request to conduct a service work shall use a Work/Service Order (SO).
- 6.2. If the Supplier is unable to supply the requested goods or carry out the requested work, the said Supplier shall receive the penalty according to the prevailing regulations.
- 6.3. If the Supplier continually fails to fulfill its obligation, it will be classified in the Red category and the Contract can be terminated earlier.

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MULTI STANDING AGREEMENT (MSA)

1. OBJECTIVE

The objective of a Multi Standing Agreement is to facilitate and expedite the procurement of goods and services by the constant availability of options/alternatives of several vendors bound in unit price contracts for a certain period of time.

2. DEFINITION

A Multi Standing Agreement (MSA) is a unit price contract arranged with more than one vendor simultaneously for the procurement of goods or services that are similar in terms of specification, size, qualification and capability for a certain contract period.

1.1. An MSA contract is feasible when the following requirements are met:

- 1.1.1. Applicable to the procurement of consumable items with high frequency or volume or use of routine and frequently required service;
- 1.1.2. There is only 1 (one) group of similar type/use in 1 (one) procurement package;
- 1.1.3. The unit price shall not exceed Rp 10,000,000,- (ten million rupiahs) or US\$ 1,000 (US Dollar one thousand). This provision is waived for the procurement of certain goods/services that have obtained prior approval from BPMIGAS, i.e. drill bits, medical equipment, whereas the unit price may exceed the above amount.

2. PROCEDURE

- 2.1. The PSC Contractor shall determine the type and estimated quantity/value of goods/service to be procured by a Multi Standing Agreement (MSA).
- 2.2. The Procurement Committee shall evaluate the feasibility of the MSA method, prepare the Tender Documents and evaluation procedure.
- 2.3. The Owner Estimate (OE) shall be a list of unit price and the value shall be the total accumulation of the unit prices in the list.
- 2.4. The prequalification and bidding processes shall comply with the prevailing regulations.
- 2.5. Selection of suppliers:
 - 2.5.1. 3 (three) suppliers offering the lowest unit price shall be selected. The bid ranks shall be set based on the sum total of the unit price.
 - 2.5.2. Determining the potential successful bidder may be conducted:
 - 1. For the entire kinds (items) of goods/service in the proposal. In the case of unit price being higher than the OE, a negotiation shall be conducted; or
 - 2. By selecting the lowest unit price for each kind (item) of goods/service from the first to third rank bids. In the case of unit price of each item being higher than that in the OE, a negotiation shall be conducted.

3. CONTRACT PREPARATION

- 3.1. A Unit Price Contract shall be drawn up for each select Supplier. The unit price applicable in every agreement is the one based on the last bid price from each select Supplier.

- 3.2. The contractual unit price is basically valid during the Contract period. The contract may stipulate the provision on the possibility for a price amendment.
The price amendment shall be determined based on a particular formula applicable for a particular condition (time, event). The formula and condition that allow a price amendment shall be stipulated in the Contract. If such an amendment is allowed, the unit price agreed shall be valid for at least a period of 1 (one) year.
- 3.3. Minimum order is not applicable in an MSA, therefore there is no commitment to MSA contract holders.
- 3.4. The Contract shall stipulate the maximum days of delay acceptable by the PSC Contractor.
- 3.5. The provisions on penalties and early termination.

4. COMMISSIONING OF CONTRACT

- 4.1. The request to supply the goods or to commission the service work shall use a Purchase Order (PO) or Work/Service Order (SO).
- 4.2. The PO/SO shall be given to the MSA holder with the lowest unit price. If the appointed Supplier is unable to supply the goods or carry out the work, the PO/SO shall then be given to the MSA holder with the second lowest unit price. If the MSA holder with second lowest unit price is not able to supply the goods or carry out the work either, the PO/SO shall be given to the MSA holder with the third lowest unit price.
- 4.3. In the event that the requirement of goods/service is of a high volume and shall be met simultaneously, the PO/SO may be given to more than 1 (one) MSA holder. In this case, the first rank Supplier shall be given the largest portion.
- 4.4. The value of each PO/SO issued shall not exceed Rp 500,000,000,- (five hundred million rupiahs) or US\$ 50,000 (US Dollar fifty thousand). This provision is waived for certain goods/services that have obtained prior approval from BPMIGAS, i.e. drill bits, medical equipment.
- 4.5. If the appointed Supplier is unable to supply the goods or carry out the service work, the said Supplier shall be imposed with the penalty and sanction in accordance with the prevailing rules. In the case of delayed days having gone past the tolerable limit stipulated in the Contract, the PSC Contractor may request the Supplier of the next rank bound to the Contract to supply the goods or carry out the service work above.
- 4.6. Suppliers declining to accept the PO/SO or failing to fulfill their obligation pertaining to the PO/SP 3 for as many as 3 (three) times shall be put in the Red Category and the agreement may be terminated earlier.

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QUALIFICATION ASSESSMENT FORM

Provision :
Project/Work Unit :
PSC Contractor :

The undersigned,

Name :
Title :
Acting for and on behalf of :
PT/CV/Firma/KOPERASI
Address :
Phone/Fax :

Truthfully certify that:

1. I have the legal capacity to sign the contract pursuant to[(pursuant to the Deed of Incorporation/amendment/power of attorney; specify the document number and date).
2. I/my company is not declared insolvent or the business is not being halted nor is it undertaking a criminal sanction or under court surveillance.
3. I have never been convicted by the court of law for any action related to my professional conduit.
4. My/company data are as follows:

A. Administrative Data

1. General

1. Name (PT/CV/Firma/KOPERASI) :	
2. Status (PT/CV/Firma/KOPERASI) : Head Office or Branch Office	
3. Address (PT/CV/Firma/KOPERASI) :	
Phone	:
Fax	:
4. Head Office Address : (if the bid is submitted by the branch office)	
Phone	:
Fax	:

2. Business Licenses

No. IUJK/SIUP/SIUI/TDP	:	Date
Validity:		
Issued by	:	

3. Legal grounds of company incorporation

1.	Deed of Incorporation/Articles of Association PT/CV/Firma/Koperasi
a.	No. :
b.	Date :
c.	Notary name :
2.	Latest amendment
a.	No. :
b.	Date :
c.	Notary name :

4. Management

a. Commissioners (for PT):

No	Name	ID No.	Title in the company

b. Directors/Person In Charge/

No	Name	ID No.	Title in the company

B. Financial Data

1. Shareholders

No	Name	ID No.	Indonesian/foreign nationality	%
1.				
2.				
3.				
4.				
5.				
6.				
.				

2. Latest Balance Sheet as of...(date/month/year)
 (only for projects/contracting service)

(in a thousand rupiah/on

USD)

ASSETS			EQUITY & LIABILITIES		
I	- Current Assets	Rp	IV	- Short term payable	Rp
	- Cash	Rp		- Utang dagang	Rp
	- Bank	Rp		- Tax payable	Rp
	- Receivable *)	Rp		- Other payable	Rp
	- Inventory	Rp		Total (d)	Rp
	- Work in progress	Rp	V	Long term payable (e)	Rp
	Total (a)	Rp		Net Assets	
II	Non-current Asset	Rp	VI	(a+b+c) – (d+e)	Rp
	- Equipment & machineries	Rp			
	- Inventory	Rp			
	- Buildings	Rp			
	Total (b)	Rp			
III	- Other assets (c)				
	Total	Rp		Total	Rp

*) Short term receivable (up to six months) : Rp.....
 Long term receivable (more than six months) : Rp.....
 Total : Rp.....

.....200x
 PT/CV/Firma/Koperasi.....

