April 20, 2016

Mr. Robert Pakpahan
Director General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jalan Dr. Wahidin Raya No. 1
Jakarta 10710
Indonesia

Dear Mr. Pakpahan:

Re: Indonesia NR4D Grant No. TF0A2261- Indonesia EITI Post-Compliance Project
Letter Agreement

In response to the request for financial assistance made on behalf of the Republic of Indonesia ("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 the Government of Canada, as represented by the Minister of International Development, acting through the Department of Foreign Affairs, Trade and Development (DFATD) ("Donor(s)" under the Indonesia Natural Resources for Development Program Multi Donor Trust Fund, proposes to extend to the Recipient ("Member Country"), a grant in an amount not to exceed four hundred forty thousand United States Dollars (U.S.$ 440,000) ("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.
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

Yogana Prasta
Acting Country Director, Indonesia

AGREED:

REPUBLIC OF INDONESIA

By: 

Authorized Representative

Name: Robert Pakpahan
Director General of Budget Financing and Risk Management
Title: Ministry of Finance

Date: May 4, 2016

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

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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.

Article II
Project Execution

2.01. **Project Objectives and Description.** (a) The objectives of the Project are to increase transparency in the oil, gas and mining sectors and maintain the Extractive Industries Transparency Initiative ("EITI") compliant status.

(b) The Project consists of the following parts:

Part 1: Providing support for the implementation of the EITI in Indonesia.

Part 2: Carrying out a series of activities to enable the Recipient to independently manage, finance and execute EITI.

Part 3: Providing support for outreach activities of EITI to increase information available to stakeholders and their capacity to understand and use the information form EITI reports.

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 the Coordinating Ministry for Economic Affairs 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) The Recipient shall establish and maintain throughout the implementation of the Project, the Project Management Unit ("PMU"), under the direction of qualified management, provided with sufficient resources and staffed with competent personnel in adequate numbers, with qualification, experience and terms of reference acceptable to the World Bank, to be responsible for day-to-day coordination and implementation of EITI-Indonesia activities.
(b) The Recipient shall ensure that annual work plans are developed and furnished to the Bank not later than October 15 of each fiscal year during the implementation of the Project, beginning on January 1, 2016 (or such later date as the Bank may agree) for the Bank's approval. An annual work plan containing detailed activities and budget proposed to be included in the Project in the Recipient's following fiscal year.

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(s) to visit any part of the Recipient'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 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.

(b) 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 semester, covering the semester, 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 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.

2.08. Procurement

(a) General. All 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) 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

(ii) 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 1.25 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, III, IV and V of the Consultant Guidelines.

(c) 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) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(d) 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 consultant services, Training and 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, except that withdrawals up to an aggregate amount not to exceed eighty eight thousand United States Dollars (U.S.$ 88,000) equivalent may be made for payments made prior to this date but on or after January 1, 2016, for Eligible Expenditures.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

### 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 Minister of Finance.

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

Directorate General of Budget Financing and Risk Management  
Gedung Frans Seda  
Jl. DR. Wahidin Raya No. 1  
Jakarta 10710  
Indonesia

Telex: 45799  
Facsimile: 62-21-381-2859

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

Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX
Definitions

1. "Coordinating Ministry of Economic Affairs" means the Recipient’s coordination ministry responsible for economic affairs, or any successor thereto.

2. "Extractive Industries Transparency Initiative" or "EITI" means a global standard to promote open and accountable management of natural resources.

3. "EITI-Indonesia" means the Recipient’s initiative launched by the virtue of the Presidential Decree No. 26 of 2010 for the purpose of implementing EITI in Indonesia.

4. "Minister of Finance" means the Recipient’s ministry responsible for finance, or any successor thereto.

5. "Operating Costs" means the 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, travel, lodging and subsistence allowances, the incremental operating costs of the auditing services for the Project, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Recipient’s civil service and staff of the implementing agencies.

6. "President" means the Recipient’s head of State and head of government.

7. "Presidential Decree" means a decree of the Recipient’s President.

8. "Project Management Unit" or "PMU" means the unit established within the Coordinating Ministry of Economic Affairs, pursuant to the Decree of the Coordinating Minister of Economic Affairs No. PER-04/M.EKON/04/2012 dated April 4, 2012.

9. "Training" means the reasonable costs of expenditures incurred by the Recipient, based on annual work plans and terms of reference acceptable to the World Bank, in facilitating and conducting domestic and overseas training 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, but excluding salary and salary supplements of Recipient’s civil servants and staff of the implementing agencies.