Loan Agreement

(National Program for Community Empowerment in Urban Areas Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 6, 2008
LOAN AGREEMENT

Agreement dated June 6, 2008, between REPUBLIC OF INDONESIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The International Bank for Reconstruction and Development General Conditions for Loans, dated July 1, 2005 (as amended through February 12, 2008) ("IBRD General Conditions"), constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the IBRD General Conditions or in the Appendix to the Financing Agreement between the Borrower and the International Development Association (Credit No. 4384) for the Project, of the same date as this Agreement, as such Financing Agreement may be amended from time to time (the "Financing Agreement").

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement the amount of fifty two million six hundred eighty thousand Dollars ($52,680,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan") to assist in financing the project described in Schedule 1 to the Financing Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to the Financing Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the IBRD General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the
Borrower shall instead be calculated as provided in Section 3.02(d) of the IBRD General Conditions.

2.05. The Payment Dates are April 1 and October 1 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of the Schedule to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the IBRD General Conditions, and shall be effected in accordance with the provisions of Article IV of the IBRD General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the IBRD General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to the Financing Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project, through the Ministry of Public Works, in accordance with the provisions of Article V of the IBRD General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement and subject to Section 3.03 of this Agreement and except as the Borrower and the Bank shall otherwise agree, Sections 3.01 and 3.02 of the Financing Agreement, and Schedules 1 and 2 and the Appendix thereto, are incorporated in this
Agreement, with the following modifications in said Sections and Schedules 1 and 2 (other than in Part A.2 of Section IV of such Schedule 2) and Appendix thereto, unless the context otherwise requires;

(a) “Financing Agreement” shall be construed as references to “Loan Agreement”;

(b) references to the “Association” shall be construed as references to the “Bank”;

(c) references to “Credit” or “Financing” shall be construed as references to “Loan”;

(d) references to the “Recipient” shall be construed as references to the “Borrower”; and

(e) references to provisions of the IDA General Conditions shall be construed as references to the corresponding provisions of the IBRD General Conditions.

3.03. So long as any part of the Credit provided for under the Financing Agreement shall remain outstanding, and unless the Borrower has been notified otherwise by the Bank:

(a) all actions taken, including approvals given by the Association, pursuant to any of the Sections of, and Schedules to, the Financing Agreement enumerated in Section 3.02 of this Agreement shall be deemed to have been taken or given in the name and on behalf of both the Association and the Bank; and

(b) all information or documentation furnished by the Recipient to the Association pursuant to the provisions of any of such Sections of the Financing Agreement or Schedules thereto shall be deemed to have been furnished to both the Association and Bank.

ARTICLE IV—EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following: the Financing Agreement has been executed and delivered, and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals thereunder, except only the effectiveness of this Agreement, have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Minister of Finance of the Borrower.

5.02. The Borrower’s Address is:

Ministry of Finance
c/o Directorate General of Debt Management
Jalan Lapangan Banteng Timur 2-4
Jakarta 10710
Indonesia

Cable address: FINMINISTRY 45799
Telex: DJMLN-IA
Facsimile: (21) 381 2859

5.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Jakarta, Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By: /s/ Rahmat Waluyanto

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Joachim von Amsberg

Authorized Representative
SCHEDULE

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 01, 2020</td>
<td>3.68%</td>
</tr>
<tr>
<td>October 01, 2020</td>
<td>3.77%</td>
</tr>
<tr>
<td>April 01, 2021</td>
<td>3.87%</td>
</tr>
<tr>
<td>October 01, 2021</td>
<td>3.96%</td>
</tr>
<tr>
<td>April 01, 2022</td>
<td>4.06%</td>
</tr>
<tr>
<td>October 01, 2022</td>
<td>4.16%</td>
</tr>
<tr>
<td>April 01, 2023</td>
<td>4.27%</td>
</tr>
<tr>
<td>October 01, 2023</td>
<td>4.37%</td>
</tr>
<tr>
<td>April 01, 2024</td>
<td>4.48%</td>
</tr>
<tr>
<td>October 01, 2024</td>
<td>4.60%</td>
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<tr>
<td>April 01, 2025</td>
<td>4.71%</td>
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<tr>
<td>October 01, 2025</td>
<td>4.83%</td>
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<tr>
<td>April 01, 2026</td>
<td>4.95%</td>
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<tr>
<td>October 01, 2026</td>
<td>5.07%</td>
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<tr>
<td>April 01, 2027</td>
<td>5.20%</td>
</tr>
<tr>
<td>October 01, 2027</td>
<td>5.33%</td>
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<tr>
<td>April 01, 2028</td>
<td>5.46%</td>
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<tr>
<td>October 01, 2028</td>
<td>5.60%</td>
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<tr>
<td>April 01, 2029</td>
<td>5.74%</td>
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<tr>
<td>October 01, 2029</td>
<td>5.88%</td>
</tr>
<tr>
<td>April 01, 2030</td>
<td>6.01%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated
in each Loan Currency, so as to produce a separate amortization schedule for each such amount.