President Director/Person In Charge

Stamp duty Rp 6.000,-

(Name)

3. Tax

1. Taxpayer Identification Number :
2. Last annual tax return date/no. :
3. Date & No of
 Monthly Income Tax/VAT reports of
 the last 3 months

C. Personnel Data

Required technical experts (only for contracting service):

No	Name	DOB	Education	Designation in the project	Work experience (year)	Profession/ skill	Certificates
1	2	3	4	5	6	7	8

President Director/Person in charge

(Name)

D. List of Equipment (only for projects/contracting services)

No	Name	Qty	Current Capacity (output)	Make & model	Manufactured in	Good/ Defect condition	Current location	Proof of ownership
1	2	3	4	5	6	7	8	9

Note : if needed, a detailed list may be provided separately for every type and documentation of ownership shall be presented when required.

E. List of Company Experience (3 highest packages of work experience in the relevant sector/subsector)

No	Work Package Name	Sector/ Sub Sector	Location	Employer/ User		Contract		Completion Date according to	
				Name	Address/ Phone	No./ Date	Value	Contract	Delivery Minutes
1	2	3	4	5	6	7	8	9	10

F. List of Ongoing/Active Works (only for projects/contracting services)

No	Sector	Sub Sector	Location	Employer/User		Contract		Latest Progress	
				Name	Address / Phone	No/ Date	Value	Date	Achievement (%)
1	2	3	4	5	6	7	8	9	10

G. Working Capital

Financial supporting letter from Bank:

Number :

Date :

Name of Bank :

Value :

We hereby certify that the requirements have been prepared truthfully and with full responsibility. If in the future any data/document we submitted is found to be untrue and false, we agree to receive the administrative penalty, i.e. to be put in the Company's blacklist for a period of 2 (two) years and civil and criminal penalties in accordance with the prevailing laws and regulations.

.....200x

PT/CV/Firma/Koperasi

.....

Stamp duty
Rp6000;
Date dan
Company
Stamp

(Name)
Position

CALCULATION PROCEDURE

ACTUAL CAPABILITY, PACKAGE CAPABILITY AND BASIC CAPABILITY

1. DETERMINING THE ACTUAL CAPABILITY FOR PROJECTS / CONTRACTING SERVICES

- The Actual Capability is the full/entire capability of a supplier during the qualification assessment encompassing the Financial Capability (FC), capability to handle the work/project package (PC), and basic capability (BC) for every sub sector of the work.
- The calculation of FC, PC and BC shall use the following formula:

1.1. Calculation of Working Capital (WC)

$$WC = fl.NA$$

Whereas: NA = Net Asset

fl = liquidity factor

fl = 0.3 for small enterprise suppliers of services

fl = 0.6 for non-small enterprise suppliers of services

fl = 0.8 for foreign suppliers of services

1.2. Calculation of Financial Capability (FC)

$$FC = ct.WC$$

Whereas: WC = Working Capital (the above calculation)

ct = capital turnover:

ct = 5 for small enterprise suppliers of services

ct = 7 for non-small enterprise suppliers of services

ct = 8 for foreign suppliers of services

1.3. Calculation of capability to handle the work package (PC)

1. Project capability is the ability to handle the projects simultaneously in every sub sector.

2. By considering the project management capability to be conducted by the supplier of service, the maximum PC shall be as follows:

a. Small enterprise PC = 3

Non-small enterprise PC = 8

or PC = 1.2N

b. Foreign supplier PC = 1.2N

Whereas:

N is the total number of package handled simultaneously in the last 7 (seven) years.

1.4. Remaining Financial Capability (RFC) and Remaining Package Capability (FPC) for contracting services/projects:

RFC = FC – total value of ongoing works/projects

RPC = PC – number if ongoing works/projects

1.5. Calculation of Basic Capability (KD)

$$KD = 2.NPt$$

Whereas:

NPt = the highest value of package based on work experience in the last 7 (seven) years.

For works older than 2 (two) years, the value can be converted to the current value using the Present Value calculation.

2. CALCULATION OF BASIC CAPABILITY FOR CONSULTANCY SERVICES AND SUPPLY OF GOODS/OTHER SERVICES

The basic capability calculation for the consultancy services, supply of goods or other services shall use the following formula:

2.1. Basic Capability for Consultancy Services

$$KD = 3.NPt$$

2.2. Basic Capability calculation for the Supply of Goods or Other Services:

$$KD = 2.Npt$$

3. CONVERTED VALUE OF WORK EXPERIENCE

Work experience can be converted using the following formula:

3.1. NPt = the highest value of package based on work experience in the last 7 (seven) years.

3.2. The value can be converted to the current value using the Present Value calculation as follows:

$$PWv = TWv \times \frac{I_o}{I_s}$$

Whereas:

PWv = present work value

TWv = Total work value including escalation (if any) during the first professional hand over (PHO)

I_o = Index at the Statistics Agency in the month of PHO

I_s = Index at the Statistics Agency in the prequalification month (if not available, a linear regression calculation may be used based on the indices in the preceding months)

The indices of the Statistics Agency used are:

- For Contracting Services/Projects: The wholesale price index of construction or other goods which are the major components in the work.
- For Consultancy Services: The consumer price index/CPI.
- For the Supply of Goods: The wholesale price index of related goods.
- For Other Services: applicable indices.

The index used shall be stipulated in the qualification documents.

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SECTOR AND SUBSECTOR

NO/CODE		BIDANG / SUB-BIDANG PEKERJAAN	ACTIVITIES SECTION / GROUP
A		PENGADAAN BARANG	PURCHASING: GOODS
A	1	EKSPLORASI, PRODUKSI DAN PENGOLAH LANJUTAN	EXPLORATION, PRODUCTION AND PROCESSING
	01.	Peralatan/suku cadang pemboran, eksplorasi dan produksi;	Drilling exploration and production; equipment, parts and accessories.
	02.	Selubung sumur, pipa produksi dan kelengkapannya;	Well casing, tubing and accessories.
	03.	Peralatan/bahan lumpur/kimia pemboran dan penyemenan;	Drilling mud and cementing; equipment and materials.
	04.	Peralatan/suku cadang boiler, mesin, turbin, pembangkit listrik, pompa dan kompresor;	Boilers, engines, turbines, generators, pumps and compressors; equipment, accessories and parts.
	05.	Peralatan/suku cadang pengolah dan pemurni minyak/gas /kimia;	Oil, gas and chemical; plants, accessories and parts.
A	2	KONSTRUKSI, MEKANIKAL DAN ELEKTRIKAL	CONSTRUCTION, MECHANICAL AND ELECTRICAL
	01.	Peralatan/suku cadang pengemas, pengangkat dan pengangkut;	Container, packing, hoisting/lifting and transportation; equipment and parts.
	02.	Peralatan/suku cadang bangunan, jalan dan konstruksi;	Building, road and construction; equipments and parts;
	03.	Peralatan/suku cadang instrumentasi dan kelengkapan mesin;	Instrumentation and machinery accessories.
	04.	Peralatan/suku cadang mekanikal serta elektrik;	Mechanical and electrical; equipment and parts.
	05.	Pipa, selang, katup, dan penyambung;	Tubular goods, hoses, valve, fitting and flanges.
	06.	Peralatan/suku cadang telekomunikasi, navigasi, dan komputer;	Telecommunication, navigation and computers; equipment, accessories and parts.
	07.	Peralatan/suku cadang alat ukur, survai dan laboratorium;	Measuring, survey and laboratory; equipment and accessories.
	08.	Alat-alat kerja dan peralatan bengkel;	Tools and other shop equipment.
	09.	Peralatan/suku cadang keselamatan kerja, pemadam kebakaran dan lingkungan;	Fire safety and environmental conservation equipments and materials.
	10.	Peralatan/bahan bangunan/tangki, bahan metal/bukan metal, tali baja, rantai, bahan kemasan, bahan pengikat dan kelengkapannya;	Buildings and tanks materials, metals, non metals, ropes, chains, packaging, fasteners and general hardware.
A	3	BAHAN KIMIA DAN BAHAN PELEDAK	CHEMICALS AND EXPLOSIVES
	01.	Bahan kimia, bahan bakar, pelumas dan cat;	Chemicals, fuel, lubricant and paints.
	02.	Peralatan/suku cadang/bahan peledak, senjata api dan amunisi;	Explosives, gun and ammunitions.

