Mrs. Som Kim Suor  
Chairperson  
ASEANSAI Secretariat  
Office of Badan Pemeriksa Keuangan (BPK)  
Jl. Gatot Subroto Kav. 31,  
Jakarta - Indonesia  

Dear Mrs. Som Kim Suor:  

Re: Supreme Audit Institution Capacity Development Fund Grant No. TF0A2349  
Establishment of ISSAI Facilitators Pool for ASEANSAI Project  
Letter Agreement  

In response to the request for financial assistance made on behalf of the Association of Southeast Asian Nations Supreme Audit Institutions (“ASEANSAI”) (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively “World Bank”), acting as administrator of grant funds provided by the Swiss Confederation (“Donor”) under the Supreme Audit Institution Capacity Development Fund (“SAI-CDF”), proposes to extend to the Recipient for the benefit of Kingdom of Cambodia, Republic of Indonesia, Lao People’s Democratic Republic, Malaysia, Republic of the Union of Myanmar, Republic of the Philippines, Kingdom of Thailand and Socialist Republic of Vietnam (each, a “Member Country”), a grant in an amount not to exceed three hundred and twenty five thousand United States Dollars (U.S.$325,000) (“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”).  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. 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 Donor 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 / INTERNATIONAL DEVELOPMENT ASSOCIATION

Sudhir Shetty
On behalf of Regional Vice President

AGREED:
ASSOCIATION OF SOUTHEAST ASIAN NATIONS SUPREME AUDIT INSTITUTIONS

By: ____________________________
Authorized Representative

Name: Som Kim Suor

Title: Chairperson of ASEANSAI, having been authorized by and signing on behalf of the Supreme Audit Institutions of Kingdom of Cambodia, Republic of Indonesia, Lao People's Democratic Republic, Malaysia, Republic of the Union of Myanmar, Republic of the Philippines, Kingdom of Thailand and Socialist Republic of Vietnam.

Date: 29 July 2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
SAI-CDF Grant No. TF0A2349
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.

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, with the modifications set forth in Section I of the Appendix to this Agreement or in this Agreement. For purposes of this Agreement, the following terms, whenever used in this Agreement shall have the following meanings:

(a) "ISSAI" means the international standards of supreme audit institutions.

(b) "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 the Member Country’s civil servants.

(c) "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, 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 servants.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of members of the Recipient in accelerating the implementation of ISSAI. The Project consists of the following parts:

Part 1. Organizing workshop on ISSAI implementation, which focuses on facilitation skills to enable the participants to facilitate ISSAI implementation activities especially in internal control systems and risk-based audit in their respective supreme audit institutions.


Part 3. Monitoring and evaluation of activities, including monitoring the database of certified ISSAI facilitators.
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 through its secretariat 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. **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 Countries’ territories for purposes related to the Project.

2.04. **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 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.

   (b) The performance indicators referred to above in paragraph (a) consist of the following:

   (i) Two pilot projects selected and audit team established.

   (ii) Seventy-five percent (75%) of certified facilitators are involved in audit assignment and deliver ISSAIs training.

   (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 (6) months after the Closing Date.

2.05. **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 as part of the Project Report not later than 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 entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.06. **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) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (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) 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 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants' services, training and workshops, and incremental operating costs, inclusive of Taxes.

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 September 30, 2018.

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 Chairperson.

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

ASEANSAI Secretariat
Office of Badan Pemeriksa Keuangan (BPK)
Jl. Gatot Subroto Kav. 31,
Jakarta - Indonesia
Telephone: 021) 25549000
Facsimile: 021) 57950288

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 / International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Telex: 248423 (MCI) or 1-202-477-6391
Facsimile: 64145 (MCI)
APPENDIX
Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The reference to "Member Country" in paragraph 17 of the Appendix to the Standard Conditions and in this Agreement means each member of the World Bank in whose territory the Project is carried out or any of such member's political or administrative subdivisions. If the Project is carried out in the territory of more than one member of the World Bank, "Member Country" refers separately to each such member.