PNPM Support Facility Trust Fund (PSF)
Grant Agreement

(National Program for Community Empowerment in Rural Areas – Healthy and Bright Generation (PNPM Generasi) Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of grant funds provided by donors under the Support Facility for the National Program for Community Empowerment (PNPM) Multi Donor Trust fund (PSF)

June 25, 2013
AGREEMENT dated June 25, 2013, entered into between:

REPUBLIC OF INDONESIA ("Recipient"); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as administrator of grant funds provided by donors under the Support Facility for the National Program for Community Empowerment Multi Donor Trust Fund (TF070967) ("PSF").

The Recipient and the World Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

**Article II**  
**The Project**

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient, through MOHA, shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III**  
**The Grant**

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirty one million seven hundred thousand United States Dollars (US$31,700,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Minister of Finance.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
c/o Directorate General of Debt Management
Gedung Frans Seda
Jalan Dr. Wahidin No. 1
Jakarta 10710
Indonesia

Cable: FINMINISTRY 45799
Facsimile: 62-21-381-2859
Jakarta

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telec: 248-23 (MCI) or 641-5 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Jakarta, Republic of Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: Robert Pakpahan

Title: Expert Staff of the MOF on State Revenue With Full Mandate as DG of Debt Management

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of grant funds provided by donor under the Support Facility for the National Program for Community Empowerment Multi Donor Trust fund (PSF)

By

Authorized Representative

Name: Josephine Bassinette

Title: Acting Country Director, Indonesia
SCHEDULE 1

Project Description

The objective of the Project is to empower local communities in poor, rural sub-districts in Project Provinces to increase utilization of health and education services and foster accountability in local service delivery.

The Project consists of the following parts:

Part 1: Kecamatan Grants

(a) Providing grants to Project Kecamatan to finance investment activities that improve the use of and access to health and education services.

(b) Providing support to finance: (i) the planning and preparation of Sub-project proposals; and (ii) training and capacity building activities for communities.

Part 2: Community Empowerment and Facilitation Support

Providing technical assistance for: (a) community empowerment and facilitation, including training to improve community skill levels in diagnosing and overcoming constraints to health and education service utilization; (b) improving communications with, and linkages to, local government health and education offices and service providers and communities; and (c) the management of the Management Information System database.

Part 3: Implementation Support and Technical Assistance

(a) Providing support for strengthening the management and oversight capacity of the PNPM Generasi Secretariat, including the carrying out of workshops, coordination activities with line ministries and field supervision activities.

(b) Providing technical assistance for health and education planning and database management, including the financing of salaries, travel and field supervision costs of PNPM Generasi National Specialists and PNPM Generasi Provincial Specialists.

(c) Providing training for Facilitators, PNPM Generasi National Specialists and PNPM Generasi Provincial Specialists at all levels of program delivery, including refresher training for existing facilitators and specialists, pre-service training for new facilitators and specialists, specialized training for district database operators, and carrying out regional evaluation workshops.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. At the National level, the Recipient shall:

(a) ensure that the Project shall be implemented under the umbrella of PNPM, and subject to the overall guidance of Pokja Pengendali PNPM;

(b) through MOHA, des gane PMD to be responsible for the overall management and monitoring of the Project; and

(c) except as the World Bank and the Recipient may otherwise agree in writing, cause PMD to:

(i) maintain, until the completion of the Project, the PNPM Generasi Secretariat, with a mandate, staff composition, filled staff positions and terms of reference acceptable to the World Bank and the Recipient, to be responsible for the management and monitoring of the Project;

(ii) ensure that the PNPM Generasi Secretariat shall be provided with adequate resources, and supported by qualified personnel in adequate numbers as needed to accomplish the objectives of the Project;

(iii) ensure that the appointment letter (surat keputusan) for the PNPM Generasi Secretariat is issued in a timely manner in the first quarter of each calendar year;

(iv) ensure that the Project shall be supported by suitably qualified Project Manager and PNPM Generasi National Specialists to oversee the quality of Project implementation in accordance with the Operations Manual, in each case with terms of reference satisfactory to the Recipient, through PMD, and the World Bank;

(v) ensure coordination, as necessary, with the National Management Consultants;

(vi) ensure coordination, as necessary, with the Pokja Pengendali PNPM; and

(vii) utilize, until the completion of the Project, the Joint Secretariat comprised of representatives of the relevant directorates in PMD to improve coordination and programming including budget, of the PNPM activities.
2. At the Province level, the Recipient shall, except as the World Bank and the Recipient may otherwise agree in writing:

   (a) ensure that the Project be supported by suitably qualified PNPM Generasi Provincial Specialists to oversee the quality of Project implementation in the Provinces in accordance with the Operations Manual, with terms of reference satisfactory to the Recipient, through PMD, and the World Bank;

   (b) cause to be established in each Province prior to the disbursement of any Kecamatan Grant in such Province, and/or maintained until the completion of the Project, a Provincial Satker, to be responsible for the day-to-day implementation of the Project at the Province-level, with a mandate, composition, filled staff positions and terms of reference acceptable to the World Bank and the Recipient, through PMD, and set out in the Operations Manual;

   (c) ensure that each Provincial Satker be provided with adequate resources, and supported by qualified personnel in adequate numbers as needed to accomplish the objectives of the Project, including, a Province-level PJOPro;

   (d) ensure that each Provincial Satker shall coordinate Project activities, as necessary, with the Provincial Poverty Alleviation Coordination Team responsible for its respective Province; and

   (e) ensure that the appointment letter (surat keputusan) for each Provincial Satker is issued in timely manner in the first quarter of each calendar year.