A	4		KANTOR, PERGUDANGAN, KESEHATAN DAN RUMAH TANGGA	OFFICE, WAREHOUSE, MEDICALS AND HOUSEHOLD
		01.	Peralatan/perlengkapan tulis, barang cetakan, kantor, pendidikan, peragaan/visualisasi, olah raga, kesenian, pergudangan dan perlengkapan pegawai;	Office, warehouse and personnel; equipment, accessories and materials.
		02.	Peralatan/suku cadang/bahan pertanian, perkebunan, peternakan, perikanan, dan kehutanan;	Agricultural equipment and parts.
		03.	Peralatan/suku cadang kesehatan, farmasi dan obat-obatan;	Medical equipment, accessories and supplies.
		04.	Peralatan, perlengkapan, perabotan dan bahan-bahan kebutuhan rumah tangga;	Furniture, household and housing/club requisites.
B			JASA PEMBORONGAN	PROJECTS
B	1		PEKERJAAN SIPIL	CIVIL WORKS
		01.	Drainase dan jaringan pengairan;	Drainage, channel and other water system
		02.	Jalan, jembatan, landasan dan lokasi pemboran darat/rawa;	Roads, bridges, field and onshore/swamp drilling foundation
		03.	Fasilitas produksi darat;	Onshore production facilities
		04.	Fasilitas produksi dan platform lepas pantai;	Offshore production platform and facilities;
		05.	Jalur pipa dan fasilitas pendukungnya;	Pipeline and supports;
		06.	Gedung dan pabrik;	Building and plants;
		07.	Bangunan pengolahan air bersih dan limbah;	Water and waste treatment;
		08.	Reklamasi dan pengerukan;	Reclamation and dredging;
		09.	Dermaga, penahan gelombang dan penahan tanah (talud)	Jetty, pier and bandwall
		10.	Pemboran air tanah;	Water well drilling
		11.	Pertamanan dan lanskap	Gardening and landscaping
		12.	Perumahan dan permukiman	Housing
		13.	Bendung dan bendungan	Dam
		14.	Interior	Interior
B	2		BIDANG MEKANIKAL/ ELEKTRIKAL	MECHANICAL AND ELECTRICAL
		01.	Pembangkitan dan jaringan transmisi listrik;	Generating and electric transmission;
		02.	Instalasi kelistrikan dan jasa kelistrikan lain;	Electric installation and other electrical services;
		03.	Tata Udara;	Air conditioning;
		04.	Pekerjaan mekanikal	Mechanical services;
		05.	Pabrikasi platform, SBM, DBM, struktur dan pancang;	Platform, mooring facility, structure and pile
		06.	Pabrikasi vessels, heat exchanger, heater, boiler, tanki dan pipa;	Vessels, heat exchanger, heater, boiler, tanks and pipe fabrication;
		07.	Pemasangan alat angkut dan alat angkat;	Hoist, lift and convey facilities
		08.	Pemasangan fasilitas produksi dan fasilitas lain lepas pantai	Offshore production facilities

B	3		BIDANG RADIO, TELEKOMUNIKASI DAN INSTRUMENTASI	RADIO, TELECOMMUNICATION AND INSTRUMENTATION
		01.	Meteorologi dan geofisika;	Meteorology and geophysics
		02.	Radio, telekomunikasi, sarana bantu navigasi laut/udara, rambu sungai dan peralatan SAR;	Radio, telecommunication, navigation and SAR facilities
		03.	Sentral dan jaringan telekomunikasi	Central telecommunication and transmission facilities
		04.	Pemasangan instrumentasi	Instrument installation
B	4		BIDANG LOGAM, KAYU DAN PLASTIK	METALS, WOOD AND PLASTIC
		01.	Pembangunan dan reparasi kapal;	Ship building and repair;
		02.	Pengangkatan kerangka kapal	Vessel floatation
		03.	Pembesutuan kapal dan fasilitas produksi	Marine vessels and production facilities scraping
		04.	Barak, peti kemas dan lain-lain yang sejenis	Living quarter/cabins/camps and container
		05.	Pengecoran dan pembentukan	Forging and forming
B	5		BIDANG PERTANIAN	AGRICULTURES
		01.	Pembibitan/pembenihan tanaman dan perikanan;	Agriculture and fish nursery
		02.	Reboisasi/penghijauan	Replanting and plantation
B	6		BIDANG PERTAMBANGAN MINYAK/GAS BUMI & PANAS BUMI	OIL & GAS AND GEOTHERMAL
		01.	Pemboran darat;	Onshore drilling services
		02.	Pemboran rawa dan lepas pantai;	Offshore drilling services
		03.	Pemboran terarah;	Directional drilling services;
		04.	Pemboran inti;	Coring services
		05.	Pemboran seismic;	Seismic drilling services
		06.	Pemboran hidrolik;	Hydraulic drilling services
		07.	Pekerjaan pancingan;	Fishing services
		08.	Rekayasa lumpur dan jasa lumpur lainnya.	Mud logging, mud engineering and mud services;
		09.	Logging dan perforasi.	Well logging and perforating services;
		10.	Penyemenan sumur;	Well cementing services
		11.	Pengujian lapisan bawah tanah;	DST test
		12.	Pengujian produksi sumur;	Well production test;
		13.	Pemasangan dan perawatan pompa produksi	Oil well pump installation and maintenance services
		14.	Stimulasi sumur dan penambangan sekunder;	Well stimulation and secondary recovery services
		15.	Pekerjaan ulang/work over dan perawatan sumur;	Work over and well maintenance services (including wireline and snubbing)
		16.	Pelayanan casing dan tubing;	Casing and tubing setting services
		17.	Perawatan fasilitas produksi;	Production facilities maintenance services.
		18.	Pertambangan minyak, gas bumi dan panas bumi lainnya.	Others
C			JASA LAINNYA	GENERAL SERVICES
C	0	01.	Percetakan dan penjilidan	Printing and binding
		02.	Pemeliharaan/perbaikan alat/peralatan kantor	Maintenance and repair: office equipment
		03.	Pemeliharaan/perbaikan alat/peralatan angkutan darat/laut/udara	Maintenance and repair: land/sea/air transport equipment

