



TF014361

Letter No. CD-043/VTP/II/2014

February 25, 2014

Mr. Marwanto Harjowiryono
Director General of Treasury
Ministry of Finance
Jl. Lapangan Banteng Timur 2-4
Jakarta Pusat

Dear Mr. Harjowiryono:

***Re: PSF Grant No. TF014361
Village Training Program Project
Additional Instructions: Disbursement***

I refer to the Letter Agreement (“Agreement”) between the Republic of Indonesia (the “Recipient”) and the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by donors (“Donors”) under the Support Facility for National Program for Community Empowerment (TF070967), for the above-referenced project, dated February 25, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No TF014361 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) ***Disbursement Methods (section 2).*** The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment

(ii) ***Disbursement Deadline Date (subsection 3.7).*** The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Letter Agreement. Any changes to this date will be notified by the World Bank.

(iii) ***Disbursement Conditions (subsection 3.8).*** Please refer to the Disbursement Condition(s) in the Letter Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank Office Jakarta (WBOJ)
Jakarta Stock Exchange Building, Tower 2, 12th Floor
Jl. Jenderal Sudirman Kav. 52-53, Jakarta 12190, Indonesia

Attention: Disbursement Team

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank Office Jakarta (WBOJ)
Jakarta Stock Exchange Building, Tower 2, 12th Floor
Jl. Jenderal Sudirman Kav. 52-53, Jakarta 12190, Indonesia

Attention: Disbursement Team

(iii) Electronic Delivery (subsection 3.4). The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of SIDC") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement and direct payment is US\$10,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated. One segregated designated account will be established for the Project and managed by the Treasury Department of the Ministry of Finance.
- **Currency of Designated Account (subsection 5.4):** US\$ (US Dollar).
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Bank Indonesia.
- **Ceiling (subsection 6.1):** Forecast for two (2) quarters as provided in the quarterly Interim Financial Report.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
 - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 4, Form 1-B);
 - Statement of Expenditures in the form attached (Attachment 4, Forms 1-C and 1-C2) for all other contracts and/or expenditures; and
 - Interim Financial Reports in the form attached (Attachment 4, Forms IFR-1 and IFR-2).
- **For reporting eligible expenditures paid from the Designated Account:**
 - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 3, Form 1-B);
 - Statement of Expenditures in the form attached (Attachment 4, Forms 1-C and 1-C2) for all other contracts and/or expenditures;
 - Statement of Project Cash Forecast (Attachment 4, Form 1-D);
 - Interim Financial Reports in the form attached (Attachment 4, Forms IFR-1 and IFR-2); and
 - Designated Account Reconciliation Statement in the form attached (Attachment 4, Form 1-A).
- **For requests for Direct Payment:** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): The period set out in the Letter Agreement for provision of Interim Financial Reports, i.e. quarterly.

(iii) Other Supporting Documentation Instructions: Copies of bank statement of the designated account should be attached to Application for Withdrawal for replenishment of designated account.

IV. Other Disbursement Instructions: In the case of the first request for withdrawal submitted to the World Bank before any withdrawal has been made, ie request for initial advances, the Recipient shall submit to the World Bank only a statement with the projected sources and applications of funds for the Project for the period following the date of such request.

V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Chau-Ching Shen, Senior Finance Officer at loaeap@worldbank.org using the above reference.

Yours sincerely,



Josephine Bassinette
Acting Country Director, Indonesia

NOT AP Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Interim Financial Report

Form of Authorized Signatory Letter

[Letterhead]

Ministry of Finance

[Street address]

[City] [Country]

[DATE]

The World Bank Office Jakarta (WBOJ)
Jakarta Stock Exchange Building, Tower 2, 12th Floor
Jl. Jenderal Sudirman Kav. 52-53, Jakarta 12190
Indonesia

Attention: Rodrigo A. Chaves, Country Director

Dear Mr. Chaves:

**Re: PSF Grant No. TF014361
Village Training Program Project**

I refer to the Letter Agreement (“Agreement”) between the Republic of Indonesia (the “Recipient”) and the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by donors (“Donors”) under the Support Facility for National Program for Community Empowerment (TF070967), dated June 10, 2013, providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [¹one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant.