3. At the District (Kabupaten) level, the Recipient shall, except as the World Bank and the Recipient may otherwise agree in writing:

   (a) cause to be established in each Project Kabupaten prior to the disbursement of any Kecamatan Grant in such Project Kabupaten, and/or maintained until the completion of the Project, a Kabupaten Satker, to be responsible for the day-to-day implementation of the Project at the Kabupaten and Kecamatan levels, with a mandate, composition and terms of reference acceptable to the World Bank and the Recipient, as set out in the Operations Manual;

   (b) ensure that each Kabupaten Satker shall be provided with adequate resources, and supported by qualified personnel in adequate numbers as needed to accomplish the objectives of the Project, including, a Kabupaten-level PJOKab and at least two Facilitators (including one financial Facilitator) except as may be otherwise agreed in writing on a case by case basis between PMD and the World Bank;

   (c) ensure that each Kabupaten Satker shall coordinate Project activities, as necessary, with the Kabupaten Poverty Alleviation Coordination Team responsible for its respective area; and

   (d) ensure that the appointment letter (surat keputusan) for each Kabupaten Satker is issued in timely manner in the first quarter of each calendar year.
4. At the Sub-District (Kecamatan) level, the Recipient shall, except as the World Bank and the Recipient may otherwise agree in writing, ensure through PMD that all Sub-project activities are supported by at least one Facilitator and, when necessary, an assistant Facilitator to support communities with Project implementation in the field, except as may be otherwise agreed in writing on a case by case basis between PMD and the World Bank.

5. At the Sub-District (Kecamatan) and Village level, the Recipient, through PMD, shall, except as the World Bank and the Recipient may otherwise agree in writing, maintain implementation and institutional arrangements in accordance with the Operations Manual.

6. The Recipient, through PMD, shall ensure that the PNPM Generasi National Specialists are in place in a timely manner as necessary to facilitate implementation of the Project.

B. Implementation Arrangements

1. The Recipient shall, through the PMD:

(a) implement the Project in accordance with Operations Manual, including all annexes and supplements thereto acceptable to the World Bank and the Recipient, giving details of: (i) implementation arrangements; (ii) procurement procedures as set forth in Section III of this schedule and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Section I.E of this Schedule; (iv) project performance indicators; (v) the Implementation Guidelines on Social and Environmental Safeguards, which constitutes a supplement to the Operations Manual; (vi) Eligibility Criteria for the selection of Sub-projects and the terms and conditions of governing the Kecamatan Grants and Local Government Participation, including the terms and conditions set forth in Annex 1 to this Schedule; (vii) maintenance provisions for works to be carried out under a Sub-project; (viii) the Better Governance Action Plan; (ix) the Management Information System description and procedures; and (x) the Complaints Handling System description and procedures;

(b) implement Sub-projects in accordance with the PNPM Generasi Supplemental Manual, acceptable to the Recipient and the World Bank, as necessary to set out the incremental scope of activities, eligibility criteria, implementation arrangements and disbursement mechanisms;

(c) not amend, suspend, alter, repeal or waive any provisions of the Operations Manual or the PNPM Generasi Supplemental Manual without the prior written agreement of the World Bank and the Recipient;

(d) ensure that the Operations Manual including all annexes and supplements thereto, and the PNPM Generasi Supplemental Manual, as applicable, is made available, at all times until completion of the Project, to each Local Government and all PNPM Generasi Provincial Specialists and Facilitators, and applied in the carrying out of Sub-projects; and

(e) with the prior written agreement of the World Bank, update the Operations Manual, and the PNPM Generasi Supplemental Manual, as necessary, at all times ensuring compliance therewith of the terms of this Agreement.
2. In the event of any conflict between the provisions of the Operations Manual or the PNPM Generasi Supplemental Manual and the provisions of this Agreement, the latter shall prevail.

3. The Recipient, through PMD, shall ensure that only Sub-projects prepared, selected and implemented in accordance with the Eligibility Criteria and the terms and conditions for Sub-Projects and Kecamatan Grants set forth in Annex 1 to this Schedule 2, the Operations Manual, and the PNPM Generasi Supplemental Manual shall be financed out of the proceeds of the Grant.

4. The Recipient, through PMD, shall ensure that the promotional job advertisement for consultants under the Project and Facilitators includes encouragement for women participation.

