Mr. Eka TP Simanjuntak  
Executive Director  
Yayasan Nusantara Sejati – Institute for Good Governance and Regional Development (YNS-IGGRD)  
Cilandak Tengah 73  
Jakarta 12430  

Re: PSF Grant No. TF012270  
PNPM Community Facilitators Development Program (CFDP)  

In response to the request for financial assistance made on behalf of the Yayasan Nusantara Sejati – Institute for Good Governance and Regional Development (YNS-IGGRD) (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by donor (“Donor”) under the National Program for Community Empowerment Support Facility (PSF) Trust Fund (TF071562), 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 million one hundred ninety three thousand United States Dollars (U.S.$1,193,000) (“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. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Stefan G. Koeberle
Country Director, Indonesia

AGREED:
YAYASAN NUSANTARA SEJATI – INSTITUTE FOR GOOD GOVERNANCE AND REGIONAL DEVELOPMENT

By
Authorized Representative

Name  Eka T.P. Simanjuntak
Title  Executive Director
Date:  9/7/2012

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.

(a) "BNSP" means Badan Nasional Sertifikasi Profesi or the National Board for Professional Certification of the Member Country, or any successor thereto.

(b) "Community Facilitators Certification Institute" means the Community Facilitators Certification Institute or Lembaga Sertifikasi Profesi Fasilitator Pemberdayaan Masyarakat (LSP), a non-profit organization to be established under auspices of the BNSP.

(c) "LSP" means the Community Facilitators Certification Institute.

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

Article II
Project Execution

2.01. Project Objectives and Description. (a) The objective of the Project is to support community-driven poverty reduction by advancing the role of community facilitators as agents of change through a certification process and improved training design.

(b) The Project consists of the following parts.

Part 1. Legal establishment of the Community Facilitators Certification Institute and support for the certification of basic competencies:

(i) establishing LSP management team and LSP office;

(ii) establishing competency test centers and launching certification;

(iii) supporting communications and information management strategy;
(iv) populating and updating the facilitators’ database and roster of qualified master trainers and training institutes; and

(v) designing a business plan for the sustainability of LSP beyond the Project.

Part 2. Training of trainers in design and facilitators’ refresher training:

(i) training of trainers on training need analysis and training design; and

(ii) developing materials for training needs assessment and refresher training for certified facilitators

Part 3. Identifying and developing standards for certification of advanced competencies:

(i) preparing for certification of advanced competencies; and

(ii) developing standards for accreditation of training institutes and training materials.

Part 4. Assessment and development of a work plan for accreditation of facilitator’s training institutes and material.

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) Institutional Arrangements. The Recipient shall be responsible for the implementation of the Project and shall maintain until completion of the Project, a project team, with staffing and terms of reference acceptable to the World Bank.

(b) Implementation Arrangements.

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 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) LSP management team and LSP office established;

(ii) at least ten (10) competency test centers established;

(iii) at least fifty (50) competency assessors operational;

(iv) at least three thousand (3,000) facilitators certified for basic competencies;

(v) advanced competencies identified;

(vi) at least four hundred (400) master trainers trained on training needs assessment, design training and act as trainers for PNPM facilitator refresher training;

(vii) design of refresher training system developed;

(viii) roster of qualified master trainers updated;

(ix) database fully populated with all PNPM facilitators; and

(x) work plan for accreditation of facilitator's training institutes and material prepared.

(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 as part of the Project Report 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. 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 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:

(i) 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 and non-consulting services;

(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 (“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: Shopping.

(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) Selection of Individual Consultants; and (C) 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 Eligible Expenditures as set forth in the following table. The 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) Training and workshops*</td>
<td>648,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>315,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods/equipments</td>
<td>23,190</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Direct operating costs*</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Indirect operating costs*</td>
<td>56,810</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>1,193,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

* For the purposes of this paragraph:

(i) the term “training and workshops” means Project-related training and workshops conducted in the territory of the Member Country, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees;

(ii) the term “direct operational costs” means operating costs incurred by the Recipient and required for the Project, including technical and professional staff costs that have been demonstrated as being directly attributable to the Project, new office cost, designated vehicle rental, operation and maintenance, document production and travel costs (other than for training and workshops); and

(iii) the term “indirect operational costs” means operating costs incurred by the Recipient as part of its ongoing operations, the designated portion of which have been agreed may be charged to the Project, including existing office space, existing vehicle operation and maintenance, operating costs for existing office space, headquarters overhead costs, support staff costs, and management staff 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 countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $238,600 equivalent may be made for payments made prior to this date but on or after February 1, 2012, for Eligible Expenditures under Categories (1), (3), (4), and (5).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.

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**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 Executive Director.

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

Institute for Good Governance and Regional Development (IGGRD)
Cilandak Tengah 73 – Jakarta 12430

Phone: +62 21 769 5466; +62 21 769 5734
Fax: +62 21 7590 8972

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391