Ms. Nonette Royo  
Executive Director  
Samdhana Institute Indonesia  
Jl. Guntur No. 32  
Bogor 16128  
West Java  
Indonesia

Dear Ms. Royo:

Re: SCF-FIP Grant No. TF0A1933 Preparation for Strengthening Rights and Economies of Adat and Local Communities Project

In response to the request for financial assistance made on behalf of Samdhana Institute Indonesia, acting as the National Executing Agency of the Dedicated Grant Mechanism ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Implementing Entity of the Forest Investment Program under the Strategic Climate Fund, proposes to extend to the Recipient, for the benefit of the Republic of Indonesia ("Member Country"), a grant in an amount not to exceed one hundred fifty five thousand and nine hundred United States Dollars (U.S.$155,900) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

Whereas the Forest Investment Program Subcommittee on December 20, 2013 has endorsed the provision of the Dedicated Grant Mechanism ("DGM") for indigenous peoples and local communities in the Member Country and said endorsements have been granted in accordance with the DGM Framework Operational Guidelines.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Rodrigo A. Chaves
Country Director, Indonesia

AGREED:
SAMDHANA INSTITUTE

By
Authorized Representative

Name
ANTONIETTE C. ROYD

Title
EXECUTIVE DIRECTOR

Date: March 15, 2016

Enclosures:

2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


1.02. Definitions. 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
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to assist the National Steering Committee in carrying out preparation activities for engagement in REDD+ and forest-related policy and initiatives. The Project consists of the following parts:

Part 1. Project Design

Providing support for the preparation and design of the Strengthening Rights and Economies of Adat and Local Communities Project.

(a) Identifying, analyzing and prioritizing critical issues for enhancing land tenure security of Adat and Local Communities and improving their economic well-being.

(b) Developing recommendations for activities to overcome critical issues referred to in Part 1(a).

(c) Defining reliable targets and measurable performance indicators for the activities recommended under Part 1(b).

Part 2. Capacity Building for the National Steering Committee

(a) Facilitating discussion on roles of the National Steering Committee and the National Executing Agency in DGM program implementation.

(b) Facilitating discussion on quality assurance of DGM program.

Part 3. Project Preparation

(a) Developing operational guidelines on finance and procurement for the Strengthening Rights and Economies of Adat and Local Communities Project.
(b) Carrying out social and environmental assessment and drafting the social and environmental management framework.

(c) Carrying out gender assessment and drafting the gender strategy.

(d) Costing the Strengthening Rights and Economies of Adat and Local Communities Project.

(e) Preparing the operations manual.

(f) Organizing coordination meetings with the National Steering Committee.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

(a) **Implementation Arrangements.** The Recipient shall be responsible for carrying out the Project activities in coordination with the National Steering Committee, as agreed in writing between the Recipient and the National Steering Committee. In preparing any document, the Recipient shall reasonably share relevant documents with, follow guidance from and report progress to the National Steering Committee. The Recipient shall be responsible for responding to questions and requests for additional information from the World Bank.

(b) **Safeguards.** The Recipient shall ensure that the terms of reference for any consultancies related to studies, technical assistance and/or capacity building activities under this Agreement shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference, shall duly incorporate the requirements of the World Bank’s Safeguards Policies then in force, as applied to the advice conveyed through such studies, technical assistance and/or capacity building activities.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) 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 the Donor to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) 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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, 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.
(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) completion of the project design;

(ii) agreed roles and responsibilities of the National Steering Committee and the National Executing Agency;

(iii) completion of gender assessment, social and environmental assessment acceptable to the World Bank;

(iv) completion of relevant project documents acceptable to the World Bank;

(v) presentation of proposed project design at coordination meetings for the Forest Investment Program to be attended by relevant National Steering Committee members and the representatives of the Member Country.

(c) 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.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements 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.

2.07. **Procurement**

(a) General. All goods, 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:

(ii) 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 (revised July 2014) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the 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 consultants under Indefinite Delivery Contract or Price Agreement; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) 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.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants’ services, Training and Workshops and Incremental Operating Costs.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 30, 2016.

Article IV
Recipient’s Representative; Addresses

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

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

Samdhana Institute
Jl. Guntur No. 32
Bogor 16128
West Java
Indonesia

Facsimile:
(62) 251 – 831 3947

4.03. World Bank’s Address. 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

Telex: Facsimile:
248423 (MCI) or 1-202-477-6391
64145 (MCI)
APPENDIX
Definitions

1. “Adat” means a customary law community based on lineage or locality and born by customary law that live in the Member Country’s territory with characteristics including: (a) self-identification as a distinct indigenous cultural group; (b) collective attachment to ancestral territories and to the land and associated natural resources in the territories; (c) customary cultural, economic, social or political institutions; and (d) an indigenous language.


3. “Incremental Operating Costs” means the incremental operating costs under the Project incurred by the Recipient for purposes of Project management, implementation, and monitoring and evaluation, including office supplies and consumables, utilities, bank charges, communications, information and communication campaigns, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, travel, lodging, and subsistence allowances, the incremental operating costs of the auditing services for the Project, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Member Country’s civil service.

4. “Local Community” means a community based on lineage or locality that live in the Member Country’s territory, with characteristics including: (a) in-migrants and those who do not self-identify as part of an Adat community; (b) a collective attachment to the land and associated natural resources in the territories; and (c) a subsistence economy.

5. “National Executing Agency” means an agency appointed by the National Steering Committee on August 19, 2015 pursuant to the National Steering Committee’s letter no. 05/NSC-DGM Indonesia/VIII/2015 to be responsible for carrying out DGM activities in Indonesia, or any successor thereto.

6. “National Forestry Council” means Dewan Kehutanan Nasional, a council of the Member Country responsible for, among others, coordination of forestry affairs between the government and non-government organizations and/or communities.

7. “National Steering Committee” means the steering committee established in 2014 by the National Forestry Council consisting of representatives from Adat and Local Communities to be responsible for overseeing the DGM implementation in each pilot country of the Forest Investment Program, or any successor thereto.

8. “REDD+” means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks.
9. “Strengthening Rights and Economics of Adat and Local Communities Project” means the project to be financed out of the grant from the DGM window of the Forest Investment Program.

10. “Training and Workshops” means the reasonable costs of expenditure incurred by the Recipient in facilitating and conducting domestic and overseas training and workshop activities of the Project, including costs of training or workshop materials; honoraria; interpretation and translation; equipment and venue rental; lunches; and per diem, accommodation, and transportation for those attending the training or workshop; but excluding salary and salary supplements of Member Country’s civil servants.