For the purpose of delivering Applications to the World Bank, [²each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [³individually] [⁴jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

[⁵This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the World Bank by

¹ Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the World Bank.*

² Instruction to the Recipient: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the World Bank.*

³ Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

⁴ Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*

electronic means. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of SIDC”), the Recipient represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)¹ will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use

¹ "Bank" includes IBRD and IDA.

² "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. *Security*

- 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
- 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
- 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.
- 4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

For Internal Distribution Only

Prepared by Tony Shen (CTRLN)

Cleared with and cc: Ria Nuri Dharmawan (EACIF)
Hans Antlov (EASID)

Loan abc
Designated/Special Account Activity Statement
for the Reporting Period

Bank and Account No.:

	USD
Part I	
1. Cumulative advances to end of current reporting period	
2. Cumulative expenditures to end of last reporting period	
3. Outstanding advances to be accounted for (1-2)	0

Part II		
4. Opening SA balance at beginning of reporting period (as of)		
5. Add/Subtract: Cumulative adjustments (if any) *		
6. Advances from the World Bank during reporting period		
7. add 5 and 6	0	
8. Outstanding advances to be accounted for (4+7) (must be same as item 3)	0	
9. Closing SA balance at end of current reporting (as of)		
10. Add/subtract: Cumulative adjustment (if any) **		
11. Expenditures for current reporting period		
12. Add 10+11	0	
13. Add 9+12	0	
14. Difference (if any) 8-13 ***	0	

must be same as item 3

must reconcile with Expenditures in this Quarter from WB's Special Account. i.e. Forms 1B+1C or Form IFR-2

must reconcile with Form 1D, Column (f)

Part III	
15. Total Forecasted amount to be paid by World Bank	
16. Less: Closing SA balance (as per item 9)	0
17. Cumulative adjustment (if any) ****	
18. Add 16+17	0
19. Cash requirement from WB for next six months (15-18)	0
20. Amount requested for advance to SA (rounding)	

=====

* Explanation for item 5 (if not zero):	FMR & AW Ref.	Amount (+/-)	Remarks

** Explanation for item 10 (if not Zero):	FMR & AW Ref.	Amount (+/-)	Remarks

*** Explanation for item 14 (if not Zero):	FMR & AW Ref.	Amount (+/-)	Remarks

**** Explanation for item 17 (if not Zero):	FMR & AW Ref.	Amount (+/-)	Remarks

Loan abc

Summary Statement of Expenditures (Sum-SOE)
 for those NOT Subject to Prior Review
 Quarter : -

Ln/Cr/TF No. : _____

Sheet No. : _____

1	2	3	4	5	6	7	8	9	10	
Item No.	Disbursement Category		Threshold for SOEs (USD eqv)	Number of SP2D covered	Country of supplier/ consultant/ training	Total Paid to Contractors/ Expenditures (GOI+IBRD+PPN)	WB Financing %	Amount of WB portion paid	Average Exchange Rate	Amount Charged to SA (USD eqv)
	Cat No.	Description								
	(1)	Non-consulting services, Training and Workshops								
	(2)	Incremental Operating Costs								
GRAND TOTAL										

must reconcile with Form 1A Item 11

Loan abc
Summary Sheet for Payments of Contracts Subject to Prior Review
 Quarter : --

Ln/Cr/TF No. _____
 Sheet No. _____

1	2	3a	3b	4	5	6	7	8	9	10	11	12	13
Item No.	Disbursement Category	Office Issuing SP2D	Cross-Ref SP2D No.	Date of Payment (SP2D)	Contract No. and Date	Supplier/ Contractor Name	Contract Value (incl. Add)	Total Amount Paid to Contractor (GOI+IBRD+PPN)	WB Financing %	Amount of WB portion paid	Exchange Rate Applied	Amount Charged to SA (USD eqv)	WB's contract ref. **/
	Cat No.	Description											
1	(1)	Non-consulting services, Training and Workshops											
2													
3		<i>Subtotal</i>											
4	(2)	Incremental Operating Costs											
5													
6		<i>Subtotal</i>											
GRAND TOTAL													