5. The Recipient, through PMD, shall ensure that:
   (a) Facilitators are assigned and trained by no later than June 30 in each year of Project implementation in accordance with the Operations Manual;
   (b) during Project implementation, adequate budget is made for training of Facilitators consultants based on a training plan agreed in writing between the World Bank and the Recipient;
   (c) monthly salary payment for PNPM Generasi National Specialists, PNPM Generasi Provincia, Specialists, staff of the PNPM Generasi Secretariat and Facilitators is made in timely manner each month and operational and travel expenses are paid in timely manner during Project implementation; and
   (d) prior to the commencement of each Sub-project, the Technical Facilitator(s) for the Kabupaten or Kecamatan of the Beneficiaries responsible for such Sub-Project shall have completed a technical review of each such Sub-project in accordance with the Operations Manual and the PNPM Generasi Supplemental Manual, as applicable, and the requirements of Annex 1 to this Schedule 2. The Recipient, through PMD, shall ensure that the applicable Kabupaten Satker shall retain records of each such review.

6. The Recipient, through PMD, shall, during implementation of the Project, continue to develop an updated Management Information System based on performance indicators and control data agreed in writing between the Recipient and the World Bank.

7. The Recipient, through PMD, shall ensure that a list of Project Kecamatan, a list of amounts of each Kecamatan Grant, the Operations Manual and the PNPM Generasi Supplemental Manual are made available to the public through the PNPM Website, at all times until completion of the Project.

8. The Recipient, through the PND, shall ensure that the relevant Camat and Bupati in each Project Kecamatan and Project Kabupaten shall make publicly available, in a manner acceptable to the Recipient and the World Bank, a report on the results of Project implementation and accounts for funds used during each year of Project implementation, by no later than May 15 of each subsequent year.
9. The Recipient, through FMD, shall ensure that: (a) all annual audit reports referred to in Section II.B of this Schedule 2, including Kabupaten audit reports, shall be published on the PNPM Website by no later than September 30 in each year of Project implementation for the prior year annual audit reports, commencing on September 30, 2014 for the 2013 annual audit reports; and (b) appropriate action to follow up on any audit findings is taken at the National, Provincial, Kabupaten or Kecamatan level, as applicable, and reported as part of the regular quarterly report and made available on the PNPM Website.

10. The Recipient shall ensure that, except as the World Bank and the Recipient shall otherwise agree in writing: (a) BPKP shall carry out a continuous audit of the Project in partnership with Local Government inspectors; and (b) the terms of reference of said continuous audit shall include the percentage of audit samples agreed among PMD, BPKP and the World Bank.

11. The Recipient shall ensure that all Sub-projects, whether financed by the Grant or by other sources, shall be carried out in accordance with the Operations Manual and the PNPM Generasi Supplemental Manual.

12. The Recipient shall ensure that expenditures financed out of the proceeds of the Grant, including Sub-projects, shall not have been financed by sources other than the Grant, including from the budget of the Recipient.

13. The Recipient and the World Bank may, from time to agree in writing that the transfer of Kecamatan Grants may be excluded from the Project on an interim basis, including, without limitation, in situations where: (a) one or more Facilitator position has remained vacant for more than four months, (b) a problem related to fraud or corruption as defined in the Operations Manual remains unresolved for more than the period specified in paragraph 13(c)(i) of Section I.B of this Schedule; and/or (c) decisions with respect to the allocation of Kecamatan Grants or any activities related thereto are not taken in accordance with the eligibility, the Kecamatan Grant size formula and/or the selection criteria set out in the PNPM Generasi Supplemental Manual, or in another relevant policy document of the Recipient regarding PNPM. Upon such an agreement between the Recipient and the World Bank, the Recipient, through M-OHA, shall not transfer funds to the Kecamatan which have been temporarily excluded by written agreement between the Recipient and the World Bank.

14. **Complaints Handling.** The Recipient, through PMD, shall ensure that:

   (a) the Complaints Handling System is operated, maintained and consistently updated throughout Project implementation in accordance with the Operations Manual and terms of reference agreed in writing between the Recipient and the World Bank;

   (b) tracking of all active complaints cases continues to be made available on the PNPM Website;

   (c) the service standard and mechanism for its implementation includes the following except as may be otherwise agreed in writing between PMD and the World Bank and reflected in the Standard Operating Procedures:
(i) with respect to Kecamatan Grants, if a problem related to fraud or corruption (as defined in the Operations Manual) is reported to the PMD in Jakarta by any Facilitator or official of the Recipient charged with supervising the Project and no appropriate response (as determined by reference to the Standard Operating Procedures) is taken by PMD, by the within thirty (30) days after the report thereof, then the Provincial Coordinator shall ensure that disbursement and transfer of Kecamatan Grant funds is excluded on an interim basis in the location in question until further notice issued by PMD;

(ii) with respect to any Facilitator, if a problem related to fraud, corruption or a breach of the code of ethics (as defined in the Standard Operating Procedures) is reported to the Provincial Satker and central Satker and no decision on appropriate action (as determined by reference to the Standard Operating Procedures) is taken by the relevant Provincial Satker within thirty (30) days after the report thereof, the Facilitator shall be automatically released from all duties without pay on an interim basis until a final decision related to the Facilitator is reached by the ethics tribunal (as defined in and operating in accordance with the Standard Operating Procedures); and

(iii) these arrangements shall not be construed to waive any rights that the World Bank or the Recipient may otherwise have under the terms of this Agreement with respect to the ensuring that the proceeds of the Grant are used for the purposes of the Project and for Eligible Expenditures; and

(d) each Provincial Satker and Kabupaten Satker arranges for the local public disclosure of complaints and cases related to the Project, if any, and their handling and resolution

C. Anti-Corruption

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Better Governance Action Plan, which reaffirms the Recipient’s commitment to good governance in PNPM.

