Global Financing Facility
Grant Agreement

(Investing in Nutrition and Early Years Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an administrator of the Global Financing Facility

Dated AUGUST 1, 2018
GLOBAL FINANCING FACILITY
GRANT AGREEMENT

AGREEMENT dated AUGUST 1, 2012, entered into between:
REPUBLIC OF INDONESIA ("Recipient"); and INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT ("IBRD" or "World Bank"), acting as administrator of the
Global Financing Facility.

WHEREAS: (A) the Recipient, having satisfied itself as to the feasibility and priority of the project
described in Schedule 1 to this Agreement ("Project") has requested the World Bank, acting as
administrator of the Global Financing Facility, to provide a grant to assist in the financing of the
Project;

(B) the Recipient has also requested IBRD to provide additional assistance towards the achievement
of the objective of the Project and IBRD intends to make available to the Recipient a loan for such
purpose in an amount of four hundred million United States Dollars (USD 400,000,000) ("Loan"),
pursuant to the agreement to be entered into between the Recipient and IBRD ("Loan Agreement").

NOW THEREFORE, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions constitute an integral part of this Agreement.

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 objective of the Project. To this end, the
Recipient shall carry out: (a) Parts A.1 and A.2 of the Project through the Ministry of State
Secretariat; (b) Part A.3 of the Project through Bappenas; and (c) Part B of the Project through
the Ministry of Home Affairs, 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 not to exceed twenty million United States Dollars ($20,000,000) ("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
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had become effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.
5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
Directorate General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jl. DR. Wahidin Raya No. 1
Jakarta 10710 – Indonesia
Facsimile: 62-21-381-2859

5.03. 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
Facsimile: 1-202-477-6391

AGREED at Jakarta, Republic of Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: **LUKY ALFIRMAN**
Title: **DIRECTOR GENERAL OF BUDGET AND RISK MANAGEMENT**
Date: **AUGUST 1, 2018**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of Global Financing Facility

By

Authorized Representative

Name: **George Soraya**
Title: **Acting Country Director**
Date: **July 10, 2018**
The objective of the Project is to increase simultaneous utilization of nutrition interventions by 1,000-Day Households in Priority Districts.

The Project consists of the following parts:

**Part A: Institutional Strengthening for National Leadership and Delivery**

1. **Strengthening coordination, nutrition program delivery monitoring and debottlenecking capacity of SoVP**
   
   (a) Establishing a communication and advocacy team to support the Recipient’s NatStrat Stunting; (b) strengthening the performance monitoring and verification systems, including through establishing a results monitoring team, setting up a centralized monitoring dashboard, carrying out a regular performance review and improving the capacity for resolving bottlenecks; (c) carrying out implementation research/process evaluation to generate lessons learned and facilitate course correction and evaluation studies to evaluate the program’s impact and effectiveness; and (d) conducting pilots and testing innovations on new interventions, including the strengthening of integrated data system and the enhancement of public-private partnership in nutrition service delivery.

2. **Strengthening the capacity of implementation agencies**

   Strengthening the capacity of line ministries implementing the INEY Program and the NatStrat Stunting, including through: (a) providing technical assistance to the Ministry of Health to strengthen the interpersonal communication program by improving the quality of cascade training and incorporating the use of an ICT-based platform; (b) providing support to the Ministry of Social Affairs to improve the nutrition-sensitivity of the BPNT; (c) providing support to the Ministry of Education and Culture to improve the quality of training system and the nutrition content in the parenting session curriculum for ECED frontline services; and (d) providing support to the Ministry of Villages, Development of Disadvantaged Areas and Transmigration in coordinating support for human development workers as well as Dana Desa spending on ECED professional development training; and (e) provision of implementation support for the delivery of the NatStrat Stunting as identified and agreed by the Steering Committee.

3. **Strengthening the results-based synchronized planning, budgeting and technical convening**

   Providing support to Bappenas and Ministry of Finance in operationalizing synchronized planning and budgeting as well as strengthening its technical convening role on topics relevant to the national strategy on stunting and related maternal and child health issues, including through: (a) strengthening the capacity to design and implement national synchronized planning and budgeting systems; (b) strengthening the capacity to advocate for national and subnational nutrition policy and programming in collaboration with SoVP; (c) improving the quality of the DAK reporting system; (d) building capacity to carry out performance expenditure reviews; (e) strengthening the District performance assessment systems in
collaboration with the Ministry of Home Affairs; (f) strengthening the scaling-up nutrition secretariat’s technical convening role in collaboration with SoVP; (g) establishing behavioral change policy and strategies in collaboration with the Ministry of Health and other relevant implementing agencies; (h) commissioning technical reviews of programs and policies related to the national strategy on stunting and maternal and child health in collaboration with SoVP; and (i) providing support for learning and knowledge sharing as the integrated programs are being scaled up.