**/ Please check these ref. through Client Connection

must reconcile with Form 1A item 11



Loan abc
Project Cash Forecast
For the Quarter Ending mm/dd/yyyy

Disbursement Category	(a)	(b)	(c)=(a)+(b)	(d)	(e)	(f)
	GOI+WB Cash Requirement for Quarter ending mm/dd/yyyy	GOI+WB Cash Requirement for Quarter ending mm/dd/yyyy	Total Cash Requirement for next two quarters (six months)	GOI Cash Requirement next two quarters (six months)	WB Cash Requirement next two quarters (six months)	WB Cash Requirement next two quarters (six months)
	(IDR)	(IDR)	(IDR)	(IDR)	(IDR)	(USD)
1 Non-consulting services, Training and Workshops						
2 Incremental Operating Costs						
Non Bank Financed (Rupiah Murni)						
Total						

NOTE:
 Exchange rate applied = Rp..... / USD

**must reconcile with
Form 1A Item 15**

Loan abc
Project Sources and Uses of Funds
for the quarter ending dd/mm/yy
currency: ___

	Actual / i			Planned			Variance %		
	Current Quarter /ii	Year-To Date	Cumulative To-Date/iii	Current Quarter /ii	Year-To Date	Cumulative To-Date/iii	Current Quarter /ii	Year-To Date	Cumulative To-Date/iii
	1	2	3	4	5	6	7=1/4	8=5/5	9=3/6
Sources of Funds									
GOI (Counterpart; RPMurni; Outstanding; SBUN)									
The World Bank									
Other Donor/lender									
Total Sources of Fund									
Uses of Funds (by Category)									
1 Non-consulting services, Training and Workshops									
2 Incremental Operating Costs									
Sub Total									
* Non Bank Financed (Rupiah Murni)									
Total Uses of Fund									

must reconcile with Form IFR2

NOTE:

- 1 Sources of Fund:
 - Actual: include WB portions and GOI counterpart funds
 - Planned: to be completed with the approved budget; especially for the current quarter this must be completed with the previous quarter's cash forecast
- 2 Uses of Fund
 - Actual: project expenditures by categories for the WB portions plus GOI counterpart funds
 - Planned: "Year todate" to be completed with the approved budget (DIPA); " Cummulative todate" to be completed with amount in PAD
- 3 "Current Quarter" covers the expenditures claimed to be eligible reported in the quarter
- 4 "Year to Date" covers accumulative expenditures during the year
- 5 "Cummulative to Date" covers expenditures since the beginning of the project until the current quarter
- 6 "Non Bank Financed" covers GOI expenditures related to the project other than the GOI counterpart funds

Loan abc
Project Uses of Funds by Category
 for the quarter ending

Uses of Funds (by Category) */	Expenditures in the Current Quarter						
	Total	GOI counterpart	Others Donor	SBUN	Outstanding	charged to WB Sp.Acc	charged to WB Sp.Acct
	Rp	Rp	Rp	Rp		Rp	US\$
	1	2	3	4	5	6	7
1 Non-consulting services, Training and Workshops							
2 Incremental Operating Costs							
Non Bank Financed (Rupiah Murni)							-
Total Uses of Fund							

must reconcile with Form IFR1
Average Exchange rate: _____
must reconcile with Form 1A item 11

Uses of Funds (by Category) */	Expenditures in Year to Date						
	Total	GOI counterpart	Others Donor	SBUN	Outstanding	charged to WB Sp.Acc	charged to WB Sp.Acct
	Rp	Rp	Rp	Rp		Rp	US\$
	8	9	10	11	12	13	14
1 Non-consulting services, Training and Workshops							
2 Incremental Operating Costs							
Non Bank Financed (Rupiah Murni)							-
Total Uses of Fund							

must reconcile with Form IFR1
Average Exchange rate: _____

Uses of Funds (by Category) */	Cumulative Expenditures to Date						
	Total	GOI counterpart	Others Donor	SBUN	Outstanding	charged to WB Sp.Acc	charged to WB Sp.Acct
	Rp	Rp	Rp	Rp		Rp	US\$
	15	16	17	18	19	20	21
1 Non-consulting services, Training and Workshops							
2 Incremental Operating Costs							
Non Bank Financed (Rupiah Murni)							-
Total Uses of Fund							

must reconcile with Form IFR1
Average Exchange rate: _____

*/ Please have a separate line item if the WB' financing percentage is different