2. The Recipient shall ensure that no activities under the Project shall involve activities related to political practices or parties.

D. Environmental and Social Safeguards

1. (a) The Recipient, through PMD, shall ensure that each Sub-Project is prepared, implemented and monitored in accordance with the Implementation Guidelines for Social and Environmental Safeguards, which form a supplement to the Operations Manual, and all guidelines and checklists set out therein, including those specifically provided for Indigenous Peoples and land donation, and the Negative List.

(b) In the event of any conflict between the provisions of the Implementation Guidelines for Social and Environmental Safeguards and those of this Agreement, the latter shall prevail.
2. The Recipient, through PMD, shall apply the section of the Implementation Guidelines for Social and Environmental Safeguards in each Sub-Project that may affect Indigenous Peoples, in a manner to ensure that the Sub-Project shall:

(a) avoid, and, if not possible, minimize cultural, social and economic adverse effects on Indigenous Peoples, caused or likely to be caused by the Project, by taking appropriate mitigating measures; and

(b) through a process of free, prior and informed consultation, involve concerned Indigenous Peoples in the design and implementation of Sub-projects in which such people reside or make their living and implement measures so as to ensure that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences, and likely to protect their customary user rights; and reduce, mitigate and offset any adverse impacts of Sub-projects.

3. The Recipient, through PMD, shall ensure that the proceeds of Kecamatan Grants shall not be used to finance the acquisition of land or compensation for involuntary resettlement and that no Sub-Project shall require or permit the involuntary acquisition of land or involuntary resettlement. The Recipient, through PMD, shall ensure that in any Sub-Project involving land donation, the planning and verification procedures for land donation (voluntary donation and donation with compensation) set out in the Implementation Guidelines for Social and Environmental Safeguards shall have been followed and documented in a manner satisfactory to the World Bank and the PMD prior to the commencement of the Sub-Project.

4. The Recipient shall ensure that the proceeds of the Grant are not used to finance any activities or materials on the Negative List as set out in Section A.2 of Annex 1 to this Schedule 2.

5. The Recipient shall ensure that the terms of reference for any consultancies related to studies, technical assistance and/or capacity building under this Agreement shall be satisfactory to the World Bank following its review thereof.

6. Without limiting the obligations under Section II.A of this Schedule 2, the Recipient shall include in each Project Report: (a) information on the status of compliance with the Implementation Guidelines for Social and Environmental Safeguards; (b) details of measures taken for each Sub-Project in the implementation of such guidelines; (c) conditions, if any, in any Sub-Project which interfere or threaten to interfere with the implementation of such guidelines; and (d) remedial measures taken or required to be taken to address such conditions.

D. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of Donors to visit any part of the Recipient’s territory for purposes related to the Project.
Section II. **Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. **Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting-services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services; and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the additional procedures set out in the Annex to this Schedule.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; (b) Direct Contracting; and (c) Community Participation procedures which have been found acceptable to the World Bank.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Selection based on Consultants’ Qualifications; (b) Single-source Selection of consulting firms; (c) Selection of Individual Consultants; and (d) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

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Section IV. **Withdrawal of Grant Proceeds**

A. **General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ('Category'), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Kecamatan Grants under Part 1 of the Project</td>
<td>25,500,000</td>
<td>100% of Grant amount disbursed</td>
</tr>
<tr>
<td>(2) Goods, Consultants’ Services, Training and Workshops* and Incremental Operating Costs* under Part 2 of the Project</td>
<td>3,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, Training and Workshops*, and Incremental Operating Costs* under Part 3 of the Project</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>31,700,000</td>
<td></td>
</tr>
</tbody>
</table>

*For the purposes of this Table, the following terms shall have the following meanings: (i) “Training and Workshops” means Project-related reasonable expenditures related to the carrying out of training and workshop activities conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (ii) “Incremental Operating Costs” mean reasonable incremental costs arising under the Project on account of local contractual support staff salaries; travel and other travel-related expenditures; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance; materials and supplies; and utilities and communications expenses, but excluding salaries and honoraria of officials and staff of the Recipient.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.
ANNEX 1 to SCHEDULE 2

Terms and Conditions for Sub-projects and Kecamatan Grants

A. Eligibility Criteria for Sub-projects

1. (a) Kecamatan Grants may be provided for: (i) planning; (ii) training; and (iii) investment to support investment proposals presented on behalf of communities to finance Sub-projects other than those which are prohibited pursuant to paragraphs 2-6 of this Section A, provided, however, that such Sub-projects:

   (i) are technically and financially feasible, and capable of being implemented by the communities themselves with only locally available technical assistance;

   (ii) are of benefit to the communities, and to the poor in particular; and respond to a public need; and

   (iii) are in accordance with the Operations Manual and the PNPM Generasi Supplemental Manual.