	04.	Pemeliharaan/perbaikan pustaka, barang-barang awetan, fauna dan lain-lain.	Maintenance and repair: library, preserved items, fauna etc.
	05.	Jasa pembersihan, pest control, termite control dan fumigasi	Cleaning, pest control, termite control and fumigation
	06.	Pengepakan, pengangkutan, pengurusan dan penyampaian barang melalui darat/laut/udara.	Packing, transportation and courier services
	07.	Penjahitan/konpeksi	Convection
	08.	Jasa boga	Catering
	09.	Jasa importir/eksportir	Importation /exportation formalities
	10.	Perawatan komputer, alat/peralatan elektronik/telekomunikasi	Maintenance and repair: computers, electronics / telecommunication equipments
	11.	Iklan/reklame, film, pemotretan	Advertising, film and photography
	12.	Jasa penulisan dan penerjemahan	Writing and translation
	13.	Penyedia tenaga kerja	Labor supply
	14.	Penyewaan alat angkutan darat/laut/udara	Rental/lease: transport equipment
	15.	Penyewaan peralatan kerja/produksi/konstruksi	Rental/lease: tools, production/ construction equipment
	16.	Jasa penyelaman/pekerjaan bawah ir	Diving and underwater services
	17.	Jasa asuransi	Insurance
	18.	Pengadaan/pembebasan tanah	Land procurement and formalities
	19.	Akomodasi dan angkutan penumpang	Accommodation and travel
	20.	Pekerjaan jasa lain-lain.	Other services
D		JASA KONSULTANSI	CONSULTANCY
D	1	Bidang pekerjaan umum	BUILDING AND CONSTRUCTIONS
	01.	Bangunan gedung dan bangunan pabrik	Building and plants
	02.	Teknik lingkungan	Environment technology
	03.	Jalan dan jembatan	Road and bridges
	04.	Jaringan	Transmission network
	05.	Bendung dan waduk	Water dam
	06.	Sungai, rawa dan pantai	River, swamp and shore
	07.	Perumahan dan pemukiman	Housing and camps
	08.	Technologi kelautan	Sea technology
D	2	BIDANG TRANSPORTASI	TRANSPORTATION
	01.	Transportasi darat, laut, udara, sungai dan penyeberangan	Land, sea, air, river and channel transportation
	02.	Sarana/prasarana transportasi darat	Transport equipment and infrastructures: land
	03.	Sarana/prasarana transportasi laut	Transport equipment and infrastructures: sea
	04.	Sarana/prasarana transportasi udara	Transport equipment and infrastructures: air
	05.	Sarana/prasarana transportasi sungai dan penyeberangan	Transport equipment and infrastructures: river and channel
	06.	Sistem terminal	Terminal system
	07.	Angkutan barang	Goods transportation

D	3		BIDANG PARIWISATA, POS DAN TELEKOMUNIKASI	TOURISM, POST AND TELECOMMUNICATION
		01.	Sistem/teknologi pos dan telekomunikasi	Post and telecommunication system
		02.	Pariwisata dan perhotelan	Tourism and hotels.
D	4		Bidang Pertanian	AGRICULTURE
		01.	Perkebunan/pertanian/peternakan;	Farming
		02.	Kehutanan;	Forestry
		03.	Perikanan;	Fishery
		04.	Konservasi dan Penghijauan;	Conservation and replant
		05.	Pertanian lainnya.	Other agriculture services
D	5		Bidang Perindustrian	INDUSTRY
		01.	Industri Mesin dan Logam;	Machinery and metals
		02.	Industri Kimia;	Chemistry
		03.	Industri Hasil Pertanian;	Agriculture
		04.	Industri Elektronika;	Electronics
		05.	Industri Bahan Bangunan;	Building materials
		06.	Perindustrian lainnya.	Other industrial services
D	6		Bidang PembangkitAN Tenaga	POWER GENERATION
		01.	Distribusi dan Transmisi;	Electric transmission and distribution
		02.	Pembangkitan tenaga lainnya.	Other power generating services
D	7		menurut lingkup layanan pekerjaan	GENERAL CONSULTANCY
		01.	Jasa survey;	Survey
		02.	Perencanaan Umum;	General planning
		03.	Study kelayakan;	Feasibility study
		04.	Perencanaan teknis;	Technical engineering and planning
		05.	Penelitian;	Research and study
		06.	Pengawasan	Supervision
		07.	Manajemen.;	Management
D	8		Bidang Lain-lain	OTHER CONSULTANCY
		01.	Asuransi, Perbankan, Keuangan;	Insurance, banking and finance
		02.	Kesehatan, Pendidikan, Sumber Daya Manusia, Kependudukan;	Health, education, human resources and community
		03.	Hukum dan penerangan;	Legal and information
		04.	Sub bidang lainnya;	Other consultancy services

Appendix CP-002

Example-1
Calculation of EP-DC for Goods with Domestic Content $\geq 25\%$

Suppliers	Bid Price (BP)	Domestic Content		Price Preference for Goods (Pb) max. 15%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pb))*BP	Ranks
	Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	25,000,000,000.00	50.00	12,500,000,000.00	50% x 15%	7.50	23,255,813,953.49	I
B	24,500,000,000.00	25.00	6,125,000,000.00	25% x 15%	3.75	23,614,457,831.33	II
C	28,000,000,000.00	35.00	9,800,000,000.00	35% x 15%	5.25	26,603,325,415.68	III

Applicable to:

- The procurement of goods or domestic goods for projects/contracting services.
- A negotiation shall be conducted with the first rank bid price since it is still higher than the second rank bid price.

Appendix CP-003

Example-2
Calculation of EP-DC for Other Services with Domestic Content $\geq 35\%$

Suppliers	Bid Price (BP)	Domestic Content		Price Preference for Services (Pj) max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pj))*BP	Ranks
	Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	25,000,000,000.00	60.00	15,000,000,000.00	60% x 7.5%	4.50	23,923,444,976.08	II
B	24,500,000,000.00	60.00	14,700,000,000.00	60% x 7.5%	4.50	23,444,976,076.56	I
C	28,000,000,000.00	50.00	14,000,000,000.00	50% x 7.5%	3.75	26,987,951,807.23	III

Applicable to:

The procurement which participants are Suppliers committed to undertaking the works of Other Services with minimum 35% Domestic Content achievement.

Appendix CP-004

Example-3
Calculation of EP-DC for Other Services or Consultancy Service with Domestic Content $\geq 30\%$

Suppliers	Bid Price (BP)	Domestic Content		Price Preference for Services (Pj) max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pj))*BP	Ranks
	Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	25,000,000,000.00	40.00	10,000,000,000.00	40% x 7.5%	3.00	24,271,844,660.19	III
B	24,500,000,000.00	60.00	14,700,000,000.00	60% x 7.5%	4.50	23,444,976,076.56	II
C	26,000,000,000.00	50.00	13,000,000,000.00	50% x 7.5%	3.75	25,060,240,963.86	-
D	29,000,000,000.00	35.00	10,150,000,000.00	35% x 7.5%	2.63	28,258,221,680.88	-
E	23,500,000,000.00	30.00	7,050,000,000.00	30% x 7.5%	2.25	22,982,885,085.57	I

Applicable to:

The re-tender of Other Services or tender of Consultancy Service which participants are Suppliers of services committed to undertaking the works with minimum 30% Domestic Content achievement.

Appendix CP-005

Example-4
Calculation of EP-DC for Projects/Contracting Services with combined Domestic Content $\geq 35\%$

Suppliers	Goods / Services	Bid Price (BP)	Domestic Content		Price Preference for Goods max. 15%, for Services max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pb))*BPb (100%/(100%+Pj))*BPj	Ranks
		Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	Goods	25,000,000,000.00	35.00	8,750,000,000.00	35% x 15%	5.25	23,752,696,121.14	II
	Services	4,000,000,000.00	40.00	1,600,000,000.00	40% x 7.5%	3.00	3,883,495,145.63	
	Total	29,000,000,000.00						
	Combined		35.69	10,350,000,000.00			27,636,464,266.77	
B	Goods	24,500,000,000.00	35.00	8,575,000,000.00	35% x 15%	5.25	23,277,909,738.72	I
	Services	4,500,000,000.00	50.00	2,250,000,000.00	50% x 7.5%	3.75	4,337,349,397.59	
	Total	29,000,000,000.00						
	Combined		37.33	10,825,000,000.00			27,615,259,136.31	
C	Goods	26,000,000,000.00	30.00	7,800,000,000.00	30% x 15%	4.50	24,880,382,775.12	III
	Services	5,000,000,000.00	70.00	3,500,000,000.00	70% x 7.5%	5.25	4,750,593,824.23	
	Total	31,000,000,000.00						
	Combined		36.45	11,300,000,000.00			29,630,976,599.35	

Applicable to: the procurement of Contracting Services partaken by Suppliers of Contracting Services committed to undertaking the works with minimum 35% combined Domestic Content achievement.