**Part B: Strengthening Capacity for District Convergence**

1. Strengthening the capacity of Provincial and District governments to diagnose the local drivers of stunting, develop local solutions and converge the priority nutrition-intervention delivery at the District level.

2. Providing capacity building to Sub-districts and Villages in aligning the utilization of *Dana Desa* with the stunting prevention agenda.

3. Strengthening the capacity of the Ministry of Home Affairs through developing performance benchmarking for Convergence programs across Districts.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. General Institutional Arrangements

The Recipient shall establish by October 31, 2018, and maintain, at all times during the implementation of the Project, the following entities, all with staff, functions and resources satisfactory to the World Bank:

1. a Leadership Committee, chaired by the Vice President and co-chaired by the Coordinating Minister for Human Development and Culture, consisting of ministers/head of agencies, or their designates, from Bappenas, Ministry of Finance, Ministry of Health, Ministry of Education and Culture, Ministry of Social Affairs, Ministry of Villages, Development of Disadvantaged Areas and Transmigration, Ministry of Home Affairs, and BPS, which shall be responsible for setting policies and annual targets, reviewing progress and performance, and resolving specific issues as required; and

2. a Steering Committee, chaired by the deputy for human development and equality of the Ministry of State Secretariat and co-chaired by the deputy of health of the Coordinating Ministry for Human Development and Culture and the deputy for human and societal development and cultural affairs of Bappenas, consisting of echelon-1 officials of Bappenas, Ministry of Finance, Ministry of Health, Ministry of Social Affairs, Ministry of Education and Culture, Ministry of Home Affairs, Ministry of Villages, Disadvantaged Areas and Transmigration, BPS and BPKP, which shall be responsible for providing guidance throughout Project implementation, carrying out semi-annual monitoring reviews and overseeing the Project and approving the Annual Work Plans and Budgets.

B. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the World Bank not later than November 30 of each Fiscal Year during the implementation of the Project (beginning in the calendar year 2018), the Project’s annual work plan and budget (“Annual Work Plan and Budget”) for the following Fiscal Year containing, inter alia: (a) all activities proposed to be implemented under the Project during the following Fiscal Year; and (b) a proposed financing plan for expenditures required for such activities and the disbursement schedule.

2. The Recipient shall: (a) afford the World Bank a reasonable opportunity to exchange views with the Recipient on each such proposed Annual Work Plan and Budget; (b) taking into account the World Bank’s comments, finalize the plan and furnish it to the World Bank for its approval not later than December 15 in each year (beginning in the calendar year 2018); (c) adopt the plan as shall have been approved by the World Bank and thereafter ensure that the Project is carried out in accordance with each of such Annual Work Plan and Budget, in a manner satisfactory to the World Bank.

3. The Recipient shall not amend, suspend, abrogate or waive said Annual Work Plan and Budget or any of its provisions without the prior written agreement of the World Bank.
C. Operations Manual

1. The Recipient shall adopt, no later than four (4) months after the date of this Agreement, and carry out the Project in accordance with the Operations Manual, acceptable to the Bank, which shall include the detailed institutional, administrative, financial, technical and operational guidelines and procedure for the implementation of the Project, and thereafter carry out the Project in accordance with such operations manual, as shall have been approved by the World Bank ("Operations Manual").

2. The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated, or suspended, any provision of the Operations Manual, without the prior written agreement of the World Bank.

3. In the event of any conflict between the provisions of the Operations Manual and those of this Agreement, the latter shall prevail.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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 the indicators acceptable to the World Bank. 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.

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.

3. Not later than December 31, 2020, the Recipient shall, in conjunction with the World Bank, carry out a mid-term review of the Project ("Mid-term Review"), covering the progress achieved in the implementation of the Project. To this end, the Recipient shall prepare and furnish to the World Bank not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the World Bank to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.
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 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.