(b) The amount of each Kecamatan Grant shall be calculated in accordance with the PNPM Generasi Supplemental Manual.

2. Negative List. No Kecamatan Grant shall be made to finance expenditures pertaining to or involving the following:

   (a) Activities related to the military or army; activities related to political practices or parties.

   (b) Building/rehabilitation of government offices or religious facilities.

   (c) Purchase of chainsaws, weapons, explosive materials, asbestos, or other environmentally destructive materials (such as pesticides, herbicides, prohibited drugs).

   (d) Purchase of any fishing boat with capacity above 10 tons and any related equipment.

   (e) Government officers’ salary.

   (f) Activities using child labor below working age per regulations of the Recipient.

   (g) Activities related to the production, storage or sale of goods with tobacco content.

   (h) Activities in locations which are stated as a natural preserve per the regulations of the Recipient, except in any case in which there is a written permit from the official responsible for management of any such locations.

   (i) Activities for mining, or collecting or usage of reefs.
Activities related to management of water resources from any river that flows from or to a country other than the territory of the Recipient.

Activities related to relocating river lines.

Activities related to reclamation of land of more than 50 hectares.

Building any new irrigation network with an area of more than 50 hectares.

Activities to build a cam or water tank with large capacity of more than 10,000 cubic meters.

3. No Kecamatan Grant shall finance the acquisition of land or the resettlement or the compensation therefore. No Kecamatan Grant shall require or permit involuntary land acquisition or involuntary resettlement.

4. No Kecamatan Grant shall be eligible for financing out of the proceeds of the Grant unless the Facilitator(s) is/are engaged and carry out their functions in such Kecamatan accordance with the Operations Manual, for a cumulative period of at least eight (8) months in each Fiscal Year.

5. No Kecamatan Grant shall be eligible for financing out of the proceeds of the Grant for a Sub-project with a value higher than the Sub-project ceiling set out in the Operations Manual.

B. Sub-project Review and Selection

1. The Recipient, through PMD, shall ensure that each Sub-project is the subject of a corresponding proposal for a Kecamatan Grant that has been prepared, submitted and reviewed in accordance with the guidelines, procedures and selection criteria set forth in the Operations Manual, the PNPM Generasi Supplemental Manual and this Annex.

2. The Recipient, through PMD, shall ensure that, with respect to each Sub-project and prior to the carrying out of Sub-project works, a technical Facilitator shall have completed a technical review of each Sub-project in accordance with the Operations Manual and the PNPM Generasi Supplemental Manual and the requirements of this Annex to ensure that all requirements have been complied with, including, except as may be otherwise agreed in writing by the World Bank and the Recipient, through PMD:

   (a) necessary funding to fully finance the proposed Sub-project has been obtained, including a Kecamatan Grant, any Local Government Participation and any additional contributions to be made by communities themselves or from other sources;

   (b) the provisions of the Implementation Guidelines for Social and Environmental Safeguards have been complied with and appropriate measures adopted in design of the Sub-Project and in implementation and monitoring planning prior to the commencement of the Sub-Project;
(c) the requirements for undertaking and documenting land donation (voluntary donation and donation with compensation) set out in the Implementation Guidelines for Social and Environmental Safeguards have been complied with, and where any land has been donated, the donation has been verified to be voluntary and documented as such prior to the commencement of the Sub-Project;

(d) the provisions of the Implementation Guidelines for Social and Environmental Safeguards pertaining to indigenous Peoples, if applicable, have been followed and free, prior and informed consultation has been documented prior to the commencement of the Sub-Project; and

(e) a maintenance program, and the budget therefor, for works to be carried out under the Sub-project and related goods has been prepared.

3. The Recipient shall ensure that the Kabupaten Satker shall retain records of each such review.

C. Terms and Conditions of Sub-project Agreements

1. Prior to the commencement of any Sub-project or the disbursement of any Kecamatan Grant, each of the following Sub-project Agreements shall be signed:

(a) between the relevant PJOK, on behalf of the Local Government, and the Project Kecamatan, through the UPK, with respect to the transfer of funds from the central government account to the UPK, and

(b) between the UPK and the Beneficiary, setting forth the respective obligations of the parties thereunder, including:

(i) that the Beneficiary shall carry out the Sub-project in accordance with this Agreement, the Operations Manual including the Implementation Guidelines for Social and Environmental Safeguards, the PNPM Generasi Supplemental Manual, the provisions of the Better Governance Action Plan, and the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient;

(ii) the requirement that each Beneficiary procure the goods, works and services to be financed out of the Sub-project in accordance with provisions that are fully consistent with the provisions of Section III of Schedule 2 to this Agreement;

(iii) that the Beneficiary shall monitor and evaluate the progress of the Sub-project in accordance with the Operations Manual;
(iv) that the Beneficiary shall maintain a financial management system in accordance with the Operations Manual and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank and the Recipient; in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Project and at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank and the Recipient in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(v) that the Beneficiary shall enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing;