Appendix CP-006

Example-5
Calculation of EP-DC for Projects/Contracting Services with combined Domestic Content $\geq 30\%$

Suppliers	Goods / Services	Bid Price (BP)	Domestic Content		Price Preference for Goods max. 15%, for Services max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pb))*BPb (100%/(100%+Pj))*BPj	Ranks
		Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	Goods	25,000,000,000.00	30.00	7,500,000,000.00	30% x 15%	4.50	23,923,444,976.08	II
	Services	4,000,000,000.00	40.00	1,600,000,000.00	40% x 7.5%	3.00	3,883,495,145.63	
	Total Combined	29,000,000,000.00	31.38	9,100,000,000.00			27,806,940,121.71	
B	Goods	24,500,000,000.00	35.00	8,575,000,000.00	35% x 15%	5.25	23,277,909,738.72	I
	Services	4,500,000,000.00	40.00	2,250,000,000.00	40% x 7.5%	3.75	4,337,349,397.59	
	Total Combined	29,000,000,000.00	37.33	10,825,000,000.00			27,615,259,136.31	
C	Goods	26,000,000,000.00	30.00	9,100,000,000.00	30% x 15%	4.50	24,703,087,885.99	III
	Services	5,000,000,000.00	50.00	2,500,000,000.00	50% x 7.5%	3.75	4,819,277,108.43	
	Total Combined	31,000,000,000.00	37.42	11,600,000,000.00			29,522,364,994.42	

Applicable to: the re-tender for procurement of Contracting Services partaken by Suppliers of Contracting Services committed to undertaking the works with minimum 30% combined Domestic Content achievement.

Appendix CP-007

Example-6
Calculation of EP-DC for Construction Service with combined Domestic Content $\geq 35\%$

Suppliers	Goods / Services	Bid Price (BP)	Domestic Content		Price Preference for Goods max. 15%, for Services max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+PSP))*EP-Combined DC	Ranks
		Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	Goods	25,000,000,000.00	35.00	8,750,000,000.00	35% x 15%	5.25	23,752,969,121.14	
	Services	4,000,000,000.00	40.00	1,600,000,000.00	40% x 7.5%	3.00	3,883,495,145.63	
	Total	29,000,000,000.00						
	Combined		35.69	10,350,000,000.00			27,636,464,266.77	
	Company status		National; 55% owned by Indonesian			7.5%		
	Work location		75% in Indonesia				25,708,338,852.81	
							I	
B	Goods	24,500,000,000.00	35.00	8,575,000,000.00	35% x 15%	5.25	23,277,909,738.72	
	Services	4,500,000,000.00	50.00	2,250,000,000.00	50% x 7.5%	3.75	4,337,349,397.59	
	Total	29,000,000,000.00						
	Combined		37.33	10,825,000,000.00			27,615,259,136.31	
	Company status		Consortium between National and Foreign Companies, Foreign Company as the Leader.			0		
	Work location		50% in Indonesia				27,615,259,136.31	
							II	

C	Goods	26,000,000,000.00	30.00	7,800,000,000.00	30% x 15%	4.50	24,880,382,775.12	
	Services	5,000,000,000.00	70.00	3,500,000,000.00	70% x 7.5%	5.25	4,750,593,824.23	
	Total	31,000,000,000.00						
	Combined		36.45	11,300,000,000.00			29,630,976,599.35	
	Company status	Consortium between National and Foreign Companies, 55% Indonesian-owned National Company as the Leader.				5.00		
	Work location	50% in Indonesia					28,219,977,713.66	

Applicable to: tenders for procurement of Contracting Services partaken by Suppliers of Contracting Services committed to undertaking the works with minimum 35% combined Domestic Content achievement.

Appendix CP-008

Example-7
Calculation of EP-DC for Construction Service with combined Domestic Content $\geq 30\%$

Suppliers	Goods / Services	Bid Price (BP)	Domestic Content		Price Preference for Goods max. 15%, for Services max. 7.5%		Final Evaluation Price Domestic Content (EP-DC) (100%/(100%+Pb))*BPb (100%/(100%+Pj))*BPj (100%/(100%+PSp))*EP-Combined DC	Ranks
		Amount (Rp)	%	Amount (Rp)		%	Amount (Rp)	
A	Goods	25,000,000,000.00	30.00	7,500,000,000.00	30% x 15%	4.50	23,923,444,976.08	
	Services	4,000,000,000.00	40.00	1,600,000,000.00	40% x 7.5%	3.00	3,883,495,145.63	
	Total	29,000,000,000.00						
	Combined		31.38	9,100,000,000.00			27,806,940,121.71	
	Company status		National; 55% owned by Indonesian			7.5%		
	Work location		75% in Indonesia				25,866,921,043.45	
B	Goods	24,500,000,000.00	35.00	8,575,000,000.00	35% x 15%	5.35	23,277,909,738.72	
	Services	4,500,000,000.00	50.00	2,250,000,000.00	50% 7.5%	3.75	4,337,349,397.59	
	Total	29,000,000,000.00						
	Combined		37.33	10,8250,000,000.00			27,615,259,136.31	
	Company status		Consortium between National and Foreign Companies, Foreign Company as the Leader.			0		
	Work location		50% in Indonesia				27,615,259,136.31	
								II

C	Goods	26,000,000,000.00	35.00	9,100,000,000.00	35% x 15%	5.25	24,703,087,885.99	
	Services	5,000,000,000.00	50.00	2,500,000,000.00	50% x 7.5%	3.75	4,819,277,108.43	
	Total	31,000,000,000.00						
	Combined		37.42	11,600,000,000.00			29,522,364,994.42	
	Company status		Consortium between National and Foreign Companies, >50% Indonesian/Indonesian government-owned National Company as the Leader.			5%		
	Work location		50% in Indonesia				28,116,538,089.92	III

Applicable to: tenders for procurement of Contracting Services partaken by Suppliers of Contracting Services committed to undertaking the works with minimum 30% combined Domestic Content achievement.

PROCUREMENT LIST
SC-01

No.	Types of Goods/ Services (Description)	Specification of Goods / Services	Quantity	Unit Price	Total Amount	Target DC (%)	Contract Duration	Budget		
								Previous Year Expenditures	Current Year Expenditures	Potential Future Years Expenditures
1.										
2.										
Etc.										

Note: The procurement packages that are regular, of small value and consist of several contracts, such as office equipment, may be bundled as one procurement package.

