

Public Disclosure Authorized

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Letter No: JA-199/JSDF/IV/2010

April 22, 2010

Ms. Zulminarni
National Coordinator
National Secretariat for Empowering
Women-Headed Households (PEKKA)
Jl. Lapangan 1 No. 2A. , Swadaya Raya
Duren Sawit, Jakarta 13440

Dear Ms. Zulminarni:

***Re: Indonesia: JSDF Grant for Sustaining Women's Leadership Project
Grant No.TF095058***

Public Disclosure Authorized

In response to the request for financial assistance made on behalf of National Secretariat for Empowering Women-Headed Households (PEKKA) (the Recipient), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), as administrator of grant funds provided by Japan under the Japan Social Development 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 million eight hundred forty three thousand one hundred five United States Dollars (US\$ 1,843,105) ("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").

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 with 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by May 31, 2010 unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ Chris Hoban
Acting Country Director, Indonesia

AGREED:
NATIONAL SECRETARIAT FOR EMPOWERING WOMEN-HEADED
HOUSEHOLDS (PEKKA)

By: /s/ Nani Zulminarni
Authorized Representative

Name: Ms. ZULMINARNI

Title: National Coordinator

Date: April 26, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006;
- (2) Disbursement Letter dated April 22, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

**JSDF Grant No. TF095058
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 July 1, 2008 (“Standard Conditions”), 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 or in this Agreement.

- (a) “Operations Manual” means the manual, dated December 22, 2009 meeting the requirements set out in Section 2.03(b) of the Annex to this Agreement.
- (b) “Participating Province” means any of the following provinces of the territory of the Member Country: Banten, Yogyakarta Special Administrative Region, Jawa Timur, Sumatra Barat, Sumatera Selatan, Sumatera Utara, Kalimantan Selatan, Sulawesi Selatan, and Sulawesi Utara and “Participating Provinces” means more than one Participating Province.
- (c) “PNPM” means the Member Country’s *Program Nasional Pemberdayaan Masyarakat*, or National Program for Community Empowerment, as set out in the PNPM General Guidelines (*Pedoman Umum*), dated, July 30, 2007 and as revised from time to time.
- (d) “Sub-grant” means a grant, fully consistent with the terms of this Agreement and the Operations Manual, to be provided to a female-headed household under Component C of the Project to a Sub-Grantee pursuant to a Sub-Grant Agreement; and “Sub-grants” means more than one Sub-grant.
- (e) “Sub-grant Agreement” means each agreement to be entered into between the Recipient and a Sub-grantee for the purpose of providing a Sub-grant on the terms and conditions set out in this Agreement and in the Operations Manual; and “Sub-grant Agreements” means more than one Sub-grant Agreement.
- (f) “Sub-grantee” means each head of a female-headed household who is selected in accordance with, and receives a Sub-grant in accordance with the terms of this Agreement and the Operations Manual; and “Sub-grantees” means more than one Sub-grantee.

Article II **Project Execution**

2.01. ***Project Objectives and Description.*** (a) The objective of the Project is to reduce poverty and vulnerability among female-headed households in the poorest parts of Indonesia.

- (b) The Project consists of the following parts:
 - (i) Component A: Sustaining Women's Leadership: (a) Establishment of a national training center for the female-headed households program; (b) Supervision of, training for, and monitoring of community organizing activities in participating provinces; and (c) related workshops.
 - (ii) Component B: Community Organizing for Female Headed Households: Undertaking workshops and training programs for community organizers, with the expectation that trained organizers will thereafter establish groups for female headed households in their villages.
 - (iii) Component C: Supporting Community Widow's Groups: Providing sub-grants ("Sub-grants") for female-headed households to provide funding for sustainable micro-finance and life skills for widows and female heads of households in nine participating provinces of Indonesia. It also finances training of new and existing groups as well as in-village training and workshops to support Indonesia's National Program for Community Empowerment's work with female-headed households.
 - (iv) Component D: Using Evaluations to Support Integration into PNPM: Developing and implementing a program of evaluation and dissemination of Project activities.

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 (a) the provisions of Article II of the Standard Conditions and this Article II; and (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 ("Anti-Corruption Guidelines").

2.03. ***Institutional and Other Arrangements.*** (a) The Recipient shall be responsible for implementation of the Project and shall establish and thereafter maintain until completion of the Project, a project management unit, with staffing, including financial management staff, and terms of reference acceptable to the World Bank.