(vi) rights adequate to protect the interests of the Recipient and the World Bank, including the right of the PJOK to: (A) suspend or terminate the right of the UPK or the Beneficiary to use the proceeds of Kecamatan Grant; or (B) obtain a refund of the Kecamatan Grant upon the failure of the UPK or the Beneficiary to perform any of its obligations under the Sub-project Agreement.
ANNEX 2 to SCHEDULE 2

National Competitive Bidding: Modifications to Procedures

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those of the Peelangan Umum (Public Tendering) and Pemilihan Langsung / Peelangan Sederhana (Simplified Tendering) methods as set forth in the Recipient’s Presidential Regulation No. 54/2010 as amended through July 31, 2012, including amendments set forth in the Presidential Regulation No. 70/2012, with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section 1 of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. The Pemilihan Langsung / Peelangan Sederhana method shall apply to such procurement up to the financial threshold specified in said Regulation. In the event of a conflict between the Recipient’s procedures and these modifications, the latter shall govern.

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Recipient and the Bank. The provisions of Section 1.16 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Grant shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of said Guidelines and the contract provisions set out in paragraph 1.16(e) of said Guidelines.

2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available, by mail or in person, to all international bidders who are willing to pay the required fee.

3. No preference of any kind shall be given to any bidders.

4. Under the Peelangan Umum method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the Pemilihan Langsung / Peelangan Sederhana method.

5. Bids invited under the Peelangan Umum method shall be submitted in one (1) envelope and evaluated using post-qualification.

6. No bidder shall be rejected merely on the basis of a comparison with the owner’s estimate and budget ceiling without the Bank’s prior written concurrence.

7. Bid security, at the bidder’s option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.

8. All bids shall not be rejected and new bids solicited without the Bank’s prior written concurrence.
9. Government-owned enterprises in Indonesia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient or sub-recipient.
APPENDIX

Definitions


3. “Beneficiary” means a Village, represented by its PNPM implementation team (tim pelaksanaan kegiatan, or TPK) or other entity meeting the requirements set out in the Operations Manual and in the PNPM Generasi Supplemental Manual which is the beneficiary of a Kecamatan Grant and part of a Sub-project Agreement, and “Beneficiaries” means more than one (1) Beneficiary.

4. “Better Governance Action Plan” means a stand-alone chapter of the Operations Manual designed to integrate the contents of the Anti-Corruption Guidelines and to give effect thereto, and giving details of a program of actions, measures and policies designed to reduce or eliminate fraud and corruption in all its forms under the Project, including enhanced information disclosure provision, civil society oversight provisions, mitigation measures to deal with the risks associated with collusion, forgery and fraud, a complaints handling mechanism, and an appropriate regime of sanctions and remedies, and included as applicable in each Sub-project Agreement, as such chapter may be revised from time to time with the prior written agreement of the World Bank and the Recipient, and such term includes any annexes or schedules to such chapter.


6. “Bupati” means the head of a Kabupaten.

7. “Camat” means the Kabupaten official who is the head of a Kecamatan.

8. “Complaints Handling System” means the system described in the Operations Manual and related annexes/Standard Operating Procedures, and the technical system it describes, designed to track complaints regarding the use of Kecamatan Grant funds at any level of PNPM implementation, guide resolution of such complaints, track resolution of such complaints, and if warranted in accordance with such system, as an interim measure exclude use of Kecamatan Grants in a particular Kabupaten, Kecamatan or Province, or the participation of responsible individuals or other actions authorized by the Complaints Handling System, as such system may be updated from time to time by written agreement between the Recipient, through PMD, and the World Bank.

9. “District” means a district, an administrative sub-division of a Province.

10. “Eligibility Criteria” means the criteria for a Kecamatan Grant, as set out in this Agreement, the Operations Manual and the PNPM Generasi Supplemental Manual.
11. “Facilitator” means a District or Sub-district specialist financed by the proceeds of the Grant and assigned to work with Villages to facilitate their participation in the Project, and “Facilitators” means more than one Facilitator.

12. “Fiscal Year” means the fiscal year of the Recipient.

13. “Implementation Guidelines on Social and Environmental Safeguards” means the supplement to the Operations Manual, including all annexes thereto, containing standard operating procedures, technical guidelines and Sub-Project checklists (Panduan Penerapan Kebijakan Pengamanan Sosial dan Lingkungan Hidup Dalam PNPM Mandiri Perdesaan), including references as required to the main text of the Operations Manual, for environmental and social assessment and management designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental or social impacts, or reduce such impacts to acceptable levels, including: the Negative List; specific procedures applicable to Sub-Projects involving or affecting Indigenous Peoples; and procedures related to undertaking and documenting the voluntary nature of any land donation, as such guidelines may be amended from time to time with the prior written agreement of the World Bank and the Recipient, through PMD.