PROCUREMENT LIST
SC-01

Example

No.	Types of Goods/ Services (Description)	Specification of Goods / Services	Quantity	Unit Price	Total Amount	Target DC (%)	Contract Duration	Budget		
								Previous Year Expenditures	Current Year Expenditures	Potential Future Years Expenditures
1.	Land Rig	1500 HP Top Drive Mob/Demob/ Move Interwell accessories	365 days	20,000	7,300,000	55%	365 days			
2.	Office Equipment	Copy machine, stationery, etc.	1 Lot	2,000,000	2,000,000	60%	2 years		1,000,000	1,000,000
3.	AHTS	6500 HP	1095	10,000	10,950,000	20%	2 years	3,650,000	3,650,000	3,650,000

CHECKLIST OF SUPPORTING DOCUMENTS FOR
PROCUREMENT PLAN PROPOSAL
Form SC-02

PSC Contractor	:		Bid No.	:	
Bid Title	:		Letter No.	:	
			Date	:	

No.	Document	Status (Available/Not available/ Not required)	Note	Attached File (in PDF)
1.	Cover Letter			
2.	Executive Summary			
3.	Copy of Material Requisition, work plan and technical specification which is the outcome of the budget proposal discussion (WP&B or AFE or attachment to AFE Proposal).			
4.	The procurement planning/schedule including the prequalification process (if any)			
5.	An accountable justification for the direct selection or direct appointment exercise			
6.	The planned contract duration.			
7.	Copy of AFE for multi-years main projects or Annex procurement program other than the multi-years main project.			
8.	Copy of the procurement announcement plan.			

9.	Copy of the PSC Contractor's authorized officer decision letter on the Procurement Committee.			
10.	Copy of the Bid Document			
	- Instruction to Bidders			
	- Contract draft			
	- Appendices			
11.	Others			
	- Procurement method			
	- Bid opening method			
	- Evaluation method			
	- Bank accounts of the payer and recipient in Indonesia			
	- Arbitration in BANI (Indonesian Arbitration) if applicable			

Jakarta, date of review

Reviewers : PSC Contractor officer and BPMIGAS

Note : Every procurement plan proposal submitted shall enclose the checklist duly filled out along with a CD containing the requested files in PDF format.

The procurement proposal shall be prepared in a binder with dividers clearly indicating the requested files according to the checklist.

CHECKLIST OF SUPPORTING DOCUMENTS FOR
PROCUREMENT PLAN PROPOSAL
Form SC-02

Example

PSC Contractor	:		Bid No.	:	
Bid Title	:		Letter No.	:	
			Date	:	

No.	Document	Status (Available/Not available/ Not required)	Note	Attached File (in PDF)
1.	Cover Letter	(write down the relevant)	Brief description on: - Scope of work - Procurement Method (tender/ DS/DA) - Bid opening method - Contract duration - Estimated contract value - Contact person	File Name: Letter number in lowercase and numeral, e.g: No. 1978/JKT/2008 shall be written: 1978jkt 2008
2.	Executive Summary	Ibid.	Fill up with: Need and market analysis SOW and budget Procurement strategy (tender/ DS/DA, package/bundling, etc) Screening/evaluation method Commercial aspect	Summary-(Bid No)- (PSC Contractor initial) e.g: summary-6206 xk-cpi

3.	Copy of Material Requisition, work plan and technical specification which is the outcome of the budget proposal discussion (WP&B or AFE or attachment to AFE Proposal).	ibid	Request from users	request-(Bid No)-PSC Contractor initial
4.	The procurement planning/schedule including the prequalification process (if any)	ibid	Procurement procedure from the initiation to contract signing	schedule-(Bid No)-PSC Contractor initial/first name
5.	An accountable justification for Direct Selection or Direct Appointment exercise	ibid		justification-(Bid No)-PSC Contractor initial
6.	The planned contract duration.	ibid	Contract duration and the commencement and termination date of the contract	
7.	Copy of AFE for multi-years main projects or Annex procurement program other than the multi-years main projects.	ibid	Copy of AFE approval or AFE proposal letter, along with the details or tabulated fund allocation for the procurement. Copy of WP&B along with the details or tabulated fund	budget-(Bid No)-PSC Contractor initial
8.	Copy of the procurement announcement plan.	ibid		announcement-(Bid No)-PSC Contractor initial
9.	Copy of the PSC Contractor's authorized officer decision letter on the Procurement Committee.	ibid	Appointment letter as the Procurement Committee with min. 5 members and in odd number, certified as a procurement committee	committee-(Bid No)-PSC Contractor initial
10.	Copy of the Bid Document	ibid		

	- Instruction to Bidders	ibid		itb-(Bid No)-PSC Contractor initial
	- Contract draft	ibid		contract-(Bid No)-PSC Contractor initial
	- Appendices	ibid		appendices-(Bid No)-PSC Contractor initial
11.	Others <ul style="list-style-type: none"> - Procurement method - Bid opening method - Evaluation method - Bank accounts of the payer and recipient in Indonesia - Arbitration in BANI (Indonesian Arbitration) if applicable 	ibid		

Jakarta, date of review

Reviewers : PSC Contractor officer and BPMIGAS

Note : Every procurement plan proposal submitted shall enclose the checklist duly filled out along with a CD containing the requested files in PDF format.
The procurement proposal shall be prepared in a binder with dividers clearly indicating the requested files according to the checklist.

TENDER EXERCISE SUMMARY **(FORM SC-003)**

I. PRE-TENDER DATA

1.	Project Name	
2.	Bid Reference Number	
3.	PSC Contractor	
4.	PSC Contractor's highest authority	
5.	Tendered block	
6.	No. and value of AFE/Budget (ref: BPMIGAS approval)	
7.	Owner Estimate. Details shall be attached.	
8.	Duration of the commissioning/contract period/ delivery of goods	

II. TENDER CHRONOLOGY

		Tender	Re-tender
1.	Open/restricted tender		
2.	Bid submission method (one envelope/ two envelopes/two stages)		
3.	Announcement in the mass media (the date and newspapers)		
4.	Number and date of the proposal plan approval		
5.	Date of the Invitation to Bid		
6.	Date of Tender Document collection		
7.	Bid closing/opening		
8.	a. In the case of a re-tender, provide the reason for the failed tender		
	b. Date of the notification of cancelled/ failed tender to companies submitting the bids		

III. TENDER DATA

1.	No.	Company invited	Company collecting the Tender Document	Company submitting the bid	Company not submitting the bid	Participation	
						Pre-bid Meeting date	Site visit date
	1.						
	2.						
	3.						
	4.						
	5.						
	6.						
	7.						
	8.						
	Etc.						
	Total						

2.	The completeness of the documents in the Bid Opening (Bid Opening Summary attached)						
	No.	Company	Deed of Incorporation (available/not available)	Certificates from associations	Registered vendor at		SIUP/SIUIJK (available/not available)
					Ditjen Migas (Y/N)	(available/not available)	
	1						
	2						
	3						
	4						
	5						
	6						
	7						
	Etc.						
	No.	Tax File No.	Bank Reference (available/not available)	Latest Balance Sheet (available/not available)	ASTEK/JAMSOSTEK (available/not available)		Work Experience (available/not available)
	1						
	2						
	3						
	4						
	5						
	6						
	7						
	Etc.						
3.	Number of qualified bids						
4.	Number of unqualified bids						
5.	Reason for unqualified bids for each bid						

6.	Administrative & technical evaluation					
	Company		Administratively qualified or not	Technically qualified or not		
	1. PT					
	2. PT					
	3. PT					
	4. PT					
	5. PT					
7.	Clarification to each bidder if its bid does not meet the requirements					
8.	Bid Price during the Bid Opening					
	No.	Company	Bid Proposal			
			Price as bid (US\$/Rp)	DC (%)	Signed by the authorized (Y/N)	Bid validity (Y/N)
	1					
	2					
	3					
	4					
	5					
	6					
	Etc.					
	No.	Bid Bond validity months/days				
		US\$ / Rp.	1-3%	Title/Requirements (met/not met)	Valid until	Remarks
	1					
	2					
	3					
	4					
	5					
	6					
	7					
	8					
	Etc.					
9.	Lowest valid bid					
10	Highest valid and qualified bid					
	No.	Company Name	Bid Price (US\$ / Rp)			
			As Bid	Normalization	After DC preference	Ranks
	1					I
	2					II
	3					III

12.	Proposed Company	
13.	Proposed Price	
14.	Execution/contract duration	
15.	Clear reasons pertaining to the proposed company (technically or economically)	1.* 2. 3. Etc.
16.	Other information	*

..... date

Approved/Disapproved
Authorized Officer

Bid Committee Chairman

(.....)