(b) The Recipient shall at all times during Project implementation, apply the Operations Manual acceptable to the World Bank, giving details of guidelines and procedures agreed with the World Bank for the implementation, supervision, and monitoring and evaluation, of the Project, including: (i) implementation arrangements; (ii) procurement procedures as set forth in Section III of this Schedule and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Section II.B of this Schedule; (iv) project performance indicators; and (v) criteria for the selection of Sub-grants, including the terms and conditions of Sub-grant Agreements; the mechanism for flow of funds to Sub-grantees and implementation obligations of Sub-grantees.

(c) Procedures, Terms and Conditions for Sub-grants under Component C of the Project

(i) For purposes of Component C of the Project, the Recipient shall make available the proceeds of the Grant allocated to Category 1 of the table in paragraph 3.01 of this Annex to the Grantee, under a Sub-grant Agreement (the "Sub-grant Agreement") to be entered into between a Grantee and the Recipient, on terms and conditions which shall be acceptable to the Recipient and the World Bank. The Recipient shall ensure that no proceeds shall be made available to a Sub-grantee until the Sub-grantee has entered into such Sub-grant Agreement that fully satisfies the criteria specified in the Operations Manual and in sub-paragraph (iii) below.

(ii) To be eligible for a Sub-grant, a Sub-grantee must provide properly filled-in proposal forms required by the Operations Manual to the Recipient.

(iii) A Sub-grant Agreement shall provide for rights adequate to protect the interests of the World Bank and the Recipient, including to the extent that it shall be appropriate to:

(a) require the Sub-grantee to carry out the Sub-grant project with due diligence and efficiency and in accordance with sound administrative, financial, technical and managerial standards satisfactory to the World Bank, including, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds;

(b) require that all goods and services required for the Sub-project shall be procured in accordance with the provisions of paragraph 2.05 of this Annex;

(c) require that all goods and services shall be used exclusively in the carrying out of the Sub-project;

(d) permit the Recipient to inspect, by itself or jointly with representatives of the World Bank if the World Bank shall so request, any goods and services included in the Sub-Project, the operation thereof, and any relevant records and documents;

(e) suspend or terminate the right of the Grantee to the use of the proceeds of the Sub-grant upon the failure by the Grantee to perform any of its obligations under the legal agreement(s).

2.04. **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 one month 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 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 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.

2.05. **Procurement**

(a) General. All goods and 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 for Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October, 2006 (“Procurement Guidelines”), in the case of goods; and
- (ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004, and revised in October, 2006 (“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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods 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 for those contracts specified in the Procurement Plan: Shopping and Community Participation procedures which have been found acceptable to the World Bank.

- (d) Particular Methods of Procurement of Consultants' Services
- (i) Except as otherwise provided in sub-paragraph (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
- (ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: Selection based on Consultants' Qualifications; Single-source Selection; Selection of Individual Consultants; and Sole 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 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:

Category	Amount of the Grant Allocated (expressed in U.S. \$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Sub-grants under Component C of the Project	606,915	100%
(2) Consultants Services,	344,155	100%
(3) Training*	638,982	100%
(4) Goods and Incremental Operating Costs*	116,649	100%
(5) Management Fee*	136,404	100%
TOTAL AMOUNT	1,843,105	

*For the purpose of this paragraph: (i) the term “training” means costs required for training and workshops for the Project conducted in the territory of the Member Country, including purchase and publication of materials, rental of facilities, honorarium, course fees, trainer salaries attributable to their time spent on the Project (excluding salaries of officials of the Member Country’s civil service) and travel and subsistence of trainees; (ii) the term “Operating Costs” means costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, office rental, electricity, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, and salaries of staff of the Recipient attributable to their time spent on the Project, but excluding salaries of officials of the Member Country’s civil service; and (iii) the term “Management Fee” means the amount of the Recipient’s indirect costs attributable to the Project.

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.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

Article IV

Additional Remedies

4.01. ***Additional Event of Suspensions.*** The Additional Event of Suspension referred to in Section 4.02 (i) of the Standard Conditions consists of the following: *Ineligibility.* IBRD or IDA has declared the Recipient ineligible to be awarded a contract financed by IBRD or IDA.

Article V

Recipient’s Representative; Addresses

5.01. ***Recipient’s Representative.*** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s National Coordinator.

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

Jl. Lapangan 1 No. 2A. , Swadaya Raya
Duren Sawit, Jakarta 13440

Telephone: +62-21-860 9325
Fax: +62-21-86603787

5.03. **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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391