14. “Indigenous Peoples” means those social groups in Indonesia that have a distinct social and cultural identity, and that are susceptible to being disadvantaged in the development process affected by the Project or any part thereof as follows: (a) masyarakat adat (customary law communities) based on lineage or locality and bound by customary law with characteristics including: (i) self-identification as a distinct indigenous cultural group; (ii) collective attachment to ancestral territories and to the natural resources in the territories; and (iii) customary cultural, economic, social, or political institutions; and (b) Komunitas Adat Terpencil (KAT) (Isolated and Vulnerable communities), a category of customary law communities designated by the Recipient that live in isolated areas with characteristics including: (i) collective attachment to ancestral territories and to the natural resources in the territories; (ii) customary cultural, economic, social, or political institutions; (iii) an indigenous language; (iv) having a subsistence economy, (v) using simple tools and technology, (vi) having a high dependence on the environment and local natural resources, and (vii) having restricted access to social, economic, and political services.

15. “Joint Secretariat” means the secretariat, established by PMD, to coordinate PNPM activities across PMD directors, as described in paragraph 1(c) of Section I.A of Schedule 2 to this Agreement.

16. “Kabupaten” means a District.

17. “Kabupaten Poverty Alleviation Coordination Team” means the local government-level working group established under Perpres 15/2010 in each Project Kabupaten, Project Kecamatan or Project Village, or any successor thereto.

18. “Kabupaten Satker” means each project management unit established and operating at the Kabupaten level in accordance with paragraph 4 of Section I.A of Schedule 2 to this Agreement.

19. “Kecamatan” means a Sub-district.
20. "Kecamatan Grant" means a grant made or to be made out of the proceeds of the Grant for the purposes of Part 1 of the Project and meeting the requirements set out in this Agreement, the Operations Manual and the PNPM Generasi Supplemental Manual, and "Kecamatan Grants" means more than one Kecamatan Grant.

21. "Local Government" means the government of a Project Kabupaten or a Project Kecamatan, as applicable, and "Local Governments" means more than one Local Government.

22. "Local Government Participation" means Local Government funding contributed to the total Sub-project cost for participating in the Project, to be made available by the government of the relevant Province or Project Kabupaten to a Project Kecamatan for a Sub-project in accordance with the formula set forth in the Operations Manual.

23. "Management Information System" means the technical system, designed and operated as described in the PNPM Generasi Supplemental Manual for recording, tracking and publishing information pertaining to the implementation of this Project, as such system may be redesigned and updated as part of ongoing development as agreed in writing between the Recipient, through PMD, and the World Bank.

24. "Menko Kesra" means the Recipient's Coordinating Ministry for Peoples' Welfare, or any successor thereto.


27. "MOHA" means the Recipient's Ministry of Home Affairs, or any successor thereto.

28. "National" refers to activities taking place at the central government level of the Recipient.

29. "National Management Consultants" means consultants financed out of the proceeds of the Grant and/or of the PNPM Rural V Loan, assigned at the central level to assist in Project implementation and monitoring.

30. "Negative List" means the list of activities and inputs for which the proceeds of the Grant shall not be used, as set out in Section A.2 of Annex 1 to Schedule 2 to this Agreement.

31. "Operations Manual" means the Operations Manual dated November 8, 2008 and further updated pursuant to paragraph 1(a) of Section 1.B of Schedule 2 to this Agreement, including all annexes and supplements thereto, which: (a) is used by the Recipient for all of PNPM including the Project; (b) has been revised and updated as necessary to reflect the Project; (c) meets the requirements of paragraph 1 of Section 1.B of Schedule 2 to this Agreement; and (d) consists of: (i) the main text of the Operations Manual (Petunjuk Teknis Operasional Program Nasional Penberdayaan Masyarakat (PNPM) Mandiri Perdesaan); (ii) Standard Operating Procedures; (iii) the elucidation/detailed technical guidelines (Penjelasan); (iv) the collection of checklists and forms (Formulir); (v) the Implementation Guidelines for Social and Environmental Safeguards (Panduan Penerapan Safeguards Sosial dan Lingkungan Dalam PNPM Mandiri Perdesaan); and (e) such other supplements, annexes or schedules as
may be agreed in writing from time to time by the World Bank and PMD, as such Operations Manual may be amended or updated from time to time with the prior written agreement of the World Bank and PMD.

32. "Part" means a part of the Project described in Schedule 1 to this Agreement.

33. "Perpres" means Peraturan Presiden, the Presidential Regulation of the Recipient.

34. "PJOK" means a Project operations officer at the Kecamatan level, established in accordance with the Operations Manual.

35. "PJOKab" means a Project operations officer at the Kabupaten level, established in accordance with paragraph 4(b) of Section 1.A of Schedule 2 to this Agreement, and "PJOKabs" means more than one PJOKab.

36. "PJOProv" means a Project operations officer at the Province established in accordance with paragraphs 3(b) of Section 1.A of Schedule 2 to this Agreement, and "PJOProvs" means more than one PJOProv.

37. "PMD" means Pemberdayaan Masyarakat dan Desa, the Directorate General for Community and Village Empowerment of MOHA, or any successor thereto.

38. "PNPM" means Program Nasional Pemberdayaan Masyarakat Mandiri, the Recipient’s National Program for Community Empowerment, as described in Perpres 15/2010, as the same may be amended or updated from time to time.

39. "PNPM Generasi" means health and education-related activities under the PNPM Program -Bright and Healthy Generation, or PNPM Mandiri Perdesaan Generasi Sehat dan Cerdas).