(.....)

Note:

1. If the columns (*) are not sufficient, provide in additional sheets or attachments by citing the column number.
2. The evaluation summary form is the attachment to the PSC Contractor's recommendation letter.

CHECKLIST OF SUPPORTING DOCUMENTS
NOMINATION OF TENDER WINNER
Form SC-04

PSC Contractor	:		Bid No.	:	
Bid Title	:		Letter No.	:	
			Date	:	

No.	Document	Status (Available/Not available/ Not required)	Note	Attached File (in PDF)
1.	Cover Letter		-	
2.	Minutes of pre-bid meeting			
3.	Bid Opening minutes			
4.	Negotiation minutes			
5.	Minutes of tender outcome			
6.	Copy of AFE for multi years main projects or Annex Procurement Program for those other than the multi years main projects.			
7.	Validated OE/EE.			
8.	Tabulated comparison of the details of the nominee's bid against those of the OE/EE or normalized OE/EE.			
9.	Domestic Content calculation form (SC-02)			
10.	Summary of the tender process and outcome (SC-01)			

11.	A statement letter declaring the capability to conduct the work in accordance with the final target if the selected proposal is less than 80% of the OE/EE.			
12.	The bid proposal of the nominee proposed by the Procurement Committee/Officer.			
13.	A statement letter declaring that the tender conducted is in accordance with the prevailing provisions signed by the PSC Contractor's highest authority or attorney.			
14.	A statement letter declaring that the work scope and procurement budget are in accordance with the work scope and budget approved by BPMIGAS.			

Jakarta, date of review

Reviewers : PSC Contractor officer and BPMIGAS

Note : Every procurement plan proposal submitted shall enclose the checklist duly filled up along with a CD containing the requested files in PDF format.

The procurement proposal shall be prepared in a binder with dividers clearly indicating the requested files according to the checklist.

CHECKLIST OF SUPPORTING DOCUMENTS
NOMINATION OF TENDER WINNER
Form SC-04

Example

PSC Contractor	:		Bid No.	:	
Bid Title	:		Letter No.	:	
			Date	:	

No.	Document	Status (Available/Not available/ Not required)	Note	Attached File (in PDF)
1.	Cover Letter	Write down the relevant	Brief description on: - The chronology - The nominee - Contract value - Domestic Content - Contact person	File Name: Letter number in lowercase and numeral, e.g: No. 1978/JKT/ 2008 shall be written: 1978jkt 2008
2.	Minutes of pre-bid meeting	ibid	Copy of the pre-bid meeting minutes along with the attendance list for the initial tender, re-tender or direct selection.	Clarification-(Bid No)-(PSC Contractor initial), e.g: Clarification-b2054856-cnooc

3.	Bid Opening minutes	ibid	Copy of the first and/or second envelope bid opening minutes along with the attendance list, for the initial tender, re-tender, direct selection and direct appointment.	Envelope-(Bid No)-(PSC Contractor initial)
4.	Negotiation minutes	ibid	Copy of the negotiation minutes	Negotiation-(Bid No)-(PSC Contractor initial)
5.	Minutes of tender outcome	ibid	Copy of the minutes of tender/ direct selection/direct appointment outcome	Mto-(Bid No)-(PSC Contractor initial)
6.	Copy of AFE for multi-years main projects or Annex Procurement Program for those other than the multi-years main projects.	ibid	Copy of AFE or WP&B complete with the details and tabulated allocation for the procurement	Budget-(Bid No)-(PSC Contractor initial)
7.	Validated OE/EE.	ibid	Copy of OE/EE signed by the PSC Contractor's authorized officer	oe-(Bid No)-(PSC Contractor initial)
8.	Tabulated comparison of the details of the nominee's bid against those of the OE/EE or normalized OE/EE.	ibid	Clear.	Tabulation-(Bid No)-(PSC Contractor initial)
9.	Domestic Content calculation form (SC-02)	ibid	Copy of SC-02 forms of the 3 (three) top bidders	sc02-(Bid No)-(PSC Contractor initial)
10.	Summary of the tender process and outcome (SC-01)	ibid	Pursuant to PTK007	sc01-(Bid No)-(PSC Contractor initial)

11.	A statement letter declaring the capability to conduct the work in accordance with the final target if the selected proposal is less than 80% of the OE/EE.	ibid	A statement letter from the nominated bidder (only if the bid price is less than 80% of the OE/EE)	Capable-(Bid No)-(PSC Contractor initial)
12.	The bid proposal of the nominee proposed by the Procurement Committee/Officer.	ibid	The proposal from the bidder nominated by the PSC Contractor.	Hardcopy only
13.	A statement letter declaring that the tender conducted is in accordance with the prevailing provisions signed by the PSC Contractor's highest authority or attorney.	ibid	Clear.	asptk007-(Bid No)-(PSC Contractor initial)
14.	A statement letter declaring that the work scope and procurement budget are in accordance with the work scope and budget approved by BPMIGAS.	ibid	Clear.	asbudget-(Bid No)-(PSC Contractor initial)

Jakarta, date of review

Reviewers : PSC Contractor officer and BPMIGAS

Note : Every procurement plan proposal submitted shall enclose the checklist duly filled up along with a CD containing the requested files in PDF format.
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CHECKLIST OF SUPPORTING DOCUMENTS
CHANGE OF SCOPE OF WORK (CSW) / CHANGE OF CONTRACT DURATION (CCD)
Form SC-05

PSC Contractor	:		Bid No.	:	
Bid Title	:		Letter No.	:	
			Date	:	

No.	Document	Status (Available/Not available/ Not required)	Note	Attached File (in PDF)
1.	Copy of the initial contract	Write down the relevant	-	
2.	Accountable justification/technical reasons			
3.	Negotiation minutes and the agreed negotiation price			
4.	Correspondences with the Supplier pertaining to the CSW / CCD			
5.	Technical approval from the relevant BPMIGAS function			
6.	Form FL-003 – Summary of Evaluation on the CSW/CCD			

Jakarta, date of review

Reviewers : PSC Contractor officer and BPMIGAS

Note : Every procurement plan proposal submitted shall enclose the checklist duly filled up along with a CD containing the requested files in PDF format.

The procurement proposal shall be prepared in a binder with dividers clearly indicating the requested files according to the checklist.