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. 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

All goods, non-consulting services and consulting 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 the Procurement Regulations, and the provisions of the Procurement Plan.
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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 as 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) Goods, non-consulting services, consulting services, Incremental Operating Costs and Training under Part A of the Project</td>
<td>16,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Incremental Operating Costs and Training under Part B of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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, 2021.
APPENDIX
Definitions

1. “1,000-Day Households” means households with pregnant women and/or children aged 0-24 months.

2. “Annual Work Plan and Budget” means each of the annual work plans and budgets for the Project to be prepared or updated – and approved by the Bank – in accordance with Section 1.B of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means, collectively, all such plans.


4. “Bappenas” or “Badan Perencanaan Pembangunan Nasional” means the Borrower’s national development planning agency, or any successor thereto.

5. “BPKP” or “Badan Pengawas Keuangan dan Pembangunan” means the Recipient’s agency responsible for finance and development supervision, or any successor thereto.

6. “BPNT” or “Bantuan Pangan Non-Tunai” means the Recipient’s food assistance program, or any successor(s) thereto acceptable to the World Bank.

7. “BPS” or “Badan Pusat Statistik” means the Recipient’s agency responsible for statistics, which is established and operating pursuant to the Recipient’s Law No. 16 of 1997, or any successor thereto.

8. “Convergence” means simultaneous implementation and/or utilization of nutrition interventions.

9. “DAK” or “Dana Alokasi Khusus” means funds allocated in the Recipient budget for specific regions for the purposes of financing specific activities that fall under regional autonomy.

10. “Dana Desa” means funds allocated in the State budget for Villages to finance Village governance, development, community empowerment and social purposes pursuant to the Recipient’s government Regulation No. 60 of 2014, as amended.

11. “District” means an administrative sub-division of a Province, and “Districts” means, collectively, all such Districts.


13. “Fiscal Year” or “FY” means the Recipient’s fiscal year commencing on January 1 and ending on December 31 of the same year.

14. “GFF” or “Global Financing Facility” means the global financing facility in support of every woman every child launched in July 2015 in Addis Ababa to support countries to get on a trajectory to achieve the sustainable development goals, and administered by IBRD.
15. "ICT" means information communication technology.

16. "Incremental Operating Costs" means the reasonable 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, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Recipient's civil service.

17. "INEY Program" means the Borrower's investing in nutrition and early years program to be financed by the Loan.

18. "Leadership Committee" means the committee to be established in accordance with Section I.A.1 of Schedule 2 to this Agreement.

19. "Loan" means an amount of four hundred million United States Dollars (USD 400,000,000) to be provided by IBRD to assist in financing the program described in Schedule 1 to the Loan Agreement.

20. "Loan Agreement" means the agreement to be entered into between the Recipient and IBRD, providing for the Loan.


22. "Ministry of Finance" or "MOF" means the Recipient's ministry responsible for finance, or any successor thereto.

23. "Ministry of Health" means the Recipient's ministry responsible for health, or any successor thereto.

24. "Ministry of Home Affairs" means the Recipient's ministry responsible for home affairs, or any successor thereto.

25. "Ministry of Social Affairs" means the Recipient's ministry responsible for social affairs, or any successor thereto.


27. "Ministry of Villages, Development of Disadvantaged Areas and Transmigration" or "MOV" means the Recipient's ministry responsible for Villages, the development of disadvantaged areas and transmigration, or any successor thereto.

28. "NatStrat Stunting" or "National Strategy to Accelerate Stunting Prevention" means the Recipient's stunting prevention acceleration strategy launched in August 2017, or any successor thereto acceptable to the Bank.
29. "Operations Manual" means the manual for the Project referred to in Section I.C of Schedule 2 to this Agreement, to be adopted by the Recipient to facilitate the fiduciary and coordination mechanisms under the Project, as the same may be amended from time to time with the prior written approval of the World Bank.

30. "Priority Districts" means Districts with the highest prevalence and incidence of stunting as identified in the Recipient’s NatStrat Stunting, the same may be updated annually to include additional Districts. (The total number of Priority Districts is 100 for 2018, 160 for 2019, 390 for 2020 and 514 for 2021.)

31. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated May 16, 2018, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.


33. “SoVP” or “Secretariat of Vice President” is the secretariat of the Vice President, a unit under the Ministry of State Secretariat, or any successor thereto.


35. "Steering Committee" means the committee to be established in accordance with Section I.A.2 of Schedule 2 to this Agreement.

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

37. "Village" means an administrative sub-division of a Sub-district, and "Villages" means, collectively, all such Villages.