40. "PNPM Generasi National Specialists” means consultants financed by the proceeds of the Grant, with expertise in health, education, financial management, complaints handling, procurement, and information management, assigned to work at the National level to oversee the quality of Project implementation and monitoring.

41. "PNPM Generasi Provincial Specialists” means consultants financed by the proceeds of the Grant, with expertise in health, education, financial management, complaints handling, procurement, and information management, assigned to work at the Province level to oversee Project implementation and monitoring and to report to the Provincial Coordinator.

42. "PNPM Generasi Secretariat” means the PNPM Generasi Secretariat referred to in paragraph 1(c)(i) of Section 1.A of Schedule 2 to this Agreement.

43. "PNPM Generasi Supplemental Manual” means the PNPM Generasi Supplemental Manual for a Sub-project under Part 1 of the Project meeting the requirements of paragraph 1(b) and paragraph 1(c), respectively, of Section 1.B of Schedule 2 to this Agreement, dated April 25, 2012, including all annexes and supplements thereto, as such PNPM Generasi Supplemental Manual may be amended from time to time with the prior written agreement of the Recipient and the World Bank.
44. "PNPM Rural" means the Rural section of PNPM, or Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan.

45. "PNPM Rural V Loan" means the National Program for Community Empowerment in Rural Areas 2012-2015, which is the subject of a loan agreement between the Republic of Indonesia and the International Bank of Reconstruction and Development, dated January 22, 2013 (Loan No. 8271-ID), as the same may be amended from time to time in accordance with its terms.

46. "PNPM Website" means the Project website maintained by PMD, (www.pnpm-perdesaan.or.id) or such other website as may be established from time to time and agreed in writing between the Recipient, through PMD, and the World Bank.

47. "Pokja Pengendali PNPM" means the national-level working group of PNPM, chaired by Menko Kesra, with representatives of relevant ministries, including BAPPENAS, MOHA, Ministry of Finance, Ministry of Public Works, and State Ministry for Development of Disadvantaged Regions, or any successor thereto.

48. "Procurement Plan" means the Recipient’s procurement plan for the Project, which was found acceptable by the World Bank on April 1, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

49. "Project Kabupaten" means a Kabupaten located in a Project Province, which is selected by the Recipient for participation in the Project in accordance with the provisions of the Operations Manual.

50. "Project Kecamatan" means a Kecamatan located in a Project Kabupaten, which is selected by the Recipient for participation in the Project in accordance with the provisions of the Operations Manual.

51. "Project Manager" means a suitably qualified person appointed by the PMD to be responsible for the management and monitoring of the Project in accordance with paragraph 1(c)(iii) of Section I.A of Schedule 2 to this Agreement.

52. "Project Province" means a Province selected by the Recipient for Participation in the Project in accordance with the provisions of the Operations Manual.

53. "Project Village" means a Village located in a Project Kecamatan, which is selected by the Recipient for participation in the Project in accordance with the provisions of the Operations Manual.

54. "Province" means an administrative sub-division of the Recipient’s territory at the first level below the national level, and "Provinces" means more than one Province.

55. "Provincial Coordinator" means the head of the consultants team at the Provincial level.

56. "Provincial Poverty Alleviation Coordination Team" means the province-level working group established under Perpres 15/2010 in each Province, or any successor thereto.
57. "Provincial Satker" means each Province level Project management unit established and operating in accordance with paragraph 2 of Section I.A of Schedule 2 to this Agreement.

58. "Regional" refers to activities taking place at the level of a group of two or more Provinces designated in accordance with the Operations Manual.

59. "Satker" means satuan kerja, a project management unit, whether at the central level or at the level of a Province or Kabupaten.

60. "Standard Operating Procedures" means the sections of the Operations Manual and its annexes setting out details of procedures for management of the PNPM between and among the National, Regional, Provincial, Kabupaten and Kecamatan levels, including for example, lines of decision making, resolution of disputes or complaints.

61. "State Ministry for Development of Disadvantaged Regions" means the Recipient’s State Ministry for Development of Disadvantaged Regions or any successor thereto.

62. "Sub-district" means a sub-district, an administrative sub-division of a Kabupaten.

63. "Sub-project" means an activity qualifying for financing by a Kecamatan Grant in accordance with the terms of this Agreement, the Operations Manual and the PNPM Generasi Supplemental Manual, and “Sub-projects” means more than one Sub-project.

64. "Sub-project Agreement" means an agreement between a PJOK and a UPK or between a UPK and a Beneficiary for purposes of a Sub-project, and referred to in Section C of Annex 1 to Schedule 2 to this Agreement and “Sub-project Agreements” means more than one Sub-project Agreement.

65. "Technical Facilitator" means a technical facilitator financed out of the proceeds of the PNPM Rural V Loan, and “Technical Facilitators” means more than one Technical Facilitator.

66. "UPK" means unit pengelola kegiatan, a Kecamatan management unit established and operating in a Kecamatan, and “UPKs” means more than one UPK.

67. "Village" means desa, the smallest administrative division of the Recipient, as defined in the Recipient’s Law No.32/2004.