**SUMMARY OF EVALUATION ON THE
CHANGE OF SCOPE OF WORK (CSW) / CHANGE OF CONTRACT DURATION (CCD)
Form SC-06**

PSC Contractor :	Project :
Bid Title :	Contract :
- No. :	- No. :
- Value :	- Value :
- BPMIGAS Approval :	- BPMIGAS Approval :

No.	No of CSW / CCD	Scope of Work		Value				BPMIGAS Approval	
		Addition / Reduction	Reason for the change	As Contract	Proposal	Negotiation Result	Variation	Change of Scope of Work	Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amount of CSW proposed									
Amount of CSW approved									

Note:

No. (1) until (8) are to be filled out by the PSC Contractors

No. (9) until (1) are to be filled out by BPMIGAS

PSC CONTRACTOR:

SUMMARY OF THE EXERCISE OF THE PROCUREMENT OF GOODS
 MONTH: to YEAR
 Form SC-07

No.	Procurement Method	US\$/ IDR	Award Approval		Total	Domestic Component	%	Small Enterprise/ Small Cooperative	%
			PSC Contractor	BPMIGAS					
(1)	(2)	(3)	(4)	(5)	(6 = 4 + 5)	(7)	(8)	(9)	(10)
1.	Tender	US\$ Rp							
2.	Direct Selection	US\$ Rp							
3.	Direct Appointment	US\$ Rp							
4.	Pro Card	US\$ Rp							
5.	E-Procurement	US\$ Rp							
	Total	US\$							
		Rp							

Note : (8 = 7/6)
 (10 = 9/6)

PSC CONTRACTOR:

LIST OF THE EXERCISE OF THE PROCUREMENT OF GOODS
MONTH: to YEAR
Form SC-08

No.	PO No.	Value		UKK Y/N	Domestic Content			
		US\$	Rp		US\$	%	Rp	%
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
TOTAL								

PSC CONTRACTOR:

SUMMARY OF THE EXERCISE OF THE PROCUREMENT OF SERVICES
 MONTH: to YEAR
 Form SC-09

No.	Procurement Method	US\$/ IDR	Award Approval		Total	Domestic Component	%	Small Enterprise/ Small Cooperative	%
			PSC Contractor	BPMIGAS					
(1)	(2)	(3)	(4)	(5)	(6 = 4 + 5)	(7)	(8)	(9)	(10)
1.	Tender	US\$ Rp							
2.	Direct Selection	US\$ Rp							
3.	Direct Appointment	US\$ Rp							
4.	Pro Card	US\$ Rp							
5.	E-Procurement	US\$ Rp							
	Total	US\$							
		Rp							

Note : (8 = 7/6)
 (10 = 9/6)

PSC CONTRACTOR:

LIST OF THE EXERCISE OF THE PROCUREMENT OF SERVICES
MONTH: to YEAR
Form SC-10

No.	PO No.	Value		UKK Y/N	Domestic Content			
		US\$	Rp		US\$	%	Rp	%
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
TOTAL								

PSC CONTRACTOR:

EXERCISE REPORT
CHANGE OF SCOPE OF WORK / CHANGE OF CONTRACT DURATION
MONTH: to YEAR
Form SC-11

No.	Contract Number	US\$ / Rp	Initial Contract Value	Total		BPMIGAS Approval	
				Value	%	Value	%
(1)	(2)	(3)	(4)	(5)	(6 = 5/4)	(7)	(8 = 7/4)
1							
2							
3							
4							
5							
6							
7							
8							
TOTAL		US\$					
		Rp					

FORM
DOMESTIC CONTENT CALCULATION – GOODS
FORM SC-012A

Supplier's name:		Assessment by Manufacturer Cost per 1 (one) Unit			
Cost Component		Cost of Domestic Components	Cost of Foreign Components	Total Cost	% Cost Components
		US\$ / Rp			
		a	b	c = a + b	d
I.	Biaya Langsung Material (Direct Material Cost)				
II.	Tenaga Kerja Langsung (Direct Labor Cost)				
III.	Biaya Tidak Langsung Pabrik (Factory Overhead)				
IV.	JUMLAH BIAYA TOTAL (TOTAL COST)				

Note:

- d = Total Cost per Type of Cost / Total Amount of Cost
- Cost of Domestic Components is the cost of components purchased from local manufacturers.
- Cost of Foreign Component is the cost of components purchased from overseas manufacturers.

$$\% \text{ DC for Goods} = \frac{\text{Total Cost (IV.c)} - \text{Total Cost of Foreign Components (IV.b)}}{\text{Total Cost (IV.c)}}$$

$$\% \text{ DC for Goods} = \frac{\text{Total Cost of Domestic Components (IV.a)}}{\text{Total Cost (IV.c)}}$$

- Domestic Content calculation shall be conducted by the manufacturer.
- DC statement reaching $\geq 25\%$ shall be endorsed by the relevant governmental agency in the field of industry.

FORM
DOMESTIC CONTENT CALCULATION – GENERAL SERVICES
FORM SC-012B

Supplier's name:		Jumlah Nilai Penawaran (Total Quoted Price)				
Cost Component		DC	FC	Total	DC	
		US\$ / Rp			%	Rp / US\$
a		b	c	d	(e=b/d)	(f=dxe)
I.	Biaya Langsung Material (Direct Material Cost)					
II.	Peralatan & Fasilitas Kerja (Equipment)					
III.	Tenaga Kerja & Konsultan (Personnel)					
IV	Manajemen (Management)					
V.	Jasa Umum, dll (Other Services)					
VI.	JUMLAH BIAYA TOTAL (TOTAL COST)					

Note:

- Cost of Domestic Components is the cost of components purchased from local manufacturers, owned and/or carried out by Indonesian nationals/National Companies.
- Cost of Foreign Component is the cost of components purchased from overseas manufacturers, owned by foreign individuals/companies or carried out by foreign individuals/companies.

$$\% \text{ DC for Services} = \frac{\text{Total Cost} - \text{Total Cost of Foreign Components}}{\text{Total Cost}}$$

$$\% \text{ DC for Services} = \frac{\text{Total Cost of Domestic Components}}{\text{Total Cost}}$$

- Domestic Content calculation shall be conducted by the Supplier of Services.

FORM
DOMESTIC CONTENT CALCULATION – PROJECT
FORM SC-012C

Supplier's name:		Jumlah Nilai Penawaran (Total Quoted Price)				
Description	DC	FC	Total	DC		
	US\$ / Rp			%	Rp / US\$	
a	b	c	(d=b+c)	(e=b/d)	(f=dxe)	
A. GOODS						
I.	Material Terpakai (Material Used)					
II.	Peralatan & Fasilitas Kerja (Installed Equipment)					
	Sub Total A					
B. SERVICES						
III.	Personil / Konsultan (Personnel)					
IV	Alat Kerja / Peralatan (Equipment)					
V.	Konstruksi / Fabrikasi (Construction / Fabrication)					
VI.	Jasa Umum, dll (Other Services)					
	Sub Total B					
VI.	TOTAL = Sub Total A + B					

Note:

- Cost of Domestic Components is the cost of components purchased from local manufacturers, owned and/or carried out by Indonesian nationals/National Companies.
- Cost of Foreign Component is the cost of components purchased from overseas manufacturers, owned by foreign individuals/companies or carried out by foreign individuals/companies.

$$\% \text{ Combined DC} = \frac{\text{Total Cost of Domestic Goods + Domestic Services}}{\text{Total Cost}}$$

- DC of Goods shall be calculated based on the Domestic Content value and Sub Total of Part A.
- DC of Services shall be calculated based on the Domestic Content value and Sub Total of Part B.
- Combined DC is used only as data in the registration and contract stages.
- DC calculation shall be conducted by the Suppliers.

PSC CONTRACTOR:

REPORT ON REALIZATION OF DOMESTIC CONTENT
PROCUREMENT OF GOODS / SERVICES
MONTH: TO YEAR
Form SC-12D

NO	CONTRACT		DURATION		SUPPLIER	SE/NSE	US\$ Rp	Contract Value	Progress	DC Realization	Note
	No.	Title	Start	End							
A	B	C	D	E	F	G	H	I	J	K	L

Note:

D = month-year (mm-yyyy) effective commencement of the Contract

E = month-year (mm-yyyy) effective end of the Contract

G = carried out by Small Enterprise (SE) or Non Small Enterprise (NSE)

I = Total Contract Value

J = percentage of the commissioning of the work in the Contract/PO up to the day when the report is prepared.

K = percentage of the use of domestic components in the commissioning of the work in the Contract/PO up to the day when the report is prepared.

L = information on the conformity of the actual DC achieved to the DC commitment: beyond/below/as per target.